



LFC Newsletter

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Senator John Arthur Smith, Chairman

Representative Jimmie C. Hall, Vice Chairman

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From the Chairman

Fair Compensation

New Mexico is the only state that does not pay its legislators a salary. That doesn't mean we work for free; we receive \$165 for every day we work. FiveThirtyEight, the website that uses data to analyze politics, economics and sports, estimates New Mexico legislators get paid an average of \$7,115 a year through the per diem, or about 16 percent of the median New Mexico household income.

That's a lot better than New Hampshire, where state lawmakers get paid a \$100-a-year salary and no per diem, the equivalent of 0.2 percent of the state's median income. And it's a lot worse than California, where legislators get \$121,535 a year in salary and per diem, almost twice the state's median income.

New Mexico's compensation puts it in the same neighborhood as its similarly rural neighbors Wyoming (\$7,770 and 14.6 percent), Montana (\$8,659 and 18.7 percent), and Nevada (\$8,949 and 17.4 percent). Legislators in Oklahoma, Colorado, Arizona and Texas do better, with compensation ranging from \$17,700 in Texas to \$51,960 in Colorado.

Clearly, legislative pay varies widely. But so do other factors that affect the workload of a legislator. Some meet full-time, some part-time, some have large staffs, some small. The National Conference of State Legislatures looked at those factors and classified legislatures into five categories, from those with full time, well-paid members supported by large staffs to those with part-time, low-paid members with small staffs. Not surprisingly, New Mexico fell in the group of mostly rural states with low pay and small staffs, so-called citizen legislatures where the lawmakers are community members first, then elected officials. Unlike many of the state's in this group, however, New Mexico falls in the middle nationally in terms of the number of staff per member.

Interestingly, FiveThirtyEight found research that shows state legislatures that meet longer, pay better and have larger staffs are more efficient and more responsive to constituents. The members are less tied to the governor and party leadership and more likely to tackle complex policies. Lower-paid, part-time legislators, by necessity, must be independently wealthy, retired, or have the flexibility to leave work for one or two months a year. And those with small staffs are more reliant on lobbyists.

Underpaid or overpaid, the political reality is that the public, suspicious of politicians, is reluctant to support pay raises for elected officials. Still, a look at the big picture of legislative pay is intriguing.

Senator John Arthur Smith
Chairman

Colleges Work To Meet Employer Needs

New Mexico spends almost \$8 million a year on direct support of public community college programs for workforce training but analysis suggests the state could make better use of the money by paying closer attention to employer needs.

While the community colleges and state policy attempt to align training programs with labor needs, with \$2.4 million in state funds focused on building the workforce for the growing healthcare sector, national labor experts say most states could do more by focusing on job listings and other data sources that directly reflect demand.

The committee is scheduled to hear more about the role of community colleges in workforce development at 1:30 p.m. on April 14. The hearing is one of three workforce-related hearings scheduled for the day. The committee is also scheduled to hear a report on an evaluation of local workforce boards at 8:30 a.m. and an update on the *Workforce Innovation and Opportunity Act Combined State Plan* at 11 a.m.

The report on community colleges says the state spends \$8.3 million a year on direct support for workforce training and development at public community colleges, including adult education and literacy. In addition, the colleges receive \$2.7 million in federal adult education grants and have received a four-year, \$15 million federal grant specifically for certain allied health, health

information technology and emergency medical services training programs.

State support includes about \$340,000 for non-credit training under the High Skills program, \$150,000 for training for displaced workers, and \$690,000 for higher education special projects.

In addition, the higher education funding formula rewards degree and certificate completion, although generally not those certificates that take less than a year to complete.

LFC analysis notes some colleges in other states have been successful in mining job listings and other data to better identify employer needs.

Job vacancies nationally are at near historic highs, the *Wall Street Journal* reported earlier this month, but educational institutions aren't as responsive as they could be, partly because of a disconnect between schools and employers, bureaucratic barriers to change, and policy priorities that often direct grants to veterans and the disabled.

New Mexico's federally required *Workforce Innovation and Opportunity Act Combined State Plan*, submitted to the U.S. Department of Labor in early April, is built on detailed economic analysis of projected growth by industry and region. However, the plan is broad and does not include specific local workforce board plans to coordinate training through community colleges and trade schools, LFC analysis says.

Workforce Efforts Still Catching Up

New Mexico efforts to place people in jobs through the federally funded Workforce Investment Act programs has improved over the last five years but still lags pre-recession levels by 10 percent, an LFC program evaluation finds.

