

**DRAFT MINUTES  
LEGISLATIVE FINANCE COMMITTEE  
July 18, 2007 - July 20, 2007**

Senator John Arthur Smith, chairman, called the Legislative Finance Committee (LFC) meeting to order on Wednesday, July 18, 2007, at 8:35 a.m.

The following LFC members were present on July 18, 2007:

Senator John Arthur Smith, chair; Representative Luciano “Lucky” Varela, vice chair; Representatives Larry A. Larranaga (for Don E. Bratton), Antonio Lujan (for Rhonda S. King), Brian K. Moore, Edward C. Sandoval, Jeannette O. Wallace, Nick L. Salazar, and Henry “Kiki” Saavedra; and Senators Timothy Z. Jennings, Sue Wilson Beffort, Carlos R. Cisneros, Phil A. Griego, Joseph J. Carraro, Rod Adair (for Leonard Lee Rawson) and Pete Campos. Senator Bernadette M. Sanchez and Cisco McSorley attended the meeting as guest legislators.

Chairman Smith stated expenditures for state government increased by over 10 percent last year and expressed concern that state agencies are reporting the need for increased funding next year. The Legislature was able to enact tax cuts and appropriate increased amounts of money last year due to the revenue brought in by the oil and gas industry; however, those revenues may not be available to the state in future years. Approximately 60 percent of the state’s budget is appropriated to public education and higher education and approximately 25 percent is appropriated to health care and social services, leaving only 15 percent of the state’s budget to fund the rest of state government. The education retirement fund is underfunded, the Governor Richardson Investment Partnership (GRIP) road projects are requiring more funding from the state, and construction costs are increasing. The Legislature is committed to maintaining a balanced budget, and it is impossible to fund every appropriation request.

Welcome Remarks and Community Input

Village of Ruidoso Downs Mayor Bob Miller and City Manager John Waters welcomed the committee and reported on the status of the upgrades to the wastewater treatment plant serving the villages of Ruidoso and Ruidoso Downs. The Rio Ruidoso has been declared a cold water fishery, which places stricter standards on the stream. The current wastewater plant has been in violation of its wastewater permit since January of 2004. The upgrades to address these standards have increased the price of the project from \$18 million to \$35 million. Mr. Waters asked the committee to consider appropriating an additional \$13 million to complete the project. The wastewater plan must be operational in 36 months to avoid penalties by the Environmental Protection Agency (EPA) and the New Mexico Environment Department (NMED).

The committee heard the following discussion:

- NMED placed stricter requirements on the stream than were required by EPA. The requirements are more stringent than the drinking water standard, the clean water standard, and the groundwater standard. EPA then adopted the NMED requirements.

- An agreement was signed between the villages of Ruidoso Downs and Ruidoso, EPA, and NMED that in three years the standards will be met. The EPA fine for violation of the standards is \$26.5 thousand per day per violation. The NMED fine is \$1 thousand per day per violation.
- The EPA has agreed that only one standard has to be met to avoid the fines, but the plant must be completed in three years.
- New sewer lines must be laid throughout both villages, and all sanitary sewer systems must be brought into the wastewater system.
- The villages are also applying for grants and appealing to New Mexico congressional leaders for assistance.
- It was suggested that the New Mexico Finance Authority may be able to assist with funding.
- Current law gives flexibility to NMED to determine standards. The standards can exceed EPA standards, but not go below EPA standards.
- An additional 1 percent gross receipts tax to be used for water projects could help raise funding for the plant upgrades.
- Communities that build budgets on gross receipts taxes derived from construction may experience problems as the construction industry declines.
- Giving a state agency more authority than a federal agency can result in unforeseen consequences.
- Partially funding a capital outlay project results in increased costs as construction costs increase.

Tom Battin, chair of the Lincoln County Commission, thanked the Legislature for last year's \$5 million appropriation to help defray the cost of housing felony offenders. Priorities for the upcoming session for Lincoln County will include capital outlay requests for a new judicial complex and funding for GRIP II.

Paul Wirth, Ruidoso superintendent of schools, reported on the school's progress on four goals: Caring for self and others, writing, reading, and math. The schools have also focused on safety in the schools. A middle school is currently under construction. The school will be powered with geothermal energy. Technology is also an important program, and Internet capability has been available in the schools for the past 14 years. Parents have access to grades and attendance for the past eight years.

Freda McSwane, president of the Ruidoso Valley Chamber of Commerce, reported the Ruidoso Downs Racetrack is enjoying its 61st season of racing with the world's richest quarter horse race. The chamber of commerce focuses on economic development and works to enhance and diversify the business climate in the region.

Mike Elrod, provost of Eastern New Mexico University at Ruidoso, reported the university has added new programs to its curriculum including hospitality, tourism, construction trades and forestry. The university is currently renovating the campus. Mr. Elrod expressed his hope that the Legislature would continue to fund community colleges.

Lynda Sanchez, author and historian for the Fort Stanton Project, stated that Governor Richardson is planning to designate Fort Stanton as New Mexico's newest state monument. Fort Stanton has partnered with Cornerstones Community Partnerships to begin restoration on the roof of the stables area. Civigenics is working to maintain the grounds and with masonry and carpentry work. Eco-Servants, a youth program, is helping with renovations. The fort continues to seek out partnerships and grants to help with restoration efforts. Although the fort does no advertising, 10,000 people visit the fort each year. Ms. Sanchez asked the committee to consider funding the complete restoration of the fort.

The committee heard the following discussion:

- The fiscal agent for Fort Stanton is the Property Control Division of the General Services Department (GSD).
- Capital outlay funding already appropriated has been encumbered by GSD, but it is difficult to access the funding.
- Some projects are paid for by volunteers because the projects need to be done quickly and the process for accessing funds at GSD takes too much time.
- The process for accessing encumbered funds from GSD needs to be reviewed and streamlined.
- Fort Stanton is a state-owned property under the purview of GSD. GSD lacks project management and resources at the state level to complete projects because it uses its limited resources to focus on larger projects.
- When capital outlay funds are appropriated to a local entity, that entity can enter into a contract, have the work performed, and then provide the invoices to the state for payment. The state makes reimbursement within 20 to 30 days after the purchase has been made, as long as it is an appropriate expenditure. Fort Stanton is a state-owned project and uses a different process within GSD to expend capital outlay funds.
- Capital outlay funding for public restrooms at the fort was appropriated in 2004. That money is encumbered at GSD, but no work has been started on the restrooms.
- Officials appointed by the governor should meet with the governor and inform him of the problems they are experiencing in accessing capital outlay funds.
- The Legislature should review the capital outlay process to make it easier for communities to access funds.

