

**MINUTES**  
**Legislative Finance Committee**  
**Silver City/Deming, New Mexico**  
**September 26 - 28, 2018**

**Wednesday, September 26<sup>th</sup>**

The following members and designees were present on Wednesday, September 26, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Rodolpho “Rudy” S. Martinez, Rebecca Dow, Jimmie C. Hall, Roberto “Bobby” J. Gonzales, Sharon Clahchischilliage, George Dodge Jr., and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, Carroll H. Leavell, George K. Muñoz, William F. Burt, and Pete Campos. Guest legislator Representative Doreen Y. Gallegos.

**Welcoming Remarks.** Billy Billings, chairman of the Grant County Commission, said Silver City has a rich history. Copper mining, farming, and ranching continue to drive Silver City’s economy. Mayor Ken Ladner said Silver City’s downtown area is thriving, largely attributed to the MainStreet program. The city partners with the Mimbres Region Arts Council, Western New Mexico University, and various others to improve infrastructure, increase tourism, and promote economic growth. Much of the surrounding area is national forest, providing opportunity for special projects, such as the Heroes and Horses project. Mayor Ladner talked about the legislative support the city receives. County Manager Bill Green said Catron County is the largest county in New Mexico and home to about 15 thousand elk. Eighty percent of the land area in Catron County is not taxable, making it financially challenging. Mr. Green provided a handout that listed the issues and made recommendations on addressing the county’s economic situation. Mr. Green requested legislative support to develop Catron County’s potential. Mischa Larisch, president of the Grant County Prospectors, welcomed the committee to Grant County and introduced members of the group in attendance.

In response to Chairwoman Lundstrom, Mayor Ladner said Silver City has not imposed any of the hold harmless gross receipts tax increments.

**Institutional Report from New Mexico State University and Western New Mexico University.**

Joe Shepard, president of Western New Mexico University (WNMU), said universities are important for keeping cultures and communities alive. Giving an overview of WNMU, President Shepard said campus development at the university is constant despite fewer classes on campus; 49 percent of WNMU students are taking courses online but still require campus interaction for several needs, including social activities, which President Shepard said is important for producing a graduate who is both content-ready and humanistic-ready for the workforce. Maintaining campus facilities, however, has been financially difficult for the university in recent years. Deferred maintenance at several universities in the state increased significantly during the Great Recession because much of the funding allocated for facility maintenance was used to help cover budget shortfall. President Shepard recommended sufficient state reserves to minimize budget constraints in the next recession. President Shepard also recommended the Legislature prioritize “new money” for addressing current maintenance needs, avoiding costlier repairs later, and establishing a state scholarship program for recruiting students to become teachers.

WNMU is concentrating resources on early childhood education, rural health, programs making use of the surrounding national forest, and opportunities with Mexico. State resources appropriated to the university, however, have decreased. President Shepard said investments in education play an important role in diversifying the state's economy. President Shepard requested the Legislature return state funding for universities to levels prior to the budget cuts and consider appropriating more dollars to help pay professors a competitive salary.

Chancellor Dan Arvizu, Ph.D., said New Mexico State University (NMSU) has a new vision: Aligned with careers of the future, NMSU will provide a vibrant learning environment supported by research converging on global challenges, while enriching the lives of diverse communities through a culture of service. Reporting on current initiatives, Chancellor Arvizu said NMSU is building opportunities with Mexico, developing new technologies that modernize critical infrastructure, and fortifying kindergarten through college education.

Chairwoman Lundstrom asked how WNMU and NMSU are repurposing building space and reducing their footprint as more students take classes online. President Shepard said most campus areas are public space and therefore are being put to good use by the community. President Shepard pointed out that remodeling an old building often costs more than tearing it down and building a new one in its place.

In response to Representative Dow, President Shepard said New Mexico's dual credit program is effective, however, the program is not being funded appropriately.

In response to Senator Cisneros, Chancellor Arvizu said NMSU is working on recruiting more students from Mexico. The university is currently establishing a satellite program in San Luis Potosi.

Chairwoman Lundstrom requested LFC staff report to the committee enrollment and building space information and the mission statements of every higher education institution in the state.

