

GOVERNMENT RESTRUCTURING TASK FORCE



**FINAL REPORT
2010**

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December 2010

On behalf of the government restructuring task force, I am pleased to transmit its final report to Governor Susana Martinez and the fiftieth legislature, first session. The report includes recommendations of the task force, including near- and longer-term ideas to improve state government by making it more efficient and cost-effective as well as more responsive and accountable to New Mexico citizens. Some recommendations have the potential to save millions of dollars while others will have less dramatic, but nonetheless important, changes by eliminating or streamlining government agencies and programs.

The task force undertook its statutory charge to study the current resources of state agencies, programs, services, funding and policies and the public needs served by them, including recommendations of the 2009 governor's committee on government efficiency (the Carruthers committee); the need for consolidation of agencies and elimination or reduction of redundant, duplicative or overlapping programs and services; and current and projected revenue estimates for the next three to five years. New Mexico is in one of its toughest financial times since the great depression, and the legislature and executive must work together to ensure that state government is able to provide essential services to its citizens at the least cost to its taxpayers. To come to that will take more than one interim's work, and the task force acknowledges there is still work to be done if state government and state funding are to be right-sized for the next decade. This report includes issues and ideas that should be explored further, by this task force or some other legislative/executive process. The task force members stand ready to assist the new governor and the new legislature in this continued endeavor.

The task force membership included public members who have experience in state government finances and administration, and their assistance proved invaluable to the work of the task force. Patrick Baca of the Pueblo of Sandia served as state secretary of labor under Governor Bruce King and as transportation director and chief of staff for the public regulation commission. John Gasparich served as state budget director under Governor Gary Johnson and was a member of last year's governor's committee on government efficiency. Michelle Lujan Grisham served as cabinet secretary for both the aging and long-term services department and the department of health. Jim O'Neill was the deputy secretary for tax policy at the taxation and revenue department for many years. David Ortiz

was the long-time administrative services director of the general services department and retired from that department as deputy secretary; he currently serves on the Pojoaque school board. Dr. Dan Lopez served as secretary of finance and administration and is currently the president of the New Mexico institute of mining and technology. The department of finance and administration was represented first by Secretary Katherine Miller and then Secretary-Designate Dannette Burch. Ms. Burch is the former deputy director of the legislative finance committee and served dual roles as deputy secretary of finance and administration and state budget director before being named to replace Ms. Miller. The task force gratefully acknowledges its debt to these members for sharing their knowledge and insights of New Mexico state government.

The task force thanks the many individuals who provided assistance, information and insight instrumental in the task force's work. In particular, the task force appreciates the time and attention paid by state employees and citizens who filled out the task force's online surveys and who commented in person at task force meetings or online at the task force's web site.

The task force could not have completed its work without the able assistance of its staff from the legislative council service, legislative finance committee and legislative education study committee; and the secretary's office, state budget division and office of education accountability of the department of finance and administration. This report is the result of extensive work during the interim, most especially by staff led by Jonelle Maison of the legislative council service. They compiled and presented information, analyzed ideas, drafted bills, provided fiscal impacts, tracked our progress and tried to keep us on point and steer us around the numerous pitfalls that any task force faces. On behalf of the entire task force, we thank them for their hard work and service, not just to the task force, but to the legislature and the state.

As chairman, I would like to thank all the members of the task force for their enduring commitment and tireless efforts toward meeting their charge to improve state government. In particular, I want to thank my vice chairwoman, Representative Patricia A. Lundstrom, for her assistance and leadership during the interim.

This report and its appendices and legislative package are available online at www.nmlegis.gov.

Sincerely,

TIM EICHENBERG
New Mexico State Senator (District 15)
Chairman

EXECUTIVE SUMMARY AND OVERVIEW OF RECOMMENDATIONS

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TASK FORCE MEMBERSHIP & STAFF

Legislative and Public Members

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Rep. Keith J. Gardner
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Dr. Dan Lopez
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Sen. John Arthur Smith
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Sen. Stuart Ingle
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Department of Finance and Administration (DFA)

Dannette Burch
Stephanie Lenhart
David Hadwiger

Office of Education Accountability (OEA)

Dr. Scott Hughes

The government restructuring task force follows in the footsteps of several prior efforts to organize New Mexico state government to improve its efficiency and enhance its services to New Mexico residents. Other initiatives include the New Mexico state reorganization committee appointed by Governor Edwin Mechem in 1951-1952, also known as the Little Hoover committee; the 1967

effort under Governor Dave Cargo; the major 1977-1978 executive reorganization under Governor Jerry Apodaca; and the committee on government efficiency appointed by Governor Bill Richardson, also known as the Carruthers committee. The task force, under the leadership of Senator Tim Eichenberg, chairman, understood its mandate to be:

(1) first, to find ways to increase efficiency and improve the way services are delivered to the people of New Mexico by reducing or eliminating overlap and duplication; and

(2) second, to find ways to reduce the cost of government, given the current and projected revenue estimates for the next three to five years.

The bedrock value maintained by the task force through its deliberations during this interim has been to assure that the fundamental responsibilities of state government are retained. The lenses through which the task force viewed its mandate were: efficiency, effectiveness, accountability and transparency.

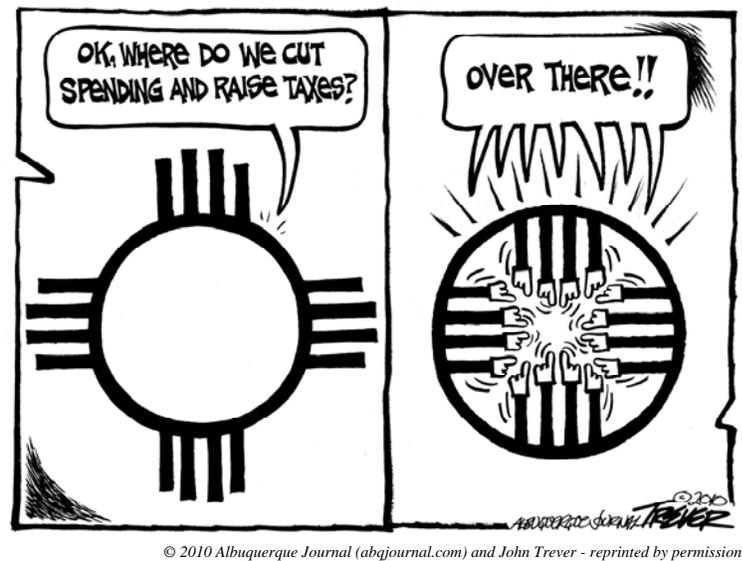
Inherent in the task force's work and in its recommendations is the understanding that organizing and reorganizing government structures and services is an ongoing process. Problems and issues rise to prominence and certain structures are needed to provide necessary services; however, as problems and issues recede from importance, former structures may no longer be necessary or may need to be redesigned. State government's ultimate purpose is to protect the short- and long-term interests of the public in the most efficient and effective manner possible, and its organizing principles must evolve, but the underlying requirements to ensure a responsive government that is efficient, effective, accountable and transparent are immutable.

The task force quickly found that every interest in government is entrenched and every interest believes it is vital. The members were repeatedly frustrated as presenters were either unable or unwilling to offer practical suggestions for changes that would lead to efficiency, effectiveness, accountability and transparency. State officials and employees were provided multiple opportunities, through testimony, comment and survey, to propose the best ways to streamline government or to provide big ideas on how to reform government and its relationship to taxpayers and citizens; however, the task force received very few recommendations from government, institutions of higher education or public schools. The task force encourages the incoming administration to make a continued study of government one of its top priorities, and the members stand ready to assist it in that very important undertaking. Perhaps with new gubernatorial leadership, the chokehold these vested interests have on the government's organization will be severed, or at least loosened.

Fiscal Outlook

It is important to put the task force's efforts into context. The task force was created in the midst of the worst economic downturn since the great depression. The state's recurring revenues are very sensitive to the performance of the U.S. and New Mexico economies in general and the petroleum

sector in particular. During the boom years of 2005-2008, the state ran large recurring revenue surpluses and expanded government services and organizations. However, in just two years, from fiscal year 2008 to fiscal year 2010, the previous four years of revenue gains were wiped out, with a \$1.2 billion, or 20%, decline in revenue. The continued slow growth for the New Mexico economy translates into slow revenue growth. Total recurring general fund revenue is not projected to hit fiscal year 2008 levels until fiscal year 2015.



This precipitous decline in revenue and an increase in demand for government services due to the economic downturn contributed to large recurring revenue shortfalls, with the gap in the budget filled from general fund balances and other state funds as well as federal stimulus funds to supplant what would have been needed from the state general fund. The legislature and the governor worked together over the last two years to respond to the crisis of declining revenue by trimming expenditures and expenses by approximately \$800 million since fall 2008, including the loss of 2,400 full-time-equivalents (FTEs), which is about 9% of the state work force, mostly through attrition, vacancies and the hiring freeze. The federal American Recovery and Reinvestment Act of 2009, or ARRA, funds provided needed supplantation of general fund for about \$400 million of the budget reduction. The legislature recognized that even those cuts would not be enough. The June 2010 consensus revenue estimate indicated the state would be approximately \$350 million short for fiscal year 2012, which will begin on July 1, 2011 and for which the legislature will be appropriating in January. Through the summer and fall, the sense of the fiscal experts was that the shortfall could rise to as much as \$450 million. December brought a small glimmer of hope in the increase in revenue, but LFC leaders were saying the shortfall would still be approximately \$400 million, which means continued efforts, into the draconian range, must be taken to ensure that the constitutional requirement for a balanced budget is met. Against this backdrop, the task force worked through the summer and fall to craft organizational recommendations and begin work on deeper, more far-ranging changes.

Work Plan

The work plan proposed by the task force recognized the fiscal condition of the state as an opportunity for the state to examine the structure and operation of state government, rethink priorities and ensure that programs are operated and services are provided in the most effective and efficient

manner possible. The main questions to be asked during the interim were:

- ★ What are the essential services the state must deliver?
- ★ What is the most effective way to accomplish the state's goals with the funds available?

House Bill 237 (Laws 2010, Chapter 101) (HB 237) created the government restructuring task force and it required the first meeting to be held no later than April 22. The task force held a meeting on April 21 and selected Senator Tim Eichenberg as chairman and Representative Patricia A. Lundstrom as vice chairwoman. At that meeting, the task force received presentations on the requirements of HB 237; a historical perspective of New Mexico government structure, funding and previous restructuring initiatives; and a summary of other states' recent efforts to restructure their respective state governments.

The law directed the task force to study the current resources of the state's agencies, programs, services, funding and policies and the public needs served by them, including the:

- (1) recommendations of the governor's committee on government efficiency;
- (2) need for consolidation of agencies and elimination or reduction of redundant, duplicative or overlapping programs or services;
- (3) current and projected staffing needs of state agencies for full-time, part-time, term, temporary and contract employees; and
- (4) current and projected revenue estimates for the next three to five fiscal years.

Additionally, the task force was charged with soliciting public input, studying the restructuring of state government that occurred from 1975 to 1978, examining all laws governing state government and recommending legislation or changes. All state agencies were required to provide information to the task force as needed.

The task force proposed to study the specific areas outlined in HB 237, as noted above. At its first meeting, the task force members generally agreed that nothing would be off the table; that is, all three branches of government and their respective agencies and programs as well as public schools and higher education would be subject to review and possible restructuring. Specifically, the task force, in determining what essential services state government should provide, proposed to:

- (1) have the New Mexico legislative council direct each interim committee to include, as a major part of each work plan, any findings and recommendations on the restructuring of any of the agencies or programs that each committee reviews or oversees;
- (2) review the structure of state government as it exists and currently operates as well as how the structure is set out in law;
- (3) identify areas of large expenditures;
- (4) examine the inventory of state agencies, boards and commissions created in law;
- (5) assess the effectiveness and efficiency of the various agencies and programs,

particularly in light of the task force's consideration of what essential services should be provided;

(6) request presentations by agencies to help the task force identify redundancies or duplications and the benefits or consequences of consolidating or eliminating certain programs or services;

(7) explore the provision of online services to realize concomitant reduction in staff and offices; and

(8) review the sources of revenue, including efforts to better leverage existing funding and identify alternative revenue sources.

The task force selected Tim Karpoff to be its facilitator and to assist it in its interim work.

The law provided that the task force be staffed by the legislative council service, as lead staff; LFC; LESC; DFA; and OEA. Staff assigned to the task force were:

- ▶ for the legislative council service, Jonelle Maison, Kim Bannerman, Leslie Porter and Raúl E. Burciaga;
- ▶ for LFC, Cathy Fernandez and Brent Earnest;
- ▶ for LESC, Dr. David Harrell and Eilani Gertsner;
- ▶ for DFA, Dannette Burch, until her appointment as secretary-designate; Stephanie Lenhart; and David Hadwiger; and
- ▶ for OEA, Dr. Scott Hughes.

Process

The January 14, 2010 Carruthers report served as the conceptual blueprint for the task force deliberations. The task force made a concerted effort to seek input across state government, higher education and public schools and from the public. Several requests were made of all executive and judicial agencies to identify programs that could be provided more efficiently or that were simply out of date and should be eliminated; organizational structures that hampered the cost-effective delivery of necessary services; and positions that could be combined or eliminated to streamline service delivery. The New Mexico legislative council directed all other interim committees to focus their interim work on ways to make the departments they oversaw or worked with more efficient, more effective and more accountable and their functions and decisions more transparent. Through ten meetings, presentations were heard on broad topics of governmental concerns. The task force was always interested in what the public had to say about its work and it asked for public input in a variety of ways:

- (1) it had public comment periods built into its agendas at every meeting;
- (2) it posted an online comment page on the legislative web site, which asked,

principally, two questions:

- (a) What are the essential services the state must deliver?; and
- (b) What is the most effective way to accomplish the state's goals with the funds

available?; and

(3) it also posted an online survey for state employees and for public members. It had hoped to ensure broader distribution of the state employee survey through the department of information technology to every state employee email, but the governor's office declined to assist.

As a proponent of transparency, the government restructuring task force was the first interim committee to begin audiocasting its meetings. In addition, information received or created by the task force is available on the legislative web site at www.nmlegis.gov.

Core, Essential Services

The task force grappled with the question of the core, essential services that must be provided by state government. As easily imaginable for a diverse group, there was not always agreement on what government's role should be in the lives of New Mexico citizens or how that role should be conducted. Most members agreed that one core function is to protect vulnerable populations such as the elderly, the young and the poor, but how and to what extent was open to much debate. Through the legislative health and human services committee, the task force considered ways to control spiraling medicaid costs and implement efficiencies through a consolidated insurance purchasing with the risk management division of the general services department (GSD), public school insurance authority and retiree health care authority and the Albuquerque public schools health coverage entity while holding down costs and improving services.

Members agreed on the need to have an educated work force and citizenry, but the further question of how that should be accomplished was not so easily agreed upon. In the end, the task force deferred to LESC as the experts to make recommendations to streamline public school funding and governance; it is depending on the higher education department's master plan, completed in the winter of 2010, to lead the way in reforming higher education funding. The task force also expects the department to stop not only the proliferation of campuses and off-campus instruction, but to require a significant contraction of bricks-and-mortar campuses.

All members agreed on the need for public safety and security, and concurred with the high potential for cost savings as well as efficiencies by having a centralized department of public safety (DPS) that includes homeland security, emergency management, state police, motor transportation and the state fire marshal. All of these functions would likely be called into play during a catastrophe such as a hazardous spill on the interstate or an explosion at the new uranium facility; even a weather-related chain-reaction accident on I-40 during a winter blizzard would require the orchestrated coordination of all divisions of the new DPS.

Members were again in unanimity over the need to strengthen financial controls and fiscal oversight of state agencies. The task force expressed grave concerns over the scandals that have rocked the state in the last several years in regional housing authorities, school districts and state government.

Its recommendations include strengthening DFA's oversight role in state purchasing, personnel and the public and higher education budgets. It recognizes the important role of the state auditor and hopes that office will continue its aggressive move to ensure that all agencies and entities funded by taxpayer money have current audits and are held responsible for adequately and ethically accounting for those funds.

Short- and Long-Term Goals

At the beginning of the interim, Chairman Eichenberg and Vice Chairwoman Lundstrom challenged the members to develop a small number of "big ideas" that would frame the task force's work and recommendations. This exercise was done in recognition of the complexity of state government and the range of interests served by state government. Three major themes emerged:

- ▶ executive agency consolidation and reorganization;
- ▶ refinements to the public and higher education systems; and
- ▶ new structures for the delivery of publicly funded health care and risk

management for state and local government employees, school personnel and public retirees.

Under these broad themes, the task force made specific recommendations that have resulted in 26 bills, joint resolutions and memorials for introduction during the 2011 legislative session. The task force realized that its work is part of a process to redefine the essential services of state government and to structure government to deliver those services effectively. Its recommendation for short- and long-term goals are summarized in the tables below and on the following pages. While several of the short-term goals may take time to accomplish, more in the range of five years, they are included as

<i>FISCAL</i>	
<u><i>SHORT-TERM (2011-2013) GOALS</i></u>	<u><i>LONG-TERM (5 years +) GOALS</i></u>
<ul style="list-style-type: none"> ◦ Review of revenue sources, particularly earmarked funds, and revenue collection ◦ Tax Code review, particularly credits, exemptions, deductions and tax rates ◦ Establish responsible budgeting caps for volatile revenues ◦ Increase oversight of state expenditures ◦ Continue improvements of the state's sunshine portal 	<ul style="list-style-type: none"> ◦ Return the appropriation process to each year's legislature, not by special funds with earmarked revenues ◦ Broaden tax base and reduce tax burden

PUBLIC SCHOOLS AND HIGHER EDUCATION

SHORT-TERM (2011-2013) GOALS

- Revise small school and small district size adjustments and other measures that reduce opportunities for "gaming" the funding formula
- Moratorium on all new public and higher education schools – GRTF and LESC recommendation
- Enhance on-site auditing of public schools, including charter schools
- Provide genuine transferability of credits between two-year and four-year colleges and universities – look to HED to enforce current statutes
- Provide genuine articulation from secondary to post-secondary education – look to PED and HED recommendations on remediation
- Phase out remedial education at four-year institutions
- Develop plan to alleviate the need for college remedial education
- Develop teacher performance evaluation system – LESC recommendation
- Improve and target teacher preparation curricula at New Mexico colleges and universities – LESC recommendation
- Higher education funding formula geared to student performance; replace growth/decline "band" with three-year rolling average; changes in square-foot funding to eliminate incentives for building campuses; and other cost savings and efficiencies
- Feasibility study to combine PED and HED

LONG-TERM (5 years +) GOALS

- Reduce number of school districts
- Feasibility study and strategic plan for higher education regionalization (Carruthers report recommended beginning as a pilot)
- Tie teacher performance to student growth
- Tie teacher preparation to teacher and student performance
- Have an integrated P-20 system, with compatible data collection and performance cross-checks

short-term goals because work on them should begin as soon as possible.

Executive Reorganization

Executive reorganization was the primary task this interim. Like all the other restructuring reports discussed in the history section, the proliferation of departments and agencies is of serious concern when considered by the principles of efficiency, effectiveness, accountability and

transparency. The last reorganization, in 1977-1978, recommended 12 cabinet departments, including the department of agriculture¹; four non-cabinet departments, being regulation and licensing, military affairs, public defender and game and fish; and a handful of adjunct agencies. The state has now grown to almost double the number of cabinet departments, with 23 cabinet departments, the same four non-cabinet departments and about 40 adjunct and administratively attached agencies, not counting the departments and functions under the control of other elected

officials. Seven cabinet departments were created in the last eight years. The number of boards and commissions has also mushroomed in the three decades since the last reorganization. This plethora of government structures blurs the lines of authority, wastes taxpayer dollars and contravenes accountability. Facing this organizational creep, the task force grappled with the same problems as its predecessors in trying to trim the growth of government.

The task force found that the magnitude and complexity of reorganization/restructuring efforts are nearly overwhelming, even for legislators and staff who are familiar with state government. The task force had hoped to include the "before" and "after" state organizational charts in this final report, but the 34x68-inch chart in 9-point type simply cannot be made readable in an 8 1/2x11-inch format. Even attempts to post it on the legislative web site have not resulted in an overall readable format; one must click on discrete areas of the chart. However, the electronic version's overall view does illustrate the magnitude of the issue by showing the sheer number of boxes indicating the 23 cabinet departments, with myriad advisory committees and councils attached on the left side of each department, with institutions on the right; administratively attached agencies below the departments and the adjunct agencies below that. Please go to www.nmlegis.gov to view the 2010 organizational chart.

The task force recognizes that reorganization will not save a large amount of money, at least not in the short term, but with a new administration starting, it is the best opportunity to begin streamlining government. Between the logical consolidations of departments and the elimination of the profusion of

CURRENT STATE GOVERNMENT ENTITIES
★ 23 cabinet-level departments
★ 4 non-cabinet departments
★ 43 administratively attached agencies
★ 30 adjunct agencies
★ 39 professional and occupational boards
★ 8 instrumentalities
★ 128 other boards, committees and entities

¹ The department of agriculture is a member of the cabinet but is not an executive department; it is a constitutional department under the control of the board of regents of New Mexico state university.

boards and commissions, the new governor will be able to preside over a more cohesive executive branch. The administration, and the public, will more easily know who is responsible for what. Some changes, such as the elimination of the public education commission and the public regulation commission (PRC), with their functions to be assigned by law, require constitutional amendments and cannot take place until after the 2012 general election, but others can be passed by the legislature, signed by the governor and implemented immediately. The task force acknowledges that its reorganization recommendations are just a start, and it encourages the governor and the legislature to continue what it has begun because even more streamlining is not only possible, but necessary, in an era of declining resources and advancing technology.

Department and Other Agency Recommendations

The task force recommends the following major departmental changes (savings/cost reported for fiscal year 2012 in thousands unless indicated).

★ Create a commerce department

— consisting of former economic development, tourism and workforce solutions departments and the border authority. The task force originally considered including the regulation and licensing department but was concerned about span of control issues. The governor and the legislature may wish to revisit that option, particularly for the financial institutions, securities and construction industries divisions, after the new commerce department has had a year or so to operate.

Net effect: eliminate two cabinet departments, one authority and several boards; minimizes duplication and redundancy

Potential savings: approximately \$2.2 million; could be more as department simplifies its organizational structure over next couple of years

Principles: efficiency; effectiveness

★ Create a singular public safety department

— by merging the homeland security and emergency management department and the fire marshal division of PRC with DPS. The homeland security and emergency management department had been created out of several DPS functions just a few years ago, so its transition back should be relatively smooth. The task force made clear when discussing this item that the homeland security and emergency management department would go into DPS as a whole unit, on par with the state police division, not split up into pieces throughout the agency. The bill also transfers oversight of the enhanced 911 program from the local government division of DFA as a division in DPS; eliminates the crime stoppers advisory council, the board of directors of the mounted patrol, the DNA identification system oversight committee and the intrastate mutual aid committee; and transfers functions to the department.

Net effect: eliminate one cabinet department and several boards and move one office and training academy from PRC for more effective administration; minimizes

duplication and redundancy

Potential savings: \$895.8; may be more as redundancies are reduced

Principles: efficiency; accountability

★ Expand the department of finance and administration

— by creating the executive services bureau to handle administrative services of small agencies; moving state personnel into the department as a division, with a director who must meet statutory qualifications and be confirmed by the senate; moving purchasing from GSD; and creating the educational finance and accountability division to oversee budgets and finances of public and higher education.

Potential cost: slight cost for executive savings bureau and expansion of office of education accountability of \$340.5

Principles: efficiency; accountability

★ Make the general services department a non-cabinet department

— consisting of property control, building services, transportation services, risk management and state printing divisions. If the Health Administration and Finance Consolidation Act becomes law, the health benefits part of the risk management division would move to the new department created in that act.

Net effect: reduce one cabinet department to non-cabinet status

Potential savings: minimal with reduction of services for purchasing division; more with move of risk management division to health finance and administration department creation

Principle: efficiency

★ Create a health administration and finance department

— to administer and operate medical assistance programs and behavioral health services programs, community-based waiver services and other long-term services programs; potentially includes administration of all benefit plans for state, local and public school employees and retirees; and establishes the health policy commission as an adjunct agency. This bill has a multiple-year phase-in.

Net effect: increase government by one department and one adjunct agency; potential to combine three insurance agencies; minimize duplication and redundancy

Potential savings: not calculated until fully implemented

Principles: efficiency; effectiveness; accountability; transparency

★ Eliminate the state game commission

— and move the department of game and fish into the energy, minerals and natural resources department (EMNRD) as a division; combine the mining and coal surface mining commissions; and

abolish the technical advisory committee to the office of interstate markets and the natural lands protection committee.

Net effect: eliminate one non-cabinet department, two commissions and two committees; increase cooperation between similar agencies

Potential savings: minimal

Principles: efficiency; accountability

★ Realign the relationship of the department of environment

— to the environmental improvement board (EIB) and the water quality control commission (WQCC) by moving rulemaking authority to the department; transfer licensing authority under the Medical Imaging and Radiation Therapy Health and Safety Act to the department of health (DOH); and eliminate several boards.

Net effect: eliminate several boards; diminish the power of the EIB and WQCC

Potential savings: minimal for department of environment; increased cost of approximately \$268.0 for DOH

Principle: accountability

★ Combine the gaming control board and the state racing commission

Net effect: eliminate one administratively attached commission

Potential savings: \$396.4

Principle: efficiency

★ Combine all agency hearing officers into a single state agency

Net effect: one consolidated office that provides unaffiliated hearing officers across state agencies

Potential savings: none; fiscal impact for start-up: approx. \$500.0; however, a single agency may cost less in future as hearing officers master multiple subjects

Principles: efficiency; transparency

★ Amend the Executive Reorganization Act

— to require that all executive departments provide administrative and clerical services to administratively attached agencies, thereby eliminating the need for those agencies to duplicate FTE and efforts that can be done by the department.

Potential savings: \$95.4; may cost the parent agency a minimal amount initially, but minimizes duplication and redundancy

Principles: efficiency; accountability

★ Make per diem and mileage rates and rules consistent

— across all levels of government; the rate used is that paid to state employees.

Net effect: standardization

Potential savings: indeterminate; savings will also occur at local government levels

Principles: efficiency; accountability

★ Sunset

— administratively attached and adjunct agencies and boards, commissions, councils, task forces, committees and other membership entities of the executive branch. General fund agencies are reviewed each year during the budget process, but small agencies tend to "fall through the cracks" and many boards and commissions do not receive any scrutiny because their costs are indirect through staff departments. This will give the sunset review subcommittee of LFC the opportunity to evaluate the continued efficacy of these agencies, boards and commissions.

Net effect: indeterminate

Potential savings: indeterminate

Principles: accountability; efficiency; transparency

★ Amend the Public School Finance Act

— to allow school districts to retain cash balances. The change will insulate some school districts, particularly mid- to smaller-size districts, from having to request emergency supplemental funding; will allow better fiscal planning; and provide incentives for efficiencies.

Net effect: more straightforward accounting by school districts

Potential savings: none for general fund; however, creates incentives for districts to save money that can be reallocated for items not fully funded, such as instructional materials adoption cycles, associated costs of opening new schools and emergencies

Principles: efficiency; effectiveness; accountability

★ The Organic Production Act replaces the Organic Commodity Act

— and eliminates the organic commodity commission in favor of having the organic certification program administered by the department of agriculture.

Net effect: eliminate one state agency; reduce duplication

Potential savings: minimal as commission's appropriation has decreased dramatically over the last two years

Principles: efficiency; effectiveness

★ Propose three constitutional amendments

— one to eliminate the public education commission and to take out the specifics of the responsibilities of the secretary of public education; and one to eliminate PRC and have its duties as provided by law. The task force believes the legislature should have the flexibility to structure the regulation and oversight of public schools in the most efficient and effective manner possible. It held many discussions over the efficacy of returning to the old public school finance division of DFA or to combine public education and higher education into a single department to oversee the P-20

educational system in New Mexico, but it was hampered in its recommendations by the specific language of the constitution.

Net effect: eliminate one commission

Potential savings: not established

Principles: efficiency; accountability

— a second to eliminate PRC. This amendment has a companion bill that provides the process for the legislature to undertake in determining how to assign regulatory duties for utilities, corporations and the other functions of PRC. The task force is proposing this year to move the fire marshal division to DPS, but it is the only PRC function that may be moved absent a constitutional change. Certain taxing functions could be moved now to the taxation and revenue department, and the task force looks forward to the revenue stabilization and tax policy committee's recommendations in this regard. As part of its discussion of the eventual placement of other functions, the task force had particular discussions concerning the efficacy of locating PRC's insurance division in the regulation and licensing department, the newly proposed health finance and administration department or another structure. In the reassignment process, the task force recommends moving the transportation functions of PRC to the motor transportation division of DPS and reconsidering a structure along the lines of the former public utility commission, with full-time qualified, professional commissioners appointed by the governor and confirmed by the senate.

Net effect: not established

Potential savings: not established

Principles: efficiency; accountability; transparency

— a third to allow the legislature to overturn agency rules on a two-thirds' majority vote.

Net effect: N/A

Potential savings: N/A

Principles: accountability; transparency

★ Enact the Legislative Lottery Tuition Act

— which requires repayment of a lottery scholarship if the recipient does not maintain qualifications or does not graduate within six years. The task force was concerned about the large number of students who receive lottery scholarships but are not committed to earning a college degree; they either lose their qualification through academic failure or drop out before completion. The act allows up to one year after high school for a person to enroll in a college program, then pays for a maximum of eight semesters over five academic years for a bachelor's degree and a lesser time for an associate's degree or certificate, as determined by the department, but not more than five semesters in three academic years. The projected trajectories of tuition increases and too many recipients crosses lottery tuition fund revenue in 2014. If the fund continues to pay for students who are not qualified for college-level education, those students who are committed to higher education may suffer because the

lottery scholarship cannot pay the full cost of tuition. This bill is an attempt to recoup fund expenditures from those students who do not finish a degree or certificate program for which tuition has been paid by the lottery tuition fund.

Net effect: saves the fund for committed students; recoups costs expended on students who do not complete their college or certificate program

Principle: accountability

The task force also recommends several bills to improve government services and the public's perception of state government as a patronage tool. These measures are explained below.

★ Eliminate the state personnel board's authority to exempt positions from the classified service

— and limit the number of assistant or deputy secretaries and administrative assistants in each department.

Net effect: closes a loophole for the proliferation of governor-exempt positions

Potential savings: unknown, but exempt positions pay more and provide better benefits

Principles: transparency; accountability

★ Require that actual salaries be reported in the governor's exempt salaries plan

— not just salary ranges, and include the plan in the general appropriation act.

Net effect: greater transparency in government; the legislature gets a say in salaries for which it is required to appropriate

Potential savings: N/A

Principles: transparency; accountability

★ Request through a joint memorial

— that the state personnel office, in conjunction with LFC, review exempt and classified administrative and managerial positions and the salaries provided to each classification, with a report by September 1, 2011.

Principles: transparency; accountability; efficiency

★ Task force continuation

The task force recommended that its life be extended by at least one more year to continue its work.

The task force considered significant changes to boards and commissions. The following changes are grouped categorically pursuant to the *Inventory of Statutory Executive Boards and Commissions* (a copy is on the New Mexico legislature web site at www.nmlegis.gov). Some of the recommendations on boards and commissions are discussed in department and other agency recommendations in this executive summary and in Chapter 5 of this report. Also see the *Boards and Commissions* spreadsheet in the Appendix.

Agriculture

- ★ attach the state fair commission to the commerce department;
- ★ eliminate the organic commodity commission and move its duties to the department of agriculture; and
- ★ repeal the rangeland protection advisory committee.

Commerce and Industry

- ★ attach the apprenticeship council to the commerce department;
- ★ eliminate the border authority and move its functions to the commerce department;
- ★ remove rulemaking from the construction industries commission to the regulation and licensing department;
- ★ merge the economic development and tourism commissions, while retaining the requirement that separate five-year economic development and tourism plans be developed and maintained;
- ★ repeal the governor's council on film and media industries;
- ★ attach the labor and industrial commission to the commerce department;
- ★ remove rulemaking from the manufactured housing committee to the regulation and licensing department;
- ★ require that activities of the New Mexico-Chihuahua and New Mexico-Sonora commissions result in no costs to the state;
- ★ eliminate the occupational health and safety review commission and move its functions to EIB;
- ★ repeal the small business regulatory advisory commission;
- ★ attach the spaceport authority to the commerce department; and
- ★ attach the state workforce development board to the commerce department.

Cultural Affairs

- ★ change the cultural properties review committee's function to one of setting policy, with the department staff responsible for day-to-day implementation of that policy;
- ★ repeal the film museum and its board of trustees;
- ★ repeal the Fort Stanton development commission and fund;
- ★ repeal the intertribal ceremonial board;
- ★ eliminate the Martin Luther King, Jr. commission and move its functions to the office on African American affairs;
- ★ repeal the state library commission; and
- ★ eliminate the music commission and move its functions to the arts commission and arts division of the cultural affairs department.

Education, Higher

- ★ repeal the higher education advisory board; and
- ★ repeal the public service law advisory committee.

Education, Public

- ★ repeal the family and youth resource advisory committee;
- ★ repeal the mathematics and science advisory council; and
- ★ repeal the public education commission and provide for public education to be administered by a cabinet department with a qualified secretary as provided by law (C.A. 2012).

Environment and Natural Resources

- ★ combine the coal surface mining and mining commissions;
- ★ remove rulemaking from EIB to the department of environment;
- ★ repeal the state game commission and make the department of game and fish a division of EMNRD;
- ★ repeal the office of interstate natural gas markets technical advisory committee;
- ★ repeal the natural lands protection committee;
- ★ move the radiation technical advisory council from the department of environment to DOH;
- ★ repeal the storage tank committee;
- ★ repeal the wastewater technical advisory committee; and
- ★ change membership of WQCC and remove rulemaking to the department of environment.

General Government

- ★ repeal the alternative dispute prevention and resolution advisory council;
- ★ combine the gaming control board with the horse racing commission;
- ★ repeal the governor's residence advisory commission;
- ★ attach the personnel board to DFA;
- ★ repeal the Private Equity Investment Act and the advisory committee;
- ★ repeal the state procurement standards and specifications committee;
- ★ repeal PRC as a constitutional entity and have its functions provided by law (C.A. 2012); and
- ★ the Health Administration and Finance Consolidation Act provides for a study to combine the retiree health care authority with other public insurers.

Health and Human Services

- ★ reduce the membership of the behavioral health planning council to no more than 20

- members, down from more than 40 members;
- ★ repeal the brain injury advisory council and move its functions to the developmental disabilities planning council;
 - ★ repeal the child development board;
 - ★ repeal the children, youth and families advisory committee;
 - ★ repeal the children's cabinet;
 - ★ repeal the compulsive gambling council;
 - ★ eliminate the advisory council on disability and move its functions to the aging and long-term services department (ALTSD);
 - ★ eliminate the governor's commission on disability and move its functions to ALTSD;
 - ★ eliminate the various emergency medical services (EMS) boards and committees and move their functions to the EMS bureau of DOH;
 - ★ repeal the food service sanitation advisory council;
 - ★ repeal the health care providers licensing and credentialing task force;
 - ★ repeal the governor's HIV and AIDS policy commission;
 - ★ attach the human rights commission to the commerce department;
 - ★ repeal the Individual Development Account Act and its council;
 - ★ repeal the medical advisory committee, which is a DOH HIV/AIDS committee;
 - ★ repeal the medical direction committee, which is an internal DOH committee;
 - ★ combine the medical use of cannabis board and the patient qualification review board;
 - ★ repeal the next generation council;
 - ★ repeal the pain management advisory council;
 - ★ repeal the telehealth commission because the issue has been effectively transferred to the health sciences center at the university of New Mexico;
 - ★ repeal the trauma advisory committee, which does not have statutory membership or duties; and
 - ★ repeal the youth alliance.

Instrumentalities

- ★ repeal the New Mexico Exposition Center Authority Act;
- ★ repeal the Historic Landscape Act; and
- ★ repeal the Industrial and Agricultural Finance Authority Act.

Military Affairs

- ★ repeal the armory board council, which advises the state armory board, which remains; and
- ★ repeal the veterans' services advisory board.

Public Safety and Criminal Justice

- ★ repeal the alcohol server education advisory committee;
- ★ eliminate the corrections industries commission and move its functions to the corrections department;
- ★ repeal the crime stoppers advisory council and transfer its functions to DPS;
- ★ repeal the DNA identification system oversight committee;
- ★ repeal the domestic violence homicide review team;
- ★ repeal the domestic violence leadership commission;
- ★ move the fire protection grant council, with the fire marshal division, to DPS;
- ★ move the interoperability planning commission, with homeland security, to DPS;
- ★ eliminate the intrastate mutual aid committee and transfer its functions to the homeland security and emergency management division of DPS;
- ★ repeal the juvenile public safety advisory board;
- ★ eliminate the mounted patrol board of directors and move its functions to DPS; and
- ★ repeal the governor's organized crime prevention commission.

Sports

- ★ eliminate the athletic commission and its medical advisory board and transfer their functions to the regulation and licensing department;
- ★ repeal the bicycle racing commission;
- ★ combine the state racing commission with the gaming control board; and
- ★ repeal the sports advisory committee.

Transportation

- ★ eliminate the litter control council and have the commerce department assume functions; and
- ★ repeal the traffic safety bureau advisory committee.

The savings for boards and commissions are under \$1 million, but the bill eliminates obsolete or defunct boards, eliminates redundancy, streamlines government, places responsibility and accountability on state agencies under the control of the governor and, basically, clears the organizational decks so the governor and the legislature can see what is actually needed to ensure the delivery of essential state services to New Mexico citizens.

Fiscal Impact

As expected, the overall legislative package on executive reorganization does not save a lot of money at approximately \$5 million for fiscal year 2012. As reorganization settles and efficiencies are realized, however, the task force believes additional savings will accrue. In addition, if the governor and the legislature take the task force's recommendations for further study, particularly the review of the tax code and state functions, savings will certainly increase. The task force is concerned about

efficiencies in the public school system and believes that savings and efficiencies can be realized through a reduction in the number of school districts or at least in the regionalization of administrative functions; the task force hopes its study of the issues will be expanded upon in the near future. As noted, the task force deferred to LESC for fiscal recommendations. LESC considered options that totaled approximately \$89 million in savings in public school funding, but it is not expected to recommend all of the options reviewed, particularly those that would shorten instructional days or change the funding formula without appropriate study. The legislature might expect recommendations in the \$23 million to \$25 million range. LFC and the higher education department (HED), in consultation with HED's funding formula task force, will also come with recommendations for reductions in higher education. The council of university presidents testified to the task force that it concurred with the funding formula study task force's recommendation to transition to an averaging model for fiscal year 2012, which reduces the workload reimbursement from \$61 million to \$34 million, a reduction of \$27 million. A 3% across-the-board cut would save an additional \$23.6 million, or, if using the fiscal year 2012 HED funding request, about \$22.9 million. Each 1% increase in the tuition revenue credit generates approximately \$2.7 million that offsets general fund effort, but the institutions are wary of such increases because of their impact on the I&G appropriations and a potential shift of resources from core I&G functions to other line items. Tuition increases also affect the lottery tuition fund and hasten the day of reckoning on full scholarships for New Mexico high school graduates. The council of university presidents, the New Mexico independent community colleges and the New Mexico association of community colleges support a complete reexamination of the higher education funding formula.

Further Study

The task force recommends several areas of continued study regarding reorganization and just a few are highlighted in this section; please see the short- and long-term goals table for a more comprehensive listing. The most important step for the governor and the next several legislatures is to watch closely those organizational changes proposed by the task force and accepted by the legislature and governor to ensure that they are implemented in such a way as to be efficient, effective, accountable and transparent.

State Planning

The task force recommends that the governor take seriously the executive role for policy and planning. The Executive Planning Act specifies that its purpose is to:

achieve a coordinated and effective planning mechanism by which the executive branch will foster implementation of a comprehensive planning effort for the state of New Mexico through consolidation of the strategic planning effort for the state within the office of the chief executive, and through consolidation of the administrative aspects of state planning

efforts within concerned executive agencies.

The law goes further to discuss functions of the governor's office of policy and planning:

The governor's office of policy and planning shall provide overall plans for New Mexico state government in key areas such as, but not necessarily limited to, economic development, education, human and natural resources and energy. These plans will define and set forth ways to implement policies in order to achieve a cohesive direction in key areas. To design the overall plans the governor's office of policy and planning shall:

A. focus primarily on issue identification, formulation, analysis and follow through in order to develop major policy statements and implementation strategies, thereby achieving a cohesive and effective direction for the state; [and]

B. define strategic issues where coordination of federal and state government resources is necessary in order to effectively determine and implement a coordinated and cohesive direction for state policy, and in order to ensure responsive and efficient state government.

To implement the overall plans and policies, the governor's office of policy and planning shall:

A. prepare a governor's policy manual to define the focus of the overall state plans and policies;

B. coordinate executive implementation of the plans and policies;

C. prepare legislative proposals which would implement plans and policies;

D. promote efficient inter-department coordination in the implementation and administration of the plans and policies;

E. coordinate cabinet meeting to achieve a cohesive direction in the implementation of the plans and policies. . .

I. conduct ongoing planning studies to identify and analyze emerging planning and policy issues requiring immediate attention, and conduct special planning and policy studies as requested by the governor.

The governor's office of policy and planning replaced the state planning office in 1983; however, the history of that office has not necessarily been as strong as the statute suggests it could be or as strong as the state has needed. The legislature has felt keenly the lack of systematic, systemic

executive planning and, over time, has been compelled to create topic-specific boards and commissions to carry out that function for specific areas of government service, such as the economic development commission and the tourism commission, with their mandates to provide five-year planning for their departments; and the myriad health and human service advisory and policy boards and commissions attached to one or the other of the human service agencies, each with some area of planning or policy development.

The task force recommends that the governor and the legislature consider reestablishing a state planning agency, under the control of the governor, that will develop a systemic long-range plan for the executive and the state. The state planning agency could assume the duties of DFA and the property control division of GSD in developing the statutorily required four-year capital improvement plans and, perhaps, could develop longer-range capital planning that includes significant regional and local projects. Transportation planning, health care delivery, effects of potential demographic shifts, economic development and work force availability and capability are all statewide concerns for which the state should undertake statewide planning.

Judicial and Legislative Improvements

The task force did not have time this interim to look extensively at the other two branches of government. Both are relatively small and account for very little of the state budget, with the judiciary at approximately 4% and the legislature at less than 0.5% of the fiscal year 2011 general appropriation act. The task force did hear from the chief justice of the supreme court on measures the judiciary has undertaken or hopes to undertake to improve efficiency and effectiveness, but many of the initiatives cost money and the task force was not prepared to make recommendations for increased spending.

While the legislature's funding is insignificant next to the executive, there are still efficiencies the legislature can implement. The task force recommends that its successor consider the work of the 2006-2007 legislative structure and process study task force in developing recommendations for improved efficiency, effectiveness, accountability and transparency for the branch.

Contracts and Procurement Reform

The task force had hoped to take up the topic of contracts and procurement reform this interim, but again, time ran out. It recommends that the task force's successor or the executive undertake a study of contracts and procurement that results in a modern Procurement Code and procurement process.

Review of State Functions

The task force recommends that the legislature and the new administration take the time to perform an in-depth study of state functions with an eye toward considering which should be performed by the state and which could be performed better by local governments or the private sector.

The successor to the task force and the new administration will certainly have other ideas of

how to improve state government and the delivery of core, essential services to our citizens. All members of the government restructuring task force stand ready to assist that endeavor in any way possible.

CHAPTER 1 — HISTORICAL PERSPECTIVE

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The last major reorganization of state government occurred under Governor Jerry Apodaca in 1977-1978. The governor proposed, and the legislature passed, legislation to streamline the executive branch from over 390 departments, offices, agencies, boards, commissions, committees and councils to 12 cabinet departments and a handful of administratively attached or adjunct agencies. That reorganization owed a debt to the 1952 committee for study and recommendation of reorganization of the executive branch, state of New Mexico, popularly known as the "Little Hoover committee", whose recommendations guided the Apodaca reorganization. It was through the actions of Little Hoover that the department of finance and administration (DFA) was created, including the state budget division, which is responsible for overseeing the operating budgets of all state agencies and adjusting those budgets as necessary to ensure compliance with the balanced budget requirements of the constitution of New Mexico.

From 124 principal executive agencies, the Little Hoover committee proposed the following departments:

- ▶ agriculture (New Mexico state university (NMSU) board of regents)
- ▶ revenue
- ▶ finance and administration
- ▶ police and public safety
- ▶ justice (attorney general)
- ▶ personnel
- ▶ education
- ▶ highways
- ▶ labor
- ▶ commerce
- ▶ game and fish
- ▶ health and welfare.