### Water Markets in New Mexico

F. Lee Brown, Ph.D., stated that the role of water markets is reallocation of water and to measure scarcity. Reported market prices for water rights in New Mexico basins range from \$2.3 thousand to \$45 thousand for the right to consume an acre-foot of water per year. When a price is set in a water market, it signals a need to conserve water, to find substitutes for water consumption, encourages development of new sources of water, and leads to the transfer of water rights from lower-value economic uses to higher-value economic uses. Ultimately water rights are determined by the courts. The committee heard a discussion regarding the definition of a water right, transfers of water rights between basins, who determines the price of a water right, historic water rights, and who owns water rights in an acequia. The committee also heard discussion about the lack of development in the Gila-San Francisco River.

The committee also heard discussion on the following:

- A water-right owner maybe should be able to sell water that he has conserved.
- In most cases, Native Americans have senior water rights.
- It has been reported that some people in the Socorro area sell their water rights and continue irrigating their crops. The courts will ultimately decide the issue.
- It is important to resolve issues surrounding water so that New Mexico will continue to have an adequate supply for its citizens.

Mr. Brown outlined the following issues facing New Mexico:

- New Mexico relies on nonrenewable water supplies, such as water-mining of High Plains, Gallup, Estancia Basin, Middle Rio Grande and other aquifers. Market prices do not capture the replacement cost of the depleted water. Possible remedies to this issue include public subsidy as water supplies are exhausted, privatization or active public ownership, stronger regulation, water banking, or local-option severance taxes on mined groundwater.
- Increasingly consolidated ownership of water rights creates bulk water markets or results in selling leased or rented water but not water rights. Possible remedies include organized water exchanges, innovations such as dry-year leases, chartering public water exchanges, transferability certificates, or defining the sale of water as a beneficial use.
- Price information is considered proprietary information. Although this information generates business for appraisers and economists who must gather price data, it does not serve the public role of measuring scarcity of water.

Mr. Brown proposed a long-term goal for New Mexico to adapt social institutions in New Mexico so that the tasks of ensuring a sustainable and flexible water supply are handled as routinely as possible despite drought, flood or even climate change.

#### Innovative Water Sources: Water Innovation Fund Update

Linda Kehoe, LFC principal analyst, gave the committee an update on the Water Innovation Fund (WIF):

- WIF is intended to support one component of the governor's policy initiative on water.
- The Department of Finance and Administration (DFA) indicated WIF will encourage innovative water projects to advance solutions for water supply and quality problems in New Mexico.
- The Legislature appropriated approximately \$22.5 million to DFA between 2004 and 2007 to support the initiative.
- Of that amount, \$500 thousand was intended for DFA to offer technical assistance and planning grants to assist groups of communities to qualify for water project fund allocations.
- Appropriations made in 2006 and 2007 remain unexpended. DFA indicates it is waiting on instructions from the executive on how to proceed.
- While WIF was created without enabling legislation to set parameters for how the fund should be administered, DFA has created criteria for eligibility of the funds, an evaluation team and a value and factor table.

Robert Apodaca, director of the Local Government Division of DFA, gave the following overview of the processes DFA developed to administer WIF:

- The purpose of WIF is to work with local governments and private entities to implement innovative water technology projects to advance solutions to water supply and quality problems throughout New Mexico.
- Eligible projects include the development of more water resources; creating innovative water conservation techniques; integrating small-scale technology; importing successful innovations from other states; assisting communities in crisis; and funding projects to produce, conserve, recycle, acquire, deliver, or reuse water efficiently in New Mexico.
- Methods of awarding funding to a project are requests for proposals and direct appropriation to public entities, such as state universities and local governments.
- The evaluation team consists of representatives from Los Alamos National Laboratory, New Mexico Environment Department, Office of the State Engineer, Department of Finance and Administration, and the New Mexico Finance Authority.
- Types of funded projects include leak detection, aquifer recharge, wastewater reuse, produced water, desalination of salt and brackish water, residential water conservation, and agriculture and water reuse.

Mr. Apodaca distributed a table showing a list of funded projects, including the completed Albuquerque-Bernalillo County Water Utility Authority leak detection pilot project. Mr. Apodaca noted the success of several of the funded projects.

Ms. Kehoe noted water innovation funds are a valuable and necessary source in support of technology research. However, attention needs to be given to project scope, success of the project, and performance measures to ensure timelines and fiscal responsibility. Ms. Kehoe provided the committee with a list of awarded WIF contracts. Ms. Kehoe gave examples of projects for which water-savings data has not been quantified or appears inconclusive. Some of the projects did not report the total costs associated with the demonstrated technology. The 2004 and 2005 legislation states the appropriation is “to provide matching funds for innovative water resources infrastructure projects.” Of the 33 projects awarded in 2004 and 2005, only 16 contractors contributed matching resources, such as in-kind services in the form of labor or materials, and two contractors contributed matching funds from other state, federal, local, or private resources. The other 17 contractors either made no matching contributions or did not provide the information to DFA. To date, 76 percent of all projects funded in 2004 and 2005 have been completed. The 2006 allocation of 3 million and the 2007 allocation of \$4 million remain unexpended at this time. DFA indicates it is awaiting instruction from the executive on how the money will be spent.

Mark Sanchez, Albuquerque-Bernalillo Water Utility Authority, stated that the utility authority was the recipient of two WIF projects – one to detect leaks in water lines and the second to store surface water underground.

The committee heard the following discussion:

- Chairman Smith asked for a list of projects approved for funding through WIF that will require additional funding to complete.
- Legislation should be passed to establish and provide guidelines for WIF.

- The governor should put WIF on the call during the next 30-day session.
- There is no oversight on whether water trust fund money and WIF money is benefitting private companies or public entities.
- Information should be available as to whether the recipients of WIF money are the recipients the Legislature intended.
- The executive proposed to create a water office to provide oversight and accountability of water funding. The committee plans to hear testimony at its August meeting on the fragmentation of water funding so the committee will have sufficient time to evaluate solutions to the problem.
- WIF provides funding for scientific research, some of which may be successful and some of which may not be successful. DFA is working to ensure that recipients of WIF funding are following the guidelines outlined by DFA and reporting the success or failure of the project.
- Small communities do not always have the resources available to apply for and benefit from WIF.
- There was no specific language in the 2004 and 2005 WIF appropriations, or the requests for proposal written by DFA, stating the exact amount of match required on a project.
- Enabling legislation should be enacted to support the fund and to define how the monies are allocated.
- The Legislature has a responsibility to act as a check and balance and is requesting the total details on proposed projects, including where the money is going and who will be administering the project.

