

MINUTES

Legislative Education Study Committee

La Plata Middle School

Silver City, New Mexico

September 25-27, 2019

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The following voting and advisory members were present: Voting: Chair Christine Trujillo, Vice Chair Mimi Stewart, Senators Craig W. Brandt, Candace Gould, and William P. Soules, and Representatives Alonzo Baldonado, Rebecca Dow, Sheryl Williams Stapleton, and Linda M. Trujillo; Advisory: Senator Shannon D. Pinto and Representatives Kelly K. Fajardo, Raymundo Lara, Willie D. Madrid, Gabriel Ramos, Patricia Roybal Caballero, and Tomás E. Salazar.

The following voting and advisory members were not present: Voting: Representative G. Andrés Romero; Advisory: Senators Daniel A. Ivey-Soto, Gay G. Kernan, Linda M. Lopez, and Michael Padilla, and Representatives Joanne J. Ferrary, Natalie Figueroa, David M. Gallegos, Joy Garratt, Susan K. Herrera, D. Wonda Johnson, Tim D. Lewis, Debra M. Sariñana, and Elizabeth "Liz" Thomson.

Strategic Initiatives of Local School Districts. Curtis Clough, associate superintendent, Silver Consolidated School District noted the school district has seen declining enrollment in recent years, creating a decrease in funding year over year. Silver appreciated the increase in funding in FY20, particularly for increased employee salaries, which improved morale in Silver. However, Mr. Clough noted Silver also had increased insurance costs, decreasing the impact of the pay raises. The school district participates in Public Education Department (PED)-funded prekindergarten and is working with the Town of Silver City and Head Start programs to ensure widespread services are provided and efforts are not duplicated. However, the school district has had trouble securing facilities and high quality educators for prekindergarten classes. Silver does not participate in K-5 Plus; due to an unavailability of staff, the school district could not meet the requirement to keep the same teacher with students. Finally, Mr. Clough explained Silver Consolidated Schools' strong career and technical education (CTE) initiative. In consultation with the local business community, Silver's CTE program includes the following six pathways to align students' education with the needs of the workforce: finance; health care; hospitality and tourism; natural resources; manufacturing and skilled trades; and ranching and agriculture. The goal of Silver's CTE program is to keep students within Grant County to stimulate economic development. Mr. Clough noted the graduation requirements in New Mexico would benefit from some flexibility to ensure students who obtain industry credentials are allowed to graduate.

Dr. Jose Carrillo, associate superintendent, Cobre Consolidated School District, thanked the committee and the Legislature for providing funding for at-risk students, prekindergarten, K-5 Plus, and extended learning time programs. Teresa Holguin, Director of Finance, Cobre Consolidated School District, noted the school district gave an average 8.5 percent salary increase to administrators and an average 9 percent salary increase to teachers. Cobre used the increase in at-risk funding to continue to pay truancy coaches, previously funded by PED's truancy and dropout prevention initiative. At-risk funding was also used to hire elementary counselors and bullying prevention specialists. Reading coaches, who were previously funded by the Reads to Lead initiative, are now funded through a Striving Readers Comprehensive Literacy (SRCL) grant

from PED. Dr. Carrillo noted Cobre also faces issues with prekindergarten facilities, but runs a strong program that serves between 50 to 80 percent of incoming kindergarteners in full-day programs at each prekindergarten site and collaborates with Head Start to provide educator training and professional development. Cobre applied for both K-5 Plus and extended learning time funding, though Dr. Carrillo shared concerns that the 25-day requirement in K-5 Plus was too restrictive because the school district is on a four-day calendar. He recommended the committee consider a minimum number of instructional hours instead of a minimum number of days.

Dr. Carrillo introduced several teachers that were involved in the extended learning time program involving drones. Cindy Lee, science teacher, Snell Middle School, explained she developed a curriculum around using drones in career contexts, performing exercises in wildlife biology, search and rescue, and ranching. Hampton Burnette, math teacher, Snell Middle School, shared a video showing students using the drones and speaking with local professionals about how drones are used in the workforce. Drea Cornwell, science and history teacher, Snell Middle School, shared a story about two female students who became empowered by repairing and servicing a broken drone. Dr. Kenneth Ludeke, science teacher, Cobre High School, explained how he is integrating the drones in physics lessons, and shared that many career paths will value the ability to pilot a drone in the near future.

