



# LFC Newsletter

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Legislative Finance Committee

Senator John Arthur Smith, Chairman

Representative Jimmie C. Hall, Vice Chairman

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## From the Chairman Outstanding

The state's management of capital outlay spending has improved significantly since the Legislative Finance Committee reported a decade ago that the state had hundreds of millions of dollars in outstanding appropriations. But problems remain, a fact made clear by the latest LFC quarterly status report on capital outlay.

As of June, more than \$100 million for capital outlay projects authorized at least three years ago was still unspent. Another \$173 million in 2013 appropriations and more than \$440 million from 2014 were also languishing. While it is not surprising that much of the 2014 appropriation remains, almost two-thirds of the 2013 dollars and significant portions of the 2009 through 2012 appropriations are also idle.

Remarkably, these figures do not include the \$295 million authorized during the special legislative session earlier this year or the millions automatically set aside for public schools.

LFC staff has long tracked projects worth \$1 million or more to watch for problems with inactivity. For the first time this quarter, staff also looked at projects between \$300,000 and \$1 million. And, staff discovered, among the inactive mid-sized projects is \$50 million for city, county and other local governments. Outstanding appropriations include the entire \$328,000 authorized in 2013 for a road in Milan, most of \$525,000 authorized in 2012 for Bernalillo County correctional facility construction, most of nearly \$1 million authorized in 2013 for district court improvements in Doña Ana County, all of more than \$400,000 authorized in 2012 for an Alamogordo water system, and all of \$770,000 authorized in 2013 for Little League fields in Bernalillo County.

Quite often, progress stalls because the cost of the project was underestimated or funding was intended only to cover the initial phases of the project. Often, the state or local agency responsible for oversight does not have the staffing to keep a project moving. Sometimes the Legislature funds local projects that never had local support. The result is inefficiency, incomplete projects, and idle tax dollars that could be put to use making a difference for New Mexicans.

The Legislature and the executive did the right thing by coming together for a special session and passing a capital outlay bill. Now, they need to work together to reform a capital outlay process that now too often leads to money being set aside for projects that never happen.

Senator John Arthur Smith  
Chairman

## More Money Needed To Maintain Roads

The condition of New Mexico's roads will deteriorate at current funding levels, possibly leading to more traffic jams and accidents, the secretary of the Transportation Department says.

Tom Church told the committee during a hearing in July the average "pavement condition rating" for all New Mexico roads is 53, or fair. Without an increase in funding, the rating will drop to 39, or poor, in 10 years, he said.

To maintain current road conditions over the next 10 years, Church said the budget would need to be more than doubled from the current \$120 million a year to \$275 million a year.

LFC analysis shows rehabilitating a road in fair condition typically costs \$12,000 to \$36,000 a lane mile, but the cost jumps to \$280,000 if the road is in poor condition.

While interstate highways are maintained primarily with federal money, money from the road fund, supported with gasoline, other fuel and com-

mercial trucking taxes, pays for state highway maintenance.

The state road fund has failed to keep up with need, LFC staff reports.

The department, in response to federal requirements, has created a tier system to rank roads by importance. Interstates are ranked as most important, while roads serving high-traffic tourist destination or cities with 20,000 or more people are second. Roads serving smaller towns and national highways that are not part of the top tier are at tier three. All other roads, including those in rural areas and low-traffic state roads, make up tier four.

The department has no centralized, data-driven criteria for prioritizing projects and local road planners each use their own method.

LFC staff reports the department is developing information that will make it possible to plan road projects based not only on road condition but also on making the best use of its repair dollars.

## State Invests in Healthcare Access

The Legislature responded to a finding that New Mexico had too few healthcare professionals by investing millions in health provider education, although it's too early to tell if the investment has paid off, a follow-up report says.

The LFC Evaluation Unit will present *Progress Report: Adequacy of New Mexico's Healthcare Workforce* at 11 a.m. August 21 during the committee's hearing in Taos. A 2013 program evaluation found New Mexico's supply of healthcare workers was short of an expected increase in demand driven by the Affordable Care Act and the growth and aging of the state's population. It also found that the healthcare workforce was badly distributed through the state, with all but one of New Mexico's counties identified under federal rules as having a shortage of primary care providers.

In FY15 and FY16, the Legislature appropriated a total of more than \$36 million in new dollars for healthcare workforce initiatives, including expanding nursing education slots, funding primary care medical residencies, and increasing funding for

student-loan repayment programs.

However, these newly expanded programs have yet to significantly impact the healthcare workforce.

With federal support for medical residencies stagnant, the Legislature plans to spend \$22 million over the next seven years to add 31 medical residencies at the University of New Mexico Hospital and has spent about \$400,000 over the last two years to support residencies at Hidalgo Medical Services.

The Legislature has also added about \$1.8 million to programs that provide loans to medical students in exchange for future work in underserved New Mexico communities or pays off the loans of medical professionals after service in underserved areas.

The Legislature has allocated an additional \$16 million to nurse education programs over the last two years.

Although experts recommend most nurses hold bachelor's degrees, just two state-funded programs offered bachelor's degrees in nursing in 2012, compared with six this year and an expected 17 by 2018.

