

MINUTES
Legislative Finance Committee
Los Alamos/Santa Fe, New Mexico
July 18 - 20, 2018

Wednesday, July 18th

The following members and designees were present on Wednesday, July 18, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Jimmie C. Hall, Roberto “Bobby” J. Gonzales, Paul C. Bandy, George Dodge Jr., and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, Linda M. Lopez, William F. Burt, and Pete Campos. Guest legislators: Senator Pat Woods.

Welcoming Remarks. Christine Chandler, vice chair of the Los Alamos County Council, thanked the Legislature for passing Senate Bill 17 in 2018, imposing gross receipts tax for certain nonprofits; however, the bill was vetoed by the governor. Councilor Chandler said the U.S. Department of Energy’s National Nuclear Security Administration recently awarded Triad National Security the management and operating contract for the Los Alamos National Laboratory (LANL). Triad National Security, a limited liability company, is composed of Battelle Memorial Institute, the regents of the University of California, and the regents of Texas A&M. Councilor Chandler said the county will work to ensure the transition to the new contractor is smooth. Triad National Security will assume operations November 1.

Cynthia Rooney, Ph.D., chief executive officer of the University of New Mexico-Los Alamos (UNM-Los Alamos), welcomed LFC to Los Alamos and the university’s branch campus. Giving an overview of UNM-Los Alamos, Ms. Rooney said the branch offers one- and two-level courses, preparing students for college transfer and providing pathways to careers. Enrollment increased from 1,134 students in 2014 to 1,279 students in 2017, a 13 percent increase. The number of certificates and degrees awarded increased 169 percent in the same period. Reporting on demographics, Ms. Rooney said the average age of students is 26 and 61 percent of students are enrolled part-time. Twenty-eight percent of first-time, full-time students graduate in 150 percent of the typical four years; the state’s branch average is 16.2 percent.

Ms. Rooney said UNM-Los Alamos’ priority is to meet the workforce needs of its community. In addition to administering certificate and degree programs, UNM-Los Alamos facilitates programs through collaborations with LANL, Los Alamos Public Schools, Los Alamos County, local businesses, UNM, and other higher education institutions. UNM-Los Alamos serves its community in other ways, including hosting events and administering special programs, such as noncredit workforce training, summer youth programs, and adult basic education.

A snapshot of UNM-Los Alamos’ current revenues and expenses was given. Of the \$5.6 million budget, \$1.4 million, or 25 percent, is received from the local mill levy and \$1.8 million, or 31 percent, is received from the state general fund. Almost \$1.7 million is budgeted for instruction and general (I&G) support. Ms. Rooney said the \$202 thousand main campus administrative fee, which provides administrative services for the branch, is minimal compared with the cost of providing the same services for itself if it were to become independent. Ms. Rooney said the fees benefit main campuses because it provides them with additional revenue.

In response to Chairwoman Lundstrom, Councilor Chandler said Triad's nonprofit status could result in a \$20 million loss of gross receipts tax (GRT) revenue to the local government and a \$30 million loss of GRT revenue to the state. Senator Cisneros said the governor's message on the vetoed Senate Bill 17 suggested requiring all nonprofits with revenues over a certain threshold to pay GRT. This would require Presbyterian Hospital, for example, to pay GRT, which is not the Legislature's intent. Senator Cisneros said the legislation will be proposed again in the 2019 session.

Senator Cisneros said the capital outlay appropriated in 2018 for important projects at UNM-Los Alamos and UNM-Gallup was also vetoed by the governor but will be reintroduced in the next session.

Representative Trujillo requested LFC staff provide him information on the Juvenile Justice Advisory Board program.

