

**Legislative Finance Committee
June 24 - 26, 2015**

**Location:
University of New Mexico
Student Union, Lobo A & B
Building 60 – Suite 3037
Albuquerque, New Mexico**

Wednesday, Wednesday, June 24

The following members and designees were present on Wednesday, June 24, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll H. Leavell, Howie C. Morales, Mary Kay Papen, Steven P. Neville, and Pete Campos; and Representatives Larry A. Larrañaga, Luciano “Lucky” Varela, Christine Trujillo, Paul C. Bandy, Sarah Maestas Barnes, George Dodge, and Patricia A. Lundstrom. Guest legislators: Senator Mark Moores and Representatives William “Bill” R. Rehm and Tim D. Lewis.

Welcoming Remarks. Maggie Hart Stebbins, chair of Bernalillo County Commission, updated the committee on the current status of Bernalillo County government, its initiatives, and priorities. Ms. Stebbins said not enough progress has been made in behavioral health since she last briefed the committee two years ago. However, with recent legislation and actions of the county commission, she is optimistic that significant improvement can be made in the coming year. Ms. Stebbins said the jail population reflects the gaps in mental health and addiction treatment services available. More than half of the inmate population is diagnosed with mental illness, an addiction disorder, or both. While appropriate treatment is available in jail, many have a difficult time accessing services once released, which ultimately contributes to a high recidivism rate. In November 2014, 70 percent of Bernalillo County voters supported the imposition of a gross receipts tax dedicated to expanding access to behavioral treatment services. The county is currently drafting administrative and policy framework to establish a comprehensive coordinated collaborative network of services for residents struggling with mental illness or addiction. Ms. Stebbins said the ability to transform the current infrastructure for behavioral health is dependent on the state’s efforts to expand the Medicaid benefit plan. Ms. Stebbins talked about the Metropolitan Detention Center, which has experienced a 40 percent reduction in the jail population. The reduction resolved the 20-year-old McClendon federal jail conditions lawsuit. Ms. Stebbins briefly talked about a new education initiative called the Community Schools Partnership, which will provide support services and extended learning opportunities for children and their families at public school sites. Ms. Stebbins concluded with a request that the Legislature involve local governments in deliberations on tax policy.

Regarding tax policy involvement, Senator Cisneros said as chair of the Revenue Stabilization and Tax Policy Committee, he welcomes Ms. Stebbins and staff to participate in the process and will afford individual counties and or the Association of Counties the opportunity for input on propositions. The committee meetings, held at the state capitol in Santa Fe, are open to the public.

In response to Senator Morales, Ms. Stebbins provided additional detail on the treatment programs offered in Bernalillo County.

Program Evaluation: Centennial Care Waiver and Medicaid Managed Care Costs.

Program evaluation manager Jon Courtney, Ph.D., and program evaluator Maria Griego, presented the report *Centennial Care Waiver and Medicaid Managed Care Costs*. In FY15, New Mexico will serve over 800 thousand Medicaid enrollees at a total cost of more than \$5 billion. Since FY05, Medicaid enrollment has almost doubled and total spending has more than doubled. Medicaid costs will continue to grow, placing increased pressure on general fund reserves. General fund expenditures for Medicaid are projected to grow to \$1.16 billion by FY20, a \$273 million increase from the FY15 operating budget. Much of this growth is attributable to Medicaid expansion, which is cost beneficial to the general fund in the near term but will be increasingly costly in coming years. Centennial Care combined most existing programs and Medicaid expansion into a single managed care program with the goal of slowing cost growth and bending the cost curve. Given the growing impact Medicaid will have on the New Mexico economy, this evaluation set out to examine cost-management components and goals of Centennial Care, assess the rate setting process for managed care, and review HSD's oversight of managed-care organization fiscal requirements for Centennial Care.