#### New Mexico Sentencing Commission Study

Michael Hall and Tony Ortiz of the New Mexico Sentencing Commission (NMSC) presented the findings of “A Workload Assessment Study for the New Mexico Trial Court Judiciary, New Mexico District Attorneys’ Offices and New Mexico Public Defender Department” dated June, 2007. The study was performed simultaneously for all three agencies to determine the staffing needs for those entities. Advisory groups provided input to the study. The study is a fluid project that can be updated for the next five years by applying case data to the weights identified in the study.

David Steelman, principal court management consultation for the National Center for State Courts, stated the essential theme of the study is to measure the time each entity spends doing tasks rather than measuring the workload of the entities. He outlined the processes used to conduct the study. Mr. Steelman noted the study can be updated by New Mexico in the future. The study may need to be revisited as circumstances change, such as demographics and the law. District attorneys and the public defender department need to work with NMSC to further refine the ways in which the entities count the volume of their work. Additionally, contract attorneys provide indigent defense services in counties where the public defender department does not have offices. Although every effort was made to include contract attorneys in the study, only one-third of contract attorneys participated in the study. The study may need to be revisited in the future as information becomes more available about the work of contract attorneys.

The committee heard the following discussion:

- Taxpayers, who ultimately fund the judiciary, lose productivity through delays in court proceedings and through the lack efficiency in court processes.
- The study was crafted as a time study not as a study to measure the quality of work.
- The study does not quantify the benefits of specialty courts in reducing recidivism. DFA is currently conducting a study of the benefits of drug courts.
- Attorneys working in offices of the district attorney are paid more than attorneys working for the Public Defender Department.
- Crime rates in most areas have remained steady.
- Contract attorneys working for the Public Defender Department were encouraged to participate in the study through a notice in the New Mexico Bar Bulletin and on the Internet; by providing live training, and training through DVD; and by offering continuing legal education credits.
- Some contract attorneys appear to be reluctant to provide information on how they spend their time on indigent defense.
- It is difficult to make comparisons with judiciaries in other states.
- The Legislature has approved additional judgeships requests for the past several years, including appropriations to the district attorneys and Public Defender Department. The Public Defender Department rarely lobbies for additional resources.
- The study did not reflect the additional judgeships enacted in the 2007 session.
- The study reflects the Public Defender Department and the district attorneys need the same additional resources. Three underlying reasons that may explain the same need for both entities are the low level of contract attorney participation in the study, the indigent-only nature of Public Defender Department services, and the ratio of attorneys for the two entities.
- It is the Legislature's ultimate responsibility to decide the allocation of resources and to maintain equity among the three entities.
- The judiciary is an equal branch of government. It has been diligent to keep its budget requests as low as possible, and the judiciary receives slightly less than 3 percent of the state's entire budget.
- The needs of the Corrections Department and county jails may be affected by budget increases in the judiciary, the offices of the district attorneys, and the Public Defender Department.
- Compensation for New Mexico judges is one of the lowest in the nation. As a result, attorneys are reluctant to apply for vacant judgeship positions.
- While the effect on jails and the Corrections Department were not included in the study, NMSC believes there will be minimal impact on jails as a result of increased staff for the three entities, because defendants are already in jail awaiting trial. Cases being processed more efficiently as a result of increased staffing for the three entities will mean the defendant serves time as a result of sentencing rather than serving time awaiting sentence.
- The Legislature appropriated \$350 thousand for the study. NMSC contributed \$2 thousand for the completion of the study.
- The study should be updated to reflect the additional appropriations included in the 2007 legislative session.

- It was noted that the resources needed for the public defender department and the district attorneys are for criminal cases. The judiciary's need also includes the need for resources to handle civil cases.
- Using existing staff to conduct these types of studies could save the state money. Using outside entities to conduct these types of studies ensures the outcome is unbiased and objective.

#### Update on Medicaid Waiver Program B Jackson Lawsuit

Debra Armstrong, secretary of the Aging and Long-Term Services Department (ALTSD), reported on the status of the Mi Via self-directed waiver, approved by Centers for Medicare and Medicaid Services in September 2006. The waiver provides a community-based alternative to facilitate greater participant choice and control over the types of service, supports and goods purchased with an agreed-upon budget amount and enables the state to serve the most people possible within available resources.

Ms. Armstrong also reported the status of the disabled and elderly waiver, which serves persons who are eligible both medically and financially for institutional care under Medicaid. The agency plans to implement a money-follows-the-person program through its Coordinated Long-Term Services Program slated for implementation at the beginning of FY09.

Katrina Hotrum, deputy secretary of facilities for the Department of Health, reported the status of the Developmental Disabilities Support Division, including the development of a new autism program. Ms. Hotrum reported on the division's efforts to satisfy the plan of action in the Jackson lawsuit. Thirty-three of the 58 desired outcomes have been disengaged, 20 outcomes remain, and five outcomes were deleted by negotiation. Ms. Hotrum also reported on the improvements the division has made in implementing the developmental disabilities (DD) waiver during the past year and reported that two of the largest provider agencies who were performing poorly have been closed.

Jim Jackson, executive director of Protection and Advocacy System, gave a brief history of the Jackson lawsuit. Mr. Jackson reported there has been a deteriorating relationship with the Department of Health (DOH) and noted problems in the service system revealed by annual audits. Plaintiffs have filed a notice of potential enforcement action on supported employment, day services, case management, individual service plan (ISP) planning and implementation, and assistive technology. Mr. Jackson also reported positive signs in the past month with a change in DOH counsel and death investigations results are now being shared with the Jackson plaintiffs. Mr. Jackson also stated his concerns surrounding New Mexico's waiver programs, including timelines and waiting list management. Mr. Jackson asked the Legislature to continue funding for the waiver programs, noting there is a large waiting list for the waivers.

Greg Geisler, LFC principal analyst, reported the development disabilities (DD) waiver program has increased the number of clients served and it appears they are served in a safe environment. Verified abuse claims have decreased. The department terminated a large provider with a track record of many consumer complaints and DOH citations. However, a confrontational legal approach with the Jackson plaintiffs, reliance on inexperience in-house legal counsel, and insufficient resources

allocated to contract legal support have hampered progress on disengaging from the Jackson lawsuit. Implementing the new DD standards and replacing DD contractors have benefitted DD clients but reduced the resources and time available to address issues in the Jackson lawsuit.

The committee heard the following public input:

- Progress has been made in providing quality services and viable options for clients. DOH should be encouraged to settle the Jackson lawsuit. The money spent on attorneys fees for both sides of the lawsuit could be spent on client services.
- Money follows the person is a specific tool to increase services without increasing expenditures.