Randall Piper, superintendent, Truth or Consequences (T or C) Municipal Schools, said the school district and the community have rallied around recent academic and athletic successes. The school district is submitting a \$3 million bond issue to voters in November, but stated it will likely be a challenge with voters. T or C gave an average 6 percent salary increase to teachers, but noted the teachers' unions refused to negotiate longer contracts for the extended learning time program. He also noted K-5 Plus implementation was impossible because of transportation and staffing availability. Mr. Piper explained the school district will receive funding for instructional materials in monthly allotments rather than in a large lump sum payment because the appropriation for instructional materials was included in the state equalization guarantee (SEG) this year; he said this has made it difficult to procure instructional materials districtwide. Mr. Piper noted the school district receives federal e-rate funding, but the state does not allow these funds to be used for prekindergarten. T or C spent \$136 thousand in FY19 on substitute teachers and noted many substitutes are retired teachers that would return to work as full time teachers if Educational Retirement Board (ERB) statutes allowed teachers to return to work and receive a pension. Mr. Piper noted the school district has expanded professional development from four to six days and improved the quality of the training, including school climate trainings focusing on creating relationships with students and building a welcoming environment at schools.

Representative Dow asked how school districts would prefer to receive their instructional material funds. All superintendents replied they would prefer the lump sum payment at the beginning of the school year. Senator Stewart noted she believes PED could send school districts instructional material funds earlier in the school year, even though those funds are in the SEG. Senator Stewart also explained the \$30 million for instructional materials in the SEG and the additional \$26.5 million appropriation outside the SEG were not subject to the statutory requirement to spend 50 percent on materials from the adopted list. Mr. Clough stated PED did not communicate that the appropriation was in the SEG or that there was flexibility from historical statutory limitations.

In response to questions about recent changes to the Education Retirement Act, Mr. Piper reiterated concerns about the ability to hire substitutes with changes that require them to pay into the fund and noted issues for retired law enforcement officers the school district tried to hire as security personnel. Representative Salazar noted the bill that passed in the 2019 session was based on recommendations brought by ERB. Senator Stewart noted concerns about individuals who receive both a pension and a salary.

Representative Dow asked Mr. Clough to highlight how Silver is leveraging all available funding for its CTE program. Mr. Clough explained the school district created a community workforce alliance to meet local needs. Because the community workforce alliance is recognized by the United States Department of Agriculture (USDA) as a “workforce entity” under the New Mexico Workforce Innovation and Opportunity Act state plan, the alliance is eligible for federal commercial grants for forestry, mining, and other industries for which a school district may not be able to apply. Senator Soules asked how engaged the business community was in the CTE program. Mr. Clough replied the city, the county, and four of the county’s biggest employers were eager to get involved because they recognized the importance of training local expertise as early as possible. The local workforce is also offering students internships, building real-world skills and experience, and making strong interpersonal connections with students. Mr. Clough mentioned that local industry could play a role in developing alternative demonstrations of competency for students to ensure students’ programs are rigorous and relevant.

Representative Dow noted the committee should pay attention to elements of K-5 Plus and the extended learning time programs that the three school districts struggled with. She explained the committee should identify where more flexibility can be built into those programs so they could be offered to more rural school districts statewide. Senator Stewart noted LESC has discussed how to offer more flexibility within K-5 Plus, but stressed the importance of offering K-5 Plus as a program that truly extends the school year. Senator Stewart praised Cobre’s creativity in building their extended learning time program and noted extended learning funding was intended to open up those types of local opportunities for students in every school district.

Senator Stewart asked what Mr. Piper was doing to make sure professional development is relevant, focused on academic achievement, and developed by teachers. Mr. Piper stated professional development is focused on classroom management, but acknowledged T or C could do more to have teachers develop relevant trainings.

