

MINUTES
Legislative Finance Committee
State Capitol, Room 307 - Santa Fe, NM 87501
June 6 - 7, 2017

Tuesday, June 6th

The following members and designees were present on Tuesday, June 6, 2017: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Larry A. Larrañaga, Nick L. Salazar, Jimmie C. Hall, Sharon Clahchischilliage, Roberto “Bobby” J. Gonzales, and Rebecca Dow; and Senators Carlos R. Cisneros, Steven P. Neville, Pat Woods, Howie C. Morales, Mary Kay Papen, William F. Burt, and Pete Campos. Guest legislators: Representatives George Dodge Jr., Antonio Maestas, and James E. Smith.

Orientation to the Legislative Finance Committee. After a brief introduction of staff, David Abbey, director of LFC, gave an overview of LFC’s strategic plan. The purpose of LFC is to provide the Legislature with objective fiscal and public policy analysis, recommendations and oversight of state agencies to improve performance and ensure accountability through effective allocation of resources for the benefit of all New Mexicans. Unlike most states, New Mexico considers two budget proposals annually: one proposed by LFC and the other the executive. Reporting on current LFC performance measures, Director Abbey said the revenue estimating error rate increased from 0.8 percent in FY15 to 11 percent in FY16 due to increased volatility in state revenues. Staff completed 14 program evaluations in FY16 and achieved a 96 percent rate for the number of fiscal impact reports completed in FY17. Charles Sallee, deputy director of LFC’s program evaluation unit, said staff produces a variety of work products to assist the Legislature in its decision-making. These products include assessments on ongoing information technology projects and reports on the progress state agencies are making in implementing recommendations made in previous program evaluations. LFC has evolved its work into a comprehensive evidence-based budget and policy framework – Legislating for Results – with performance reporting as a key element.

Three subcommittees are currently being formed for the 2017 interim: a joint subcommittee between LFC and the Revenue Stabilization and Tax Policy Committee (RSTP) to focus on tax reform, a joint subcommittee between LFC and the Legislative Education Study Committee (LESC) to focus on the funding formula, teacher compensation system and other issues, and a subcommittee to focus on agency accountability.

Director Abbey lastly discussed with the committee LFC meeting dates and locations for the remainder of 2017. Chairwoman Lundstrom proposed LFC meet in Farmington in July to address current issues in Northwest New Mexico. Senator Cisneros, chair of RSTP, suggested LFC meet jointly with RSTP for part of the meeting in Farmington.

Program Evaluation: Domestic Violence Programs for Victims and Batterers. Sarah Dinces, Ph.D., and Brian Hoffmeister, both program evaluators, presented the report *Domestic Violence Programs for Victims and Batterers*. Almost one-quarter of New Mexican adults have experienced domestic violence in their lifetime, and over 48 thousand were arrested for a domestic violence offense between 2008 and 2015. The thousands of adult and child survivors of

abuse by a partner or family member endure not only the trauma of violence but also must navigate a complex system involving service providers, law enforcement, and the courts. Meanwhile, perpetrators of domestic violence are not held accountable, and repeated exposure to abuse can have negative consequences for children and perpetuate the cycle of violence. The Children, Youth, and Families Department (CYFD) administers nearly \$12 million per year for domestic violence programs in New Mexico but lacks crucial information about the true extent to which offenders are held accountable and survivors receive the services they need.

Fragmentation and institutional silos in New Mexico's system for responding to domestic violence places survivors, offenders, and funds at risk by not adequately ensuring offender compliance with court-ordered treatment and inhibiting communication between stakeholders. While certain domestic violence offenders are required to complete a 52-week group batterer intervention program, there is little evidence these programs are effective in New Mexico. Fewer than half of clients were discharged successfully in 2015, and there are no uniform criteria for what constitutes success. Additionally, funding for intervention programs through court fees has been declining and may not be adequately collected.

Most domestic violence services are provided to survivors, who often do not have a safe place to stay after a domestic violence incident. Adequate availability of shelters and counseling are critical to serving these clients, but post-shelter safety planning is inconsistent. The range of available services can also vary substantially, and there are much fewer specialized services offered to child survivors than there are to adults. Finally, prevention programs are extremely limited, though some show promise in changing youth attitudes on domestic violence and sexual assault.