The committee heard the following discussion:

- ALTSD might or might not be complying with the Money Follows the Person Act in a timely manner.
- ALTSD was not allocated additional resources to implement the Money Follows the Person Act.
- ALTSD was encouraged to implement the act as quickly as possible to avoid further litigation.
- The decision to include the waiver program in managed care was made internally. ALTSD does not expect increases in administrative costs because of that decision.
- Senator Beffort requested more information regarding the requirements in the request for proposals and background on AmeriGroup.
- Providers must pay appropriate wages to attract qualified employees to provide care to clients.
- The waiver programs provide an opportunity for clients to be integrated into the community.

Agnes Maldonado, executive director of the New Mexico Coalition Against Domestic Violence, stated the coalition is concerned about the current year's domestic violence service contracts issued by the Children, Youth and Families Department (CYFD). The contracts mandate the collection of privileged information and mandates physical access to files by site auditors. The coalition believes these mandates violate federal confidentiality laws. Additionally, the coalition believes the contracts over-emphasize TANF and under-emphasize domestic violence and victim safety by stating TANF recipients will receive first priority for services. Ms. Maldonado asked LFC to help resolve these issues. Representatives from the domestic violence programs in Alamogordo and Ruidoso voiced their concerns surrounding access and confidentiality and stated many domestic violence programs do not receive their contracts from CYFD in a timely fashion.

Chairman Smith stated LFC staff will meet with the secretary of CYFD and tabled the discussion till Friday.

### Miscellaneous Business

Representative Varela moved and Senator Jennings seconded that the minutes be approved as written. The motion carried unanimously.

David Abbey followed up on LFC staff recommendations regarding the State Personnel Office, stating LFC staff needs additional data and more information on methodology to complete its analysis of the Hay Group report on the State Personnel Office. LFC staff generally accepts the Hay Group finding that SPO did not discriminate against groups of employees based upon age and gender. However, the Hay Group was quite emphatic that its analysis did not address the appropriateness of the personnel actions and only looked at the statistical significance of the actions. Consequently, issues such as favoritism or nepotism are not addressed. These issues along with the possibility of falsified records may be irresolvable. LFC staff recommends this matter should not be pursued further and that the data submitted to the Hay Group be reviewed to ensure that the same materials were reviewed by the LFC in its performance review. It was noted the SPO board is continuing its investigation regarding sexual harassment. The committee will hear further updates at next month's meeting.

The meeting adjourned at 5:40 p.m.

#### **Thursday, July 19, 2007**

Senator John Arthur Smith, chairman, called the Legislative Finance Committee (LFC) meeting to order on Thursday, July 19, 2007, at 8:10 a.m.

The following LFC members were present on July 19, 2007:

Senator John Arthur Smith, chair; Representative Luciano "Lucky" Varela, vice chair; Representatives Larry A. Larranaga (for Don E. Bratton), Antonio Lujan (for Rhonda S. King), Brian K. Moore, Edward C. Sandoval, Jeannette O. Wallace, Nick L. Salazar, and Henry "Kiki" Saavedra, and Senators Timothy Z. Jennings, Sue Wilson Beffort, Carlos R. Cisneros, Phil A. Griego, Joseph J. Carraro, Leonard Lee Rawson, and Pete Campos. Senator Bernadette M. Sanchez and Cisco McSorley attended the meeting as guest legislators.

Linda Kehoe, LFC principal analyst, gave the capital outlay quarterly report. The secretary of DFA, the director of LFC and their staffs met in May to identify ways to improve reporting the status of capital outlay, including the need for additional training for users of the capital monitoring system, how reauthorizations are impacting DFA staff time, the piecemeal funding effect on projects, time delays at the state and local level, and other technical issues. As a result of those discussions the data is becoming more accurate.

Robert Apodaca, director of the Local Government Division of DFA, gave an overview of capital appropriations from 1988 through 2007 and the percent of appropriations expended to date. *Governing Magazine* in 2004 gave a D rating to New Mexico on infrastructure improvements and planning. Areas of improvement include developing a consolidated statewide capital plan, aligning factors that go into consideration of projects to be funded, tracking the number and dollar amounts of appropriations included in capital plans, generating internal monitoring reports documenting progress on all projects, developing a consolidated report on deferred maintenance needs, and reporting on operating and maintenance funding budgeted at the agency level.

New Mexico has made significant progress in capital outlay reform, but there is still more work to be done. Next steps include working with the Legislature to strengthen appropriation language to add clarity and facilitate timely project implementation, providing a reporting tool to assist the executive and Legislature in prioritizing projects to ensure the communities are ready to accept the project and the project is ready for implementation, establishing policy guidelines for reversions, and communicating throughout the interim on state needs.

Mr. Apodaca stated the database currently being used to track capital outlay is inadequate. A more sophisticated database that generates reports from the accounting system rather than relying on manual entries by individual agencies is needed. Reversion language is also a key solution to better capital outlay management.

Ms. Kehoe reported 47 percent of unexpended capital balances is general fund monies, 35 percent is severance tax bond money, 9 percent is general obligation money, and 9 percent is other state fund money. The Board of Finance provides oversight for general obligation money. Ms. Kehoe provided the committee with a report that tracks open capital outlay projects greater than \$1 million.

Jeannae Leger, LFC fiscal analyst, stated the report contains information on 369 open projects ranging from years 2001 through 2007. A total of \$1.2 billion was appropriated to active projects greater than \$1 million. Of that amount, \$259 million has been expended and \$923.4 million remains unexpended; 252 projects are on schedule, while 80 projects are behind schedule or show little activity. Thirty-seven projects have no activity or are awaiting the sale of bonds. Six projects will require additional funding to complete the project. The 2007 legislative session added an additional 199 projects totaling \$578 million.

Ms. Kehoe stated LFC staff will continue to work to refine the report. Some agencies do not appear to know the status of capital outlay projects because they lack the resources to actively track projects. Larger state agencies are better able to accomplish projects more quickly. Ms. Kehoe called the committee's attention to the status of several large dollar projects.

The committee heard the following discussion:

- LFC is doing a performance audit on projects to determine the reason the projects are delayed. The audit is not punitive, and staff expects the results of the audit may provide information that can be used to complete other projects. The audit is scheduled for completion by October 2007.
- Until the reversion language in capital outlay projects is enforced, delays will continue to be an issue.
- Reauthorization of capital funds is a drain on DFA resources.
- The preliminary outlook for 2008 is \$335 million gross. Of that amount, \$78.3 million has been earmarked for Spaceport America, \$4 million for the Bernalillo sewer distribution system, 10 percent of capacity for the water project fund, and approximately 12.5 percent for GRIP II.
- The next activity report will contain information on severance tax bonds.
- Mr. Apodaca noted DFA estimates capital funding availability in 2008 is \$303 million as opposed to \$335 million.