Overview of Los Alamos National Laboratory and Key Research Initiatives. Giving an overview of the Los Alamos National Laboratory (LANL), Executive Director Carolyn Zerkle, said the laboratory encompasses 40 square miles, 47 technical areas, 1,280 buildings, 11 nuclear facilities, and 268 miles of road. LANL's key research initiatives are focused on science, technology, engineering, global security, and weaponry. LANL's budget increased from \$2.1 billion in FY13 to \$2.6 billion in FY18. An estimated \$800 million was spent on procurements in FY18. The FY19 budget is projected at \$2.9 billion. The laboratory currently employs over 12 thousand people, of which 1,800 are students. LANL's remote location makes it challenging to recruit; however, hiring is keeping pace with terminations. LANL's retention rate is high; most of the employees being retained were born in New Mexico. LANL works with several small businesses, including Compa Industries, Cross Connection, Tsay Construction and Services, and Wildflower International.

Ms. Zerkle talked about LANL's strong presence in New Mexico, particularly in Northern New Mexico. Los Alamos National Security, LANL's operator until November 1, invested \$1.9 million this year to support education, economic development, and community giving in the region. Strong recruitment efforts have been made in schools and the veteran community.

LANL's projects have increased but its injury rates have decreased. Ms. Zerkle said the downward trend in the number of injury cases since 2006 is result of LANL's high investment in implementing safety practices. Fire threat continues to be an issue due to persistent drought. LANL has been dedicated to mitigating the threat by clearing vegetation around structures and technical areas, clearing fire roads for first responder access, and other measures.

Concluding, Ms. Zerkle gave a timeline of the management and operating contract transition and said Los Alamos National Security and Triad National Security are working together to ensure a smooth transition. LANL is celebrating its 75th anniversary. Ms. Zerkle said honor, integrity, and service will continue to be LANL's core values.

In response to Representative Crowder regarding employee attrition, Ms. Zerkle said LANL employees leave for a variety of reasons; the majority retire and the others sometimes leave to work for another laboratory or a startup company.

Senator Cisneros requested LANL report back to him the number of veterans currently employed by the laboratory.

Technology Transfer and Economic Development. Chanette Armstrong, director of the Office of Technology Transition of the U.S. Department of Energy (DOE), said the federal government spent \$152 billion on research and development in FY17, much of which was conducted by the nation's 17 laboratories. Director Armstrong said DOE's research and development projects are wide-ranging.

Established in 2015, the Office of Technology Transition (OTT) oversees federal technology transfer. Director Armstrong said the office is currently working on a number of initiatives, including mitigating the indemnification provision issues in contracts and granting money, matched by private partners, to energy technology projects. Also, OTT recently launched the Lab Partnering Service (LPS), an online single access point platform for investors, innovators, and institutions to identify, locate, and obtain information from the 17 national laboratories. LPS provides industry with an efficient way to harness technical expertise and intellectual property housed at the national laboratories.

Concluding, Director Armstrong said the coordination of state and federal technology transfer is extremely underexplored. Director Armstrong said OTT will work on increasing coordination to build opportunities.

Chief Technology Officer Duncan McBranch said LANL was strategically placed in New Mexico because of its remoteness. LANL's remote location, however, has its inherent challenges, which Director McBranch said have been overcome through years of refining strategies. Director McBranch said current initiatives will continue after the management and operating contract transition, preserving LANL's effectiveness in the region.

Director McBranch talked about concerns of the new contract. The state is at risk of losing a significant amount of gross receipts tax (GRT) revenue due to the new contractor's, Triad National Security, nonprofit status, which would impact the Small Business Assistance Program.

Steven Buelow, director and chief executive officer for the New Mexico Consortium (NMC), said the consortium was established through an agreement between Los Alamos National Security, LANL's current operator, and New Mexico's three research universities: University of New Mexico, New Mexico Tech, and New Mexico State University. NMC facilitates collaboration among the universities, industry, and LANL.

Giving an overview of the nonprofit company, Director Buelow said NMC has grown significantly since its inception in 2006. NMC employs almost 150 people and encompasses 47 thousand square feet of lab and office space. The consortium receives funding from various sources, largely from

grants. LANL provides base funding totaling \$675 thousand annually. NMC generates revenue from conference, workshop, and facility access fees.

In response to Chairwoman Lundstrom, Director Buelow said 90 researchers work in NMC's biolab. The research often results in startup companies, many of which make New Mexico their home.