In addition, there were several freestanding agencies such as the adjutant general, tax

commission, public utility commission, water commission and water engineer, oil conservation commission, state library commission, museum of New Mexico and historical society and the state penitentiary. The legislature did not take all the Little Hoover recommendations, but it did take a few over several years: of note, DFA in 1957 and the state professionalized personnel system in 1961. One interesting point is that Little Hoover also recommended a performance-based budget, something the state did not move to until 1999.

The 1967 governor's committee on the reorganization of state government, created by the legislature, was asked to recommend changes in the structure and procedures of state government. That plan would have created 14 major departments, but only the department of corrections was ever completely implemented. By 1975, when Governor Apodaca took office, the state's executive was still a fragmented, unwieldy array of departments, agencies and independent boards and commissions. The governor issued an executive order creating the cabinet form of administration, and the cabinet and its subcabinet components were established. The governor's committee recommended 12 cabinet departments:

- ▶ agricultural affairs
- ▶ commerce and industry
- ▶ criminal justice
- ▶ educational finance and cultural affairs
- ▶ energy and minerals
- ▶ finance and administration
- ▶ health and environment
- ▶ highway
- ▶ human services
- ▶ natural resources
- ▶ taxation and revenue
- ▶ transportation.

The Executive Reorganization Act, which laid the ground rules for the executive department under the control of the governor, was also part of the package. All bills had a delayed effective date, which gave the legislature the interim to consider possible changes. In the 1978 session, the legislature made remarkably few changes, given the scope of the reorganization.

Today, the executive has once again ballooned, with a surfeit of departments, agencies, boards and commissions. There are 23 cabinet departments, including agriculture, which is under the control of the NMSU board of regents; two non-cabinet departments, regulation and licensing and military affairs; two administratively attached departments, public defender and game and fish; 35 adjunct agencies, including the state engineer's office; one state agency, the livestock board, attached to the

department of agriculture; 39 licensed professions or occupations; and numerous other boards and commissions. Faced with looming budget cuts, in late 2009, Governor Richardson appointed a committee on government efficiency and asked that it make recommendations on efficiency measures that could be taken to the 2010 legislative session and that would reduce government expenditures by at least \$50 million. Members of the committee were:

- ▶ Garrey Carruthers, chairman and former governor
- ▶ Dan Lopez, former secretary of finance and administration
- ▶ Willard Lewis, former secretary of finance and administration
- ▶ Chris Krahling, administrative assistant to Governor Apodaca and project director of that reorganization
- ▶ David Harris, former secretary of finance and administration
- ▶ John Gasparich, former state budget director
- ▶ Katherine Miller, current secretary of finance and administration.

Carruthers Report Findings and Recommendations:

The governor's office and DFA surveyed state officials for their recommendations for cost savings, and those responses were used to support several of the committee's recommendations, which included the following.

1. Merge the public and higher education departments.
2. Create a commerce department by merging the economic development, tourism, workforce solutions and regulation and licensing departments.
3. Merge the aging and long-term services and human services departments.
4. Transfer the functions of the New Mexico health policy commission to the department of health.
5. Merge the homeland security and emergency management and public safety departments.
6. Merge the energy, minerals and natural resources and environment departments and the natural resource trustee functions.
7. Eliminate several statutory and nonstatutory boards, commissions and task forces.
8. Consolidate several boards, commissions and councils.

The committee also made recommendations for medicaid, public schools and higher education, as follows.

Medicaid benefits changes

1. Implement the personal care option waiver.
2. Increase state coverage insurance premiums.
3. Move to generics for some pharmaceuticals.

Public school funding

1. Remove small school and small district size adjustments and encourage the use of regional

educational cooperatives for overhead services.

2. Reduce the unit value for high school seniors to 1.045.
3. Defer the state educational retirement contribution for one year.

Higher education

1. Develop separate funding formulas for two-year colleges, regional universities and research universities.
2. Transfer work force development funding from the current system to the two-year colleges and assign them the sole responsibility for work force development programs.
3. Defer the state educational retirement contribution for one year.

The committee recognized the necessity of increasing tuition, but made no recommendation as to an amount. The committee also recommended continued effort in "right sizing" state government to be affordable and meet the needs of its citizens. Specific recommendations included the following.

1. Align the medicaid benefit plan more closely to private and other public plans.
2. Reduce the number of public post-secondary educational institutions.
3. Develop specific funding formulas for two-year, regional and research schools.
4. Reduce the number of school districts.
5. Further consolidate cabinet departments to increase efficiency and enhance management and control.
6. Improve the management of state assets such as state-owned buildings.
7. Improve information technology and telecommunications and consolidate support activities.
8. Close or consolidate field offices and co-locate government offices.
9. Improve management of federal funds.
10. Modify the training and education factor in the public school funding formula.

The legislature, in a short session and faced with the daunting task of making deep cuts to the New Mexico state budget appropriation, did not have the time or attention to pay to those recommendations. Instead, it passed House Bill 237, which created the government restructuring task force. The task force was charged with continuing the work of the governor's committee. To assist the task force, the legislative council directed all interim committees to focus their work plans on considering the efficacy of the agencies, programs and services they dealt with in their subject areas. The guiding principles of interim review would be, as developed by the task force, efficiency, effectiveness, accountability and transparency. The government restructuring task force took the Carruthers recommendations under advisement and began its work on April 21, 2010.

CHAPTER 2 — GUIDING PRINCIPLES

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Like each reorganization study before it, the government restructuring task force took as its mission to look at state government in terms of efficiency, effectiveness, accountability and transparency. These are common principles used by most government studies throughout the country.

There are several points the task force kept in mind during its deliberations:

- ▶ New Mexico is the fifth-largest state, but ranks thirty-sixth in population (2008);
- ▶ the state ranks fifth in number of residents living in poverty (2008); and
- ▶ New Mexico is significantly above the national and cohort average of state employees to population, with 14.16 full-time-equivalent employees for every 1,000 residents (FTE/1,000); the national average is 8.31 FTE/1,000. However, its local government statistics show that New Mexico is below average FTE/1,000 with 14.7, with the national average of 20.93. The total of New Mexico state and local employment is almost 1/2 FTE/1,000 below the national average for state and local government.

The employment statistics bear out New Mexico's long-standing public policy to provide essential services with centralized state resources rather than rely on much smaller local efforts. There are many reasons for this position. The state's oil and gas resources are concentrated in the southeast and northwest regions of the state, but the benefits of their severance belong to all citizens; some formerly rich natural resource counties, principally Colfax, Taos and Grant, have seen drastic curtailments in extraction, exacerbating population and revenue loss and the attendant rise in the demand for government services. The state's rural agricultural character and sparse population mean uneven tax revenues throughout the state; the concentration of urban areas, economic development and higher education along the Rio Grande corridor highlights the unequal distribution of revenue potential. New Mexico's large size and low population and its socioeconomic extremes point to the need for the

state to take the lead in distributing state resources statewide; however, those same issues create problems in service administration and delivery, particularly in terms of public education, highways, public health and state police protection.

To ameliorate the contrasts between rural and urban, the state long ago chose as a public policy to use state-funded employment as an enduring economic development strategy throughout the state. That strategy worked for decades, but the world is very different now and the state must rethink that position. The government service bureaucracy has grown to an unsupportable level. The world has shrunk, not just in terms of improved transportation, but through the incredible rise of technology. The promise of instant communication, now realized, has changed how many services can be delivered or improved. Beyond those improvements, though, lies the more serious problem of the state, national and worldwide economy. Today, and for the next several years, the state will be in the midst of the worst economic downturn since the great depression; that fact alone requires a serious reconsideration of policies of the past and the services that a downsized government can provide. Although streamlining is driven by current fiscal constraints, the task force encourages the governor and the legislature to seize the opportunity to employ more and better uses of technology so that they may continue to provide necessary services efficiently and effectively.

Following is a synopsis of the task force's efforts to improve the efficiency, cost-effectiveness, accountability and transparency of New Mexico state government.

Efficiency

Governmental efficiency experts might look at New Mexico's diffuse executive, with its many elected officials, and hastily conclude that efficiency is an elusive goal. The government restructuring task force, on the other hand, believes there are numerous opportunities for efficiencies in agencies under the control of the governor, which make up over 90% of the executive branch, as well as the reassignment of the elected public regulation commission.

The cabinet and department structures contemplated by the Executive Reorganization Act need to be strengthened. The proliferation of departments, other agencies, boards, commissions, councils and committees is anathema to efficiency as well as the other guiding principles under which the task force operated. The grouping of like functions in as few agencies as possible prevents overlapping and duplication; prevents agencies from working at cross-purposes; increases supervision, which normally results in better services for the same or less money; and improves public dealings with government.

The task force recommends the following major departmental changes:

- ▶ create a commerce department, consisting of the former economic development, tourism and workforce solutions departments and border authority;
- ▶ expand the department of finance and administration (DFA) by creating

the executive services bureau to handle administrative services of small agencies; moving state personnel into the department as a division; moving purchasing from the general services department (GSD); and creating the educational finance and accountability division to oversee budgets and finances of public and higher education;

- ▶ make GSD a non-cabinet department consisting of the property control, building services, transportation services, state printing and risk management divisions;
- ▶ move the homeland security and emergency management department back to the department of public safety, making it a division on par with state police;
- ▶ eliminate the state game commission and move the department of game and fish into the energy, minerals and natural resources department as a division;
- ▶ combine the gaming control board and the state racing commission; and
- ▶ consolidate all hearing officers into one central agency to serve all agencies.

The task force believes there are additional efficiencies to be obtained by the reduction in the number of advocacy agencies in state government, but it did not have time to fully debate the issue. As well, the task force recommends that the governor and legislature continue to look at consolidation of the health and human service agencies. There are currently four major departments of state government dealing with health and human services: the human services department, aging and long-term services department, children, youth and families department and department of health. In addition, there are the New Mexico health policy commission, the behavioral health planning council, the interagency behavioral health purchasing collaborative, the office of the governor's council on women's health, the commission on the status of women, the commission for the blind, the children's trust fund board, the commission for deaf and hard-of-hearing persons, the developmental disabilities planning council, the governor's commission on disability, the family infant toddler interagency coordinating council, several state hospitals and juvenile justice institutions, to name a few. Consolidations leading to a simple, reasonable, coherent structure for health and human services policy and service delivery would realize benefits through each of the task force's guiding principles: efficiency, effectiveness, accountability and transparency. The many structures currently existing for one category of core service cannot be efficient, accountable or transparent and cannot possibly cost less or be more effective than a coherent structure.

Effectiveness, Including Cost Savings

Most of the cost savings considered by the task force are realized through efficiencies garnered by eliminating and consolidating government functions. The task force believes, however, that there are several other avenues of exploration that the governor and legislature should consider. Several of these are listed on the short- and long-term goals table provided in the executive summary, but the most notable ones for cost-savings potential include:

- ▶ moratoria on new public and higher education schools and sites;
- ▶ reducing the number of school districts or regionalizing at least some administrative functions;
- ▶ review of the tax code, particularly credits, exemptions and deductions and tax rates; and
- ▶ increased use of technology as a method to streamline government, improve services and provide needed training for state employees.

Accountability and Transparency

Before Florida took the nickname, and before it was known as the Land of Enchantment, New Mexico was the Sunshine State. The two principles of accountability and transparency go hand-in-hand to ensure that New Mexico remains the sunshine state in all but name. New Mexico laws demand that agencies be accountable to taxpayers and the public and that they perform their functions in as open and transparent a manner as possible. In 2010, the legislature passed the Sunshine Portal Transparency Act with the stated goal of having a single internet web site that is free, user-friendly, searchable and accessible to the public, known as the "sunshine portal", to host the state's financial information for the purpose of governmental transparency and accountability to taxpayers. That web site is under development and should be complete by July 1, 2011. At its second meeting, the task force considered government's fiduciary responsibility and the use of best practices as important components of good and open government.

New Mexico's Sunset Act was created in 1981 to eliminate the hodge-podge that government had become at that point and, it was hoped, for the future. The findings section of that act provides that:

The legislature finds that state government actions have produced a substantial increase in numbers of programs and a proliferation of rules and regulations and that the whole process has developed in a haphazard, piecemeal fashion resulting in overlapping and duplication without regulatory accountability or a system of checks and balances. The legislature further finds that by establishing a system for periodic review of certain separate administratively attached and adjunct agencies, it will be in a better

position to evaluate the need for the continued existence of the regulatory agencies covered by the Sunset Act.

The task force found that the state has once again reverted to the times described in that section of law. The legislative council appointed a regulatory process subcommittee this interim, made up of members of the revenue stabilization and tax policy committee, the economic and rural development committee and the courts, corrections and justice committee, and some members of that subcommittee also served on the government restructuring task force. The task force looks forward to the subcommittee's recommendations.

After the elimination and consolidation of boards and commissions, the task force took the added step of preparing a bill to establish sunset review for every board, commission, administratively attached and adjunct agency in the executive branch. If it passes, every executive agency except departments and the offices of elected officials will have their operations, effectiveness and efficacy reviewed by the legislative finance committee at periodic intervals.

The task force urges the governor and the legislature to continue the efforts begun by the task force this year, to continue to consider all of state government's functions in the light of these four guiding principles.

CHAPTER 3 — INTERIM STUDIES

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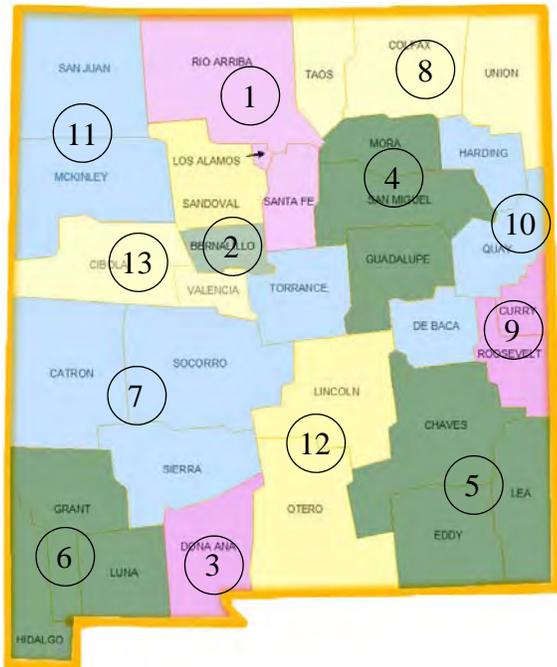
The task force began its work in April with lessons in modern New Mexico government history by hearing testimony from Lou Baca, former chief of the school finance division of the department of finance and administration (DFA); Chris Krahling, the project director for Governor Apodaca's reorganization study; and Kay Marr, former secretary of finance and administration. It also heard testimony on other states' efforts to restructure their governments during the national fiscal crisis.

In May, the task force began the interim-long consideration of two questions: "What are the core, essential services state government must provide?" and "What big ideas should the task force consider for restructuring government?". Staff presented the state organizational chart and the *Inventory of Statutory Executive Boards and Commissions*, both published by the legislative council service. New Mexico has what is known as a diffuse executive, meaning that control of executive functions is in the hands of several elected officials, not just a governor². Opponents of the diffuse-executive style of governance argue that it dilutes the governor's ability to manage; compromises the legislature's appropriation process; and hinders the public's access to accountable, efficient and effective government. The task force also heard legislative finance committee (LFC) staff testimony on a comparison of public employment statistics between New Mexico and certain other states; the state's performance-based budgeting, which could be useful in government-wide strategic planning; and the revenue structure of the state. After facilitated exercises, the task force developed a listing of several avenues of inquiry in which it was interested.

The June meeting was devoted to public and higher education. The task force was given a primer on the public school funding formula by Frances Maestas, director of the legislative education study committee (LESC), before it heard from a panel of educators. The task force also heard a presentation from Dr. Viola Florez, secretary of higher education, on the process the department was going through to develop a higher education master plan. The department presented information on the higher education funding formula, which is not in statute, and the DFA analyst offered policy options

²The governing elected officials are: governor, secretary of state, state auditor, state treasurer, attorney general, commissioner of public lands and the public regulation commission. In addition, each of the constitutional educational institutions are controlled by a board of regents.

New Mexico Judicial Districts



to prioritize instruction particularly by looking at research and public service projects, or RPSPs, for funding reductions.

Please see the minutes of that meeting for those and other recommendations from the presenters.

At its July meeting, the task force began trying to narrow its focus. It heard from staff on proposals to address state government restructuring and the human services department on the medicaid program and budget. A subgroup of task force staff analyzed the Carruthers report recommendations on public schools and presented them to the task force. Please see the Appendix on the K-12 Education Staff Analyses Report.

In August, Chief Justice Charles Daniels presented information on the structure and efficiency measures in the judiciary. The courts have undertaken several measures to ameliorate the effects of budget cuts, including:

- ▶ eliminating or delaying maintenance contracts;
- ▶ severely limiting in-state travel and virtually eliminating out-of-state travel;
- ▶ severely limiting purchases of supplies;
- ▶ eliminating projects to microfilm court documents;
- ▶ requiring judges and attorneys to pay their own bar dues and legal education courses and eliminating dry cleaning of robes in most courts;
- ▶ continuing to hold vacant positions;
- ▶ reducing most drug courts and other problem-solving courts;
- ▶ laying off domestic violence hearing officers and drug court employees;
- ▶ eliminating the domestic violence family assessment and intervention resources program in Albuquerque;
- ▶ reducing services for court-appointed special advocates, safe exchanges and supervised visits and medication in abuse and neglect cases;
- ▶ retaining mileage at \$.32 instead of the internal revenue service rate;
- ▶ charging statutorily authorized fees to problem-solving court clients;
- ▶ reducing court hours for the public;
- ▶ reducing phone and fax lines in courts;

- ▶ eliminating pro tempore magistrate judges and requiring elected magistrates to travel to other courts;
- ▶ restructuring jury orientation processes and reducing jury pay and travel;
- ▶ holding magistrate court vacancies open unless court is staffed below 80% of staffing need and holding all magistrate court vacancies open at least 120 days;
- ▶ negotiating with magistrate court landlords to forego annual lease increases and in some cases reducing lease payments; eliminating Tatum, Vaughn, Cimarron and San Jon courts;
- ▶ increasing fees for court automation and magistrate court operations, judicial education and jurors' pay; and
- ▶ by supreme court order, increasing jury demand fees for litigants by 50%.

There are other efficiencies the judiciary has or will implement that will save money in the long run, including implementing the Odyssey case management system in all state courts; implementing electronic payments by credit card and direct bank transfer; expanding the judicial video system to improve court operations; and other efficiency measures such as a plea cutoff pilot project, restructuring penalty assessments, reevaluating the trial de novo process, studying the judicial structure, coordinating public regulation commission bondsmen data with court filings, reexamining bond practices, implementing criminal felony case settlement weeks, appointing pro tempore judges to resolve probation violations, expanding digital recordings, preserving problem-solving courts, suspending or eliminating magistrate circuit courts and holding quarterly warrant amnesty programs. Some propositions, such as implementing the Odyssey case management system, will require one-time funding. The administrative office of the courts estimated that \$5 million more a year could be collected through the use of credit card and direct bank transfers. Greater use of video for meetings and training could save about \$170,000 in travel and lost productivity costs.

New Mexico Magistrate Courts and Magistrate Circuit Courts



Also at the August meeting, Raúl E. Burciaga, director of the legislative council service,

reported on the recommendations made by the 2006-2007 legislative structure and process study task force. Following is a selection of the recommendations that are relative to the task force's guiding principles of efficiency, effectiveness, accountability and transparency (please see the August minutes for the complete list of recommendations and their commentary):

- ▶ shorten the bill introduction period by one-third;
- ▶ prohibit memorials that request state agencies to take actions;
- ▶ establish deadlines for legislation to pass in the house of origin;
- ▶ establish a deadline to introduce memorials;
- ▶ limit the number of bills and memorials introduced;
- ▶ ensure that committee hearings convene as scheduled; and
- ▶ reconfigure the interim committee structure by limiting the number of interim committees to 12, reducing the number of advisory members appointed to interim committees, coordinating staffing needs among the permanent staffs, respecting the different sizes of the houses and increasing the number of days members may be reimbursed for attending meetings of committees to which they are not appointed.

There were several recommendations the legislative structure and process study task force made that have already been accomplished, of particular note were the opening of conference committees to the public; use of technology to make the legislative process more accessible to the public; and providing more public parking near the capitol. Now, both house and senate floor sessions are audiocast and videocast; and all interim and certain standing committee sessions are audiocast. The new parking garage across the street from the capitol is open to the public and state employees.

The task force also heard staff reports on restructuring ideas and health and human services issues and began to look at bill drafts.

The September meeting again dealt with health and human services issues as the task force was expecting recommendations from the legislative health and human services committee. The task force considered several options and requested bill drafts on consolidation of medicaid waiver programs and reorganizing the health care financing and administration functions into a single department. Staff laid out various options for restructuring several departments of state government. The task force also heard an update on general fund revenues.

In October, the task force heard an update on the higher education department's development of its first master plan, which was still in the process stage, and a second presentation on the higher education funding formula. Also in October, the task force's boards and commissions subcommittee made its report to the task force. The subcommittee recommended the elimination of numerous boards and commissions. The task force requested that LFC and DFA provide fiscal impacts on the

subcommittee's recommendations and to provide additional recommendations as those staffs saw fit. LESC staff reported on its analysis of the proposed small school and small district size adjustment changes to the public school funding formula. Staff continued providing bill drafts for the task force's consideration.

There were two meetings in November. At the November 11 meeting, Senator Cynthia Nava, chairwoman, and Representative Rick Miera, vice chairman, both of LESC, provided the task force with several proposals related to public schools. The proposals had not been endorsed by the committee but were items the committee considered at a special meeting held for the purpose of developing recommendations for the government restructuring task force. In regards to earlier task force proposals, LESC proposed the following alternatives to several of the items.

- ▶ Instead of changing the small school and small district size adjustments in the formula, LESC recommends two changes: (1) eliminating small school size units for schools claiming more than one school in the same facility; and (2) capping size adjustment and growth units. LESC staff is still working on potential savings for item (1) and thinks item (2) would save approximately \$2.6 million.
- ▶ Instead of striking constitutional language that gives the secretary of public education the responsibility to distribute and account for public school funds, LESC proposes that the public education department (PED) budget be separated into program and finance functions like all other departments. Senator Nava pointed out that a constitutional amendment would not go to the voters until 2012, and there is still time to consider the task force ideas pertaining to the public education commission and the secretary's duties.
- ▶ Instead of moving financial oversight for school districts from PED to DFA, LESC proposes to transfer PED's office of inspector general to the state auditor to oversee both public and higher education. Again, the move would take a constitutional amendment, and the legislature has time to consider the best organization to ensure efficiency and accountability.
- ▶ The idea to merge PED and the higher education department into a single department may have merit in strengthening the pre-K-20 continuum and should be investigated further.

The potential cost-savings measures were presented not as LESC recommendations, but as information only. Please see the November 11 minutes for the list and estimated cost savings. The task force agreed to wait for LESC final decisions before making its own recommendations.

Also at the November 11 meeting, the task force heard the staff report on higher education funding issues that had been presented to LFC. Pertinent parts of that report included the following:

- ▶ the higher education funding formula is not aligned with state policies;
- ▶ factors built into the formula when revenues were increasing are causing inequities now that revenue is dropping;
- ▶ fairness and equity concerns about the formula have been raised but not addressed;
- ▶ the formula funds inputs, using band adjustments, and ignores outcomes;
- ▶ the formula fully funds enrollment without considering the marginal cost of educating additional students;
- ▶ the formula has too many cost variables that take up significant time to collect data and calculate to distribute relatively little money;
- ▶ the tuition credit percentage is applied to institutions with very different costs of tuition, which causes a long-term shift in the percentage of general fund appropriations that go to different institutions;
- ▶ unlike the four-year institutions, two-year institutions have mill levies that may be used to offset the effect of tuition credits;
- ▶ many students graduate with more credit hours than necessary, for which the state pays;
- ▶ to increase enrollment, and therefore funding, institutions are expanding the number and scope of programs irrespective of service area or mission; for example, New Mexico state university (NMSU) and New Mexico highlands university offer the same social work degree program in Albuquerque in buildings located next to each other;
- ▶ NMSU offers public health and education courses in Albuquerque in competition with the university of New Mexico;
- ▶ Dona Ana community college has eight facilities in Dona Ana county;
- ▶ Santa Fe community college is building an education center for four-year institutions to offer courses but will keep the square footage funding;
- ▶ the state is paying for distance education enrollment for out-of-state and, in some instances, out-of-country students; and
- ▶ there are 14 tuition waivers that cost the general fund about \$60 million annually, with another \$10 million in waivers coming online in the next

couple of years.

At the November 22-23 meeting, staff reported on the results of the public employee survey that had been conducted through the legislative web site, which is discussed further in Chapter 6 of this report. Staff also reported on the differences between the boards and commissions recommendations and recommendations of LFC and DFA staff, and the task force took action on some items and asked for further analysis on others. Representatives of the four-year and two-year schools presented recommendations to the task force, the most notable being that if the higher education budget were to be decreased, they recommended across-the-board cuts as preferable to making changes to the funding formula. Staff continued to report on bill drafts.

December 20 was the task force's final meeting during which it made its final decisions. Please see the executive summary, other chapters and the appendices for the details of those decisions.

CHAPTER 4 — DEPARTMENT ORGANIZATIONAL CHARTS

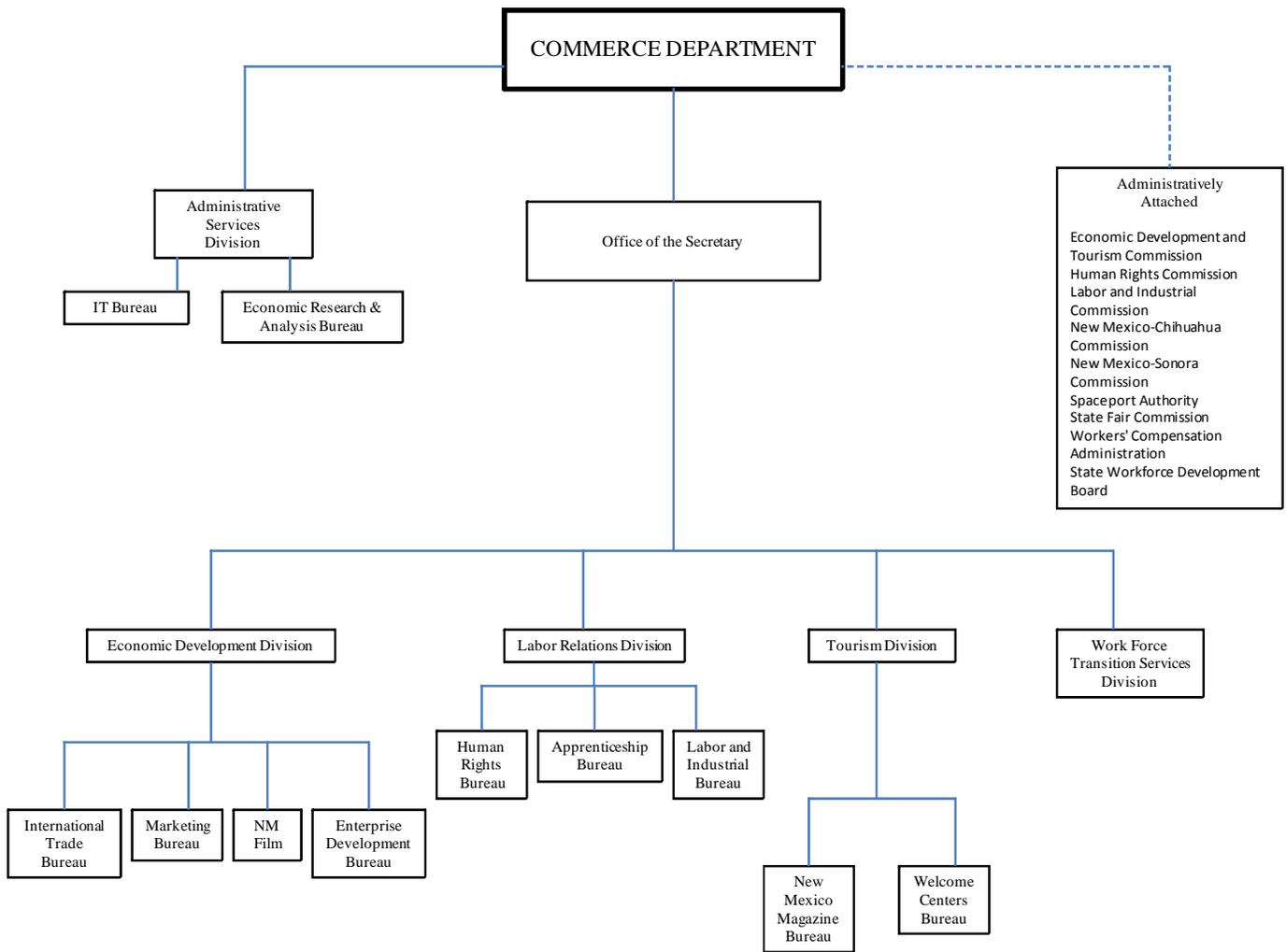
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Commerce Department

The new commerce department consists of those functions of state government that are business-related or concerned with the economic development of the state. It combines the economic development, tourism and workforce solutions departments and the border authority, and administratively attaches the apprenticeship council, the economic development and tourism commissions, the human rights commission, the labor and industrial commission, the New Mexico-Chihuahua and New Mexico-Sonora commissions, the spaceport authority, the state fair commission, the state workforce development board and workers' compensation administration. The task force originally proposed to include the regulation and licensing department, but was concerned about span-of-control issues attributable to a "super" commerce department. It also considered other configurations, one that would have combined tourism, state parks and cultural affairs and another that would have combined state monuments and state parks. Upon further scrutiny, however, the task force rejected the other options as incompatible mandates. The mission of the cultural affairs department, including state monuments, is preservation and education and the stewardship of New Mexico's cultural heritage. The tourism department's mission is to foster state and local economic development by encouraging travelers to come to New Mexico and by developing the necessary tourism infrastructure throughout the state. The mission of the state parks division of the energy, minerals and natural resources department (EMNRD) is recreation and preservation of New Mexico's natural environment. Certainly, all of these agencies do generate tourism and economic development and there are synergies such as branding, joint marketing and event programming that can and should be implemented, but not as a combined department.

"Everybody is somebody in New Mexico."

- official state slogan for business, commerce and industry



After this beginning reorganization effort has had a chance to settle in, the task force recommends the governor and the legislature consider adding some of the business-related functions of the regulation and licensing department to the commerce department. It also recommends that the governor consider and make recommendations to the fiftieth legislature, second session, to simplify the department's internal structure. The task force eliminated only a few programs in the current economic development and tourism departments, but it does believe there are several more that may not be needed any longer or that may need to be configured differently.

Department of Finance and Administration and General Services Department

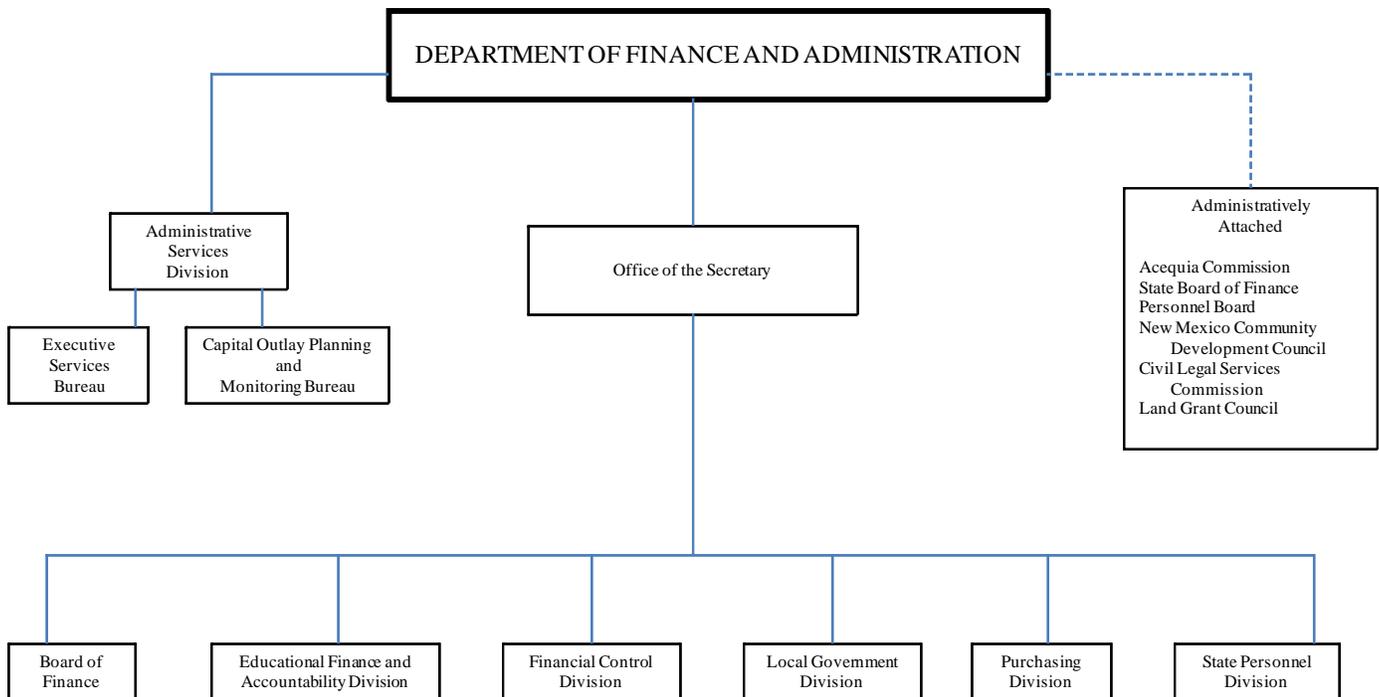
The department of finance and administration (DFA) is the state's fiscal management agency and is primarily responsible for:

- (1) planning for revenues and expenditures of state money, including development of the governor's budget recommendations to the legislature;
- (2) establishing the state's accounting and reporting systems;

- (3) overseeing the day-to-day expenditures of money by:
 - (a) seeing that vouchers and claims are valid;
 - (b) seeing that there is sufficient money left in an appropriation to make payment; and
 - (c) issuing payment warrants;
- (4) approving state contracts;
- (5) approving local government budgets and managing state-funding for local capital projects; and
- (6) monitoring all capital outlay projects from severance tax bonds, general obligation bonds, general fund and other funds.

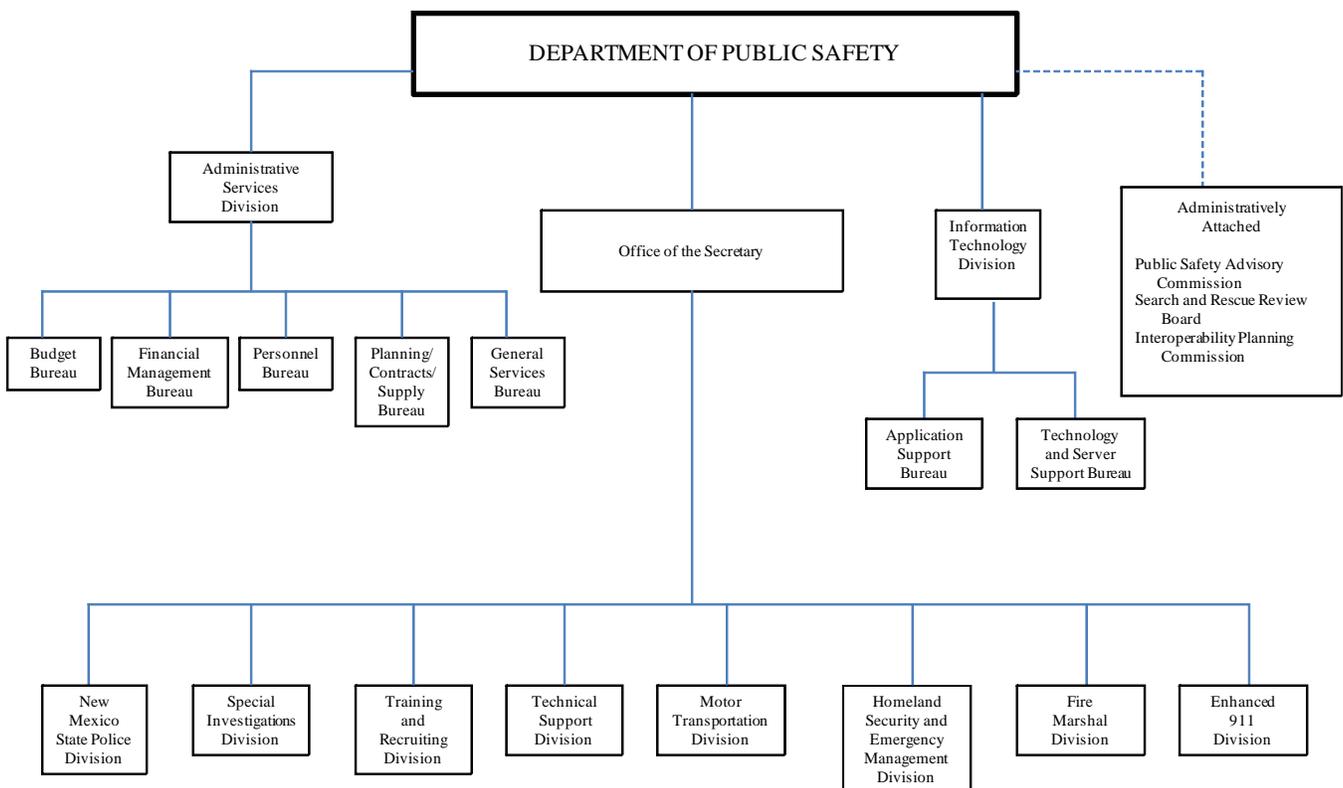
When the Little Hoover committee proposed the creation of DFA, it presented a lengthy account of the state's violations of the principles of financial management. The legislature heeded the committee's advice and created the department, which also was then responsible for state purchasing and property control. In 1983, the legislature created the general services department (GSD) to include purchasing, property control, risk management and state motor pool.

After study, the task force recommends moving the purchasing division back to DFA and making GSD a non-cabinet department responsible for property control, building services for buildings in the capital, transportation services, state printing and risk management.



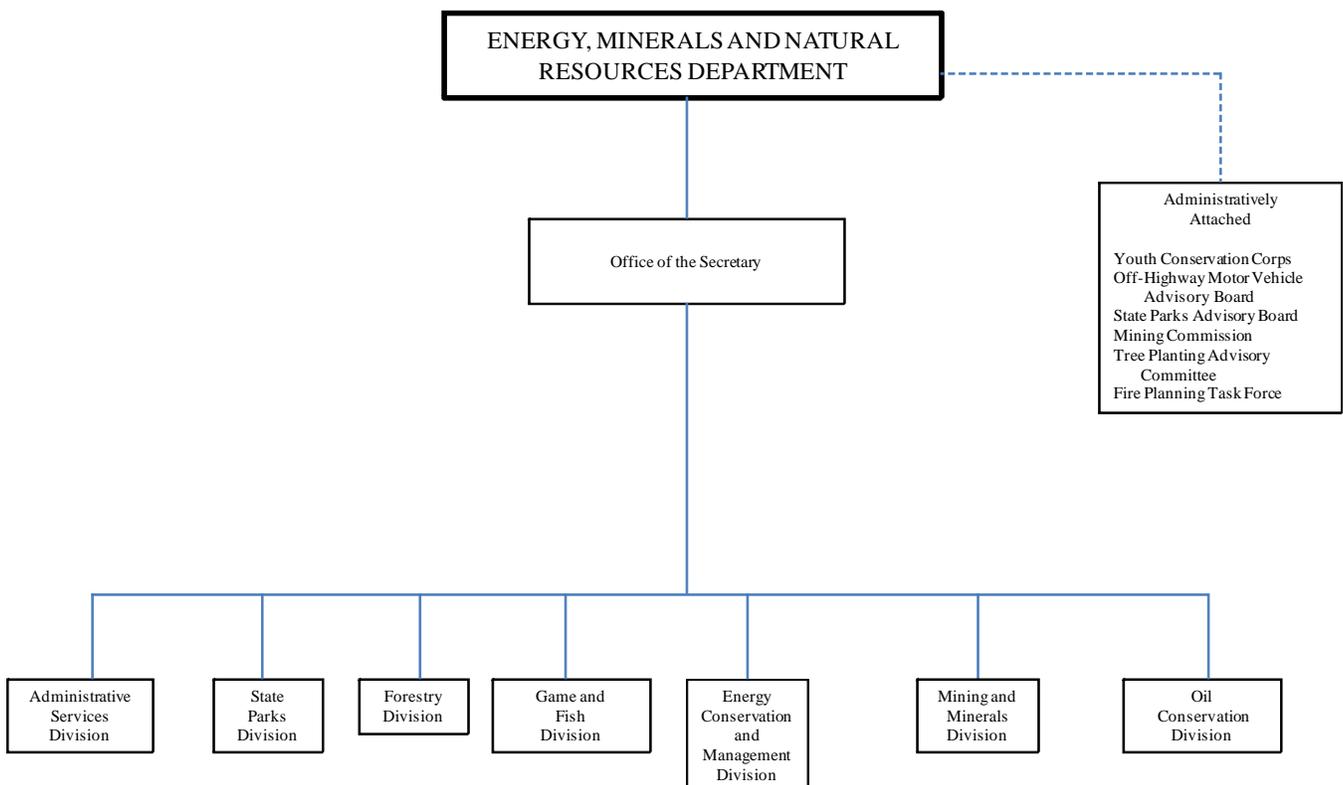
Department of Public Safety

In 2007, after two other attempts, the governor recommended and the legislature passed legislation to extract parts of the department of public safety (DPS) to create the homeland security and emergency management department as a new cabinet-level department. After due consideration, the task force determined that a singular department responsible for all levels of public safety, including homeland security and emergency management functions, would serve the public better and be more cost-effective. The task force proposes to make homeland security and emergency management a division of DPS, with the same powers and duties it had as a department. The governor may, by appropriate order, name either the division or the department as the single state agency for the administration of any homeland security or emergency management program when the designation is required by federal law or rule or is a condition of federal funding. In addition, the task force's endorsed legislation creates a fire marshal division and moves that office and the firefighter's training academy from the public regulation commission. The enhanced 911 division is created to administer the state's enhanced 911 service program.



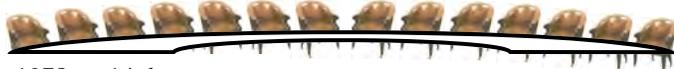
Energy, Minerals and Natural Resources Department

In the 1977 reorganization, Governor Apodaca proposed a natural resources department that would be charged with the management of renewable resources such as water, wildlife and forests; the department would have a wildlife division that would be responsible for administering programs in game and fish management, protecting endangered species, registering snowmobiles and promoting public education of the state's wildlife resources among other duties. The 1978 changes, however, reverted to administratively attaching the state game commission and department of game and fish to the newly created natural resources department. In 1987, the legislature again reorganized and combined the energy and minerals department with the natural resources department, with the state game commission and the department of game and fish administratively attached to EMNRD. The task force proposes to eliminate the state game commission and make the department of game and fish a division of EMNRD. It is a logical fit with the state parks and forestry divisions of the current EMNRD.





1977 — 13 departments



1978 — 14 departments



1979 — 15 departments



1981 — 14 departments



1983 — 16 departments



1987 — 17 departments



1991 — 19 departments



1992 — 20 departments



2004 — 24 departments



2005 — 25 departments



2007 — 27 departments

2010 GRTF PROPOSAL — 24 departments



**New Mexico
State Government Departments
1977-2010**

note: Figures include non-cabinet level departments (Department of Game and Fish, Public Defender Department, Regulation and Licensing Department and Department of Military Affairs)

CHAPTER 5 — BOARDS, COMMISSIONS AND STUDIES

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The task force had several conversations about boards and commissions and appointed a subcommittee to look at the legislative council service's publication, *Inventory to Statutory Boards and Commissions*, to consider the efficacy of each board or commission.

Over four meetings, the following questions guided the subcommittee's deliberations when considering the boards and commissions:

- ★ Does it serve a legitimate state function?
- ★ Can or should a state agency perform the functions, particularly rulemaking?
- ★ Does it function efficiently?
- ★ Is it redundant?

