



LFC Newsletter

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From the Chairwoman Nuance

The growing demand for biodiesel, partially driven by California's mandate to significantly reduce carbon output of fuel, made the committee's tour of the Navajo Refinery in Artesia during the May meeting particularly interesting. HF Sinclair invested \$600 million to develop a facility that can make fuel from soybeans, tallow, and corn oil. The tour offered an unusual opportunity to see New Mexico's growing renewable energy initiatives up close.

New Mexico's commitment to and dependence on fossil fuels is broadly known. The oil and gas industry will likely be responsible for more than 30 percent of the state's general fund revenues in FY22 and is the means behind the expansion of programs for FY23.

That reality has made many in New Mexico support protecting and promoting oil and gas production, even as environmentalists and others push for the state to divorce itself from the industry. In a political and social environment that is becoming increasingly blind to gray, the issue is growing more and more black and white. It doesn't have to. We can recognize the importance of the fossil fuel industry at the same time we invest in a transition to renewable energy.

In June, the committee is scheduled to visit the Tri-State Generation and Transmission Association facility at the retired Escalante Generating Station near Grants, a former coal-fired power plant being converted into a hydrogen-based power plant. We will hear about not only the economic development potential, but also environmental risks and the need for regulation. I have not been shy about my support for a hydrogen energy project in a region of the state – the part I represent – hit hard by the coal industry's decline. We can't forget that all energy production has an environmental cost, and we would be negligent if we didn't ask the hard questions about impact.

New Mexico has long had the potential to become a leader in renewable energy. We have refining expertise that can shift to biofuels, power plants that can be converted to other fuel sources, and sun and wind in abundance. Western Spirit Wind, the largest wind installation in the United States, is in central New Mexico and is now online, ready to send power down the largest transmission line in New Mexico built since the 1980s to a substation west of Albuquerque and on to California.

Without a doubt, renewable energy is in New Mexico's future. But so are fossil fuels. It doesn't have to be one or the other. There are a lot of shades of gray between black and white.

Representative Patty Lundstrom
Chairwoman

Litigation to Increase Funding for Native American Students

Three major lawsuits over the past two decades that found New Mexico has not provided a sufficient education to Native American students have prompted the Legislature to significantly alter the education funding formula, increase funding for students at risk of failing, and pour over a billion dollars into schools for targeted reforms.

Reform in response to *Zuni v. New Mexico* (1999), *Zuni v. Department of Education* (2004), and *Martinez-Yazzie v. New Mexico* (2018) has included an ongoing overhaul of the capital outlay funding system, a 38 percent increase in public school funding from FY19, and millions of dollars for initiatives supporting the teacher workforce and at-risk students, LFC staff report in a brief prepared for a hearing scheduled

for 8:30 a.m. Thursday.

The Public Education Department in May released a draft action plan to address the findings in the *Martinez-Yazzie* lawsuit, providing targets for educator workforce conditions, student performance, extended learning time participation, early literacy training, and Internet connectivity. Although the department set targets for achievement and workforce performance, LFC staff analysis indicates the plan lacks details on specific corrective actions if schools fall short of the targets. Staff note the learning losses associated with the Covid-19 pandemic have widened existing disparities between Native American students and their peers, making their educational recovery even more critical.

Projected Enrollment in Higher Ed to Impact Infrastructure, Workforce

While enrollment in higher education is down nationally by 10 percent over the last decade, New Mexico's is down 27 percent, despite larger high school graduating classes and higher graduation rates.

Even with a growing population of in college eligible students, the college-going rate has fallen from 72 percent in FY11 to 54 percent in FY21, an LFC LegisStat report presented to the committee in May says.

In coming years, a decrease in New Mexico's population will exacerbate the decrease in enrollment. In FY22, there were 20 percent fewer first graders than in FY14; by FY25, LFC analysis projects 12th grade class sizes will peak and thereafter begin to fall.

Retention and degree-completion rates in higher education are also lower than national averages for both two-year and four-year degree institutions. New Mexico ranks 39th in the nation for the proportion of its

population with a bachelor degree.

At the May LegisStat hearing on enrollment, representatives from Central New Mexico Community College, New Mexico State University, and Western New Mexico University described their approaches to address declining enrollment.

All postsecondary institutions in the state will submit their education management plans to both LFC and the Higher Education Department by June 15. An additional fall 2022 LegisStat hearing will reevaluate enrollment data to further inform projections for campus infrastructure and workforce needs.

For tuition-free college to improve the quality of life in New Mexico, higher education institutions must do more to ensure more students complete relevant, high-quality educational programs that prepare them for success in the job market, LFC staff concludes.