In response to questions from Senator Ramos, Dr. Carrillo said Cobre went to a four-day school week three years ago. Morale in the school and student performance have increased each year since transitioning to a four-day week. He noted some schools will open on Fridays this year to offer extended learning opportunities. Mr. Clough added Cliff Combined School, a rural school in Silver that operates on a four-day schedule, often shows higher achievement than schools in Silver City on a five-day schedule.

Senator Soules asked if any of the school districts have plans to implement community schools. Mr. Piper said T or C applied for a community school grant, but thinks the school district could already accomplish many of the wraparound services for families through its mental health counseling and food service providers. Mr. Clough said Silver is looking to convert Cliff into a community school because it is the center of that community but does not have many of the required support services.

Lieutenant Governor Howie Morales welcomed LESC to Silver City and stressed the importance of beginning an “era of collaboration” between the executive and legislative branches to build a better education system for New Mexico.

Public Education Department FY21 Operating Budget and Specials Request. Dr. Ryan Stewart, secretary-designate, Public Education Department (PED), outlined PED’s priorities for the public education. PEDs FY21 budget request was designed to improve the department’s oversight and support school districts to ensure students are healthy and secure and prepared for college and career. He noted the need to provide a complete set of wrap-around services to address the social and emotional needs of students and close the achievement gap for at-risk students, which was of particular importance given the ruling in the consolidated *Martinez* and *Yazzie* lawsuit that found the academic performance of at-risk students was too low. PED is also focused on programs to

address the shortage of educators in New Mexico, provide early reading interventions for young students, and expand access to dual credit, study abroad, or career-based internships. He also noted schools would play an important role in state efforts to address childhood hunger.

Dr. Stewart said PED is requesting 10 additional FTE and described the gaps these additional FTE would fill, including 1 FTE to support the implementation of the Indian Education Act, the Bilingual Multicultural Education Act, and the Hispanic Education Act. Representative Stapleton asked if PED was requesting 1 FTE for each of the three areas, and Dr. Stewart said the department was only requesting 1 additional FTE for all three areas. Representative Stapleton said she did not believe 1 FTE was sufficient to fulfill the goals of ensuring New Mexico students received a culturally and linguistically responsive education. Representative Roybal Caballero shared similar concerns; Dr. Stewart agreed to provide the organizational chart for the division.

Senator Stewart said she supported the idea of additional funding for PED staff, but shared the concern that PED was not requesting enough additional FTE to adequately support schools. She noted school districts need additional support from PED, stating many school districts do not understand changes to instructional materials funding, in part due to lack of communication from the department. In response to Senator Stewart, Adan Delgado, deputy secretary, PED, noted staffing has been a challenge for the department and the department has operated with as many as 70 fewer FTE than before the Great Recession. He said PED is evaluating current staffing levels to see if some positions need to be reclassified so the department can compete for high-quality candidates. Dr. Stewart noted the department needed to improve internal processes to strategically recruit staff. He said the secretary of state personnel had committed to assist PED in hiring. In response to Senator Stewart, Mr. Delgado said the department is funded for 240 FTE.

Senator Brandt said PED's focus on the needs of at-risk students should not overshadow the need in middle-class school districts, which he said receive less funding than other school districts and struggle with their level of operational funding. Dr. Stewart said it was not the goal of PED to pit one social class against another but noted the need to be smart and strategic in addressing areas that need the most improvement.

The Chair agreed with the need for PED to provide additional staffing and support to ensure implementation of the Indian Education, Bilingual Multicultural Education, and Hispanic Education acts. She also urged PED to improve communication with schools. Dr. Stewart noted PED is exploring ways to improve communication between the department and school districts.

Preliminary FY19 General Fund Revenues, FY20 Revenue Update, FY21 Outlook, and General Fund Financial Summary. Olivia Padilla-Jackson, secretary, Department of Finance and Administration (DFA), noted staff economists that comprise the consensus revenue estimating group estimated recurring general fund revenue of \$8 billion in FY21, an increase of \$305 million from the December 2018 revenue forecast. The forecast indicated revenue growth of 2.7 percent in FY21 compared with FY20 estimates. Significant and unprecedented revenue growth in FY19 created significant general fund reserves, but double-digit growth that was seen in FY19 is unlikely to continue in FY20 or FY21. More than 30 percent of this growth is related to a surge in revenue related to oil and gas. She noted this presents a challenge for policymakers to ensure stable revenues to fund operations. Ms. Padilla-Jackson said the Legislature has already taken steps to limit some of this volatility with the creation of the tax stabilization reserve, but she said policymakers could take additional steps to limit increased volatility as a result of the recent surge in oil and gas revenue. The governor is proposing a new permanent fund for early childhood education, which is intended to increase stability for early childhood funding by creating a dedicated revenue stream for early childhood education. She noted the importance of general fund reserves and said DFA was recommending a minimum of 25 percent.

