



LFC Newsletter

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Legislative Finance Committee

Representative Patricia Lundstrom, Chairwoman

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From the Chairwoman Fresh Start

The last eight years of lawmaking have been difficult for many reasons, including two historic economic downturns. But not least among the causes has been the Legislature's well-publicized conflict with the governor's office. The inauguration of a governor from the same party as the House and Senate majorities will mean some of that conflict will be left behind – priorities will be similar if not the same.

An anticipation that, at the very least, communication with the governor's office will improve has legislators from both sides of the aisle looking forward to a fresh start this legislative session. Advocates for public schools, social services, and even tax reform are more optimistic than they have been in a while.

However, it's important to remember the Legislature is a separate branch of government and tension among the branches is one of the reasons the system works. The governor's job is different than that of the Legislature and, while we are all committed to the success of New Mexico, the perspectives of the legislative and executive branches are different.

It's also important to remember the Legislature is the appropriating body. To paraphrase a political adage, the governor proposes but the Legislature disposes.

Further, the Legislature, and the Legislative Finance Committee in particular, have long served a watchdog role. Many activities of state agencies are subject to legislative oversight and measures assess how well agencies are fulfilling their missions are built into the budget.

Still, while we know there will be at least a few and maybe many battles with the new governor, legislators are optimistic we can establish a good working relationship with the new resident of the fourth floor. Even when the Legislature and the executive don't share a party, we can find common ground.

Indeed, your elected leaders share the common goal of improving the lives of New Mexicans. Whether elected to the executive or the legislative branch, your elected leaders are committed public servants.

Together, elected leaders from all branches and all political persuasions, we can move New Mexico forward.

*Representative Patricia Lundstrom
Chairwoman*

Range of Interventions Needed to Close Achievement Gap

Efforts to close the academic achievement gap between low-income students and their more affluent peers produce mixed results, with college and career readiness programs, some professional development programs, high-quality extended learning programs, and supports for students' social, emotional, and physical well-being, showing the most promise, an LFC evaluation indicates.

Results First: Educational Interventions, scheduled to be presented to the committee on January 14, is a cost-benefit analysis using a nationally recognized, peer-reviewed model, to identify those practices most likely to help at-risk students catch up in the classroom.

While New Mexico has seen modest progress in closing the achievement gap, certain student groups – particularly those at risk of failure because of income, mobility, or lack of English proficiency, continue to lag behind, the report says.

Low-income students score an average of 15 percentage points below students without economic disadvantages on standardized assessments, and the rate of poor students who graduate within four years is almost 5 percentage points below the

state average, the report says.

For just one group of New Mexico students all in the same grade the same year, raising the graduation rate for the low-income students in the cohort to the state average would result in long-term benefits to taxpayers of more than \$100 million, the report finds.

Evidence suggests student performance can be improved through some teacher development and mentorship programs; additional high-quality learning time; social, emotional, and physical supports for students; dual-language instruction and other classroom interventions; and college and career readiness programs, especially those targeted at students less likely to graduate.

While smaller classes can modestly improve student success in early grades, the report notes the benefits are limited in later grades.

Further, it finds charter schools do not consistently improve student performance.

The report concludes the state has no "silver bullet" for improving student success and closing the achievement gap but should implement a range of evidence-supported interventions.

Efforts Fail to Stem Teacher Flight

Quality teaching is the most important in-school factor in student success, research shows, but half of New Mexico teachers leave the profession within five years of graduating from college, an LFC report says.

Progress Report: Teacher Compensation, an update of a 2015 program evaluation, notes New Mexico has increased base teacher pay, created bonuses for exemplary teachers, and established student loan assistance, professional development, and recruitment programs, but the number of returning teachers has declined 6 percent since 2016 and fewer students are in the college pipeline to become teachers.

Teachers returning to the classroom in FY18 have 1.4 fewer years of experience on average compared with teachers three years ago, the report presented to the committee in December says.

In addition, despite pay increases and bonuses that upped average annual pay to \$47.6 thousand, New Mexico teachers still get paid less than the national average, although their pay is competitive for the region.

Although the Legislature has revised

the public school funding formula to align with existing teacher licensing and compensation as recommended in the 2015 LFC evaluation, the Legislature should consider creating a funding boost for teachers in hard-to-staff positions, like those in math and science and in low-income schools.

The report indicates the state should discontinue the loan-for-service program, which provides financial assistance for education students who agree to work in high-need areas after graduation. A third of the students fail to fulfill the requirements of the program and default on the loans.