**Spaceport Update.** Giving an update on the space industry, Daniel Hicks, director of the Spaceport Authority, said the National Space Council was re-established in June 2017, accelerating initiatives for human exploration of the moon and missions to Mars. The U.S. Commerce Department is currently developing a comprehensive space traffic management system. Globally, the industry is spending about \$383 billion annually. The number of U.S. licensed spaceports increased to 11 in 2018, increasing competition in the market. New Mexico, however, has advantages. The state has 6,000 square miles of restricted airspace and the location of the spaceport is remote and isolated. Other advantages include New Mexico's weather and elevation.

Three commercial flights were launched from New Mexico's spaceport (Spaceport America) recently. Director Hicks said the flights are important to NASA's research. Boeing is working with Spaceport America and White Sands Missile Range to conduct multiple drop tests of its new crew transportation capsule. Educational opportunities are also taking place at the spaceport, including research conducted by university students. Also, an internship program is being developed. The second annual Spaceport America Cup was held this past June. Over 120 teams from around the

world participated in the international intercollegiate rocket engineering competition. A short video of the event was played.

Companies seeking business with Spaceport America are growing. Currently, there are nine new potential business opportunities. Virgin Galactic continues to be the largest tenant at Spaceport America. Executive Vice President Jonathan Firth said Virgin Galactic is working to transform access to space for the benefit of life on earth. To achieve this, Virgin Galactic is developing suborbital spacecraft to take people to space and orbital spacecraft to launch small satellites. The company currently has 45 employees in New Mexico. Before operations begin, 85 Virgin Galactic jobs in California will move to New Mexico. The company has been conducting business at Spaceport America for six years, paying the spaceport over \$11 million in rent and fees. Mr. Firth estimates Virgin Galactic has so far spent \$11.1 million on other expenses in New Mexico, not including salaries.

Mr. Firth said Virgin Galactic's spacecraft "Unity" is in its final phase of flight testing. Over 600 people have paid for a space flight reservation. Mr. Firth talked about what passengers can expect on a space flight and showed images of what passengers will see. A passenger's journey will begin with a three-day orientation. Passengers will be able to get out of their seat to experience weightlessness. Unity will also be used to conduct science research. Development of Virgin Galactic's rocket motor is ongoing to improve the spacecraft's long-term performance.

Mr. Firth said Virgin Galactic administers various community outreach programs. Virgin Galactic helped sponsor the first annual Las Cruces Space Festival this past April; almost 3,000 people attended.

Concluding, Director Hicks presented a capital projects improvement plan. The plan, which outlines projects through FY24, is designed to develop the infrastructure to keep Spaceport America competitive in the industry.

Representative Crowder requested LFC staff provide him background information on the spaceport investments made by the state.

In response to Senator Burt, Director Hicks said the southern road improvement project was recently completed; the road is now paved.

**New Mexico Southern Economic Development.** Tim Nitti, president and chief executive officer of the New Mexico Partnership (NM Partnership), said a new strategic plan was implemented in FY18. The strategic plan works to maximize effectiveness of existing sales activities, increase pipeline quantity, diversity, and quality by marketing the state and its communities to a much larger audience of decision-makers and influencers, evolve New Mexico's messaging by highlighting the state's unique differentiators and competitive advantages, and maximize cost and resource efficiency to partially mitigate lower available resourcing for economic development statewide. NM Partnership has 34 events scheduled in FY19: 19 trade shows, 13 sales missions, and two familiarization tours.

Mr. Nitti said social platforms are a great tool for expanding awareness about New Mexico and projecting a positive narrative. NM Partnership initiated a social media campaign in FY18; the number of New Mexico social media impressions have almost doubled. Complementing the campaign is NM Partnership's website, which was redesigned to provide more information about New Mexico. Email blasts are another way NM Partnership is marketing the state. Mr. Nitti said communities are essentially products in economic development and therefore should be differentiated in marketing.

Mr. Nitti said the initiatives are yielding positive results – New Mexico social media impressions and business prospects have significantly increased.

Reporting on economic development in Southern New Mexico, Jerry Pacheco, president of the New Mexico Border Industrial Association, said 52 percent of New Mexico's global export is occurring at the Santa Teresa port of entry. Santa Teresa's industrial parks serve several major companies, including FedEx, Foxconn, Georgia-Pacific, Bilco, and Hewlett-Packard. The Union Pacific sunset route, stretching from Los Alamos to El Paso, gives New Mexico the advantage to supply the Mexican maquila industry. New Mexico exports to Mexico have increased dramatically since 2007, mostly computer and electronic products.