New Mexico Student Achievement Results: 2017-2018 Academic Year. Christopher Ruszkowski, secretary-designate for the Public Education Department (PED), said significant progress has been made in education since New Mexico adopted the common core state standards in 2010. PED is using several assessments to measure student performance, costing the state about \$12 million annually. The assessments include the Partnership for Assessment of Readiness for College and Careers (PARCC) exam. Mr. Ruszkowski said PARCC, adopted in 2015, is the best assessment in the market. PARCC costs less money and provides results sooner.

Mr. Ruszkowski said New Mexico's students are demonstrating unprecedented progress in reading and math. According to 2017-2018 academic year results, 31.1 percent of students are proficient in reading, a 4.7 percent increase since 2015, and 21.6 percent of students are proficient in math, a 4.2 percent increase since 2015. These percentages equate to 13 thousand more students proficient in reading and 11 thousand more students proficient in math. Much of this progress is being achieved by Native American and Hispanic students, many of whom are economically disadvantaged and English language learners. Mr. Ruszkowski highlighted the largest school districts with the most progress, including Farmington Municipal Schools and Gadsden Independent Schools.

In response to Representative Hall, Mr. Ruszkowski said, although decreased significantly, the number of students opting out of the PARCC exam is still impacting some school district's performance. Representative Hall requested the number of Albuquerque Public School students opting out of the exam.

In response to Representative Bandy regarding Farmington's success, Mr. Ruszkowski said Farmington Municipal Schools have effective principals at every school in the district and many practices in the district are data-driven.

Science, Technology, Engineering, and Mathematics Education. Kurt Steinhaus, superintendent of Los Alamos Public Schools (LAPS), said New Mexico's new science standards were first piloted by eight school districts. Now adopted, the next generation science standards (NGSS) give students more opportunity to do science. NGSS is used in 17 other states. Four LAPS teachers demonstrated how the new standards are being used. Committee members received a science kit and were asked to figure out if the materials in the kit could be engineered to light a bulb. Within minutes, several legislators were able to light the bulb in their kit.

Mr. Steinhaus said the old standards were lecture-driven. The new standards are project-driven. Making recommendations on NGSS implementation, Mr. Steinhaus said new assessments need to be adopted, teacher training needs to be conducted, and time, equipment, and materials need to be funded.

Yanira Vazquez, director of the Math and Science Bureau of the Public Education Department (PED), said she agrees with Mr. Steinhaus' recommendations. Ms. Vazquez said New Mexico's investments in science, technology, engineering, and mathematics (STEM) education are increasing. For FY19, the state budgeted \$3 million for STEM education, a \$1.1 million increase from FY17. The state also budgeted \$500 thousand to implement NGSS. Ms. Vazquez outlined PED's plan for implementing NGSS, including adopting a new science assessment.

Gwendolyn Warniment talked about Los Alamos National Laboratory Foundation's initiatives in STEM education. The foundation established the Inquiry Science Education Consortium (ISEC) in 2010 to foster partnerships and cultivate excellence in science education. Ms. Warniment, director of the program, said ISEC currently serves eight school districts in northern New Mexico, all of which have already implemented NGSS. ISEC provides school districts science modules free of charge. Additional detail about the program was provided.

Kathy Keith, director of the Community Partnerships Office of Los Alamos National Laboratory (LANL), talked about LANL's interests in STEM education, including securing the next generation workforce for the laboratory. LANL continues to work closely with colleges in the region to identify and meet future workforce needs. The laboratory offers scholarships and internships. Regarding new initiatives, LANL is forming a statewide STEM coalition of stakeholders to foster partnerships and collaborations that serve the industry. Also, LANL recently established a professional development program, in partnership with New Mexico Highlands University and Pojoaque Valley School District, for fourth and fifth grade teachers. Ms. Keith said LANL actively invests in programs that support STEM education.

Manhattan Project National Historical Site. Historian Alan Carr said Los Alamos National Laboratory (LANL) was established in 1943 to study the nuclear weaponry being developed at the time, known as the Manhattan Project. LANL today is conducting multidisciplinary research in many fields, including national security, space exploration, nuclear fusion, and renewable energy.