In cases where the subcommittee recommended merger or elimination in favor of a department with similar purpose or services, the recommendation included the transfer of functions of that board or commission to the department. Efficiency and accountability were the subcommittee's goal; cost savings was not expected to be a significant contributor, and it was not, at approximately \$1.3 million. However, by uncluttering the executive branch, both the governor and the legislature will have a better chance to consider what important and critical services of state government need structures additional to agencies or advice in a form that could not otherwise be provided through normal channels. The task force and the subcommittee struggled with the governmental/philosophical question of whether rulemaking should be a function of an agency directly answerable to the governor or a board made up of citizens who are only indirectly answerable.

After the subcommittee reported, the task force requested the legislative finance committee (LFC) and the department of finance and administration (DFA) to cost out the recommendations and

BOARDS AND COMMISSIONS SUBCOMMITTEE MEMBERSHIP

legislative and public members

Michelle Lujan Grisham, Chairwoman
Sen. Tim Eichenberg, Task Force Chairman
Rep. Paul C. Bandy
John Gasparich
Sen. Steven P. Neville
Rep. Jeannette O. Wallace

staff - Jonelle Maison

asked them and the legislative council service to provide additional analyses. The task force heard more public comment over the potential elimination or merger of boards and commissions than any other topic. As expected, advocates organized and put forth concerted pressure to save their particular board or commission.

Subcommittee staff presented the differences between the subcommittee and LFC recommendations and the task force made the following recommendations. They are grouped categorically pursuant to the *Inventory of Statutory Executive Boards and Commissions* (available at www.nmlegis.gov).

Agriculture

- ★ attach the state fair commission to the commerce department;
- ★ eliminate the organic commodity commission and move its duties to the department of agriculture; and
- ★ repeal the rangeland protection advisory committee.

Commerce and Industry

- ★ attach the apprenticeship council to the commerce department;
- ★ eliminate the border authority and move its functions to the commerce department;
- ★ remove rulemaking from the construction industries commission to the regulation and licensing department;
- ★ merge the economic development and tourism commissions, while retaining the requirement that separate five-year economic development and tourism plans be developed and maintained;
- ★ repeal the governor's council on film and media industries;
- ★ attach the labor and industrial commission to the commerce department;
- ★ remove rulemaking from the manufactured housing committee to the regulation and licensing department;
- ★ require that activities of the New Mexico-Chihuahua and New Mexico-Sonora commissions result in no costs to the state;
- ★ eliminate the occupational health and safety review commission and move its functions to the environmental improvement board;
- ★ repeal the small business regulatory advisory commission;
- ★ attach the spaceport authority to the commerce department; and
- ★ attach the state workforce development board to the commerce department.

Cultural Affairs

- ★ change the cultural properties review committee's function to one of setting policy, with the department staff responsible for day-to-day implementation of that policy;

- ★ repeal the film museum and its board of trustees;
- ★ repeal the Fort Stanton development commission and fund;
- ★ repeal the intertribal ceremonial board;
- ★ eliminate the Martin Luther King, Jr. commission and move its functions to the office on African American affairs;
- ★ repeal the state library commission; and
- ★ eliminate the music commission and move its functions to the arts commission and arts division of the cultural affairs department.

Education, Higher

- ★ repeal the higher education advisory board; and
- ★ repeal the public service law advisory committee.

Education, Public

- ★ repeal the family and youth resource advisory committee;
- ★ repeal the mathematics and science advisory council; and
- ★ repeal the public education commission and provide for public education to be administered by a cabinet department with a qualified secretary as provided by law (C.A. 2012).

Environment and Natural Resources

- ★ combine the coal surface mining and mining commissions;
- ★ remove rulemaking from the environmental improvement board to the department of environment;
- ★ repeal the state game commission and make the department of game and fish a division of the energy, minerals and natural resources department;
- ★ repeal the office of interstate natural gas markets technical advisory committee;
- ★ repeal the natural lands protection committee;
- ★ move the radiation technical advisory council from the department of environment to the department of health (DOH);
- ★ repeal the storage tank committee;
- ★ repeal the wastewater technical advisory committee; and
- ★ change membership of the water quality control commission and remove rulemaking to the department of environment.

General Government

- ★ repeal the alternative dispute prevention and resolution advisory council;
- ★ combine the gaming control board with the horse racing commission;
- ★ repeal the governor's residence advisory commission;

- ★ attach the personnel board to DFA;
- ★ repeal the Private Equity Investment Act and the advisory committee;
- ★ repeal the state procurement standards and specifications committee;
- ★ repeal the public regulation commission as a constitutional entity and have its functions provided by law (C.A. 2012); and
- ★ conduct the study provided for in the Health Administration and Finance Consolidation Act to combine the retiree health care authority with other public insurers.

Health and Human Services

- ★ reduce the membership of the behavioral health planning council to no more than 20 members, down from more than 40 members;
- ★ repeal the brain injury advisory council and move its functions to the developmental disabilities planning council;
- ★ repeal the child development board;
- ★ repeal the children, youth and families advisory committee;
- ★ repeal the children's cabinet;
- ★ repeal the compulsive gambling council;
- ★ eliminate the advisory council on disability and move its functions to the aging and long-term services department (ALTSD);
- ★ eliminate the governor's commission on disability and move its functions to ALTSD;
- ★ eliminate the various emergency medical services (EMS) boards and committees and move their functions to the EMS bureau of DOH;
- ★ repeal the food service sanitation advisory council;
- ★ repeal the health care providers licensing and credentialing task force;
- ★ repeal the governor's HIV and AIDS policy commission;
- ★ attach the human rights commission to the commerce department;
- ★ repeal the Individual Development Account Act and its council;
- ★ repeal the medical advisory committee, which is a DOH HIV/AIDS committee;
- ★ repeal the medical direction committee, which is an internal DOH committee;
- ★ combine the medical use of cannabis board and the patient qualification review board;
- ★ repeal the next generation council;
- ★ repeal the pain management advisory council;
- ★ repeal the telehealth commission because the issue has been effectively transferred to the health sciences center at the university of New Mexico;
- ★ repeal the trauma advisory committee, which does not have statutory membership or

duties; and

- ★ repeal the youth alliance.

Instrumentalities

- ★ repeal the New Mexico Exposition Center Authority Act, the Historic Landscape Act and the Industrial and Agricultural Finance Authority Act.

Military Affairs

- ★ repeal the armory board council, which advises the state armory board, which remains; and
- ★ repeal the veterans' services advisory board.

Public Safety and Criminal Justice

- ★ repeal the alcohol server education advisory committee;
- ★ eliminate the corrections industries commission and move its functions to the corrections department;
- ★ repeal the crime stoppers advisory council and move its functions to the department of public safety (DPS);
- ★ repeal the DNA identification system oversight committee;
- ★ repeal the domestic violence homicide review team;
- ★ repeal the domestic violence leadership commission;
- ★ move the fire protection grant council, with the fire marshal division, to DPS;
- ★ move the interoperability planning commission, with homeland security, to DPS;
- ★ eliminate the intrastate mutual aid committee and transfer its functions to the homeland security and emergency management division of DPS;
- ★ repeal the juvenile public safety advisory board;
- ★ eliminate the mounted patrol board of directors and move its function to DPS; and
- ★ repeal the governor's organized crime prevention commission.

Sports

- ★ eliminate the athletic commission and its medical advisory board and transfer their functions to the regulation and licensing department;
- ★ repeal the bicycle racing commission;
- ★ combine the state racing commission with the gaming control board; and
- ★ repeal the sports advisory committee.

Transportation

- ★ eliminate the litter control council and have the commerce department assume functions; and
- ★ repeal the traffic safety bureau advisory committee.

CHAPTER 6 — PUBLIC EMPLOYEE AND GENERAL PUBLIC SURVEYS AND COMMENTS

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The task force requested that surveys be conducted among public employees and the general public to solicit suggestions for making state government more effective and efficient. Legislative council service staff developed two separate surveys through Survey Monkey and posted links to them on the legislature's web site, where the surveys remained active and available for response from mid-September through the end of October. Staff sent an email notice to all legislative and judicial employees inviting them to fill out the employee survey. Executive branch employees, however, could not be notified via email without approval from the governor, who declined to authorize the emails. The legislative council service issued press releases for newspaper and radio to announce the surveys to both executive branch employees and the general public. As a result of email notices, press releases and links posted on the legislature's web site, 968 public employees responded to the employee survey and 254 members of the general public responded to the public survey.

"Listen to what the worker bees have to say. Those of us who are doing the work know what we need and don't need. Administration has no idea what really goes on."

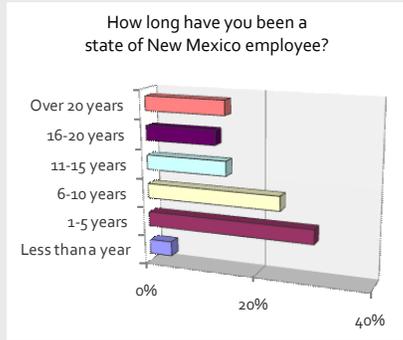
- public employee

Because of the relatively low response to the general public survey, the task force focused its attention on the results of the public employee survey. This survey included 22 questions covering broad topics such as communications, tools to do the job better, workplace ratings, possible savings or efficiencies, obstacles to effectiveness and possible restructuring. About half of the questions were multiple choice and the rest open-ended, giving respondents an opportunity to cite examples and offer suggestions.

Employees from more than 40 state agencies responded to the survey. About two-thirds of the responses came from non-supervisory employees and about half from employees who have worked for

WHO RESPONDED?

968 public employees from more than 40 state agencies



66% non-supervisory employees
 23% management employees (classified)
 11% management employees (appointed or exempt)

the state for 10 years or less. When asked whether they plan to leave state government in the next three years, 29% said yes, with retirement accounting for only 57% of those responses. The primary reason given by the remaining respondents — those who plan to pursue work outside of state government in the near future — was low pay.

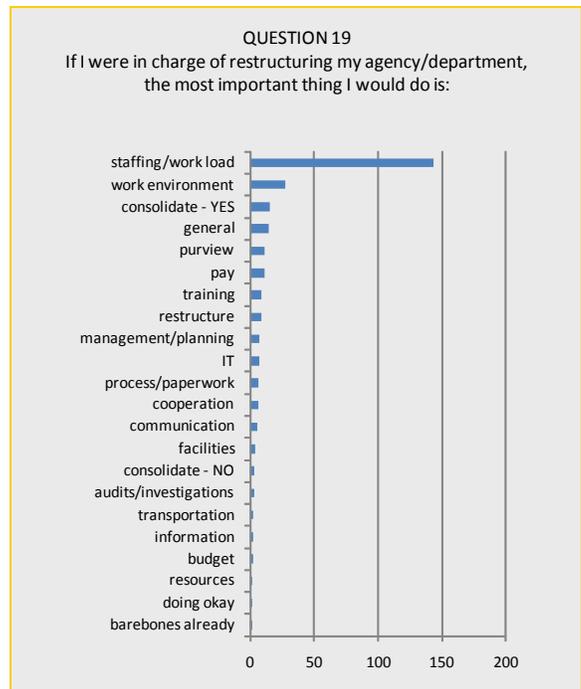
Respondents cited three critical needs within their agencies: better technology, better training and more decision-making authority on the front lines. When rating their workplaces, respondents cited workload overload as a major problem even while feeling their agencies

manage to serve the public well.

When prompted for examples of how their agencies might save money on certain expenses, travel garnered the most responses at 55%. Suggestions for saving money in this category ranged from limiting use of state vehicles to teleconferencing to better coordination and communication in order to avoid wasted travel. The second-highest number of responses concerned staffing; many respondents stated that their agencies are too "top-heavy" and suggested reducing management positions, eliminating political hires and realigning staffing to place more workers on the front lines.

When asked about energy and water use in state facilities, inefficient heating, cooling, lighting and electricity received the most responses, with the dominant themes being energy-wasting facilities and a need for energy-use monitoring, renewable energy systems and water conservation.

Low employee morale and not enough staff were cited as the greatest stumbling blocks to agency and employee effectiveness. Many responses intertwined the two topics, with descriptions of low employee morale that comes from increased workload due to staff shortages and that is exacerbated by the presence of underqualified and underperforming political hires.



Respondents cited top-heavy and incompetent management as a major waste of time and resources, followed closely by process problems and too much paperwork. High turnover and the resulting need for constant training of new employees was also cited as an ongoing waste.

If given the opportunity to restructure their agencies to improve efficiency and effectiveness, nearly 75% of the respondents said they would address staffing and workload issues. Dominant themes in these responses included employee retention; staffing adjustment to provide more support staff and reduce management positions; encouraging transparency without fear; and consolidation to reduce duplication of efforts and combine bureaus with similar objectives.

When asked where their agencies could consolidate, many respondents generally agreed that consolidation could happen, though few offered concrete suggestions. As was noted on many questions, a great deal of frustration lies with governor-exempt employees and other political hires. Comments on top-heavy staffing and process improvements were also prevalent, acknowledging a growing bureaucracy. Facilities duplication was mentioned with the suggestion that certain duplicate offices be eliminated to reduce floor space and rent costs.

While some respondents felt that the state would see savings by centralizing certain services — for example, housing all agency general counsels under the attorney general — others felt strongly that decentralization of certain services would increase efficiency — for example, eliminating the department of information technology and returning all such functions to the agency level. Some also felt that

COST-REDUCTION SUGGESTIONS FROM THE PUBLIC EMPLOYEE SURVEY

"Move state agencies that are paying rent into GSD-owned buildings since there are a lot of vacancies which cannot be filled, thus, a lot of empty spaces."

"Retain employees. Our training costs would put a private sector business out of business."

"Hire staff rather than contractors - especially out-of-state contractors. Let's give some of this work to New Mexico residents."

"Get rid of political hires and 'made for' positions."

"Eliminate the Department of Information Technology and return all IT functions to the agency level."

"Require that all state employees who drive state cars between Albuquerque and Santa Fe on state time use the Rail Runner instead."

"I believe there are too many higher education institutions and branch campuses. As a result, scarce resources are spread too thin and we do not achieve excellence in any field."

"Eliminate all the duplicate offices that many employees have - two of everything - this would help to reduce the excessive floor space that is being leased and reduce the agency rent budget."

"Any government that wishes to impress its citizens with how well government is run needs to start with the motor vehicle department and the schools - the entities that touch more lives than any other."

refocusing services would result in savings, citing a shift from treatment services to prevention services as an example.

In general, respondents appreciated the opportunity to participate in the survey and to have their frustrations and suggestions heard. Many said they hope to have the opportunity again, preferably on a regular or ongoing basis. Many also said they are concerned about the task force's final recommendations and how their jobs and agencies might be affected.

In addition to the surveys, the task force's web page included a comments page where anyone could post suggestions for government restructuring as well as comments on the task force's work.

Two questions were posed on this page to guide commentary:

- ★ What are the essential services the state must deliver?
- ★ What is the most effective way to accomplish the state's goals with the funds available?

By the end of the interim, 159 people had posted comments on this page. In response to the first question, nearly half said that the state must not cut public assistance programs, citing programs that range from health care to civil legal services. As for how the state might continue to provide these essential services with the funds available, the two most common suggestions were to repeal the 2003 tax cuts, or otherwise increase taxes, for the wealthy; and impose the corporate income tax on out-of-state corporations doing business in New Mexico.

CHAPTER 7 — PUBLIC SCHOOLS AND HIGHER EDUCATION

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Sixty percent of the state's general fund budget is for education, including public schools and higher education. In fiscal year 2011, public education received 45% of the general fund appropriation in the General Appropriation Act of 2010. Understandably, the task force spent a great deal of time looking at these two important areas of state funding. Following is an abstract of information received by the task force and its considerations.

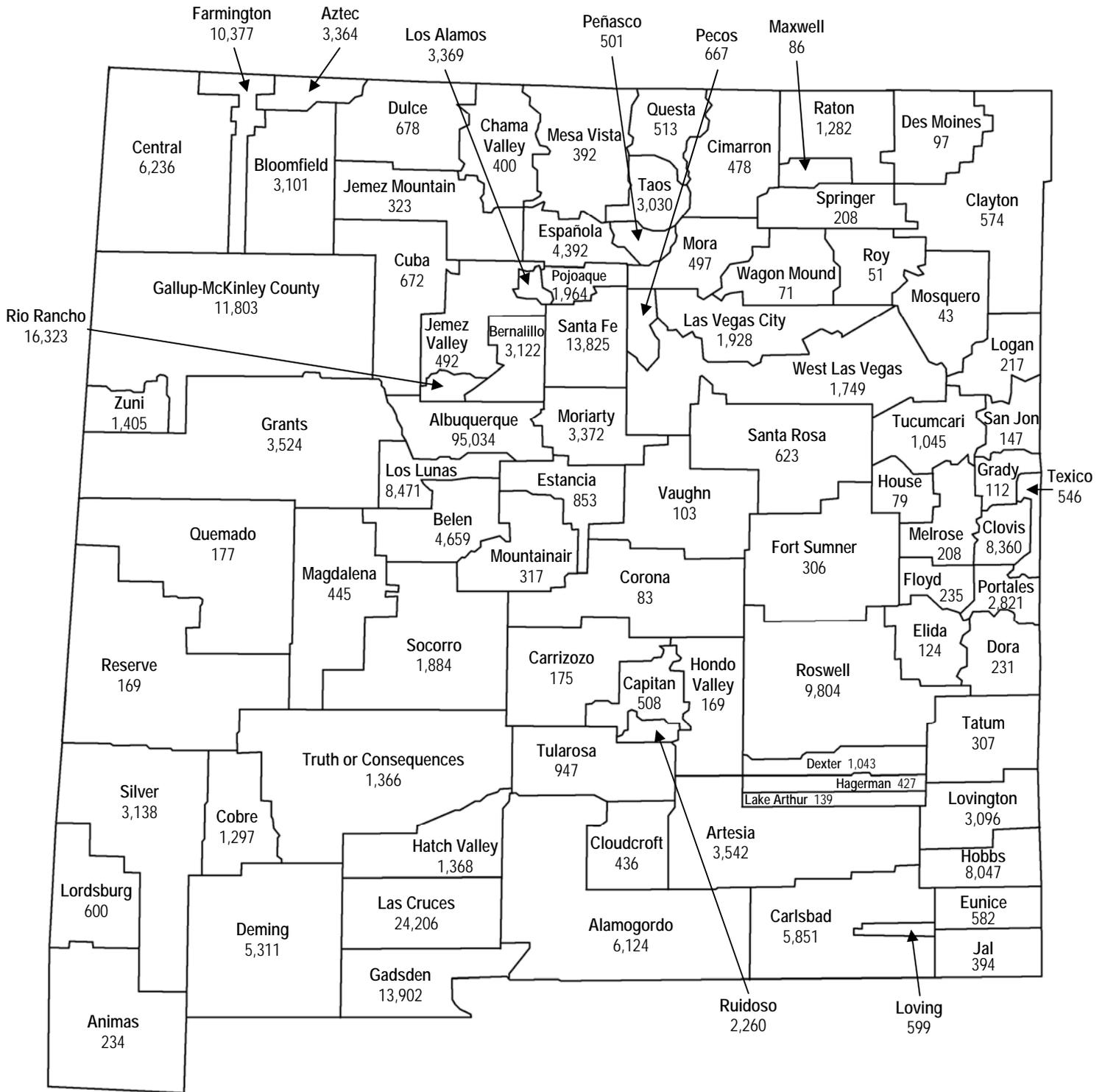
Public Schools

History

Until 1891, there was no public schooling in New Mexico; whatever schooling was available was provided mainly by the Catholic church and other denominational schools. Governor Bradford Prince and the territorial legislature created a system of public education and the first territorial superintendent was appointed in 1891 and the first territorial board of education came into existence. When New Mexico became a state in 1912, the constitutionally created state board of education took over responsibility for public education, though it was limited to teacher certification and curriculum standards; school finances were handled by another agency. The first codification of a School Code occurred in 1923.

By 1950, the duties of the state board of education had been enlarged to include making rules for the governing of schools; setting up and enforcing standard courses of study; approving or disapproving school district bonding proposals; selecting, adopting and purchasing textbooks; controlling the school transportation system; and working with the proper agencies to secure federal aid. In 1958, voters adopted a constitutional amendment that changed the structure of the state board of education to a 10-member elected board. In 1986, two constitutional amendments were passed that changed state governance. One amendment allowed for the addition of five members appointed by the governor with the consent of the senate; this was a compromise to resist placing both curriculum and finance under the control of the governor. The other amendment moved public school finance functions from DFA to the state department of education. Program and purse were now under the

School Districts of New Mexico



note: Enrollment figures from 40D K-12 Enrollment by School Year, Public Education Department, June 2010.

control of the state board and with it nearly 50% of the state's general fund appropriations. In 2002, the voters adopted an amendment that placed the state responsibility for public education under the control of the governor and converted the state board of education into the public education commission and gave it a mostly advisory role.

The history of school districts in the state is an interesting one as well. At one time, reportedly, there were close to 1,000 school districts; by 1941, after numerous consolidations, there were approximately 500 rural districts that were answerable to county boards of education, as well as municipal and independent districts. During the 1950s, the legislature directed the state board of education and the department of education to consolidate school districts. A department staffer was assigned the task and, using board-approved criteria, consolidated many school districts. By 1968, there were 89 school districts, as there are now, with the loss of two districts and the addition of the Zuni and Rio Rancho school districts. In the early 1970s, the state board consolidated Dora and Causey, closing the Causey school district; in 1983, Encino and Vaughn were consolidated, closing the Encino school district. Both Causey and Encino essentially have ceased to exist as viable communities. The Encino closure became a highly emotional and public event that prompted the legislature to change the law. Now, consolidating school districts has become a much more difficult, tedious, expensive and litigious process.

Federal funding for public schools did not occur until the National Defense Education Act of 1957 (NDEA), when the United States lost the "race to space" to Russia's Sputnik. Originally providing funding for curriculum specialists in math, science and foreign languages; student counselors; and the purchase of science and foreign language lab equipment, NDEA subsequently allowed the hiring of social studies and language arts curriculum specialists. These new positions gave the state department of education the ability to more closely monitor district activities. In 1965, the state department of education was further strengthened by the enactment of the Elementary and Secondary Education Act of 1965. That act radically changed federal education funding. The act consisted of Title 1, funding to schools based on poverty; Title 2, funding to improve school libraries; Title 3, funding to encourage innovation; Title 4, funding to encourage research to improve education; and Title 5, funding to strengthen state departments.

Local control has seen the same evolution as school districts, moving first from probate judges as the policymakers to county commissions through to elected boards. While local school boards still have tremendous latitude in running their school districts, in the 2003 school reform, the legislature gave the ability to hire and fire to school superintendents.

The foundation of contemporary public funding mechanisms for public schools were set initially in the period 1923-1941. The key elements were: the Public School Code, adopted in 1923; the 20-mill limit on property tax, instituted in 1933; the emergency school tax, enacted in 1935; and the

governor's citizen taxpayer's committee on educational finance in 1941.

The use of local property tax to fund schools resulted in wide disparities among school districts, with Santa Fe, Albuquerque and the "Oil Patch" districts having sufficient revenue and rural districts having very little tax base. In 1974, the legislature passed the public school funding formula, touted by many as a national model for funding public schools. The formula, and its attendant laws, equalized state funding based on student enrollment and student needs and also created an environment greatly different for school administrators, local school boards and students. Unlike many other states, New Mexico supports public schools through its state general fund and school districts do not rely on property taxes as a revenue source. New Mexicans have had a deep suspicion of property taxes since Mexican rule, which only deepened during the territorial "land grab" days, so it was natural that the state made the choice not to use property taxes for educational purposes. In addition, because of New Mexico's historically low property tax rate, large tracts of public and tribal lands and the fact that the railroads did not pay property tax, relying on such a tax for public school funding would not have been beneficial.

The state's support of public schools is in the form of a guarantee that each school district will receive essentially the same amount based on the funding formula, minus the amount in local revenue for which the state takes credit. What started as a relatively simple formula has become more complex over its 30-year history as more units and factors have been added in an attempt to meet every need.

Up until the 1960s, public school capital improvements were a local issue, which resulted in as much disparity as local funding for educational programming. Property-poor school districts had poor facilities while the reverse held true for the property-rich districts. The legislature passed the School Construction Assistance Act in 1965 and provided \$2.5 million in severance tax bonds in 1965 and 1966. Over the last 30 years, funding levels for public school capital outlay have increased substantially, particularly after the successful lawsuit on behalf of the Zuni school district and others. The federal district court set a series of steps and criteria that must be followed in the allocation of capital funds and called for more funding from the legislature.

Current Statistics

Nowhere does the tyranny of New Mexico's geography show up more starkly than with public schools. There are a little over 324,000 students spread over the fifth-largest state in 89 school districts. Districts range from the highest student membership of almost 94,000, which is Albuquerque, to the smallest, which is Mosquero, with 38 students (SY 2009-2010). There are 48 school districts with fewer than 1,000 students; 33 have fewer than 500 students and 16 have fewer than 200 students. There are seven school districts below 100 students. Some districts with the fewest students are also the biggest geographically, and it is not uncommon for students to ride the bus for two hours and more each way for school.

Task Force Considerations

In the face of substantially reduced revenue, with public schools the single largest component of general fund appropriations, the task force was particularly concerned with efficiencies and cost-effectiveness in public education. The sheer number of school districts, particularly when combined with low enrollments, seemed to be counterproductive to efficiency. The task force considered several options to improve efficiency and cost-effectiveness in public education without harming instructional programs.

A staff subgroup made up of Jonelle Maison and Kim Bannerman from the legislative council service; Frances Maestas, David Harrell, Eilani Gerstner and Peter van Moorsel from the legislative education study committee (LESC); Rachel Gudgel and Paul Aguilar from the legislative finance committee (LFC); David Hadwiger and Michael Marcelli from the department of finance and administration; and Scott Hughes from the office of education accountability, analyzed 32 Carruthers report public education recommendations. The staff subgroup rejected six of the Carruthers recommendations because they would disqualify the funding formula and had potential to affect the disparity calculation for federal impact aid funding. For each recommendation, the staff considered the relative advantages and disadvantages, cost savings, time frames for implementation and other options the task force might want to consider in lieu of or supplemental to the original recommendation. Please see the Appendix for the staff analysis.

Over the interim, the task force heard several presentations on public schools and public school finance and the task force considered several bills on the subject. Among the issues raised, there was consensus among task force members in support of a moratorium on new public schools and new higher education campuses; reducing the number of school districts or requiring the regionalization of administrative functions; measures to eliminate gaming of the funding formula; increased fiscal accountability of school districts and the public education department; and increased performance accountability of school personnel. LESC presented the task force with a list of items it had considered during the interim for cost savings or efficiencies, although it was not prepared to endorse many of the ideas. In the end, the task force deferred to LESC as the legislative experts to drive public education recommendations to the fiftieth legislature, first session.

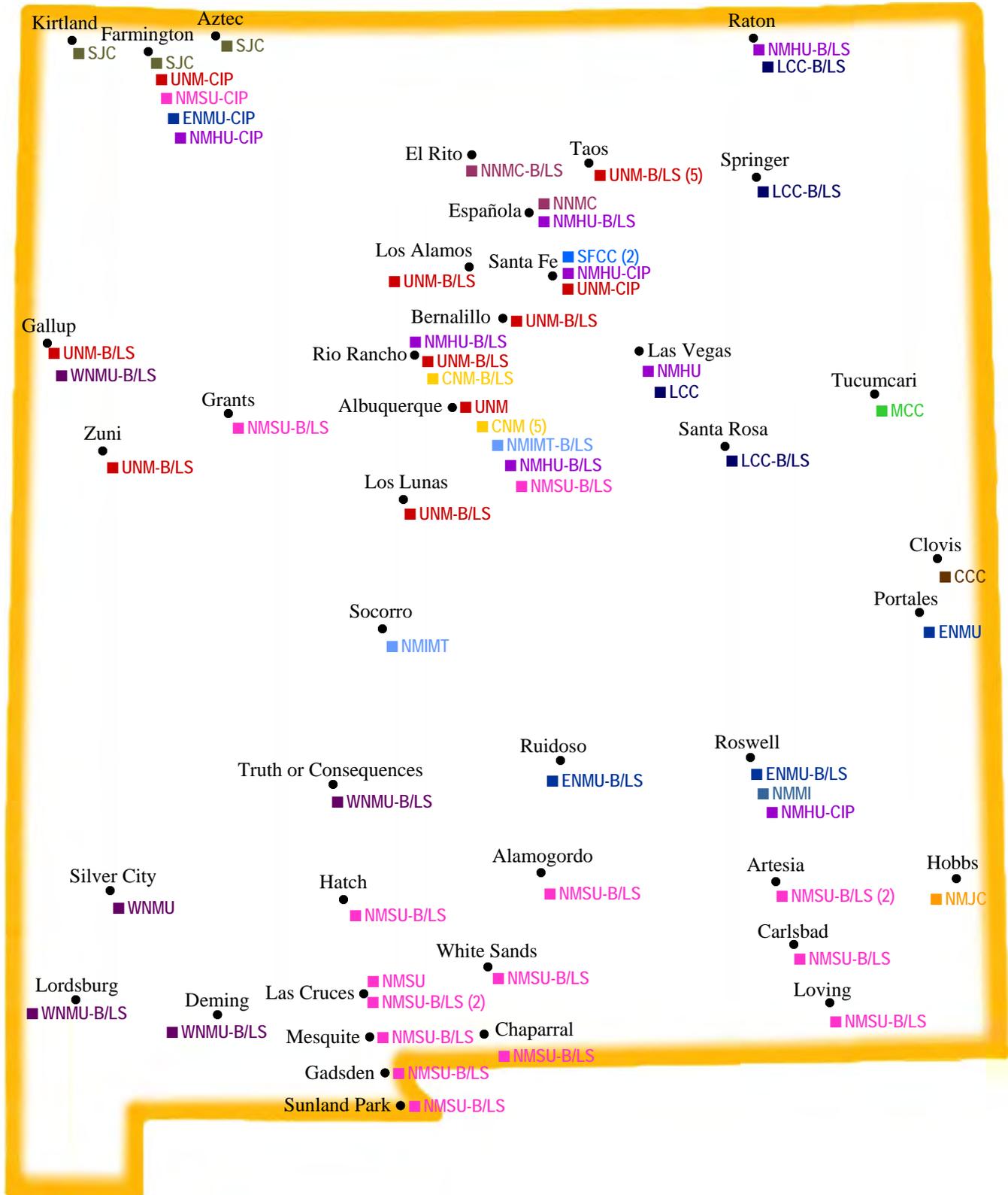
Higher Education

The higher education system in New Mexico is as diffuse as the executive. The state's institutions of higher learning³ are controlled by constitutionally established boards of regents, which have absolute control over their institutions. Many of the universities also have branch community

³Article 12, Section 11 of the constitution of New Mexico lists the educational institutions of the state. The post-secondary institutions are: university of New Mexico, New Mexico state university, New Mexico institute of mining and technology, eastern New Mexico university, western New Mexico university, New Mexico highlands university and northern New Mexico state school (now called northern New Mexico college). In addition, there are the special schools: New Mexico military institute, New Mexico school for the blind and visually impaired and New Mexico school for the deaf.

New Mexico Institutions of Higher Education

(includes branch campuses, learning sites, cooperative instruction program sites and community colleges)



B/LS - branch campus or learning site
 CIP - cooperative instruction program site

CCC - Clovis Community College
 CNM - Central New Mexico Community College
 ENMU - Eastern New Mexico University
 LCC - Luna Community College
 MCC - Mesalands Community College
 NMHU - New Mexico Highlands University
 NMIMT - New Mexico Institute of Mining and Technology

NMJC - New Mexico Junior College
 NMMI - New Mexico Military Institute
 NMSU - New Mexico State University
 NNMC - Northern New Mexico College (State School)
 SFCC - Santa Fe Community College
 SJC - San Juan College
 UNM - University of New Mexico

colleges under their control. The independent community colleges are created out of school districts, in which one or more school districts go to the voters to establish a community college or technical-vocational institute; they are controlled by elected governing boards and are considered political subdivisions instead of institutions of the state. The higher education department (HED), a cabinet department belonging to the governor, has limited power and authority over any of the state or local institutions. Because the higher education funding formula is not in law, legislators are less likely to know and understand the formula or how institutions are funded.

In the last decade, New Mexico has seen an explosion in the growth of higher education. State and local policymakers made a conscious decision to foster access to higher education and it did so through the higher education funding formula by financing enrollments and square footage and through programs such as the legislative lottery scholarship program for graduating high school students and the college affordability scholarships for returning adults. The legislature also created several loan-for-service programs for health care professionals, teachers, minority doctoral students and public service lawyers. However, the state's commitment to funding access has not led to higher graduation rates over the same period and, because the funding formula does not control the excessively high course withdrawal rate and the number of excess credit hours toward graduation, the state ends up paying a substantial premium for low performance. LFC has noted that "the State does not incentivize degree production, nor monitor quality outcomes of existing programming and degrees they produce".

The public policy driving access has resulted in an untenable number of institutions and campuses, or sites as they are termed by HED. There are 24 public post-secondary educational institutions in New Mexico, with over 60 sites in a state of approximately 2,000,000 population. The six universities have 10 branch community colleges and 39 educational sites; northern New Mexico college has two sites; and the seven independent community colleges have a total of 19 sites. In addition, there are cooperative instructional programs offered on some community college campuses; for example, the university of New Mexico (UNM), New Mexico state university, eastern New Mexico university and New Mexico highlands university (NMHU) offer courses at San Juan college, and UNM and NMHU offer courses at Santa Fe community college, which is building another center at which post-AA degree programs may be offered. The task force supports a moratorium on any new campuses, or sites, or the creation of any more community colleges. It encourages its successor to work with the governor, HED, the boards of regents and the governing boards to effectuate a substantial contraction in off-main-campus offerings, in particular duplicative offerings in the same geographic area or offerings outside an institution's reasonable geographic area.

In addition to a moratorium on new campuses, the task force agrees with LFC, HED, the higher education funding formula task force, the I&G steering committee, the council of university presidents, the New Mexico independent colleges and the New Mexico association of community colleges that an

in-depth study of the higher education funding formula, and the policy drivers behind the formula, is of critical importance. Included in the study should be a reevaluation of tuition waivers, which cost the state approximately \$60 million per year, and enrollment incentives *versus* completion incentives.

CHAPTER 8 — HEALTH CARE FINANCE AND ADMINISTRATION

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Health care financing and administration is currently spread throughout virtually all of state government. The delivery of health care in New Mexico is a complicated array of funding, agencies, programs, insurers and public and private obligations. The federal government pays primarily through medicaid, the Indian health service, veterans hospitals and federal grants; the state pays for services directly through the general fund and tobacco settlement payments and indirectly through tax exemptions and credits; the counties pay through indigent funds; and the private sector pays through employer/employee insurance contributions, out-of-pocket and private grants. Eleven departments of state government are involved in administering or delivering health care or health care-related programs. The major ones are:

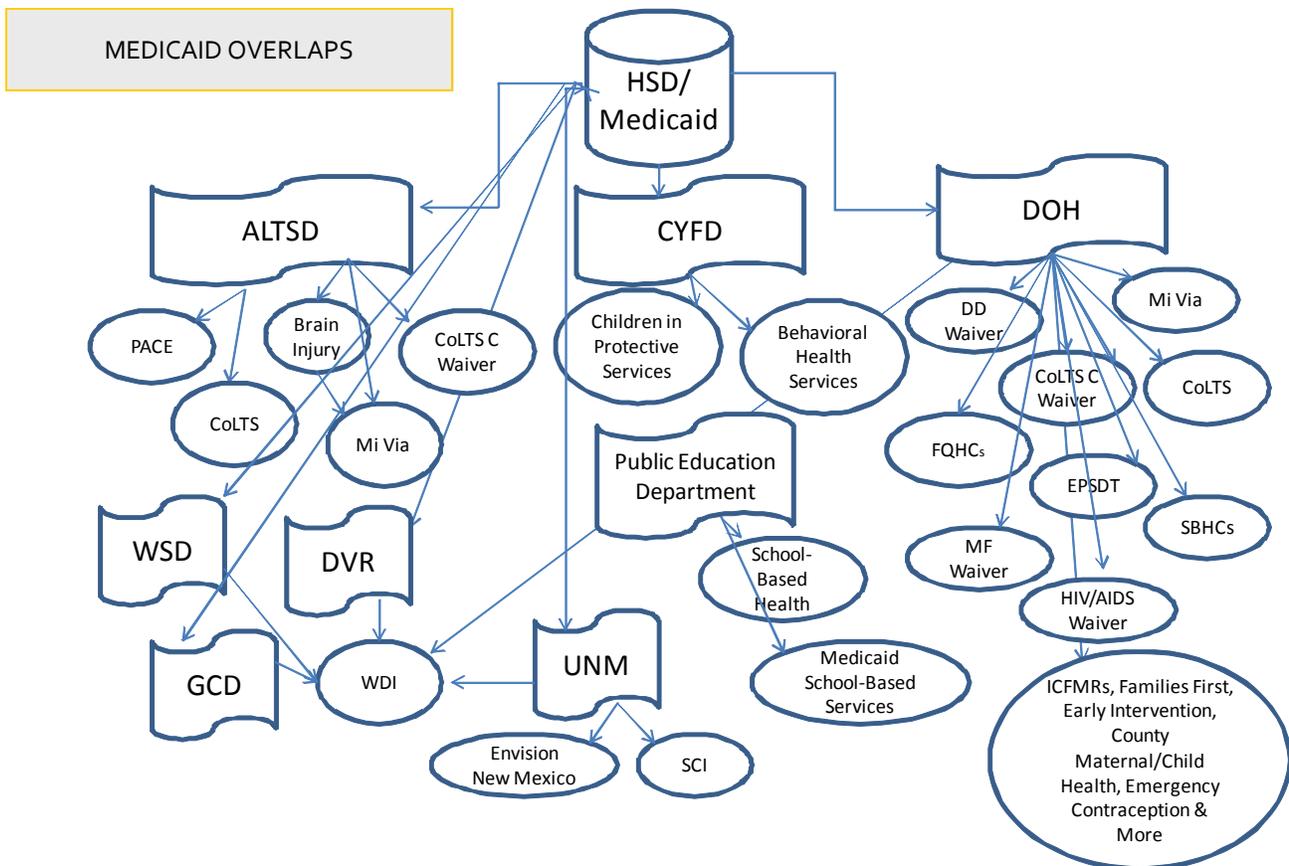
- ▶ the human services department (HSD), which funds medicaid;
- ▶ the department of health (DOH), which delivers health care in six facilities: Fort Bayard hospital, New Mexico veterans' center, New Mexico behavioral health institute, Sequoyah, New Mexico rehabilitation center and Turquoise Lodge; provides supports for developmental disabilities through the DD waiver program and the family infant toddler program; and serves as the public health department and is responsible for rural primary health care initiatives of the state as well as epidemiology and trauma funding;
- ▶ the aging and long-term services department (ALTSD), which provides for long-term community care, including the Mi Via, CoLTS and PACE programs and services for persons with brain injuries;
- ▶ the children, youth and families department (CYFD), which provides health services to children in protective services, including foster care and juvenile justice facilities;
- ▶ the corrections department (CD), which provides medical and

behavioral health care to prison inmates; and

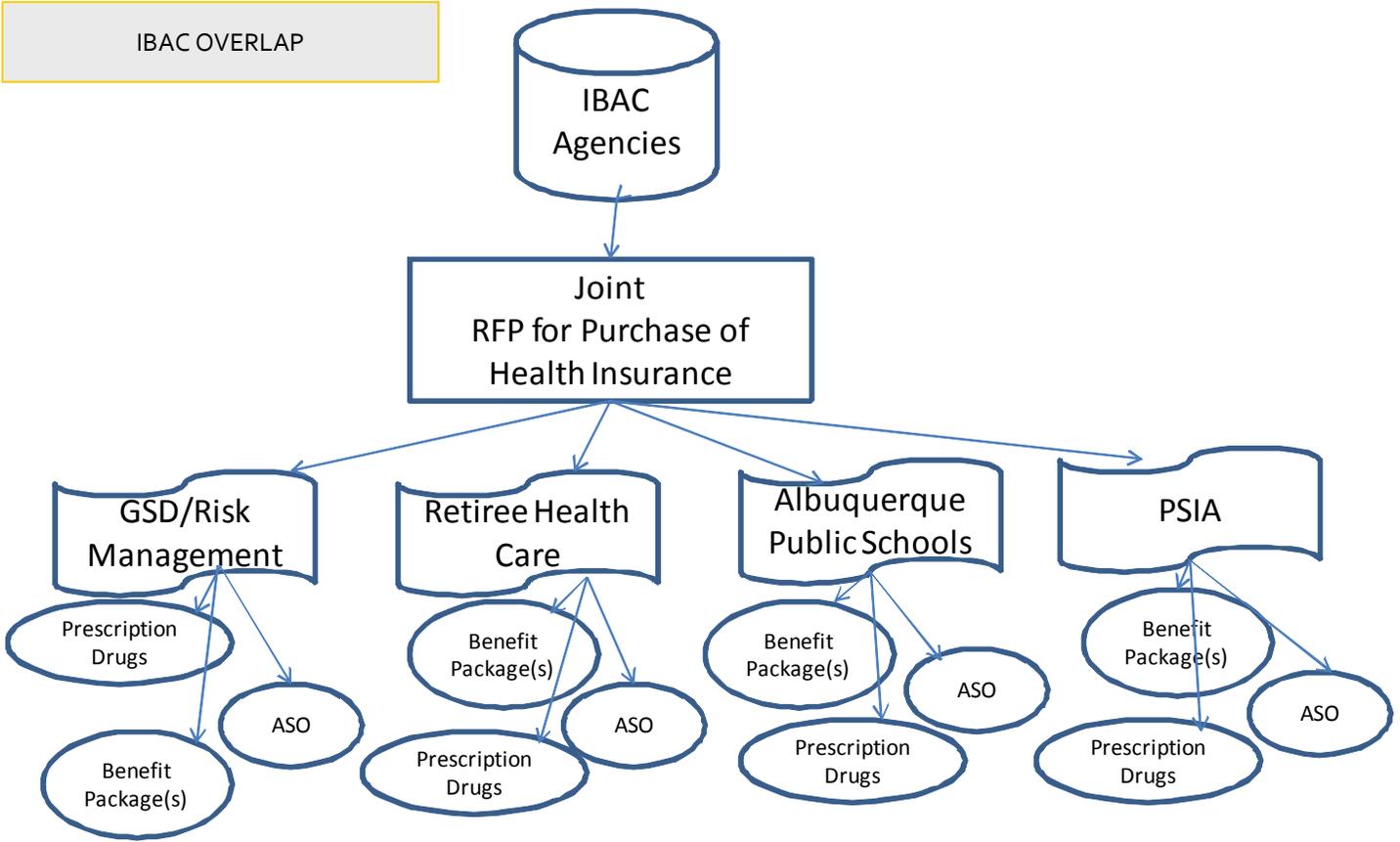
- ▶ the instructional support and vocational rehabilitation division in the public education department, which provides rehabilitation services to the disabled.

The workforce solutions department, the department of environment, the department of finance and administration and, obliquely, the regulation and licensing department also have roles in the health arena. The taxation and revenue department administers tax exemptions and credits. The risk management division of the general services department, the public school insurance authority, the retiree health care authority and the Albuquerque public schools insure state, local and public school employees. In addition to state departments, the university of New Mexico hospital/health sciences center (UNMH/HSC) provides direct services as do the public schools, which provide school-based health and medicaid school-based services. There are six agencies that primarily fund behavioral health services through the interagency behavioral health purchasing collaborative: HSD/medicaid, HSD/behavioral health services division, CYFD, CD, DOH and ALTSD.

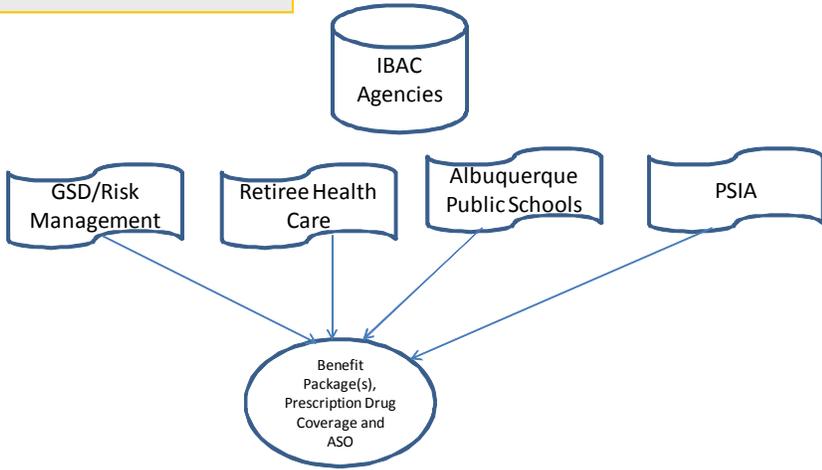
There are numerous boards and commissions in state government, many of them advocacy, that deal with specific health-related issues, such as the New Mexico health policy commission, the developmental disabilities planning council, the brain injury advisory council, the governor's commission on disability, the governor's HIV/AIDS policy commission, the telehealth commission, the



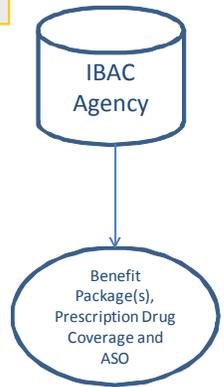
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COULD LOOK LIKE THIS



OR THIS



trauma system fund authority, several emergency management service boards, the medical use of cannabis board and the patient qualification board, the office of the governor's council on women's health, the medical advisory board to the athletic commission, the behavioral health planning council and the several licensing boards. On top of all that, there are multiple state entities involved in access to health insurance, including HSD, the public regulation commission, the New Mexico medical insurance pool and the New Mexico health insurance alliance.