An overview of current activity in the Santa Teresa area was given. Mr. Pacheco mentioned the expansion of Stampede Meat to Sunland Park and San Jeronimo partnership. Mr. Pacheco said the border to Mexico affords New Mexico the opportunity to diversify the economy. To increase economic opportunities, Mr. Pacheco recommends the state expand infrastructure, build more spec space, develop the workforce, and strengthen the New Mexico Border Authority.

In response to Representative Hall, Mr. Pacheco said second phase of the feasibility study on moving and expanding south and north rail infrastructure from the urban area is underway.

**Educator Preparation Programs.** Penny Garcia, Ph.D., dean of the College of Education of Eastern New Mexico University, said fewer students are pursuing teaching degrees and fewer teachers are being retained. Ms. Garcia said the committee of New Mexico college deans is developing a strategic plan for improving New Mexico's educational system.

Catron Allred, director of Education Programs and Human Services of Central New Mexico Community College (CNM), said the educational system needs to be redesigned to deliver the outcomes New Mexico wants. Ms. Allred talked about CNM initiatives, including the establishment of short- and long-term benchmarks for quality teacher education and implementation of a dual-credit introduction to teaching course.

Debra Dirksen, associate dean of the School of Education of Western New Mexico University, said the university is partnering with school districts to develop the pipeline of students pursuing a teaching degree. Ms. Dirksen said improved compensation for teachers would encourage more students to enter the field. Developing mentorship programs would help retain teachers.

Karen Trujillo, Ph.D., director of the Alliance for the Advancement of Teaching and Learning of New Mexico State University, said the alliance tracks the number of teacher vacancies in New

Mexico. Currently, there are 700 vacancies in the state, impacting 40 thousand students. The majority of vacancies are in Central New Mexico. A high number of the vacancies are special education teacher positions.

Christopher Eide, director of Educator Quality at Public Education Department, said PED interacts with educator preparation programs in three ways: developing regulation, providing technical assistance, and holding programs accountable for producing completers prepared to succeed with their student on their first day in the classroom. Mr. Eide gave an overview of current activity.

Representative Hall said he does not believe the committee of New Mexico college deans is working to address teacher recruitment and retention in New Mexico.

In response to Vice Chairman Smith, Ms. Allred said the Albuquerque Teacher Residency Partnership is a collaboration between Albuquerque Public Schools, the University of New Mexico College of Education, and the Albuquerque Teachers Federation that provides elementary and secondary teacher residents with an innovative and rigorous experience working with master teachers in the Albuquerque Public Schools.

**Primary Care Residencies.** Charlie Alfero, executive director of the Southwest Center for Health Innovation, requested the Legislature appropriate funds to restore the health careers development program in New Mexico. Mr. Alfero also requested the Legislature appropriate funds to develop family medicine residency programs in the state.

#### **Thursday, September 28<sup>th</sup>**

The following members and designees were present on Thursday, September 28, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Rodolpho “Rudy” S. Martinez, Rebecca Dow, Jimmie C. Hall, Roberto “Bobby” J. Gonzales, Sharon Clahchischilliage, George Dodge Jr., and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, Carroll H. Leavell, Howie C. Morales, George K. Muñoz, William F. Burt, and Pete Campos. Guest legislators: Representative Doreen Y. Gallegos.

#### **Miscellaneous Business.**

***Action Items.*** Senator Cisneros moved to adopt the September 2018 meeting minutes, seconded by Representative Hall. The motion carried.

Senator Cisneros moved to adopt LFC contracts, 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.

