



LFC Newsletter

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Legislative Finance Committee

Representative Luciano "Lucky" Varela, Chairman

Senator John Arthur Smith, Vice Chairman

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From the Chairman

The Big Bang

About a decade ago, the Legislature shifted the focus of budget-development from agency-declared need to actual results. The idea was to get the money to the programs that produced results so that New Mexico taxpayers could get the biggest bang for their bucks.

Performance-based budgeting has been refined over the years; every year what we measure and how we measure it get a little more to the heart of how government can best serve the people of New Mexico.

Along the way, the LFC started issuing report cards on agency performance so the information would be more transparent to the public.

Now, we are on a verge of another major refinement.

Over the last year, LFC staff has been working with Pew-MacArthur Results First Initiative to develop a cost-benefit model for New Mexico.

The model is already working. Through it, policymakers can now see estimates of the costs of adult and juvenile crime, child abuse and substance abuse. For example, preventing just one inmate from offending a second time saves the state \$122,000 in the long run.

But having that information takes policymakers only half way to a solution. Lawmakers must also be able to see the costs of any prevention or intervention program and evidence that it works. An expensive program that works – that, for example, can save the state \$122,000 – is a far better investment than a cheap program with mixed results.

Assessing the financial worth of some state services can seem besides the point and a little cold. Can we really put a price on the value of preventing child abuse? (Indeed, we can: a child abuse case resulting in adoption costs the state \$143,000.) But it is exactly that kind of information that makes it clear why we should spend money preventing abuse in families at risk.

Whether to invest or not invest in social services is a key battle in the war between liberals and conservatives. Quantifying the costs, not just of the services but also of the failure to provide services, can bring more meaning to negotiations.

Representative Luciano "Lucky" Varela
Chairman

Doctor Shortage Expected To Get Worse with Reform

Health-care reform and an aging population will put pressure on a New Mexico health-care system already short on doctors and other providers, an LFC evaluation concludes.

The evaluation, scheduled to be released May 15 during the committee's first hearing since the legislative session, finds up to 172,000 uninsured New Mexicans will get coverage through Medicaid or a health insurance exchange when those provisions of the Affordable Care Act go into effect in 2014.

An aging population is also putting pressure on the state's health-care system, with the share of the population over 60 expected to double by 2030.

The report, scheduled to be presented to the committee at 9:15 a.m. May 15, says New Mexico is already short on doctors and nurses, especially in rural areas. A majority of doctors, nurses and dentists work in the urban areas of Albuquerque, Santa Fe and Las Cruces.

The state is short an estimated 2,000 doctors, with roughly 400 to 600 of those primary care physicians, the report says.

Demand for services could be eased by nurse practitioners, who can provide primary care in most situations, but the state is also short at least 240 of those professionals.

The state's corps of registered nurses is also below the national average for the population by about 3,000.

Because of the expected increase in demand, New Mexicans should expect longer wait times to see doctors, dentists and specialists.

Major problems are not expected in the short-term but the problem will get worse with time if the state does not take steps to address the shortages.

New Mexico should develop a system that targets the level of care to the level of need. Many of those joining the insured will be healthy and their needs can be met with physicians' assistants and nurse practitioners with a focus on preventive care. Case managers can be used with higher-needs patients to coordinate support and specialty care and other services, possibly reducing costs.

Although a more costly alternative to increasing the number of physicians' assistants and nurse practitioners, New Mexico can improve its supply of doctors through medical school loan repayment programs, which work better than scholarships. Programs that recruit medical students from rural areas are particularly helpful because those students are more likely to return to rural areas to practice.

Agency Report Cards Show Agency Successes, Challenges

Agency "report cards" from the third quarter of the fiscal show some programs are still struggling to meet goals but others are performing well.

Under state law, most state agencies are required to submit quarterly reports that show how they've performed on specific goals.

Each quarter, LFC analysts review the performance reports and develop report cards on key measures. An LFC hearing on agency report cards is scheduled for 1:30 p.m. May 16.

The performance report for the first nine months of FY13 shows mixed results, the report says.

Among the findings:

- The average number of days it takes

to fill a state position grew from 53 in the first quarter to 75 in the third quarter.