The evaluation recommended the Legislature consider authorizing a pilot project to implement and evaluate a comprehensive coordinated community response contingent on available revenue and requiring misdemeanor domestic violence offenders to undergo the same community monitoring as other misdemeanor offenders. Also, CYFD should improve its internal use of data and work to establish new performance measures for intervention effectiveness, collaborate to ensure court fee revenue is adequate to fund intervention programs, work with providers and the Human Services Department to leverage Medicaid for domestic violence services, and ensure providers adequately deliver evidence-based survivor and offender services.

Emily Martin, bureau chief of Community Services of the Protective Services Division of CYFD, said LFC's evaluation supports the efforts being made to combat domestic violence while revealing the complexity of issues and fragmentation in the system. Ms. Martin said CYFD is committed to work with all entities to improve the system.

CYFD recently began collaborating with the New Mexico Coalition Against Domestic Violence to evaluate systematic issues and develop cross training between providers and CYFD. CYFD is meeting with stakeholders throughout the state to improve communication and identify and address issues. CYFD is combining new data collected from providers and the Administrative Office of the Courts with its internal data system to support informed practice. Ms. Martin said the additional data collection will develop better assessments, improve allocation of funds, and assist in the coordination of services.

Ms. Martin said the recommended pilot program is in line with CYFD's Pull Together initiative and would reinforce the already established coordinated response to child abuse. It will take time to build the same coordinated response to domestic violence. CYFD recommends local domestic violence providers be involved with the multi-disciplinary teams funded by the child advocacy centers to assist in building the coordinated response to domestic violence.

Ms. Martin said CYFD will continue to work hard and smart to make improvements to better the lives of children and families across the state, adding that it will take a systematic approach and the collaboration of all involved entities to improve the overall system.

In response to Representative Hall, Mr. Hoffmeister said many courts are not consistently collecting the \$5 in court fees for domestic violence offender treatment programs. Representative Hall requested a copy of the statute requiring the courts to collect the \$5 fees.

Vice Chairman Smith expressed concern for the lack of annual report from the Domestic Violence Leadership Commission since 2009. Charles Sallee, deputy director of LFC, said the commission's large membership might be making it difficult for the commission to do its job. Vice Chairman Smith requested CYFD report back to LFC on whether the commission should be dissolved.

In response to Senator Morales, Mr. Hoffmeister said a lack of diagnosis for many offenders and confidentiality issues for victims often hinders providers from being able to bill Medicaid for services.

FY17 Third-Quarter Key Agency Performance Reports. David Lucero, deputy director of LFC, said state agency performance reports provide an opportunity to identify areas of priority and determine areas in need of attention and oversight. The reports reveal the outcomes of current investments, helping policymakers determine where new investments need to be made.

Deputy Director Lucero said the state's current budget situation, hiring freeze, and solvency issues may be negatively impacting some performance levels. Employment levels during the third quarter were low compared with levels in recent years, increasing wait times, backlogs, caseloads, and overtime expense.

Highlighting current key performance data, Deputy Director Lucero said the Taxation and Revenue Department (TRD) is on track to meet or exceed almost all performance measures by the end of the fiscal year, though it is short of the targeted percent of registered vehicles with liability insurance and targeted wait times in the call center and Motor Vehicle Division field offices.

As with several other agencies, the Human Services Department (HSD) limited its report of data for the third quarter, a result of recent executive directive to reduce the amount of performance data reported quarterly. HSD provided limited data for measures on well-child healthcare visits and early and periodic screening, diagnostic and treatment visits. These visits serve as the main children's health components of Medicaid. Data on per capita Medicaid costs per service category indicates substantial cost increases from 2014 to 2016 for prescription drugs and some

services including primary care visits. No report was received from the Behavioral Health Collaborative for the third quarter. The Department of Health (DOH) also limited its report of data. DOH is charged with preventing costly chronic disease and mitigating public health events; however, using quarterly performance monitoring to assess the agency's impact on protecting the health of New Mexicans has become a challenge due to the executive's directive. Although not included in DOH's performance measures, it should be noted that New Mexico continues to rank high in teen pregnancies and drug deaths. Measuring infant pertussis cases (whooping cough), a serious, even life-threatening illness, is key to understanding the agency's impact on protecting infants through the immunization process. New Mexico ranks 10th in overall cases of pertussis and 37th for child immunizations. In the third quarter, infants were eight times more likely than the total population to have a reported pertussis infection.

Continuing with performance data reported by other agencies, Charles Sallee, deputy director of LFC, said New Mexico continues to struggle with increased stresses on the child welfare system. According to Children, Youth and Families Department (CYFD) data, repeat maltreatment remains close to double the national average and children in care of the Protective Services Program increased 5.8 percent between March 2016 and March 2017. In response, the state has continually secured additional resources for CYFD to provide early interventions to families and additional personnel for the agency to reduce case loads; however, persistent difficult economic and social factors statewide may be countering these efforts.