Three themes emerge in the evaluation, the growing *costs* of Medicaid, the inability to determine trends in the amount of *care* enrollees are receiving, and the need for additional *control* of the Medicaid budget. Initial cost savings estimates from Centennial Care were \$453 million, a projected bending of the cost curve by 4 percent. Final projections are \$253 million in cost savings, bending of the cost curve by 1.5 percent. However, even these modest cost savings are at risk due to difficulty in implementation of Centennial Care cost-containment initiatives. Managed care organizations (MCOs) will need to maintain profitability in an era of increasing demand and constrained supply of medical services. Therefore, caution and justification will be needed for supporting price increases from new program initiatives. Additionally, the amount and quality of utilization data collected by HSD has deteriorated leaving the question of whether enrollees are receiving more or less care under Centennial Care. It is unknown if the current system under Centennial Care is adequate or cost-effective compared with previous years. HSD represents the state in setting the amount the state pays to managed care organizations for health care. Additional controls are needed to ensure rates are appropriately low. LFC staff found HSD could have saved as much as \$28 million in general fund moneys if rates had been negotiated to the lower end of the actuarial rate ranges in 2014. In addition, the sweeping changes made to Medicaid through Centennial Care were implemented without much input from the Legislature. New Mexico's Medicaid budget is essentially \$5 billion allocated in two lines. Other states budget on program area and by agency with more information to allow states to better leverage cost savings from Medicaid expansion into the budget. Such a strategy would better position the Legislature to take a more active role in the setting of financial priorities for this vital program.

In response to the report, Brent Earnest, secretary of the Human Services Department (HSD), said the department worked with LFC staff to address concerns HSD had with the initial draft report. Some concerns remain. Secretary Earnest said HSD and LFC share the same objectives: a commitment to providing the public accurate and reliable data to better understand the value and cost of the Medicaid program. HSD focused the reforms on four guiding principles, making

significant progress in establishing a Medicaid program that achieves better outcomes for recipients at lower costs. Since the start of Centennial Care, HSD has launched over 10 payment reform projects. In April 2014, HSD launched the Centennial Rewards Program, which engages individuals in their own health care. Secretary Earnest addressed HSD's concerns with some of the report's findings and said many of the findings in the report rely on data that are not yet able to paint the complete picture of utilization or cost in Centennial Care. Secretary Earnest concluded with discussion on HSD's requirement to complete a comprehensive and independent evaluation on Centennial Care over the course of the five-year demonstration. The evaluation, which will be conducted by Deloitte Consulting, will assess key goals and evaluate over 100 measures using a variety of data sources. Secretary Earnest said he looks forward to sharing the report with the committee upon completion.

Regarding incomplete care coordination tasks, Representative Hall asked why 65 percent of enrollees are unreachable. Secretary Earnest said there are a variety of reasons that may identify an individual as unreachable. HSD is focused on reducing the number of unreachables and has experienced an increase in the number of health risk assessments completed in the last few months.

In response to Senator Beffort asking why financial statements are not furnished by some MCOs, Ms. Griego said the Superintendent of Insurance is only required to collect data on businesses in the insurance industry in New Mexico. Blue Cross Blue Shield (BCBS) is a subsidiary of a parent company based out of Illinois. However, HSD requires BCBS to report its financial statements to the department.

In response to Representative Lundstrom, Secretary Earnest said increased costs depend on where the enrolment growth is. The Medicaid population is at a higher cost than the cost for the average population for reasons that include a lack of access to services prior to receiving Medicaid benefits.

In response to Senator Morales, Secretary Earnest said there is no plan to change the benefit package at this time. By better managing care, Centennial Care aims to avoid the traditional ways of adjusting the Medicaid budget by cutting provider rates, benefit packages, and eligibility.

In response to Representative Bandy, Secretary Earnest said three to five MCOs is a good number for a state the size of New Mexico.

In response to Representative Bandy, Secretary Earnest said the federal medical assistance percent (FMAP) currently covers Medicaid expansion 100 percent. In 2017, coverage will be reduced to 95 percent, and then reduced again in 2020 to 90 percent. Charles Sallee, director of program evaluation for the LFC, said policymakers need to explore better leveraging in other agencies budgets to help cover Medicaid expansion in the future.

In response to Senator Neville, Secretary Earnest said, while it's difficult to generalize discussion on the high cost of some prescription drugs, HSD has seen significant improvement in costs for some therapies, such as treatment for hepatitis C.