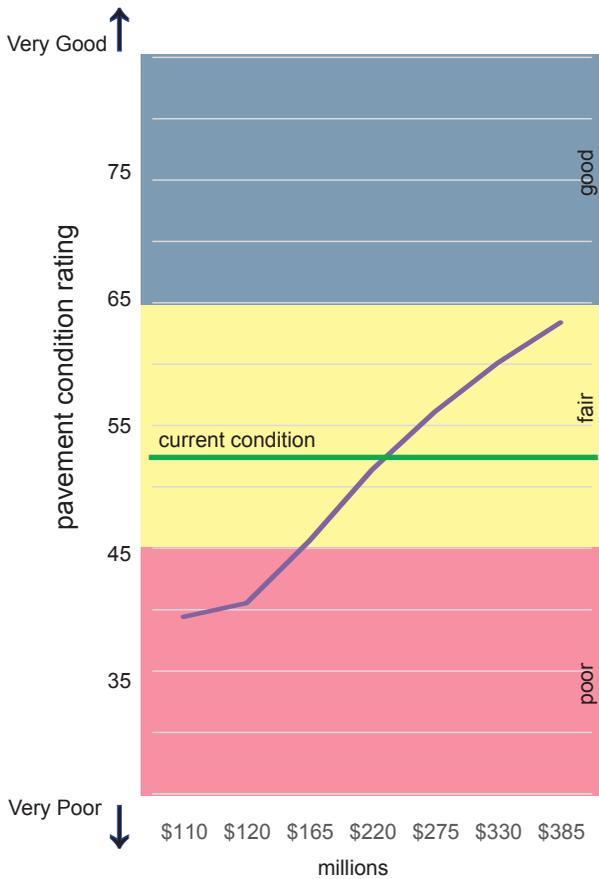
# Spending Impacts Condition

The average rating for pavement condition on roads statewide is about 53, or fair. However, pavement condition will deteriorate without new money for road maintenance, currently covered by the state road fund, Transportation Department managers say.

The state now spends about \$120 million a year but it would cost more than \$385 million each of the next 10 years to bring average pavement condition up to a "good rating" of 65, the department's figures indicate.

Similar figures for the department's assessment of bridge condition suggest the department can maintain spending on bridges at the current level of \$93 million a year and decrease the share of deficient bridges from 5.1 percent to 1.7 percent in 10 years. Those figures show bridge spending could drop to \$75 million a year and the share in deficient bridges would still decline, although only to 3.9 percent.

**Impact of Increased Spending on Average Pavement Condition in 10 Years**



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## On the Table

### CYFD Turnover Up

Turnover among certain juvenile justice and child protective services staff at the Children, Youth and Families Department was up in FY15, compared with FY14. The turnover for youth care specialists was 22 percent in FY15, compared with 14 percent in FY14. Turnover in the Protective Services Program was 29 percent in FY15, compared with 26 percent in FY14.

### UNM Dental Program Awarded \$2.5 Million

The U.S. Department of Health and Human Services has awarded \$2.5 million to the University of New Mexico dental medicine program to create additional educational and clinical positions in its special needs dental clinic for the intellectually and physically disabled. The five-year grant will pay for a coordinator, patient experiences for dental residents, and a second-year dental residency curriculum for special needs patients.

### Enrollment Jumps for Online School

Enrollment in the New Mexico Connections Academy, a statewide online public charter school serving fourth through 12th grades, increased 77 percent in 2015, from 430 students to 760. Enrollment from Otero County increased by 285 percent, while the number of students from Sandoval County increased 115 percent. The number of students from San Juan and Bernalillo counties also increased significantly.

### TANF Caseload Down, SNAP Up

The average June caseload for the Temporary Assistance for Needy Families program was 12,754 households, down 7.7 percent from June 2014 and the lowest it's been since 2007. The Supplemental Nutrition Assistance Program caseload was 232,130 individuals, a 16.4 percent increase from a year ago.

### New Pipelines Open Oil Choke Points

New oil pipelines out of southeastern New Mexico mean Permian Basin producers are getting a small premium for their oil this year instead of losing money. Oil production in the Permian Basin, the strongest in the nation, last summer exceeded pipeline and refinery capacity, forcing producers to offer discounts up to \$20 a barrel to buyers willing to ship on more expensive trucks and trains. The new pipelines have added 750,000 barrels a day in transport capacity, while production has grown by about 400,000 barrels per day.

### Transitions

LFC fiscal analyst Connor Jorgenson recently earned his master's in business administration from the University of New Mexico.

Frank Crociata is the new director of Tax Policy at the Taxation and Revenue Department. He most recently worked on the department's legal staff and has experience practicing tax law in Arizona.

Michael Heitz moves from the Office of the Governor to general counsel for the Children, Youth and Families Department.

Lori Montgomery, administrator for the New Mexico State Veterans' Home, resigned effective July 24.

Suzette A. Shije is the new deputy secretary of the Indian Affairs Department. Shije is a member of Santa Clara Pueblo and served in the U.S. Marine Corps with a specialty in law enforcement.

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