None of the participants in the loan repayment program, which repays the student loans for active teachers in high-need schools, have failed to fulfill the requirements of the program.

However, the program provides no incentive for teachers to stay in high-need schools beyond the terms of the agreement and should be reviewed.

The report also recommends a review of bonuses awarded to high-performing teachers to determine if they improve recruitment and retention.

Construction Inflation Outstrips Road Fund Growth

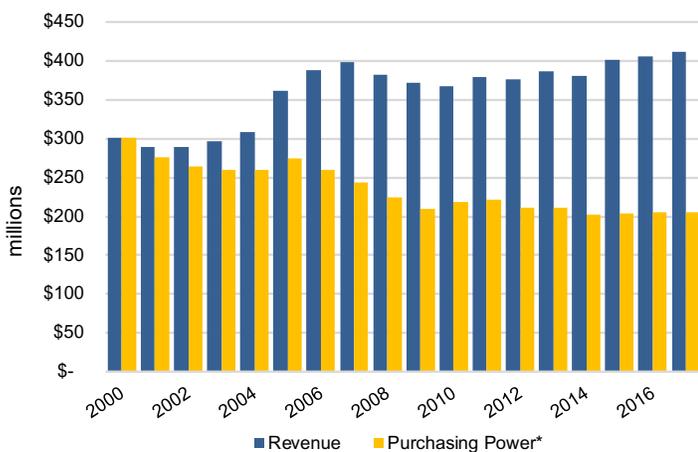
The purchasing power of the state road fund – composed of revenues from gasoline and special fuel (diesel) taxes, taxes and fees on commercial trucking, and vehicle registration fees – has dropped 18 percent in the last 15 years, LFC staff report in Volume 1 of the committee's FY20 budget recommendation to the full Legislature.

While growth in the fund has slowed because of more efficient vehicles and slow population growth, the purchasing power has been hit mostly by inflation in construction costs, according to the report scheduled to be posted January 14 on the [session publications page](#) of the committee's website.

The fund is forecast to grow by 2.1 percent in the current budget year but the Department of Transportation estimates it would need to grow by 80 percent per year to generate the revenue needed to meet the demand for road and bridge maintenance.

New Mexico has the lowest gasoline tax in the southwest region at 17 cents per gallon. The tax was last changed in 1995 when it was decreased by 3 cents per gallon. Neither the gasoline nor special fuels taxes are indexed to inflation, resulting in constantly eroding revenue streams.

State Road Fund Revenue and Purchasing Power



*Adjusted using nonresidential construction price index
Source: Department of Transportation

On the Table

Rig Count Drops

The number of active rigs in New Mexico dropped by five in mid-December, the largest drop of any state according to the oil field service company Baker Hughes. Texas gained three. New Mexico had 105 active rigs in mid-December, with the majority in the Permian Basin.

Juror Fund Recovers

The Administrative Office of the Courts in late 2018 transferred \$257 thousand from jury management to personnel, a sign efforts to save money on juror payments is working. Jurors were consistently paid less than required by statute for several years because of growing costs and funding shortages. Legislation adopted in 2017 limited travel reimbursements to distances exceeding 40 miles and since FY18 jurors have been paid the full statutory amount. The office requested a \$500 thousand reduction in general fund appropriations to the jury and witness fund for FY20.

State Gets \$3.8 Million for Drug Treatment

The Human Services Department has received a \$3.8 million federal grant for opioid response. The Behavioral Health Services Division intends to spend about \$3.3 million of the grant on contracts for treatment and recovery services for opioid abusers and medication-assisted treatment.

Cannabis Users Up, Production Down

New Mexico's 66,725 active medical cannabis patients in November was a nearly 50 percent increase from the count a year ago, and the number of personal production licenses, 7,563, was a 16 percent increase from the prior year. However, the total number of cannabis plants in production was down 5.2 percent. The price was stable at \$9.98 per gram.

VW Emissions Settlement to Pay for Vehicles

The Environment Department will use \$5.9 million from the Volkswagen settlement to draw \$13.5 million in matching funds from various partners to replace or repower 113 vehicles, including school buses in Albuquerque and Gallup and electric support vehicles at the Albuquerque airport. New Mexico will receive about \$18 million through the settlement of the multistate lawsuit against the car maker over its use of illegal devices to trick emissions tests.

LFC Audit Clean

The FY18 audit of LFC had zero findings, the State Auditor reports.

Transitions

Maria Griego, who has been with LFC as a program evaluator for more than eight years, will be starting a new position with New Mexico Appleseed, a poverty-focused nonprofit, in late January.

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