- New Mexico needs a new capital outlay monitoring system to better track capital outlay appropriations.
- Legislators have the ability to reauthorize capital outlay appropriations.
- There should be coordination on projects in future years to ensure projects are completed in a timely fashion.
- The capital outlay processes needs to be streamlined and refined so projects can be completed efficiently.
- Some agencies do not have the technical expertise or staff required to administer projects efficiently.
- Some communities need technical assistance in applying for community development block grants and assistance in administering and completing the projects. Strict guidelines are in place on community development block grants, which require funds to revert if the funds are not expended within two years.
- Legislation should be introduced to establish capital outlay processes.
- Currently budgets are established for capital outlay projects through the statewide finance and personnel SHARE computer system.
- In the 1980s New Mexico operated its capital outlay through the Budget Division of DFA. State taxpayer money was used only for state facilities when there was an emergency at the local level that needed to be addressed. Additionally, capital outlay projects were fully funded, rather than funded partially over the course of several years. Projects were evaluated and assessed for project readiness and monies were spent immediately.
- DFA is planning to work with LFC to define processes for capital outlay projects.
- DFA began work last week to use real-time data in the SHARE system so that vouchers will go directly against the appropriation.
- The capital outlay process should include input from communities and counties to ensure counties consider the project a priority.
- Some capital projects are funded without input from the county and the county has not planned for the project and does not have the manpower to administer the projects.
- Each legislator is provided a list of the legislator's outstanding projects to use as a tool to help track capital outlay projects in their districts.
- DFA is planning to work with other agencies to create processes to provide acequias with technical assistance and funding.
- There should be a process to ensure that capital projects stay within budget. Architects and planners should be held to budget, rather than allowing them to make additions and changes that increase the cost of the project.
- LFC staff will provide committee members with an updated list of bonding capacity and the capacity already committed.
- The committee directed LFC staff to provide an analysis of how much more the land is going to cost by building part of the state crime lab in Santa Fe, rather than Albuquerque as originally planned.
- The next grading by *Governing Magazine* will be issued sometime in the fall or winter of 2007.
- Forms should be developed that will show the sources of all funding on a capital projects, who will oversee the project and where the money is going. Projects should not be considered for funding until those questions have been answered.

- Statewide control of projects may result in some communities being overlooked in the capital outlay process. The needs of local communities should be taken into consideration and those needs should be planned through the county to ensure a successful project.
- Rural areas of the state may not be able to complete a capital project in one year. A process could be drafted for multi-year projects.
- The committee asked for a listing of how much of the \$22 million in water money went to what district.
- The capital process should include provisions for short building seasons in northern areas of the state and other local issues that may cause a project to be delayed.

#### General Fund Revenue: FY07 Preliminary Report and FY08 and FY09 Update

Laird Graeser, DFA chief economist, reported on general fund revenue, stating the projections reflect a strong and growing state economy embedded in a nervous but apparently recovering national economy.

The national economic outlook has stabilized. New Mexico's economic outlook is better than the national outlook. Job growth continues to be strong, employment growth remains broad-based, with 12 of 13 industry groups expanding. New Mexico's personal income growth for CY2006 was 8 percent. The oil and gas outlook remains relatively unchanged, with a small upward revision.

Gross receipts tax collections posted another strong year in FY07, growing by almost 9 percent after almost 12 percent growth in FY06. Collection growth is expected to slow to 4.3 percent in FY08 and 4.7 percent in FY09.

Net receipts from compensating tax posted another strong year in FY07, growing by almost 16 percent after 17 percent growth in FY06. Net personal income tax collections for FY07 are up by approximately \$12 million compared with the latest forecast, reflecting strength in withholding, estimated payments, and final settlements. Some of the strength in estimated payments appears to be due to large one-time transactions, but the strength in withholding collections indicates income gains are broad-based.

Stephanie Schardin, LFC economist, reported recurring revenue is expected to increase by 3.6 percent in FY08 to \$5.9 billion. In FY09, recurring revenue is expected to grow by 3.9 percent to \$6.13 billion. In FY10-FY12, revenues are projected to grow by an average of 3.7 percent as energy prices gradually decline. Natural gas demand remains strong, pushing prices higher despite high storage levels. The natural gas price forecast for FY08 rose \$0.35/mcf while the FY09 forecast rose by \$1.15. The oil price forecast rose by \$3/barrel to \$64 for FY08 and FY09.

Declining energy revenues and construction activity combined with the top rate falling from 5.8 percent in tax year 2005 to 5.3 percent in 2006 and 2007 resulted in personal income tax revenue growth of just 2.3 percent in FY07. In tax year 2008 the rate on highest earning taxpayers will fall to 4.9 percent. The cost of the remaining phase-in is \$30 million in FY08 and \$30 million in FY09.

Corporate income tax collections grew 56 percent in FY06 and 13 percent in FY07 due to energy profits, growth at large manufacturers and broad-based economic growth.

Earnings on the state treasurer's balances are projected to be \$70 million in FY07, nearly \$39 million less than expected in the December 2006 estimate. Since the beginning of FY07, the State Treasurer's Office (STO) has begun to ladder the portfolio to increase its weighted average maturity, causing a lag in receipt of cash interest earnings. STO earnings are expected to grow to \$99 million in FY08 as the laddering process is completed and maturing assets are reinvested at slightly higher rates.

Estimates indicate total general fund reserves will be 11.1 percent of recurring appropriations in FY07 and 13.1 percent in FY08. The General Appropriation Act of 2007 included a provision to transfer up to \$270 million from general fund reserves to the appropriation account to cover spending. An anticipated \$218.2 million will be transferred from reserves to meet FY07 appropriations. By transferring from reserves to the appropriation account, the operating reserve will be well below its 8 percent capacity limit and no transfer will be made to the tax stabilization reserve in FY07 or FY08. The tax stabilization reserve's FY07 balance of \$254.4 million is \$31 million below its 6 percent statutory limit. Therefore, no transfer to the taxpayers dividend fund is anticipated. Total general fund reserves in excess of 10 percent of recurring appropriations are \$173.8 million in FY08. New money for the FY09 budget is expected to be \$417 million. At least \$80 million of this new money will be needed for prior-year commitments to ERB, Medicaid, and the Corrections Department. New money will range from \$220 million to \$268 million per year in FY10-12.

The committee heard the following discussion:

- Mr. Graeser suggested one possible way to reduce the possibility that agencies will be short funding in June is to expand the \$40 million authority given to DFA to give a greater ability to control the cash. Representative Varela noted that transfer authority of \$270 million was authorized for FY08. Mr. Graeser suggested the committee ask for testimony from DFA at its next meeting to address this issue.
- There was discussion about the difficulty of accessing funds in the tobacco settlement fund and the tax stabilization fund.
- Further analysis required to determine the net effect to the state's revenue resulting from high energy costs on consumers and businesses. Ms. Schardin noted that state government spending as a share of New Mexico personal income was holding steady but increased in recent years.
- When asked if the revenue forecast includes dynamic impacts of federal and state minimum wage law changes, Mr. Graeser reported these increases are expected to have only slightly inflationary effects.
- The Legislature should keep in mind that when New Mexico's economy grows faster than the national economy, the state receives a lower federal match rate for Medicaid and other programs.
- The arrival of liquified natural gas imports into American ports may drive down the price received for natural gas extracted in New Mexico in the future.