Mr. Carr said the primary mission of the Manhattan Project was to develop the world's first nuclear weapons, which the United States successfully achieved in 1945. The project later gained opponents, including LANL's first director Robert Oppenheimer; however, nuclear weapon development remained of interest, solidifying LANL's existence.

Mr. Carr said LANL began focusing research on nuclear science in the 1950s. Projects at that time included development of satellites and a nuclear reactor for space travel. Mr. Carr talked about how LANL's research continued to evolve with the transformative events in U.S. history. The significance of the Manhattan Project led to three sites at LANL being designated national historic landmarks.

In response to Chairwoman Lundstrom, Mr. Carr said a trucking company transported the atomic bomb from Los Alamos to Alamogordo in the middle of the night. The plutonium was transported separately.

Representative Hall said prime land was taken away from the Abiquiu land grant and given to LANL. Representative Hall said efforts should be made to return some land back to the Abiquiu land grant.

Chairwoman Lundstrom asked Mr. Carr to provide the committee reading material or recommend articles to read on the history of LANL. In response to Director Abbey, Mr. Carr said the Los Alamos historical document retrieval and assessment report can be found online.

The committee then recessed to visit the Los Alamos History Museum and tour historical sites.

Thursday, July 19th (Morning Session)

Joint Session: Legislative Finance Committee (LFC) and Legislative Education Study Committee (LESC)

The following LFC members and designees were present on Wednesday morning, July 19, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Rod Montoya, Jimmie C. Hall, Elizabeth “Liz” Thomson, Paul C. Bandy, Harry Garcia, and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, Mary Kay Papen, William F. Burt, and Pete Campos.

LESC members and designees present: Chairwoman Mimi Stewart; Vice Chairman G. Andrés Romero; Senators Craig W. Brandt, Candace Gould, William P. Soules, Carlos Cisneros, Linda M. Lopez, Howie C. Morales, and John Pinto; and Representatives Alonzo Baldonado, Dennis J. Roch, Christine Trujillo, Sheryl M. Williams Stapleton, Monica Youngblood, Kelly K. Fajardo, Joanne J. Ferrary, Jimmie C. Hall, D. Wonda Johnson, Tim D. Lewis, Rick Little, Tomás E. Salazar, Elizabeth "Liz" Thomson, Jim R. Trujillo, and Linda M. Trujillo. Guest Legislators: Representative Bill McCamley.

Coordinating State Early Childhood Education and Care Systems. Lori Connors-Tadros, senior project director of the Center on Enhancing Early Learning Outcomes, shared the organization’s mission to strengthen the capacity of state education and early learning agencies to lead sustained improvements in early learning opportunities and outcomes. Ms. Connors-Tadros outlined how to design early learning programs for success by focusing on implementation and staying focused on goals to avoid shifting priorities. Ms. Connors-Tadros explained the importance of coordinating early childhood system infrastructure at the state and local levels to enable coordinated service delivery. She also emphasized the importance of accountability systems that align with evidence-based and best practices and drive improvement, as well as assessing programs based on outcomes.

Alejandra Rebolledo Rea, acting division director of the Early Childhood Services Program of the Children, Youth and Families Department (CYFD), discussed the journey to coordinate and align the New Mexico early learning system, including the successes, lessons learned, and strategies for next steps. Ms. Rebolledo Rea discussed the challenges of coordinating the three state agencies in New Mexico responsible for different early childhood programs. Ms. Rebolledo Rea stated the complexity of the early childhood funding and accountability system in New Mexico creates challenges to implementation of a cohesive and coordinated system, both at the state and local

level. Next steps included developing a formal governance agreement between the three state agencies for shared governance, decision making and planning, as well as establishing data governance policies and procedures.

Michael Weinberg, Ph.D., early childhood policy officer for the Thornburg Foundation, discussed early childhood governance models. Mr. Weinberg focused on the potential to streamline New Mexico's early childhood governance model to achieve greater quality, equity, and accountability in delivery of services. He outlined three governance models: coordinating across agencies, consolidating within an agency, and creating a new agency, providing state examples for each governance model. Mr. Weinberg concluded by discussing New Mexico's early learning coordinating structures.

