



# LFC Newsletter

A publication of the

**Legislative Finance Committee**

Senator John Arthur Smith, Chairman

Representative Luciano "Lucky" Varela, Vice Chairman

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## *From the Chairman*

### **A Line in the Sand**

On June 21, the committee will hold a hearing on border development that will include a report on the activities of the New Mexico-Chihuahua Commission and a field trip to Juarez for an update of the maquiladora industry.

The hearing is focused on economic development, an issue that those on both sides of the border can easily support. But it is impossible to talk about that technical but often hazy line between our two countries without touching on more sensitive subjects, especially in this post-9/11 world.

Indeed, from the new passport requirement for travel to Mexico and Canada to the proposal to build a wall to stop the influx of illegal immigrants, those terrorist attacks completely changed the way we talk and feel about our neighbors.

It is important to remember, however, that Mexico is our neighbor and we have mutual interests that require mutual cooperation and some degree of trust. It is in our interest to develop our border economies, not just because doing so provides jobs and improves the lives of New Mexicans living near the border, but also because the well-being of those who live on the other side has a direct impact on illegal immigration, border crime, and many other social issues in the United States.

On another note, this month's meeting in Las Cruces, Santa Teresa and Juarez mark the beginning of our summer travel schedule. The committee travels during the summer to improve public participation in the legislative process. We see facilities and hear about issues that can seem abstract in Santa Fe and bring the workings of state lawmaking to people who might never see the inside of the Roundhouse. In July, we will travel to the Ruidoso area, and in August we will be in Red River. Please come and talk to us if we come to your community. In September, we come back to Santa Fe for the first of the budget hearings.

**Senator John Arthur Smith**  
Chairman

## **Cultural Affairs Capital Funds Fall Short of Capital Needs**

State museums and monuments have received some \$30 million for construction and repairs over the last two years, but Cultural Affairs Department officials estimate they need another \$90 million in the next five years to address safety issues and other needs.

The committee is scheduled to hear a report on the status of Cultural Affairs Department capital outlay projects during its June meeting.

In addition to the status report at 9:30 a.m. June 22, the meeting agenda includes tours of the Barela-Reynolds-Taylor State Monument and Farm and Ranch Heritage Museum, both in Las Cruces.

LFC staff analysis says national studies show states get significant returns from higher attendance to facilities and exhibits that are properly maintained and rotated.

The analysis notes the state appropriated \$24 million for capital outlay at private and local-government-owned museums and cultural facilities from FY06 to FY08 at the same time it did not appropriate the full capital outlay requests of the state museums.

Partial funding of capital outlay projects increases the final cost of the projects because of the rising costs of construction materials and the difficulty in attracting competitive bids from contractors who might be reluctant to start a project they won't be able to finish.

Among the Cultural Affairs Department projects in progress:

\*The Museum of International Folk Art needs \$700,000 from the state to complete the \$1.95 million upgrade of the Girard Wing, which houses the popular Girard collection. Most of the funding so far has come from a National Endowment for the Humanities grant and private donations.

\*The Farm and Ranch Heritage Museum has been unable to complete outdoor exhibits and other projects because of a lack of funding. The museum received \$1.4 million this year to finish projects.

The department is also working on completing the State History Museum, Center for New Mexico Archaeology, and an education building at the National Hispanic Cultural Center.

## **Changing Tech World Might Need New Rules**

Television broadcasts available through the phone company, phone services offered by the cable company, Internet delivered over power lines – high-tech advancements are blurring the lines between the telecommunications industries and raising questions about how to regulate those utilities.

The LFC will hold a hearing on competition, regulation and technological change in the telecommunication industry on June 20 during its meeting in Las Cruces. A professor on the economics of public utilities, staff and members of the state Public Regulation Commission and a public policy specialist for Qwest are among those scheduled to testify at the 1 p.m. hearing.

While the state regulates most phone utilities, it does not regulate cable television companies and has little author-

ity over wireless phone companies. Qwest, the primary provider of phone services in New Mexico, has argued for deregulation and reached an agreement with the Public Regulation Commission to invest hundreds of millions of dollars in network infrastructure in exchange for the state relaxing its oversight.