The fiscal year 2010 medicaid projection of August 3, 2010 assumed state contributions of \$757.3 million to match federal payments of \$2,991.6, for a total of \$3.749 billion. Public employment health insurance benefits totaled \$967.7 million. UNMH/HSC, including Carrie Tingley crippled children's hospital; children's psychiatric; cancer center; and other special programs such as the office of the state medical investigator, newborn intensive care, poison control and nurse expansion, spent \$206.1 million on health care programs, of which \$174.7 million was state funding.

Given the complexity of financing and services, the task force believes there are significant opportunities for streamlining and consolidation that will lead to better services being provided at less cost, at least for administrative costs. The task force had hoped the legislative health and human services committee (LHHS), as the legislative experts in this area, would endorse consolidation legislation, but that committee could not reach a majority on several measures it considered. The task force has endorsed the Health Administration and Finance Consolidation Act, forwarded to it, though not endorsed, by LHHS, that creates the health administration and finance department that transfers to it: (1) administration and operation of medical assistance programs and behavioral health services programs; and (2) administration and operation of home- and community-based waiver services and other long-term services programs. The bill authorizes a study of the transfer of the administration of health benefit plans for state and local government employees, public school employees and public retirees. The bill also elevates the New Mexico health policy commission to an adjunct agency and provides for the appointment of the commission's director by the commission. This ensures an independent review and voice in health policy matters.

CONCLUSIONS

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In a few short months during an election year, the members of the government restructuring task force faithfully met and listened to state experts telling them about the New Mexico economy and the financial condition of state government; government structure; history of government reorganization in New Mexico and other states' restructuring efforts during this fiscal crisis; the state of public school and higher education funding; medicaid and health care financing and delivery; boards and commissions; and analyses of topics they heard and ideas they put forward, including various constitutional and statutory considerations and fiscal impacts. They received three three-inch binders full of information over the interim. In an otherwise busy interim for legislative members, including membership on one or more other committees, there was never any problem with achieving a quorum at the meetings; members came on time, listened intently to presentations, asked probing questions and worked with the facilitator, Mr. Karpoff, to digest the information and direct its staff toward the task force's final recommendations and legislative package.

As indicated in this report, there is still much work to do. There are further consolidations of agencies to be done and more agencies, boards and commissions that could be eliminated. Our new governor has an ideal opportunity to direct a review of the internal structure, programs and staffing of each agency under her authority to realize further streamlining that will lead to the four guiding principles of efficiency, cost-effectiveness, accountability and transparency. The beginning of a new gubernatorial administration is a perfect time to ask the most important question:

"What is the core, essential mission of state government and what are the core, essential services that must be provided by the state?"

The task force encourages Governor Martinez and the legislature to work together to continue the task begun by the committee on government efficiency and continued by the government restructuring task force. If the governor and the legislature undertake the tasks identified by the task force in its short- and long-range goals table and in the future studies section of the report, state policymakers will protect the state's core, essential services through the continuing fiscal crisis and on toward the bright future of New Mexico.

9-1-1. Short title.

This act [9-1-1 to 9-1-10 NMSA 1978] may be cited as the "Executive Reorganization Act".

9-1-2. Purpose of act.

The purpose of the Executive Reorganization Act [9-1-1 to 9-1-10 NMSA 1978] is to allow for more efficient management of the executive branch by creating an executive cabinet composed of secretaries of departments; to eliminate overlapping and duplication of effort; and to provide for administrative and budgetary controls within this organizational structure. It is also the intent of the legislature to provide for an orderly transfer of powers, duties and functions of the various state agencies to such departments with a minimum of disruption of governmental services and functions and with a minimum expense; and to this end, the governor shall begin immediately making such studies and preparations and taking such actions as are necessary to implement the provisions of all reorganization legislation enacted by the first session of the thirty-third legislature.

History: 1953 Comp., § 4-29B-2, enacted by Laws 1977, ch. 248, § 2.

Compiler's notes. — The reorganization laws enacted by the first regular session of the thirty-third legislature are Laws 1977, chs. 245 to 258.

9-1-3. Cabinet created; members; powers and duties.

A. There is created the "executive cabinet" headed by the governor and consisting of, but not limited to, the lieutenant governor, and the secretaries of such departments as are hereafter created and designated as "cabinet departments" pursuant to law.

B. The cabinet shall:

- (1) advise the governor on problems of state government;
- (2) establish liaison and provide communication between the executive departments and state elected officials;
- (3) investigate problems of public policy;
- (4) study government performance and recommend methods of interagency cooperation;
- (5) review policy problems and recommend solutions;
- (6) strive to minimize and eliminate overlapping jurisdictions and conflicts within the executive branch; and
- (7) assist the governor in defining policies and programs to make the government responsive to the needs of the people.

C. The governor shall call meetings of the cabinet at his pleasure and shall seek the advice of the cabinet members.

9-1-4. Cabinet departments; structure.

A. Except otherwise provided by law for its internal structure, the executive branch shall adhere to the following standard terms:

(1) the principal unit of the executive branch is a "department," headed by a "secretary," who shall be appointed by the governor with the consent of the senate and who shall serve at his pleasure;

(2) the principal unit of a department is a "division," headed by a "director," who shall be appointed by the secretary with the approval of the governor and who shall serve at the secretary's pleasure;

(3) the principal unit of a division is a "bureau," headed by a "chief," who is employed by the secretary and who is covered by, and subject to, provisions of the Personnel Act [10-9-1 NMSA 1978]; and

(4) the principal unit of a bureau is a "section," headed by a "supervisor," who is employed by the secretary and who is covered by, and subject to, the provisions of the Personnel Act [10-9-1 NMSA 1978].

B. An appointed secretary shall serve and have all of the duties, responsibilities and authority of that office during the period of time prior to final action by the senate confirming or rejecting his appointment.

9-1-5. Secretary; duties and general powers.

A. The secretary is responsible to the governor for the operation of the department. It is his duty to manage all operations of the department and to administer and enforce the law with which he or the department is charged.

B. To perform his duties, the secretary has every power expressly enumerated in the laws, whether granted to the secretary or the department, or any division of the department, except where authority conferred upon any division therein is explicitly exempted from the secretary's authority by statute. In accordance with these provisions the secretary shall:

(1) except as otherwise provided in this act [9-1-1 to 9-1-10 NMSA 1978], exercise general supervisory and appointing authority over all department employees, subject to any applicable personnel laws and regulations;

(2) delegate authority to subordinates as he deems necessary and appropriate, clearly delineating such delegated authority and the limitations thereto;

(3) organize the department into those organizational units he deems will enable it to

function most efficiently, subject to any provisions of law requiring or establishing specific organizational units;

(4) within the limitations of available appropriations and applicable laws, employ and fix the compensation of those persons necessary to discharge his duties;

(5) take administrative action by issuing orders and instructions, not inconsistent with the law, to assure implementation of and compliance with the provisions of law with the administration or execution of which he is responsible, and to enforce those orders and instructions by appropriate action or actions in the courts;

(6) conduct research and studies that will improve the operations of the department and the provision of services to the citizens of the state;

(7) provide courses of instruction and practical training for employees of the department and other persons involved in the administration of programs with the objective of improving the operations and efficiency of administration;

(8) prepare an annual budget of the department;

(9) provide cooperation, at the request of heads of administratively attached agencies and adjunct agencies, in order to:

(a) minimize or eliminate duplication of services and jurisdictional conflicts;

(b) coordinate activities and resolve problems of mutual concern; and

(c) resolve by agreement the manner and extent to which the department shall provide budgeting, record-keeping and related clerical assistance to administratively attached agencies;

(10) appoint, with the governor's consent, for each division, a "director." These appointed positions are exempt from the provisions of the Personnel Act [10-9-1 NMSA 1978]. Persons appointed to these positions shall serve at the pleasure of the secretary;

(11) give bond in the penal sum of twenty-five thousand dollars (\$25,000) and require directors to each give bond in the penal sum of ten thousand dollars (\$10,000) conditioned upon the faithful performance of duties, as provided in the Surety Bond Act [10-2-13 to 10-2-16 NMSA 1978]. The department shall pay the costs of such bonds; and

(12) require performance bonds of such department employees and officers as he deems necessary, as provided in the Surety Bond Act. The department shall pay the costs of such bonds.

C. The secretary may apply for and receive, with the governor's approval, in the name of the department, any public or private funds, including but not limited to United States government funds, available to the department to carry out its programs, duties or services.

D. Where functions of departments overlap, or a function assigned to one department could better be performed by another department, a secretary may recommend appropriate legislation to the next session of the legislature for its approval.

E. The secretary may make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions. No rule or regulation promulgated by the director of any division in carrying out the functions and duties of the division shall be effective until approved by the secretary unless otherwise provided by statute. Unless otherwise provided by statute, no regulation affecting any person or agency outside the department shall be adopted, amended or repealed without a public hearing on the proposed action before the secretary or a hearing officer designated by him. The public hearing shall be held in Santa Fe unless otherwise permitted by statute. Notice of the subject matter of the regulation, the action proposed to be taken, the time and place of the hearing, the manner in which interested persons may present their views and the method by which copies of the proposed regulation, proposed amendment or repeal of an existing regulation may be obtained shall be published once at least thirty days prior to the hearing date in a newspaper of general circulation and mailed at least thirty days prior to the hearing date to all persons who have made a written request for advance notice of hearing. All rules and regulations shall be filed in accordance with the State Rules Act [Chapter 14, Article 4 NMSA 1978].

F. If this section conflicts with the powers and duties specifically given by statute to a particular secretary, the specific powers and duties shall control. If this section conflicts with other statutes specifically limiting the powers of a secretary, the specific limitations shall control.

9-1-6. Adjunct agencies.

"Adjunct agencies" are those agencies, boards, commissions, offices or other instrumentalities of the executive branch, not assigned to the elected constitutional officers, which are excluded from any direct or administrative attachment to a department, which retain policymaking and administrative autonomy separate from any other instrumentality of state government.

History: 1953 Comp., § 4-29B-6, enacted by Laws 1977, ch. 248, § 6.

ANNOTATIONS

Am. Jur. 2d, A.L.R. and C.J.S. references. — 81A C.J.S. States §§ 141, 142.

9-1-7. Administratively attached agency; relationships.

A. An agency attached to a department for administrative purposes only shall:

- (1) exercise its functions independently of the department and without approval or control of the department;
- (2) submit its budgetary requests through the department; and

- (3) submit reports required of it by law or by the governor through the department.
- B. The department to which an agency is attached for administrative purposes only shall:
- (1) provide, if mutually agreed, the budgeting, record-keeping and related administrative and clerical assistance to the agency; and
 - (2) include the agency's budgetary requests, as submitted and without changes, in the departmental budget.
- C. Unless otherwise provided by law, the agency shall hire its own personnel in accordance with the Personnel Act [10-9-1 NMSA 1978].

9-1-8. Creation of agencies; prohibition.

Unless otherwise provided by law, neither a department secretary nor any other employee of the executive branch of state government, or any agency, may, by administrative action, create an agency, board, commission or any other entity of state government. This section shall not apply to:

- A. advisory committees created in accordance with Section 9 [9-1-9 NMSA 1978] of the Executive Reorganization Act; and
- B. units within the internal structure of a department established under Subsection A of Section 4 [9-1-4 NMSA 1978] of the Executive Reorganization Act.

9-1-9. Creation of advisory committees; who may create; filing; applications; composition; life span; title; quorum [quorum]; compensation.

A. Advisory committees may be created. Advisory shall mean furnishing advice, gathering information, making recommendations and performing such other activities as may be instructed or delegated and as may be necessary to fulfill advisory functions or to comply with federal or private funding requirements, and shall not extend to administering a program or function or setting policy unless specified by law.

B. The governor or a department secretary, with approval of the governor, may create advisory committees.

C. Each creating authority must file with the governor and the secretary of finance and administration a record of the advisory committee created, showing the committee's:

- (1) name;
 - (2) composition;
 - (3) appointed members' names and addresses; and
 - (4) purpose and term of existence.
- D. The secretary of each department created by the Executive Reorganization Act [9-1-1 to

9-1-10 NMSA 1978] shall, upon the effective date of the Executive Reorganization Act, file a record of each advisory committee within the department not abolished. Upon the filing of such a record, the provisions of this section shall apply to each such advisory committee.

E. The creating authority shall prescribe the composition and functions of each advisory committee created; appoint its members, who shall serve at the pleasure of the creating authority; and specify a date when the existence of each advisory committee ends.

F. No advisory committee may be created to remain in existence longer than two years after the date of its creation or beyond the period required to receive federal or private funds, whichever occurs later, unless extended by executive order of the governor. If the existence of an advisory committee is extended, the extension shall not be for more than two years.

G. Each advisory committee created under this section shall be known as the " advisory committee."

H. A majority of the membership of an advisory committee shall constitute a quorum.

I. Each member of an advisory committee may receive compensation for travel and per diem expenses incurred in the performance of their duties within budgeted amounts and in accordance with the provisions of the Per Diem and Mileage Act [10-8-1 to 10-8-8 NMSA 1978].

9-1-10. Reorganization plan; no abatement of actions.

No suit, action or other proceeding lawfully commenced by or against the head of any agency or other officer of the state, in his official capacity or in relation to the discharge of his duties, shall abate by reason of the taking effect of any reorganization plan under the provisions of the Executive Reorganization Act [9-1-1 to 9-1-10 NMSA 1978]. The district courts may, on motion or supplemental petition filed at any time within twelve months after the reorganization plan takes effect, showing a necessity for a survival of the unit [suit], action or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the successor of such head of agency or officer of the state under the reorganization effected by the plan or, if there is no successor, against such agency or officer as the governor shall designate.

9-1-11. Merger; executive order.

Upon order issued by the governor, the department of finance and administration and the educational finance and cultural affairs department shall be merged. Their various divisions, boards and commissions may be then grouped in an orderly fashion and given such powers and such autonomy as the governor may set out in such reorganization.

9-1-12. Preservation of powers of policy-making boards.

All policy-making boards and commissions within the two departments shall retain at least

the amount of autonomy and control they possess under present law.

9-1-13. Temporary provision; certain licensing functions; executive order transfer.

A. The control of the professional and occupational licensing functions of the executive branch of state government may be consolidated under the supervision of the regulation and licensing department upon executive order issued by the governor, and the executive order shall provide for such advisory committees as are deemed necessary or appropriate.

B. In the event an executive order is issued by the governor pursuant to Subsection A of this section, all records, physical properties and money pertaining to professional and occupational licensing functions transferred to the regulation and licensing department shall be transferred to that department.

C. It is the express purpose and intent of the legislature to authorize the consolidation of professional and occupational licensing functions in the regulation and licensing department so as to effect the more economical use and expenditure of public money by eliminating the duplication of services, operations and administration of the various professional and occupational licensing functions for the benefit of the citizens of the state.

APPENDIX B

Government Restructuring Task Force Endorsed Legislation

Title	Brief Description
<p>Create the commerce department</p> <p>.182953.5 sponsored by Rep. Lundstrom and Sen. Cisneros</p>	<ul style="list-style-type: none"> • Combines the functions of the economic development department, tourism department and workforce solutions department. • Abolishes the border authority, intertribal ceremonial board and office, small business regulatory advisory commission and litter control council. • Sunsets boards and commissions that fall under the purview of the new commerce department.
<p>Reorganize the energy, minerals and natural resources department (EMNRD)</p> <p>.182878.4 sponsored by Rep. Lundstrom</p>	<ul style="list-style-type: none"> • Transfers the functions of the department of game and fish into a new game and fish division of EMNRD. • Eliminates the state game commission and transfers its duties to the game and fish division. • Combines the coal surface mining commission and the mining commission. • Abolishes the technical advisory committee to the office of interstate gas markets and the natural lands protection committee. • Sunsets boards and commissions that fall under the purview of EMNRD.
<p>Reorganize the department of finance and administration (DFA) and the general services department (GSD)</p> <p>.182861.5 sponsored by Rep. Varela</p>	<ul style="list-style-type: none"> • Transfers the state personnel office and the purchasing division of GSD into DFA • Creates the executive services bureau of the administrative services division of DFA to provide administrative and clerical services for small agencies, defined 20 or fewer FTE or \$1 million or less budget.

Title	Brief Description
<p>Eliminate the public regulation commission (PRC)</p> <p>.182745A.1 sponsored by Sen. Lovejoy</p>	<ul style="list-style-type: none"> • Constitutional amendment to eliminate PRC and have its functions performed as provided by law.
<p>Implement constitutional amendment to assign the duties of PRC</p> <p>.182745B.1 sponsored by Sen. Lovejoy</p>	<ul style="list-style-type: none"> • Provides the process for the legislature to determine agencies to regulate functions of PRC, including utilities, insurance, pipeline, transportation. • Repeals the PRC and PRC districting statutes .
<p>Eliminate the public education commission (PEC) and secretary's duties</p> <p>.182821.2 sponsored by Rep. Miera</p>	<ul style="list-style-type: none"> • Constitutional amendment to eliminate the commission and remove listing of duties of the secretary of public education in the constitution; duties will be as provided by law.
<p>Reorganize the department of public safety (DPS)</p> <p>.182722.4 sponsored by Rep. Varela</p>	<ul style="list-style-type: none"> • Makes the homeland security and emergency management department a division of DPS. • Moves the fire marshal division of PRC into a division of DPS. • Transfers oversight of the enhanced 911 program from the local government division of DFA to DPS, creating a new enhanced 911 division. • Amends the Enhanced 911 Act. <ul style="list-style-type: none"> • Applies the E-911 surcharge to apply to prepaid phone cards and new phone service technologies. • Provides for development of a statewide enhanced 911 system using technologies provided by the department of information technology.

Title	Brief Description
	<ul style="list-style-type: none"> Eliminates the crime stoppers advisory council, mounted patrol board of directors, DNA identification system oversight committee and intrastate mutual aid committee and transfers their functions to DPS. Sunsets the interoperability planning commission and the state emergency response commission.
<p>Combine the state racing commission and the gaming control board</p> <p>.182723.2 sponsored by Sen. Neville</p>	<ul style="list-style-type: none"> Combines regulatory authority related to horse racing and pari-mutuel wagering of the state racing commission and the functions of the gaming control board.
<p>Departments provide services to administratively attached agencies</p> <p>.182713.1 sponsored by Sen. Eichenberg</p>	<ul style="list-style-type: none"> Amends the Executive Reorganization Act to require executive departments to provide administrative and clerical services to administratively attached agencies.
<p>Administrative Hearings Act</p> <p>.182715.1 sponsored by Sen. Eichenberg</p>	<ul style="list-style-type: none"> Creates a new administrative hearings office attached to the office of the attorney general. Requires all executive state agencies that handle administrative hearings to go through the office, unless prohibited by law from doing so. Moves all current hearing officers to the new office.
<p>Eliminate state personnel board's authority to exempt positions</p> <p>.182712.1 sponsored by Rep. Varela</p>	<ul style="list-style-type: none"> Amends the Personnel Act and the Executive Reorganization Act to limit the number of assistant or deputy secretaries and exempt administrative assistants. Eliminates the personnel board's authority to exempt positions from covered service; previously, it had discretion to determine a position was policymaking.
<p>Reporting of exempt salaries</p> <p>.182783.1 sponsored by Sen. Lopez</p>	<ul style="list-style-type: none"> Requires executive salaries, not just salary ranges, to be reported in the exempt salaries plan and included in the general appropriation act.

Title	Brief Description
Review of exempt and classified positions – study .182734.1 sponsored by Rep. Lundstrom	<ul style="list-style-type: none"> • Joint memorial that requests the state personnel office to conduct a review of exempt and classified administrative and managerial positions and the salaries provided for each classification. • Report on the review by September 1, 2011.
Making per diem and mileage rate consistent for state employees .182949.1 sponsored by Sen. Eichenberg	<ul style="list-style-type: none"> • Makes per diem and mileage consistent for everyone covered by the act, including the state and political subdivisions • Uses state employee rates and rules.
Sunset bill .182948.3 sponsored by Rep. Bandy	<ul style="list-style-type: none"> • Sunsets administratively attached and adjunct agencies and boards, commissions, councils, task forces, committees and other membership entities of the executive branch. • <i>See</i> the Sunset Bill table in Appendix for a list of agencies and sunset dates.
Allow legislature to overturn agency rules .182946.1 sponsored by Sen. Neville	<ul style="list-style-type: none"> • Constitutional amendment. • Allows the legislature to overturn a rule adopted by any state agency by a two-thirds' vote in each house.
Public school cash balances .183190.1 sponsored by Rep. Bandy	<ul style="list-style-type: none"> • Allows public schools to keep and carry over cash balances from year to year.
Department of environment (NMED) reorganization .183544.2 sponsored by Sen. Neville	<ul style="list-style-type: none"> • Transfers licensing authority under the Medical Imaging and Radiation Therapy Health and Safety Act from NMED to the department of health. • Eliminates the water quality control commission's authority to enact rules and transfers rulemaking power to NMED. • Eliminates the environmental improvement board's power to enact rules and transfers rulemaking power to NMED. • Eliminates the occupational health and safety review commission and transfers powers to the environmental improvement board. • Eliminates the wastewater technical advisory

Title	Brief Description
	<p>committee and transfers powers to NMED.</p> <ul style="list-style-type: none"> • Abolishes the storage tank committee, the occupational health and safety special committees and the food service sanitation advisory council. • Sunsets all boards and commissions that fall under NMED.
<p>Legislative Lottery Tuition Act .183565.1 sponsored by Sen. Payne</p>	<ul style="list-style-type: none"> • Replaces current laws with a short-titled act that converts the legislative lottery scholarship into a loan for students who do not complete a degree or certificate program. • Allows up to one year after high school graduation to be eligible and allows up to another year beyond the common four years or two years to complete a degree. • Does not count remedial courses as qualifying courses and does not pay for those courses.
<p>Organic Production Act .183200.4 sponsored by Rep. Bandy</p>	<ul style="list-style-type: none"> • Repeals the Organic Commodity Act in favor of the Organic Production Act. • Transfers the powers of the organic commodity commission to the New Mexico department of agriculture.
<p>Health Administration and Finance Consolidation Act .183305.2 sponsored by Sen. Lopez</p>	<ul style="list-style-type: none"> • Creates the health administration and finance department (HAFD). • Transfers administration and operation of medical assistance programs and behavioral health services programs to HAFD. • Transfers administration and operation of home- and community-based waiver services and other long-term services programs to HAFD. • Authorizes a study of the transfer of the administration of health benefit plans for public school employees, state and local public employees and public retirees to HAFD. • Establishes the New Mexico health policy commission as an adjunct agency and provides for appointment of the agency's executive director.

Title	Brief Description
<p>GRTF continuation</p> <p>.183439.1 sponsored by Rep. Varela</p>	<ul style="list-style-type: none"> Continues the work of the government restructuring task force in 2011.
<p>Remove rulemaking authority from construction industries and manufactured housing (bill the result of bds and comsns decisions)</p> <p>.183762.1 sponsor to be determined</p>	<ul style="list-style-type: none"> Transfers rulemaking authority from the construction industries and manufactured housing divisions to the regulation and licensing department.
<p>Cultural properties review committee (bill the result of bds and comsns decisions)</p> <p>.183849.1 sponsored by Rep. Bandy</p>	<ul style="list-style-type: none"> Committee sets policy; staff implements day-to-day.
<p>Professional sports regulated by regulation and licensing department (RLD) (bill the result of bds and comsns decisions)</p> <p>.183838.1 sponsor to be determined</p>	<ul style="list-style-type: none"> Eliminates the New Mexico athletic commission and gives authority to RLD to regulate professional sports.

Title	Brief Description
<p>Repeal boards and commissions</p> <p>Limit membership: · behavioral health planning council, down from over 40 to no more than 20</p> <p>.183443.3 sponsored by Sen. Lovejoy</p>	<p>Based on recommendations of the task force, the bill proposes to eliminate the following boards and commissions:</p> <p><i>agriculture:</i></p> <p>(1) rangeland protection advisory committee</p> <p><i>cultural affairs:</i></p> <p>(1) New Mexico state library commission (2) New Mexico film museum (3) Fort Stanton development commission (4) intertribal ceremonial board (5) Martin Luther King, Jr. commission, functions transferred to the office on African American affairs (6) music commission; functions transferred to arts division/New Mexico arts commission</p> <p><i>education:</i></p> <p>(1) higher education advisory board (2) public service law advisory committee (3) mathematics and science advisory council (4) the family and youth resource advisory committee</p> <p><i>general government:</i></p> <p>(1) alternative dispute prevention and resolution advisory council (2) governor's residence advisory commission (3) private equity investment advisory committee (4) state procurement standards and specifications committee</p> <p><i>health and human services:</i></p> <p>(1) brain injury advisory council, functions to the developmental disabilities planning council (2) child development board (3) children, youth and families advisory committee (4) interagency coordinating group (5) children's cabinet (6) compulsive gambling council (7) governor's commission on disability and the advisory council on disability, functions transferred to the disabilities concerns division of the aging and long-term services department</p>

Title	Brief Description
	<p>(8) health care providers licensing and credentialing task force</p> <p>(9) governor's HIV and AIDS policy commission</p> <p>(10) individual development account council</p> <p>(11) medical advisory committee</p> <p>(12) next generation council</p> <p>(13) pain management advisory council</p> <p>(14) New Mexico telehealth commission</p> <p>(15) youth alliance</p> <p>(16) several emergency medical service (EMS) boards, commissions and committees, functions to the EMS bureau of the department of health (in body of bill)</p> <p><i>instrumentalities:</i></p> <p>(1) New Mexico exposition center authority</p> <p>(2) historic landscape trust</p> <p>(3) New Mexico industrial and agricultural finance authority</p> <p><i>military affairs:</i></p> <p>(1) veterans' services advisory board</p> <p>(2) armory board council (in body of bill)</p> <p><i>public safety and criminal justice:</i></p> <p>(1) alcohol server education advisory committee</p> <p>(2) corrections industries commission, functions to the corrections department</p> <p>(3) domestic violence homicide review team</p> <p>(4) New Mexico domestic violence leadership commission</p> <p>(5) juvenile public safety advisory board</p> <p>(6) governor's organized crime prevention commission</p> <p><i>sports:</i></p> <p>(1) bicycle racing commission</p> <p>(2) sports advisory committee</p> <p><i>transportation:</i></p> <p>(1) traffic safety bureau advisory committee</p>

**Government Restructuring Task Force
Sunset Bill**

2013-2014	2015-2016	2017-2018
New Mexico community development council	voting system certification committee	New Mexico youth conservation corps commission
military children education compact state council	main street revolving loan committee	public safety advisory commission
council for purchasing from persons with disabilities	state board of finance	group benefits committee
Cumbres and Toltec scenic railroad commission	state investment council	board of the retiree health care authority
museum board of regents	tribal infrastructure board	firefighters' survivors supplemental death benefits review committee
board of trustees of the New Mexico museum of natural history and science	colonias infrastructure board	DWI grant council
New Mexico arts commission	juvenile justice advisory committee	hazardous materials safety board
cultural properties review committee	New Mexico sentencing commission	state commission of public records
New Mexico museum of space history commission	sex offender management board	risk management advisory board
board of the farm and ranch heritage museum	Indian affairs commission	capitol buildings planning commission
board of directors of the national Hispanic cultural center	information technology rate committee	education trust board
board of trustees of the New Mexico veterans museum	information technology commission	board of directors of public school insurance authority
state land trusts advisory board	public employee labor relations board	New Mexico veterans' advisory board

2013-2014	2015-2016	2017-2018
industrial training board	personnel board	board of medical investigators
apprenticeship committees	state armory board	state search and rescue review board
apprenticeship and training advisory committee	Indian education advisory council	children's trust fund board of trustees
data system council	Hispanic education advisory council	fire protection grant council
regional education coordinating councils	adolescent treatment hospital governing board	interstate stream commission
council on technology in education	behavioral health planning council	acequia commission
public school capital outlay council	trauma system fund authority	soil and water conservation commission
commission on the status of women	interagency committee on long-term care	New Mexico livestock board
office of the governor's council on women's health	hospital-acquired infection advisory committee	New Mexico beef council
advisory committee to the state agency on aging	medical use of cannabis advisory board	New Mexico sheep and goat council
commission for the blind	New Mexico law enforcement academy board	
commission for deaf and hard-of-hearing persons	state council for interstate adult offender supervision	
developmental disabilities planning council	parole board	
family infant toddler interagency coordinating council	crime victims reparation commission	
statewide adult support and services task force	state council for interstate juvenile supervision	

2013-2014	2015-2016	2017-2018
state advisory committee on substitute care review	land grant council	
civil legal services commission health standards advisory board		
skills council tree planting advisory committee		
unemployment compensation board of review fire planning task force		
unemployment compensation state advisory council, industry councils and special councils		
advisory council on workers' compensation and occupational disease disablement		
water trust board		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
AGRICULTURE					
1	Acequia commission — advises gov, leg, st eng, ISC & US army corps of engineers. Admin attached to LGD. HB 2 approp \$13.9	13.4	0.0		
2	Beef council — beef promotion; paid by industry assessments. Federal mandate; no cost to GF.	0.0	0.0		
4	State fair commission — created as govt instrumentality; can borrow money; has eminent domain power; created to be self-sufficient HB 2 approp \$395.0 (73 perm FTE)	0.0	0.0	Attach to commerce dept	HB 29
5	Livestock board — has become GF-funded board; used to be self-sufficient through brand fees, property taxes, etc. No longer performs meat inspections HB 2 approp \$669.8 (75 perm FTE)	0.0	0.0		
7	Organic commodity commission HB 2 approp \$25.0 (5 perm FTE)	0.0	0.0	Eliminate; functions to NMDA—Organic Protection Act	OPA
8	Rangeland protection advisory committee — advisory to NMDA	0.0	0.0	Repeal	Repeal bill
9	Sheep & goat council; industry assessments	0.0	0.0		
COMMERCE & INDUSTRY					
11	Apprenticeship & training advisory com	0.0	0.0		
13	Apprenticeship committees—1 for each federal apprenticeable trade—National Apprenticeship Act	0.0	0.0		
14	Apprenticeship council	0.0	0.0	Attach to commerce dept	HB 29
15	Border authority	4.0	0.0	Eliminate—functions to commerce dept	HB 29
17	Community development council—sets rules & awards grants from federal CDBG funds; LGD staffs	0.0	0.0		
19	Construction industries commission — approves proposed CID rules; subpoena power; enforcement power	0.0	0.0	Rulemaking to RLD	CIC bill
21	Economic development commission — approves 5-year plan; advise dept	7.5	0.0	Economic development & tourism comsn—attach to commerce dept	HB 29
22	Film and media industries, governor's council on	5.8	0.0	Repeal	HB 29

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (if cell is blank, GRTF is leaving the board or commission as is.)	Bill
23	Industrial training board — (job training incentive program (JTIP))	< 1.0	0.0		
24	Labor & industrial commission — advises secretary in enforcement of labor laws	26.2	0.0	Attach to commerce dept	HB 29
25	Manufactured housing committii — the construction industries committee for manufactured housing	0.0	0.0	Rulemaking to RLD	CIC bill
26	New Mexico-Chihuahua commission — cross-border, intergovernmental body that may negotiate agreements for cooperative projects	< 1.0	0.0	Continue at no cost to state—attach to commerce dept	HB 29
27	New Mexico-Sonora commission — cross-border, intergovernmental body that may negotiate agreements for cooperative projects	< 1.0	0.0	Continue at no cost to state—attach to commerce dept	HB 29
28	Occupational health & safety review commission	0.0	0.0	Merge with EIB	EIB bill
29	Occupational health & safety special committees	0.0	0.0		
30	Skills council—Related to federal Workforce Investment Act of 1998	0.0	0.0		
31	Small business regulatory advisory commission	0.0	0.0	Repeal act	HB 29
32	Spaceport authority is a state agency, not an instrumentality. But, like most authorities, it has broad powers to issue revenue bonds; purchase, sell, lease or otherwise dispose of property; operate a spaceport; collect tolls, fees & other charges; and receive municipal & county gross receipts tax revenue. GF approp \$1,174.5 9 FTE	4.5	0.0	Attach to commerce dept	HB 29
34	Tourism commission	7.0	0.0	Economic development & tourism comsn—attach to commerce dept	HB 29
35	Unemployment compensation board of review—Supported by federal funds. Statute appears to provide per diem & mileage plus \$15.00 per hour for the two appointees. Appeal review.	0.0	0.0		
36	Unemployment compensation state advisory council and other industry & special councils	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
37	Workers' compensation & occupational disease disablement, advisory council	0.0	0.0		
38	Workforce development board, state—federal mandate	0.0	0.0	Attach to commerce dept	HB 29
CULTURAL AFFAIRS					
40	Arts commission—required for federal funds from national endowment for the arts	0.0	0.0		
41	Cultural properties review committee	0.0	0.0	Retain policymaking but staff to perform day-to-day functions	
43	Farm & ranch heritage museum, board of the—required for museum accreditation	0.0	0.0		CPR bill
44	Film museum, board of trustees of the New Mexico	0.0	0.0	Repeal	Repeal bill
45	Fort Stanton development commission	0.0	0.0	Repeal	Repeal bill
46	Hispanic cultural center, board of directors of the national—required for museum accreditation	0.0	0.0		
47	Intertribal ceremonial board GF approp \$88.1	< 1.0	0.0	Repeal	HB 29
48	King, Jr., Martin Luther, commission GF approp \$364.8 3.0 FTE	132.6	0.0	Eliminate; functions to the office on African-American affairs	Repeal bill
49	Library commission, New Mexico state	0.0	0.0	Repeal	Repeal bill
50	Museum board of regents—required for accreditation of museums under its control. One board for several museums	0.0	0.0		
51	Music commission	0.0	0.0	Eliminate; functions to arts div/coms	Repeal bill
52	Natural history & science, board of trustees of the NM museum of—required for accreditation	0.0	0.0		
53	Space history commission, NM museum of—required for accreditation	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
EDUCATION, HIGHER					
54	Education, state commission on post-secondary—HED serves as commission; HED designated as agency for certain fed prgms	0.0	0.0		
55	Education trust board—governing body of New Mexico's 529 college savings program. Board is responsible for developing & implementing the provisions of the Education Trust Act. Expenses covered by a percentage of the return on investments	0.0	0.0		
57	Higher education advisory board	0.0	0.0	Repeal	Repeal bill
58	Public service law advisory committee	0.0	0.0	Repeal	Repeal bill
59	Regents, boards of state education institutions—constitutional boards	0.0	0.0		
EDUCATION, OTHER					
61	Blind & visually impaired, board of regents of the NM school for the—constitutional board	0.0	0.0		
62	Deaf, board of regents of the NM school for the—constitutional board	0.0	0.0		
63	Data system council -- newly created as a method to ensure collection and management of cohesive data in the P-20 system	0.0	0.0		
EDUCATION, PUBLIC					
64	Family & youth resource advisory committee	0.0	0.0	Repeal	Repeal bill
65	Hispanic education advisory council	0.0	0.0		
66	Indian education advisory council	22.6	0.0	Eliminate—functions to Indian affairs comsn	Indian commission bill
67	Mathematics & science advisory council	0.0	0.0		
69	Public education commission—constitutional board; largely advisory, but has been given control of vocational education and state chartering of charter schools; elected board	54.0	0.0	Joint resolution for CA to repeal	HJR
71	Public school capital outlay council	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (if cell is blank, GRTF is leaving the board or commission as is.)	Bill
73	Public school insurance authority, board of directors of the	0.0	0.0		
74	Regional education coordinating councils	0.0	0.0		
75	Technology in education, council on	0.0	0.0		
ENVIRONMENT AND NATURAL RESOURCES					
76	Coal surface mining commission	0.0	0.0	Combine with mining comsn	EMNRD bill
77	Emergency response commission, state—Federal requirement	0.0	0.0		
78	Environmental improvement board	0.0	0.0	Make advisory	EIB bill
80	Fire planning task force	0.0	0.0		
81	Game commission, state	0.0	0.0	Repeal; DGF is division of EMNRD	EMNRD bill
83	Hazardous materials safety board	0.0	0.0		
84	Interstate natural gas markets technical advisory committee, office of	0.0	0.0	Repeal	EMNRD bill
85	Interstate stream commission	0.0	0.0		
87	Mining commission	0.0	0.0	Combine with coal surface mining comsn	EMNRD bill
88	Mining safety board proposes rules for adoption by state mine inspector and reviews inspector's actions	0.0	0.0		EMNRD bill
89	Natural lands protection committee—performs functions under the Natural Lands Protection Act and the Natural Heritage Conservation Act	0.0	0.0	Repeal	EMNRD bill
90	Oil conservation commission—concurrent jurisdiction with oil conservation division	0.0	0.0		EMNRD bill
92	Parks advisory board, state	0.0	0.0		EMNRD bill
93	Radiation technical adv. council	0.0	0.0	Move to DOH	EIB bill
94	Radioactive waste consultation task force	0.0	0.0		
95	Soil & water conservation commission	0.0	0.0		
97	State land trusts advisory board	0.0	0.0		
98	Storage tank committee	0.0	0.0	Repeal	EIB bill
99	Tree planting advisory committee	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OS/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
100	Wastewater technical advisory committee evaluates wastewater treatment and disposal technologies for approval by secretary of environment	0.0	0.0	Repeal	EIB bill
101	Water quality control commission	0.0	0.0	Change membership—make advisory	EIB bill
103	Water trust board	0.0	0.0		
105	Youth conservation corps commission, NM	0.0	0.0		
	GENERAL GOVERNMENT				
107	Alternative dispute prevention & resolution advisory council	0.0	0.0	Repeal	Repeal bill
108	Architect, engineer, landscape architect & surveyor selection committee—per project	0.0	0.0		
109	Canvassing board, state	0.0	0.0		
110	Capitol buildings planning commission	0.0	0.0		
111	Civil legal services commission	0.0	0.0		
112	Disabilities, council for purchasing from persons with	0.0	0.0		
113	Educational retirement board	0.0	0.0		
114	Finance, state board of	0.0	0.0		
116	Gaming control board GF approp \$5,749.0 63.5 FTE	0.0	0.0	Combine with horse racing comsn	Gaming bill
118	Governor's residence advisory commission	0.0	0.0	Repeal	Repeal bill
119	Group benefits committee	0.0	0.0		
120	Indian affairs commission	0.0	0.0	Enhance with Indian education & tribal infrastructure; focus for sovereign relations	Indian commission bill
121	Information technology commission	0.0	0.0		
123	Information technology rate committee	0.0	0.0		
124	Investment council, state	0.0	0.0		
126	Land grant council	0.0	0.0		
128	Main street revolving loan committee	0.0	0.0		
129	Personnel board	0.0	0.0	Move to DFA	DFA bill
130	Private equity investment advisory committee	0.0	0.0	Repeal	Repeal bill
131	Procurement standards & specifications committee, state	0.0	0.0	Repeal	Repeal bill

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OS/FF Savings	GRTF RECOMMENDATIONS (if cell is blank, GRTF is leaving the board or commission as is.)	Bill
132	Public employee labor relations board GF approp \$298.8	0.0	0.0		
133	Public employees retirement board	0.0	0.0		
134	Public records, state commission of	0.0	0.0		
135	Public regulation commission—constitutional GF approp \$9,959.9 274.0 FTE	0.0	0.0	Eliminate and assign functions by law	SJR
137	Retiree health care authority, board of	0.0	0.0	Health Administration and Finance Consolidation Act study	HAFCA
138	Risk management advisory board	0.0	0.0	Health Administration and Finance Consolidation Act study	HAFCA
139	Voting system certification committee	0.0	0.0		
HEALTH AND HUMAN SERVICES					
141	Adolescent treatment hospital governing board	0.0	0.0		
142	Adult offender supervision, state council for interstate	0.0	0.0		
143	Adult support & services task force, statewide	0.0	0.0		
144	Aging, advisory committee to the state agency on	0.0	0.0		
145	Air transport advisory committee	0.0	0.0	Eliminate; functions to EMS bureau of DOH	Repeal bill
146	Behavioral health planning council	0.0	0.0	Reduce to no more than 20 members	
148	Blind, commission for the GF approp 211.8 93.5 FTE	0.0	0.0		
150	Brain injury advisory council GF approp \$97.0 of DDPC 1.0 FTE	0.0	0.0	Eliminate; functions to DDPC	Repeal bill
151	Child development board	4.1	0.0	Repeal	Repeal bill
152	Children, youth & families advisory committee	0.0	0.0	Repeal	Repeal bill
153	Children's cabinet	0.0	0.0	Repeal	Repeal bill
155	Children's trust fund board of trustees	35.0	0.0		
156	Colonias infrastructure board	0.0	0.0		
157	Compulsive gambling council	0.0	0.0	Repeal	Repeal bill
158	Deaf and hard-of-hearing persons, commission for	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OS/FF Savings	GRTF RECOMMENDATIONS (if cell is blank, GRTF is leaving the board or commission as is.)	Bill
160	Developmental disabilities planning council GF approp \$4,227.4 16.0 FTE	0.0	0.0		
163	Disability, advisory council on	0.0	0.0	Eliminate; functions to ALTSD	Repeal bill
164	Disability, governor's commission on	1100.0	0.0	Eliminate; functions to ALTSD	Repeal bill
166	DWI grant council	0.0	0.0		
167	Emergency medical services advisory committee, statewide	0.0	0.0	Eliminate; functions to EMS	Repeal bill
168	Emergency medical services, joint organization on education in—develops EMS curricula and approves training pgms	0.0	0.0	Eliminate; functions to EMS	Repeal bill
169	Emergency medical services licensing commission—receive public comment, oversee licensure, receive complaints, direct investigations, etc.	0.0	0.0	Eliminate; functions to EMS	Repeal bill
170	Family infant toddler interagency coordinating council—federal mandate	0.0	0.0		
171	Food service sanitation advisory council	0.0	0.0	Repeal	EIB bill
172	Health care providers licensing and credentialing task force	0.0	0.0	Eliminate	Repeal bill
173	Health policy commission, New Mexico GF approp \$151.7 9.0 FTE	0.0	0.0	Make adjunct agency	HAFCA
175	HIV and AIDS policy commission, governor's	0.0	0.0	Repeal	Repeal bill
177	Hospital-acquired infection advisory committee—federally funded	0.0	0.0		
178	Human rights commission	11.7	0.0	Attach to commerce dept	HB 29
179	Individual development account council	0.0	0.0	Repeal	Repeal bill
180	Juvenile supervision, state council for interstate—interstate compact	0.0	0.0		
181	Long-term care, interagency committee on—federally required	0.0	0.0		
182	Medical advisory committee	0.0	0.0	Repeal	Repeal bill
183	Medical direction committee	0.0	0.0	Repeal	Repeal bill
184	Medical investigators, board of	0.0	0.0		
185	Medical use of cannabis advisory board	0.0	0.0	Combine with patient qualification board	Repeal bill