Stephanie Schardin Clark, secretary, Taxation and Revenue Department, described the macro-economic outlook for the United States and New Mexico. Economists expect modest economic growth in the near term; economists are monitoring nationwide discussions that suggest an increased probability of a recession in the coming fiscal years. The revenue forecast does not incorporate a recession in its estimates, but the probability of such a recession has increased, creating a risk to the forecast. She said the consensus forecast assumed a price of about \$52 per barrel of oil in FY21 but projected oil volumes to continue significant growth through FY20 and FY21. Ms. Padilla-Jackson noted that while an economic recession has been the primary risk to the revenue forecast, economists are now seeing a greater risk in the volatility in the oil and gas market, based on the high percentage of general fund revenue related to oil and gas production.

David Abbey, director, Legislative Finance Committee, said unexpected growth in FY19 revenue was due to large federal mineral leasing bonus payments; more than \$500 million was collected in FY19 but only \$30 million is projected in FY20. While this revenue was considered recurring revenue, it is unlikely to recur at the high rate in the future. He said FY18 general fund revenue collections surpassed FY08 levels and over that period the state experienced significant revenue volatility. The state could lose \$300 million in recurring revenue next year if oil drilling were to collapse.

Senator Soules noted the reserve levels shown by the revenue forecasts are well above what Moody's Analytics recommends for New Mexico to weather a recession. Ms. Padilla-Jackson said Moody's estimates are based on the risks to a state in a recession, while she was concerned about volatility in the oil and gas market, which does not always follow the economic cycle. She said Moody's also recommends that states do their own analysis, which the revenue estimating group was now completing. Mr. Abbey noted the state was more dependent than ever on oil and gas revenue. Senator Soules noted the Moody's model considers each state and their revenue sources differently and said that placing too much in reserves can exacerbate a recession, because the state is not investing in its communities. Senator Stewart noted conversations on reserves had been ongoing for many years, asking how much was too much in reserves. Mr. Abbey said the panel agreed 32 percent reserves are too high, and noted one-time money could be used for nonrecurring things such as unfunded liabilities in the Public Employees Retirement Association and Educational Retirement Board and funding for roads.

In response to Representative Dow, Ms. Schardin Clark said she would provide an analysis of how much of the growth in the leisure and hospitality sector is due to the high cost of hotel rooms in the Permian Basin.

Representative Dow asked how much of the \$907 million in "new money" the panel would recommend appropriating for FY21 and Ms. Padilla-Jackson responded that double-digit appropriation growth would not be advisable but that a significant amount could be set aside in a permanent fund. Mr. Abbey agreed that limiting spending increases to single digit growth is a prudent idea. In response to Representative Dow, Ms. Padilla-Jackson noted the importance of early childhood education and of higher education. Representative Dow asked if a new early childhood permanent fund would negate the need for a constitutional amendment changing the land grant permanent fund. Ms. Padilla-Jackson said it would be ideal to provide constitutional protections for a new early childhood permanent fund, but also noted the importance of creating a fund as soon as possible.

Senator Gould asked if proposals to ban fracking had been incorporated in forecast and how much revenue the state could lose if fracking were banned. Mr. Abbey said almost every well drilled this year is a fracking well; he estimated the revenue impact could be as high as 25 percent of general fund revenue.

The Chair thanked the panel and noted the importance of LESC and the House and Senate education committees playing an important role in creating the state budget for public schools.