- Further analysis needs to be done on international labor markets and the effect of retiring baby boomers.

The committee adjourned into the Strategic Planning and Accountability Subcommittee and the Program Evaluation and Information Technology Subcommittee at 11:40 a.m.

The committee reconvened at 1:39 p.m., Chairman Smith presiding.

David Abbey presented a proclamation from the House of Representatives of the state of New Mexico acknowledging the announced retirement of Mr. Danny Sandoval. The proclamation recognized Mr. Sandoval for his 25 of dedicated service and hard work for the state of New Mexico.

### Early Childhood Programs: Benefits, Costs and Savings

Jack Tweedie of the National Conference of State Legislatures reported on the benefits, costs, and returns of investment in early childhood programs. Research shows early experiences shape brain development from birth to five years old. This brain development affects key child and adult outcomes. Spending on early childhood interventions pays off in reduced school and criminal justice spending and an improved workforce. New Mexico has a high rate of child poverty. It is currently developing programs for home visitations, improving the quality of child care, and NM pre-K. It is important to recognize achievement gaps such as low-income children and school readiness. Risk factors affecting outcomes include poor maternal health; poverty; single-parent families; and toxic stress such as maternal depression, substance abuse, repeated abuse, and neglect, and family violence. Savings and returns on investment of childhood programs come from reductions in spending on education, child maltreatment and child welfare, juvenile justice and criminal justice, teen pregnancy, and public assistance. Returns include increased tax collections from higher earnings.

Mr. Tweedie stated New Mexico needs to make decisions on whether a full range of programs should be developed and whether the focus should be on targeted populations or universal programs. Other questions are how New Mexico can ensure the programs have sufficient intensity and how New Mexico can ensure early childhood programs are implemented carefully. New Mexico also needs to address how to develop a childhood development workforce with the appropriate knowledge and skill, how to ensure rural areas received adequate funding, how to pay for early childhood programs, and how to tailor successful programs in other states to work in New Mexico.

Rebecca Kilburn, senior economist at RAND Corporation, stated the state should consider three items when making decisions about early childhood programs including time frame, recipients of benefits, and decision rules. Time frame involves short and long-term strategies supporting quick payback or an investment strategy based on prevention. Other items the state should consider include whether the programs will be needs-based (targeting jurisdictions where the needs are greatest), outcomes-based (the outcome is preselected), cost-effectiveness-based (lowest cost per unit), cost-savings-based (programs produce savings to New Mexico), or efficiency-based (select more than one program to improve multiple outcomes).

Dorian Dodson, secretary of Children, Youth and Families Department (CYFD), gave a brief description of the early childhood development programs already instituted in New Mexico – pre-kindergarten, child care assistance, state-funded Head Start, focused portfolios, home visiting, at-home infant child care, family infant toddler, and K-plus 3<sup>rd</sup> grade. Some of the programs are jointly administered by other state agencies, such as the Department of Health and the Public Education Department.

Chairman Smith noted approximately 60 percent of the state’s budget is appropriated to public education and higher education and approximately 25 percent is appropriated to health care and social services, leaving only 15 percent of the state’s budget to fund the rest of state government. The Legislature is committed to maintaining a balanced budget, and it is impossible to fund every appropriation request.

Baji Rankin, executive director of the New Mexico Association for the Education of Young Children, stated investing in early childhood programming is an important investment, with the payoff being realized by young children and our future. She gave an example through pictures of a 10-month-old child’s learning experience. Ms. Rankin asked the committee to consider creating a new government structure where childhood development can be administered more efficiently and effectively.

The committee heard input from the public as follows:

- Support is needed for quality day care.
- There is a need for stronger childhood programs in New Mexico, particularly for poor families. Programs such as a universal home visitation program helps every parent learn about early childhood development and incorporates everyday routines into learning opportunities.
- New Mexico should raise the child care eligibility guidelines from 165 percent of the federal poverty level to 200 percent.
- Childhood programs allow parents to work and go to school and to become better parents and providers for their families.
- More funding is needed for support services for homeless families.
- Dollars spent in juvenile justice are effective, but early childhood development programs have proven to provide cost-savings in the juvenile justice system.
- Los Alamos National Laboratory Foundation, in conjunction with CYFD, started a universal home visitation program for first-time families in northern New Mexico. The program was based on the First Born program in Silver City. The committee was asked to consider continued funding for home visitation programs.
- The Family, Infant, Toddler (FIT) program provides services from birth to 3 years of age who are at risk of developmental delays. Advocates believe the program should remain at the Department of Health where other developmental disabilities programs are housed. Additionally, it is believed that some families will be reluctant to access services if the programs are housed at CYFD for fear of child protective services involvement.
- More funding is needed for early childhood programs in Lordsburg. Families who live in Lordsburg have to travel to Silver City, Deming, or Las Cruces to access services.

- Extended hours for the pre-K program would be beneficial in hiring staff to provide quality care.
- Dollars invested today in early childhood programs will result in economic and education gains in the future through reduced teen pregnancy, lower dropout rates, less welfare and less time spent in the juvenile justice system.
- Affordable child care that is accessible and responsive to work schedules is needed to allow parents to work.
- Funding for early childhood programs should be allocated as recurring to ensure the stability of the program.

The committee heard the following discussion:

- It is important to pay early childhood staff appropriately and provide health insurance to attract and retain quality staff. Funding should also be made available to help programs comply with requirements and guidelines. Mr. Tweedie offered to review early childhood programs in other states to determine whether other states have found solutions that can be used in New Mexico.
- Funding for early childhood programs should be recurring to ensure stability in the programs.
- The T.E.A.C.H. program helps parents get an education and work in the child care and Pre-K programs.
- Seventy percent of children in protective CYFD custody are the result of neglect and only 30 percent are the victims of abuse. Sixty-one percent of cases in child protective services have substance abuse as the primary issue.
- CYFD is working with the substance abuse subcommittee of the Behavioral Health Collaborative on drug policy to address substance abuse issues. Secretary Dodson stressed the importance of working with other state agencies to resolve substance abuse issues.
- New Mexico delivers Pre-K services in a bifurcated system administered by two agencies. The delivery model was a policy solution to ensure passage of the program. As the program expands, the possibility of consolidating programming in one agency should be explored.
- It may be better to fully fund a limited number of programs each with limited funding.
- Secretary Dodson agreed to provide an estimate of the cost of raising the child care eligibility level from 165 percent to 200 percent of poverty level.
- While increasing the eligibility level would make services accessible to more parents, rates for providers also should be raised to ensure quality services.
- The state could improve childhood investments if it were to consider expanding health care.
- Research is clear that critical brain development occurs between ages zero to 5 years. With limited state resources, spending on early childhood programs should be prioritized. In the child care program, increasing the eligibility level will allow more parents to work but the program can also be designed to target the most at-risk population.
- The Pre-K program and child care are unique programs that address child care and work support, and economic development programs. The state should find ways to place emphasis on specific issues such as substance abuse or child abuse within existing programs.
- Mr. Tweedie noted that National Conference of State Legislatures will hold its annual meeting in Boston from August 5-8. There will be a number of sessions on human services and early education topics. Sessions will also be offered focusing on different approaches to address poverty issues.