Welcoming Remarks. Richard Berry, mayor of Albuquerque, updated the committee on activity happening in the Albuquerque area. Legislation passed during the 2015 special session appropriated the city of Albuquerque \$9.2 million for capital outlay for 97 projects, including \$1.4 million to purchase a right of way at Paseo Del Volcan and \$660 thousand for the Epicenter. Mayor Berry said with the Epicenter and the work involving Innovate ABQ, Albuquerque will spur the entrepreneurial movement. As head of Metro Economies of the U.S. Conference of Mayors, Mayor Berry said there is discussion with Congress on a long-term transportation bill and discussion on the Main Street Fairness Act. Mayor Berry talked about the growth of Albuquerque and reported a projected growth of 2.6 percent in gross receipts tax (GRT) revenues for FY15. Priorities of the city include increase competitiveness and augmenting the educational experience. \$8 million from local budget was appropriated to Albuquerque Public Schools. Other matters briefly mentioned included assisted outpatient treatment and the return-to-work issues.

In response to Senator Cisneros regarding the Paseo del Volcan project, Mayor Berry said they are working on a long-term plan to complete the project. Representative Lewis said the project will be done in three phases at an estimated cost of \$93 million.

Innovate ABQ. Robert Frank, president of the University of New Mexico (UNM), presented on Innovate ABQ, a three-year project impacting New Mexico and especially the Rio Grande Valley. Mr. Frank said Innovate ABQ will drive economic development, help students obtain jobs when they graduate, and help keep companies in New Mexico. Discussing what drives economic development, President Frank quoted Nancy Zimpher, chancellor of the State University of New York, and Thomas Friedman of the New York Times. President Frank talked about creating a human ecosystem in which human creativity, business acumen, scientific discovery, investment capital, and other elements come together in a special recipe that nurtures budding ideas so they can grow into flourishing and sustainable enterprises. President Frank gave a history of how Innovate ABQ was created by looking at models in other states. The board of directors for Innovate ABQ include Terry Laudick of Nusenda Credit Union, Pat Vincent-Collawn of the Public Service Company of New Mexico, Albuquerque Mayor Richard Berry, Bernalillo County Commissioner Maggie Hart Stebbins, Lieutenant Governor John Sanchez, Richard Larson of UNM, and other community members. Public and private sectors have raised \$8.3 million to fund Innovate ABQ, which helped purchase the First Baptist Church site at Central and Broadway. The Innovate ABQ board is reviewing proposals from developers to begin development of the 7 acre site. The site will have an incubator and a residence facility for students. President Frank said the site will serve as the nucleus of Innovate ABQ and the heart of the innovation district that will drive the revitalization of downtown Albuquerque. President Frank talked about the new Innovation Academy which will have special courses and tracks to ensure UNM students have the skills necessary to succeed in a knowledge economy. President Frank concluded his presentation discussing the UNM Economic Development Summit that will take place in October of 2015.

In response to Representative Larrañaga, President Frank said as the site develops, a catalytic effect will start to happen. Perhaps a developer may want to put a restaurant or a coffee shop in the area. President Frank said Innovate ABQ is very interested in having Sandia National Laboratories on site. John Chavez, president of New Mexico Angels, said the Innovate ABQ site may offer wet laboratory space needed by several of its companies.

In response to Representative Maestas Barnes, President Frank said the Innovation Academy will consist of UNM students earning a minor in entrepreneurship. Twenty-five students have been admitted into the inaugural class.

In response to Representative Varela, President Frank said it is anticipated that the Innovation ABQ model will be replicated in other places. The team that implemented Innovate ABQ is now working with Mayor Gonzales to implement the model in Santa Fe.

In response to Chairman Smith, President Frank said Innovate ABQ is in the process of hiring a director. Although not as large as the Florida site, a consultant for Innovate ABQ determined downtown to be the best location after considering seven other possible sites. Chairman Smith said he hopes Innovate ABQ helps satisfy and take care of what he perceives is a shortcoming of entrepreneurship in the State of New Mexico.

