



LFC Newsletter

A publication of the Legislative Finance Committee

Senator George Muñoz, Chairman
Representative Nathan Small, Vice Chairman
Charles Sallee, Director

Volume 24 Issue 12

June 2024

From the Chairman

Emerging Investment

New Mexico continues to invest heavily in ensuring today's money is set up to be tomorrow's money, while at the same time ensuring we spend enough today to deliver results for our people. In public education, the state has increased funding by 35 percent in five years to \$4.4 billion for the budget year that starts July 1. In higher education, we have positioned the state to provide tuition-free education with the Opportunity and Lottery scholarships. And throughout state government, we have substantially grown operational budgets to ensure agencies can deliver their critical services. However, as we begin our work over the interim, it is important for us to keep our eyes on three emerging investments on the horizon: (1) state equalization guarantee (SEG) public school funding formula and other K-12 educational reforms; (2) a rebalancing of the instruction and general (I&G) formula for the higher education system; and (3) a comprehensive salary plan and job architecture to ensure the state becomes a competitive employer.

High-quality instruction is the most important classroom factor affecting student performance, and much of what the state has invested to date within K-12 education has been focused on teachers—mostly for pay but also for supports for new teachers and for initiatives to lure more candidates to careers in education. Moving forward, we must also look to ensure funding actually flows to the students most at need and provides them with targeted interventions that will help improve overall educational outcomes by making those dollars more accountable. This means pulling targeted factors out of the aggregate, like funding for English learners and having those factors generate funding independently within the SEG. It also means providing districts with funding for innovation to tailor the most appropriate best practices to the make-up and need of specific schools and their communities.

Second, the outcome of the higher education sustainability study will dive into the I&G and how we can efficiently fund operations and compensation of our higher education institutions in a sustainable manner. This will likely carry a heavy price tag on the front end but will help alleviate future budgetary pressures. As a reminder to our higher education partners, we need you all to limit your year-over-year cost and tuition increases moving forward. You can no longer think of your institution as a silo because every dollar that is now going to be spent in higher education is also a dollar not spent on another state need.

Lastly, our state employees are the lifeblood of every service the state provides, every regulation the state must enforce, and every policy the state must enact. We need to recruit and retain the best individuals possible and that requires us to once again become a competitive employer. To become a competitive employer, we must ensure our state employees are paid properly.

It's a new day in New Mexico, and we must not lose sight of these emerging investments to make it a bright one.

Senator George Muñoz
Chairman

Child Welfare Agency Slow to Make Progress

The state has invested significantly in child welfare programs but the Children, Youth and Families Department has made little progress fixing long-standing issues, partly because of inaction, an LFC report says.

The LegisStat report, a focused review of agency efforts to address specific challenges, is scheduled to be heard by the LFC Child Welfare Subcommittee at 3 p.m. June 11 when the committee meets in Carlsbad.

For the budget year that ends June 30, legislative appropriations included a \$3 million special appropriation to implement the department's workforce development plan, \$5 million to raise pay for Protective Services workers, and nearly \$3 million for additional staff.

The department has spent less than \$100 thousand of the workforce development plan funding, and despite several recruiting events in FY24 and increasing salaries for certain hard-to-fill front-line positions, turnover in Protective Services remains above 30 percent.

The agency's overall head count grew between April 2023 and April 2024, but more than one in four positions was vacant in April 2024.

In addition, funding for Protective Services increased by 14 percent for FY24, with an additional \$16 million in federal Temporary Assistance for Needy Families revenue for prevention and early intervention practices that are known to reduce child abuse and neglect, \$8 million in state funds that could be matched with federal foster care money if spent on certain evidence-based programs, and \$1 million to start a home visiting program for families at high risk of abuse and neglect and eligible for federal Medicaid matching dollars.

The home visiting program has not been established, and the federal Administration of Children and Families notified the department in late 2023 its prevention and intervention plan was not accepted and had to be resubmitted. The state cannot receive matching foster care funds from the federal government without an approved plan.