The meeting adjourned at 4:35 p.m.

**Friday, July 20, 2007**

Senator John Arthur Smith, chairman, called the Legislative Finance Committee (LFC) meeting to order on Friday, July 20, 2007, at 8:45 a.m.

The following LFC members were present on July 20, 2007:

Senator John Arthur Smith, chair; Representative Luciano “Lucky” Varela, vice chair; Representatives Larry A. Larranaga (for Don E. Bratton), Antonio Lujan (for Rhonda S. King), Brian K. Moore, Edward C. Sandoval, Jeannette O. Wallace, Nick L. Salazar, and Henry “Kiki” Saavedra, and Senators Timothy Z. Jennings, Sue Wilson Beffort, Carlos R. Cisneros, Phil A. Griego, Joseph J. Carraro, Leonard Lee Rawson, and Pete Campos. Senators Bernadette M. Sanchez and Cisco McSorley attended the meeting as guest legislators.

Patrick Perenboom welcomed the committee to Camp Sierra Blanca Juvenile Detention Facility. The facility currently houses 18 clients, but has a capacity of 48. Six additional clients will arrive on Monday, and two other clients will arrive in the next week. The facility is working with CYFD to identify more clients suitable to be housed at Camp Sierra Blanca. Two young men housed at the facility addressed the committee, stating the facility provides them with opportunities to learn new techniques to cope with anger and other core skills. Both men are members of the color guard. Clients at the facility have the opportunity to earn education credits. Sports activities are available at the facility. The clients also participate in community service activities.

Issues Surrounding CYFD Domestic Violence Contracts

Chairman Smith invited Dorian Dodson, secretary of Children, Youth and Families Department, to address the committee concerning confidentiality issues raised by Agnes Maldonado concerning CYFD contracts with domestic violence providers.

Ms. Dodson stated confidentiality in domestic violence services is important for the safety of victims of domestic violence and outlined the steps CYFD has taken to address the issue.

- CYFD worked with the domestic violence czar to set up a victim’s substitute address program. CYFD funded that program with no additional appropriation from the Legislature.
- CYFD, in conjunction with the Human Services Department (HSD), have found an alternate way to verify eligibility for TANF funds while protecting the privacy of victims of domestic violence. CYFD is in the process of revising contracts to delete the requirement for identifying information.
- HSD has agreed to a process where CYFD reviews clients’ files to ensure proper documentation and eligibility and has agreed that CYFD’s review of files will constitute a proper audit of the files.
- CYFD never requires more documentation than necessary, but the department has to verify eligibility so that funding is not jeopardized.
- CYFD has offered redaction of names and identifying information from files it reviews.

- Any employee of CYFD who violates the privacy of a client will be terminated immediately.
- CYFD established a round table discussion to address confidentiality issues and to protect clients' rights while at the same time ensuring monies are being spent appropriately.
- Ms. Dodson thanked HSD for its cooperation in resolving this issue. She assured the committee that CYFD is committed to ensuring client privacy.

Sharon Pino, the so-called domestic violence czar, stated when the federal government reauthorized the Violence Against Women Act (VAWA) last November, providers became concerned about the privacy of domestic violence victims. During round table discussions, providers and directors have been involved in resolving confidentiality issues. Ms. Pino has asked CYFD to make clear that sensitive information would be redacted from client files. A number of other states allow agencies such as CYFD to review client files as part of the chain of funding and in compliance with VAWA. Additionally, other states as well as New Mexico are also drafting confidentiality agreements that auditors must sign before being allowed to review files.

The committee heard the following discussion:

- Funding for domestic violence shelters flows through CYFD.
- Historically CYFD has reviewed shelter files as part of its audit process to ensure funds are being spent appropriately.
- The confidentiality requirements begin the moment contact is made with a potential victim of domestic violence.
- CYFD has agreed to fund the shelters retroactively to July 1 when the contracts are completed.
- CYFD should make every effort to get contracts out for signature well in advance of the effective date to ensure that negotiations can be completed and contracts signed before funding lapses.
- CYFD is currently considering issuing contracts for a three-year period and staggering the contract dates, resulting in a more stable workload for CYFD employees.
- Each contract contains a provision allowing the contract to terminate if funds are not appropriated.
- Reimbursement turnaround times should be reviewed to ensure providers are paid in a timely manner. Ms. Dodson agreed that late reimbursements and other barriers to services are not acceptable.
- It is important to resolve these issues and to keep services available to victims of domestic violence.
- CYFD should make every effort to assist victims of domestic violence who live in rural areas. Ms. Dodson stated it does not operate shelters in some rural areas because of the cost of funding those facilities. The round table group is working to identify solutions to this problem. Some victims living in rural areas are housed in a shelter in another part of the state to protect the victim.
- It is important to make information about domestic violence services available in all communities.

## Juvenile Justice Update

Ms. Dodson gave the committee an update of progress achieved in Juvenile Justice Services (JJS) during the past 12 months. CYFD has

- Established a Juvenile Justice Commission in conjunction with Bernalillo County Juvenile Detention Center,
- Contracted with the Missouri Youth Services Institute for assistance with best practices
- Implemented “Silo Busting,” a series of meetings with JJS staff from each discipline to facilitate the sharing of information,
- Conducts weekly meetings with senior staff and JJS management team to proactively manage issues.

Ms. Dodson reported the following progress relating to the finding in the LFC audit:

- Successfully closed the New Mexico Boys’ School,
- Will report data on the number of JJS-committed youth who enter the adult system in the fall of 2007,
- Re-engineered processes and automated systems to address juvenile probation and parole officer workload concerns,
- Maintained its mission for field and facility services with consistent and stable central office leadership,
- Developed quarterly trend data in JJS that serves as a management tool in decisions related to resource allocation and facility population management,
- Developed county profiles related to disproportionate minority contact in the juvenile justice system,
- Established behavioral health policies and procedures consistent with national standards,
- Created a transition unit with separate funding to assist paroled and discharged facility clients reintegrate back into their local communities,
- Established a special management program for youth at immediate risk to themselves or others,
- Enhanced programs and housing focused on grouping together youth with distinct needs,
- Helped to maintain a current database of providers available to serve juvenile justice involved youth.