**Silver and Deming School Districts.** Bayne Anderson, school board president of Deming Public Schools, said initiatives in the school district are focused on content support, leadership support, and career technical education. Giving an overview of current initiatives, Superintendent Arsenio Romero, Ph.D., said Deming Public Schools is investing time, energy, and resources in developing school leadership to produce sustainable outcomes. The school district’s professional development

program for principals fosters effective feedback, coaching, and teamwork practices. Investments are also being made to develop skills of teachers seeking to become principals. Orientation is conducted for new teachers. Reporting on teacher support, Melanie Rinehart, principal at Bell Elementary School, said teachers throughout the school district are being observed and receiving feedback on a daily basis. Principals meet one-on-one with teachers every two weeks for more in-depth conversation. Teachers are meeting with their peers more often and for longer periods of time than in previous years, increasing consistency in lesson plans and supporting collaborations. Assessments are conducted weekly to track student achievement, giving teachers the information they need to respond more quickly and make adjustments to meet student needs. Melanie Maynes-Alfaro said the Instructional Services Division of Deming Public Schools created a curriculum leadership team, comprising 56 teachers, to assist the school district in aligning instruction to the Common Core state standards, revising pacing guides, and reconstructing the alignment of interim assessments. Ms. Maynes-Alfaro, math content specialist for the division, said the team affords the school district the opportunity to work closely with its teachers to reach common goals. Laura Oldham, English language arts specialists, gave additional remarks on teacher support. Ms. Maynes-Alfaro mentioned various teacher and leader resources, including the Public Education Department's Teach Leader Network. Ms. Maynes-Alfaro said student achievement is at the core of initiatives.

Mike Chavez, director of federal programs at Deming Public Schools, said the career and technical education (CTE) program at Deming High School is funded with Carl Perkins grant dollars. The school district recently developed a career clusters guide to assist students in identifying the available career options by using individual interests, clearly defined pathways, and timely employment projections. Students using the guide are able to make career decisions that meet the needs of New Mexico's current and emerging economy. Marlene Padron, principal of Deming High School, said only about 33 percent of students are attending college after graduation, making the CTE program especially important for students on other paths. Two CTE instructors and two students shared their experience with the program. Aaron Perales, a senior at Deming High School, said attending college is not the path he wants to take. Instead, Mr. Perales is learning how to weld through the CTE program, giving him an advantage when he enters the workforce. Fred Parker, chief academic officer for the school district, concluded with additional remarks on district initiatives.

Mike McMillan, school board president of Silver Consolidated Schools, introduced the students and sponsors of the National History Day program (NHD) who were in attendance. NHD is a year-long education program designed to help sixth through 12th grade students gain an understanding of historical topics. Students produce and enter in competition dramatic performances, exhibits, multimedia documentaries, and papers based on research related to an annual theme. Parker McMillan, a junior at Silver High School and participant of NHD, said the program is giving him the opportunity to learn about significant historical events that he may not learn in the classroom. The program is also helping him develop research, writing, and public speaking skills. Mr. Parker said the Legislature appropriated funds for the program in 2017 and 2018 but were vetoed by the governor. Kendra McNeil, a senior at Silver High School, said the program has helped her produce better work and achieve higher test scores. Allyson Siwik said NHD greatly contributed to the educational success of her daughter. Ms. Siwik asked legislators for their continued support of the program.

Reporting on student performance and enrollment, Superintendent Audie Brown said the district's school grades improved in school year 2017-2018. Enrollment has decreased year-over-year since 2012. Superintendent Brown said many families are moving away because job opportunities are lacking in the area. Associate Superintendent Curtis Clough said Silver Consolidated Schools is working to provide principals and teachers the support they need to succeed. The school district is also partnering with WNMU and engaging the community in its efforts to increase success in the district. Mr. Clough talked about the various initiatives and programs in the district, including the Silver Scholars Prekindergarten Academy.

Michele McCain, director of finance, said increased medical expenses and decreased medical benefits are causing financial and recruitment issues in the school district. Also causing issues is the timing of reimbursements for some expenditures. Mr. Clough explained that reimbursements, particularly for capital outlay projects, are not being received timely after expenditures. Mr. Clough talked about other issues.

In response to Vice Chairman Smith, Superintendent Romero said the enrollment trend in Deming Public Schools is stable. Superintendent Romero said the school district works closely with the families migrating seasonally.

In response to Representative Dow, Superintendent Romero said the school district continuously advocates for its CTE program to increase resources and expand participation, and improve the program.

Chairwoman Lundstrom asked how the pathways are being determined in the CTE program. Superintendent Romero said the district's economic development group is working closely with businesses and industry leaders to determine future workforce needs and develop the pathways.

