



# LFC Newsletter

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**Legislative Finance Committee**

Senator John Arthur Smith, Chairman

Representative Jimmie C. Hall, Vice Chairman

David Abbey, Director

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## From the Chairman Wonked

When a political candidate has an in-depth knowledge of policy and an insightful understanding of governing, the candidate is called a policy wonk.

It's not a compliment.

As soon as the candidate, or any speech-giver, starts talking about the nuances of policy implementation, the why's and how's, the details – the audiences' eyes glaze over. Process, to be blunt, is boring. Flashy, broad sound bites are sexy, even if the policy is vague and implementation impossible.

But policy and process are important. Indeed, government cannot effectively serve the public without policy wonks. We need process to ensure government is transparent and accountable.

New Mexico dove into the deep end of process, and took a leap forward on accountability and transparency, when it adopted the Accountability in Government Act almost 20 years ago. In exchange for greater flexibility on how they spent their money, state agencies were required to set performance targets and measure their progress toward those targets. The goal was to create the data that would let budget-drafters and the public see which efforts were effective and which were a waste of money.

Recently, in a process debate that is the opposite of sexy, executive and legislative staff have been squabbling over how agencies measure progress and how often they should report. The Department of Finance and Administration wants significant changes, including the elimination of many measures now in place. Legislative staff has raised red flags about some of these proposals, especially those related to programs of key importance to the Legislature and the public.

The executive is proposing greatly reduced measures for some of the biggest state agencies. In other words, they want to cut back accountability for the spending of billions of taxpayers' dollars.

The administration's money managers have raised issues worth exploring about the quality of some measures and the burdens placed on state agencies. But while these points are valid, the goal should be improving the process, not gutting it.

With the state's current fiscal crisis in the headlines, this process fight is more likely to draw yawns than passion. But it is exactly the state's current budget crisis that makes this debate so important. Now, more than ever, legislative and executive budget managers – and the public most importantly – need to clearly see how and to what effect the state is spending its limited dollars. We cannot afford to waste a single cent.

*Senator John Arthur Smith  
Chairman*

## Committee Wants Answers on Behavioral Health System

In response to a letter from two legislative committee chairman about ongoing concerns with the behavioral health system, staff of the Human Services Department will testify before the committee during their July hearing in Ruidoso.

HSD Behavioral Health Services Chief Executive Officer Wayne Lindstrom is scheduled to appear before the committee at 3:30 p.m. on July 27.

Senator John Arthur Smith, LFC chairman, and Senator Gerald Ortiz y Pino, chairman of the Legislative Health and Human Services Interim Committee, in a June letter ask for information on department efforts to ensure the “behavioral health network is sufficient to meet the needs of the state’s most vulnerable populations.”

The care system for the mentally ill and substance abusers has been in disarray since 2013 when the department froze Medicaid funding to 15 health organizations on the grounds of potential fraud. The action forced most of the providers, which were dependent on Medicaid funding, to close shop.

The administration hired five Arizona companies to take over the services; however, three have since left the state, again disrupting services.

The Attorney General has since

cleared all of the providers, saying investigators found evidence of overpayments due to billing errors but no proof of fraud.

The episode has led to a call for a federal investigation, a proposal to amend federal rules to prevent similar funding freezes, a lawsuit against the private healthcare contractor that manages behavioral health and advised the department of potential fraud, and several lawsuits against the administration.

On behalf of their committees, the chairmen ask for an accounting of the withheld funds, including information about whether the funds are earning interest, who will receive that interest, and how overpayments are being calculated and recovered.

The chairmen also ask for a list of current providers and anticipated transitions, including details on their services and number of patients.

Further, the committees want a copy of the department’s plan for assessing and addressing gaps in the behavioral health system and the agency’s plan for taking over the administrative services functions of the private contractor.

Department managers have met with legislative staff and said they will provide all information available, although some details will take further research.

## Roswell Looks To Abandoned Air Field for Potential Economic Growth

The largest decommissioned strategic air command base in the United States could help Roswell economic development take off, local leaders told the committee in June.

City Manager Steve Polasek testified the 13,000-acre Roswell International Air Center was once home to the Roswell Army Flying School and Walker Air Force Base.

Five aircraft maintenance companies operate out of the center, owned by the city, and employ 500 people at an average wage between \$40,000 and \$50,000 a year.

The Roswell branch of Eastern New Mexico University offers an aircraft and power education program certified

by the Federal Aviation Administration.

The aircraft maintenance, repair, and overhaul industry is growing rapidly, Polasek said, with the \$67 billion industry expected to be worth \$100 billion by 2025.