Enrollment Trends. Barbara Damron, secretary of the Higher Education Department (HED), began her presentation talking about national trends in enrollment and degree production. From 2008 to 2011, enrollment increased in public higher education institutions across the nation. The increase in enrollment was most likely due to the recession. However, between 2013 and 2014, enrollment declined 1.3 percent nationally. Across all higher education sectors in New Mexico, enrollment declines have been greatest among people over the age of 25. Secretary Damron said when the economy gets better, people are more interested in getting back into the workforce rather than going back to school. Hispanics make up the largest proportion of total enrollment across all higher education sectors. From FY09 through FY14, about 49 percent of students who attended a research university received the lottery scholarship. During the same time period, 17 percent to 21 percent of students attending a comprehensive university received the lottery scholarship and 6 percent to 8 percent of students attending a community college received the lottery scholarship. There is an anticipated 5 percent decrease in lottery recipients due to the enrollment decline. Secretary Damron concluded her presentation talking about ways to help students graduate on time, such as offering tuition incentives. Secretary Damron also mentioned improving student advisement and streamlining academic programs.

Terry Babbitt, associate vice president of UNM, gave a brief presentation on the UNM enrollment ecosystem. Mr. Babbitt said the variables influencing enrollment can be simplified to three categories: 1) demographic, 2) economic, and 3) institutional. Referring to a slide in his presentation, Mr. Babbitt showed the flow of the ecosystem of a one-year enrollment cycle that consists of three semesters of entering, continuing, graduating, and departing students. In another slide, Mr. Babbitt showed the correlation between enrollment and the economy, which reiterated points made in Secretary Damron's presentation. UNM is working on ways to have economic success along with enrollment success.

In response to Representative Lundstrom regarding transferability of courses from one school to another, Secretary Damron said HED is convening groups with higher education institutions to create a clear transfer articulation model which is already in place for students pursuing a nursing degree. Mr. Babbitt said students also need to be educated early on to seek advice as they plan their pathway.

In response to Representative Maestas Barnes, Secretary Damron said most of the students in New Mexico are taking more credit hours than required to obtain a degree. Secretary Damron said the goal is to help students reach the required 60 or 120 hours without taking excess credit hours.

In response to Senator Cisneros, Clayton Lobaugh said there is slight underrepresentation of Hispanics in the higher education system compared with the total Hispanic population in New Mexico. Senator Cisneros said he would like to see data on graduation rates by ethnicity.

In response to representative Larrañaga regarding the low percentage of students receiving the lottery scholarship, Secretary Damron said community colleges in particular have challenging demographics which affects the number of students eligible for the lottery scholarship. Representative Larrañaga requested data on whether the lottery scholarship has improved enrollment numbers since it was established.

In response to Senator Smith. Secretary Damron talked about tuition increases including an increase of up to 3 percent over the next four years for UNM.

University of New Mexico Health Sciences Center. Dr. Paul Roth, chancellor of the UNM Health Sciences Center (HSC), began his presentation talking about the HSC's vision and strategic goals. HSC is structured into two subsets: 1) HSC academic units; and 2) UNM Health System. Dr. Roth provided an overview of HSC's operating budget. For FY16, HSC has an operating budget of \$1.9 billion. About 60 percent of total revenue for HSC comes from clinical revenue. General fund accounts for 3.3 percent of the total budget, of which 56.9 percent goes to the School of Medicine (SOM).

Dr. Martha McGrew, executive vice dean for the SOM, spoke about the school's role in communities throughout New Mexico. Medical students spend about 20 percent of their medical school education in rural and underserved communities. Doctors often stay in the community where they trained. Dr. McGrew mentioned SOM's partnership with Santa Rosa. Compared with other medical schools throughout the country, New Mexico ranks high in the percent of medical residents practicing in rural communities. Dr. McGrew said that the SOM does better than most other medical schools in accepting a diverse medical student body. Dr. McGrew briefly reported on project ECHO (Extension for Community Healthcare Outcomes) and the Telestroke ACCESS program.