**Teacher Quality and School Leadership in New Mexico.** Christopher Ruskowski, secretary designate of the Public Education Department (PED), said New Mexico has made significant strides on improving teacher quality. Since 2015, 1,000 more teachers earned the highly effective or exemplary teacher designation. Secretary Ruskowski said, when instruction improves, student achievement improves. In the last three years, 13 thousand more students became proficient in reading and 11 thousand more students became proficient in math. Secretary Ruskowski said feedback from teachers about the teacher quality rating system has overall been positive. PED will continue to survey and work to deliver a system that teachers support.

Stan Rounds, executive director of the New Mexico Coalition of Educational Leaders, said the recruitment and retention issues in New Mexico's educational system are largely attributed to the lack of succession planning. Director Rounds said the average superintendent tenure has significantly dropped and fewer people are pursuing administrator positions. The coalition is developing proposals for the Legislature to consider, including an incentive program recommendation.

President Ellen Bernstein of the Albuquerque Teachers Federation said the union is working on a continuum of support framework for New Mexico's professional development of teachers.

President Bernstein provided the committee a report of the federation's analysis of the state's educational system and policy recommendations.

David Morales, recipient of the 2016 New Mexico teacher of the year award, said more resources and training are needed to increase high quality teaching and school leadership. Mr. Morales talked about the importance of mentorship programs, stating the programs help retain teachers beyond their first five years of teaching. Mr. Morales said teacher compensation needs to be increased, schools need more computers, a statewide comprehensive safety plan needs to be developed, and class sizing needs to be improved. Other needs were reported.

In response to Senator Cisneros, President Bernstein said National Board certification continues to be of great interest in the state. The Albuquerque Teachers Federation administers a program that supports teachers pursuing the certification. Mr. Morales said he pursued a master's degree instead of the certification because the master degree earns him more pay. Mr. Morales suggested the state establish a scholarship program that entices more teachers to pursue the certification.

The committee recessed for lunch at the City of Rocks State Park. The meeting resumed at the Mimbres Valley Learning Center in Deming.

**City of Rocks State Park.** State Parks Director Christy Tafoya said the City of Rocks State Park encompasses one square mile of Chihuahuan desert and was formed by a volcanic eruption that was a thousand times larger than the Mt. St. Helens eruption in 1980. The park offers biking and hiking trails, camp sites, wildlife viewing, stargazing, picnic areas and a desert botanical garden. Gabe Medrano, the park manager, expressed appreciation for his team of volunteers who support manning the visitor center, park clean up, and program coordination for the 54 thousand annual visitors. Laura McCann, with New Mexico Raptors, is a regular guest speaker at the park, providing educational seminars on the rescue and safety of New Mexico predatory birds. Laura introduced a red tail hawk, a horned owl, and a turkey vulture. Evaristo Giron, the Southwest Region manager, pointed out that the state park has on-site telescope and interpreters for monthly night-time events and on occasion solar events. He introduced Director Sid Webb from the Astronomical Society of Las Cruces. Mr. Webb offered committee members the opportunity to see the surface of the sun through a telescope fitted with an aperture filter.

**LFC Health Notes: Cost, Use and Effectiveness of Inpatient Behavioral Health Services for Adults.** Jenny Felmley, Ph.D., presented the health notes brief *Cost, Use and Effectiveness of Inpatient Behavioral Health Services for Adults*. Hospital inpatient and residential behavioral health services are at the top of the behavioral health care continuum. For some people these services offer the critical highest level of care and are the safety net between them and personal disaster. For others, inpatient or residential treatment is less effective, often something they seek only because they are unable to access more appropriate services from an outpatient program or provider in their community, or because they have been court-ordered into treatment. Despite varying effectiveness and persistent challenges to measuring outcomes, inpatient and residential services are the most expensive behavioral health services, and because a relatively small number of people use them, they have very high per-person costs. Lastly, because few of these services are covered by Medicaid, most of the costs are paid for with state general fund dollars.

