



LFC Newsletter

A publication of the Legislative Finance Committee

Senator George Muñoz, Chairman
Representative Nathan Small, Vice Chairman
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From the Chairman

Groundwork

Those attending the committee's July meeting in Farmington will hear options for balancing the state's long-term revenue with spending needs, how the state can improve its public school test scores, and briefings on topics that run the breadth of issues affecting New Mexicans. While there will be experts there—scientists and educators, economists and tribal leaders—LFC members will be listening just as carefully to what LFC staff have to say. Committee members rely on the nonpartisan research of our staff, whose work has proven time and again to be invaluable.

It's not just the committee that relies on the staff's work. LFC studies are frequently cited in news stories, whether the article is focused on the study or not, and the hundreds of fiscal impact reports on legislation produced by staff are key to legislative session discussions. Just this summer, LFC analysis on homelessness, diversifying the economy, the availability of clean water, and record funding levels were the basis of important conversations about the future of the state.

These reports can be a benefit to all lawmakers. As part-time legislators, we simply do not have the time to stay abreast of the nuances of every policy issue. LFC staff fills this important role for the committee, and additional policy expertise could ensure every legislator had access to this valuable service. Indeed, the study being conducted this summer on "professionalizing" the Legislature, including expanding staff, should consider the need for additional staff policy experts.

To be sure, legislative analysts and evaluators don't always tell us what we want to hear. Quite often, LFC staff's focus on evidence and results pokes holes in preconceived notions. The staff is diligently nonpartisan, from the LFC director down. They help us understand the issues, including political implications, help us develop policy and draft legislation, but the political decisions are left to the Legislature. That's how it should be. Your elected representatives should make the decisions; the staff helps us make the best possible decisions.

Over the summer, the committee will discuss desalination and reforestation, children born addicted to drugs and the impact of taxes on economic development, and, repeatedly, forecasts of New Mexico's revenue and spending. All of it will help prepare us for the budget development that starts in the fall and the hard decisions that must be made when the Legislature meets in January.

Senator George Muñoz
Chairman

School Calendars Grow by 5 Days After Years of Effort

More than a dozen years of legislative efforts to add instructional time to public school calendars has had minimal impact, with the average calendar now just five days longer than the average of 177.8 days in 2009, LFC analysis shows.

Since a 2008 study by the American Institutes for Research concluded New Mexico could improve student performance partly by expanding the school year to 185 instructional days, New Mexico has spent hundreds of millions of dollars on voluntary and mandated school-year calendar expansions, but districts have often opted to add minutes to each day to hit minimum hour requirements rather than add days to the calendar, staff report in a brief scheduled to be presented to an LFC subcommittee at 10 a.m. July 19.

A 2018 LFC evaluation of instructional time found the average calendar had shrunk by about two days since the study, despite a \$14 million increase in annual public school funding specifically for additional days.

By the 2022-2023 school year, school districts and charter schools had school calendars averaging 180.8 days, even though the state offered financial incentives for districts to extend the school year by 10 days under the Extended Learning Time program and 25 days under the K-5 Plus program.

In response to a 2019 court finding

in the *Martinez-Yazzie* educational sufficiency lawsuit that additional instructional time could help close the gap between high-achieving and low-achieving students, the Legislature invested heavily in K-5 Plus and Extended Learning Time, but participation in the voluntary programs dropped after the pandemic, with schools leaving nearly \$576 million for the programs on the table.

Those programs were replaced for the upcoming school year with a voluntary K-12 Plus program through legislation that also requires that school districts and charter schools increase instructional hours to 1,140 a year, although some of those hours can be used for educator work time.

Preliminary calendars for the upcoming school year indicate schools have added an average of two days to their calendars, for a total of 182.8 days, but the increase is being driven mostly by Albuquerque and Gallup.

A staff review of the proposed calendars for the 20 largest school districts, representing 75 percent of statewide enrollment, found most large districts chose to keep the same calendar.

In addition, some school districts already in the K-5 Plus and Extended Learning Time programs actually had fewer instructional days because of the new option to use some additional days for professional development.

Access to Clean Water Declining

Despite record investments in water and wastewater infrastructure, the number of New Mexicans with access to clean drinking water continues to decline, LFC analysis shows.

Data in a [LegisStat report on water systems](#) shows the share of systems meeting health standards has dropped from over 98 percent to about 90 percent since FY20 even as the balances in funds that provide no interest and low interest loans for water systems have grown.

LFC staff report the drop in the percentage of New Mexicans with access to clean water is mostly a result of stricter guidelines, rather than more systems falling out of compliance.

The LegisStat report notes the strug-

gle to keep systems in compliance with drinking water standards is likely to be exacerbated by the implementation of federal standards for the amount of PFAS substances in water, likely to go into effect in late 2023 or early 2024.

The LegisStat brief indicates small local public water systems struggle to comply with water requirements because of limited staff and receive significant technical support from the Environment Department.

The brief notes New Mexico does not have enough certified operators to manage the workload of all the water systems in the state.

A new law enacted earlier this year provides financial incentives for small systems to consolidate regionally.