Dr. Mike Richards, executive physician-in-chief of the UNM Health System, presented an overview of the UNM Health System strategic plan. Dr. Richards said as the state's only academic health center, the clinical delivery system developed must serve as the platform for health professionals training, and for bringing new medical knowledge into the State through its research mission. Dr. Richards said the strategic plan recognizes the need to match clinical delivery to the unique needs of New Mexico. The strategic plan has evolved to take in to account changes in the demographics and the implementation of health care reform. Dr. Richards added it is important to ensure the strategic plan takes into account a full spectrum of care. Dr. Richards listed five strategic goals that HSC will be focusing on in the next five years:

- Community engagement,
- Patient experience,
- Culture of excellence,
- Operations, and
- Strategic growth and partnerships.

Stephen McKernan, chief executive officer for the UNM Hospital, presented an overview of hospital's statistics in its Nursing Division, its clinics, and its ancillary services. For FY16, UNM Hospital expects to do 164 thousand inpatient days and an additional 24 thousand in behavioral health. Mr. McKernan then provided detail on the Hospital's operating budget. Total operating revenues is estimated at \$900 million for FY16. The Hospital will have an estimated \$1 billion in expenses for FY16. Discussing the hospital's future financial impacts, Mr. McKernan said the positive effect of increased Medicaid enrollment will be offset by reductions in pass through payments. Mr. McKernan talked about capital initiatives and said the Hospital needs an investment of \$500 million or more for capital infrastructure.

In response to Representative Maestas Barnes regarding the hospital's infrastructure needs, Dr. Roth said understanding the demographics in New Mexico will help them determine the needs such as the number and the types of beds needed. The assumptions given to its master planners, is that a better designed hospital will prove to be more efficient and that other hospitals will be maximizing their capacities. The master facility plan is in the early stages of development.

In response to Senator Papen regarding Medicaid expansion and behavioral health services, Dr. Richards said there has been a steady increase in the demand for behavioral health care. Dr. Richards said it has been difficult finding enough providers for the increased demand for opioid addiction treatment services.

In response to Representative Larrañaga regarding the level 1 trauma accreditation, Dr. Richards said that although the current physical issues of UNM Hospital and its operating rooms pose challenges in keeping the level 1 accreditation, the accreditation process is comprehensive and mostly driven by the type of providers, and the quality and volume of care provided. Dr. Richards added that while there is no imminent danger of losing the trauma accreditation, the expectation is that a new facility will be built to match the types of care already being provided in the operating rooms.

In response to Representative Larrañaga, Dr. Roth said Presbyterian Hospital in downtown Albuquerque lost a large number of beds as they began renovating. Presbyterian Hospital on the Westside made up for the loss and is operating at full capacity.

In response to Representative Larrañaga, Dr. Roth said construction of the new nursing facility will begin in the spring of 2016.

In response to Representative Rehm, Dr. McKernan said Sandoval Regional Medical Center will have a positive net margin this year. Moss Adams will do a separate audit on Sandoval Regional Medical Center, which will later be consolidated into the audit for the UNM as a component unit.

In response to Senator Leavell, Dr. Roth said the addition of Domenici III will allow UNM to accommodate for expanding programs such as the nurse practitioner program.

Overview: University of New Mexico Capital Projects. Chris Vallejos, vice president of Institution Support Services for UNM, gave a brief update on state funded capital projects for UNM. Currently, there are six projects in design, six projects in construction, and one project in pre-construction. Three of those projects will be completed in July 2015. Mr. Vallejos said all the projects are on time and on budget. Typically, a capital project at UNM has a life cycle of 36 months.

In response to Senator Cisneros, Mr. Vallejos said all current projects have been funded through general obligation bonds or severance tax bonds.

A new physics and astronomy building continues to be a priority for the university. UNM staff provided a general outline of the project and stated the new building would be 137 thousand square feet with an estimated budget of \$65 million. In 2015, the project received \$746 thousand in STB funds for planning. During the 2015 special session, \$700 thousand was appropriated to continue planning of the project. UNM is anticipating receiving \$50 million in institutional bonds for the project, of which \$15 million will be requested in 2016 general obligation bonds.