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OS/IFF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
186	Miners' hospital of New Mexico, board of trustees of the—constitutional	0.0	0.0		
187	Next generation council	0.0	0.0	Repeal	Repeal bill
188	Pain management advisory council	0.0	0.0	Repeal	Repeal bill
189	Patient qualification review board	0.0	0.0	Combine w/cannabis bd	Repeal bill
190	Substitute care review, state advisory committee on—created in response to 1983 federal court consent decree	330.6	190.0		
191	Telehealth commission, New Mexico	0.0	0.0	Repeal	Repeal bill
192	Trauma advisory committee	0.0	0.0	Repeal	Repeal bill
193	Trauma system fund authority	0.0	0.0		
194	Tribal infrastructure board	0.0	0.0	Eliminate; functions to IAC	Indian commission bill
195	Veterans' advisory board, New Mexico	0.0	0.0		
196	Women, commission on the status of GF approp \$744.7 15.0 FTE	0.0	0.0		
197	Women's health, office of the governor's council on	0.0	0.0		
198	Youth alliance	0.0	0.0	Repeal	Repeal bill
INSTRUMENTALITIES—SEPARATE & APART FROM					
199	Exposition center authority, New Mexico	0.0	0.0	Repeal	Repeal bill
201	Finance authority, New Mexico	0.0	0.0		
204	Historic landscape trust, board of trustees of the	0.0	0.0	Repeal	Repeal bill
205	Hospital equipment loan council, New Mexico	0.0	0.0		
207	Industrial and agricultural finance authority, New Mexico	0.0	0.0	Repeal	Repeal bill
208	Lottery authority, New Mexico	0.0	0.0		
210	Mortgage finance authority, New Mexico	0.0	0.0		
213	Renewable energy transmission authority, New Mexico	0.0	0.0		
MILITARY AFFAIRS					
215	Armory board, state	0.0	0.0		
216	Armory board council	0.0	0.0	Repeal	Repeal bill
217	Awards boards	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OS/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
218	Military base planning commission GF approp \$137.4 1 FTE	0.0	0.0		
219	Veterans museum, board of trustees of the New Mexico	0.0	0.0		
220	Veterans' services advisory board	0.0	0.0	Repeal	Repeal bill
PROFESSIONAL AND OCCUPATIONAL BOARDS & COMMISSIONS					
221	Acupuncture & oriental medicine, board of	0.0	0.0		
223	Animal sheltering board	40.0	0.0		
225	Architects, board of examiners for	0.0	0.0		
226	Athletic trainer practice board	0.0	0.0		
227	Barbers and cosmetologists, board of	0.0	0.0		
228	Chiropractic board	0.0	0.0		
229	Counseling and therapy practice board	0.0	0.0		
230	Dental health care, New Mexico board of	0.0	0.0		
232	Dental hygienists committee, New Mexico	0.0	0.0		
234	Engineers and professional surveyors, state board of licensure for professional	0.0	0.0		
236	Hoisting operators licensure examining council	0.0	0.0		
237	Interior design board	0.0	0.0		
238	Landscape architects, board of	0.0	0.0		
239	Massage therapy board	0.0	0.0		
240	Medical board, New Mexico	0.0	0.0		
242	Medical imaging and radiation therapy advisory council	0.0	0.0		
243	Naprapathic practice board	0.0	0.0	Leave as is	
244	Nursing, board of	0.0	0.0		
246	Nursing home administrators, board of	0.0	0.0		
247	Nutrition and dietetics practice board	0.0	0.0		
248	Occupational therapy, board of examiners for	0.0	0.0		
249	Optometry, board of	0.0	0.0		
250	Osteopathic medical examiners, board of	0.0	0.0		

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
251	Pharmacy, board of	0.0	0.0		
252	Physical therapy board	0.0	0.0		
253	Podiatry, board of	0.0	0.0		
255	Polysomnography practice advisory committee	0.0	0.0		
256	Private investigations advisory board	0.0	0.0		
257	Psychologist examiners, New Mexico board of	0.0	0.0		
258	Public accountancy board, New Mexico	0.0	0.0		
260	Real estate appraisers board	0.0	0.0		
262	Real estate commission, New Mexico	0.0	0.0		
263	Respiratory care practitioners, advisory board of	0.0	0.0		
264	Signed language interpreting practices board	0.0	0.0		
265	Social work examiners, board of	0.0	0.0		
267	Speech-language pathology, audiology and hearing aid dispensing practices board	0.0	0.0		
268	Thanatopractice, board of	0.0	0.0		
269	Veterinary medicine, board of	0.0	0.0		
PUBLIC SAFETY & CRIMINAL JUSTICE					
270	Alcohol service education advisory committee	0.0	0.0	Repeal	Repeal bill
271	Community corrections advisory panel (juvenile state selection panel)	0.0	0.0		
272	Community corrections advisory panels (application review panel and state selection panel)	0.0	0.0		
273	Corrections industries commission	0.0	0.0	Repeal; functions to COR	Repeal bill
275	Corrections population control commission	0.0	0.0	Already terminated in law	
276	Crime stoppers advisory council	0.0	0.0	Repeal	DPS bill
277	Crime victims reparations commission GF approp \$1,953.0 16.0 FTE	0.0	0.0		
278	DNA identification system oversight committee	0.0	0.0	Repeal	DPS bill
279	Domestic violence homicide review team	0.0	0.0	Repeal	DPS bill

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (If cell is blank, GRTF is leaving the board or commission as is.)	Bill
281	Domestic violence leadership commission, New Mexico	10.0	0.0	Repeal	DPS bill
283	Fire protection grant council	0.0	0.0	Move w/fire marshal ofc to DPS	DPS bill
284	Firefighters' survivors supplemental death benefits review committee—meets only on request	0.0	0.0		
285	Human trafficking, task force to combat	0.0	0.0		
286	Interoperability planning commission	0.0	0.0	Move w/homeland security to DPS	DPS bill
287	Intrastate mutual aid committee	0.0	0.0	Eliminate; functions to DPS	DPS bill
288	Juvenile justice advisory committee—federal requirement	0.0	0.0		
289	Juvenile public safety advisory board GF approp \$25.0 0.0 FTE	24.1	0.0	Repeal	Repeal bill
291	Law enforcement academy board, New Mexico	0.0	0.0		
292	Mounted patrol board of directors	0.0	0.0	Eliminate; functions to DPS	DPS bill
293	Organized crime prevention commission, governor's	0.0	0.0	Repeal	Repeal bill
295	Parole board (adult) GF approp \$477.4 6.0 FTE	0.0	0.0		
296	Public safety advisory commission	0.0	0.0		
297	Search and rescue review board, state	0.0	0.0		
298	Sentencing commission, New Mexico GF approp \$683.5	0.0	0.0		
300	Sex offender management board, New Mexico	0.0	0.0		
SPORTS					
302	Athletic commission, New Mexico	0.0	0.0	Repeal; functions to RLD	RLD bill
303	Bicycle racing commission	0.0	0.0	Repeal	Repeal bill
304	Medical advisory board	0.0	0.0	Repeal; functions to RLD	RLD bill
305	Racing commission, state GF approp \$2,179.4 10.7FTE	0.0	0.0	Combine with gaming commission	Gaming bill
307	Sports advisory committee	0.0	0.0	Repeal	Repeal bill

BOARDS & COMMISSIONS

Pg No.*	Name	Est GF Savings	Est OSF/FF Savings	GRTF RECOMMENDATIONS (if cell is blank, GRTF is leaving the board or commission as is.)	Bill
TRANSPORTATION					
308	Cumbres and Toltec scenic railroad commission GF approp \$3,751.6 (GF \$94.2) (2.90 perm FTE)	0.0	0.0		
309	Health standards advisory board	0.0	0.0		
310	Highway selection committee (Procurement Code) per project	0.0	0.0		
311	Litter control council	0.0	0.0	Repeal; to commerce dept	HB 29
312	Off-highway motor vehicle advisory board	0.0	0.0		
313	Traffic safety bureau advisory committee	0.0	0.0	Repeal	Repeal bill
314	Transportation commission, state No direct GF, but commission travel is quite expensive when members & staff fly to mtgs	0.0	0.0		
		1833.1	190.0		

Legislative Council Service

Information Memorandum

DATE: January 12, 2011

TO: Government Restructuring Task Force Members

FROM: Jonelle Maison

SUBJECT: COMMERCE DEPARTMENT — SECTION-BY-SECTION EXPLANATION

Following is a section-by-section explanation of the proposed commerce department and necessary amendatory sections. Any opinions expressed are those of the author and do not necessarily reflect the opinions of the legislative council or other members of its staff.

The purpose of the bill is to create a commerce department by combining the functions of the economic development department (EDD), tourism department and workforce solutions department (WSD). In addition, it abolishes the border authority. The bill also sunsets boards and commissions that fall under the purview of the new commerce department.

Note that many of the sections creating a cabinet department are standard sections based on the Executive Reorganization Act, and they are not discussed in this memorandum.

Section 1 (page 1). Short title — Sections 1 through 26 of the bill are the Commerce Department Act; the remainder are the necessary amendments, temporary provisions and repeal sections.

Section 2 (pages 1-2). Purpose — This is a standard reorganization section. The purpose is to establish a single, unified department for economic development, tourism and workforce solutions.

Section 3 (page 2). Definitions — "Department" and "secretary" are defined.

Section 4 (pages 2-3). Department created — This section provides the structure of the commerce department, which is:

- (1) office of the secretary;

- (2) administrative services division, which includes:
 - (a) economic research and analysis bureau (from WSD); and
 - (b) information technology bureau;
- (3) economic development division, which includes:
 - (a) international trade bureau (which includes Mexican affairs from EDD and some border authority functions);
 - (b) marketing bureau;
 - (c) New Mexico film bureau; and
 - (d) enterprise development bureau (which collapses several functions from EDD);
- (4) labor relations division, which includes:
 - (a) human rights bureau;
 - (b) apprenticeship bureau; and
 - (c) labor and industrial bureau;
- (5) tourism development division, which includes:
 - (a) New Mexico magazine bureau; and
 - (b) welcome centers bureau; and
- (6) work force transition services division (mostly unemployment functions from WSD).

The secretary has the power to reorganize internally, but a change in statutory divisions or bureaus must be reported to the next regular session of the legislature. While secretaries have generally had the authority to reorganize, they usually have not come back to the legislature to have their laws changed; this has led to confusion between the law and reality.

Section 5 (pages 3-4). Administratively attached agencies — These are the boards and commissions that are currently attached to the superseded departments:

- (1) apprenticeship council;
- (2) economic development and tourism commission (this combines the two existing commissions);
- (3) human rights commission;
- (4) labor and industrial commission;

- (5) New Mexico-Chihuahua commission;
- (6) New Mexico-Sonora commission;
- (7) spaceport authority;
- (8) state fair commission;
- (9) workers' compensation administration; and
- (10) state workforce development board.

In an effort to alleviate some duplication and overlap, the department is required to provide administrative services to administratively attached agencies.

Section 6 (page 4). Secretary of commerce — This standard section provides that the secretary of commerce is appointed by the governor and confirmed by the senate.

Section 7 (pages 4-7). Secretary powers and duties — This is also a standard section and is a copy of the powers and duties section in the Executive Reorganization Act. It includes that divisions of the department are run by directors who are exempt and serve at the pleasure of the secretary. The section also lays out how the department will be operated, including how rules must be adopted and promulgated.

Section 8 (page 7). Bureaus — This is another standard section that allows for the establishment of bureaus, run by chiefs. Chiefs and subsidiary employees are covered by the Personnel Act unless otherwise provided by law.

Section 9 (pages 7-8). Organizational units; powers and duties specified by law; access to information — This is another standard section providing that organizational units of the department have the powers and duties specified by law but that they are subject to the direction and supervision of the secretary, who has final decision-making authority unless the law specifically exempts the organizational units. In the existing three departments, there are no divisions or functions exempted from the power of the secretaries. The section also gives the department access to all state information not specifically held confidential by law. Proprietary technical information or that related to possible relocation or expansion of business is deemed confidential.

Section 10 (pages 8-9). Cooperation with federal government and single state agency (existing law) — This is yet another standard organizational section; in this instance, it

brings forward the authority of the former WSD to cooperate with the federal government in the administration of employment, unemployment and training programs funded by the federal government, and it provides that the governor or the secretary may designate the department as the single state agency for the administration of such programs. No designation of a single state agency can be made in contravention of state law.

Section 11 (pages 9-12). Economic development and tourism commission (existing law) — This section creates the commission and administratively attaches it to the department. The commission is the planning agency that provides advice to the department on policy matters, and it is responsible for the annual approval and update of the state's five-year economic development and tourism plans.

The commission consists of 15 members who are qualified electors of the state, no more than eight of whom at the time of their appointment are members of the same political party and at least two of whom are Native American. Members are appointed by the governor and confirmed by the senate. Seven members are appointed from the seven planning districts, three are from the congressional districts and two are at-large. They serve five-year staggered terms and cannot be removed except for cause.

The commission:

- (1) develops and recommends policies and provides program guidance to the department;
- (2) reviews, modifies and approves annual updates to the five-year plans;
- (3) assists and promotes the department on matters relating to economic development, tourism, tribal tourism, technology, technology-based new business development and technology commercialization projects, including small business needs; and
- (4) reviews federal technology-based programs requiring state matching funds and authorizes expenditures or pledges of state match funds.

The commission is sunsetted on July 1, 2015 unless continued by law. There is no wind-up period provided.

Section 12 (pages 12-14). Additional economic development duties (existing law) — This section delineates the department's functions regarding economic development, including

the following summarized duties:

- (1) provide coordinated statewide perspective with regard to economic development activities;
- (2) work with and provide staff support to the economic development and tourism commission;
- (3) develop, maintain and provide economic and demographic information to the governor, the legislature, other state agencies and local governments;
- (4) provide a database for local and regional economic development groups;
- (5) actively encourage new economic enterprises to locate in New Mexico and assist existing businesses to expand;
- (6) monitor the progress of state-supported economic development activities and prepare annual reports of those activities and their status and impact;
- (7) create and encourage methods designed to provide rapid economic diversification development;
- (8) provide for technology commercialization projects as an incentive to industry locating or expanding in the state and promote and market federal and state technology commercialization programs;
- (9) support technology transfer programs and promote New Mexico as a technology conference center;
- (10) develop and implement enhanced statewide procurement programs;
- (11) provide support and assistance in the creation and operation of development finance mechanisms such as business development corporations to ensure capital availability for business expansion and economic diversification; and
- (12) serve as the lead agency in coordination of the census program at the state data center.

Section 13 (page 14). Additional tourism promotion duties (existing law) — This section delineates the department's functions regarding tourism promotion, including the following summarized duties:

- (1) provide a coordinated statewide perspective with regard to tourism activities;
- (2) staff the economic development and tourism commission in formulating and

implementing the state's five-year tourism plan;

(3) provide a database for local and regional tourism groups and serve as a comprehensive source of information and assistance to tourism-related businesses wishing to locate, expand or do business in New Mexico;

(4) monitor the progress of state-supported tourism activities and prepare annual reports of those activities and their status and impact; and

(5) maintain and update records on the status of all completed and ongoing tourism-related projects of the department.

Section 14 (pages 14-15). Additional duties regarding Indian arts, crafts and culture (existing law) — The department has the following duties:

(1) encourage the preservation and development of Indian arts and crafts among the Indian nations, tribes and pueblos of the state;

(2) encourage the preservation of traditional rites and ceremonials of Indian nations, tribes and pueblos; and

(3) promote the intertribal ceremonial.

Section 15 (pages 15-16). Additional duties regarding defense conversion and other technology (existing law) — The department is the lead agency to promote defense conversion technology, to coordinate the transfer of defense technology and other technology from federal, state and local government facilities to private sector industries and to promote private-public partnership and business development programs. The department shall coordinate or accept federal and state funds appropriated for conversion of defense technologies and to coordinate technology transfer in accordance with the state's technology development plan. The department may contract with appropriate partnership intermediaries to assist in the coordination of defense conversion duties. As part of this, the department shall:

(1) oversee the activities of the manufacturing productivity center and manufacturing extension programs;

(2) coordinate the activities of small business incubators;

(3) coordinate appropriate divisions in the department to provide technology export assistance;

- (4) coordinate small business development and assistance programs;
- (5) identify sources of funding for capital expenditure programs and initial venture programs;
- (6) coordinate the development of regional technology clusters; and
- (7) provide support and coordination assistance to the commission and the secretary in development of defense conversion industries.

Section 16 (pages 16-17). Department cooperation with local and regional economic development agencies (existing law) — The department shall cooperate with local and regional development agencies, including the following summarized duties:

- (1) coordinating state, local or regional activities and assisting in gathering information on local and regional assets;
- (2) assisting in the development of a plan for the expansion of the local or regional economic base; and
- (3) providing matching funds through the state cooperative advertising program.

Section 17 (pages 17-18). Administrative services division — This section includes some of the particular administrative services for which the division is responsible, including:

- (1) keeping all official records of the department and administratively attached agencies;
- (2) providing personnel administration, financial management, procurement and budget preparation for the department and administratively attached agencies; and
- (3) performing economic research and analysis for the department and commission.

The division administers programs and grants that have been assigned generally to the department by the governor or the economic development and tourism commission or by statute.

Section 18 (page 18). Tourism enterprise fund (existing law) — This is a nonreverting fund that includes revenue from sales of souvenirs and sundries at visitor centers, web site-based sales and television special program rights to be used by the department to carry out its duties.

Section 19 (pages 18-21). Economic development division (existing law) — This section includes some of the particular functions for which the economic development division is responsible, including:

- (1) enhancing the business climate to encourage the start-up, relocation, development and growth of technology-based industry in New Mexico;
- (2) promoting an expanded, diversified technology-based economy;
- (3) supporting in-state industries and attracting new industries to New Mexico;
- (4) formulating a five-year state technology development plan and submitting it to the economic development and tourism commission;
- (5) developing agreements with federal research, development, testing and evaluating organizations and universities to facilitate the transfer and commercialization of technology; and
- (6) developing requests for proposals in technology commercialization areas and monitoring progress on state-funded research and development projects.

Any information obtained by the economic development division that is deemed by the director and the secretary to be proprietary technical or business information shall be held in confidence, and the information is not deemed a public record under the Public Records Act or open to inspection under Section 14-2-1 NMSA 1978.

Section 20 (pages 21-23). Enterprise development bureau duties and business incubators (existing law) — The enterprise development bureau has the following summarized duties:

- (1) provide information and assistance to businesses wishing to relocate to New Mexico or to expand within New Mexico;
- (2) develop and maintain a comprehensive statewide business information database and referral service;
- (3) provide assistance regarding licensing, permitting and taxation procedures; and
- (4) establish a reporting procedure to monitor the success of the referral service.

Business incubators receiving state funds are required to pass a state incubator certification program administered by the bureau. The bureau certifies based on documentation that the incubator is qualified to provide services.

Section 21 (pages 23-25). Artisans business development program and fund

(existing law) — This section creates the New Mexico artisans business development program in the economic development division to promote artisans and artisans' wares, in conjunction with the arts division of the cultural affairs department. The New Mexico artisans business development fund is a nonreverting fund consisting of appropriations, gifts, grants, donations and investment income, which is used to carry out the purposes of the program.

Section 22 (page 25). Technology-based proposals and state match fund (existing law) — The state match fund is a nonreverting fund that can be used only as state matching funds when submitting technology-based proposals to the federal government.

Section 23 (pages 25-26). International trade bureau duties (existing law) — The international trade bureau is responsible for conducting and coordinating the state's relations with other countries and promoting New Mexico and its products and services. Duties are summarized as:

- (1) coordinating activities of the department and other state agencies as those activities relate to improving New Mexico's relations and trade with other countries;
- (2) promoting New Mexico to international investors;
- (3) promoting New Mexico products and services to potential international consumers and establishing a central registry for New Mexico products and services;
- (4) developing, maintaining and using a database of potential domestic and international investors and consumers for New Mexico and its products and services;
- (5) fostering, coordinating and supporting private promotion efforts; and
- (6) working with persons outside of state government to formulate a trade promotion plan for inclusion in the department's five-year economic development and tourism plans.

Section 24 (pages 26-27). Mexican trade (existing law) — The international trade bureau is responsible for:

- (1) conducting and coordinating the state's relations with Mexico and Chihuahua;
- (2) promoting New Mexico products and services in Mexico;
- (3) coordinating activities of the department and other departments as those activities relate to improving New Mexico-Mexico relations and trade;

(4) establishing and updating the New Mexico trade registry; and

(5) providing periodic reports to the New Mexico finance authority (NMFA) oversight committee on its activities and the activities of the state pertaining to New Mexico-Mexico relations, trade and border development.

Section 25 (pages 27-29). Minority business assistance (existing law) — This section defines "minority business" as a business with its principal place of business in New Mexico with majority ownership held by residents who are African American, Hispanic American, Asian American or Native American and that employs 20 or fewer people.

Section 26 (pages 29-30). Minority business assistance fund (existing law) — This section creates a nonreverting fund to carry out the provisions of Section 25.

★ The next 60 sections are amendatory material, with only name changes for the most part. Only substantive changes will be discussed.

Section 28 (pages 31-33). Main street revolving loan committee — The boards and commissions subcommittee wrestled with the expense of per diem and mileage for numerous boards and commissions. This section provides that members will not receive per diem and mileage.

Section 31 (pages 36-38). Powers and duties of NMFA oversight committee — This section includes monitoring and providing advice and assistance on border economic development activities, particularly state and government capital planning and financing of border and port-of-entry capital projects. This is similar to the committee's duty for the border authority, which is being abolished in the bill.

Sections 33 and 34 (pages 43-45). New Mexico-Chihuahua commission — The boards and commissions subcommittee recommended continuation of the commission on condition that it not be an expense to the state. The commission is sunsetted later in the bill.

Sections 35 and 36 (pages 45-47). New Mexico-Sonora commission — The boards and commissions subcommittee recommended continuation of the commission on condition that it not be an expense to the state. The commission is sunsetted later in the bill.

Sections 42 through 63 (pages 52-80). These sections clean up old labor sections of law.

Sections 67 through 70 (pages 82-84). These sections clean up economic development and patent law sections.

Section 72 (pages 84-87). Spaceport authority created — This section provides for per diem and mileage at the same rate as state employees.

Section 74 (pages 87-88). Litter Control and Beautification Act definitions — The boards and commissions subcommittee recommends that the litter control council be abolished. The amendments to this section conform with that request.

Section 79 (page 92). Sunsets the human rights commission in 2017.

Section 80 (page 92). Sunsets the New Mexico-Chihuahua commission in 2015.

Section 81 (pages 92-93). Sunsets the New Mexico-Sonora commission in 2015.

Section 82 (page 93). Sunsets the state fair commission in 2017.

Section 83 (page 93). Sunsets the spaceport authority in 2017.

Section 84 (page 94). Sunsets the labor and industrial commission in 2017.

Section 85 (page 94). Sunsets the workers' compensation administration in 2017.

Section 86 (pages 94-95). Sunsets the state workforce development board in 2017.

Section 87 (pages 95-96). Temporary provision; transfers — This is a standard transfer section that includes transfers of the EDD, tourism department, WSD and border authority to the commerce department. Subsection E of the section transfers everything of the New Mexico film museum to the cultural affairs department.

Section 88 (page 96). Recompilation — This section recompiles Section 9-15-56 NMSA 1978, which requires certain information to be provided in a law that provides economic development tax incentives, into the Commerce Department Act.

Section 89 (pages 96-98). Repeal — This section repeals the following:

- A. Economic Development Department Act;
- B. Tourism Department Act;
- C. Intertribal Ceremonial Act;
- D. Workforce Solutions Department Act;
- E. Small Business Regulatory Relief Act;
- F. New Mexico Film Museum Act;

G. Border Development Act; and

H. the litter control council.

Section 90 (page 98). Effective date — The effective date is January 1, 2011.

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Legislative Council Service

Information Memorandum

DATE: January 12, 2011

TO: Government Restructuring Task Force Members

FROM: Jonelle Maison

SUBJECT: DEPARTMENT OF FINANCE AND ADMINISTRATION — SECTION-BY-SECTION EXPLANATION

Following is a section-by-section explanation of the proposed new department of finance and administration (DFA) that includes:

- (1) creating an executive services bureau to provide administrative services to small agencies;
- (2) moving the purchasing division from the general services department (GSD);
- (3) moving the state personnel office (SPO) to DFA;
- (4) making the office of education accountability part of a division that oversees both public school and higher education finance and accountability; and
- (5) making necessary amendments to current law.

Any opinions expressed are those of the author and do not necessarily reflect the opinions of the New Mexico legislative council or other members of its staff.

Note that many of the sections creating a cabinet department are standard sections based on the Executive Reorganization Act. Amendatory sections that are cleanup without substantive changes are not discussed.

★ **Section 3 (pages 2-3). Department created** — This section provides the structure of DFA, with new organizational units bolded:

- (1) office of the secretary;
- (2) administrative services division, including:
 - (a) **executive services bureau**; and
 - (b) capital outlay planning and monitoring bureau;
- (3) board of finance division;
- (4) **educational finance and accountability division**;
- (5) financial control division;
- (6) local government division;
- (7) **purchasing division**, which includes the management and contracts review bureau;
- (8) state budget division; and
- (9) **state personnel division**.

The secretary has the power to reorganize internally, but a change in statutory divisions or bureaus must be provided to the legislature for statutory revision; the secretary may not create new divisions without express authority of the legislature.

★ **Section 4 (page 4). Administratively attached agencies** — This section lists the agencies that are administratively attached, with the new one to DFA in bold:

- (1) acequia commission;
- (2) state board of finance;
- (3) **personnel board**;
- (4) New Mexico community development council;
- (5) civil legal services commission; and
- (6) land grant council.

★ **Section 9 (pages 11-13). Educational finance and accountability division** — This section specifies the duties of the educational finance and accountability division, which are to monitor and oversee public school and higher education finances and budgets and to provide an independent evaluation of how well the two public education systems are performing and how well the public education department and higher education department perform in holding those systems accountable to students, taxpayers and citizens.

★ **Section 10 (page 14). Executive services bureau duties** — This section provides that the executive services bureau shall provide budgeting, recordkeeping and related administrative and clerical services for small agencies, which are those with 20 or fewer employees or a budget of \$1 million or less.

★ **Section 12 (pages 14-15). General services department created** — This section makes GSD a non-cabinet department (similar to the regulation and licensing department); changes the makeup of GSD to take out the purchasing division; and conforms the section by adding the state aviation bureau and the surplus property bureau, which are provided for in other statutes.

Section 13 (pages 15-16). Superintendent appointment — This section converts the secretary of general services to a superintendent.

Section 16 (pages 21-22). Personnel board powers and duties — This section removes from the personnel board the ability to promulgate rules, hire the state personnel director, review budget requests of SPO and liaise with GSD.

★ **Section 17 (pages 22-23). State personnel director qualifications** — This section is a new section of the Personnel Act that provides that the state personnel director must be someone of recognized character and ability appointed by the secretary of finance and administration based solely on the director's qualifications and without regard to political affiliation. The director must have at least a master's degree in human resource management or public or business administration or a related field and at least seven years' progressive experience in applying principles, methods and techniques of personnel administration. The section also requires the director to be confirmed by the senate.

Section 18 (page 23). Personnel director duties — This section deletes the director as secretary of the personnel board and provides that the director recommend to the secretary of finance and administration rules to be promulgated.

Sections 23 through 33 (pages 27-40). These sections amend the Procurement Code and the State Use Act to define the central purchasing office as the purchasing division of DFA and change responsibilities from GSD to DFA.

Sections 36 through 38 (pages 43-45). Temporary provisions; transfers — These sections are standard transfer sections. Section 36 transfers functions, money, property, contractual obligations and statutory references of SPO to DFA. Section 37 provides the same transfers from the purchasing division of GSD to DFA. Section 38 provides that statutory

references to the secretary of general services shall be deemed to be references to the superintendent of general services.

Section 39 (page 45). Repeal — This section repeals the attachment of SPO and the personnel board to GSD and repeals the governor's residence advisory commission.

Section 41 (page 39). Effective date — The effective date is July 1, 2011.

Legislative Council Service

Information Memorandum

DATE: January 12, 2011

TO: Government Restructuring Task Force Members

FROM: Kim Bannerman

SUBJECT: ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
REORGANIZATION — SECTION-BY-SECTION EXPLANATION

Following is a section-by-section explanation of the proposed reorganization of the energy, minerals and natural resources department (EMNRD). The bill moves the department of game and fish into the EMNRD. The majority of the bill deals with the elimination of the state game commission and the transfer of the state game commission's authority to the new game and fish division of the EMNRD. The bill combines the powers and duties of the coal surface mining commission with the mining commission and then eliminates the coal surface mining commission. The bill also addresses several of the government restructuring task force's recommendations relating to boards and commissions dealing with energy, minerals and natural resources matters. First, it eliminates both the technical advisory committee to the office of interstate markets and the natural lands protection committee. Second, it sunsets several boards and commissions that address energy, minerals and natural resources issues.

Any opinions expressed are those of the author and do not necessarily reflect the opinions of the New Mexico legislative council or any other member of its staff. Note that amendatory sections that are cleanup without substantive changes are not discussed.

Section 2 (page 2). Department established. This section adds the game and fish division to the EMNRD. It also deletes the administrative attachment of the state game commission to the EMNRD because the state game commission is being eliminated.

Section 3 (page 3). Secretary's powers and duties. This section provides that the secretary of energy, minerals and natural resources' authority over the department or divisions of the department can be exempted by explicit statement in statute. This is a standard executive organization provision. The amendment is necessary because the Water Quality Act requires the water quality control commission to be exempt from the secretary's authority.

Section 5 (page 4). This section sunsets the New Mexico youth conservation corps commission in 2017.

Section 8 (page 5). State parks advisory board. This section specifically states that the state parks advisory board shall not be paid or receive per diem pursuant to a request of the boards and commissions committee and sunsets the board in 2017.

Sections 10 and 11 (pages 8-10). These sections move control of the department of game and fish from the state game commission into the new game and fish division of the EMNRD and move the former conservation services division of the department of game and fish to the conservation services bureau of the game and fish division of the EMNRD.

Section 17 (pages 13-18). Powers of the game and fish division. This section transfers the powers of the state game commission to the game and fish division.

Sections 18 through 20 (pages 18-20). Bonding authority. These sections give bonding authority previously invested in the state game commission to the secretary of energy, minerals and natural resources.

Sections 21 through 51 (pages 20-59). Game and fish programs. These sections move the state game commission's authority over the game and fish programs of the state, including the authority to receive federal funds and enforce penalties, to the new game and fish division of the EMNRD.

Sections 53 through 59 (pages 61-79). Wildlife Conservation Act. These sections transfer oversight of the Wildlife Conservation Act, which deals with threatened and endangered species, from the state game commission to the EMNRD. The game and fish division and the

secretary of energy, minerals and natural resources both have duties under the act.

Sections 60 through 87 (pages 79-101). Hunting and fishing. These sections transfer oversight of hunting and fishing activities in the state from the state game commission to the game and fish division of EMNRD.

Sections 88 through 90 (pages 101-104). Power to acquire land. These sections provide the game and fish division of the EMNRD with the authority to obtain lands for game and fish purposes, including eminent domain for rights of way necessary for use of such lands. These powers previously rested with the state game commission.

Sections 100 through 103 (pages 120-124). Fur-bearing animals. These sections transfer oversight of the hunting and trapping of fur-bearing animals from the state game commission to the game and fish division of the EMNRD.

Sections 104 through 109 (pages 124-128). Habitat protection. These sections transfer oversight of the Habitat Protection Act, which addresses the impact of motorized vehicle use on land, from the state game commission to the game and fish division of the EMNRD.

Sections 122 through 124 (pages 140-144). Off-Highway Motor Vehicle Act. These sections amend the act to specify that the game and fish division of the EMNRD subsumes the powers of the department of game and fish. They also prohibit members of the off-highway motor vehicle advisory board from receiving per diem at the request of the boards and commissions committee and sunset the off-highway motor vehicle advisory board in 2013.

Section 126 (pages 144-145). This section sunsets the tree planting advisory committee in 2015.

Section 127 (page 145). This section sunsets the mining safety board in 2017.

Sections 128 through 133 (pages 145-157). Combining the mining commission and the coal surface mining commission. These sections combine the powers and duties of the mining commission and coal surface mining commission. The coal surface mining commission will be eliminated, leaving the mining commission as the only commission addressing mining regulations in the Surface Mining Act. It also sunsets the mining commission in 2017.

Section 134 (page 157). This section sunsets the oil conservation commission in 2015.

Sections 137 through 144 (pages 160-167). These sections eliminate the natural lands

protection committee and transfers its powers and duties to the EMNRD.

Section 145 (pages 167-168). Temporary provision; transfers; references in law.

This section is a standard transfer section. It includes the transfer of:

- (1) functions, appropriations, personnel, property and contractual obligations from the department of game and fish and state game commission to the EMNRD;
- (2) functions, appropriations, property and contractual obligations of the coal surface mining commission to the mining commission; and
- (3) functions, appropriations, property and contractual obligations of the natural lands protection committee to the EMNRD.

Section 146 (page 168). Temporary provision; duties of the state game commission.

This section clarifies that all duties of the state game commission shall become duties of the game and fish division of the EMNRD, and it states that all the state game commission's rules will remain in force unless repealed or amended by the game and fish division.

Section 147 (page 168-169). Repeal. This section repeals the sections establishing and setting forth the duties of the state game commission, and it repeals the sections creating and setting forth the duties of the coal surface mining commission.

Legislative Council Service

Information Memorandum

DATE: December 15, 2010

TO: Government Restructuring Task Force Members

FROM: Kim Bannerman

SUBJECT: DEPARTMENT OF PUBLIC SAFETY — SECTION-BY-SECTION
EXPLANATION

Following is a section-by-section explanation of the proposed new department of public safety (DPS). The bill moves the homeland security and emergency management department and the fire marshal division of the public regulation commission into the DPS. It also moves oversight of the Enhanced 911 Act from the local government division of the department of finance and administration (DFA) into the DPS. The bill significantly amends the Enhanced 911 Act to allow the 911 surcharge to apply to new phone service technologies and prepaid calling cards. It also provides for development of a statewide enhanced 911 system utilizing technologies provided by the department of information technology (DoIT). The bill also addresses boards and commissions related to the DPS by: (1) eliminating the crime stoppers advisory council, mounted patrol board of directors, DNA identification system oversight committee and intrastate mutual aid committee and transferring their functions to the DPS; and (2) sunseting the interoperability planning commission and the state emergency response commission.

Any opinions expressed are those of the author and do not necessarily reflect the opinions

of the New Mexico legislative council or any other member of its staff. Note that amendatory sections that are cleanup without substantive changes are not discussed.

Section 5 (pages 8-9). Purpose of the department. This section adds homeland security and emergency management functions to the DPS's purpose. With new language bolded, the section provides that the purpose of the DPS Act is to:

establish a single, unified department to consolidate law enforcement, safety **and homeland security and emergency management** functions in order to provide better management, real coordination and more efficient use of state resources and manpower in responding to New Mexico's public safety **and homeland security and emergency management** needs and problems and to improve the professionalism of the state's law enforcement and investigative functions and personnel **and the state's homeland security and emergency management functions and personnel.**

Section 6 (page 9). Department created. This section provides the structure of the DPS, with new organizational units bolded:

- A. the New Mexico state police division;
- B. the special investigations division;
- C. the training and recruiting division;
- D. the technical support division;
- E. the administrative services division;
- F. the motor transportation division;
- G. the information technology division;
- H. the homeland security and emergency management division;**
- I. the fire marshal division; and**
- J. the enhanced 911 division.**

Section 7 (pages 9-14). Secretary's duties and powers. Language was added to ensure that the secretary of public safety is the coordinating official of all departments and agencies and their employees when emergencies are declared by the governor.

Sections 12 through 18 (pages 23-30). These sections all deal with emergency situations. The homeland security and emergency management division of the DPS remains the primary authority and coordinating official when dealing with emergencies in the state.

Sections 19 through 23 (pages 30-37). These sections eliminate the intrastate mutual aid committee and transfer its powers and duties to the homeland security and emergency management division of the DPS.

Section 27 (pages 39-40). This section sunsets the interoperability planning commission in 2015.

Sections 39 and 40 (pages 60-62). These sections eliminate the mounted patrol board of directors and transfer its powers and duties to the DPS.

Section 43 (pages 66-67). This section transfers the authority of the crime stoppers advisory council, which is repealed later in the act, to the DPS.

Sections 44 through 50 (pages 66-75). These sections eliminate the DNA identification system oversight committee and transfer its powers and duties to the DPS.

Sections 50 through 56 (pages 75-81). These sections move all the fire marshal division duties from the public regulation commission to the DPS, including the fire protection fund.

Section 57 (pages 81-87). Enhanced 911 Act definitions. This section amends certain definitions and adds new definitions, including:

A. 911 emergency surcharge — amended to include phone services that use an internet connection to make and receive calls and other new technology used for phone services;

F. communication service — added to ensure that new technologies used for phone services are covered by the act;

J. division — changed from the local government division of the DFA to the enhanced 911 division of the DPS;

K. emergency services internet protocol network — added to the definitions section to ensure that the act deals with new technology such as internet-based public communication systems;

L. enhanced 911 system — amended to include new technologies (emergency services internet protocol network and next-generation 911 systems);

R. interconnected voice over internet protocol service — added to ensure that the act covers phone services that use an internet connection to make and receive calls; and

T. next-generation 911 technology — allows for the use of new technology

developed to make 911 systems more efficient and compatible with phone services that are non-traditional.

Section 58 (pages 87-89). Imposition of the 911 emergency surcharge. This section is amended to include all new technologies used for phone services, including interconnect voice over internet protocol service. This amendment will ensure that the surcharge applies to the users of these new technologies. Also, the section clarifies how to determine if the primary place of use of the service is New Mexico to comply with federal law.

Section 59 (pages 89-92). Prepaid wireless communication surcharge. This section enacts a new 911 emergency surcharge for prepaid phone cards. The surcharge is one and eight-tenths percent of the cost of the prepaid service.

Section 61, Subsection H (page 96). Enhanced 911 fund. This section is amended to allow money in the fund to be used by the enhanced 911 division, in conjunction with the DoIT, to develop and provide for a statewide enhanced 911 system.

Section 65 (pages 99-100). Statewide enhanced 911 system. This is a new section requiring the enhanced 911 division of the DPS to work with the DoIT to develop and implement a statewide enhanced 911 system. It requires the DoIT to provide the technical infrastructure needed for the development of such a system utilizing next-generation 911 technology and an emergency services internet protocol network. In addition, this section mandates that all locally controlled public safety answering points connect to the statewide system when it becomes fully operational.

Section 70 (page 104). Sunsets the state emergency response commission in 2015.

Section 71 (pages 104-106). Temporary provision; transfers. This section is a standard transfer section, and it transfers functions, appropriations, property and contractual obligations from the homeland security and emergency management department, the fire marshal division of the public regulation commission and the local government division of the DFA relating to the Enhanced 911 Act to the DPS. It also transfers the functions, appropriations, property and contractual obligations of the mounted patrol board of directors and crime stoppers advisory council, both of which are eliminated by the bill, to the DPS.

Section 72 (page 106). Temporary provision; recompilation. This section moves the

sections establishing the firefighter training academy and fire marshal division out of the Public Regulation Commission Act into the DPS Act.

Section 73 (page 106). Repeal. This section repeals the Homeland Security and Emergency Management Department Act and sections of law creating the crime stoppers advisory council and the mounted patrol board of directors.

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Legislative Council Service

Information Memorandum

DATE: January 12, 2011

TO: Government Restructuring Task Force Members

FROM: Kim Bannerman

SUBJECT: GAMING CONTROL AND HORSE RACING ACT — SECTION-BY-SECTION
EXPLANATION

Following is a section-by-section explanation of the proposed Gaming Control and Horse Racing Act and necessary amendatory sections. Sections that only include simple language amendments are not addressed. Any opinions expressed are those of the author and do not necessarily reflect the opinions of the New Mexico legislative council or other members of its staff.

The purpose of the bill is to transfer all regulatory authority related to horse racing and pari-mutuel wagering to the gaming control board. In addition, it attempts to make the licensing requirements for horse racing and gaming activities more efficient.

Section 1 (page 1). Short title — This section amends the "Gaming Control Act" to the "Gaming Control and Horse Racing Act".

Section 2 (pages 1-2). Policy — This section states that it is New Mexico's policy to allow limited and regulated gaming, pari-mutuel wagering and horse racing activities.

Section 3 (pages 2-14). Definitions — This section: adds "pari-mutuel wagering" and "horse racing" to the defined terms already found in the Gaming Control Act; adds persons

connected to horse racing to the definition of "gaming employee"; and adds definitions needed for horse racing and pari-mutuel wagering previously found in the Horse Racing Act, including "horse race", "horse racetrack", "pari-mutuel wagering", "race meet", "racing season", "racetrack gaming operator", "racetrack operator" and "simulcast".

Section 5 (pages 14-19). Gaming control board created — This section provides the structure of the gaming control board, changing the board structure from the previous structure under the Gaming Control Act. The board is structured as follows:

- seven members (previously four) — all appointed by governor with the advice and consent of the senate:
 - one member with a minimum of five years of previous employment in a law enforcement agency;
 - one member that is a certified public accountant;
 - one member that is an attorney;
 - two members that are practical breeders of racehorses;
 - one owner of a horse racing facility; and
 - one public member with experience in business management and financing; and
- the law enforcement, certified public accountant and attorney members all receive a salary set by the governor and, while on the board, are prohibited from being employed in any other capacity or receiving compensation for services rendered to any person or entity other than the board.

Section 7 (pages 20-25). Board's powers and duties — This section adds several powers and duties related to the regulation of horse racing and pari-mutuel wagering to the existing powers and duties of the board addressing gaming.

Section 14 (pages 38-41). Licensure and certification — This section sets forth the types of licenses the board can issue and adds "racetrack operator" and "racetrack gaming operator" to the list, which already covers gaming activity licenses.

The section also provides for certification of suitability and work permits for both gaming licensees and horse racing licensees. Due to these amendments, the secondary and occupational licenses required under the Horse Racing Act are no longer needed. Under the Horse Racing

Act, secondary licenses were required for key executives or shareholders involved in the administration of a horse racetrack. Occupational licenses were required for vendors or other people having access to restricted areas at a horse racetrack or access to pari-mutuel betting windows. Under the Gaming Control Act, no secondary or occupational licenses were required for similar individuals. Rather, the person would apply for a certification or work permit. This section allows the board to issue a certification of suitability or work permit in the situations previously needing secondary or occupational licenses. It also allows the board to issue one certification or work permit for a gaming employee that works in both gaming and horse racing. The certification process is addressed in Section 20.

Section 17 (pages 46-48). License, certification and work permit fees — This section sets forth all the fees for the different types of licenses, as well as certifications and work permits. The fee for a "racetrack operator license" is added to the list, which already covers all gaming licensing fees.

Sections 23 through 25 (pages 64-71). These sections move all the previous Horse Racing Act provisions governing pari-mutuel wagering, horse race simulcasting and interstate common pool wagering under the control of the gaming control board.

Sections 36 through 40 (pages 89-97). These sections move all the tax matters associated with horse racing and pari-mutuel wagering into the new act.

Section 42 (page 98). This section moves the racing suspense account into the new act and makes the board responsible for the account.

Section 43 (pages 99-104). This section moves the horsemen's commission, a commission retained by a racetrack gaming operator for a win, place or show in the pari-mutuel system for remittance to the racing suspense account, into the new act. A portion of the money is distributed to the New Mexico horse breeders' association, pursuant to Section 59.

Sections 44 through 48 (pages 104-108). These sections move all penalties and illegal activities related to horse racing into the new act.

Sections 49 and 50 (pages 108-109). These sections move horse racing stewards under the control of the board and provide for the testing of specimens related to horse racing.

Sections 59 and 60 (pages 117-120). These sections move the horse breeders' awards

provisions of the Horse Racing Act into the new act.

Sections 61 and 62 (pages 120-122). These sections add the horse racing taxes to the Tax Administration Act and require the taxation and revenue department to report on the racing suspense account to the board.

Section 63 (page 122). Temporary provision; transfers — This is a standard transfer section that includes transfers of the functions, property and contractual obligations of the state racing commission to the gaming control board.

Section 64 (page 122). Repeal — This section repeals the Horse Racing Act.

Section 65 (page 122). Effective date — The effective date is July 1, 2011. The task force may want another effective date if it determines the process of moving these two entities into one will take more time.

APPENDIX C

THE PUBLIC SCHOOL FUNDING FORMULA

- Enacted by the Legislature in 1974, the New Mexico Public School Funding Formula is based on a model developed by the National Education Finance Project in the late 1960s and early 1970s.
- The system supports the Legislature's policy that all students are entitled to an equal educational opportunity despite differences in local school district wealth.
- The formula is student driven and recognizes different costs for various educational programs.
- Designed to distribute operational funds to school districts in a noncategorical manner, the formula also provides for local school district autonomy. Formula dollars received by local districts are not earmarked for specific programs. Within statutory and regulatory guidelines, school districts have the latitude to spend their dollars according to local priorities.
- The establishment of educational need by each school district (based on the number of students enrolled on an average of the prior year's 80th and 120th days and participating in legislatively defined programs as described beginning on page 3) is the first function of the equalization formula. The formula uses cost differentials to reflect the relative costs incurred in providing these programs, making individual student needs the focal point of the formula.
- The distribution of funds for each educational program is determined by the calculation of program units. Program units are the product of the number of students enrolled in a given program multiplied by the cost differential assigned to that program in statute. The program units are multiplied by the Training and Experience (T&E) Index in each district to adjust for instructor education and experience.
- The following factors are then added to the adjusted program units (which are those units multiplied by the district's T&E Index) if they are applicable:
 - adjustments for school and district size, rural isolation, creation of new districts, at risk, enrollment growth, and National Board for Professional Teaching Standards (NBPTS)-certified teachers.
 - The attached table, "State Equalization Guarantee Distribution Formula," provides a graphic illustration of the calculation of units and determination of district revenues.