LFC Early Childhood Accountability Report. Micaela Fischer, program evaluation manager, Legislative Finance Committee (LFC), said early childhood funding has more than doubled from FY12 to FY20. LFC provides an annual early childhood accountability report to evaluate health, safety, and education outcomes for the state's youngest children and to evaluate how state-funded early childhood programs are serving children. Ms. Fischer presented LFC's 2019 Early Childhood Accountability Report, highlighting updates to some key performance metrics. Some metrics, such as the immunization rate and rate of children under 5-years-old living in poverty, are improving, while other metrics, such as rate of child maltreatment and reading proficiency rates, were worse in 2019. Next, Ms. Fischer said the number of 3- and 4-year-old prekindergarten students increased, although the total number of 3- and 4-year-olds are decreasing because of a declining birth rate in the state. Ms. Fischer said state funding may unintentionally be supplanting federal early childhood funding.

New Mexico has one of the highest victimization rates for young children in the nation. While legislators are making appropriations for home visiting, which is shown to effectively reduce child abuse, funds are being left unspent. Ms. Fischer said New Mexico has one of the highest maximum reimbursement rates for childcare in the country, with uncertain educational outcomes. Ms. Fischer said New Mexico served 11.3 thousand prekindergarten students in FY19; LFC has found prekindergarten programs improve test scores through the 11th grade. However, LFC found the positive effect of prekindergarten on test scores was weaker in FY19 than the previous two years. Ms. Fischer said LFC found low-income students who participated in both prekindergarten and K-5 Plus had higher improvements in reading proficiency based on the level of fidelity to the K-5 Plus program. Finally, Ms. Fischer highlighted the decline in Head Start enrollment in FY18, indicating there is work to be done in improving the coordination and targeting of prekindergarten slots.

Senator Stewart noted LFC's findings that K-5 Plus student outcomes improve when the program is implemented with fidelity mirrors Utah State University's study. Senator Stewart asked what caused the FY19 decline in reading proficiency for third graders who participated in prekindergarten. Ms. Fischer said LFC is taking steps to determine the cause, including beginning an evaluation of prekindergarten quality.

September 26, 2019

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Western New Mexico University: Addressing the Rural Teacher Shortage Through Development of a Teacher Residency Program. Dr. Debra Dirksen, Associate Dean, School of Education, Western New Mexico University (WNMU) presented WNMU's new residency program funded through the Public Education Department's (PED's) teacher residency grant. Dr. Dirksen noted teacher residents, who are alternative licensure teachers in this program, already

have their bachelor's degree and content area expertise and will receive support through mentorship and clinical practice. Dr. Dirksen said WNMU's School of Education hopes to review the effectiveness of the pilot by comparing the teacher residents in their program with other alternative licensure teachers who started at the same time. Dr. Dirksen explained eight mentors, who are retired level 3-A teachers or teachers from out of state that are equivalent to level 3-A teachers, will mentor the 24 alternative licensure teachers enrolled in the residency program. Dr. Dirksen stated these mentors will provide support to the alternative licensure teachers on a daily basis for the first six weeks and gradually decrease support depending on each alternative licensure teacher's individual needs. Dr. Dirksen said WNMU's Deming campus will provide the instructional materials to teacher residents and teacher residents in Silver, Hatch, and Lordsburg will video conference into their classes. In the fall of 2020, teacher residents will complete their capstones and will receive a level 1 teaching license. Dr. Dirksen mentioned these teachers will be assessed by using the current dossier system.

Fred Parker, chief academic officer, Deming Public Schools (DPS), said the partnership between Deming and WNMU is intended to solve the teacher shortage by increasing teacher quality through support.

Senator Soules asked what screening is used to assess alternative licensure teachers before they enter WNMU's program. Dr. Dirksen said WNMU relies on school districts to select the alternative licensure candidate and if candidates are not meeting expectations they are typically removed from the program. Senator Soules asked if parents were aware their students were being taught by an alternatively licensed teacher. Dennis Rebel, chief human resources officer, DPS said school districts have the responsibility to communicate to parents the licensure level of their student's teacher.

Chair Trujillo asked Dr. Dirksen if WNMU's program was a true residency program. Dr. Dirksen explained that in a true residency program, the master teacher and the alternative licensure teacher would work alongside each other full-time. Dr. Dirksen acknowledged WNMU's approach is different by allowing alternative licensure teachers to work alongside a mentor at least part time. She noted the goal of the program is to mitigate high turnover rates by increasing the support alternative licensure teachers receive.