Thursday, June 25

The following members and designees were present on Thursday, June 25, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll H. Leavell, Howie C. Morales, Clemente Sanchez, Steven P. Neville, and Pete Campos; and Representatives Larry A. Larrañaga, Luciano “Lucky” Varela, Jim R. Trujillo, Paul C. Bandy, Sarah Maestas Barnes, George Dodge, and Patricia A. Lundstrom. Guest legislators: Senators Mary Kay Papen, Mark Moores, and William F. Burt; and Representatives William “Bill” R. Rehm and Tim D. Lewis.

Overview of Public School Capital Outlay Program. Robert Gorrell, executive director of the Public School Facilities Authority, gave a brief overview of the Public School Capital Outlay Program. PSFA oversees \$21 billion in school assets. In building a partnership with school districts, PSFA aims to extend the life of its facilities using investments from state and local matches. Mr. Gorrell said facility master planning, which is very effective, allows the community and school board officials to work together. Mr. Gorrell talked about funding sources and uses. While sources of funding have been reduced, the Public School Capital Outlay Council (PSCOC) aims to maximize the number of projects.

Cassandra Cano, program support manager of PSFA, briefed the committee on revenues reduced by direct appropriations. Direct appropriations from FY14, FY15, and FY16 total \$67.9 million, which has been allocated to the Public Education Department, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Reduced oil and gas revenue estimates show an unfavorable net impact of \$86.8 million to the PSCOC fund. Ms. Cano summarized PSCOC’s financial plan. Referring to a handout, Ms. Cano provided detail on the PSCOC fund project award schedule, which showed the project number, district, school, and award total of each project. As reported in the PSCOC and PSFA FY14 annual report, Ms. Cano

said PSCOC awarded \$217.8 million for 102 school projects in FY14. Seventy-five percent of those projects funds were under contract within 15 months from the date of the award. The FY14 state average facilities condition index (FCI) for public schools remains flat since FY10 at about 35 percent. The Facility Maintenance Assessment Report, a tool introduced in FY13 to measure maintenance effectiveness, indicates a statewide average of 60 percent, considered poor.

Mr. Gorrell continued the presentation, providing additional detail on the FCI. In 2001, the average condition of schools in the state was at 71 percent on the FCI, which meant for every \$100 thousand of value of a facility, \$71 thousand was needed for repairs. New schools score 0 percent on the FCI, therefore reducing the overall figure for the state. The FCI is currently at 35.5 percent. PSFA calculates that with proper targeted spending and good maintenance, \$400 million annual spending would be sufficient to maintain the current statewide FCI. Mr. Gorrell talked about the difference in the FCI and weighted NMCI. FCI represents the physical condition of a facility without regard for its educational performance. Weighted NMCI (wNMCI) measures, in addition to the FCI, a facility's ability to support the intended educational purposes of the facility. Old facilities that can still support educational programs may have a high FCI but a lower wNMCI. New facilities that are overcrowded might have a low FCI score but a high wNMCI score because they cannot adequately support learning. Ms. Cano listed the top 50 wNMCI ranks for the 2015 and 2016 award cycle.

Regarding PSCOC's strategic initiatives, Kendra Karp, chief information officer for PSFA, provided an overview of the Broadband Deficiencies Correction Program (BDCP). SB159 was signed into law with an emergency clause in March 2014 because there is a critical need, especially in rural areas, for adequate broadband within public schools across the state. Many other states are ahead of New Mexico in their efforts to upgrade broadband. Best and worst practices in other states broadband programs are being considered as the state moves forward in the initiative. PSCOC may approve up to \$10 million per year for the upgrade. E-rate may provide additional resources. Ovidiu Viorica, broadband program manager of PSFA, provided additional detail on the broadband initiative. BDCP has two phases. Phase 1 will focus on program development and data collection and phase 2 will focus on corrections after implementation.

Mr. Gorrell concluded the presentation talking about the Facility Maintenance Assessment Report (FMAR), mentioned earlier. As a strategic priority for FY16, PSFA will be developing and implementing strategies that will sustain the current statewide average facilities condition with reduced state revenues.