Important Funding Formula Terms:

- **Program Cost** – The amount of money assumed under the formula to be necessary for a given district with a particular configuration of students and educational programs to provide educational services.
- **Unit Value** – A dollar amount calculated by dividing the legislative appropriation by the total number of units statewide:

$$\text{Unit Value} = \frac{\text{Program Cost}}{\text{Total Statewide Units}}$$

- **State Equalization Guarantee** – The largest single revenue source for public schools, which typically accounts for more than 80 percent of any district’s operational revenues. This guarantee represents an attempt to assure all public school students access to programs and services appropriate to their needs despite local geographical or economic conditions. The distribution is noncategorical in nature and encourages local priority initiatives through the absence of categorical funding.
- **State Equalization Guarantee Distribution** – The amount of money distributed to each school district to ensure that the school district’s operating revenue, including certain local and federal revenue, is equal to the school district’s program cost. In making the distributions, the state takes certain credits and deductions, as applicable to each district:
 - The state takes credit for 75 percent of the local .5-mill levies and 75 percent of federal forest reserve funds and most Impact Aid (formally PL 874) funds, with the exception of Impact Aid funds for special education or for students living on Indian lands, which remain in the local districts. School districts retain 25 percent for operational or other purposes.
 - If a district has excess cash balance as determined by a statutory formula, the state also takes credit up to a specific percentage of the estimated limit.
 - Districts that participate in the Utility Conservation Program have an additional amount subtracted from the program cost; that amount is held in a separate fund to be used solely for that program.
 - In addition, participating districts also have subtracted from program cost 90 percent of their certified portion of the debt service payments on bonds authorized pursuant to the *Energy Efficiency and Renewable Energy Bonding Act*.
- **“Save Harmless”** – In determining program cost for a small school district or a charter school with a membership of 200 or fewer students, units are calculated using either the average of the MEM on the 80th and 120th days of the prior year or the 40th day MEM of the current year, whichever is greater. When the number of units calculated on the basis of current year MEM is greater than the number of units calculated on the basis of the prior year averaged MEM, the difference is referred to as “save harmless.”

A Little Bit of History:

In the past, states relied primarily on local property taxes to fund both the operational and the capital outlay needs of their school districts. New Mexico decided more than 30 years ago that a change was needed. Since its enactment in 1974, the Public School Funding Formula has been the policy method by which the New Mexico State Legislature continues to provide equity in funding for all students relying upon the wealth of the state rather than the property tax wealth of individual districts. In turn, other states have followed New Mexico’s example. Now, that equity is no longer a primary concern, New Mexico, as are other states, is examining what constitutes an adequate educational program and the amount of funding sufficient to meet the educational needs of its most precious resource, its children.

State Equalization Guarantee Computation

<u>Grade Level/Program Membership</u>		<u>Times</u>	<u>Cost Differential = Units</u>	S U M O F U N I T S
Kindergarten & 3- and 4-Year-Old DD	FTE	×	1.44	
Grade 1	MEM	×	1.20	
Grades 2-3	MEM	×	1.18	
Grades 4-6	MEM	×	1.045	
Grades 7-12	MEM	×	1.25	
<u>Special Education</u>				
Related Services (Ancillary)	FTE	×	25.00	
A/B Level Service Add-on	MEM	×	0.70	
C Level Service Add-on	MEM	×	1.00	
D Level Service Add-on	MEM	×	2.00	
3- and 4-Year-Old DD Program Add-on	MEM	×	2.00	
<u>Bilingual Education</u>				
	FTE	×	0.50	
<u>Fine Arts Education</u>				
	FTE	×	0.05	
<u>Elementary Physical Education</u>				
	FTE	×	0.06	

= TOTAL PROGRAM UNITS

T&E INDEX MULTIPLIER → Times Value from 1.000 – 1.500

= ADJUSTED PROGRAM UNITS

Plus

D-Level NPTC Special Education Units
 Size Units (Elementary/Junior High; Senior High;
 District; Rural Isolation)
 New District Adjustment Units
 At-Risk Units
 Enrollment Growth Units
 National Board for
 Professional Teaching Standards Units
 Charter School Activities Units
 Home School Student Activities Units

= TOTAL UNITS

Plus Save Harmless Units

= GRAND TOTAL UNITS

Grand Total Units × Unit Value = Program Cost

– 75% Noncategorical Revenue Credits

– Excess Cash Balance

– Utility Conservation Program Contract Payments

– 90% of the Certified Amount (*Energy Efficiency and Renewable Energy Bonding Act*)

= STATE EQUALIZATION GUARANTEE

**Government Restructuring Task Force Staff Analyses
of
Recommendations Regarding K-12 Education**

**Recommendations derived from the Carruthers Report and the June 21 Government
Restructuring Task Force (GRTF) meeting.**

**Prepared by GRTF Staff
LCS, LESC, LFC, DFA and OEA
for July 29-30 meeting**

1. Merge the public education department (PED) and the higher education department (HED). (Carruthers report) (LFC)

This item is part of legislative finance committee (LFC)/department of finance and administration (DFA) agency analyses and will be reported at a later date.

2. Remove or reduce the small school size adjustment in the public school funding formula. (LFC — Aguilar/Gudgel)

Overview

- ▶ School size units are included in the current funding formula to compensate districts for the increased costs of operating small schools, particularly in rural areas.

Cost Savings

- ▶ If the school size adjustment is removed, approximately \$67.5 million (based on FY 2010 data) would be saved or available for reallocation through the formula; if the adjustment is limited to statutorily defined "necessarily small schools", as proposed in ***Other Options***, approximately \$29.3 million (based on 2009 data) would be saved or available for reallocation through the formula.
- ▶ **NOTE:** An analysis should be done to determine the impact statewide and the impact on individual districts.

Time Frame

- ▶ Short-term for statutory change. **NOTE:** LCS, LESC and OEA staff do not agree with LFC and DFA staff on time frame. LFC and DFA staff believe the recommendation can be implemented in the FY 2012 budget; LCS, LESC and OEA staff believe implementation is for the FY 2013 budget.

Advantages

- ▶ Eliminates the incentive for schools to create and artificially maintain small schools and makes additional funding available for distribution through other parts of the funding formula.
- ▶ A number of districts and charter schools maintain low school enrollment to guarantee that school size adjustment units are generated. As many as 25 districts operate separate kindergarten through eighth grade schools housed in the same building with shared administration, teaching staff, instructional support staff and support services yet are claimed for formula funding purposes as two separate schools (e.g., a K-5 elementary school and a 6-8 middle school) in order to generate size adjustment units. In FY 2009, 77 of 89 school districts and 68 of 75 charter schools statewide claimed school size units at a cost of approximately \$72 million.

Disadvantages

- ▶ Schools that are truly small (not by design) would not receive additional funding needed to defray the increased operation costs that result from the school's small size.

This could be of concern particularly in rural areas. These same schools might also suffer financially if the equation were changed such that the size adjustment calculation resulted in less funding.

- ▶ This change may result in an increase in emergency supplemental funding.

Implementation Mechanisms

- ▶ Amend Subsection A of Section 22-8-23 NMSA 1978 to eliminate the small school size adjustment OR change the formula in statute to decrease the number of schools eligible for the size adjustment.
- ▶ Amend Subsection A of Section 22-8-23 NMSA 1978 to redefine eligibility criteria as follows: schools must be located in communities with a population smaller than 3,000 and located at least five miles from another school offering the same services to claim size adjustment units.

Other Options

- ▶ Eliminate charter schools from being eligible for school size adjustment units. This would help address the fact that some charter schools are similar to alternative programs, which are not eligible for size adjustment units.

3. Reduce the small district size adjustment in the public school funding formula. (SB 105, School Cost Differential & Program Units, 2010 Regular Session) (LFC — Aguilar/Gudgel)

Overview

- ▶ Small school size units are included in the current funding formula to compensate small districts for the increased costs of operating, particularly in rural areas. The district size adjustment generates funding for most districts with little regard to the real effect of student population.

Cost Savings

- ▶ If the district size adjustment factor is removed, \$17.3 million (based on FY 2010) would be saved or available for reallocation through the funding formula.
- ▶ **NOTE:** An analysis should be done to determine the impact statewide and the impact on individual districts.

Time Frame

- ▶ Short-term for statutory change. **NOTE:** LCS, LESC and OEA staff do not agree with LFC and DFA staff on time frame. LFC and DFA staff believe the recommendation can be implemented in the FY 2012 budget; LCS, LESC and OEA staff believe implementation is for the FY 2013 budget.

Advantages

- ▶ This eliminates a unit generator that applies to 72 of the 89 school districts and makes the assumption that most districts are unable to take advantage of economies of

scale even when districts are located near larger population areas. This change encourages the possible consolidation of school districts or district administrative functions, making additional funding available for distribution through the funding formula.

- ▶ In FY 2010, 72 of the 89 school districts were eligible for district size adjustment funding at a cost of approximately \$17.3 million. The central offices of a number of districts are located within a few miles of each other and, in one case, within the same city. While individual communities may want their small districts to function independently, it appears to be unfair to other districts for the state to pay for the extra administrative costs associated with operating these districts.

Disadvantages

- ▶ Districts that are small and isolated would not receive the additional funding needed to defray the increased operation costs that result from their small size and larger percentage of administrative overhead.
- ▶ This change may result in an increase in emergency supplemental funding.

Implementation Mechanism

- ▶ Amend Subsection B of Section 22-8-23 NMSA 1978 to eliminate the small district size adjustment OR change the formula to decrease available size adjustment.
- ▶ Amend Subsection B of Section 22-8-23 NMSA 1978 to redefine eligibility criteria as follows: school districts could not have more than a total MEM of 3,000 (current law allows 4,000), including early childhood education, and could not be located less than 15 miles from the central office of another school district.

Other Options

- ▶ Define eligibility criteria differently.

4. Expand the role of the regional education cooperatives (RECs) in providing services to school districts. (LFC — Aguilar/Gudgel)

Overview

- ▶ Currently, nine RECs are in operation. They are authorized by statute to provide technical assistance, staff development, cooperative purchasing, fiscal management, administration of federal programs and additional services as may be determined to be appropriate by the regional education coordinating council, which is made up of representatives of the school districts that make up an REC. Services provided vary among the nine RECs.

Cost Savings

- ▶ Cannot be calculated without specifics.

Time Frame

- ▶ Short- to mid-term. Short-term for statutory amendment; mid-term for determining the expanded role and implementation issues will be required.

Advantages

- ▶ May allow for improved delivery of services by centralizing functions and eliminating duplicative work; would encourage cost savings and sharing of best practices, especially in rural districts. Unnecessary duplication of services in various independently acting school districts may increase the overall cost of running a district, taking resources away from the classroom; RECs provide the ability to consolidate administrative functions to allow resources to be redirected to other critical needs.
- ▶ Local considerations appear to hamper REC effectiveness currently; a change in law might improve efficiency in school districts and in the RECs.

Disadvantages

- ▶ It is not clear that making the proposed changes to current statute will result in any meaningful improvement to service delivery to school districts. RECs are currently authorized to provide services and do not because their member districts choose not to use them for some of these purposes.

Implementation Mechanism

- ▶ Amend the Regional Cooperative Education Act to include more services, such as transportation and maintenance, and make it mandatory that REC members use the REC for certain functions. The act could also be amended to make membership mandatory and perhaps consolidate REC boards to provide more central oversight.
- ▶ RECs are state agencies and, as such, should be subject to the same provisions as other state agencies. To ensure appropriate oversight, amend statute to require compliance with the Procurement Code and the Personnel Act.

Other Options

- ▶ Consolidate smaller RECs to take advantage of economies of scale and reduce overall REC expenditures, allowing member districts to be better served as economically as possible. It is likely that consolidation would also allow RECs to provide a wider range of services.
- ▶ Eliminate general fund support for RECs to make them self-supporting.
- ▶ Create another REC for the northwest corner of the state, the school districts of which have not seen fit to create an REC.
- ▶ Although RECs are really created by school districts, they have been given state agency status. One option would be to return them to being instrumentalities of school districts.

- ▶ Eliminate RECs and regionalize PED. If PED provided its technical assistance and oversight functions throughout the state, instead of from Santa Fe or Albuquerque, it might be of more assistance to school districts and charter schools and result in efficiencies to the public school system.

5. Reduce the multiplier in the public school funding formula for the senior year from 1.25 to 1.045. (LFC — Aguilar/Gudgel)

Overview

- ▶ Student attendance in the senior year continues to be of concern with the increasing number of programs available for seniors to complete their course of studies. As a result of programs such as dual credit, distance learning, computer-based learning and career technical and work force training, it appears that a large number of seniors are not present at school for the majority of their senior year. As a result, schools are receiving funding for students that are not receiving direct services.

Cost Savings

- ▶ Changing the funding formula multiplier for 12th grade to 1.045 will result in approximately \$14.2 million (based on FY 2010) in savings or reallocation through the funding formula.
- ▶ **NOTE:** A statewide analysis may be necessary to determine how much time seniors are physically present in school. A study may also be necessary to determine what other multiplier should be used.

Time Frame

- ▶ Short-term for statutory change. **NOTE:** LCS, LESC and OEA staff do not agree with LFC and DFA staff on time frame. LFC and DFA staff believe the recommendation can be implemented in the FY 2012 budget; LCS, LESC and OEA staff believe implementation is for the FY 2013 budget.

Advantages

- ▶ The reduction in the multiplier for seniors from 1.25 to 1.045 accounts for seniors' reduced time in school.
- ▶ The state would not be paying a premium for senior year.

Disadvantages

- ▶ Funding all seniors at a decreased cost differential based on the assumption that all seniors are less than full-time-equivalent students and are not physically present on campus decreases funding for those students who are physically on campus and receiving direct services during the entire day.
- ▶ It is unknown exactly how many seniors spend only a portion of each school day on campus, and, therefore, it is difficult to determine the exact amount of full-time-equivalent funding that districts are receiving for those seniors.

Implementation Mechanism

- ▶ Amend Section 22-8-20 NMSA 1978 to decrease the cost differential factor from 1.25 to 1.045.

Other Options

- ▶ Decrease the cost differential factor to some other number.

6. Defer educational retirement board (ERB) contributions by the state for another year. (LCS — Bannerman)

Overview

▶ Prior to 2005, there were concerns about the long-term actuarial solvency of the educational retirement fund. Minimum industry standards require 80% for the funded ratio and 30 years for the funding period. Actuaries indicated that the retirement benefits had an infinite funding period and were effectively insolvent in the long term. In 2005, legislation was passed to increase the employer contributions to the educational retirement fund by 5.25% over seven years (a 0.75% increase per year) to restore the long-term actuarial solvency of the fund. Since 2005, the state contribution has increased from 8.65% of employees' salaries to 10.9%. Due to the current financial crisis, in 2010 (SB 91) the legislature delayed the 0.75% increase scheduled for FY 2011. FY 2011 would have represented the sixth year of increases if the legislature had not delayed the increase until FY 2012. The current suggestion is again to delay the 0.75% increase. This would delay the 0.75% increase intended for FY 2011 to FY 2013.

▶ **NOTE:** Laws 2009, Chapter 127 contains an employee swap of certain employer contributions to various state retirement funds. Specifically, employees must make an additional 1.5% contribution into their relevant retirement funds until June 30, 2011. At that time, the state will take over that 1.5% increase. Unless the date is extended, the state will have to contribute an additional 1.5% on top of the 0.75% increase delayed by SB 91 in 2010 for a total additional contribution of 2.25%. This would result in an additional expenditure of \$54 million out of the general fund (\$36 million for the 1.5% combined with \$18 million if the educational retirement fund contribution is not delayed).

Cost Savings

▶ \$18.3 million, including public schools and higher education; \$54 million if the date in Laws 2009, Chapter 127 is also amended to extend the 1.5% employee-employer swap.

Time Frame

- ▶ Short-term — statutory amendment.

Advantages

- ▶ Considering the employer contribution for both public education and higher education, the postponement of this payment provides good short-term benefits for the general fund.
- ▶ Assuming normal performance of the fund over time, the delay will have a de minimus impact on the actuarial solvency of the fund.

Disadvantages

- ▶ Laws 2005, Chapter 273 was enacted to increase both employer and employee contributions to the educational retirement fund, which became actuarially insolvent by the end of FY 2004. Continuing to delay the contributions does not help the solvency of the fund.
- ▶ If the fund does not perform well, or has not performed well this past year, delaying the employer contributions could detrimentally affect the long-term solvency of the fund.
- ▶ Presumably, the general fund would have to make up the payment in another year, which means the savings are not recurring and are only short-term.

Implementation Mechanism

- ▶ Amend Section 22-11-21 NMSA 1978 to defer the additional employer contributions to FY 2013 and FY 2014.

Other Options

- ▶ Lower employer contributions to the fund. Section 22-11-21 NMSA 1978 could be amended to lower the amount the state contributes to the fund. For example, the employer contribution level could be lowered to the 2005 level, which was 8.65%. Doing so would cut the state's budget by around \$18 million. However, such a change would be detrimental to the actuarial soundness of the fund unless a concomitant increase in the employee contribution was required.
- ▶ Increase employee contributions to the fund. HB 270, passed in 2005, raised the employee contribution to the educational retirement fund by 0.30% over four years. The current contribution level of 7.9% was reached in FY 2009 and has remained at that level. In FY 2009, this increase brought in an additional \$7.8 million in revenue. As originally proposed, HB 270 raised employee contributions by 1% over four years. The bill was amended to lower the contribution to 0.30%. If the 1% were implemented, employees would contribute 8.6%. Employee contributions could be raised by 0.70%, to end up at 1%, as originally proposed in HB 270. This would result in an additional \$18 million in revenue.
- ▶ Change the plan's design for longer-term cost savings for the general fund. This option would require further analysis.

7. Reduce the number of school districts. (LCS — Maison)

This item is still being researched and will be reported at a later meeting.

8. Modify and/or incorporate three-tiered licensure into the training and experience index. (LFC — Aguilar/Gudgel)

This item is still being researched.

9. Hold a three-day working session, attended by a wide range of stakeholders statewide, to examine the K-12 education system in detail and to make recommendations for restructuring, cost savings and improved outcomes. (LESC — Harrell)

Overview

▶ The state's K-12 educational system is complex and multifaceted. It comprises not only 89 public school districts and nearly 800 district schools, but also a growing number of charter schools (72 in school year 2009-2010, with another nine opening in school year 2010-2011). In addition, charter schools may be authorized by either a local school board or the public education commission (PEC); and those authorized by PEC (21 so far, with several others under consideration this interim) are tantamount to school districts. Another factor is the 61 New Mexico pre-K programs operating in 29 school districts in FY 2010. Although not part of the K-12 education system per se, these programs would likely be affected by any restructuring of the K-12 system. Given this complexity, a multiday working session focused exclusively on K-12 education may be worth considering. As a final point, the government reorganization during the 1970s, which produced the executive cabinet system, spent more time than is allotted to GRTF and did not attempt to restructure the K-12 or higher education system.

Cost Savings

▶ N/A; actually may cost money.

Time Frame

▶ Short-term.

Advantages

▶ Such a meeting would provide more time for experts to study the issues surrounding restructuring K-12 education and ensure greater "buy-in" to any proposed reforms.

Disadvantages

▶ A three-day meeting may not be sufficient time to cover the issues surrounding restructuring K-12 education, and, therefore, this option may not be accomplished before the final report of GRTF in December 2010.

▶ May require funding for per diem and mileage costs and other meeting costs.

Implementation Mechanism

- ▶ Identify members and schedule a meeting; however, it is unclear on whose authority this might be done.

Other Options

- ▶ Introduce a memorial to create a statewide stakeholder group to meet throughout the 2011 interim and provide a final report before the 2012 legislative session. However, memorials do not appropriate funds.

10. Make a broader use of IDEAL-NM in providing online courses for students and online professional development for teachers. (See Sections 22-30-1 through 22-30-8 NMSA 1978, the Statewide Cyber Academy Act) (LESC — van Moorsel/Gerstner)

Overview

- ▶ In 2007, the LESC-endorsed Statewide Cyber Academy Act was enacted to create a statewide cyber academy. That same year, the legislature appropriated funds to implement IDEAL-NM. Both of these initiatives represent significant steps toward providing New Mexicans with access to online learning resources. Cooperatively administered by PED and HED, these initiatives aim to:
 - ▶ provide e-learning services to public schools, higher education institutions and state agencies;
 - ▶ reduce geographic and other barriers to educational opportunity statewide; and
 - ▶ increase the computer literacy skills online learners need to participate in a global economy.

Cost Savings

- ▶ Difficult to quantify.

Time Frame

- ▶ Could be short-term, contingent on the ability of IDEAL-NM staff to manage an increased workload.

Advantages

- ▶ Savings in staff time/travel for teachers participating in professional development.
- ▶ Savings also realized by other state agencies for professional development.
- ▶ More students would meet the graduation requirement of taking one online course.
- ▶ Cyber academy-developed courses may be less expensive than those purchased from for-profit vendors.

- ▶ Extra cyber academy course enrollments could provide extra pay for teachers teaching through the cyber academy.
- ▶ After significant performance issues during the 2009-2010 school year, IDEAL-NM has a new management team that is trying to address concerns through reorganization, cost-cutting and improved course delivery.

Disadvantages

- ▶ A cost of \$200 per student per course per semester for school districts may be difficult to afford for some school districts experiencing financial hardships. **NOTE:** A constitutional question may arise if public school students have to pay for their education. Per the Statewide Cyber Academy Act, Section 22-30-5 NMSA 1978, the statewide cyber academy shall "provide for reasonable and equitable means to allocate the costs of distance learning courses among the statewide cyber academy, the course providers and the school districts whose students are enrolled in a distance learning course". School districts whose students "attend" the statewide cyber academy count those students in their MEM.
- ▶ Cost savings may only be realized if cyber academy or online professional development participation replaces some other operational cost of the school district.
- ▶ Past performance gives the perception that IDEAL-NM may not be effective. The IDEAL-NM e-learning system had significant performance issues during the 2009-2010 school year, particularly in the higher education sector where data hosting provided by Blackboard crashed multiple times. To some degree, similar concerns were expressed in the K-12 sector. These performance questions should be addressed through a comprehensive strategy if expansion of IDEAL-NM is proposed.
- ▶ Lack of interest in and awareness of IDEAL-NM offerings.
- ▶ Broadband access may continue to be a barrier to using IDEAL-NM in some areas.
- ▶ Are there cost implications for professional development for school districts whose teachers are under a collective bargaining agreement?
- ▶ Potential access issues in rural areas.

Implementation Mechanism

- ▶ Identify or develop quality evidence-based online teacher professional development programs and determine whether they would be cost-effective alternatives to traditional professional development delivery.
- ▶ Increase awareness of course and professional development offerings of IDEAL-NM.
- ▶ Ensure quality support of e-learning systems by IDEAL-NM staff and contractors; increase ongoing oversight by stakeholders.

- ▶ Identify potential additional roles for RECs in increasing access to and participation in IDEAL-NM.

11. Increase the maximum pupil/teacher ratios (PTRs) in state law. (OEA — Hughes)

Overview

- ▶ School districts are requesting flexibility during the financial crisis, and one of the areas of concern is the statutory PTRs. While school districts have the ability to seek waivers of PTRs, at least one superintendent suggested that the waiver process takes time and resources.

Cost Savings

- ▶ Not easily quantifiable; statutory PTRs are maximums and the number in any particular class type, school or district is variable.

Time Frame

- ▶ Medium-term if goal is to change state law. Short-term if goal is to retain status quo and just increase awareness of waiver request option now in statute.

Advantages

- ▶ Can reduce the need for capital expansion projects.
- ▶ Might reduce the need for hiring additional teaching staff or educational assistants.
- ▶ Could reduce the need for purchasing additional educational supplies, furniture, etc.

Disadvantages

- ▶ An increase in PTR will produce increased workloads for teachers.
- ▶ If a higher PTR is not implemented without adequate professional development and prior preparation for the teacher, the quality of the classroom experience will likely be degraded.
- ▶ High PTRs should be avoided in the lower elementary grades (K-3) because of the critical need for highly effective instructors and teaching methods in early childhood education settings that are enhanced in classrooms with smaller PTRs.

Implementation Mechanism

- ▶ A mechanism currently exists for waiver of existing statutory PTRs through a formal application process made by districts to the secretary. To make a more permanent change, statute will have to be amended via the legislative process and approved by executive signature.

Other Options

- ▶ Retain the current statute as is and enhance the general awareness in school district personnel of the option for seeking a waiver for larger PTRs.

12. Better define whether PED's role is technical assistance or compliance or both. (LFC — Aguilar/Gudgel)

NOTE: This analysis takes a slightly different approach to this question of PED role.

Overview

► By statute, PED is required to provide both technical assistance and oversight to school districts, as well as enforce the Public School Code. Most of PED's enumerated duties are regulatory in nature. In the general appropriation act, unlike all other departments, PED is funded as a single program and the secretary determines how revenue flows to the various organizational divisions. In practice, this has resulted in the budgetary emphasis of program over finance and operations; the program side of the department has received a larger share of PED appropriation, resulting in the finance and operations side being short-staffed over time. This has caused significant delays in the flow of funds to districts and PED's inability to provide adequate oversight of districts. The recommended method of addressing this problem is to create two financing programs for PED in House Bill 2: (1) a finance program that includes all the divisions under the supervision of the deputy secretary for finance and administration, the office of the inspector general and human resources; and (2) an oversight program that includes all other PED divisions.

► **NOTE:** This option would address financial oversight and compliance, though it might not appropriately address program oversight.

Cost Savings

► This is not a cost-savings measure but rather an efficiency measure.

Time Frame

► Short-term by PED restructuring its budget request. If the budget request is not restructured, the legislature could force restructure through House Bill 2.

Advantages

► This proposal should result in the finance division being funded and staffed properly to allow the division to meet its statutory charge. PED remains the only department that does not have multiple programs. Creation of a finance program within PED budget, including the inspector general and human resources, will result in a better staffed and funded finance division, quicker flowing of federal funds to districts and increased oversight from the inspector general.

Disadvantages

► Reduces the secretary's flexibility to move funds and staff between operating units.

Implementation Mechanism

► Create the two programs in the budget process, culminating in House Bill 2 funding by program.

► Work with PED and DFA to create two programs in PED's FY 2013 budget request.

Other Options

► Move all finance functions to DFA.

13. Use performance contracts to define charter school performance in terms of accomplishing the goals of the charter, together with clarifying the process for closing charter schools that do not meet their performance goals. (LESC — Harrell)

Overview

- ▶ Current law prescribes the contents of the charter, to which both the charter school applicant and the authorizer agree.

Cost Savings

- ▶ Not quantifiable; the value of the recommendation is the assurance that the state is funding effective charter schools.

Time Frame

- ▶ Short-term for statutory changes; longer-term for authorizers and charter schools to determine performance measures, negotiate contracts, implement and evaluate.

Advantages

- ▶ Performance goals would be spelled out over a set period, perhaps five years, with annual measures. Failure of the charter school to meet those measures and goals would result in closure of the school, thereby ensuring that the state is not funding ineffectual charter schools.
- ▶ New Mexico would be following a common practice nationwide. According to survey results received by the national association of charter school authorizers:
 - ▶ 90% of large authorizers — those that authorize 10 or more schools — sign formal contracts with the charter schools they oversee, as do 98% of responding district authorizers; and
 - ▶ in those instances where performance contracts are not required, one reason is the absence of such a requirement in the state's charter school legislation.
- ▶ Charter schools could serve as pilots for the efficacy of performance contracts. If such contracts are successful, the system could be replicated in traditional public schools.

Disadvantages

- ▶ The performance contract would be another document in addition to the charter itself and the newly required reports during the planning year.
- ▶ A separate performance contract may be redundant, or it may be difficult to distinguish between the existing provisions and those of the performance contract, because:

- ▶ the approved charter application is already considered a contract between the charter school and the chartering authority; and
- ▶ a charter may already be suspended, revoked or not renewed for a material violation of the conditions, standards or procedures in the charter.

Implementation Mechanism

- ▶ Amend the Charter Schools Act to:
 - ▶ require a signed performance contract between the authorizer and the charter school;
 - ▶ specify the contents of the contract and the consequences for meeting or not meeting the terms; and
 - ▶ delineate a process for closing a charter school that fails to meet the terms (or what is considered enough of the terms) and for reassigning the students to other schools.
- ▶ Amend the existing provisions for suspending, revoking or not renewing a charter.
- ▶ **NOTE:** Drafting effective legislation will require research and should be reviewed by stakeholders.

Other Options

- ▶ The Charter Schools Act could be amended to require that performance goals and measures be included in the charter.

14. Extend the use of performance contracts to traditional public schools. (LESC — Harrell)

Overview

- ▶ The performance of traditional public schools is under the purview of their local school boards, subject to requirements in state and federal law. Like charter schools, they are accountable to the state under the Assessment and Accountability Act for their success or failure to make adequate yearly progress. The act provides progressive consequences for schools that need improvement or corrective action, leading, if necessary, to restructuring the school by converting it to a charter school, replacing all or most of the staff as allowed by law, turning over management of the school to PED or making other governance changes.

Cost Savings

- ▶ Not quantifiable; the value of the recommendation is the assurance that the state is funding effective traditional schools.

Time Frame

- ▶ Short-term for statutory changes; longer-term for the state, school districts and schools to determine performance measures, negotiate contracts, implement and evaluate.

Advantages

- ▶ Traditional public schools would have the same kind of accountability as charter schools, with the same additional consequences for failure to satisfy the performance contracts.
- ▶ Policymakers, taxpayers, parents and children would know whether a school is providing quality educational programming.

Disadvantages

- ▶ Because the state is constitutionally required to provide a free public education to all children of school age, the closure of traditional schools is problematic. The state and school districts will have to provide an alternative for the students who are being displaced, and policymakers have to determine what that alternative will be pursuant to state and federal law. One question has always been, where will the new personnel come from?
- ▶ Because traditional public schools do not have the same flexibility or autonomy as charter schools, it may be unfair to apply the same kind of performance measures to them unless the law is changed to give them autonomy.
- ▶ Giving traditional schools autonomy usurps the authority of local school boards. Autonomous traditional schools are, essentially, charter schools.
- ▶ In some small districts, there may not be another school that students from the closed school could attend.
- ▶ Determining performance measures, negotiating contract provisions and implementing and evaluating performance will require significant investments of time and money.
- ▶ The performance contract could require that PED take over a failed district school, but the department currently lacks the resources to do so.

Implementation Mechanism

- ▶ Amend the Public School Code to:
 - ▶ require that each traditional public school sign a performance contract with its local school board;
 - ▶ specify the contents of the contract and the consequences for meeting or not meeting the terms; and

- ▶ delineate a process for closing a traditional public school that fails to meet the terms (or what is considered enough of the terms) and for reassigning the students to other schools.

- ▶ **NOTE:** Drafting effective legislation will require research and should be reviewed by stakeholders.

Other Options

- ▶ Create "rapid response teams" made up of educational mentors and experts in teaching and school administration to provide technical assistance and oversight for failing schools under the current Assessment and Accountability Act before the schools progress to corrective action. The drawback of this option is the cost — and the lack of experts in the state who are not otherwise employed.

15. Implement "smart caps" to facilitate the replication of successful charter school models. (LESC — Harrell)

Overview

- ▶ According to the New Mexico coalition for charter schools, which made this proposal to LESL during the 2009 interim, smart caps are a means of providing "accountable replication of successful charter schools" by basing growth in the number of charter schools on proven quality rather than an arbitrary number. As explained in a recent analysis by Education Sector¹, states with smart caps would remove any limit on the replication of schools that have demonstrated "outstanding gains for students", as determined by the state; at the same time, states would impose a cap on the number of new schools with no proven record of success, based primarily on the capacity of the authorizer to oversee charter schools. (In New Mexico, the authorizer is either a local school board or PEC.) Smart caps, Education Sector analysis further explains, are a more reasonable alternative to the largely arbitrary numerical caps in place in most states' laws, which "fail to differentiate between good schools and lousy schools and between successful charter school authorizers and those with a poor track record . . .".

Cost Savings

- ▶ N/A.

Time Frame

- ▶ Long-term. PED would have to identify successful, i.e., effective, charter school models, preferably models from New Mexico experience. Identification would have to include an assessment of what makes the model effective and whether the model would work in the proposed location. There may be proven models in urban settings that could not be replicated in a rural environment, for example. Replication would depend on whether there were qualified applicants to operate the charter school.

¹Education Sector is a self-described nonprofit, nonpartisan, independent education policy think tank devoted to developing innovative solutions to the nation's most pressing educational problems.

- ▶ **NOTE:** May require statutory changes, particularly if the idea is to convert existing traditional schools into charter schools.
- ▶ **NOTE:** State law does not allow the state, a school district or a charter school to enter into management contracts with private entities for the management of a public school or a school district subject to corrective action and, therefore, subject to be converted to a charter school. (Subsection L of Section 22-2C-7 NMSA 1978)

Advantages

- ▶ The likelihood of new charter schools being successful/effective should be increased if based on a proven model or mentored by a successful school.
- ▶ Any caps on the number of new charter schools would be based on experience rather than an arbitrary number.
- ▶ Charter management organizations might be encouraged to operate in New Mexico. (Note statutory limitation on private management contracts.)
- ▶ Proponents argue that a provision in law to replicate successful models might attract private funds to support charter schools. That would be an advantage, but it might be less likely in a state like New Mexico than locales like New York or Chicago, where that has occurred.

Disadvantages

- ▶ What works in one district or community may not work in another.
- ▶ Relying too heavily on successful models may tend to discourage true innovation. This point is ironic, but valid.
- ▶ Nonprofit charter management organizations might be encouraged to operate in New Mexico, although it is worth noting that "nonprofit" does not mean the organization does not make money; the state might want to consider carefully whether it wants to pay out-of-state companies to run New Mexico charter schools.
- ▶ Unless the criteria in law were quite explicit, determining what constitutes a successful model may be problematic.
- ▶ New Mexico data do not show that charter schools are necessarily superior to traditional public schools or necessarily provide a better education to their students.
- ▶ Charter school applications have never come close to reaching the statutory maximum number in any year.

Implementation Mechanism

- ▶ Amend the Charter Schools Act to define the term "smart caps" and to prescribe a process for replicating successful models — also to define or describe successful models.
- ▶ Review and possibly amend the provisions in the Charter Schools Act related to applications in school districts with fewer than 1,300 students and to the number of charter schools allowed per year or in any five-year period.
- ▶ A review of other provisions in law, for example, Subsections L and R of Section 22-8B-4 NMSA 1978, may also be needed.

Other Options

- ▶ None identified.

16. Place a temporary moratorium on the authorization of new charter schools. (DFA — Marcelli)

Overview

- ▶ This proposition was presented to GRTF in response to a request for recommendations for restructuring. The concern expressed is that new charter schools dilute funding for all existing traditional and charter schools in a time when public school support is being cut.

Cost Savings

- ▶ Testimony presented at the July LFC meeting indicated cost savings can be estimated at \$6 million to \$10 million a year. The legislature would have to decide if it takes the general fund savings or reallocates the savings to the state equalization guarantee (SEG).

Time Frame

- ▶ Short-term — legislative action required. Legislature will determine how long the moratorium would be in place.

Advantages

- ▶ Having fewer schools means better funding for existing schools.
- ▶ Lowers the number of schools eligible for small school size adjustment. A charter school can limit the number of students it accepts to receive additional funding in SEG distribution. This is not an option available to public schools, which must accept all eligible students.
- ▶ Reduces the amount of support (fiscal/administrative) that a school district provides to its chartering partners. Several news articles have been published recently concerning financial practices of charter schools and the lack of accountability in reporting to the central office of the partnering school district. A moratorium on new

charter schools will limit the amount of training/support necessary from the central office to its affiliates.

Disadvantages

- ▶ Limits the ability of parents/guardians to choose new education opportunities for students. Charter schools provide more education options.

Implementation Mechanism

- ▶ Amend the Charter Schools Act to provide for a temporary moratorium.

Other Options

- ▶ None indicated.

17. Reduce both the number of tests given to students and the amount of time spent on testing, perhaps retaining only those tests that are required by federal law or that demonstrate clear instructional value. (LESC — Maestas; LCS — Maison)

Overview

- ▶ In a memorandum dated February 9, 2010, Secretary of Public Education Veronica Garcia informed superintendents, charter school administrators and state educational institution administrators that certain tests may be exempted in FY 2011 (see attachment).

Cost Savings

- ▶ Quantifying will require further research.

Time Frame

- ▶ Currently operative.

Advantages

- ▶ A reduction in the number of tests saves teachers and students time and saves school districts money.
- ▶ Allows more time for instruction.

Disadvantages

- ▶ The legislature continues to request, and at times require, public school performance and other data. Data-driven decision-making requires the collection of data. The suspension of some testing will result in data "holes" in longitudinal data, which may impair decision-making.
- ▶ If the legislature considers tying teacher evaluations to student performance, and making tenure or salary decisions based on those evaluations, student growth will have to be demonstrated. Testing is one important measure of both student growth and student performance.

- ▶ Short-cycle assessments are used by teachers to assess where students are in a given subject during the school year. The information gleaned from the assessments is used to make instructional decisions. Without the assessments, student success may be hampered.
- ▶ College readiness assessments, part of high school redesign, are supposed to be used to determine what remediation a student needs before the student leaves high school. Remediation in high school is much cheaper than remediation in college.

Implementation Mechanism

- ▶ A PED memorandum to school districts extending the exemption provided by PED for FY 2011. If the legislature wishes to extend temporarily or permanently by statute, legislative action is necessary in the 2011 session.

Other Options

- ▶ None indicated.

18. Implement a statewide five-mill property tax levy for public education to supplement general fund. (LCS — Maison)

Overview

- ▶ This recommendation began as part of revenue possibilities to fund the new funding formula. In 2008, House Joint Resolution 10 was introduced by Representative Luciano "Lucky" Varela. The constitutional amendment proposed to amend Article 8, Section 2 of the constitution of New Mexico to increase the millage limitation from 20 to 25 mills. The additional five mills would be imposed statewide and distributed to public schools through the state's public school fund.

Cost Savings

- ▶ The DFA economist estimated revenue of approximately \$261 million in FY 2010. That was before values fell in 2009-2010, so the estimate would have to be revised.
- ▶ See ***Other Options*** for other revenue enhancements.
- ▶ **NOTE:** All revenue estimates on these recommendations should be re-estimated.

Time Frame

- ▶ Mid-term; requires a constitutional amendment and implementing legislation to make the public school fund a nonreverting fund.

Advantages

- ▶ Millage would be collected statewide to help pay for public education. The money would be segregated in the public school fund for distribution to public schools through the funding formula. Currently, the state does not receive any property tax revenue (other than assessments to pay general obligation bonds); the constitutionally allowed 20 mills are divided primarily between municipalities and counties. School districts

may impose a .5 mill levy for operations.

- ▶ The idea is for the millage to supplement, not supplant, general fund revenue for school funding.

Disadvantages

- ▶ Voters might not approve the required constitutional amendment. New Mexicans have a particular distaste for property tax as a governmental revenue source; however, schools may be an exception to that general rule.
- ▶ Revenue from this source would not begin until the 2013 property tax year.
- ▶ It is almost impossible to ensure that the general fund effort would be supplemented, not supplanted. The legislature can always end up taking credit for the millage revenue.
- ▶ Making the public school fund nonreverting may have consequences for calculating the state's annual operating reserve because money in the fund would not revert.

Implementation Mechanism

- ▶ Pass a constitutional amendment to amend Article 8, Section 2 of the constitution of New Mexico.
- ▶ Pass an amendment to Section 22-8-14 NMSA 1978 to make the public school fund a nonreverting fund.

Other Options

- ▶ Consider other funding formula task force revenue sources:
 - ▶ increase the property tax valuation from 33.3% to 40% (Article 8, Section 1 of the constitution of New Mexico). Requires a companion bill to change the statutory property tax rates for counties, municipalities and school districts.
Revenue: Approximately \$177 million in general fund revenue and approximately \$59 million in direct school district revenue in FY 2010. Again, based on assumed valuations before the crash.

- ▶ increase the distribution of the land grant permanent funds.

NOTE: The recession affected the value of the land grant permanent funds and will negatively affect income for the beneficiaries in the next few years. Distributions are based on the funds' five-year average market value.

Revenue: In 2008, at 6.5%, the increase was expected to be approximately \$103 million in FY 2013 (total distribution). Other percentage increases would generate other estimates.

- ▶ equalize the oil and gas emergency school tax at 4% on all products subject to the tax. (Currently, oil and carbon dioxide are taxed at lower rates than natural gas.) To make the revenue applicable to schools, legislation would have to

provide for a distribution of some percentage (the funding formula task force recommended 12.5%) of the net receipts attributable to the tax to the public school fund.

Revenue: Approximately \$29 million in FY 2013.

- ▶ equalize the oil and gas emergency school tax and increase the tax by 1% and swap out the increase for a decrease in severance tax. The option is neutral for taxpayers.

Revenue: Generates approximately \$101 million for school funding in FY 2013, with a corresponding reduction in severance tax income.

- ▶ remove yield control on property tax for school districts.

Revenue: Approximately \$6 million in general fund and \$2 million in direct school district revenue in FY 2013.

- ▶ Revert the SEG and the public school fund to the state school support reserve and change the law to allow the money to be used for school shortfalls. (Sections 22-8-25 and 22-8-31 NMSA 1978)

- ▶ Other revenue options could be explored at the direction of the task force.

19. Expand the use of electronic formats in (1) school business applications like contracts and memoranda of understanding; and (2) educational applications like online courses and textbooks or other resource material.

- ▶ Secretary Garcia reported to GRTF that PED is already using electronic formats for many applications. She did not identify any statutory impediments to electronic formats for business applications. Educational applications are limited by publishers and school computer resources.

20. Examine the related services (ancillary) multiplier of 25 in the public school funding formula to determine whether a lower multiplier would suffice. (LESC — van Moorsel)

Overview

- ▶ The funding formula currently funds special education personnel in approved ancillary programs by multiplying the number of FTE personnel by the cost differential of 25.0.

Cost Savings

- ▶ During school year 2008-2009, there were 1,956.04 ancillary FTEs statewide. Multiplying by 25 generates 48,901 units (excluding multiplication with the training and experience). At a final unit value of \$3,871.79, this represents approximately \$189.3 million in program cost.

- ▶ To illustrate potential cost savings, a reduction in the factor from 25 to 24 would have reduced the units generated by 1,956 units to 46,945 and reduced the funding

by approximately \$7.6 million, to approximately \$181.8 million.

Time Frame

- ▶ Short-term for legislative action; however, the study will take time, perhaps an interim or longer, depending on resources provided for the task.

Advantages

- ▶ An examination of current use of the ancillary multiplier statewide could generate important information related to the costs and uses of ancillary personnel statewide, including the cost of ancillary services statewide, and which areas display the greatest needs for such personnel.
- ▶ If the study determines that the current multiplier generates too much funding for ancillary staff, a reduced multiplier could save the state money or lead to a more equitable distribution of SEG dollars that more accurately reflects districts' costs of providing programs.
- ▶ A change in the multiplier could bring the multiplier in line with the actual cost of ancillary staff.
- ▶ Ancillary staff could potentially be shared among districts, possibly facilitated by RECs.

Disadvantages

- ▶ Such a study may require legislation, as well as significant time and financial investment.
- ▶ As school funding is being reduced, the elimination or reduction of formula factors will make it even more difficult for local school boards to develop budgets and provide statutorily required and community-requested educational programming.
- ▶ How would districts budget the cost of ancillary FTEs if they share the cost for such staff?
- ▶ How can districts meet the cost of ancillary personnel if students requiring ancillary services transfer into a district that has not budgeted or received funds for such staff?

Implementation Mechanism

- ▶ Recommendations resulting from the examination of the ancillary staff factor may require statutory or regulatory changes.

Other Options

- ▶ Implement and fully fund the proposed funding formula.

21. Suspend all new public school construction for a specific period. (LFC — Aguilar/Gudgel)

Overview

- ▶ The January 2010 public school capital outlay council financial plan forecast indicated that project funding needs would exceed public school capital outlay budget availability in the July-September 2010 time frame by about \$30.8 million. The council has suspended new construction awards during FY 2011 as a result of possible insolvency. This item discusses extending the solvency of the public school capital outlay fund.

