



LFC Newsletter

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From the Chairman

IT

Information technology doesn't always live up to its promise. But while a consumer might waste a few hundred dollars on a program that doesn't operate like it should, state government too often invests tens of millions of dollars into a system overhaul that ends up glitchy, sometimes to the point of being worthless.

During the committee's meeting this month, staff will report on the implementation of ASPEN – the \$115 million overhaul of the welfare computer system that is on time and within budget. Called ASPEN for the Automated System Program and Eligibility Network, the new system will take the paper out of the document-intensive process of determining eligibility for public assistance, making it easier for caseworkers to access client information, improving data collection and data integrity, and helping eligible clients get benefits more quickly.

ASPEN is successful, according to staff analysis, because the Human Services Department provided top management support, used sound methodology and put the project in the hands of a manager who has successfully completed similar projects.

However, just last month the committee heard once again about the problems with SHARE, the state government financial system that has soaked up \$40 million to \$50 million and still doesn't work quite right six years after its initial implementation.

The experience with SHARE is not unique. The state's experience with big IT projects – actually, the experience of most state governments – is mixed. For every successful computer overhaul, there is another that is a colossal mess.

Before ASPEN, the state tried to roll out an eligibility system called SSALSA, abandoned after \$20 million. The state's taxation information system, GenTax, replaced TRIMS, a \$60 million stumble down the wrong path to computerizing the taxation system.

Better program design and management could have helped the state avoid some of these headaches, but the state is also finding that, once in place, these shiny new efficient systems don't save the state money on labor; the cost of operating ASPEN is expected to be more than twice that of the system it replaced, partly because the state must turn to outside contractors because state pay for technology experts is too low to be competitive.

New Mexico government, to properly serve the public, must stay current on technology. But it must get smarter about how it does it.

*Representative Luciano "Lucky" Varela
Chairman*

Low Salaries Hamper Trucking Law Enforcement

Pay that ranks 12th among the 13th largest law enforcement agencies in New Mexico makes it hard for the Motor Transportation Division to stay fully staffed, hindering efforts to inspect and regulate commercial truck traffic.

"Not only does the agency have too few officers for its patrol mission, but its ports are understaffed, provide insufficient coverage of the state, and in several cases, are in disrepair," says an LFC evaluation presented to the committee in September.

Pay for the division's commissioned officers is among the worst in the state, and the division's civilian inspectors can get more money in the private sector, the report says.

The Motor Transportation Division is responsible for ensuring commercial trucks operate safely on New Mexico's highways. It is also responsible for inspecting cargo, often finding illegal drugs or unsafe materials.

Staff shortages also hinder the state's efforts to enforce the "weight-distance" tax assessed on commercial truckers. The tax, based on the weight of cargo and the distance it travels, is mostly self-reported.

The evaluation says the state loses \$27 million to \$56 million a year through underreporting. The tax revenue supports highway construction, which has been neglected in recent years because of inadequate funding.

The report says most states in the region include motor transportation police functions in their state police agencies.

The New Mexico Department of Public Safety has proposed merging the two divisions, both now part of DPS, in 2015.

The department should consider equal pay and retirement benefits, a single law enforcement academy, and a common recruitment approach if it merges the divisions, the evaluation says.

SHARE Must Be Stabilized Before Upgrades Possible

SHARE, the state's financial and human resources computer system, must be stabilized before any upgrades are possible, state financial managers told the committee in September.

SHARE has been plagued with problems since its implementation in 2007. Most recently, the focus has been on the state's inability to reconcile dollar amounts in the system to those reported by its banks. The Department of Finance and Administration recently reported reconciling the numbers will cost \$30 million more than the \$70 million reported earlier.

Deloitte Consulting, hired to analyze the problems with SHARE, found improper configuration of the SHARE system and bad business practices led to the reconciliation problem.

Deloitte found SHARE's problems stem from the state's failure to implement certain functions in SHARE, standardize proper business practices across state agencies, train users prop-

erly, and set up corresponding bank accounts.

Deloitte worked with the Department of Finance and Administration and fixed some of the problems, allowing the department to now reconcile accounts monthly.

However, the state's financial managers still need to fix the historical unrecconciled cash balances and upgrade SHARE hardware and software.

