



LFC Newsletter

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Legislative Finance Committee

Representative Luciano "Lucky" Varela, Chairman
Senator John Arthur Smith, Vice Chairman
David Abbey, Director

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From the Chairman

No Gridlock Here

The difficulties of this 30-day legislative session are well known. The budget was caught up in a battle over how – not whether – to expand spending on public schools and took a disorderly path to enactment.

But, even though the budget might have stumbled its way to passage, the session was largely a success, a reflection of cooperation between the the Legislature and governor. These two branches, more often at odd as not, found they could work together despite major differences.

Of course, it's easier to get along when there is a little extra money to go around. With general fund revenue forecasts for FY15 almost \$300 million higher than FY14 spending, the Legislature and the governor were able to work together and invest more in early childhood, public education, and health care initiatives. Compromise also led to solutions for problems with healthcare financing, lottery-funded scholarships, and public employee compensation.

And compromise eventually resolved the dispute primarily responsible for slowing the budget, with some new public school money going to schools through the funding formula, as sought by the legislative majority, and some going to the Public Education Department to allocate at its discretion, the preference of the administration.

Most of those involved in the legislative process know compromise is key to successful lawmaking. Indeed, that's clear to all but the most strident ideologues, and Congress could learn from New Mexico's example.

*Representative Luciano "Lucky" Varela
Chairman*

NM Underspends on Child Abuse Prevention

New Mexico spends most of its child welfare dollars on foster care and adoption services even though research shows less expensive prevention and intervention services reduce child abuse and neglect, an LFC report says.

Of the \$113 million Child Protective Services budget, the Children, Youth and Families Department will spend about \$66.8 million on foster care and adoption services and about \$8.3 million on in-home intervention and other prevention programs. The rest is spent on administration and the assessment and investigation of abuse and neglect reports.

About five out of every 1,000 New Mexico children in the New Mexico child protection system will receive preventive services, compared with the national average of 43 children per 1,000, the report says.

The report is the latest in the LFC's Results First initiative, which analyzes the effectiveness of state spending and puts a dollar value of the results of different approaches.

The committee has a hearing on the report scheduled for 8:30 a.m. on April 11.

The report says research shows investing in programs that allow children to stay safely with their families is more cost-effective.

State investment in programs with demonstrated effectiveness could save

the state money and keep children safer, it concludes.

Poverty is among the most reliable risk factors for predicting whether a child will be abused and the U.S. Census Bureau reports a higher percentage of New Mexico children are living in poverty than in any other state except Mississippi.

New Mexico also has the nation's highest rate of children in homes with drug-abusing caretakers, another significant predictor of child abuse.

The New Mexico child victim rate climbed from about 10 victims per 1,000 children in 2008 to 11.4 per 1,000 in 2012, passing the rates in four of five neighboring states.

The number of repeat victims is increasing along with the total number of abused or neglected children.

More than half of a sample of children up to 9 years old referred to the state in 2004 for abuse or neglect had been referred again within six years, some more than 20 times, LFC staff found.

Like most states, New Mexico focuses its child welfare spending on children who are already in state custody and need foster care or adoption services.

While foster care costs about \$21,000 a year and a single case of maltreatment leading to adoption can cost \$107,000, in-home services cost about \$3,700 per child.

New State Personnel System Slowed by Problems

Implementation of the new online state job application process has not been as smooth as hoped, state personnel managers have reported to LFC staff, but the new system does ensure better compliance with rules and statutes.

State Personnel Office managers acknowledge they have had problems with the transition to Insight, online job application software offered by NEOGOV, but said the new system ensures state agencies are seeking applicants only for approved positions and candidates meet minimum qualifications. It also allows the Personnel Office to collect and analyze test statistics.

A committee hearing on the review is scheduled for 10 a.m. on April 10.

The State Personnel Office in FY12 started using the NEOGOV product with the goals of making the application process easier and faster for job seekers and ensuring state agencies had better candidate lists.

However, the staff review found the average length of time agencies take to fill positions has grown from 69 days to 78 days since the switch, partly the result of the agency's failure to update its practices to reflect the implementation of the new program.

Further, the review found that the NEOGOV program rejects candidates for technicalities and provides applicants with little opportunity to check if an application is complete or accurate,

which means the best candidates don't always get on the hiring list.

The LFC report notes, although the NEOGOV service automated the hiring process, agency staff still must verify the applicant meets the job requirements and assign preference points to in-state applicants and military veterans. In addition, the staff making those decisions are not always qualified.

In addition, the NEOGOV service cannot directly transfer data to SHARE, the state's existing financial and human resources computer system, requiring additional staff time. The report says the Personnel Office subscribed to the service without the required review by the Department of Information Technology.

