



# LFC Newsletter

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Legislative Finance Committee

Senator John Arthur Smith, Chairman

Representative Luciano "Lucky" Varela, Vice Chairman

David Abbey, Director

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## From the Chairman

### How Dare They

Local public school administrators were startled, at one end of the scale, and appalled, at the other, when the new Public Education Department administration said it was going to double-check the numbers in 34 school districts.

The move was prompted by a higher-than-expected increase in the number of public school funding "units," a figure that is not only based on the number of students in a district and their grade level but also on the needs of each student, whether it's a need for disability services, English instruction or other special attention. The unexpected increase in the number of units meant that next year's state allotment for each unit was going to be lower than planned.

The department's initial look at the 34 districts came up with nine that warranted a deeper investigation. Those nine represent almost two-thirds of the unplanned increase in units.

LFC staff started noting this issue several years ago when analysts became suspicious of increases in the demand for special education services that far outstripped increases in enrollment. In addition, the committee's evaluation unit has been reviewing operations in a handful of districts every year. The unit is working closely with the Public Education Department on the current issue.

Although almost half of the state's \$5 billion to \$6 billion budget goes to public schools, local school districts have enjoyed near autonomy when it comes to how they spend the money. Indeed, it is near blasphemy to suggest greater central control of public schools. That could be why the Public Education Department rarely rejects a district budget even though it has the authority to do so.

School districts have, perhaps, had too much autonomy for too long. New Mexico's academic scores, high school drop out rate, number of college freshmen in remedial courses — all point to a need for a shake up. Double-checking should be just the start.

**Senator John Arthur Smith**  
Chairman

## Long-Term Services Could Cost Close to \$1B

Costs for the Coordination of Long-Term Services program have far outpaced original projections and could hit \$900 million in the 2011-2012 budget year unless the program is changed, LFC analysis shows.

The CoLTS program was created to save money through better coordination of health care, personal care and community-based services for certain Medicaid patients. However, the \$800 million price tag on the program in FY10 was \$235 million more than FY07 spending on the same services before CoLTS and \$565 million more than estimates, LFC staff reports in the program evaluation completed earlier this year.

Without changes, LFC estimates program costs in FY12 will be 60 percent more than they were in FY07.

The program serves 37,500 New Mexicans at an annual cost of more than \$21,000 per client.

The review concludes cost increases appear to be driven by growth in the

use of the personal option, lower-than-expected savings in the switch to managed care, and changes in enrollment.

The cost of the personal care option increased 35 percent between FY07 and FY10, and the estimated savings from switching to managed care did not cover the additional administrative costs of hiring a private managed care organization.

Also, overall enrollment in CoLTS in FY09 exceeded projections by about 26 percent and, although it stabilized in FY10, enrollment in high-cost groups was higher than expected while enrollment in less-expensive groups was lower than expected.

The study notes that the Human Services Department is working on changes to the program that could contain costs.

The LFC review recommends limiting enrollment and services for personal care, capping some community-based services and streamlining administration, now split between two agencies.

## School Bus System Gets Second Look

The Public Education Department's \$1 million investment in GPS for school buses along with the impact of other school transportation reforms implemented over the past several years is the focus of an LFC review to be released this month.

The program evaluation unit will present its findings during the committee's May meeting at a hearing scheduled for 8 a.m. May 19.

An LFC review in 1993 found inadequate district-level oversight of school transportation, violations of state laws and regulations, and an inequitable distribution of transportation of funds among other problems in the statewide school transportation program.

A legislative task force was appointed and led to the repeal of some laws, the creation of a distribution formula, and several operational changes.

This is the first assessment of whether those reforms have solved the problems.

The report looks at whether any of the problems identified in 1993 remain,

including those in administration of the program. It also looks at whether the transportation funding formula is equitable and being implemented fairly.

In addition, the review assesses the use of global position system, or GPS, devices in school buses.

The Public Education Department in 2007 spent almost \$1 million buying and installing 2,350 GPS units on buses made since 2000 and school-owned activity buses. The department pays the manufacturer, Zonar, about \$500,000 a year for GPS services.

Although the system is installed on most buses, the department only monitors buses that travel more than 200 miles a day.

The department also equipped many buses with electronic systems for monitoring the mechanical condition of the buses.

The LFC evaluation considers whether technology can substitute for staff monitoring of bus maintenance and operation and whether the department is using technology effectively.

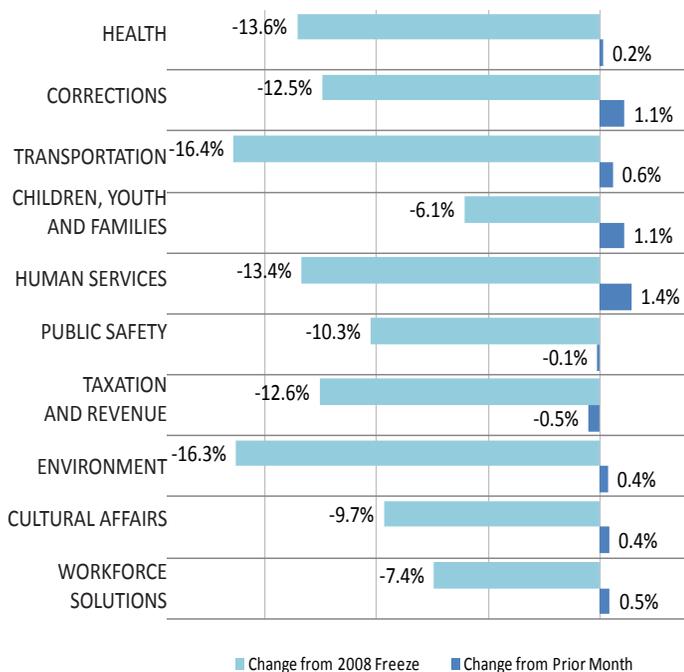
# State Employee Numbers Continue To Drop