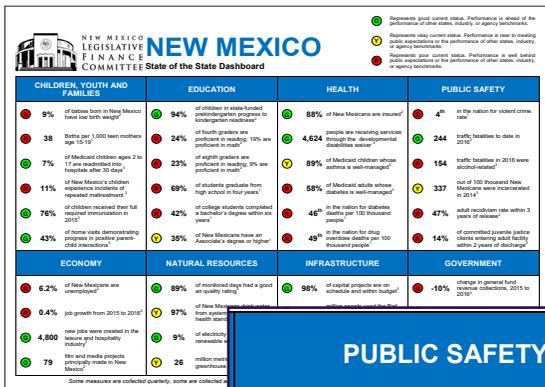
However, he said, much of the growth is being driven by maintenance of wide-body aircraft and the Roswell air center does not have a hangar large enough for the big jets.

John Mulcahy, president of the Roswell/Chavez County Economic Development Corporation, asked the committee to support the college’s vocational and technical programs, funding for new larger hangars, and maintenance of the center’s tarmac.

# New Dashboard Provides Bigger Picture

Committee staff have developed a new statewide performance “dashboard” summarizing how New Mexico state agency efforts stack up against public expectations, the performance of other states, or national or industry standards.

The new dashboard, a one-page infographic with results for eight general areas, is intended to complement the committee’s quarterly report cards on agency performance by being easier to understand and by providing more meaningful measures, sometimes in a national or regional context.



### PUBLIC SAFETY

- R** 4<sup>th</sup> in the nation for violent crime rate<sup>1</sup>
- G** 244 traffic fatalities to date in 2016<sup>3</sup>
- R** 154 traffic fatalities in 2016 were alcohol-related<sup>3</sup>
- Y** 337 out of 100 thousand New Mexicans were incarcerated in 2014<sup>3</sup>
- R** 47% adult recidivism rate within 3 years of release<sup>2</sup>
- R** 14% of committed juvenile justice clients entering adult facility within 2 years of discharge<sup>2</sup>

The summary on public safety is typical of those for other areas. Similar to the quarterly report cards, a green rating represents performance ahead of other states, the industry, or agency benchmarks; yellow is for performance near to meeting public expectations or the performance of other states, the industry, or agency benchmarks; and red represents performance well behind expectations, standards, or agency benchmarks.

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 Staff Editor - Jonas Armstrong    Writer, Editor - Helen Gaussoin  
**Questions, comments: 505-986-4550**  
[www.nmlegis.gov/lfc](http://www.nmlegis.gov/lfc)  
**Please contact Adreena Lujan at adreena.lujan@nmlegis.gov if you would prefer to receive this newsletter electronically.**

Legislative Finance Committee  
 325 Don Gaspar Street Ste101  
 Santa Fe NM 87501

## On the Table

### PERA Told To Lower Expectations

The Public Employee Retirement Association should lower its target for returns from 7.75 percent to 7.25 percent for the next 10 years, according to the board’s actuary. If the board adopts the recommendation, unfunded liabilities would increase from \$4.7 billion to \$5.2 billion.

### Natural Gas Prices Up

Natural gas prices climbed more than 25 percent in June, from \$2.34 per thousand cubic feet to \$2.92/mcf. The June spike, the biggest jump since 2000, is partly the result of a heat-wave-driven surge in power use. In addition, several gas power plants have come online, replacing aging generators and coal power plants.

### Health Clinics Contracts Shaved

The Department of Health in May cut rural and primary health clinic contracts across the board by about 2.6 percent, for a total of \$961,300. The cuts affect contracts that went into effect at the start of FY16 and are set to expire at the end of FY19. The General Appropriation Act of 2016 cut funding to the clinics by about \$1.6 million.

### UNM Pays More for Management Advice

The University of New Mexico last month signed a \$175 thousand contract with Aon to get advice on how to consolidate resources between the main campus and health sciences campuses. Aon will review 52 pre-identified positions, at a cost of about \$3,365 a position. A similar contract between New Mexico State University and Deloitte to review 2,343 positions cost the Las Cruces school about \$264 a position.

### Transitions

LFC has hired two new evaluators. Christopher Jaramillo is a recent graduate of the University of New Mexico law school with undergraduate degrees in business and sociology. Sarah Dinces has a doctorate in experimental psychology and has been working on policy for Child Protective Services Program. Las Cruces Public Schools has hired Steven Sanchez, the district’s deputy for learning, teaching and research for eight years, as interim superintendent. Santa Fe Public Schools has hired former Public Education Secretary and former Superintendent Veronica Garcia as interim superintendent. Jeff Primm, deputy director at the State Board of Finance, is the new administrative services director at the Office of the State Engineer.