In 2017, approximately 4,000 New Mexican adults accessed publicly funded hospital inpatient behavioral health services at a total cost to state programs of \$48.2 million, or over \$12 thousand per person. Another 1,400 adults used residential treatment centers (RTC) for substance use disorder treatment, at a total cost of just under \$10 million, or about \$7,000 per person. Of the total \$58 million spent on these services in 2017, over \$34 million came from the general fund budgets of the Department of Health's behavioral health facilities. The New Mexico Behavioral Health Institute, the New Mexico Rehabilitation Center, and Turquoise Lodge Hospital reported combined FY17 operating costs of \$39.8 million, and total reimbursements from Medicaid, Medicare and other insurance of about \$5.4 million, leaving the remaining \$34.4 million to be covered by general fund. Medicaid paid \$13.1 million in psychiatric hospitalization costs in 2017; most of the utilization came from the Medicaid expansion population, which for 2017 had a federal matching rate of between 100 percent and 97 percent. The last major payor for this set of services is the Behavioral Health Collaborative, which reimbursed \$10.7 million of hospital and RTC costs in 2017. The collaborative's funding is a mix of state funds contributed by eight state agencies, the largest portion coming from the Human Services Department, and a variety of federal grants. HSD's Behavioral Health Services Division (BHSD) reports the majority of adult residential treatment costs are supported by the federal substance abuse prevention and treatment block grant.

The relatively small number of New Mexicans accessing hospital inpatient psychiatric and residential treatment services should not disguise the importance of the subject. Most people with mental illness will never need inpatient treatment and are well-served by the country's 50-plus-year turn toward community and home-based services. But access to inpatient treatment is critical for some. Individuals with chronic acute psychiatric illness are a particularly vulnerable population whose illness often poses barriers to employment and stable housing. Failure to provide the services needed by this population can have consequences that reverberate throughout New Mexico's social, economic, justice and educational systems.

Historically, federal laws and regulations have placed strict limitations on Medicaid's coverage of inpatient behavioral health services for adults. More recently, as a result of the establishment of mental health parity laws and in response to the opioid epidemic sweeping the nation, Congress and the Centers for Medicare and Medicaid Services (CMS) have begun to relax those limits. New Mexico's Centennial Care 2.0 (CC 2.0) waiver renewal is still pending CMS approval but holds great promise for expanded coverage of behavioral health services all along the continuum of care, particularly for treatment of substance use disorders. For adult inpatient behavioral health, CC 2.0 will bring Medicaid coverage of accredited adult residential treatment centers and an extension of coverage for services received in psychiatric hospitals. Other CC 2.0 changes should make the outpatient levels of care just below hospitalization, including partial hospitalization and intensive outpatient programs, more robust, allowing more New Mexicans to find the care they need without having to resort to hospitalization.

**Update on the Arizona Water Settlement Act and *Texas v. New Mexico*.** John Longworth, director of the Interstate Stream Commission (ISC), said implementation of the Arizona Water Settlements Act (AWSA) is underway in New Mexico. The act entitles New Mexico to an additional 14 thousand acre-feet of water annually from the Gila River for Southwest New Mexico. The New Mexico Central Arizona Project Entity (NM CAP Entity) is building the infrastructure (called NM Unit) to divert water from the Gila River, the San Francisco River in New Mexico and

other tributaries, and underground water sources. When complete, water users will contract with the U.S. Department of Interior (DOI) for consumptive use of the water.

Director Longworth said an environmental impact review of AWSA in New Mexico is required under the National Environmental Policy Act (NEPA). The U.S. Bureau of Reclamation Lower Colorado Region, ISC, and DOI are together preparing an environmental impact statement (EIS) for the review. A draft EIS will be issued in March of 2019.

AWSA costs in New Mexico totaled \$1.8 million in FY18. Director Longworth estimated costs will total \$3.2 million in FY19. Additional detail of AWSA costs was given. ISC allocated \$9.1 million in FY15 for 16 other water projects in Southwest New Mexico.

Reporting on the progress of NM Unit, Anthony Gutierrez, executive director of the NM CAP Entity, said the diversion, conveyance, and storage components were chosen last October. Projected costs of the components were provided. Director Gutierrez said the NM CAP Entity is working with AECOM and Stantec Engineering to ensure NM Unit is feasible under NEPA. Also, NM CAP Entity is working to keep NM Unit costs in alignment with funding and deliver on AWSA's intent to develop and conserve New Mexico's water.