The total number of state employees was down slightly in May compared with April, continuing a decline that started with a freeze ordered by the executive in December 2008. The State Personnel Office reported the state employed 22,430 full-time workers on May 16. The figures for April 1 were 22,752 and 25,808 for December 1, 2008.

Those figures represent a month-to-month drop of 1.4 percent and a total decline of about 13 percent over two and a half years.

The percentage decline in the total employment in the 20 largest state agencies, which employ 80 percent of the workers, was less than a third of a percent for the month and 11.3 percent since the freeze. For the remaining agencies, the month-to-month decline was about 5.5 percent and the decline since the freeze was 19.3 percent.

## Percent Change in Number of Employees, 10 Largest Agencies



AGENCY	12/1/08 Total	4/1/11 Total	5/1/11 Total
HEALTH	3,906	3,381	3,376
CORRECTIONS	2,249	1,991	1,969
TRANSPORTATION	2,456	2,065	2,053
CHILDREN, YOUTH AND FAMILIES	1,943	1,845	1,825
HUMAN SERVICES	1,959	1,721	1,697
PUBLIC SAFETY	1,167	1,046	1,047
TAXATION AND REVENUE	1,130	983	988
ENVIRONMENT	675	567	565
CULTURAL AFFAIRS	527	478	476
WORKFORCE SOLUTIONS	472	439	437

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## On the Table

### SNAP Growth Prompts Higher Spending

The federal government has approved another \$87 million for New Mexico's Supplemental Nutrition Assistance Program to accommodate caseload growth. The increase for the federally funded food program formerly known as food stamps brings the total for FY11 to \$606 million. The Human Services Department reported a 21 percent increase in the SNAP caseload for March, compared with the same month last year.

### Proposal Would Cut Federal Medicaid Funds

New Mexico would lose more than a third of its federal Medicaid money under a proposal being considered by the U.S. House, the Kaiser Foundation estimates. The foundation report concludes the proposal to repeal the new healthcare law and convert Medicaid funding to a block grant could mean as many as 44 million poor and disabled Americans would lose Medicaid coverage.

### New Mexico Tops in Mineral Production

New Mexico is first in the nation in the production of potash, perlite and zeolite, third for copper, and 12th for coal, the Energy, Minerals and Natural Resources Department reports.

### Veto Could Endanger Tobacco Funds

Future payments from the tobacco companies to New Mexico could be in danger because of the state's lack of a "qualifying statute," the Attorney General's Office says. The AGO says a potential loophole was created in 2010 legislation that could allow certain tobacco companies to avoid making escrow payments mandated by the master settlement fund. The governor vetoed legislation passed this year to close the loophole. New Mexico gets \$40 million a year from the master settlement fund.

### Transitions

Cathy Fernandez, deputy director of the LFC for the last eight years, will retire effective July 31. She has served 17 years for the LFC and nearly 27 years for state government.

Valerie Crespín-Trujillo, formerly with the Higher Education Department, has joined the LFC program evaluation team. She has experience working at the University of New Mexico Health Sciences Center and for Congress. Jon Courtney, also joining the program evaluation unit, comes from the Children, Youth and Families Department, where he conducted research and evaluations. He also has experience as a contract scientist working for the Air Force Research Lab and teaching in higher education. He has a doctorate in psychology from Texas Christian University.

After four sessions as a contract analyst, Anne Hanika-Ortiz has joined the LFC full time as a fiscal analyst. She is a registered nurse and has specialized in healthcare legislation analysis. Christine Boerner, also a new fiscal analyst, formerly worked as an eligibility specialist for the Temporary Assistance for Needy Families Program. She has experience in performance auditing and earned a masters in government from New Mexico State University. Connor Jorgensen has worked for the Legislature as a committee attendant during the 2011 session and was an intern for the State Treasurer. Finally, Tracy Hartzler-Toon joins LFC after previously working for the Interstate State Commission and U.S. Sen. Harry Reid.

Hanika-Ortiz's primary assignment will be the General Services Department. Boerner will be the analyst for the Department of Finance and Administration and the Taxation and Revenue Department. Jorgensen will take on the district attorneys and the courts, and Hartzler-Toon, higher education.

Jeannae Leger, formerly an LFC capital outlay analyst, is the new administrative services manager. She replaces Sylvia Barela, now program support director of the Department of Finance and Administration. Michael Weinberg has been promoted to program evaluation manager, and Aurora Sanchez is moving from performance evaluator to public safety analyst.

The Western New Mexico University regents have selected Joseph Shepard to succeed President John Counts, who served WNMU since 1993. Shepard has served for years as the vice president for administrative services and finance at Florida Gulf Coast University.

Jacqueline Cooper was named acting chief public defender.

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