In response to Representative Lundstrom, Mr. Gorrell said while a school board might decide to close a school, the secretary of the Public Education Department ultimately makes the final decision. Mr. Gorrell said a list was recently created that shows projects in the queue for schools being considered for closure. Ms. Lundstrom requested to see the list when available. Senator Smith commented that some rural communities want to keep those schools open because of the small school factor in the funding formula.

In response to Senator Cisneros, Mr. Gorrell said while unencumbered balances have greatly reduced, the changes in accounting with the Department of Finance and Administration will

increase those balances because PSFA will have to encumber dollars into SHARE that will not be entered into contracts. Mr. Gorrell said there has been conversation to suggest that the law be changed to allow PSFA to operate on cash flow.

In response to Senator Cisneros regarding the infrastructure for broadband, Ms. Karp, said the BDCP is designed to ensure computer networks are operating appropriately for the broadband. Referring to page 29 in the presentation, Ms. Karp showed a high-level demonstration of how broadband will work. In response to Representative Hall, Ms. Karp said the program is currently in the process of gathering GIS data to determine the most cost efficient way in getting broadband to schools.

In response to Representative Larranaga regarding facilities built without funding awarded from the PSCOC, Mr. Gorrell said the plans are still reviewed by the Council to ensure the facility is built to adequacy.

In response to Senator Sanchez, Mr. Gorrell said Bernalillo High School is being built in phases to avoid costs in purchasing portables.

Representative Lundstrom asked if old schools can lease or rent to entities for economic development. Chairman Smith said it would be better to gift an unused school to local government.

Strategic Initiatives to Improve Teacher and School Leader Preparation Programs. Matt Pahl, policy director of the Public Education Department, began his presentation stating the strategy at the Public Education Department (PED) is to raise the bar for entry into the profession and better connect the training with the important work happening in the classroom. Mr. Pahl talked about New Mexico teacher assessments (NMTA), which he said needs to be more rigorous. PED implemented the National Evaluation Series assessments in January 2015, which aligns with current academic standards, are nationally normed, and provide greater access to students. Mr. Pahl talked about teacher preparation programs, also known as NMPrep, and said \$1.6 million in competitive funding was awarded to collaborative partnerships between institutions of higher education, school districts, charter schools, and their partners to establish new and innovative teacher preparation programs. NMPrep awardees include the University of New Mexico (UNM) Accelerated Alternative Licensure Program (AALP). AALP is designed to recruit STEM professionals and veterans to teach in secondary schools. Mr. Pahl then talked about school leader preparation programs, also known as NMLEAD. The Woodrow Wilson MBA fellowship in education leadership program recently received \$2 million to increase the number of school leaders in its program. Mr. Pahl also mentioned the Tomorrow's Leadership Today (TLT) program. The Legislature appropriated NMPrep and NMLEAD \$4.1 million for FY16. PED will be establishing an application for funds to establish a school turnaround program in some schools. Awardees will be announced in October. PED is currently working on creating a report that will provide institutions information on how their graduates are doing in the classroom.

Penny Garcia, dean of the College of Education and Technology at Eastern New Mexico University (ENMU), briefly talked about the strategic initiatives of the New Mexico Association

of Colleges of Teacher Education (NMACTE), which she currently co-chairs. Ms. Garcia talked about the collaborations with PED. Regarding the new testing system, NMACTE will be working with the provider in creating more transparency for students. Ms. Garcia talked about NMACTE's plan to evaluate teacher program content requirements. Legislation passed during the 2015 session, will reduce the amount of credits required. Ms. Garcia said each institution will determine how the number of credit hours is used. NMACTE wants to work with PED on changing entry level teacher competencies to INTASC standards. NMACTE also wants to address with PED the accreditation of four-year institutions. Ms. Garcia talked about the U.S. Department of Education's proposed regulations for teacher preparation programs. Ms. Garcia said the proposed regulations are reflection of federal overreach of what should remain State and institutional level decision making. Ms. Garcia suggested legislators talk to Congressmen about the proposed regulations. Ms. Garcia reported on activity at ENMU. ENMU has moved ahead with the INTASC standards. Other activity mentioned was implementation of a three-tier admissions system and a mentoring pilot program.