Department of Public Safety (DPS) officer pay continues to lag behind the top payers in the market like Los Alamos and Albuquerque. The state's efforts to invest in pay have helped maintain current officer levels but have netted few new officers.

Regarding the New Mexico Corrections Department (NMCD), the number of release-eligible inmates serving parole in public facilities has steadily risen over the fiscal year and spikes are seen in private facilities, incurring more costs because these REIs are remaining in facilities. Mr. Sallee said that NMCD will now be reporting data for some measures annually rather than quarterly, which Chairwoman Lundstrom suggested be reconsidered because it would benefit NMCD to make the Legislature aware of the progress being made in programs on a quarterly basis.

The Public Education Department (PED) is on track to meet most performance targets for FY17, improving processing times and expanding full-day prekindergarten services to 4-year-old children. Kindergarten through third grade early literacy rates are improving; reading fluency rates are below target levels.

Regarding higher education, research institutions demonstrated gains in fall-to-spring retention rates compared with prior years, while comprehensive institutions demonstrated mixed results. For fall-to-fall retention rates, six out of 17 community colleges exceeded national benchmarks, but one institution, Eastern New Mexico University-Ruidoso, retained fewer than 30 percent of its students.

Jenny Felmley, program evaluator for LFC, highlighted performance data for remaining key agencies. The Oil Conservation Division of the Energy, Minerals and Natural Resources

Department plugged 10 wells in the third quarter. The vacancy rate for the Office of the State Engineer remains high, particularly for the Litigation and Adjudication Program.

Performance data for the Economic Development Department showed improvement over the second quarter; however, results are still below target. In March, New Mexico's job growth was the second lowest in the region. Performance increased in overall job growth, rural jobs created, jobs created through use of Local Economic Development Act funds, and private sector dollars invested in MainStreet districts, while workers trained by the Job Training Incentive Program decreased slightly for the third quarter.

The Tourism Department continues to see strong performance results and met or exceeded annual targets for three performance measures. The leisure and hospitality industry created 3,700 jobs in March 2017, a significant gain since November 2006.

For the General Services Department, Ms. Felmley said the effect of "sweeps" from enterprise funds to help with state solvency, executive-imposed hiring freezes for key positions, and budget uncertainty during the 2017 legislative session contributed to missed measures for capital project oversight, state building maintenance, improving occupancy standards in leased facilities, reducing the risk of mismanagement and corruption in procurement systems, and achieving a more cost-effective and efficient fleet of state vehicles.

New Mexico's bridges maintained through the Department of Transportation are in relatively good condition thanks to the dedicated expenditure of revenues for their upkeep and maintenance; however, state roadways continue to decline due to the volatility in revenues collected to maintain them.

Ms. Felmley gave a brief overview on the status of information technology projects. Six out of 11 projects were reported to have significant issues limiting success of the projects.

Lastly, the committee received a brief summary on state investments. In the third quarter, one-year and three-year returns for the Education Retirement Board (ERB) ranked well above the 50th percentile and performed at the median for the 10-year period. The Public Employees Retirement Association (PERA) fund performed below the median for all periods reported.

Briefly commenting, Richard Blair, deputy director of the State Budget Division of the Department of Finance and Administration (DFA), said DFA and LFC staff have been working together to improve the quality of measures, but more work is needed to reach consensus on determining what should be reported quarterly and annually. Mr. Blair said joint training is being planned for the near future.

In response to Senator Cisneros, Jonas Armstrong, analyst for LFC, said the Environment Department's annual report provides detailed information on the status of New Mexico's rivers and streams, including impairments. David Abbey, director of LFC, requested the Environment Department report to the committee its policy and procedures in notifying communities where water quality is not meeting standards.

Representative Larrañaga expressed concern for the 69 percent drop-out rate at Albuquerque Public Schools. Mr. Sallee said many school districts are not using the evidence-based interventions that could help raise the graduation rate.

State and Local Government Capital Outlay Status Report. Jonas Armstrong, analyst for LFC, said capital needs continue to outpace available resources. According to the facility condition index, \$260 million is needed to address current needs.

As of March 2017, approximately \$855.2 million from all funding sources for 2,297 projects remained unexpended, including \$102.2 million of earmarked funds for water, colonias, and tribal infrastructure projects; approximately \$302.5 million remained unexpended from supplemental severance tax bonds for public schools. About \$114 million was expended in the third quarter of FY17.