Improving Workforce Capacity to Ensure Equity and Quality. Caitlin McLean, Ph.D., workforce specialist of the Center for the Study of Childcare Employment of the University of California-Berkeley, discussed supporting early childhood educators. Mr. McLean said the key to quality early childhood education is a skilled and stable workforce. Early educators need adequate preparation, appropriate compensation, and support to be successful. According to the Bureau of Labor Statistics, the earnings of childcare workers rank in the second percentile, preschool teachers rank 15th, center directors rank 49th, and kindergarten teachers rank 61st nationwide. Mr. McLean said wages are a key factor in workforce retention, and early childhood workforce compensation must be addressed.

Catron Allred, director of Education Programs and Human Services of the Central New Mexico Community College, and Jennifer Sallee, Ed.D., director of the Early Childhood Center of Excellence of the Santa Fe Community College, focused on supports for early childhood educators in New Mexico. Ms. Allred talked about the importance of mentorship, highlighting New Mexico's early childhood mentor network and the program's potential for statewide implementation. Ms. Sallee discussed early childhood educator preparation, specifically focusing on New Mexico's TEACH scholarships, as well as training and professional development opportunities. Ms. Sallee concluded with recommendations such as increasing financial support for a statewide mentoring and support network.

Thursday, July 19th (Afternoon Session)

The following members and designees were present on Thursday afternoon, July 19, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Rod Montoya, Jimmie C. Hall, Elizabeth "Liz" Thomson, Paul C. Bandy, Harry Garcia, and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, Mary Kay Papen, William F. Burt, and Pete Campos. Guest legislators: Representatives Daymon Ely and Tomas E. Salazar.

Program Evaluation: Review of Bernalillo County Criminal Justice System. Jon Courtney, Ph.D., LFC program evaluation manager, and program evaluators Travis McIntyre, Ph.D., and Amir Chapel, presented the report *Review of Bernalillo County Criminal Justice System*. Crime is expensive, and Albuquerque has among the highest crime rates in the nation. Victims pay the highest price but taxpayers also bear the financial burden of enforcement, prosecution, incarceration, prevention, and intervention. Communities also pay, through lower property values,

underperforming schools, broken families, and numerous other social costs. LFC's review of crime and criminal justice in Bernalillo County, where high crime has attracted local concern and national attention, found a system that suffers from critical gaps between reality and the best practices of law enforcement, jurisprudence, and incarceration.

The high incidence of crime in Bernalillo County and the state as a whole prompted the courts and criminal justice agencies to seek significant increases during the 2018 legislative session. The Legislature responded by providing one of the largest expansions in the state to the 2nd Judicial District Attorney. In addition, LFC, which conducted a cursory review of Bernalillo County crime statistics in late 2017, launched a comprehensive evaluation of the Bernalillo County criminal justice system to assess trends and the current situation of crime and systems.

Albuquerque experienced an increase in crime starting in 2011, around when metrics of poverty, homelessness, income inequality, drug use, and gun use all worsened. As social conditions deteriorated, the criminal justice system held fewer and fewer people accountable while crimes continued to increase. Ensuring swift and certain accountability for criminals, along with addressing root causes of crime, are key to public safety. Police must engage in the community and focus on high-risk people and places. Jurisprudence agencies – courts, district attorney's and public defenders – must focus on timeliness of case resolution and diversion to treatment programs. Incarceration agencies must focus on successful reentry and rehabilitation.

LFC's review found, between 2010 and 2017, the Albuquerque Police Department, the judicial system, and the Metropolitan Detention Center (MDC) all suffered from problematic –and in some cases unconstitutional – practices. Arrests, indictments, and convictions in the Bernalillo County criminal justice system all declined, while reported crime and recidivism increased. Participation in specialty courts and other diversion programs and work release programs also fell.