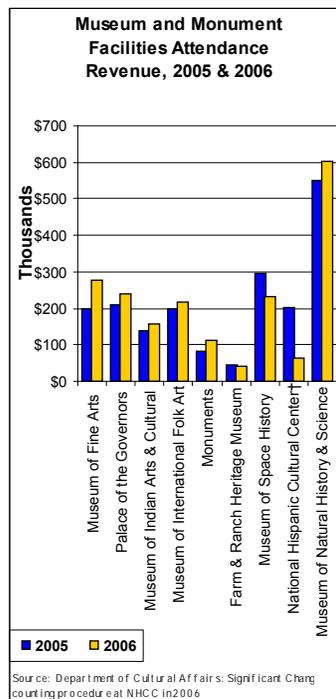
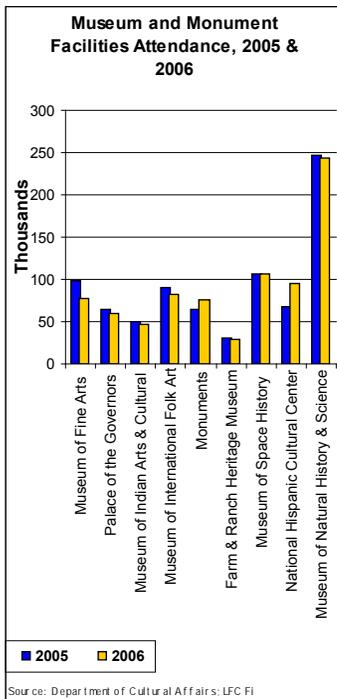
An initial agreement between the state and Qwest, called AFOR for alternative form of regulation, broke down when the Public Regulation Commission ruled Qwest was not meeting its investment obligation. The parties reached a subsequent \$270 million settlement that calls for Qwest to invest in improving high-speed Internet access throughout the state, repairing and upgrading the existing network, and expanding the use of more advanced telecommunications technology.

# Attendance Down, Revenue Up

While 2006 attendance was even or down at nearly every state museum and monument, revenue from attendance was up generally.

The National Hispanic Cultural Center in Albuquerque was the only museum in the Cultural Affairs Department to see a significant increase in attendance in 2006. However, it also saw a significant decrease in revenue.

Despite slight decreases in attendance at most sites, attendance revenue was up everywhere but the Hispanic center, Museum of Space History in Alamogordo, and Farm and Ranch Heritage Museum in Las Cruces.



## On the Table

### LFC Agrees to Revised Transfer Request

The State Personnel Office has revised its request for a budget transfer from \$450,000 to \$205,900 after LFC staff objected. The original request would have moved 10 percent of the agency's total budget from personal services to other costs.

### Museum Gets Preservation Grant

The National Endowment for the Humanities has awarded the Palace of the Governors more than a half-million dollars to move, stabilize and rehouse almost 11,000 artifacts over three and a half years. Construction on the New Mexico History Museum, with a 8,381-square-foot storage vault, is scheduled to be complete summer 2008.

### \$2 million To Go to Meth Treatment

The Health Department plans to spend all of a \$2 million contingency appropriation intended for substance abuse and mental health treatment on methamphetamine treatment provided through ValueOptions. Delayed planning for spending the money, approved in the 2006 General Appropriation Act, has raised LFC staff concerns about whether any additional people will actually be served this year.

### Corrales Could Lose Sewer Grant

The Village of Corrales could lose a nearly million dollar grant from the federal Environmental Protection Agency for a centralized wastewater system. The \$958,200 grant requires \$783,000 in state matching funds. The state provided \$501,000 in three separate appropriations, but \$191,000 that was authorized in the year 2000 has reverted. The Village Council recently voted down an environmental review of the project, the required next step. The project as planned would pipe waste to Albuquerque.

### Dentists Would Get Biggest Increase

A draft proposal on planned increases in Medicaid provider reimbursement rates gives the biggest of the proposed fee increases to dentists. The proposed 30 percent increase in the provider rate would move the fee from 76 percent to 100 percent of the 2003 American Dental Association fee schedule. The Human Services Department in May presented a draft proposal on provider fee increases to the Medicaid Advisory Committee that is consistent with the \$13 million appropriation for raising the reimbursement rates in FY08.

### Transitions

Liz Stefanics has moved to the Health Policy Commission after a year at the Risk Management Division.

The Property Control Division has hired Lemoyne Blackshear as staff architect.

Blackshear is a retired Air Force colonel with experience in environmental management.

Linda Besett, superintendent of the Central Consolidated Schools, is the new principal at Wood-Gormley Elementary School in Santa Fe.

Marc Space, superintendent of the Taos Municipal Schools, has resigned to take a position as a superintendent in New York state.

Joe Guillen, a retired manager in the Department of Finance and Administration and an Española school board member, is the new executive director of the New Mexico School Boards Association.

LFC has hired three new performance auditors: Donna Hill-Todd is a credit union executive with prior experience at the Labor Department and Texas State Auditor, Jennifer Leal is a New Mexico State University accounting graduate working in cash management in an investment firm, and Kami Gupta is a University of Texas at El Paso accounting graduate with project management experience and prior employment at IBM and the Health Department.

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