LFC staff tracks all \$1 million or greater capital appropriations, which currently total \$1.3 billion for 254 projects. Of the \$1.3 billion, \$686.4 million is unexpended. Since the December 2016 report, four appropriations totaling \$9 million were fully expended.

In 2014, the Legislature appropriated \$83.5 million for 191 water projects. As of March 2017, nearly \$35 million was unspent and only half of the projects were completed. Additional detail on the status of the 2014 appropriations was given. The committee was also provided information on the status of projects funded by the tribal infrastructure fund, the water project fund, and the colonias infrastructure fund.

Mr. Armstrong then briefly updated the committee on local capital outlay projects. These appropriations currently total \$228.5 million for 1,400 projects, of which \$180.3 million is unexpended. For 127 active local projects between \$300 thousand and \$1 million, \$49 million remains unspent.

Senator Cisneros expressed concern for the amount of unexpended funds. Mr. Armstrong said, in some cases, the progression of projects is slowed because of piece-mealing or insufficient funds. Senator Cisneros said the Legislature may want to consider changing the statute to limit the amount of time funds can remain unexpended for projects.

Miscellaneous Business.

Action Items.

Senator Cisneros moved to adopt the January 2017 meeting minutes, seconded by Representative Larrañaga. The motion carried.

Senator Cisneros moved to adopt the LFC contracts, seconded by Representative Dodge. The motion carried.

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

Wednesday, June 7th

The following members and designees were present on Wednesday, June 7, 2017: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Nick L. Salazar, Jimmie C. Hall, Sharon Clahchischilliage, George Dodge Jr., and James E. Smith; and Senators Carlos R. Cisneros, Steven P. Neville, Pat Woods, Howie C. Morales, Mary Kay Papan, William F. Burt, and Pete Campos. Guest legislators: Representative Antonio Maestas, and Senators Bill B. O'Neill and Gerald Ortiz y Pino.

Status of Behavioral Health in New Mexico. In January 2016, the Behavioral Health Collaborative (BHC) adopted its strategic plan, focusing on initiatives that address the financial, regulatory, and workforce issues in the state's behavioral health system. Since implementation, goals of the strategic plan are beginning to materialize. Dr. Wayne Lindstrom, director of the Behavioral Health Services Division of the Human Services Department (HSD), and chief executive officer of the Behavioral Health Collaborative, said the expansion of Medicaid has resulted in huge gains for the state. For example, New Mexico now ranks 22nd in the nation for access to behavioral health services; the state ranked 44th before the expansion. Dr. Lindstrom said New Mexico would be severely impacted if the federal government passes legislation to block grant Medicaid or completely do away with the expansion.

Dr. Lindstrom said New Mexico regulations have hindered many potential providers from being able to enter the system. However, BHC has initiated a number of changes to strengthen the sustainability of services, including no longer requiring certification to provide comprehensive community support services, and simplifying the intensive outpatient program certification process. Dr. Lindstrom reported on several efforts being made to improve the system; BHC has established two behavioral health homes through Medicaid. Also, BHC is piloting Treat First, a patient-centered treatment planning and care coordination model. Dr. Lindstrom recommended the state's behavioral health delivery system slowly integrate into a value-based model. The behavioral health workforce continues to be a critical issue; however, some efforts have promise of helping build a more multidisciplinary and competent behavioral health workforce.

Dr. Lindstrom reported on the behavioral health programs currently administered in the state. New Mexico is a leading state for the number of individuals per capita trained to provide mental health first aid. The New Mexico Crisis and Access Line (NMCAL) is providing intervention and support services. Dr. Lindstrom said the crisis line receives about 35 thousand calls a year.

Lastly, Dr. Lindstrom recommended a book titled *Chasing the Scream* by Johann Hari, which tells about the history of the war on drugs. Dr. Lindstrom explained the book provides insight on addressing mental illness.

Dr. Deborah Altschul, director of the Division of Community Behavioral Health of the University of New Mexico Health Sciences Center, gave a summary of results from a recent behavioral health needs assessment.

Among adults who perceived a need for treatment but did not receive it, the top reason for not receiving treatment was cost (61.1 percent), followed by accessibility (31.6 percent) and personal reasons (32.2 percent). About 70 percent of adults reported improved functioning from treatment

in the public mental health system in New Mexico, equivalent to the national average. About 80 percent of children and adolescents reported improved functioning from treatment in the public mental health system in New Mexico, 10 percent over the national average. Mortality rates in New Mexico for alcohol-related chronic disease, drug overdose, and suicide are considerably higher than the national average.

