



# 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* **Prove It**

With the Great Recession behind us and state revenues on the mend, budget drafting has become much less stressful. But the body slam delivered by the financial crisis and the lackluster recovery has left budget-drafters cautious. We've learned to focus on priorities and on those programs with proven results. It was a good lesson to learn.

Going into budget development this fall, the committee generally planned to keep most budgets flat – low inflation means fixed costs can stay fixed – and address the looming issues of tax reform, deteriorating roads, floundering pension funds, and compensation for state employees, who are still trying to recover from the hit they took during the recession.

Any new investment must go to programs that will pay off for New Mexico, programs like early childhood education and home visits for high-risk infants that have proven they work. New Mexicans deserve a solid return on their investment.

In addition to some hard lessons, the recession left behind one more reminder: It was only through bipartisan cooperation that we stayed on track. The best way we can serve the people of our state is with a commitment to continue to work together and a focus on high-priority programs that work.

**Senator John Arthur Smith**  
Chairman

## **Teacher Level No Predictor of Student Performance**

Students taught by teachers at the highest level under the three-tiered licensure system perform only slightly better on math tests than students of teachers at the lowest level, an LFC evaluation shows.

While 52 percent of the students with level-three teachers gained a year on math proficiency in 2012, so did half of the students of level-one teachers, those at the lowest level and with the lowest pay.

Based on math and reading scores, 30 percent of the lowest performing teachers have level-three licenses and half have level-two licenses, the LFC evaluators found.

The committee is scheduled to hear more about the evaluation at 8:30 a.m. on November 15.

The analysis suggests the professional dossier process used to determine license level – and, therefore, pay – is a poor predictor of teacher effectiveness.

While the newness of standardized testing and weakness of student achievement data made it difficult to use student performance in teacher evaluations when the three-tiered system was implemented in 2003, the state now has the resources and expertise to incorporate that information, the study says.

Some have resisted incorporating test scores into teacher assessments, arguing socio-economic conditions,

class size and other factors that affect performance are outside of a teacher's control.

However, the study says value-added models, which compare a student's performance against a projection of the student's performance, are effective if used properly. Properly used, evaluations can identify high-performing teachers for rewards and low-performing teachers for professional development.

The LFC report notes the state has yet to incorporate the three-tiered licensing system into the funding formula. Instead it uses a districtwide "training and experience" factor, even though districts with high "T&E" factors fail to perform any better than others.

The factor has the unintended consequence of rewarding relatively affluent districts for keeping teachers. Because high-poverty districts find it harder to keep teachers and attract T&E funding, the factor contributes to the achievement gap between affluent and poor students.

"Aligning this factor with a modified three-tiered system and offering a mix of incentives for high-performing teachers in low-income schools will better align resources with achievement outcomes," the analysis says.

The analysis also notes the professional dossier process has not been updated in nearly 10 years and no longer reflects the latest educational research.

## **Health Seeks Increase To Reduce DD Waiting List**

The Health Department is asking for \$5 million more in FY14 to reduce the waiting list for a program that provides home-based services for the developmentally disabled, even though a \$2.7 million increase this year has resulted in few new enrollments.

The increase for the "DD waiver" program, called that because it is part of the Medicaid program but operates under a federal waiver of Medicaid rules, makes up nearly half of the department's requested \$11 million increase from the general fund.

The agency presented its FY14 request to the committee in October.

The department is asking for a total increase of about 2 percent but an

increase in its general fund appropriation of almost 4 percent.

LFC staff report the department has enrolled few new clients in the DD waiver program despite a growing waiting list for services and years of appropriations that exceeded the department's requests.

The department reverted almost \$3 million appropriated to the program in FY12, on top of a smaller reversion from the program in FY11.

An LFC evaluation of the program two years ago concluded per-client spending on the program was "unsustainable," partly because program managers failed to assess client need or use of services. The waiting list was

growing faster than the budget for the program, leaving some clients waiting for services for eight years or more.

Almost 6,000 clients were on the waiting list when FY12 ended on June 30, a growth of 923 over three years.