- Wait times for the Motor Vehicle Division call center and offices equipped with an electronic queue system have dropped significantly, with the wait time in the Carlsbad office dropping from 90 minutes in the first quarter to 10 minutes in the third quarter.
- The number of new jobs reported by the Economic Development Department improved to 2,693 jobs created during the first three quarters.

The quarterly reports are available on the LFC website at nmlegis.gov/lfc under the link for "Publications and Reports."

Education Tops General Fund Spending

General fund appropriations in the General Appropriation Act mostly stuck to the general pattern they've followed for the last 15 years, with more than half going to education.

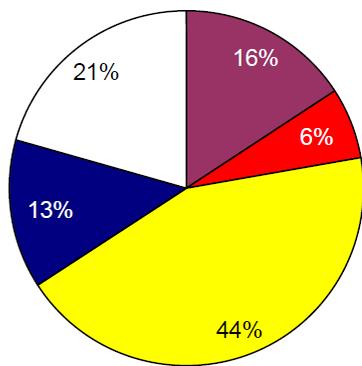
Together, public schools and higher education will receive \$3.37 billion of the \$5.88 billion in general fund appropriations in the spending plan. Education's share of 57 percent is slightly higher than the 56 percent it received last year. The share for education is typically about 55 percent.

The share of funding for Medicaid is down for the second year in a row, with FY14 funding representing 16 percent of total general fund spending compared with the 20 percent last year. While enrollment in the program is expected to increase next year because of federal health-care reform, the federal government is covering those costs and more, resulting in a net gain to the state and a reduced demand for state general fund dollars.

Public Safety's share of 6 percent is about the same as past years.

The remaining 21 percent going to the rest of state government is slightly higher than the typical 17 percent that goes to state government.

Fiscal Year 2013-2014 General Fund Appropriations



- Public Schools, \$2.57 billion
- Medicaid, \$931 million
- Higher Education, \$790 million
- Public Safety, \$377 million
- Other, \$12.3 million

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On the Table

HSD Shifts Money to Tech Support

The Human Services Department is using money saved in Medicaid services to nearly double spending on technical support for the Medicaid information system. The contract for Xerox, the contractor that provides support, will nearly double from \$14.2 million to \$25.3 million mostly to cover costs related to reform-related Medicaid program expansion and redesign.

Tobacco Decision Expected Soon

An arbitration panel could decide by mid-summer whether New Mexico is going to lose millions in tobacco settlement money. The tobacco companies that pay states billions a year to compensate for tobacco-related health-care costs and to avoid other liabilities contend 20 states are not in compliance with the agreement and are seeking a refund of payments. If found out of compliance, New Mexico's future payments will be reduced. New Mexico receives about \$40 million a year under the settlement.

Error Benefits, Costs Schools

The Public Education Department miscalculated a factor in the school funding formula that led to the misallocation of millions of dollars to school districts and charter schools. Because of the error in calculating the amount districts and charter schools should get for students at risk of failing, 25 districts and charter schools received a total of \$831,000 less than they should have and 26 districts received \$2.5 million more than they should have. The errors range from \$580 too little for a Questa charter school to almost a million too much to the Rio Rancho school district.

EMNRD Gets Money for Abandoned Mines

The U.S. Department of the Interior has granted \$4.82 million to the Energy, Minerals and Natural Resources Department to safeguard abandoned mine sites, reclaim mine waste piles and assess needs at abandoned mines near Silver City, Grants, Madrid, Gallup, and Cookes Peak and in Sugarite Canyon State Park and the San Pedro Mountains. The department estimates New Mexico has 15,000 hazardous mining sites.

Transitions

Mimi Aledo-Sandoval is one of 34 legislators and legislative staff to be selected for the National Conference of State Legislature's 2013 Early Learning Fellows Program. Aledo-Sandoval was the only staff member selected.

Bobby Tafoya, chief of staff at the Children, Youth and Families Department, will retire on May 24.

Sara Lister, Workforce Solutions Department deputy secretary, resigned effective in March.

Jackie Ingle, chief of staff for the Workforce Solutions Department, has retired. Her last day was also in March.

After three years of having an acting administrator employed by the State Veterans' Center, the DOH's Fort Bayard Medical Center has hired Jeremy Averella as facility administrator.