Violent Crime Rate Growth Worse in Some Communities

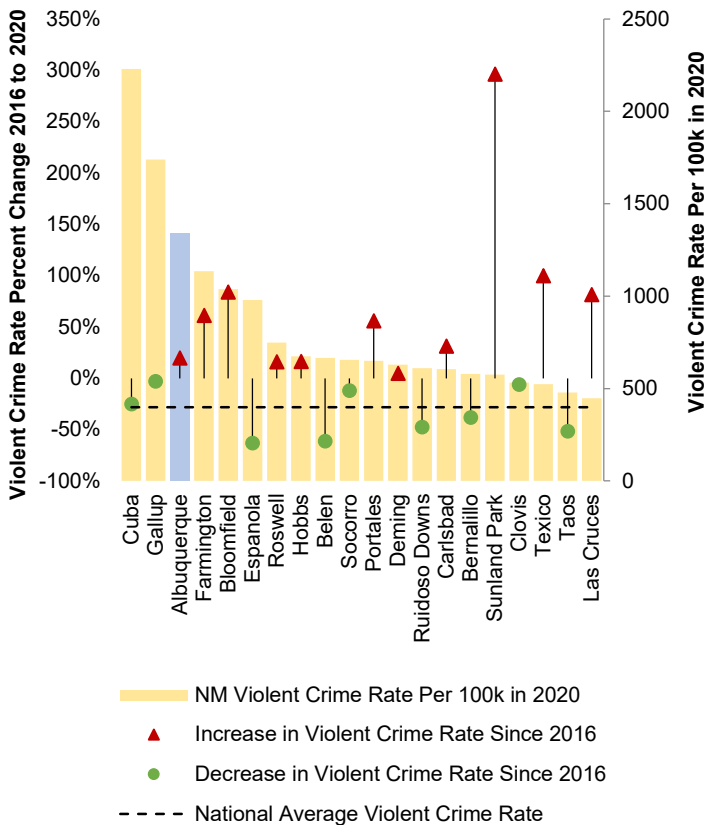
While the violent crime rate has dropped statewide since 2018, the rate still exceeds that of 2016, and the rate has grown faster in some communities than others, LFC analysis shows.

Statewide, the rate dropped from 842.8 crimes per 100 thousand population in 2018 to 778.3 per 100 thousand in 2020, a 7.7 percent drop. However, the rate still exceeds the 2016 rate of 699.4 per 100 thousand by 20.5 percent. The 2020 statewide rate also continues to exceed the national rate of about 400 per 100 thousand.

The 2016-2020 increase in some of the communities with the highest crime rates significantly outstripped the state average: Sunland Park saw a 296 percent increase over that period; Bloomfield, 84 percent; Texico, 100 percent; and Las Cruces, 82 percent. The rate dropped most in Belen and Española.

While 2020 is the most recent year statewide data is available, 2022 year-to-date numbers for Albuquerque indicate the state's largest city is on pace to tie its record homicide count of 116 set in 2021.

Violent Crime Rate Change in 20 Communities With Highest Rates



On the Table

Martinez-Yazzie Looks To Extended Learning

The Public Education Department's draft action plan to address the *Martinez-Yazzie* lawsuit includes a target of 85 percent extended learning program participation by FY27 – the current funding level already includes sufficient funding for this level. The K-5 Plus participation target was 50 percent of low-income students by FY27, despite available funding for nearly all low-income elementary students.

HSD Awards Millions to Medicaid Data System

The Human Services Department received DoIT Project Certification Committee approval to release \$75.9 million for the Medicaid management information system replacement project. The project has a history of budget increases, with estimated total project costs of \$194 million in 2018, \$221 million in 2019, and \$349 million in 2022.

4-Year Contract Lowers Costs for Prescriptions

The General Services Department finalized a four-year contract with CVS Caremark, the country's largest pharmaceuticals benefits management company, that would save the state and plan members an estimated \$12.6 million in FY23 and \$88.6 million in total savings over the life of the contract.

State Revenues On the Rise, Nationwide

According to preliminary data for 48 states collected by the Tax Policy Center, total state revenues grew by 17.6 percent in FY21, compared to a 0.8 percent decline in FY20. Current forecasts for the end of FY22 and FY23 are weak, but will likely be revised significantly upward.

Growing Investment in Protective Services

Between FY17 and FY22, the Children, Youth and Families Department grew spending on preventive services from about \$900 thousand to \$10.3 million, a tenfold increase that still comprises only 6 percent of the Protective Services budget. Staff analysis indicates the department could continue to expand prevention by continuing to invest savings from reduced foster care caseloads and submitting a plan to the federal government to draw on Title IV-E families first prevention services grants, as 37 other states have done.

Transitions and Commendations

Micaela Fischer, LFC's program evaluation manager, was elected to the National Legislative Program Evaluation Society's Executive Committee. The society is the professional staff association for evaluators connected with the National Conference of State Legislatures (NCSL).

Eric Chenier, LFC principal analyst, was accepted into NCSL's 2022 Child Welfare Fellows Program. The fellowship will grant Eric the opportunity to learn and receive other support and technical assistance from national policy experts in the field.

Steve Kopelman, NM Counties director, is retiring and will be replaced by Deputy Director Joy Esparsen.

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