Dr. Altschul reported the demographics of Medicaid clients with active behavioral health diagnoses: 65 percent are 18 years old to 65 years old, 29 percent are 17 years old or younger, 57 percent are female, and 34 percent are Native American. Of the services used by Medicaid clients with active behavioral health diagnoses, 51.1 percent receive medication management and 61.5 percent receive outpatient treatment services.

Katrina Hotrum, director of Behavioral Health Services for Bernalillo County, reported on the behavioral health initiatives occurring in Bernalillo County and the surrounding region. In 2014, voters approved a one-eighth percent gross receipts tax to fund more mental and behavioral health services in the Albuquerque and Bernalillo County area. The tax generates about \$17 million a year. The Albuquerque/Bernalillo County Government Commission (ABCGC) is charged with determining how those dollars are invested based on the recommendations from four subcommittees. Significant investment has been placed in programs that reduce adverse childhood experiences. Other investments include funding for mobile crisis teams, supportive housing, wrap around services, mental health first aid training.

In response to Senator Morales, Dr. Lindstrom said the shortage of providers is with all service types. The shortage exists in most states, though is especially significant in New Mexico for various reasons, including regulatory issues.

In response to Senator Woods, Dr. Lindstrom said approximately 20 percent of the population is not receiving needed services.

In response to Senator Burt, Dr. Lindstrom said BHC is working to make the Treat First model a standard practice. Senator Burt then asked about centralizing records to one database to improve coordination of care and access. Dr. Lindstrom said there are a number of barriers preventing the state from being able to develop such a system. For example, not all records are digitized.

Results First: Children's Behavioral Health. In a collaborative presentation, the Children, Youth and Families Department (CYFD), Human Services Department (HSD), and Legislative Finance Committee reviewed the state's current children's behavioral health system to identify constraints and inventory programs and practices offered in New Mexico. Maria Griego, program evaluator for LFC, said behavioral health problems affect one out of five children nationally. Behavioral health includes mental health and substance use disorders. These issues can affect a child's school success, social relationships, and put a child at risk for future physical and behavioral health problems. New Mexico has high rates of poverty, adult substance use, unemployment, single parent or non-biological parent guardianship, and low educational attainment. These factors put children at higher risk of poor behavioral health outcomes.

New Mexico spent approximately \$200 million in FY16 on children's behavioral health through Medicaid and Children, Youth, and Families Department (CYFD) programs. Almost half of total spending was for acute out-of-home care. Sarah Dinces, Ph.D., program evaluator for LFC, gave an overview of three types of programs the state is providing: promotion and prevention, intervention, and acute intervention. Strengthening the state's evidence-based community services would lead to better outcomes and less reliance on acute care over time. However, limited data prevents the state from knowing if the current system is adequately addressing children's needs.

Ensuring the behavioral health system is effectively meeting the needs of the state's children requires increased data collection, matching service and provider access to need, implementation of additional evidence-based practices at the community level, and effective monitoring and evaluation of programs. Analysis identified the best programs in which to invest limited resources; these include programs providing promotional services, programs focused on reducing trauma and related outcomes, and programs delivered in the community, such as multi-systemic therapy and functional family therapy. Analysis also found evidence-based high-fidelity wraparound service models are best practice for managing children's behavioral health.

The report suggested various next steps to establish a cohesive plan to coordinate efforts and resources among the Human Services Department, CYFD, and other agencies.

Bryce Pittenger, director of Behavioral Health Services at CYFD, provided statistical data on the infants CYFD is serving. In FY16, the agency served 327 infants. Ms. Pittenger said there are behaviors an infant will display when it is in distress or experiencing maltreatment. However, with early intervention, the outcomes for many of these infants are good.

CYFD was recently awarded another grant which Ms. Pittenger said will be used to increase evidence-based practices. Providing multi-systemic therapy is limited because of high costs and the difficulty of finding providers. A recent grant-funded pilot project provided some individuals in rural and frontier areas functional family therapy through telemedicine, which CYFD hopes to continue. CYFD will pilot an evidence-based high-fidelity wraparound service in the near future.

Chairwoman Lundstrom expressed concern for the lack of services being provided in western New Mexico. Chairwoman Lundstrom requested CYFD keep LFC staff apprised of where expansion of services is occurring.