Successful State Practices for Educator Recruitment and Retention. Randi Weingarten, President, American Federation of Teachers (AFT) stated New Mexico is implementing recruitment and retention policies that are a model for the rest of the country, including the Grow Your Own Teachers Act, Teacher Preparation Affordability Act, and the Teacher Loan Repayment Act. Ms. Weingarten said New Mexico values local control and said it is important to have state and federal policies that support local control and work to strengthen public schools.

For schools to be a place where students, families, teachers, and others want to be, schools should promote children's well-being; provide powerful learning experiences; build a culture so students feel school is worthwhile; build teacher capacity through compensation, time, tools, and trust; and provide opportunities for teacher collaboration. Ms. Weingarten indicated accountability expectations should ensure all stakeholders are responsible for the education of students.

Ms. Weingarten stated most people become teachers because they want to make a difference, although teachers and public school employees are exiting the profession at higher rates than before and fewer teachers are in the pipeline. Teaching has become so devalued, educators advise their children to not become educators. She indicated focus should be on retention more so than recruitment because experience matters. Retention can improve by developing a culture of collaboration, creating and maintaining proper teaching conditions, and providing teachers with decision-making authority.

Senator Stewart noted other countries require daily collaboration among educators. Ms. Weingarten stated Maryland is a model in the United States for scheduling the school day around teacher collaboration. U.S. teachers teach one more hour per day than teachers in countries that outperform U.S. students because of the misconception that seat time is what produces academic gains. Ellen Bernstein, president, Albuquerque Teachers Federation, said New Mexico teachers that were surveyed indicated the most valuable professional development is peer collaboration. Albuquerque Public Schools' high schools are a model for scheduling that supports teacher collaboration because it allows teachers to have ownership of their learning and development.

Senator Soules asked how to increase retention and maintain teacher quality with alternative licensure teachers. Ms. Weingarten said as compensation is raised the problem will take care of itself. She suggested focusing on strengthening teacher preparation programs. Alternative licensure programs should not become the norm, otherwise the profession will be diminished.

Albuquerque Public Schools and Public School Insurance Authority (PSIA) FY21 Health and Risk Insurance Appropriation Requests. Mark Tyndall, senior director of employee benefits, Albuquerque Public Schools (APS) and chair, Interagency Benefits Advisory Committee (IBAC) reviewed initiatives the IBAC is taking to limit the growth of health care costs for government entities. IBAC entities cover about 25 percent of the total privately insured individuals in New Mexico. Mr. Tyndall said APS is planning on increasing rates by 4.5 percent to ensure the employee benefits fund had sufficient resources to pay claims. APS recently went four years without increasing rates, with average annual increases of about 2 percent over the past six years. Increases to level 1 teacher minimum salaries meant those teachers would have been required to pay a larger share of health insurance premiums, but APS is adjusting the salary bracket minimums in each category by \$5,000 to prevent that impact on level 1 teacher salaries. APS's risk management programs are stable, with sufficient reserves and reinsurance levels.

Ernestine Chavez, executive director, NMPSIA, said the agency was requesting a 9 percent increase, with a 5 percent increase for benefits and a risk management increase of 27 percent. The large risk management increase is due to the budget for that program being cut by \$12 million in FY20. The FY21 request represents an 8.7 percent increase over FY19 actual expenditures for risk management. She said NMPSIA is asking for an increase of \$10.7 million for employee benefits and \$6.7 million for risk management to be appropriated to the state equalization guarantee. Ms. Chavez noted the high cost of sexual molestation claims was driving increases for risk management. For employee benefits, Ms. Chavez said NMPSIA is making plan design changes that will result in additional costs to the plan. NMPSIA will set the employee copay for physical therapy, alternative medicine, and primarily chiropractic care at the amount set for a primary care provider. NMPSIA expects to offset some of the costs of these increases by offering a voluntary plan that would give employees a 90-day supply of prescription drugs, which NMPSIA expects will save the plan money. She said the most significant medical cost driver for NMPSIA was due to the rural nature of the NMPSIA's coverage.