Early Childhood Spending Up for FY15

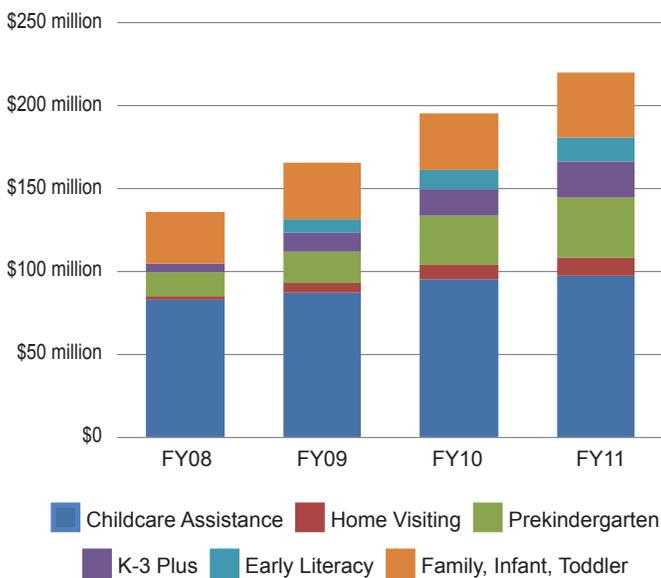
The General Appropriation Act of 2014 includes a 13 percent increase for early childhood programs, with funding for childcare subsidies, prekindergarten, the extended school year program called K-3 Plus, the Family, Infant, Toddler early intervention program, and home visits to families with infants.

General fund appropriations for FY15 include \$8.2 million more for early literacy programs and K-3 Plus, \$6.2 million more for pre-kindergarten, \$5.6 million for the Family, Infant, Toddler program, and \$2.5 million more for home visits.

In addition, the general fund appropriation to the Protective Services Program of the Children, Youth and Families Department is a \$3.7 million increase over the current year – 5 percent – and funds 10 new investigators, a foster care rate increase, and additional funds to continue FY14 pay increases for caseworkers.

A report on early childhood funding is part of the LFC's Post-Session Fiscal Review, an analysis of the fiscal impact of 2014 legislative action. The report is posted online at nmlegis.gov/lfc.

Early Childhood Program Appropriations



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On the Table

Public School Unit Value Up 5 Percent

The initial unit value for use in the public school funding formula in FY15 has been set at \$4005.75, a 4.9 percent increase from the current year. The unit value is multiplied by the number of units, based on a student-specific formula, to determine how much money each district receives.

Drug Offender Program To Start Despite Veto

A Law Enforcement Assisted Diversion program designed to find alternatives to jail for drug addicts convicted of property crimes will begin operations this spring even though the governor vetoed the \$140,000 appropriation for start-up. Offenders in the 1st Judicial District program will receive help with housing, education, medication, and mental health services. The program differs from drug court by emphasizing harm reduction rather than sobriety.

NM Lags Nation in Income Growth

New Mexico personal income grew 1.7 percent in 2013, ranking the state 48th in the country, the U.S. Bureau of Economic Analysis reports. The New Mexico per capita personal income was \$36,300 a year, about 20 percent below the national average of \$44,500 and 43rd in the nation.

Year-to-Date Oil Price above Forecast, Gas Below

The year-to-date average New Mexico oil price is \$97.88 per barrel, stronger than the \$93 per barrel used to estimate state revenue for the year. The price of natural gas so far this fiscal year is \$4.71 per thousand cubic feet, compared with the \$4.85 used in the forecast. The preliminary average oil price for December is \$90.60, essentially the same as the average price in December 2012. The preliminary December figure for natural gas is \$5 per thousand cubic feet, including the bonus New Mexico receives for producing natural gas liquids. The average in December 2012 was \$4.52.

NM High School Grads Lag Nation on AP Tests

New Mexico high school graduates are less likely to have scored strongly on an advanced placement test than the typical U.S. high school graduate, according to the College Board, which administers the tests. About 28 percent of New Mexico 2013 graduates had taken at least one advanced placement test, compared with the national average of 33 percent. However, just 12 percent of all graduates had scored a 3 or better on an AP test – scored on a 1-5 scale – compared with a national average of 20 percent. Advanced placement tests are subject tests and a score of 3 or better generally results in college credit.

Transitions

Jeff Canney, LFC program evaluator, has accepted a position as the inspector general at the Department of Transportation. Jonas Armstrong, an LFC session employee and recent UNM law school graduate, is joining LFC as a program evaluator focusing on capital outlay projects. Duffy Rodriguez was appointed chief operating officer for the Risk Management Division of the General Services Department.

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