Ms. Dodson updated the committee on the progress the department has made in meeting the ACLU agreement requirements. Ms. Dodson also called attention to three newspaper articles showing progress made by the department. While incidents still happen at JJS facilities, CYFD is making every effort to ensure incidents are declining.

David Lucero, LFC analyst, noted the following concerns:

- CYFD’s front-end transition plan called for \$4.9 million of savings from the closure of Camino Nuevo and the reduced number of beds at the Springer Boys’ School to be redeployed toward increasing community programs. Only a portion of the savings has been used for front-end services and the remainder of the savings has been used to cover detention facility budget shortfalls.

- As detention facility populations decline, the number of juveniles receiving community-based rehabilitation has increased. Savings from reduced detention facility populations need to be transferred to front-end services to provide more services to juveniles.
- Higher staffing ratios, increased security costs in facilities are required by the ACLU agreement.
- A five-year plan would assist the Legislature in allocating funding.
- CYFD should adopt a minimum set of standards for all facilities. National accreditation organizations such as American Correctional Association (ACA) or Performance-Based Standards (PBS) for Youth Correction and Detention Center could provide the basis for standardization.

The committee heard the following discussion:

- Closure of Springer Boys' School was the major concern of ACLU lawsuit, but it also extended to include community-based programs.
- CYFD has psychologists and psychiatrists available for each facility, either at the facility or available to the facility.
- CYFD holds ValueOptions accountable for providing community-based behavioral health services in rural areas where ValueOptions has contracted to serve.
- Most clients in JJS require some mental health, behavioral health, or substance abuse services.
- Three providers who provide residential treatment services through ValueOptions have chosen to stop providing services.
- Ms. Dodson agreed to provide reports showing the success rate of juvenile facilities.
- Accreditation of facilities will ensure that clients housed in each facility have access to the same services and opportunities.
- CYFD has plans to secure accreditation for each facility.
- CYFD decided to wait until the Springer facility was closed to begin work on a five-year plan.
- Ms. Dodson reported her predecessor entered into the agreement with the ACLU to avoid litigation and a consent decree.
- The cost for operating Camp Sierra Blanca remains the same and does not vary based on population. CYFD is working to raise the population at the facility. The communities surrounding the facility are becoming more involved in determining the type of client placed in the facility. The typical crime that qualifies a juvenile to be sent to Camp Sierra Blanca includes auto burglary, assault, battery, possession of controlled substances, and trafficking. The facility does not admit girls or clients who have aggravated offenses or whose crimes are arson or sex offenses.
- CYFD believes none of the juvenile facilities should operate at full capacity because as population increases, so do incidents. The population goal for Camp Sierra Blanca is between 35 and 39 clients. The facility specializes in substance abuse issues and provides intensive substance abuse treatments.
- Data on recidivism rates by facility is now available.
- CYFD is looking at regionalizing facilities so clients can remain closer to their communities and connected to their families.

- 1The ACLU agreement provides that the state will pay ACLU \$220 thousand in legal fees and \$400 thousand to monitor contract compliance over four years. During mediation, CYFD was allowed 18 months within the four-year term of the agreement to comply with items in the agreement. There is no guarantee that ACLU will not resume its lawsuit at the end of the agreement.
- CYFD continues to try to attract therapists and other professionals to rural areas of the state.
- Compliance monitoring such as that required in the ACLU agreement should be done by an independent entity, rather than allowing the complaining party to monitor the agreement.
- Programming similar to the Missouri model of regionalization will be piloted in the J. Paul Taylor facility.
- Another silo in need of busting is housing clients close to their homes, instead of housing them in other parts of the state.
- CYFD does not believe it can accommodate visiting families overnight in unused portions of juvenile facilities because of the anti-donation clause. CYFD is applying for grants to help families travel to see their children.
- Juvenile justice continuums are effective in helping youth stay out of trouble and out of the juvenile justice system. CYFD administers funding for juvenile justice continuums.
- While funding for the First Born program runs through ValueOptions, ValueOptions has allowed CYFD to operate the program.
- CYFD and LFC staff should investigate whether facilities at the Las Vegas Medical Center could be used to house juvenile offenders and keep them closer to their homes in northern New Mexico.
- It is difficult to track juvenile offenders once they leave the CYFD system because there is no requirement for the offender to report that information. CYFD encourages juveniles to voluntarily maintain contact with the department.
- It is important to have qualified people working with juveniles in order to achieve the best outcomes for the juveniles.
- All juveniles housed in facilities have access to the religion of their choice. Camp Sierra Blanca offers a nondenominational Bible study twice a week and sweat lodges for those who request it. As long as the facility can provide a safe and secure environment, the juvenile is free to practice the religion of his choice.
- CYFD encourages contact with families. Visiting days are offered, along with phone calls and letter-writing materials. Families participate in team decision-making sessions to decide where their child should be housed. Families are involved in deciding what treatment should be provided to the child. Sometimes a youth does not have family or the family does not care to get involved in those decisions. Juvenile facilities also provide family activities at the facility.
- Family reunification is important for the child's therapy and treatment. Camp Sierra Blanca offers flexible visitation for families and special visits, if needed. Camp Sierra Blanca also provides transportation and hotel accommodations to families who have to travel great distances. Safe Ride has worked with Camp Sierra Blanca to provide transportation for families. Families are also involved in medical emergencies and every effort is made to allow the family sufficient time to be with their child while he is recuperating from a medical emergency.

- Camp Sierra Blanca employs two substance abuse counselors, two mental health counselors and a clinical supervisor. Case managers also work at the facility. A psychiatrist visits the facility once a month. Because of the remoteness of the facility, very few clients with mental health issues are housed at the facility.
- Qualifications for substance abuse and mental health professionals should never be lower than the qualifications for those professionals in urban areas.
- Portions of the Las Vegas Medical Center are in a state of disrepair. Repairs should be completed before the facilities can be used.
- ValueOptions should testify about the status of behavioral health services in New Mexico.

Bill Taylor of the Property Control Division of General Services Division gave a brief overview of the improvements it has made to Camp Sierra Blanca. Mr. Taylor reported GSD is working to upgrade the J. Paul Taylor facility at this time. GSD is also going out for bid on improvements to the Fort Stanton monument.

The meeting adjourned at 11:25 a.m., at which time the committee toured Camp Sierra Blanca.

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Chairman



Date

8-24-07