NM CAP entity members in attendance gave brief comments on AWSA's implementation, including Howard Hutchison, chair of the San Francisco Soil and Water Conservation District, and Vance Lee of Hidalgo County. Mr. Hutchison provided a timeline of AWSA activity; key dates were highlighted.

In response to Chairwoman Lundstrom, Mr. Hutchison said NM CAP Entity has not requested funding from New Mexico's water trust fund but may do so as AWSA progresses.

In response to Representative Martinez, Director Longworth said the Federal government appropriated New Mexico \$90 million to implement AWSA. The funds are being received in installments; three installments are remaining.

Giving an update on the *Texas v. New Mexico* lawsuit, Deputy Attorney General Tania Maestas said New Mexico filed an answer to the original complaint this past May. Counter claims were filed at the same time. The filed answer asserts the case does not support the claim of damages and contends Texas is blameworthy. The counter claims argue New Mexico and Texas are mutually responsible for accounting inefficiencies of project water in the lower Rio Grande. Answers to the counter claims were filed in July. The newly appointed special master met with all parties last month to establish a case management plan. A data management system for the case has been created. Expert plaintiff witness reports will be disclosed by next February and then New Mexico will have until July to submit counter claim expert reports. The case is anticipated to go to trial in late 2020.

In response to Senator Cisneros, Ms. Maestas said litigation costs are expected to increase as the case progresses.

### **Friday, September 29<sup>th</sup>**

The following members and designees were present on Friday, September 29, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Rodolpho “Rudy” S. Martinez, Jimmie C. Hall, Roberto “Bobby” J. Gonzales, Candie G. Sweetser, and Randal S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, Howie C. Morales, George K. Muñoz, and Pete Campos.

### **Program Evaluation: Instructional Time and Extended Learning Opportunities in Public**

**Schools.** Alison Nichols, Clayton Lobaugh, and Nathan Eckberg, all program evaluators, presented the report *Instructional Time and Extended Learning Opportunities in Public Schools*. Many New Mexico students enter kindergarten behind grade level and lose ground in learning over summer breaks. By third grade, low-income students, on average, perform below grade level. National research has found that low-income students face a 6,000-hour learning gap by the sixth grade, compared with their middle- and high-income peers, who are more likely to have access to high-quality learning opportunities outside of school. This learning gap especially impacts students considered at-risk, which includes 70 percent of New Mexico public school students.

At the same time, students in the state now have fewer instructional days than they had a decade ago. Despite the addition of \$14 million into the public education funding formula for additional instructional days in the 2008-2009 school year (SY09), the average number of weighted school days decreased from 177.8 in SY09 to 175.6 in SY18. Only 20 percent of school districts and charter schools (also known as local education agencies, or LEAs) have at least 180 school days, the most common requirement across U.S. states. In addition, many LEAs – including three of the state’s five largest districts – have regular, sometimes weekly, early release days that reduce the amount of stated instructional time.

The number of New Mexico LEAs with a four-day week schedule has increased by over a third since SY10. Four-day weeks may not be an effective way for districts to reduce costs, with national research showing very modest, if any, cost savings. At the same time, four-day weeks can create financial and logistical burdens for families, with childcare on “off” days estimated to cost approximately \$2,000 per year for two children.

Programs like K-3 Plus that provide additional learning days have shown promise in closing achievement gaps. However, K-3 Plus only reaches 22 percent of students at eligible schools. Afterschool and summer enrichment opportunities also augment learning time and help to offset the disparity in opportunities between low-income and other students, but inadequate and inconsistent funding limit their reach and effectiveness.

However, additional instructional time will not necessarily improve outcomes without high-quality instruction, delivered by effective teachers who engage in professional development, collaboration, and planning. The amount, content, and strategies for professional development vary significantly across LEAs. Overall, school districts have an average of seven non-instructional days for teachers, as well as time built into the school day, and many supplement this time with early release days for professional development.

Expanding K-3 Plus to a schoolwide K-5 Plus model at all eligible schools would reach approximately 100 thousand students, at an estimated total cost of \$120 million. In addition, providing a funding formula option for LEAs to extend their school year by 10 days beyond the 180 instructional days already funded, extend daily learning time through afterschool programming, and provide high-quality professional development time would ensure that more students – and teachers – could benefit from additional time. It would cost approximately \$144 million, or \$28.8 million each year in the funding formula over a five-year phase-in period, for all LEAs to implement such a program.