Bernalillo County agencies have invested in many reforms in recent years, including some spurred by a U.S. Department of Justice investigation of misconduct at the Albuquerque Police Department (APD). Since the end of 2017, reported crime has decreased in Albuquerque and, in June 2018, Albuquerque saw the lowest monthly crime levels since February 2016. However, if reform efforts and cooperation are not improved and maintained, and system performance is not monitored, the potential for failure remains.

Representative Hall expressed concern about whether the new Resource Reentry Center (RCC) will make a difference on addressing the reintegration issues. Mr. Courtney said the center's implementation is a work in progress. Mr. Courtney said, prior to RCC's establishment, about two-thirds of individuals did not have access to services immediately after their release from MDC. Katrina Hotrum, director of the Behavioral Health Department of the Health and Public Safety Division of Bernalillo County, said RCC is open 24 hours, seven days a week. Ms. Hotrum said efforts are being made to better inform inmates about what they can expect at the center and what services are available to them.

In response to Representative Hall, Mr. Courtney said APD implemented a GPS tracking system to reduce the risks of high-speed pursuits. Mr. Courtney explained that during a pursuit, a device is launched from the law enforcement vehicle to the suspect's vehicle. The device adheres to the

vehicle, allowing law enforcement officers to track the fleeing suspect using GPS rather than following close behind the getaway car.

Chairwoman Lundstrom requested LFC staff provide the committee information on the staff to inmate ratio.

Representative Crowder requested LFC staff research whether the crime increase in Southeast Albuquerque is related to the departure of Lovelace Hospital in the area.

Senator Cisneros asked what the status is of implementing the crime strategies unit in the 2nd Judicial District. District Attorney Raul Torrez said the three analysts hired for the unit began work this week. Mr. Torrez said it will take time to know how effective the unit is.

Briefly addressing the committee, Attorney Ken Martinez, former House Speaker, said investing more funds in the front end of New Mexico's crime problem, instead of the back-end, would decrease the crime rate. Mr. Martinez explained that increasing investment on education and job creation would decrease crime. Mr. Martinez said continuous reform of the system is being smart on crime.

Budget Development and Accountability for District Attorney Offices. LFC Analyst Ismael Torres said New Mexico's district attorneys currently make individual budget requests to the Legislature. The requests differ in their funding levels, priorities, goals, and performance measures. The requests' lack of robust uniform performance measures makes policy setting and accurate funding decisions difficult to benchmark, a problem that Mr. Torres said could be solved through alternative funding strategies, such as unified budgeting.

Mr. Torres talked about funding strategies in other states. Most prosecutorial agencies in other states are funded by local government. For those funded with state dollars, a funding formula, third-party request, or "one-pot" appropriation is used. Mr. Torres recommends New Mexico's district attorneys use a unified budget process, like the courts. Challenges, however, would need to be addressed before a unified budget process for the district attorneys could be implemented. Mr. Torres explained that, unlike the courts, the district attorneys lack a superintending authority. Also, the lack of robust uniform performance measures would need to be addressed. Mr. Torres recommends a study be conducted to identify staffing needs in the districts.

Dianna Luce, president of the New Mexico District Attorneys Association, said the district attorneys are open to the recommendations and will support a funding strategy that works and is fair. Ms. Luce said the greatest need for the district attorneys at this time is funding to hire additional staff.

Henry Valdez, director of the Administrative Office of the District Attorneys (AODA), said AODA is ready to assist in making reforms that will improve the system.

In response to Vice Chairman Smith, Mr. Torres said a unified budget process for state attorney funding is not practiced in other states.

Miscellaneous Business.

Action Items. Senator Cisneros moved to adopt the May and June 2018 meeting minutes, seconded by Senator Burt. The motion carried.

Review of Monthly Financial Reports and Information Items. David Abbey, director of LFC, briefed the committee on information items. The proposed LFC budget guidelines for FY18 were discussed. The guidelines serve as general direction of committee priorities. Members were invited to provide feedback on the proposed guidelines before the committee votes on them in August.