Program managers have implemented cost-containment measures, including tools for assessing client needs and provider rates and the cost per client has dropped.

In addition to the \$5 million for DD waiver client services, the department is asking for \$1.1 million for seven new positions in DD support services and for DD-related contracts.

About 23 percent of the department's positions were vacant on October 1.

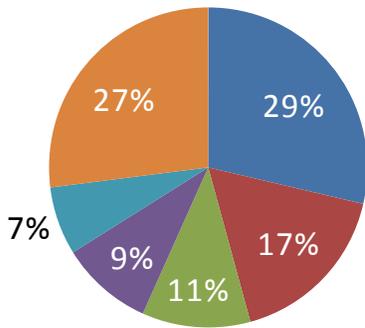
# Health Leads Agencies with FY12 Reversions

State agencies reverted \$37 million from FY12 appropriations, with almost 30 percent of that coming from the Health Department.

The Corrections Department was second on the list with reversions of \$6.3 million. Rounding out the top five were the Public Education, Taxation and Revenue, and Energy, Minerals and Natural Resources departments.

At the end of FY12, vacancy rates in those agencies ranged from 19.8 percent at the Energy, Minerals and Natural Resources Department to 30 percent at the Taxation and Revenue Department.

**FY12 Reversions**



Department of Health	\$10,626,771
Corrections Department	\$6,331,316
Public Education Department	\$4,074,699
EMNRD	\$3,477,206
Taxation and Revenue Department	\$2,552,667
Other	\$10,013,689

## On the Table

### Corrections Leads on Overtime

State employees earned almost \$33 million in overtime in FY12, with the Corrections Department employees leading the way with \$12 million, the State Personnel Office reports. The Health Department paid out the second highest amount of overtime at \$7.5 million. The Children, Youth and Families Department, at \$3.8 million, was third, and the Miners' Colfax Medical Center was fourth with \$1.1 million. The personnel office said 20,311 employees worked 1.4 million overtime hours.

### NM Adds Hospitality Jobs, Loses Overall

The leisure and hospitality industry in New Mexico added 2,700 jobs between September 2011 and September 2012, but the state lost 9,200 jobs during the same period. New Mexico has more than 86,000 leisure and hospitality jobs, the U.S. Bureau of Labor Statistics reports.

### SNAP Grows 57 Straight Months

Enrollment in the Supplemental Nutrition Assistance Program, the food stamp program fully funded by the federal government, has grown 57 straight months and projected expenditures for FY13 are \$14 million over the \$667 million budget, Human Services Department officials say. The department reports the cash assistance program is projected to spend \$60.1 million this fiscal year, \$7.5 million under budget.

### NM Medicaid Growing Slower than Average

Enrollment in the New Mexico Medicaid program grew about 2 percent in FY12, compared with national growth of 3.2 percent reported by the Kaiser Foundation. The foundation's survey of the states showed spending growth of 2 percent, the smallest increase since 2006. Medicaid spending in New Mexico decreased 1.1 percent in FY12.

### Charter School Students Get More

Charter schools generated an average of \$8,344 per student in FY12, 21 percent more than the per student average for traditional district schools.

### State Fair Attendance Up

Attendance at the 2012 New Mexico State Fair increased for the first time in three years. Total attendance was 407,265, a 1.9 percent increase over 2011. The one-day attendance record was broken with more than 67,000 attending on September 19, when admission was free.

### Transitions

Jennifer Padgett is the new deputy secretary for the Children, Youth and Families Department. She has served as an assistant district attorney in the 1st and 3rd judicial districts and most recently was assistant general council in the Governor's Office.

Hilary Noskin has been hired as the general counsel of the Public Education Department. She is a registered patent attorney and a member of the New Mexico Bar, New York Bar and the District of Columbia bar.

Tony Gerlicz, former head of Monte del Sol Charter School in Santa Fe who served four years as director of the American School of Warsaw, will head the Public Education Department's charter school office.

Gayle Kenny, former Department of Health Infectious Disease Bureau chief, was hired as the new Health Benefits Bureau chief for the General Services Department.

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