- ▶ **NOTE:** Public school capital outlay is funded through issuance of supplemental severance tax bonds, which are dedicated to that purpose. Money in the severance tax bonding fund not used for bonding is credited to the severance tax permanent fund.

- ▶ **NOTE:** The state is still under court supervision re the *Zuni* lawsuit.

Cost Savings

- ▶ There is no, or very little, general fund money used for public school capital outlay. The recommendation is less about savings and more about maintaining the solvency of the fund.

Time Frame

- ▶ Short-term for legislative action; term of moratorium would be decided by the legislature.

Advantages

- ▶ Suspension of new construction will eliminate the possibility that the fund will not maintain sufficient balances to meet funding obligations for already-approved and awarded projects. Shortfalls could result if anticipated supplemental severance tax revenues fail to materialize at anticipated levels.

- ▶ Current statute requires that all charter schools be in publicly owned buildings by 2015. This requirement is expected to consume a large part of public school capital outlay funding year-to-year for the foreseeable future to meet the statutory deadline, thus reducing funds available for other projects. The proposed delay would allow already awarded projects to be completed.

Disadvantages

- ▶ Since the inception of the public school capital outlay program, building conditions statewide as measured by the New Mexico facility condition index (NMCI) have improved significantly. At the start of the program, the statewide NMCI stood at 70%, meaning that most of the building construction was for replacement of existing facilities. At present, the NMCI stands at 30%, reflecting construction activities focused on renovation of existing spaces. Depending on the

length of time construction is suspended, it is expected that the NMCI would likely increase, requiring increased supplemental severance tax bond proceeds to return the NMCI to pre-suspension numbers.

Implementation Mechanism

- ▶ Awarding funds for public school capital outlay projects is not mandatory, so the council could implement a policy consistent with suspending all new school construction.

- ▶ Amend the Public School Capital Outlay Act to suspend all new school construction for a specified time period and suspend new awards.

Other Options

- ▶ Leave the decision to suspend new school construction up to the council or require larger projects to be phased if possible, resulting in smaller awards.

- ▶ Use senior severance tax bonds as a funding source for the public school capital outlay fund so projects will not be delayed.

22. Examine the fiscal impact of existing charter school facilities in terms of lease payments, improvements and the creation of an additional infrastructure beyond that of school districts. (LFC — Aguilar)

This item is still being researched.

23. Eliminate the categorical restrictions to allow school districts more flexibility with their budgets.

- ▶ **NOTE:** Using categorical appropriations for operational expenses would disequalize the public school funding formula and may result in the state not meeting the disparity calculation for impact aid.

24. Provide incentives for districts to save money, perhaps by raising the cap on cash balances. (DFA — Marcelli)

Overview

- ▶ Until 2003, school districts were allowed to retain cash balances to plan for extraordinary expenses like opening new schools or paying for expensive instructional materials adoptions. This statutory change resulted in some districts having to resort to emergency supplemental funding. With the current system, there is no incentive for a school district to save money. School districts may keep up to 5% of their operating budget in cash balances and the remainder reverts to the general fund. In the past (\$16.4 million in FY 2004 and \$11.6 million in FY 2005), the SEG appropriation took credit for school district cash balances.

Cost Savings

- ▶ None to the state, at least not directly. There may be some savings in the long term as districts no longer need emergency supplemental funding.

Time Frame

- ▶ Short-term — statutory change required.

Advantages

- ▶ Allowing a school district to keep, rather than revert, cash balances in excess of 5% will provide an incentive to conserve cash balances rather than to expend budget in order to avoid reversions. Structuring higher cash balance thresholds could assist districts as SEG cuts materialize in the current and subsequent fiscal years.
- ▶ In the long run, some school districts may be taken off the emergency supplemental list.

Disadvantages

- ▶ This change reduces the amount of reversions the state uses for solvency purposes.

Implementation Mechanism

- ▶ Statutory changes will be required for implementation.

Other Options

- ▶ Status quo.

25. Make school district cash balances more visible. (LESC — Maestas/Gerstner)

Overview

- ▶ This proposition would allow the general public to review and compare budgeted operational fund cash balances approved by the secretary of public education and reported to the LFC, as required by current law (Section 22-8-41 NMSA 1978).

Cost Savings

- ▶ N/A.

Time Frame

- ▶ Mid- to long-term if rulemaking is required. Rulemaking is always a time-consuming effort.

Advantages

- ▶ Can provide oversight agencies and the public with a better picture of the current finances of a school district or charter school, especially if emergency funding is requested.
- ▶ Allow for cash balance trends to help identify possible improvements in school

district or charter school spending practices.

Disadvantages

- ▶ Transparency may result in the state "sweeping" or taking credit for appropriation purposes.

Implementation Mechanism

- ▶ Statutory changes required.

Other Options

- ▶ None identified.

26. Implement the proposed public school funding formula: (a) in full with sufficient funding; (b) phased in over a period of three years; or (c) in piecemeal fashion with incremental funding. (LCS — Maison)

This item is still being looked at; it may require a contract with American institutes for research (AIR), which may be difficult with required budget cuts.

27. Examine the paperwork burden placed on school districts and charter schools in an effort to streamline to reduce duplication or to eliminate unnecessary paperwork. (OEA — Hughes)

Overview

- ▶ Anecdotal wisdom says that the state requires too much paperwork for school districts and charter schools. The proposition would either bear out the anecdote or not; if so, it asks for a review of paperwork flow in districts and charter schools and asks the department to make adjustments as necessary to improve efficiency.
- ▶ **NOTE:** While this analysis is directed at PED requirements, there may be other state agencies that require paperwork from school districts and charter schools, e.g., the department of environment, construction industries division of the regulation and licensing department and energy, minerals and natural resources department (energy savings program).

Cost Savings

- ▶ Unknown.

Time Frame

- ▶ Depending on scope of the project, the time frame can be either short-term, three to six months, if only a handful of districts are reviewed, or long-term, up to 18 months, if all districts are reviewed and processes are eliminated, streamlined or automated where possible. In any case, all current report and filing requirements of PED to the school districts/charter schools need review to inventory all reports currently being requested and identify where redundancies in collection, obsolescence of reports or lack of necessity in reporting exist. A work group composed of PED and district staff will need

to be formed to coordinate work and decision-making.

Advantages

- ▶ Such an effort will produce overall greater efficiencies in administrative operations in districts and PED.
- ▶ Increased administrative efficiencies can produce attendant cost reductions.
- ▶ If the study includes federal paperwork requirements, PED can consider piggybacking or aligning its reporting requirements, thus eliminating partial or complete duplication.
- ▶ Examining administrative systems for streamlining, reducing duplication and eliminating paperwork can help identify any number of improvements in processes currently in place and in use. Such efficiencies support district and state efforts to do more with less, an important objective not only in the current lean economic times but at any time. These efficiencies make for good management in general.

Disadvantages

- ▶ If such an effort to streamline, reduce duplication and eliminate paperwork is to be school level will likely produce mediocre results.
- ▶ A complete inventory of reports currently required along with the data sources used to complete those reports will have to be made. This poses a potentially intensive level of staff involvement and commitment at both the state and district level. PED will have to provide the leadership on this effort that will also need to include the cultivation of commitment and buy-in at the 89 districts for it to be successful.
- ▶ A study of this magnitude will likely take several months to complete, a potential detriment to successful execution of the effort.
- ▶ Automation of tasks may require up-front expenditures to realize long-term cost and time savings. With little or no discretionary funding currently available, such changes may be difficult to justify in the short term.

Implementation Mechanism

- ▶ To be successful, some form of coordinating body will need to be developed, either through a memorial or a memorandum of agreement between PED and the districts/charter schools. In addition, funding for the coordinating body will need to be secured, possibly through state funds or a third party; however, the restrictions now in place on state funds make the possibility of securing this support unlikely.

Other Options

- ▶ To keep costs contained, an alternative approach that focuses on a small, medium and large district and one or two charter schools may be sufficient to identify where efficiencies in paperwork may be realized. Assuming that the various districts are required to report on similar or identical matters, this approach could be pursued with

the findings to serve as a template for general changes across all districts.

- ▶ Rephrase the proposition to recommend that all operations districtwide and school-wide be reviewed to improve work flows, reduce redundancies and increase overall efficiencies.

28. Place the financial oversight of school districts and charter schools with DFA rather than PED. (DFA — Hadwiger/Marcelli)

Overview

- ▶ The public school finance division of DFA was created in 1957 to advise and consult with the superintendent of public instruction. In the 1977 reorganization, the division was moved to the educational finance and cultural affairs department. In 1980, the division was again placed under DFA. It underwent a name change, to the office of education, in 1983. In 1988, all powers and duties of the office of education were transferred to the state department of public education. In 2003, PED was created in the constitution as a cabinet-level department, answerable to the governor instead of the old school board, and the school board was converted to the largely advisory PEC. Per the constitutional provision, the secretary of public education exercises all functions relating to the distribution of school funds and financial accounting for public schools. This proposal would revert financial control back to DFA.

Cost Savings

- ▶ Probably no savings; this is an efficiency and oversight proposal.

Time Frame

- ▶ Long-term in that it requires a constitutional amendment, which would go on the 2012 ballot. Enabling legislation would be required, but that could be passed by the legislature at the same time as the resolution and made effective upon certification by the state canvassing board that the people had approved the constitutional amendment.

Advantages

- ▶ DFA oversight could enhance available financial expertise in this area and reduce the opportunity for co-optation of PED staff by stakeholders.
- ▶ The move to DFA would include the integration of SHARE and operating budget management system (OBMS), which would lead to greater transparency and better oversight by requiring school districts to voucher/perform payroll functions through DFA. The merger of financial data will provide for enhanced reporting.

Disadvantages

- ▶ Office space and staffing issues will likely result from the transfer of school finance to DFA.
- ▶ DFA would become more deeply involved with education policy. This is not directly aligned to DFA's central financial management mission, which is "to provide sound

fiscal advice and problem-solving support to the governor, provide budget direction and fiscal oversight to state agencies and local governments so as to ensure a positive impact on the daily lives of all New Mexico citizens and ensure every tax dollar is spent wisely".

- ▶ Placing public school finance at DFA could create internal conflicts of interest as one DFA unit (capital outlay or budget division) might oversee activities of another unit (public school finance).
- ▶ If the intent of the integration of SHARE and OBMS is to require local districts to voucher/perform payroll functions through DFA, then considerable FTEs and other resources would be needed in DFA's financial control division to ensure accountability standards.

Implementation Mechanism

- ▶ If the constitutional amendment passes, Section 9-6-3 NMSA 1978 would be amended to create the new division in DFA. Chapter 9, Article 24 NMSA 1978 and the Public School Code would also need amending to change the responsibility for K-12 financial activities from PED to DFA.

Other Options

- ▶ Increase resources to the school budget and finance analysis bureau, office of inspector general and other monitoring functions of PED. (See Item 12.)

29. Review public school transportation to identify possible cost-saving measures, with particular attention to planning more efficient bus routes. (LESC — Gerstner/van Moorsel)

Overview

- ▶ In a 2008 letter to LESC, PED recommended that the legislature form a task force to study issues related to public school transportation. PED noted that the last study had been conducted in 1994, at which time the legislatively appointed task force recommended that a study of public school transportation be conducted at least once every 10 years. During the 2009 session, legislation was passed to create such a task force to examine:
 - ▶ the statutes, constitutional provisions, rules and court decisions governing public school transportation in New Mexico, including those provisions related to the transportation funding formula;
 - ▶ the personnel costs to school districts and school bus contractors;
 - ▶ the costs of fuel, equipment and maintenance; and
 - ▶ the administration of the public school transportation program.

However, the governor vetoed the legislation.

Cost Savings

- ▶ Unable to calculate without a study.

Time Frame

- ▶ Short-term for enacting legislation to create a task force; long-term for the study.

Advantages

- ▶ Such a review would be an opportunity to examine:
 - ▶ more efficient bus routes;
 - ▶ funding of fuel costs to respond better to changes in the price of fuel; and
 - ▶ the bus and equipment payment structure for school bus contractors.

State law currently requires the state to pay for contractor-owned buses using rental fees over a five-year period; however, state law also allows for a school bus to be used over a period of 12 years.

Disadvantages

- ▶ Would require an independent review, which would require state resources.

Implementation Mechanism

- ▶ Such an examination would likely need legislation and an appropriation to create a task force to conduct the study.

Other Options

- ▶ Fund the use of the public school facilities authority geospatial information system (GIS) to identify possible improvements to make bus routes more efficient.

30. Revise the nine teacher competencies in the current teacher evaluation system to place more emphasis, and more consequences, on student growth. (OEA — Hughes)

Overview

- ▶ The national movement toward tying teacher evaluations to student growth has found an advocate in the Obama administration. The race to the top grant program clearly indicates a preference for states to undertake teacher quality reforms. This proposition is part of that debate.

Cost Savings

- ▶ N/A.

Time Frame

- ▶ Because the nine competencies have statewide impact related to teacher performance, evaluation and contracts, a work group composed of various stakeholders, including union representatives, charter schools, school and district administrators and university and agency staff, will need to be formed to guide the consensus-building. A term of at least six months will need to be put into place to accommodate meetings and negotiations for the changes.

Advantages

- ▶ Providing a means of determining whether a student achieves measurable growth over the course of an academic year and, if not, identifying ways teachers may improve their performance is a valid aspect of teacher and principal evaluation.
- ▶ Teacher effectiveness has long been recognized as the single most important factor in student academic performance. Having this effectiveness reflected in terms of student academic achievement can provide a means of building an incentive structure or helping identify individuals who could be enticed to move to schools deemed high-need. It may also add in building public good will.
- ▶ Implementation would align New Mexico to wider national trends in teacher and principal evaluation both at the federal and other state levels.

Disadvantages

- ▶ New rules will need to be developed for monitoring student growth that take into account the wide differences in students and schools; for example, the differences between students with special needs and those in gifted programs.
- ▶ Over-emphasis or -reliance on any one measure for determining teacher or principal effectiveness must be avoided to ensure that a fair and balanced evaluation system is maintained. This is especially true with use of the standards-based assessment, which provides a rather blunt means of assessing teacher effectiveness.
- ▶ Any changes made to the way that teachers or principals are evaluated will need to be negotiated with the teacher unions or individuals in the case of principals or teachers in charter schools.
- ▶ Students may fail to perform even with the best of teachers and teaching methods and principals because there are several factors that exist outside the control of the teacher, principal or school, such as poverty, mobility, domestic violence, abuse or substance abuse in the household. Unless adequate safeguards are built into the evaluation system to protect teachers and to mitigate against such contingencies, the evaluation system will be resented and undermined as a result.

Implementation Mechanism

- ▶ Statute and rules related to three-tiered licensure will need to be reviewed and probably modified to reflect changes. Outreach to and negotiation with various stakeholder groups, primarily teacher unions, will need to be pursued. Those individuals responsible for oversight of evaluation systems will need to be trained in how the new methodology works. Statute changes will require legislative action and executive approval; rule changes will be handled through PED and a public review process.
- ▶ Teacher contracts will need to be reviewed and modified to provide for proposed incentive structures and to conform to alignment between teacher performance and student academic growth.

Other Options

- ▶ Before putting such an evaluation program in place across all districts statewide, it may make more sense to pilot the effort in a handful of districts. Such a rollout plan would provide for adjustment of those dimensions in which problems have arisen prior to full implementation as well as producing a better chance to build commitment and consensus across stakeholder groups. If successful, it might be worth the effort to explore the possibility of establishing a link between student performance and the evaluation of superintendents and local school board members.
- ▶ School district should do a better job of targeting professional development to the needs of specific schools.

31. Implement the proposal in the state's race to the top application to establish a link between student growth and teacher performance and a corresponding link between teacher performance and teacher preparation programs, with the professional practices and standards commission recommending that the secretary of public education close persistently ineffective teacher preparation programs. (OEA — Hughes)

NOTE: The link between student academic performance and teacher evaluation was addressed in Item 30 and will not be revisited in this section.

Overview

- ▶ See Item 30. It stands to reason that a well-prepared teacher, meaning one who has had an excellent subject matter and pedagogical education, will outperform one who is not so prepared. As noted in Item 30, teachers are the single most important school-based factor in the calculus of student achievement. In line with the national movement, New Mexico has begun to establish those linkages through its educator accountability reporting system (EARS). This proposal goes further by recommending that the secretary be able to close persistently ineffective teacher preparation programs. The power to authorize curricula and programs offered through all two-year post-secondary educational programs is established in Subsection P of Section 22-2-2 NMSA 1978. The authority to close a program may be inferred in the law, but wording is not explicit as to this power. This recommendation represents a significant expansion in the oversight authority of PED into the realm of higher education. As a consequence, the issue will probably need a high degree of communication and buy-in from the various institutions of higher education (IHEs) in the state.

Cost Savings

- ▶ N/A.

Time Frame

- ▶ Requires statutory clarification. Likely to take anywhere from six to 12 months to affect this change after the legislature has acted. A work group of stakeholders, including deans, faculty, teachers who have graduated from New Mexico IHEs, current students, PED and HED staff, should be formed to identify all the related issues and consider the different consequences that may emerge from this change.

Advantages

- ▶ If a teacher preparation program churns out ineffective teachers, it makes economic as well as social sense either to revamp the program completely or to shut it down.
- ▶ Providing a clear picture of the performance of the graduates from teacher preparation programs can give IHEs a clear sense of where program strengths and weaknesses lie. They can then use this information to adjust and strengthen those areas that need extra attention or a change in staff and help further bolster those areas identified as being strong.
- ▶ Graduate performance data can help inform choices made by students who are interested in entering the teaching profession. The information could also be used by outside funding entities who are interested in providing monetary support to successful teacher preparation programs.
- ▶ School districts complain that they must spend time and resources to teach graduates of teacher colleges how to teach. If teachers are properly prepared, simple mentoring will be sufficient to assist new teachers and school districts will be able to redirect resources to other matters.
- ▶ Although we do not have a state statistic on the turnover rate for beginning teachers, nationwide, 50% leave the profession within the first five years, thus suggesting the problem is not unique to New Mexico colleges of education.

Disadvantages

- ▶ Beginning teachers often take a few years to get acclimated to the field and rigors of teaching. As a consequence, early performance may not be a true indicator of the quality of a teacher preparation program.
- ▶ If decisions for continued funding are made too rashly based on early data, effective teacher preparation programs may be unnecessarily punished, thus producing an unintended consequence of reducing statewide capacity for educator preparation and unwarranted degrading of the overall reputation of an IHE.
- ▶ Beginning teachers often are assigned to high-need schools, with the result that their early performance is directly affected by several factors outside their control, e.g., poorly motivated or performing students, toxic school cultures, poor community support mechanisms or the lack of adequate mentoring and professional development.

Implementation Mechanism

- ▶ Statute and rule changes will be required. Coordination with the deans and staff of the various colleges of education will need to be achieved in order to develop consensus and agreement on how the linking will work. The national council for the accreditation of teacher education accreditation provisions should probably be reviewed for alignment with the linking objectives.

- ▶ University faculty contracts may need to be reviewed and modified to account for alignment between their performance and the outcomes realized by program graduates.
- ▶ The boards of regents of the various IHEs will need to be consulted as they have the authority to approve any of the proposed accountability plans for their respective colleges of education.

Other Options

- ▶ Develop some other approach based on full, reasoned input by representatives of faculty and administration from all colleges of education. The proposal put forth in the race to the top application was done under "hothouse" conditions and should be completely reviewed prior to implementation.

32. Provide signing or relocation incentives for Level 2 and Level 3 teachers to teach in high-needs schools. (LFC — Aguilar/Gudgel)

Overview

- ▶ Many schools and districts face challenges in hiring and retaining qualified and competent teachers. Schools considered hard to staff, those with high concentrations of low-performing, socioeconomically challenged students, face high teacher turnover and higher percentages of teachers who are not qualified to teach the subjects they are teaching.

Cost Savings

- ▶ Could cost money rather than save money; however, incentives may improve quality of education in high-needs schools and increase student achievement.
- ▶ **NOTE:** Not all incentives need to be monetary or structured as bonus pay to teachers. There may be other incentives that are equally effective.

Time Frame

- ▶ Short- or medium-term — will require formula changes to provide incentives for districts to increase compensation to teachers moving into high-needs areas.

Advantages

- ▶ Signing and relocation incentives aimed at higher-level teachers (Levels 2 and 3) allow less desirable, high-needs and rural assignments to recruit, attract and retain higher-quality teachers.
- ▶ Limiting incentives to Level 2 and Level 3 teachers ensures experienced teachers are recruited.

Disadvantages

- ▶ Monetary incentives have mixed success in attracting teachers to high-needs schools and even less success in helping schools retain them.

- ▶ Monetary incentives will not compensate for the lack of support that exists in high-needs schools that often contributes to high teacher turnover.
- ▶ Educational funding is diverted from other uses to increase teacher compensation.

Implementation Mechanism

- ▶ High-needs districts can allocate SEG dollars to incentives, or school improvement funding can be used, if available.
- ▶ Implement formula changes to provide incentives.
- ▶ Criteria for eligibility should include at a minimum a limitation to Level 2 and Level 3 teachers who did not teach at the high-needs school the previous year, possibly more.

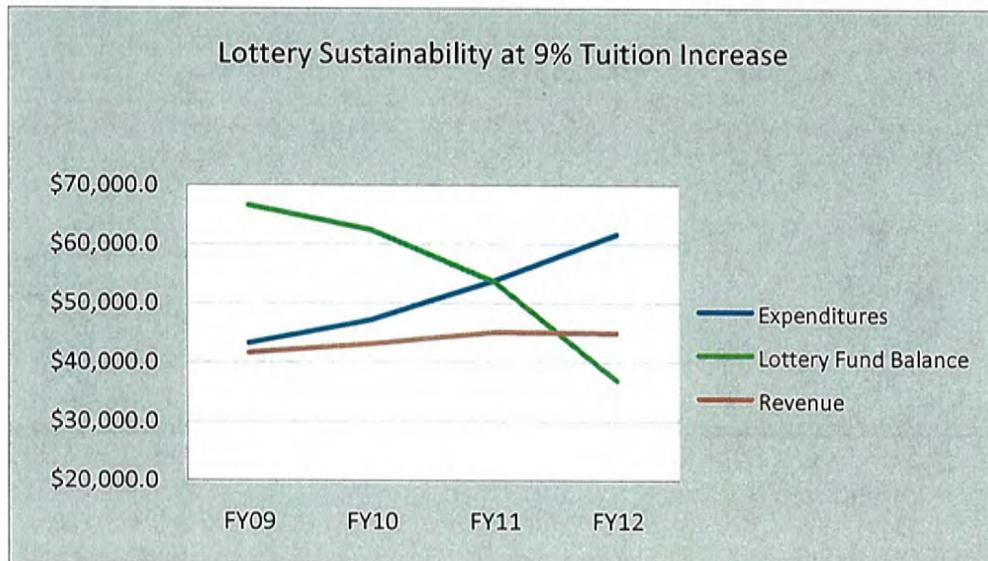
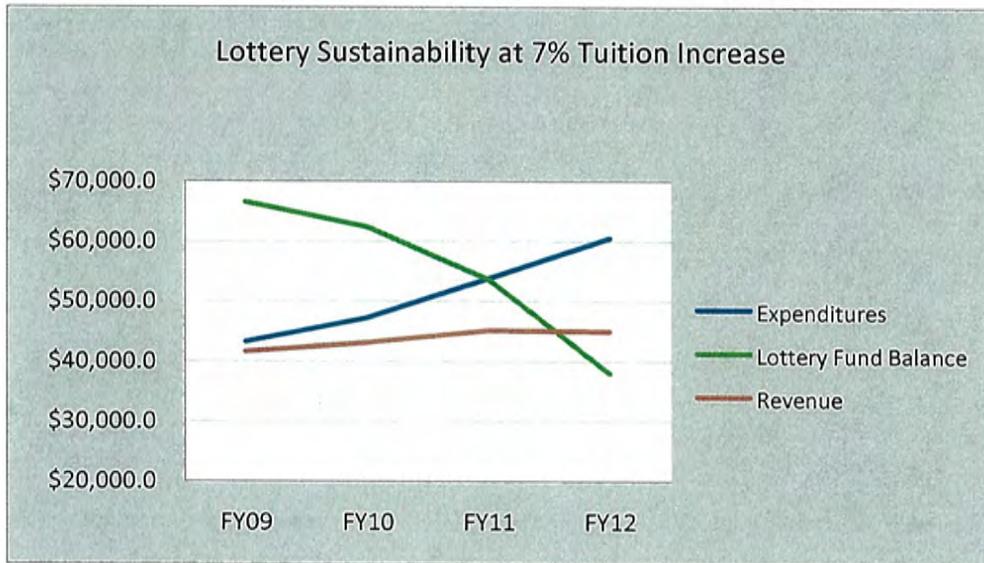
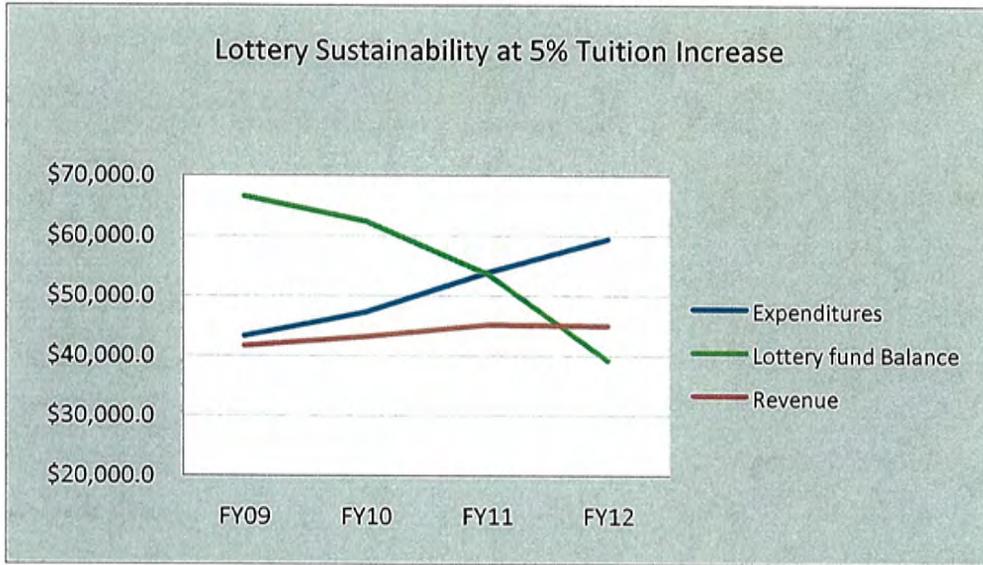
Other Options

- ▶ Limit signing and relocation incentives to teachers teaching core subjects and payable over an extended period of time to ensure qualified teachers are retained.
- ▶ Tie signing and relocation incentives to student growth to ensure teachers are effective in the classroom.
- ▶ Allow signing or relocation incentives for Level 1 teachers. While Level 1 teachers are not as experienced as Level 2 or 3 teachers, they often are eager and enthusiastic to teach and may have the benefit of newer research-based teaching approaches.

LOTTERY SUSTAINABILITY PROJECTION
FY10 - FY14

REVENUES AND EXPENDITURES (\$1,000)							
Current Tuition	FY09	FY10	FY11	FY12	FY13	FY14	
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 41,953.2	\$ 27,210.3	
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,071.8	\$ 839.1	\$ 544.2	
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 56,538.8	\$ 59,411.0	\$ 62,474.2	
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 41,953.2	\$ 27,210.3	\$ 9,109.3	
Tuition at 5% Increase							
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 39,126.2	\$ 21,356.2	
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,071.8	\$ 782.5	\$ 427.1	
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 45,075.7	\$ 44,900.8	\$ 44,611.5	\$ 44,256.1	
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 59,365.8	\$ 62,381.6	\$ 65,597.9	
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 39,126.2	\$ 21,356.2	\$ 14.4	
Tuition at 7% Increase							
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 37,995.5	\$ 19,014.7	
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,071.8	\$ 759.9	\$ 380.3	
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 45,075.7	\$ 44,900.8	\$ 44,588.9	\$ 44,209.3	
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 60,496.5	\$ 63,569.8	\$ 66,847.4	
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 37,995.5	\$ 19,014.7	\$ (3,623.4)	
Tuition at 9% Increase							
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 36,864.7	\$ 16,673.1	
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	\$ 43,829.0	
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,071.8	\$ 737.3	\$ 333.5	
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 45,075.7	\$ 44,900.8	\$ 44,566.3	\$ 44,162.5	
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 61,627.3	\$ 64,758.0	\$ 68,096.9	
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 53,591.2	\$ 36,864.7	\$ 16,673.1	\$ (7,261.4)	

LOTTERY SUSTAINABILITY PROJECTION FY10-FY14





Higher Education Funding: An Overview

**Presentation to the
Government Restructuring Task Force
June 22, 2010**

**M. Tino Pestalozzi, CPA
Deputy Cabinet Secretary**

The Department's Statutory Charge:

- "Be concerned with the adequate financing of these institutions and with the equitable distribution of available funds among them;"
NMSA 1978, § 21-1-26
- "Develop a funding formula that will provide funding for each [public] institution of higher education to accomplish its mission as determined by a statewide plan."
NMSA 1978, § 21-2-5.1

**State General Fund Appropriations for Education
for FY 2010-11:**

	(millions)
Public Schools (incl. PED)	\$2,418.0
Higher Education:	
Formula I&G	\$566.0
UNM Health Sciences Center	91.1
Department of Agriculture (at NMSU)	10.7
NMHED, including State Financial Aid	40.4
Research, Public Service & Other Prgms	<u>79.8</u>
Total Higher Education	\$788.0
Grand Total Education (P-20)	\$3,206.0

NMHED Higher Ed Funding Overview, June 2010, Page 3

Budgeted Expenditures for FY 2009-10:

\$ millions

Sector	Total Unrestricted Current Funds	Total Restricted Current Funds	Total Plant Funds	GRAND TOTAL
4-Year Institutions	2,094.0	607.5	422.5	3,124.0
2-Year Institutions	367.1	137.1	134.5	638.7
Special Schools	53.5	2.1	27.5	83.1
GRAND TOTAL	2,514.6	746.7	584.5	3,845.8

NMHED Higher Ed Funding Overview, June 2010, Page 4

Budgeted Expenditures for FY 2009-10:

\$ millions

Budget Category	UNM	%	SFCC	%
I&G	292.0	32.8%	27.3	34.8%
Research	26.0	2.9%	0.0	0.0%
Public Service	40.7	4.6%	6.7	8.5%
Financial Aid	46.6	5.2%	0.3	0.4%
Auxiliaries	56.2	6.3%	2.1	2.7%
Other	40.2	4.5%	0.0	0.0%
Total Operating Funds	501.7	56.4%	36.4	46.4%
Grants and Contracts	139.9	15.7%	11.8	15.0%
Plant Funds	248.0	27.9%	30.3	38.6%
GRAND TOTAL	889.6	100.0%	78.5	100.0%

NMHED Higher Ed Funding Overview, June 2010, Page 5

Budgeted I&G Expenditures for FY 2009-10:

\$ millions

I&G Budget Category (unrestr.)	UNM	%	SFCC	%
Tuition & Fees	104.5	31.2%	4.5	16.9%
State Appropriations	189.8	56.7%	8.6	32.3%
Local Appropriations	0.0	0.0%	13.4	50.4%
Land & Perm Fund/Endowm	11.4	3.4%	0.0	0.0%
Other Sources	29.0	8.7%	0.1	0.4%
Total Revenues	334.7	100.0%	26.6	100.0%
Instruction	158.1	54.1%	13.3	48.7%
General	133.9	45.9%	14.0	51.3%
Total Expenditures	292.0	100.0%	27.3	100.0%

NMHED Higher Ed Funding Overview, June 2010, Page 6

Current Higher Education Funding Formula:

- Establishes State General Fund level for annual Instruction & General* budget for public universities (7) and community colleges (17)
- Was redesigned (simplified) thru collaborative process effective FY 2003-04

*Instruction & General consists of:

- o Instruction (educational departments, faculty, support staff, supplies)
- o Academic Support (library, deans' offices, faculty senate, labs)
- o Student Services (admissions, registrar, financial aid, advising)
- o Institutional Support (administration, business office, human resources)
- o Operation and Maintenance of Plant (buildings, grounds, utilities)

NMHED Higher Ed Funding Overview, June 2010, Page 7

Funding Formula Summary:

Prior Year's Instruction & General Appropriation

- +/- Instruction and Instructional Support (if "out-of-band")
- +/- Student Services (if "out-of-band")
- +/- Physical Plant Operation and Maintenance/Utilities
- +/- Land and Permanent Fund Revenue Credit
- +/- Mil Levy Revenue Credit
- +/- Tuition Revenue Credit
- +/- 3% Scholarship Adjustment
- +/- Building Renewal and Replacement Adjustment
- +/- Equipment Renewal and Replacement Adjustment
- + Inflationary Adjustments, including compensation/ERB
- + Other "regular" Adjustments (e.g. dual credit tuition reimb.)
- Budget balancing reductions (e.g. 0.544% sanding FY11)

= Recommended General Fund Appropriation for Instruction & General for New Fiscal Year

NMHED Higher Ed Funding Overview, June 2010, Page 8

FY 2010-11 Funding Formula Cost Factors:

Instruction/Instructional Support:
(per student credit hour in each tier and level)

	Lower Freshman/Sophomore	Upper Junior/Senior	Graduate
Tier 1	\$133.34	\$293.44	\$635.09
Tier 2	\$199.20	\$459.40	\$873.81
Tier 3	\$321.16	\$527.84	\$1,396.77

Student Services: \$389.84 per student (Fall headcount)

Physical Plant: \$4.29 per I&G square foot
Utilities: from \$0.74 to \$2.43 per I&G square foot

NMHED Higher Ed Funding Overview, June 2010, Page 9

Example of Funding for FY11 for Teacher Preparation Courses:

Number of Students in Program in FY 2008-09 = 500
Assume that all student credit hours (SCHs) are in Tier 1
Total number of SCHs at Lower Level = 4,800
Total number of SCHs at Upper Level = 4,600
Total number of SCHs at Graduate Level = 1,700

Formula Calculation:

4,800 SCHs (lower) x \$133.34 =	\$ 640,032
4,600 SCHs (upper) x \$293.44 =	1,349,824
1,700 SCHs (graduate) x \$635.09 =	<u>1,079,653</u>
Total	<u>\$3,069,509</u>

This calculated amount is intended to fund Instruction and Instructional Support (Academic and Institutional Support) and thus, the budget for the Teacher Preparation Program will be different.

NMHED Higher Ed Funding Overview, June 2010, Page 10

Dual Credit Tuition Reimbursement via Funding Formula for FY11:

Example: Central New Mexico Community College's tuition revenue credit calculation (deducts dollars from I&G appropriation)

FY09 dual credit enrollment = 8,713 student credit hours

I&G adjustment:

Including dual credit enrollment	(\$1,226,849)
Excluding dual credit enrollment	_(869,616)
Difference = increase in I&G appropriation	_\$357,234

\$357,234 : 8,713 SCHs = \$41.00 per SCH

= CNM's tuition rate for resident (in-district) students for FY10

Note: There is a two-year lag between the academic year (FY08-09) when dual credit students took classes and the year for which tuition reimbursement occurred thru the funding formula (FY10-11), since the Legislature appropriated the formula money in the 2010 session.

NMHED Higher Ed Funding Overview, June 2010, Page 11

Funding Formula Timeline:

- **July – August**
Enrollment band, student services, 3% scholarship, tuition revenue credit, dual credit, physical plant/utilities
- **September – October**
Land & Permanent Fund and mil levy revenue credit, I&G equipment, salary base, inflationary factors
- **November 1**
Summary and Detail of BASE I&G formula calculations
- **After Legislative Session**
Summary and Detail of FINAL I&G formula calculations

NMHED Higher Ed Funding Overview, June 2010, Page 12

Process for Funding Formula Changes:

- When changes to the higher education funding formula are deemed necessary, the Higher Education Funding Task Force (HEFTF) makes recommendations for changes in the formula to the Secretary of Higher Education
- The HEFTF is comprised of representatives from institutions of higher education, Governor's Office, DFA, LFC, LESC and NMHED
- The Secretary includes formula changes in the annual funding recommendation for higher education to DFA and LFC due November 1
- Those formula changes approved and enacted during the legislative process are reflected in the final I&G General Fund appropriation for each institution and in the NMHED I&G schedules

NMHED Higher Ed Funding Overview, June 2010, Page 13

Funding Formula Policy Issues that may reflect Savings to the State:

- Should the funding formula reward degree production (e.g. master, baccalaureate, associate, certificate)?
- Should the State continue to fund excess credit hours (e.g. remedial courses or credit hours exceeding a certain limit)?
- What percentage of higher education costs should students bear? How much should tuition and fees be?
- Should funding for dual credit programs be reviewed for cost savings?

NMHED Higher Ed Funding Overview, June 2010, Page 14

**Funding Formula Policy Issues
that may reflect Savings to the State (cont.):**

- Should the formula be revised to address mission differentiation for possible cost savings?
- Would an evaluation of all higher education facilities, including satellite sites, lead to cost savings?
- Should research space used for instruction and leased space be eligible for formula funding?

Note: technical issues are also being discussed by the HEFTF

NMHED Higher Ed Funding Overview, June 2010, Page 15

**Higher Education Incentive and Matching Funds
to address Statewide Objectives:**

- Program Development and Enhancement Fund
- Higher Education Performance Fund
- Higher Education Endowment Fund
- Workforce Skills Development Fund (never funded)
- Technology Enhancement Fund (never funded)

NMHED Higher Ed Funding Overview, June 2010, Page 16

For more information on the Higher Education Funding Formula, or
funding in general, contact:

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For complete details of the most recent fiscal year, see
"FY11 Summary and Detail of Base I+G Formula Calculations – Final
11/17/09" (103 pages)
on NMHED's website

(Please note that the information in this document is subject to change.)

MEDICAID

Overview and Operational Structure



Presentation to the
Government Restructuring Task Force

Katie Falls, HSD Secretary
July 30, 2010

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What is Medicaid?

Medicaid is a federal entitlement program that was established in 1965 as part of President Johnson's "Great Society" program. It was originally established only for people receiving cash welfare assistance – known then as Aid to Families with Dependent Children (AFDC). Since then, it has been expanded by Congress to fill coverage gaps left by the private insurance system and has become the primary mechanism used by states to reduce their number of uninsured.

Medicaid funds nearly a sixth of the total national spending on personal health care.

- It is the nation's largest source of health care coverage for children.
 - In NM, 329,504 children ages 0 -21 are on Medicaid; 53% of the state's total children
- Medicaid covers about 7 of every 10 nursing home residents and finances over 40% of nursing home spending and long-term care spending overall.
 - In NM, in 2009, Medicaid covered 5 of every 10 nursing home residents and financed about 60% of nursing home and long-term care spending overall.
- Primary source of health care coverage for pregnant women
 - In NM, Medicaid pays for 50% of births.
- It is the largest source of public funding for mental health care.
 - In NM, Medicaid paid \$237.2 million in expenditures for behavioral health services
- Provides assistance for more than 8 million low-income Medicare beneficiaries.
 - In NM, Medicaid assists over 62,000 low-income beneficiaries.

In addition, Medicaid supports the safety-net institutions, such as hospitals and health clinics that provide health care to low income and uninsured individuals. For example, Disproportionate Share Hospital (DSH) payments provide substantial support to hospitals that provide uncompensated care to the uninsured.

- For Federal Fiscal year 2010, the total DSH Amount available to New Mexico is \$29,495,296 (\$21,044,894 federal allotment, \$8,450,402 state general fund).
- Nineteen hospitals in NM qualify in FY 10 to receive DSH payments.

Medicaid is jointly funded by federal and state dollars and supported by federal and state laws. Federal law dictates minimum requirements to which all states must adhere but states have broad authority to define many aspects of their Medicaid program. This includes defining eligibility levels, services, provider reimbursement amounts, and delivery systems.

Because of the broad discretion that states are given in creating Medicaid programs, there basically are 50 plus distinct Medicaid programs across the nation, with significant variance in programmatic features.

Medicaid is also referred to sometimes as a Title XIX program as that is the section of the Social Security Act that creates the program. The Children's Health Insurance Program (originally SCHIP and now CHIP) was created in Title XXI of the Social Security Act so reference to Title XXI is used when talking about CHIP funding.

Who is Covered by Medicaid?

To qualify for Medicaid, a person must meet financial criteria AND belong to one of the groups that the state has defined as “categorically eligible.” An individual must also be a citizen or lawfully residing immigrant.

Because each state can determine its own eligibility levels, there are huge discrepancies across the nation regarding individuals’ access to the Medicaid program, in particular for adults.

To receive federal matching funds, all states must cover groups of people that federal law has defined as “mandatory populations.”

Mandatory populations

- Children under age 6 and pregnant women with incomes below 133% FPL
- Children age 6 to 18 below 100% FPL
- TANF Families (Parents below states’ July 1996 welfare eligibility levels; for NM this is 85% FPL and below)
- Individuals who receive SSI (income eligibility equates to 75% FPL for an individual)
- Individuals living in Medical Institutions up to 300% SSI Income Standard
- Low Income Medicare Beneficiaries (provides assistance with Medicare premiums)
- Relatives or Legal Guardians who are caretakers of Children under Age 18 (or 19 if still in high school)

States can expand Medicaid to groups of people beyond the mandatory population. These additional groups covered by states are called “optional populations.” All states have expanded coverage to include optional groups.

Optional Populations Covered in New Mexico

- Children ages 0 to 19 years with incomes up to 235% FPL
 - Due to income disregards, children up to age 6 years are covered up to about 300% FPL
- Pregnant Women up to 185% FPL for pregnancy related services (not full benefit package)
- Children Aging out of Foster Care up to Age 21 years
- Women for Breast and Cervical Cancer Treatment
- Working Disabled Individuals (WDI program)
- Waiver and other services for individuals who are 65 and over, Blind or with a disability

Other Optional Populations that are allowed by federal law but not covered in New Mexico

- Low-income parents with incomes above the 1996 AFDC level (some are covered in New Mexico by SCI)
- Medically needy – individuals with incomes too high to qualify as mandatory but who have medical needs
- Children under age 21 who are full time students

While states can determine who is eligible for the Medicaid program, they cannot limit enrollment or establish a wait list as Medicaid is an “entitlement program.” States can however limit enrollment in the CHIP program and waiver programs. Since New Mexico provides CHIP as a Medicaid expansion, as opposed to a stand-alone program, we cannot limit enrollment for CHIP eligible children.

State Coverage Insurance

NM expanded coverage to adults – both parents and childless adults – in 2005 through the State Coverage Insurance (SCI) program. This was done through a waiver using CHIP funds, which allows NM to access more federal funds, limit the benefit package and cap enrollment.

How New Mexico Compares to Other States

- NM is one of 45 states including DC that covers pregnant women over 133% FPL. Eight states have income thresholds higher than New Mexico’s which is at 185% FPL.
- NM is one of 30 states that permits presumptive eligibility for pregnant women.
- NM is one of 14 states that allow presumptive eligibility for children.
- All 50 states provide a Breast and Cervical Cancer category of eligibility for uninsured women who would not otherwise qualify for Medicaid.
- 45 states have coverage for populations equivalent to our Working Disabled Individuals program.
- NM is one of 27 states that have family planning waivers.
- 34 states plus District of Columbia covers the Medically Needy population – NM does not.

Adults’ Income Eligibility Thresholds across the Nation

- < 50% FPL – 17 states
- 50% to 99% FPL – 17 states
- 100% FPL or greater – 17 states, including DC
- New Mexico is in the middle group at 85% FPL

Regarding children, all states have expanded eligibility for those ages 0 to 5 years above 133% FPL.

New Mexico is one of 31 states that have expanded eligibility for children ages 6 to 19 years above 100% FPL separate from a stand-alone CHIP program.

States have used their CHIP funding to expand Medicaid eligibility for children ages 0 to 19. The expansion ranges from a low of 175% FPL (Alaska) to a high of 400% FPL (New York). Some of these programs are separate CHIP programs with higher cost-sharing and limited benefits. New Mexico covers children to age 19 with family incomes up to 235% FPL.

What Services Does Medicaid Cover?

The federal Medicaid statute requires each state to provide services that they have deemed to be mandatory.