Representative Gonzales said four-day week schedules also impact transportation and food services. Bus contractors are less inclined to serve school districts on a four-day schedule because less revenue is earned, leaving schools districts with the responsibility of purchasing and maintaining buses.

### **FY18 Fourth Quarter Report Cards Pursuant to the Accountability in Government Act.** LFC

Director David Abbey presented the FY18 fourth-quarter agency performance report cards, highlighting key performance information. The Taxation and Revenue Department fell short of achieving most of its performance targets in FY18, perhaps a result of turnover and high vacancy rates in leadership staff. The agency has not yet provided information regarding outstanding tax protest liabilities. The Human Services Department (HSD) is working to meet orders of the settlement agreement reached in the Debra Hatten-Gonzales lawsuit. HSD reports the timeliness of approved Supplemental Nutrition Assistance Program (SNAP) applications improved from 86.9 percent on time in January 2017 to 97.6 percent on time in December 2017. The timeliness of denied SNAP applications improved from 21.2 percent in January 2017 to 62.6 percent in December 2017.

The Department of Health recently announced several initiatives that could lead to future budgetary challenges, including adjusting direct-care staff compensation by almost 20 percent above the legislatively approved 4.5 percent for direct-care staff and submitting a request to the federal government for a 2 percent across-the-board rate adjustment for developmental disabilities waiver service providers. In 2018, indicators measuring child health, such as infant mortality, low birthweight, immunizations, and early access to prenatal care trended in the wrong direction while rates for child safety, readiness to learn by kindergarten, and third-grade education trended in the right direction.

Performance outcomes for the Children, Youth and Families Department remain mixed. Repeat maltreatment rates improved slightly but remain well above national benchmarks. The Juvenile Justice Services Program reported reduced violence in committed youth facilities.

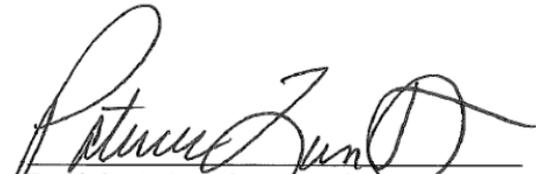
The Corrections Department (NMCD) reported inmate-on-inmate assaults spiked from 15 incidents in FY17 to 32 incidents in FY18, likely the result of crowded facilities and the 22 percent custody staff vacancy rate. NMCD continues to struggle with a 49 percent three-year recidivism rate. Illicit drug use also remains an issue; 4 percent of the random monthly drug tests in FY18 were positive. The agency is meeting targets for contacts with high risk offenders in the community and recidivism rates for women graduating from the recovery center. LFC staff is tracking Albuquerque crime rates monthly. Albuquerque total crime decreased 35 percent since August of

2017. By crime type, auto thefts decreased 39 percent and robberies decreased 60 percent. The number of caseloads in the court system continue to drop from a peak in FY10.

Regarding public education, student achievement in New Mexico is growing slowly. Currently, 70 percent of fourth- and eighth-grade student are not proficient in reading and math, indicating the state has much more room for improvement. Gains are being made in higher education; graduation rates are increasing, especially at four-year institutions. Despite the gains, New Mexico's colleges and universities are underperforming their national peers.

Economic Development Department performance data indicates 2 percent growth in job creation. Unemployment is down to 4.6 percent. The Workforce Solutions Department reported the unemployment insurance trust fund balance is \$444.8 million, a 6.5 percent increase from FY17. The State Personnel Office reports persistently high vacancy rates across the executive branch. The time to fill positions increased from 65 days in FY16 to 71 days in FY18. Department of Transportation data indicates 95 percent of New Mexico's bridges are in fair condition or better based on deck area. Road conditions, however, continue to deteriorate across the state. The number of lane miles in deficient condition increased 4 percent, and 21 percent of non-national highway system miles are considered in poor condition. Rail Runner ridership declined 6 percent between FY17 and FY18; ridership has not increased since FY10. A spreadsheet in the presentation provided information on current IT projects.

With no further business, the meeting adjourned at 9:49 a.m.



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Patricia A. Lundström, Chairwoman



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John Arthur Smith, Vice Chairman