Friday, July 20th

The following members and designees were present on Friday, July 20, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Rod Montoya, Jimmie C. Hall, Roberto “Bobby” J. Gonzales, Paul C. Bandy, Elizabeth “Liz” Thomson, and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, Mary Kay Papen, William F. Burt, and Pete Campos. Guest legislators: Representatives Joanne J. Ferrary and Sheryl Williams Stapleton; and Senator Daniel A. Ivey-Soto.

Program Evaluation: Developmental Disabilities and Mi Via Waivers. Brian Hoffmeister and Maria Griego, both LFC program evaluators, presented the report *Developmental Disabilities and Mi Via Waivers*. New Mexico’s traditional developmental disabilities waiver (DD waiver) and the self-directed Mi Via waiver are among the state’s largest health and human services programs, serving nearly 5,000 New Mexicans with intellectual or developmental disabilities in FY17. The Department of Health (DOH) administers services to this population through a joint powers agreement with the Human Services Department (HSD). Waiver participants receive living supports, day habilitation, therapy, employment, and other services in their homes and communities rather than institutional settings.

As one of 14 states without institutions for individuals with intellectual or developmental disabilities, New Mexico has developed a statewide system of home- and community-based services that promote participant independence. However, rising per-client costs and waits of over 10 years point to issues with predicting and meeting demand for services, and oversight of the system is complex, dependent on multiple agencies and compliance with court orders.

Increased service utilization, client movement from the traditional DD waiver to Mi Via, and changes to how client service plans and budgets are developed have contributed to rising per-client costs in both waivers. Meanwhile, growth in the number of people waiting for waiver services continues to outpace the state’s ability to fund them. To contain costs while serving more people, DOH needs to monitor cost drivers, examine the cost-effectiveness of services, and reassess provider rate structures while the Legislature sets aside more resources to reduce and manage the roughly four-thousand-person waiting list.

Strengthening oversight of program quality, including incident investigations and Mi Via providers, can serve to promote positive client outcomes and mitigate risk to both clients and state funds. Improved strategic planning, data collection and analysis, and outcome-based performance reporting can help DOH understand issues and drive system improvements. These types of actions

could also contribute to the state's disengagement from the three-decade-old Jackson lawsuit by addressing court-mandated obligations. The lawsuit has resulted in over \$40 million in costs since FY13, and remains active in federal court.

To improve these waivers, DOH should more thoroughly analyze and report on patterns and trends in DD waiver cost drivers, institute more intensive reviews of high-cost services and clients, and incorporate a standardized and validated assessment tool into the process for developing client service plans and budgets. Along with the Legislature, DOH should also create a five-year plan with committed funding to reduce the waiting list by 25 percent to 50 percent. Finally, DOH should strengthen oversight of program performance by leveraging data collection to analyze and report on outcome-based performance measures.

Gabrielle Sanchez-Sandoval, deputy secretary of DOH, said LFC's review of the waivers program gives DOH and HSD an independent perspective of the condition of the program and the opportunity to make improvements collectively. Ms. Sanchez-Sandoval said DOH agrees with the report's recommendation to analyze cost drivers and make efforts to contain costs. The agency is working to achieve cost-savings through provider rates and consumer use. Ms. Sanchez-Sandoval said the state may want to consider examining program eligibility and the definition of developmental and intellectual disability. Ms. Sanchez-Sandoval said DOH agrees with the report's recommendation to strengthen oversight of program quality. Other key responses from the agency were highlighted.

In response to Representative Hall, Ms. Griego said the increased costs are being driven by the increased number of participants receiving higher acuity services.

Representative Ferrary asked why the increased funding is not maintaining or increasing consumer levels. Ms. Sanchez-Sandoval said per-client costs have increased to the point that even after individuals leave the program, freed funds are being used to cover the rising per-client costs.

Chairwoman Lundstrom invited the public to give brief comments about the program. Robert Cagle, whose son receives DD waiver services, said LFC's 2002 and 2010 program evaluations recommended New Mexico look into applying best practices found in other states. Mr. Cagle said several states have been successful in reducing their waiting lists.