Deloitte said the state could decide to start fresh this year and write off the difference between the bank and SHARE records, reconcile the accounts back several years and write off that difference, or attempt to reconcile the accounts back to the implementation of SHARE – an option that would likely require hiring almost 30 employees for eight months and cost \$3 million.

LFC staff also noted that a \$1.7 million hardware purchase for SHARE, funded in 2009, might be too old to use for future SHARE upgrades.

Most Childcare Assistance Pays for Lowest Quality Care

Of the 20,000 New Mexico children whose families received help paying for registered or licensed child care in FY13, more than 3 out of 5 were in the lowest quality care.

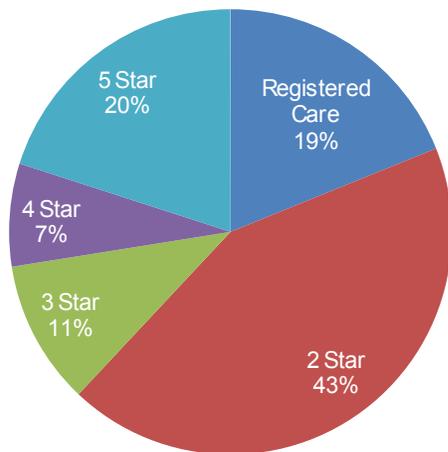
The state spent about \$87 million on child-care subsidies last year as part of the program to help low-income parents making the transition from welfare to work.

Families receiving the subsidy can choose the care setting, including a family member's home; however, the Children, Youth and Families Department provides a higher subsidy for higher-quality care.

Licensed childcare centers meeting the additional standards receive a two- to five-star ranking. The department expects to pay up to \$5 million over the next five years to five-star centers, even though a department study concluded many of the accreditation agencies and ranking standards were inferior.

The figures on child-care settings were part of an LFC staff evaluation on the impact of child care on student achievement. The study found, while early literacy programs and preschool can help improve learning, child care by itself has little impact.

Settings of Children in Subsidized Care



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On the Table

TRD Error Means Cutback for Courts

The courts' share of traffic ticket revenue will be cut back in FY14 because the Taxation and Revenue Department gave them too great a share in FY13. The department has notified the Administrative Office of the Courts that in FY13 it credited the courts for revenue that should have gone to municipalities. The department is fixing the error by reducing the amount that will go to the courts this year, although the department has not quantified the overpayments.

Las Cruces Leaves GSD Health Plan

The City of Las Cruces has announced it will no longer participate in the employee health plan managed by the General Services Department because of customer service issues and rising costs. Grant County is also expected to leave the plan.

Wells Turned Off

The Interstate Stream Commission has shut down the augmentation wells pumping water into the Pecos River between Roswell and Carlsbad. The water is pumped into the river to supply Carlsbad Irrigation District farmers and ensure New Mexico meets delivery obligations to Texas. The irrigation district says water supplies in the reservoirs, in good shape because of recent storms, will be enough to provide farmers with 3 acre-feet next year, the most since 2010. The wells will be turned off until at least March 2014, when the irrigation district will reassess the water supply.

Colleges To Get Training Money

The U.S. Department of Labor has awarded New Mexico a \$2.5 million grant for colleges to develop and expand innovative training programs developed in partnership with local employers.

Oil, Natural Gas Prices Up in June

Preliminary oil prices for June 2013 averaged \$92.24 a barrel, compared with \$73.50 in June 2012. Preliminary natural gas prices for June 2013 averaged \$4.67 per thousand cubic feet, compared with \$3.44 in June 2012. Oil production is up so far this year compared with FY12; however, natural gas production and the average price for the year is running behind last year. Generally, a dollar increase in the per barrel price of oil translates into about \$4 million for the general fund, while a 10 cent increase in the price per thousand cubic feet of natural gas translates into \$10 million in additional revenue.

Hospitals Lay Off Workers

Holly Cross Hospital in Taos has laid off more than 40 employees and Gila Regional Hospital in Silver City recently laid off or reduced hours for about 70 workers. The hospital administrator for the Truth or Consequences hospital recently announced the hospital is projecting a significant financial loss. The shakeups might be connected to the move away from hospital-based care associated with the Affordable Care Act.

Transitions

LFC evaluator Jack Evans has taken a position with the Health Department. He will be the new division director overseeing health certification and licensing. Mark Garcia, executive director of the Cumbres and Toltec Scenic Railroad Commission, resigned to become city manager of Monte Vista, Colorado.

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