The LegisStat notes New Mexico's high rate of child maltreatment consistently places it among the six states with the worst incidence of repeat maltreatment occurring within 12 months of an initial allegation.

Quality of Life Grants Show Promise

Capital funding for community recreation and quality of life projects often comes second to other public safety and basic needs, but a new grant program shows promise for more efficiently and effectively funding these local projects, an LFC [report](#) indicates.

Because regional recreation centers, parks, rodeo grounds, and similar facilities are often a low priority even though they enhance the quality of life of communities and have health and economic benefits, the Legislature in 2022 and 2023 appropriated \$85 million to the Department of Finance and Administration for a grant program for recreation and quality of life projects.

In the 18 months since the program was created, DFA made 98 awards to municipalities, counties, and tribal entities ranging from \$36 thousand to \$7.2 million. The first project completed was an inflatable water park in Deming, which opened last summer.

The awards, covering 72 percent of requested amounts, supported \$276 million in total project costs.

The report finds DFA incorporated best practices for infrastructure funding in the grant program, using standardized criteria and ensuring projects were vetted, and many projects are on track for completion by June 2025.

In contrast, the most recent LFC [capital outlay quarterly report](#) found 4,000 local projects funded with capital outlay are underway, representing \$1.1 billion. Roughly 2,000 of those were funded two or more years ago.

The report recommends the Legislature continue to fund recreation and quality of life project grants and that those seeking funds for such projects be steered toward that funding first.

It also recommends greater coordination with other state agencies that might have recreation facility funds that could be leveraged with state funds.

Oil and Gas Buffer Zones Impact Unclear

Research on the impact of a rule banning oil and gas development close to schools, homes, healthcare facilities, and other human-occupied buildings is limited and the impact on either oil and gas production or health is unclear, LFC staff report.

Based on incomplete data on planned oil and gas production and a proposal to limit new wells within 2,250 of certain buildings, 650 from intermittent waterways, and 300 feet of surface water, roughly 10 percent of production could be stymied by the setbacks, but the number is based on incomplete information and doesn't take into consideration lateral pipelines that allows well heads to be located thousands of feet away from the source.

Oil and gas industry representatives say the reduction in production could be much higher. A panel with the president of the New Mexico Oil and Gas Association, atmospheric and environmental scientists, and the mayor of Carlsbad is scheduled to discuss setbacks at 10:30 a.m. June 11 during the committee's meeting in Carlsbad.

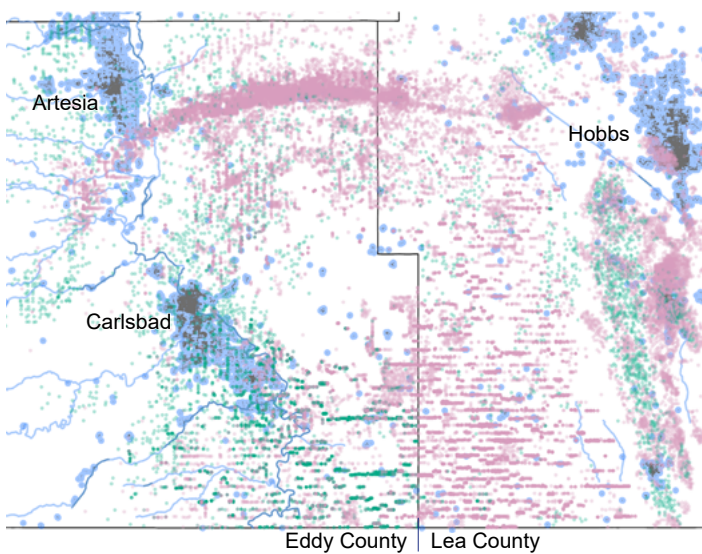
Oil and gas production releases in the air methane, particulates, nitrogen oxide, and other chemical compounds associated with increased risk of asthma, lung diseases, and mortality, and risk increases closer to production centers.

However, research on the health benefits of setbacks is incomplete and pollutants can travel hundreds of miles.