Laws 2018 Ch. 79 (HB 98) Local Election Act and Public School Finances. Joe Guillen, executive director of the New Mexico School Boards Association (NMSBA), said House Bill 98, passed in the last session, established the Local Election Act (LEA). The new law consolidates most nonpartisan elections into one single local election, including school board elections. The single election will be held on the first Tuesday in November of odd-numbered years. Municipalities may opt into the election and counties may include bond and mill levy questions on the ballot. Special elections are now required to be conducted by mail-out ballot.

Reporting on how the new law impacts New Mexico's school districts, Mr. Guillen said school board member terms will now start at the beginning of a new year, expiring four years later. Terms currently scheduled to end February 2019 have been extended through December 31, 2019. Prior to an election, school board ballot questions will be submitted to county commissions to ensure

sufficient space on the ballot; however, space is not expected to be a problem. All entities, including school districts, will be assessed an annual fee to cover election costs at a rate of \$250 per \$1 million of the entity's general fund expenditures. The fees will be collected by the Secretary of State (SOS). School districts will be required to reimburse their counties for all costs associated with the special elections. SOS is now charged with issuing election resolutions. Also, county commissions will now serve as the election canvassing board and determine the number and location of polling places.

Mr. Guillen said NMSBA has concerns about some of the changes. If a municipality opts-in, school board questions will be pushed back on the ballot. The high number of ballot questions may impact how many are passed and approved. Other concerns include the potential for insufficient space on a ballot and increased costs to school districts.

Secretary of State Maggie Toulouse Oliver said, in addition to one local election day of odd-numbered years, the act establishes one municipal election in even-numbered years, creating uniformity, lowering the number of elections, reducing confusion, and increasing voter turnout. Secretary Toulouse Oliver said her office is currently working on LEA's implementation; the statewide election management system (SERVIS) is being updated, a communication campaign is being developed for voters, candidates, and officers, and rules are being drafted. Local election funds will be administered by SOS. Secretary Toulouse Oliver said the funds are nonreverting and will not be used for special elections. Special elections, which can only be held by mail, are to be conducted by the county clerks and paid for by the local governments.

Arthur Melendres, an attorney at Modrall Sperlberg Law Firm, said a November mill levy election conflicts with the property tax calendar. Mr. Melendres explained that Senate Bill 9 and House Bill 33 require the mill levy be imposed for a specified number of property tax years; however, the tax is imposed in September so a November election is too late for that property tax year. To address the date issues, Mr. Melendres recommends the Legislature amend

- Section 22-25-4 NMSA 1978,
- Section 22-26-4 NMSA 1978,
- Section 22-25-5 NMSA 1978, and
- Section 22-26-5 NMSA 1978.

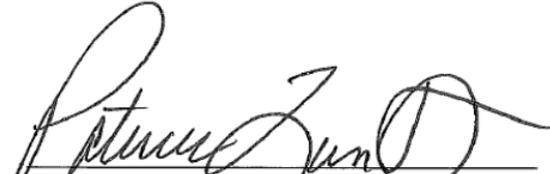
Because of the date issues, school districts will have to hold a special election in the first year of LEA's implementation to keep mill levy revenue flowing into the next year. Mr. Melendres recommends the cost of the special mill levy elections be covered by the local election fund or the fees collected from the school districts be waived in the first year of LEA.

In response to Representative Crowder, Secretary Toulouse Oliver said a municipality is fully responsible for funding its election if they do not participate in the local election.

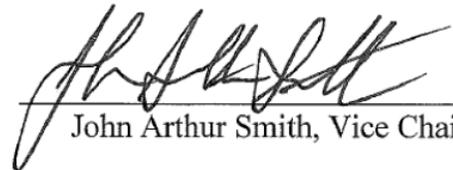
In response to Chairwoman Lundstrom, Veronica Albin, chief financial officer for SOS, said budget information is currently being collected from entity audits to determine the amount of assessments; however, SOS is looking to find the best source for the information.

Senator Ivey-Soto, who co-sponsored House Bill 98, said the Legislature may want to consider establishing a dedicated election fund and an oversight board.

With no further business, the meeting adjourned at 10:41 a.m.



Patricia A. Lundstrom, Chairwoman



John Arthur Smith, Vice Chairman