Home Visiting Funding Outpaces Enrollment

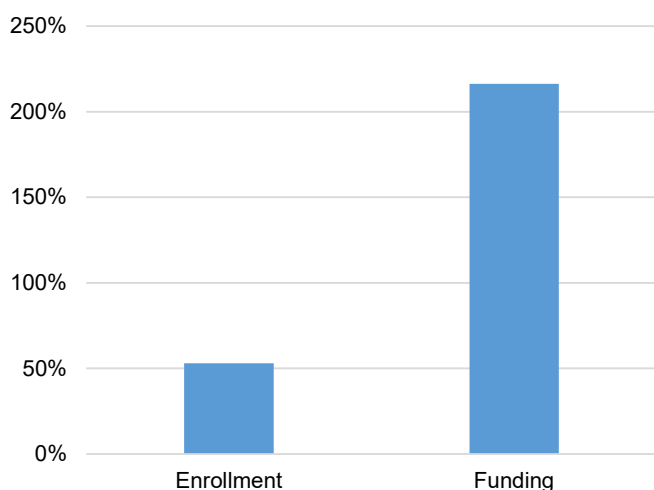
Funding for the Home Visiting Program increased 216 percent between 2017 and 2022, from \$13.5 million to \$42.9 million. However, enrollment in the program that provides parental education and other supports for families with newborns increased just 53 percent, from 4,130 to 6,317, LFC analysis shows.

In the program evaluation Home Visiting Implementation and Expansion, scheduled to be presented to the committee at 8 a.m. on July 20, staff finds most eligible children remain unserved despite significant program expansions, with just 6 percent of children under age 5 receiving services in FY22.

The report notes home visiting can reduce child maltreatment and improve other outcomes for children, and New Mexico's investment can vary widely depending on the program model used, implementation, and how long families participate. Only 11 percent of participating families completed the Home Visiting Program in FY22, the report says.

Overall, the parenting skills of those participating in New Mexico programs are better than national averages, although fewer mothers enrolled in the Home Visiting Program initiate breast feeding compared with the statewide average.

Increase in Enrollment and Funding for Home Visiting FY17 to FY22



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On the Table

NM Personal Income Growth Ranks 10th

New Mexico's per capita personal income grew at the 10th highest rate in the country in the first quarter of 2023. Income grew at an annual rate of 7.1 percent compared with the fourth quarter of 2022, according to U.S. Bureau of Economic Analysis data. The state's gross domestic product—an indicator of economic health—grew at an annualized rate of 2.8 percent in the same period, the 16th highest nationally.

Nursing Enrollment and Grads Up

Enrollment in nursing programs at public colleges and the number of nursing graduates both increased between FY18 and FY22, but applications to nursing programs and the number of students declaring a nursing major both fell. Enrollment increased 2 percent and the number of graduates increased 4 percent, while applications dropped 9 percent and declared nursing majors dropped 24 percent.

NM Teacher Pay Now Better Than Most

New Mexico provided the largest teacher salary increases in the nation in the 2022-2023 school year, raising its ranking on average teacher pay from 41st in the nation to 22nd in the nation, according to the National Education Association. Projected average salaries across the nation rose to \$68.5 thousand, a 2.6 percent increase from the previous year. New Mexico's average increased by 17 percent, to \$63.6 thousand, mostly because of the raise in the minimum salaries for level 1, 2, and 3 teachers to \$50 thousand, \$60 thousand, and \$70 thousand.

Curry County Gets Biggest Rec Grant

Curry County has received \$6.5 million for a multipurpose stock pavilion—the largest award of \$45 million in recreation program grants handed out recently by the Department of Finance and Administration. Other top recipients in the program funded in 2022 were Cibola County, which received \$5.2 million for the Grants multipurpose arena, and Quay County, which received \$5.4 million for multiple projects. Overall, the money went to three playgrounds, two theaters, seven sport facilities, two community centers, four event centers, a farmer's market, a fairground, a museum, a lake facility, a pool, and a rodeo facility.

Large Oil Producer Looks Outside Permian

An executive for EOG Resources, New Mexico's largest oil producer, says it is unlikely to expand shale oil drilling in New Mexico because of labor and service constraints and is, instead, considering increasing activity in Ohio's Utica Basin and Wyoming's Powder River Basin. Output in the Permian Basin, the world's top shale region, has been slowing, with rigs declining steadily in Texas and New Mexico.

NM Aerospace Sector Growing

Spaceport Authority staff report more than 100 aerospace companies are now operating in New Mexico, and Virgin Galactic, the spaceport's anchor tenant, now has 300 employees in New Mexico.

Transitions

Harrison Rommel, former director of academic finance at the Higher Education Department, is now the financial aid director at Santa Fe Community College.

Wesley Billingsley will be the new director of the Department of Finance and Administration Local Government Division. He is currently the head of the Capital Outlay Bureau.

Claudia Armijo, Work and Save director at the State Treasurer's Office and a member of the Public Employee Retirement Association Board, is leaving state government for work in the private sector.