While New Mexico does not have a state law on setbacks—two proposals introduced during the 2024 legislative session died—Eddy County, Carlsbad, Hobbs, Aztec, and Farmington all have some limits, and the State Land Office has created buffer zones for new leases on trust land.

The state Environment Department reports Eddy and Lea counties have some of the worst air quality in state and both ranked among the worst states nationally for ozone and particulate matter. Preliminary research shows the pollution is likely because the counties are in the Permian Basin, the highest oil production region in the country.

Setbacks and Existing Oil and Gas Wells Eddy and Lea Counties



● Oil Site ● Gas Site ● Potential Setback Point (Buffer Zones)

Source: LFC Files



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2023-2024 Fiscal Year, Month 12

Published monthly in the interim by the Legislative Finance Committee.
Editor - Helen Gaussoin

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www.nmlegis.gov/Entity/LFC/Default

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On the Table

Nursing Graduate Numbers Drop

Higher education institutions reported graduating 1,142 nurses in 2023, down 5.5 percent from 2022 and 14 percent from 2019. Additionally, applications for nursing programs fell by 6 percent year-over-year and are down 19 percent over the past five years. Recognizing a statewide nursing shortage, the Legislature has increased funding for the nursing education programs. Nursing program budgets have grown 72 percent over the past five years and nursing program faculty have increased 29 percent.

New Mexico Low on Pharmacies

A new report by Universal Drug Store listed New Mexico as the second worst state in terms of pharmacy shortages. The report states that New Mexico saw an 8.56 percent decline in pharmacy jobs in 2022, the fifth worst in the country.

UNMH Plans to Hire 700 for Critical Care

The University of New Mexico Hospital is recruiting 700 employees to staff its upcoming critical care tower. The new hospital tower will expand emergency, surgical and intensive care unit areas.

Health Offices to Offer MAT

The Department of Health reports more than 30 public health offices will offer medication-assisted treatment for substance use at in-person clinics and via telehealth in collaboration with the Behavioral Health Services Division of the Health Care Authority. The services, funded two years ago, offer medications such as buprenorphine to reduce cravings and prevent withdrawal symptoms for people suffering with opioid-use disorders.

Childcare Assistance Enrollment Grows

The Early Childhood Education and Care Department reported enrollment in the Childcare Assistance Program, which dropped to about 14 thousand during the pandemic, reached 29,217 in March 2024, or 9 percent above the previous fiscal year. The average cost per child per month rose to \$859, a 15 percent increase.

Specialty Court Use Up

Enrollment in adult drug treatment courts, which offer nonviolent offenders treatment for substance use in lieu of other punishments, is at or over capacity in several judicial districts after being at half of capacity just two years ago. The 2nd Judicial District in Bernalillo County reports enrollment is over capacity by about 20 participants, and the 1st (Rio Arriba), 6th (Grant and Luna), and 13th (Valencia) districts say their programs are close to or at capacity. DWI treatment courts also are close to, at, or slightly above capacity in the 3rd, 4th, and 11th district courts and in Metro Court.

Transitions

The LFC Program Evaluation Unit has hired three new evaluators. Chade Claiborne has a bachelor's in biology from Arizona State University and recently completed her master's in business administration from Highlands. She also recently completed a year-long internship at the Office of the State Auditor. Marco Lueras has a bachelor's degree in criminology from the University of New Mexico and a master's in sociology from the University of Miami. Josh Chaffin, with evaluator experience at United Nations and government agencies and global nonprofits. He also has experience as a statehouse reporter and editor for public radio in Sacramento and Washington DC. He has a master's in international affairs from Columbia and a bachelor's from the University of California Santa Cruz. Melissa "Niki" Kozlowski is the new director of the Income Support Division at the Health Care Authority. The division is in charge of enrolling people for Health Care Authority assistance programs, including Medicaid and Temporary Assistance for Needy Families and for managing TANF, the Supplemental Nutrition Assistance Program, general assistance, and several other programs.