



# LFC Newsletter

A publication of the **Legislative Finance Committee**

Representative Patricia Lundstrom, Chairwoman  
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## *From the Chairwoman*

### **A New Approach**

We rolled out LegisStat, our version of a leadership strategy broadly known as PerformanceStat, last summer. It's a joint initiative that builds on agency performance report cards to make sure our time meeting with agencies is focused, productive, and results-oriented.

This is still a relatively new process for us. Typically, PerformanceStat is an accountability and data-focused approach to management review. While this has been used in city and state executive government, police departments, and even the U.S. Treasury, we are the first to apply this tool to the legislative process, and we have worked with consultants to continue to refine our process. With six LegisStat meetings held so far, we have more planned for 2022.

We meet with agencies in order to take real steps forward in resolving challenges. We create and negotiate priorities. We want to have a common understanding of trends in performance and actions over time. LegisStat signals our commitment to ensuring our state's long-term challenges remain a focus across successive meetings.

That's why our initial LegisStat meetings focused on economic recovery from the pandemic and action items in public education. In our very first meeting, we spoke with the Economic Development Department, Workforce Solutions Department, and Tourism Department. The LegisStat approach gave us more opportunities to dig deep into key policy areas and identify actions to take on pressing issues.

It's important to listen to the agency's goals and internal review. LegisStat provides an opportunity to review an agency's data and work toward a common understanding of important trends and challenges. We have a clear agenda where our emphasis is not only on agency perspectives, but also bringing data and question to keep us focused on action steps to improve outcomes.

One critical aspect of LegisStat is that it creates a discussion based on data. In our upcoming LegisStat, we will focus on Child Protective Services (CPS), which faces challenges addressing repeat offenders of child maltreatment. When we discuss improvement plans and projected outcomes, a clear picture of data keeps us on the same page.

Here in the interim, we continue to work out what we will emphasize in the upcoming session. LegisStat is a new tool to keep us focused on key issues in the bigger picture as we go forward, together.

**Representative Patty Lundstrom**  
*Chairwoman*

## **Forecasting Expanded Childcare in New Mexico**

With significant expansions to childcare assistance based around federal non-recurring revenue, the state may have to consider the cost and outcomes of expanded childcare provisions in the long-term.

Prior to April 2022, the childcare assistance program supplemented care costs for families with incomes up to 250 percent of the federal poverty line (FPL) and who could provide proof of engagement in a qualifying activity, usually work or school. As income increased, a family's co-payment would also increase.

As of April 2022, income eligibility was raised to 400 percent of the federal poverty line. The additional cost to the state is currently funded with non-recurring federal revenue. Future options could include the

state allocating recurring revenues to this program, or when the non-recurring revenues are no longer available, the Early Childhood Education and Care Department may have to again reduce eligibility.

Long-term, childcare needs in New Mexico will also be impacted by population trends. In 2021, births decreased nearly 3 percent, a continued trend since 2010.

There is also a risk of increasing the amount per child received by providers, subsidizing childcare rates that surpass what private citizens could pay.

In addition, while increased eligibility for financial assistance could ensure support for a greater number of working families and caretakers in school, New Mexico needs to first ensure care is available to the lowest-income families.

## **Report Cards Highlight Recovery Accountability**

A presentation by Legislative Finance Committee Deputy Director Charles Sallee at the April meeting in Taos emphasized key results from second quarter report cards on state agency performance. The findings Sallee highlighted will help guide the committee's work in the interim.

Sallee highlighted high-budget departments and data that points to critical challenges for the state. While 2021 testing data is limited, Public Education Department data suggests state-wide math proficiency likely fell by as much as 10 percent during the pandemic. In Higher Education, Sallee noted ongoing declines in enrollment, double the national average.

Another key issue is ongoing demand for greater labor force participation, which has lagged national rates during the pandemic recovery. Labor force participation was also behind national levels prior to the pandemic. The Economic Development and Tourism Department have worked towards job creation in rural areas, using \$2 million in LEDA funds to create 338 jobs.

LFC Report Cards provide critical reporting on Medicaid. Medicaid enrollment increased by 120 thousand

from March 2020 to January 2022, and New Mexico maintains a nearly 50 percent enrollment rate. In the second quarter of FY22, Medicaid lagged on key performance measures, including 38 percent well-child primary care visits, far behind the target of 88 percent.

Sallee reported initiatives within the Children, Youth and Families Department, following a significant, 21 percent budget increase for behavioral health support. This tracks with national trends in "front-end" prevention, and this department is already performing well with in-home prevention services.

Working through nonrecurring appropriations, the Energy, Minerals and Natural Resources Department has undertaken large-scale improvement projects in forestry, state parks, and abandoned wells.

Another key highlight in the Department of Information Technology notes ongoing risk assessments for several projects across cybersecurity, public safety radio, and broadband implementation. In particular, statewide broadband still needs emphasis on planning and project leadership, as investments have stalled with little progress.