Workforce Connection centers, one-stop employment shops primarily operated by local workforce boards, spend about \$12 million a year to serve, on average, 3,700 New Mexicans in federal Workforce Innovation Act programs, which target low-skilled, low-income, unemployed or underemployed adults, dislocated workers, and youth.

The state Workforce Solutions Department reports in the 2014 program year 72 percent of WIA adult clients entered employment and 92 percent of those kept their jobs, earning an average of \$19.90 an hour. In the 2010 program year, 65 percent of clients got jobs and 82 percent of those kept them, earning an average of \$14 an hour.

However, the evaluation notes, the average employment rate for the 2007 and 2008 program years, before the Great Recession, was 82 percent.

The findings are part of the program evaluation of local workforce boards scheduled to be presented to the committee at 8:30 a.m. April 14.

Investments Earnings Low for First Half of Year

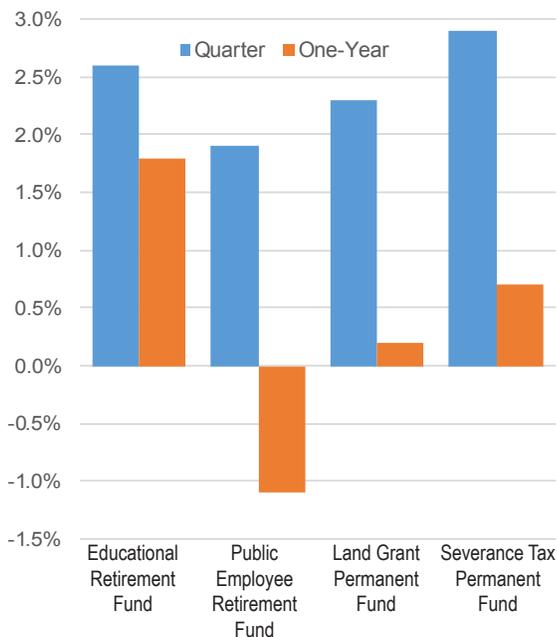
After a dismal first quarter in which all four state investment funds lost money, market conditions for the second quarter of FY16 were more positive and the funds earned between 1.9 percent and 2.9 percent.

That put one-year returns in the black for the severance tax and land grant permanent funds and education employee pension fund; however, the public employee retirement fund still showed losses for the 12-month period.

Compared with similar funds, the public employee fund was in the bottom quarter of performance. The education pension fund placed in the top 40th percentile, while the severance tax fund ranked in the top quarter. The land grant fund was slightly behind the average, outperformed by 59 percent of similar funds.

All four funds are significantly under their target return rates. The pension funds have a return target of 7.75 percent, while the State Investment Council sets the target for the severance tax fund at 6.75 percent and for the land grant permanent fund at 7 percent.

Investment Funds Returns



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On the Table

School Funding Unit Sees Tiny Increase

The preliminary unit value for the public school funding formula is \$4,040.24, the Public Education Department reports, \$2.49 over the final 2015-2016 school year value. Units are based on a school's enrollment multiplied by such factors as school size, teacher education and experience, and the specifics for each student, including grade level, English skills and disabilities.

Prisons Cheaper To Replace Than Repair

The facility condition indices for New Mexico Corrections Department facilities show Southern New Mexico and Central New Mexico correctional facilities and several other department facilities would cost more to repair than it would cost to build new prisons. Maintenance, the distance between facilities and the need for special facilities, such as hospitals and social work space, all drive costs.

\$700,000 Awarded Without Bids

The Office of the State Engineer has increased the cost limit on a "professional water resource services" contract with Papadopulos & Associates by 350 percent. While the original \$200 thousand contract was the result of a competitive bidding process, a \$700 thousand expansion was not.

School Loses Charter

The Public Education Commission has revoked the charter for the Creative Preparatory Institute. The school has a tax liability of at least \$520,000 for unpaid payroll taxes, has failed to provide students with the legally required 1,080 instructional hours a year, and is not compliant with the Americans with Disabilities Act.

NM, Mexico Discuss College Tuition

New Mexico Higher Education Department officials are talking to representatives of the Mexican states of Sonora and Chihuahua about the possibility of offering special tuition rates for students on both sides of the border. In 2012, the New Mexico Military Institute and the Universidad de Sonora agreed to a reciprocal tuition agreement, and 96 students currently participate. New Mexico State University is planning on offering Mexican students a reduced tuition rate of 1.5 times the rate for in-state students.

Transitions

New Mexico Junior College has hired Kelvin Sharp as its new president. Sharp is a former president of South Plains College in Texas and has a doctorate in education from Texas Tech University. Bennet Baur, acting deputy chief public defender, was appointed /chief public defender while the Public Defender Commission searches nationally.

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