Mandatory services

- Physician services
- Hospital services (inpatient and outpatient)
- Laboratory and x-ray services
- EPSDT for individuals under 21
- FQHCs and Rural health clinic services
- Family planning services and supplies
- Pregnancy-Related Services
- Pediatric and family nurse practitioner services
- Nurse midwife services
- Nursing facility services for individuals 21 and older
- Home health care for persons eligible for nursing facility services
- Transportation services
- Medical and Surgical Services of a Dentist

Early Periodic Screening, Diagnosis and Treatment (EPSDT) is a mandatory service that entitles Medicaid recipients under age 21 to all services authorized by the federal Medicaid statute. This includes services that are considered optional for other Medicaid populations, many of which are not covered by private health care coverage. EPSDT covers screening, preventive and early intervention services and diagnostic services and treatment determined to be necessary to correct or ameliorate children's acute and chronic physical and mental health conditions. The definition of "medical necessity" in EPSDT is broad to allow for promoting children's health development.

As with populations covered, states have broad flexibility to expand Medicaid benefits beyond mandatory services. All states have expanded their Medicaid benefit package to include some optional services as many of these services are seen as essential though labeled "optional."

Examples of Optional Services covered in New Mexico

- Medications
- Behavioral Health Services
- Dental services, including dentures
- Physical, occupational and speech therapies
- Vision services, including eyeglasses
- Podiatry
- Emergency Hospital Services
- Hospice Care
- Prosthetic Devices and other Durable Medical Equipment
- Services of other practitioners, e.g. psychologists, social workers, nurse anesthetists, private duty nurses
- Nursing Facilities for under age 21
- ICF/MR Services
- Home and Community Based Waiver Services for D&E, DD, HIV/AIDs and Medically Fragile Individuals

Examples of Optional Services Not Covered in New Mexico

- Chiropractic
- Acupuncture
- Dental Hygienists working independently
- Waiver Services Specifically for Those with Autistic Spectrum Disorders

How New Mexico Compares to Other States

Optional Benefit	New Mexico Coverage	Other States Coverage
Prescription Drugs	Yes	50
Some form of Behavioral Health Services	Yes	50
Dental Services	Yes	45
Dentures	Yes	34
Eyeglasses	Yes	43
Prosthetic Devices	Yes	49
Durable Medical Equipment	Yes	50
Hearing Aids	Yes	34
Personal Care Services	Yes	30
Hospice Services	Yes	47
Home and Community Based Waivers	Yes	50
Medical care furnished by other practitioners;		
▪ Nurse practitioner	Yes	49
▪ Chiropractor	No	28
▪ Optometry	Yes	50
▪ Psychologist	Yes	34

Waivers

The federal Medicaid law allows state to request a *waiver* from the federal rules in order to establish a program that may better serve the state's population. The 3 primary types of waivers that are requested by states are listed below.

1. Home and Community-Based Services Waivers – 1915c: This waiver allows a state to provide community-based long-term care services to individuals who otherwise would likely need to be served in a nursing facility.
2. Freedom of Choice Waivers – 1915b: This type of waiver allows a state to waive the "free choice of provider" requirement. Prior to the 1997 Balanced Budget Act, states often sought this type of waiver to implement managed care by restricting the recipients' choice of providers. This type of waiver also permits states to avoid requiring "comparability of services" and "statewideness", two components which mandate that states offer the same coverage to all categorically needy recipients statewide.
3. Section 1115 Research and Demonstration Waivers permit states to waive basically any part of the federal statute regarding mandatory eligibility, benefits or delivery systems.

New Mexico has several waivers in the Medicaid Program.

- The SALUD! MCO program, Behavioral Health, and CoLTS programs are all operated under 1915 b waivers.
- 1915 c waivers in New Mexico are Developmental Disabilities; Disabled and Elderly waiver (also known as CoLTS c); Mi Via; Medically Fragile; and AIDS. Forty-eight states have Developmental Disabilities Waivers while all 50 states have some form of aged/blind/disabled waiver.
- The SCI program operates under two 1115 Demonstration Waivers (one that covers childless adults funded by Title XIX and another that covers parents funded by Title XXI), Family Planning also operates under a 1115 Demonstration Waiver. New Mexico is one of 25 states that has Family Planning Waivers.

Benchmark Plans

The Deficit Reduction Act (DRA) in 2005 allowed states to provide “benchmark” plans to specific groups of Medicaid enrollees. This enabled states to offer different services to different groups of people. However, if a state elects to offer benchmark coverage to certain populations, they must still provide EPSDT services to children, even if those children are enrolled in a benchmark plan.

The federal law also stipulated that certain groups of people cannot be offered just benchmark coverage. Groups that cannot be limited to benchmark coverage include:

- Mandatory pregnant women and parents,
- Individuals with severe disabilities,
- Individuals who are medically frail or have special needs
- Dual eligibles
- People with long-term care needs
- And specified other groups

Cost-sharing

The DRA legislation also increased the amount of cost-sharing that can be imposed on Medicaid enrollees. However, there are still strict rules in this area.

- Premiums are prohibited for most children and adults below 150% FPL
- Total of premiums and cost-sharing cannot exceed 5% of the family income and is limited to 10% of the cost of service
- For children and adults with incomes greater than 150% FPL, the total of premiums and cost-sharing cannot exceed 20% of the cost of the service
- Cost-sharing for preventive care is prohibited for all children regardless of income level

How is Medicaid Financed?

Medicaid is funded jointly by the states and federal government through the Federal Medical Assistance Percentage (FMAP) for medical services and the Federal Medicaid Administrative Match (MA) for administrative costs.

The amount of Federal Medical Assistance Percentage (FMAP) that states receive is based on state per capita income relative to the national average. All states receive at least 50% FMAP but can not receive more than 83% FMAP.

New Mexico's FMAP for Federal Fiscal Year 08 was 71.04% for the Title XIX Medicaid program and 79.62% for the CHIP program (Title XXI).

In Federal Fiscal Years 09 and 10, the state's FMAP for the Title XIX Medicaid program was increased due to the ARRA enhanced FMAP. During this time period, New Mexico's FMAP has ranged from 77.24% to 80.49%. FMAP for the CHIP program was at 79.62% in FFY 09 and 79.95% in FFY 10.

When the ARRA enhanced FMAP expires, New Mexico's FMAP will be 69.78% and the CHIP FMAP will be at 78.85%.

There is currently a proposed extension of the ARRA enhanced FMAP being considered by Congress that would result in NM's FMAP being 77.66% for January – March 2011 and 75.78% for April – June 2011. The result of phasing out ARRA FMAP is an additional shortfall of \$56 million to the Medicaid program.

There is a possibility that the ARRA FMAP will not be extended beyond December 31, 2010. The result of losing the ARRA FMAP is an additional shortfall of \$160 million in General Fund to the Medicaid program.

Unlike the FMAP for medical services, the Medicaid Administrative Match is the same across all states and generally 50% of the administrative costs. Some administrative costs that qualify for higher Federal matching rates include: development of new IT systems that can receive a federal match of 90%, while operation and maintenance of an IT system can qualify for 75% FMAP; skilled professional and medical personnel, medical/utilization review costs earn a 75% federal share, and kids and parents CHIP admin is 100% federally covered.

In addition to state general funds, NM's Medicaid program receives revenue from other state funds and sources.

- **Tobacco Settlement Revenue:** The Medicaid program receives funding of \$5,015.0 in its base budget primarily for the Breast and Cervical Cancer program. Due to rising costs of the Medicaid program, additional appropriations from the Tobacco Settlement funds have been allocated in fiscal years 09, 10 and 11 in amounts of \$23,835.0; \$24,857.5; and \$23,191.8 respectively.
- **Sole Community Provider Funds:** In SFY2010, \$178,896,252 was made in payments to 27 to qualifying hospitals (\$143,523,991 federal share, \$35,372,261 state general fund). In addition, \$77,199,127 was paid for the Supplemental Piece, also known as the UPL payment, which is designated to Sole Community Provider Hospitals but is also made available to the University Hospital. (\$69,342,401 federal share, \$7,856,726 state share). In FY 11 there are a total of 28 hospitals that will receive Sole Community Provider Funds.
- **County Supported Medicaid Revenue:** County Supported Medicaid revenues totaled \$24,515,106 in FY 10.
- **Miscellaneous Revenue:** Fraud and Abuse, Drug Rebates, Cost Settlements, refunds and recoveries generated \$17,141,923.

How Much Does Medicaid Cost?

NM's Medicaid Program budget for FY 11 is \$591,262,000 in state dollars. With the federal matching dollars, the Medicaid program has a budget projection of \$3.9 billion.

The budget for NM's Medicaid Program includes \$55,216,900 for administrative costs or 1.4% of the total budget (federal and state funds). This money is used to support costs such as our MMIS system (claims payment IT system), actuarial analysis needed to establish MCO and provider payment rates, federally required audits and staffing.

By far the majority of the funding for the Medicaid program goes to purchase medical services for the 550,311 people enrolled in Medicaid (March 2010 data, number inclusive of all Medicaid recipients, including SSI and SCI).

Percentage of Medical Expenses by Major Category
(Data from the SCI Program)

Medical Expense Category	Percent of Total Expended
Outpatient Hospital – facility only	34.0%
Physicians – Specialists	18.8%
Inpatient hospital – Facility Only	16.9%
Pharmacy	16.9%
Emergency Room – Facility Only	9.4%
Physician – Primary Care	2.2%
Mental Health – All Other	1.3%
Mental Health – Inpatient	0.3%
Home Health	0.1%
TOTAL	100%

Salud! Managed Care Organizations Expenditures and Utilization
(As reported by the MCOs)

FY 09

SERVICE	Utilization	Expenditures
Inpatient Hospital	382,967	\$212,853,482
Outpatient	408,267	\$234,234,917
Transportation	48,615	\$18,010,225
Clinics – FQHCs/RHCs	166,196	\$20,563,009
Indian Health Service	15,501	\$5,547,937
Case Management	1,652	\$509,049
Home Health and Hospice	18,441	\$11,636,266
Physician Visits	1,451,821	\$165,882,992
Laboratory	301,640	\$26,103,347
Radiology	190,795	\$36,179,174
Other Practitioners	16,286	\$2,418,144
Therapies	62,036	\$13,192,326
Home Infusion	23,470	\$7,165,429
Medical Supplies, O & P	47,967	\$22,248,875
Prescribed Drugs	2,439,558	\$106,116,342
Dental	307,974	\$67,330,984
Vision	1,068	\$7,425,482
Value Added Services	7,597	\$363,045
Sub capitations		\$65,767,211
➤ Clinics		➤ \$6,296,129
➤ Dental		➤ \$2,463,643
➤ DME/Medical Supply		➤ \$6,942,564
➤ Global Capitation Charges		➤ \$45,146,769
➤ Network Access related charges		➤ \$688,642
➤ Physician		➤ \$3,227,789
➤ Transportation		➤ \$994,214
➤ Vision		➤ \$7,466
Other (BH)	31,183	\$6,163,685
Total	5,923,034	\$1,029,711,918

While Medicaid is a publicly financed health care program, the program purchases its services primarily through the private sector. Managed care is the most common delivery system for the provision of Medicaid services. In 2008, 70% of Medicaid enrollees nationwide received some or all of their services through managed care arrangements. The two primary models of managed care in Medicaid are MCOs and primary care case management.

Medicaid Managed Care Penetration Rates in 2008

- 0 – 50% 5 states
- 51 – 70 % 20 states including DC
- 71 – 80% 9 states
- 81 – 100% 17 states

NM's Medicaid population enrolled in managed care was at 65.11% in 2008. The national average at that time was 69.82%, with three states being 0 percent in managed care: Alaska, Virgin Islands and Wyoming. However, eleven states in that time period were over 90%. With the addition of the Coordinated Long Term Services (CoLTS) program in 2009, the number of New Mexico's Medicaid recipients enrolled in managed care has grown to about 74%.

Costs to the Medicaid program include the provider fees we pay to practitioners, hospitals and clinics for providing medical services to Medicaid recipients. Since the federal law does not stipulate the payment amount, there is significant variation across the states as to provider payments. As a reference point, states' provider payments for Medicaid are compared to Medicare provider fees as those are standardized by the federal government.

Medicaid to Medicare Provider Fee Ratios for All Services

- < 70% - 11 states including DC
- 70 – 84% 7 states
- 85 – 99% 21 states
- 100%+ 11 states

NM's payment to Medicaid providers is an average of 99% after a 3% provider rate reduction was implemented in December 2009.

Medicaid's Role in our health care system and the economy

Medicaid is the largest source of federal revenue for states and has a major impact on a state's economy and job market. Known as the "multiplier effect," Medicaid spending generates more income and purchasing by businesses and individuals across the state.

Medicaid is a large source of payment for hospitals, practitioners, medical supply companies and pharmacies. In addition, millions of jobs are created nationwide through Medicaid funding. Beside the impact on health outcomes, cuts to Medicaid funding have a ripple effect of eliminating jobs and reducing family incomes.

In January 2009, the Kaiser Foundation compiled and reviewed findings from 29 studies in 23 states that analyzed the role that Medicaid funding plays in state and local economies. Their key findings follow.

1. *Medicaid spending generates economic activity including jobs, income and state tax revenues at the state level.*
2. *Regardless of the economic model, all studies show Medicaid spending has a positive impact on state economies. The magnitude of the impact is dependent on state Medicaid spending, a state's matching rate (FMAP), and the economic conditions in a state.*
3. *Reductions in state and federal Medicaid spending will lead to declines in federal Medicaid dollars, decreases in the flow of dollars to health care providers, and consequently lead to declines in economic activity at the state level. For example, due to the federal match, a state with a 60 percent FMAP must cut overall Medicaid spending by \$2.40 to save \$1 in state Medicaid spending.*

With New Mexico receiving \$3 to \$4 dollars for every dollar we spend in the program, Medicaid funding has a significantly positive role in supporting jobs, incomes and purchases across our health care delivery system, associated businesses and vendors, and on household consumption, tax collection and the New Mexico economy as a whole.

Administration of the Medicaid Program in New Mexico

The Human Services Department is the single state Medicaid Agency in New Mexico and responsible for overseeing all Medicaid programs and funding for the federal government. However, the actual administration of Medicaid programs and services is shared with several state agencies. For example, the Department of Health administers the daily operations of the DD, Medically Fragile and Aids waivers. DOH receives the general fund appropriations for these programs and shares responsibility with HSD for program oversight, policy development and quality management. The Aging and Long Term Services Department administers the CoLTS Waiver and Personal Care Option, also funded with Medicaid dollars. Both ALTSD and HSD receive general funds for these programs and share responsibility for the program and oversight.

Because Medicaid is a large funding source for many health services, the Human Services Department contracts with many organizations and partners with many more. See attached handout.

How does Health Reform Reshape Medicaid for the Future?

Eligibility

The Patient Protection and Affordable Care Act (PPACA) expands Medicaid eligibility to non-Medicare individuals under the age of 65 with incomes up to 133% FPL. For New Mexico, we anticipate about 142,000 individuals who are currently uninsured and ineligible for Medicaid today will be enrolled in the Medicaid program in 2014.

PPACA will eliminate the huge discrepancies in Medicaid programs across the states by establishing uniform procedures for eligibility and income calculation. Currently, NM's Medicaid program has a wide range of income disregards for each of the 54 categories of eligibility across the program. Under PPACA, there will be one income disregard, which is 5%, across the traditional Medicaid program (does not include waivers). This will in essence expand Medicaid eligibility up to 138% FPL and eliminate the complexities of determining Medicaid eligibility, making it much more straightforward as to who is eligible and who is not.

The federal health care reform law requires a streamlined, web-based application for Medicaid that will also be used to determine eligibility for tax subsidies on the Health Insurance Exchange. By 2014, access to the Medicaid program will be simpler and available through more avenues.

Services

The federal government will identify essential benefits that must be provided in benchmark plans and plans sold on the Exchange. This will provide some continuity in health benefits across the states' Medicaid plans.

The federal health care reform law provides mechanisms for states to expand and improve their services in the long-term care arena. Several new programs and options are offered, and grant funding to launch these programs is being made available now.

Financing

Beginning in 2014, the cost of services for the expansion of individuals up to 138% FPL (with 5% income disregard) will be fully funded by the federal government with 100% FMAP to the states. The 100% FMAP will continue until 2017, when the FMAP begins to decline as follows: 95% FMAP in 2017; 94% FMAP in 2018; 93% FMAP in 2019; and 90% FMAP in 2020 and beyond.

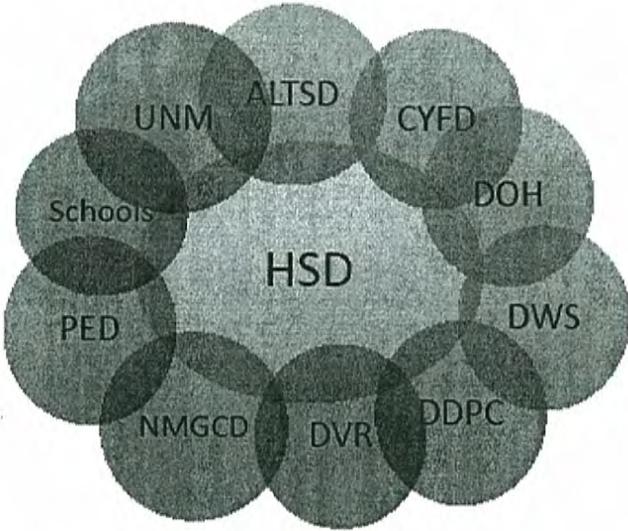
For FY 2016 through 2019, PPACA provides additional federal funding for the Children's Health Insurance Program (CHIP) by increasing the FMAP as much as 23 percentage points but not to exceed 100% FMAP. For New Mexico, this means we will receive 100% FMAP for the Title XXI program during this time period.

For FY 2013 and 2014, states will receive federal funding to increase Medicaid payment for primary care services provided by primary care doctors to 100% of the Medicare rate.

Sources:

- *Kaiser commission on Medicaid and the Uninsured "A Foundation for Health Reform"* www.kff.org/medicaid/upload/8028.pdf
- *Kaiser Commission / "Medicaid A Primer 2010" report* www.kff.org/medicaid/7334.cfm

HSD's Programs Overlap Across Multiple Agencies



New Mexico Human Services Department

Agencies Overlap

- ◆ Aging & Long-Term Services Department (ALTSD)
 - ◆ Traumatic Brain Injury (TBI) waiver
 - ◆ Program of All-Inclusive Care for the Elderly (PACE)
 - ◆ Disabled & Elderly (D&E) waiver (with DOH)
 - ◆ *Mi Via* (with DOH)
 - ◆ Coordination of Long-Term Services (CoLTS) (with DOH)
- ◆ Children, Youth & Families Department (CYFD)
 - ◆ Determine and update eligibility for children or adolescents in child protective services
 - ◆ Behavioral health for children and adolescents
- ◆ Department of Workforce Solutions (DWS)
 - ◆ WDI (with DVR, DOH, NMGCD and UNM)
- ◆ Division of Vocational Rehabilitation (DVR)
 - ◆ Disability determinations
 - ◆ WDI (with DOH, DWS, NMGCD and UNM)



New Mexico Human Services Department

2

Agency Overlap

◆ Department of Health (DOH)

- ◆ D&E waiver (with ALTSD)
- ◆ Long-term care
- ◆ Intermediate Care Facilities for the Mentally Retarded (ICF-MR)
- ◆ PASRR Level I & II
- ◆ MR assessments
- ◆ Early intervention
- ◆ AIDS waiver
- ◆ Developmental Disabilities (DD) waiver
- ◆ Medically fragile waiver
- ◆ Federally-Qualified Health Centers (FQHCs)
- ◆ Families First
- ◆ Nurse aide training
- ◆ County maternal child health
- ◆ Emergency contraceptive services / Plan B
- ◆ Early & periodic screening
- ◆ Maternal child health initiatives
- ◆ Families Infants & Toddlers (FIT)
- ◆ *Mi Via* (with ALTSD)
- ◆ CoLTS (with ALTSD)
- ◆ School-Based Health Centers
- ◆ Working Disabled Individuals (WDI) (with DVR, DWS, NMGCD and UNM)
- ◆ Bureau of Vital Statistics



New Mexico Human Services Department

3

Agencies Overlap

- ◆ **Public Education Department (PED)**
 - ◆ School health;
 - ◆ Medicaid School-Based Services (with school districts)
- ◆ **School Districts**
 - ◆ Medicaid School-Based Services
- ◆ **University of New Mexico (UNM)**
 - ◆ Envision
 - ◆ WDI (with DOH, DWS, NMGCD and UNM)
 - ◆ State Coverage Insurance (SCI)
- ◆ **Developmental Disabilities Planning Council (DDPC)**
 - ◆ Operation of Information Center for New Mexicans with disabilities and Baby Net



New Mexico Human Services Department

4

APPENDIX D

STATE GOVERNMENT EFFICIENCIES AND EFFECTIVENESS SURVEY

“Listen to what the worker bees have to say instead of the queen. Those of us who are doing the work know what we need and don't need. Administration has no idea what really goes on.”

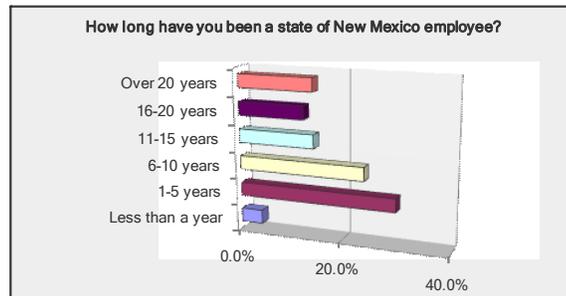
- anonymous public employee



Legislative Council Service

WHO RESPONDED?

968 state employees from more than 40 agencies



66% non-supervisory employees
23% management employees (classified)
11% management employees (appointed or exempt)

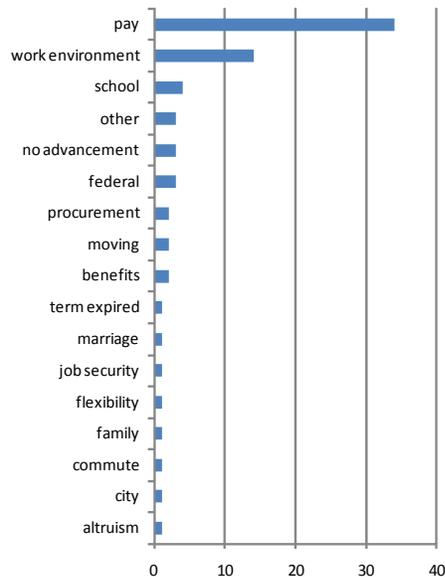


Legislative Council Service

29%
of the survey respondents plan to
leave state government in the next
three years.

Why?

QUESTION 6
Do you plan on leaving state government in the next three years?
If so, why?



Question 6 Samples

*PAY –

“Our insurance premiums are going up and our paychecks are getting smaller. How can we support our families when state employees aren't supported adequately?”

“I'm tired of barely making it as it is and being taken advantage of by doing more work (due to hiring freeze) and having more money taken out along with furloughs! How much more do we have to give the state?!?!? State employees have done their part! Quit taking more from us! PLEASE!”

*WORK ENVIRONMENT –

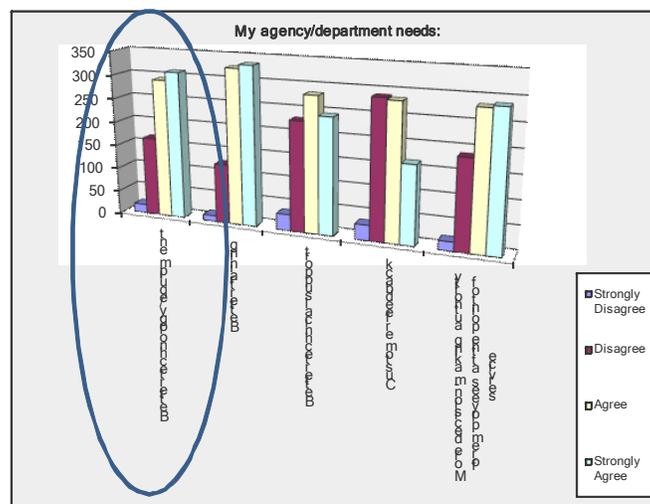
“State government places no real pride in having long-term employees.”

“Favoritism, nepotism, management and sexual harassment issues everyday.”

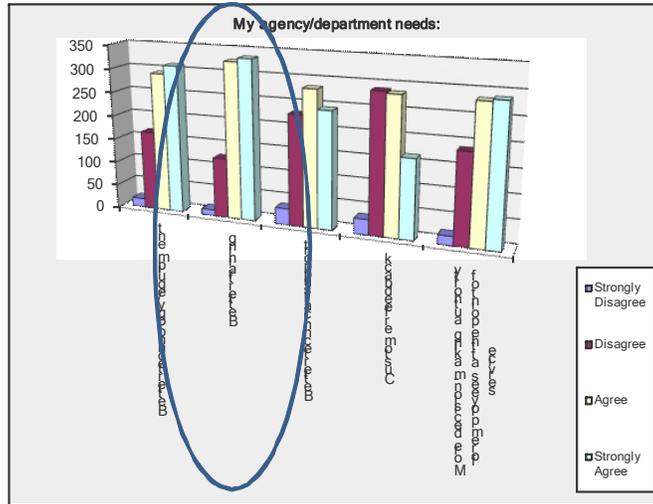
“Love my job, just tired of the inconsistencies and favoritism.”

SURVEY RESPONDENTS IDENTIFIED THREE CRITICAL NEEDS IN THEIR AGENCIES:

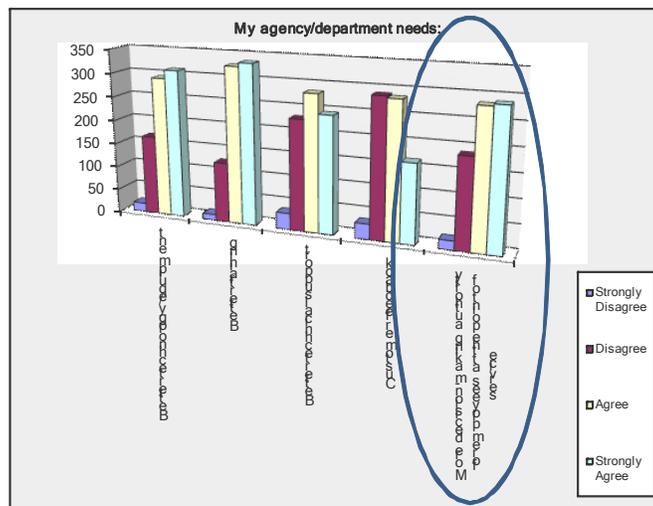
BETTER TECHNOLOGY AND EQUIPMENT



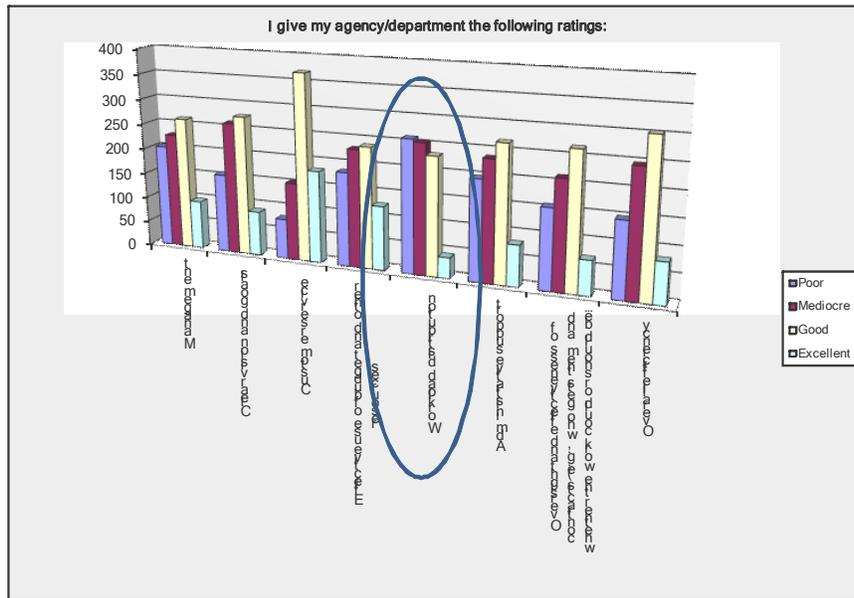
BETTER TRAINING



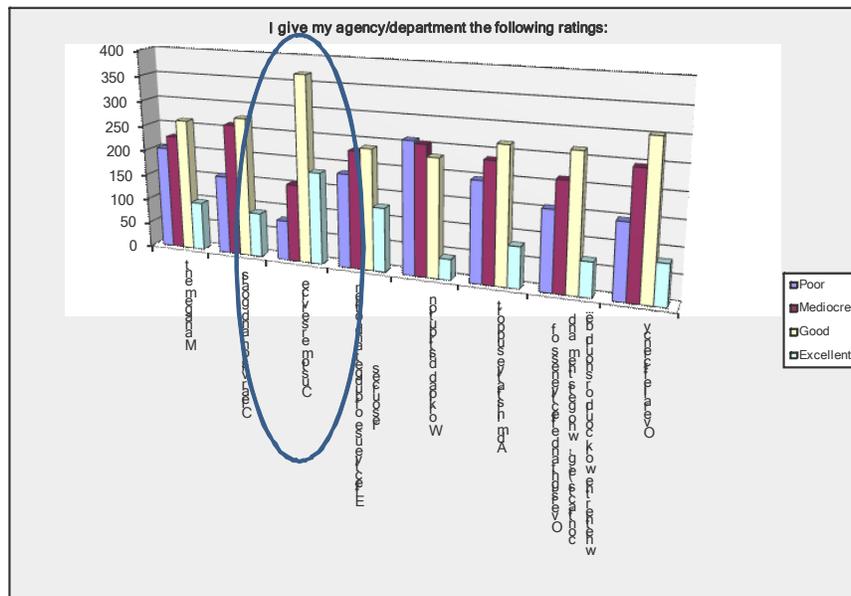
AND MORE DECISION-MAKING AUTHORITY ON THE FRONT LINES



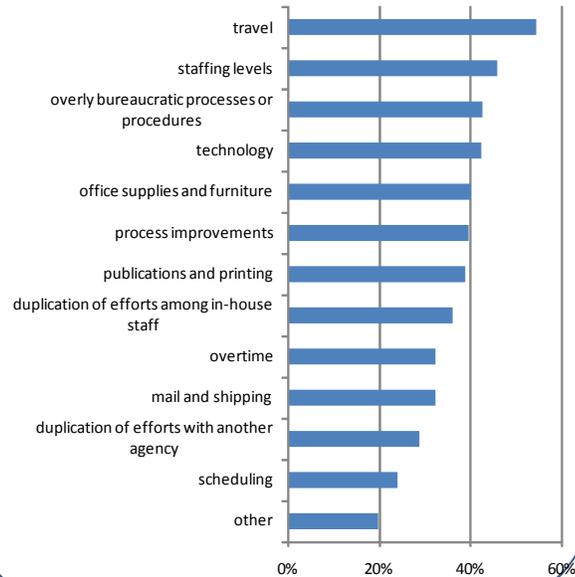
WHILE MANY RESPONDENTS ARE EXPERIENCING WORKLOAD OVERLOAD



THEY STILL FEEL THEIR AGENCIES SERVE THE PUBLIC WELL



QUESTION 12
Examples of how my agency/department could save money:



Question 12 Samples

*TRAVEL –

“More meetings should be held in-house or online.” **(many comments on teleconferencing, video conferencing and telecommuting)**

“Limit use of company cars, no personal use of vehicles.” **(many comments on state vehicle use)**

“We pay for so many victims to fly here for court and half of the time, the court gets cancelled and we just spent a lot of money on the flights, back and forth, motel, food. It's ridiculous.”

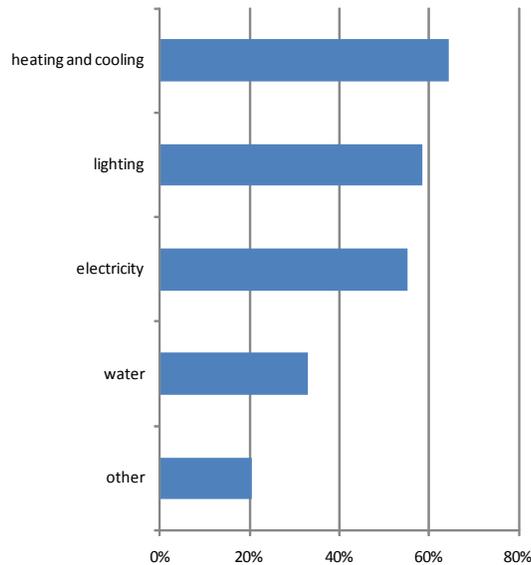
*STAFFING LEVELS TOO LOW TO CUT FURTHER OR TOO TOP-HEAVY –

“Severely understaffed. Exempt staff working many hours of unpaid overtime.” **(many comments on understaffing)**

“Always need more, never been fully staffed.”

“Too much management – not enough workers.” **(many comments on top-heavy staffing)**

QUESTION 14
Examples of how my agency/department facility could be more efficient with the use of:



Question 14 Samples

***ENERGY-WASTING FACILITIES–**

“If HVAC system worked more correctly we wouldn't need so many fans and space heaters.”

“Having operable windows instead of using the HVAC system, particularly in spring and fall.”

“Light switches affect multiple areas, which would be better served by having their own light switches so that unnecessary lights could be off.”

***ENERGY-USE MONITORING –**

“Make energy usage reduction a requirement (e.g., lights, computer monitors left on) and inform management when not met.”

***RENEWABLE ENERGY AND WATER CONSERVATION –**

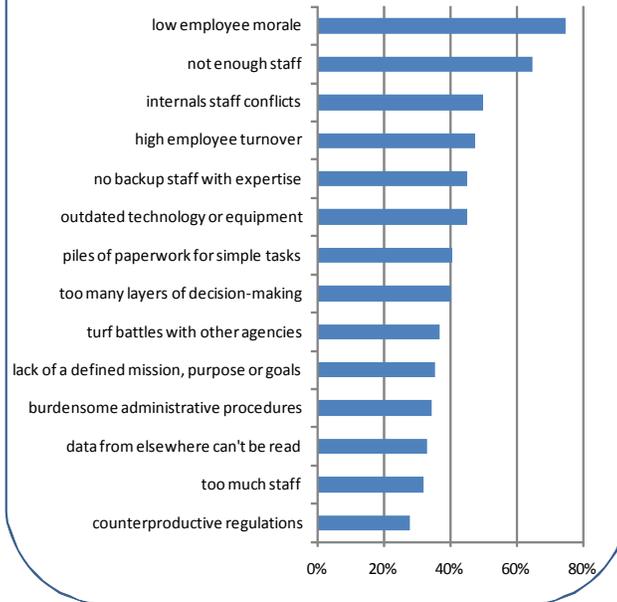
“Put solar panels on the roof to run the interior lighting.”

“Put in a water collection system for watering the grounds.”

“Waterless urinals.”

QUESTION 15

The following are examples of problems that make my agency/department limp along when it should be flying:



Question 15 Samples

*LOW EMPLOYEE MORALE –

“Low pay and not enough people to do the work so everyone is working extra hard...yeah, morale is low.”

“Too much work. Don't feel like time off can be taken.”

“Comes from upper management creating positions and filling them with their friends from outside.”

“Only when things go to hell does the administration ever comment on work of employees.”

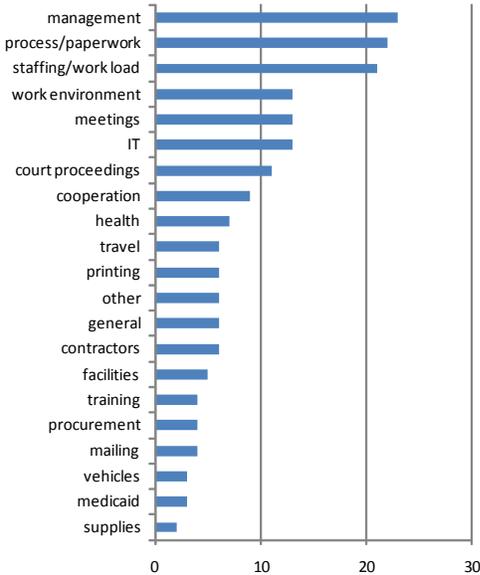
*STAFFING/WORK LOAD –

“We have fooled the legislature for years by not letting them know how understaffed we are.”

“Way less staff than is really needed for the amount of work.”

QUESTION 16

I can't figure out why my agency does the following - it seems like a waste of time and resources:



Question 16 Samples

*MANAGEMENT –

“Why are incompetent top administrators appointed who have NO leadership skills and basically do nothing to keep the agency running smoothly?” **(many comments on management competence and qualifications)**

“I really can't figure out why the management team does anything they do because they do illogical things without telling the staff about it.”

“So many levels of management; so many levels of purchase approvals.”

*PROCESS/PAPERWORK –

“Federal time reports - what a complete waste of staff time!”

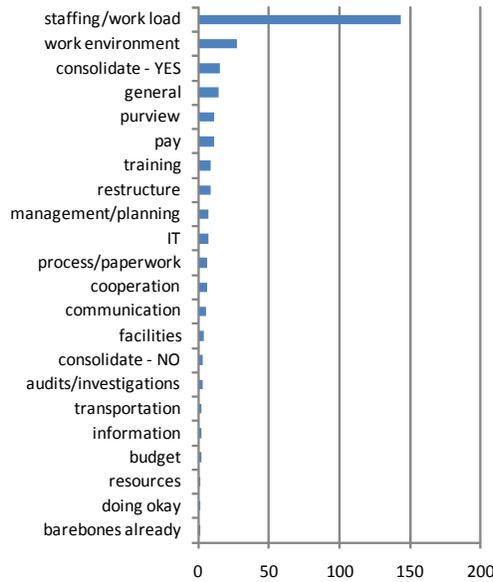
“Almost every single document that needs approval needs at least 7 signatures.”

*STAFFING/WORK LOAD –

“Continuously hiring and training new people.”



QUESTION 19
If I were in charge of restructuring my agency/department,
the most important thing I would do is:



Question 19 Themes

*RETAIN EMPLOYEES –

“Our training costs would put a private sector business out of business.”

“In times like these, we have seen cutbacks, but it appears it is the employees who knew what they were doing were cut in some agencies and that has slowed things down considerably. Less experienced, lesser paid employees and fewer of them are trying to keep up with an ever-growing caseload and eventually, the system itself will implode.”

*ADJUST STAFFING –

“more support staff, fewer managers” “not enough front line workers”

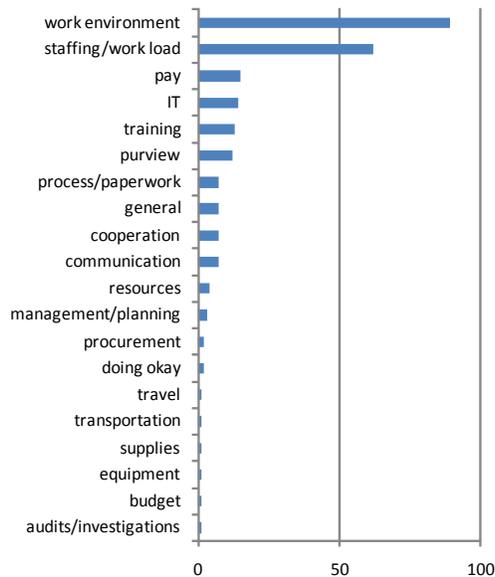
*ENCOURAGE TRANSPARENCY WITHOUT FEAR –

“I take the 5th for my own protection. In other words, we are paranoid about repercussions, and for good reason.” **(several comments on fear of reprisals for participating in the survey)**

*CONSOLIDATE –

“Consolidate bureaus based on similar objectives.”

QUESTION 20
I would be more effective in my job as a state employee if:



Question 20 Themes

*LOW MORALE –

“If I wasn't so worried I was going to be laid off or furloughed every time I turned around.”

“If there wasn't so much corruption in state government and then no one wanting to take responsibility for their actions.”

“I would like to see an advocate that had power to make changes, because when we complain of management abuse no one hears who has any power - so people who do all the work and show up every day with a desire to do good are not abused by an apathetic institution that gives lip service to us.”

*WORKLOAD OVERLOAD AND UNDERSTAFFING–

“If I could just do the job I was hired to do, rather than the work of 2 other vacant positions.” **(many comments on staff filling in for vacancies)**

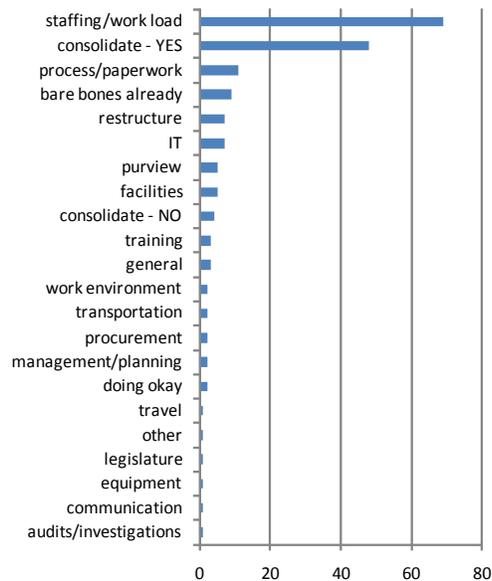
“If there were more of me! Instead of one person trying to cover 3 large counties.”

“If I didn't have to wear so many hats.”



QUESTION 21

If I were in charge, my agency/department could consolidate or eliminate units, offices, bureaus, divisions, programs, projects, positions or other activities as follows:



Question 21 Themes

***POLITICAL APPOINTEES –**

“Get rid of political hires and ‘made for’ positions.” **(many comments on political appointees and governor exempts)**

***TOP-HEAVY STAFFING –**

“I would reduce the number of supervisors so they wouldn't be stumbling over one another.”

***PROCESS IMPROVEMENTS –**

“The pilot program for processing assistance cases is a monster. Clients hate it, caseworkers hate it and the wait time in lobbies is horrible.”

***FACILITIES CONSOLIDATION –**

“Eliminate all the duplicate offices that many employees have - two of everything - this would help to reduce the excessive floor space that is being leased and reduce the agency rent budget.” **(several comments on duplicate office space)**



Final Comments and Suggestions

"Hire staff rather than contractors - especially out-of-state contractors. Let's give some of this work to NM residents."

"Require employees to evaluate their managers and supervisors annually with effective removal for poor performers, just like employees are evaluated."

"Rather than hiring from the top down, hire from the bottom up. This would not burden the budget as much as in the recent past and would create opportunities for new energy to join the State Government workforce - which is desperately needed."

"Stop the stereotype that all state employees are lazy - most I know are underpaid and hardworking."

"Any government that wishes to impress its citizens with how well government is run needs to start with the Motor Vehicle Department and the Schools - the entities that touch more lives than any other."

"Require that all state employees who drive state cars between Albuquerque and Santa Fe on state time use the Rail Runner instead."



Limit the governor to "four appointees total."

"Establish an anonymous 800 complaint line. The staff know all. The current economic climate prevents anyone from disclosing incredible indiscretions and nepotism."

"Move state agencies that are paying rent into GSD-owned buildings since there are a lot of vacancies which cannot be filled, thus, a lot of empty spaces."

"Do financial audits - question everything." **(many responses calling for audits)**

"I believe there are too many higher education institutions and branch campuses. As a result, scarce resources are spread too thin and we do not achieve excellence in any field."

"Stop wasting money on stupid things like spaceships!" **(Rail Runner appears in several similar comments)**



***CENTRALIZE SERVICES –**

House all department/agency general counsel staff at the Attorney General's Office rather than at the agency.

Have Workforce Solutions Department handle all agency job listings.

***DECENTRALIZE SERVICES –**

Eliminate the Department of Information Technology and return all IT functions to the agency level. **(many comments to eliminate DoIT)**

"Our IT person should answer to us, not to a centralized IT department. Ask any state that has tried having a separate IT department, they'll tell you that it is an inefficient way to handle IT. One example: we have spent MONTHS trying to get IT 'leadership' to respond to our need for access to online training materials, such as webinars, meetings, etc, this is particularly important since we're not allowed to travel. It is the only way for us to keep our skills up to date. We still don't have permission."

***REFOCUS SERVICES –**

Expand prevention programs to save expense of treatment programs in Department of Health.



"I am concerned about restructuring in a time of financial crisis and at the change of an administration.

I realize that study has been done on this issue and appreciate the opportunity to comment through this survey. But I feel that more employee involvement and buy-in with regard to this process is crucial and that there has not been enough."

- anonymous public employee

"Part of the problem is that the government restructuring task force was given an impossible task, in terms both of scope and time. The danger of such a situation is that superficial discussions may lead to hastily conceived legislation with a high potential of unintended consequences."

- anonymous public employee