Senator Neville asked if the services being provided by the many nonprofit organizations are being monitored. Dr. Wayne Lindstrom, director of the Behavioral Health Services Division at HSD, and CEO of the Behavioral Health Collaborative, said in addition to mandated federal surveys required of HSD, recipients are surveyed to help measure performance of providers and services.

Lastly, Dr. Lindstrom briefly commented about the joint analysis and report. Although analyzed, the report did not focus on substance use disorders, which he said is a significant issue for many children in New Mexico. Dr. Lindstrom then commented on the need for more community-based

programs to decrease the need for residential treatment. Dr. Lindstrom said residential treatment does not always deliver good results.

State Personnel Office Update on Human Resources Consolidation. Similar to Utah, New Mexico is bringing together all human resources (HR) services and professionals in state government into one consolidated unit, which Justin Najaka, director of the State Personnel Office (SPO), said will result in meeting the national benchmark for HR-to-employee ratio, as well as eliminating the duplication of many efforts and processes. The consolidation project is part of SPO's larger objective: to enhance New Mexico's HR model. The enhancement includes the digitization of HR records and SHARE upgrade.

Director Najaka said the consolidation will lower operating costs, reduce financial and legal liabilities through consistency, increase HR performance through sharing of best practices, increase quality and consistency of HR related information statewide, streamline HR processes, and improve processing times. To the benefit of state employees, the consolidation will establish one-stop customer service, deliver consistency, provide self-service functionality, and increase access to services.

SPO is currently working to reach its targeted number of 238 HR professionals serving New Mexico state government; there are currently 484 HR positions. Savings will be achieved through attrition of some HR vacancies, reallocation and reassignment of non-HR and some HR positions, and layoffs.

The state's new HR model will be delivering services through six programs: classification and compensation, HR solutions, talent acquisition, training and employee development, employee and labor relations, and quality assurance and data analytics. Director Najaka gave a brief overview of functions for each program.

SPO expects the consolidation project to be fully implemented by FY18. Chairwoman Lundstrom requested SPO provide the committee a full report of the project.

In response to Senator Cisneros, Director Najaka said, since its implementation in 2011, the NEOGOV application system has greatly improved the state's processing time in generating applicant lists for hiring managers. However, the processing time between interviews and when a position is offered needs significant improvement.

Senator Cisneros asked about the security of digitized HR records. Director Najaka said SPO has worked with the Department of Information Technology and Lexmark International, Inc. on placing security features to protect the records.

In response to Vice Chairman Smith, Director Najaka said SPO is working to ensure federal dollars received for some HR positions are not impacted by the consolidation.

In response to Chairwoman Lundstrom, Director Najaka said SPO is lifting the hiring freeze. An announcement to state agencies will be made soon.

2017 Interim Work Plans for LFC Analysts and Evaluators. David Lucero, deputy director of LFC, presented to the committee the LFC staff work plans for the 2017 interim. The work plans are focused on addressing key issues.

Among the several assignments, the following were highlighted. The higher education analyst will be developing a methodology to track institutional financial health to understand which institutions may be at risk under Higher Learning Commission guidelines and determine ways the state can prevent such risk. For public education, analyst work plans will bring attention to several issues, including a need for increased accountability of formula and department-administered funding. The Human Services Department (HSD) analyst will be monitoring the development of a new state Medicaid plan and keeping status of the state's behavioral health system. Also to be monitored is the financial state of the Department of Health; funding for the agency has significantly declined in recent years. The Children, Youth and Families Department analyst will be evaluating the quality and sufficiency of early care and educational programs. The public safety analyst will be developing a budget recommendation methodology to better project appropriation needs for the Corrections Department. The Department of Transportation analyst will be assessing the state's transportation system to identify needed maintenance and costs of improving roads. The capital outlay analysts will continue quarterly reporting of capital outlay projects and issues. In collaboration with an LFC contractor, LFC economists will be conducting a tax study.

Charles Sallee, deputy director of LFC's program evaluation unit, said two program evaluations are currently in progress: an evaluation on the cost and utilization trends among Interagency Benefits Advisory Council (IBAC) agencies and an evaluation on cost drivers and efforts to improve efficiency and reduce duplication in higher education. Proposed evaluations for the near future include evaluation of the state's drug court program and a joint review with the Legislative Education Study Committee on virtual charter schools. Mr. Sallee suggested staff do a progress report, a follow-up report on a previous evaluation, on the early childhood gap analysis, aging network, health exchange, teacher compensation, and cultural affairs capital outlay.

With no further business, the meeting adjourned at 2:50 p.m.


Patricia A. Lundstrom, Chairwoman


John Arthur Smith, Vice Chairman