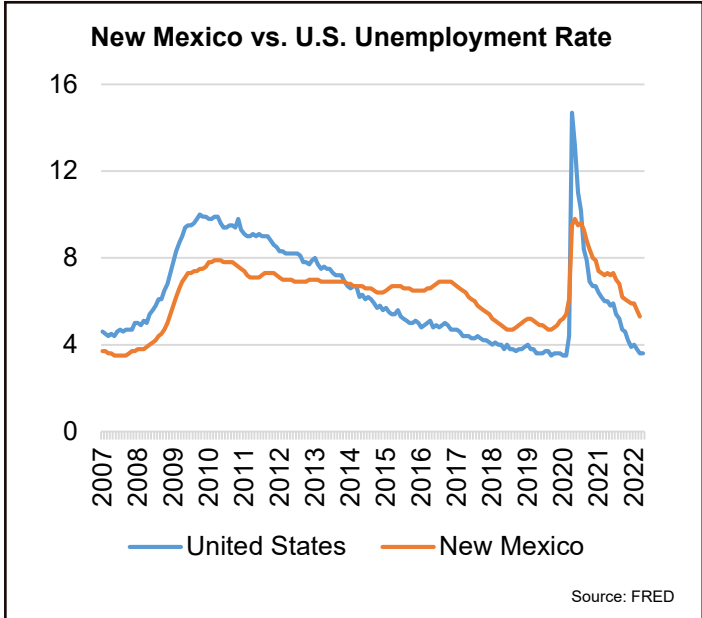
# Unemployment Rates and Labor Force Participation Struggle During Recovery

When COVID hit, New Mexico’s unemployment did not rise as high as the rest of the country, possibly partially due to an existing elevated rate. Unemployment has remained higher than national averages since the “lost decade” of employment resulting from the 2008 financial crisis. As of March 2022, New Mexico unemployment has dipped below pre-pandemic levels (5.3 percent versus 5.4 percent), while the U.S. is still slightly higher than pre-pandemic levels at 3.6 percent.

During the pandemic, New Mexico’s labor force, comprised of those working or seeking work, shrunk dramatically by over 28 thousand people according to the University of New Mexico Bureau of Business and Economic Research. The New Mexico labor force participation rate is historically significantly lower than the rest of the U.S., and is currently 56 percent versus the nation’s 62 percent.

Experts point to early retirements, lack of childcare amid uncertain school schedules, and a change in labor preferences as the main drivers of why people, disproportionately women, exited the workforce and have not returned.

New Mexico has recovered 98 percent of the jobs lost during the pandemic. With many employees exiting the labor force altogether and companies struggling to fill payrolls, some consider New Mexico at near-full employment. While unemployment remains elevated, labor shortages, especially for low-skilled jobs, are driving up wages. As jobs recover with fewer people in the workforce, unemployment could fall below pre-pandemic levels. Lingering high unemployment could point to a skills-jobs mismatch where the New Mexico workforce does not have skills for the industries or types of jobs seeking workers.



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## On the Table

### Millions Still Needed for Major Pipeline

The cost of the Eastern New Mexico Rural Water Project is estimated at \$931.2 million. The project could be complete in six to eight years, depending on when an additional \$550 million in state and federal funds can be secured. Future state responsibility is estimated at around \$80 million.

### Extension for Public Health Emergency Funding

The federally designated public health emergency was extended from April 2022 to July 16, 2022. State Medicaid programs will continue to receive an additional 6.2 percent in federal matching funds through September 30, 2022. In New Mexico, this equates to approximately \$80 million.

### Tuition Increases Across New Mexico for FY23

Full-time resident students will see tuition increases at Clovis Community College (9.7 percent), Central New Mexico Community College (10.5 percent), and San Juan Community College (7.7 percent). Only two out of 10 branch colleges, UNM-Taos and Dona Ana Community College, reported tuition increases, at 3.8 percent and 4 percent, respectively.

### Human Services Recruits Customer Service

The Human Services Department (HSD) conducted rapid hire events to recruit workers for Supplemental Nutrition Assistant Program and Medicaid eligibility redeterminations. As of April 1, HSD had a 29 percent vacancy rate, and its employment was down 8 percent from a year ago. With these hires, they will prioritize digital customer service; 80 percent of their clients prefer online transactions.

### Market for Wind Energy Looks to Expand

The Bureau of Land Management released a new draft Environmental Impact Statement for the SunZia transmission line, which would allow New Mexico to export 4,500 megawatts of wind energy to markets in Arizona and California. A decision on rights-of-way is expected this summer. If the project moves forward, it would create 6 thousand construction jobs and 100 permanent jobs.

### Transitions

Dr. Khristaan Villela, executive director of Museum of International Folk Art and chair of arts and sciences for the Cultural Affairs Department, will move to associate director at Getty Research Institute in Los Angeles. He has been with Cultural Affairs since 2016.

The Legislative Finance Committee will welcome four Graduate Fellows. Joey Abeyta is completing his Master’s in Public Policy at Georgetown University, Cherrita Guy is completing her Master’s in Public Affairs, Economics, and Public Policy at Princeton University, and Brisa Rodriguez and Arlo Luis Menchaca are completing their Master’s in Public Policy at University of New Mexico.