Salvador Hector Ochoa, dean of College of Education for UNM, presented on three initiatives to improve teacher preparation at UNM. UNM has placed focus on curriculum, field practice, and development of assessment framework. With SB329, UNM is beginning to explore how to use the additional hours to improve teacher practice.

James Alarid, chair of Special Education for the School of Education of New Mexico Highlands University (NMHU) presented on New Mexico Highlands University Prep (NMHUP), which focuses on special education. NMHUP expedites the preparation of non-traditional special education teachers for the classroom by using a rigorous, practice-based approach. Mr. Ochoa talked about how the program was developed.

Chairman Smith briefly changed the subject to address the financial issues involving the Public Defender Office. Chairman Smith said the Public Defender Commission may be considering exceeding its budget authority in the new fiscal year. Representative Larrañaga motioned to approve a letter to the Public Defender Office cautioning them not to appropriate more money and not issue request for proposals. Representative Bandy seconded the motion.

Returning the agenda item, Representative Lundstrom asked if there has been an increase in students entering the teaching profession. Ms. Garcia said she has not seen an increase. Ms. Garcia said teacher satisfaction in the country decreased from 67 percent in 2013 to 32 percent in 2014. Mr. Pahl one of the things that the teaching profession has to work around is how the younger generation views work. Mr. Ochoa said to protect the investment made and given the changes in technology and human learning, it is critical that the State examines and find ways to develop a model for continued professional development for teachers.

Mr. Pahl said he would follow up with Representative Hall on the number of teachers that need to be produced on annual basis to meet the needs of educational institutions. Mr. Pahl said many teachers also come from another state.

In response to Senator Morales, Mr. Pahl said pay for performance programs are positively impacting retention of teachers.

Program Evaluation: Performance, Programming, and Cost of Middle Schools in New Mexico. Madelyn Serna Marmol, Ed.D., and Nathan Eckberg, both program evaluators, presented the report *Performance, Programming, and Cost of Middle Schools in New Mexico*. Student achievement in eighth grade has a greater impact on college and career readiness than performance in any other grade in high school. Middle school (sixth, seventh, and eighth grades) is a time when achievement gaps are closed or widened. In New Mexico, middle schools are struggling with student performance, programming, and funding. Middle school students account for 22 percent of the overall student enrollment in New Mexico and 50 percent of students taking statewide assessments. LFC has never conducted a comprehensive evaluation of middle schools. This evaluation analyzed student socio-economic status, language acquisition, attendance, truancy, and mobility as factors that affect student performance.

The state is lacking academic programming and financial resources for middle schools students. Students transitioning between fifth and sixth grades experience a decline in assessment scores and an increase in disciplinary issues. Low-income students and English language learners (ELL) continue to lag behind their more affluent peers well into middle school. Middle school teachers are often generalists with a kindergarten through eighth (k-8) grade license and do not possess an endorsement in a core subject area. In addition, middle schools are often not equipped to meet the social-emotional needs of young adolescents.

The funding formula assumes costs for seventh and eighth grades are the same as high school. However, instructional spending at selected schools does not outpace school district levels of per-student funding. Furthermore, engaging programming, such as career and technical education (CTE) classes, is often not present in the middle grades due to the deficiency in the vocational cost differential in the funding formula and in federal grants.

Public Education Department (PED) instructional audits have shown how middle schools are still in the beginning stages of implementing common core standards, which should have been fully implemented in FY14. In 2014, PED announced implementation of an early warning system to track and monitor students at risk of dropping out of school. However, the system is not in place and training on the dashboard is currently underway. Grade configurations for students in sixth, seventh, and eighth grades vary widely. Over a third of middle schools serve sixth through eighth grades. The evaluation does not find a clear answer on the best grade configuration for middle schools, although preliminary evidence shows reading scores are slightly higher for students in a kindergarten through eighth grade configuration.

The evaluation recommends the Legislature pass legislation for a preliminary next step plan to include sixth and seventh grade students. The evaluation suggests PED continue to reinforce implementation of school site best practices. In addition, PED should collaborate on an immediate reallocation of existing resources and provide professional development for CTE and college and career readiness programs. The evaluation also recommends school districts and charter schools create “whole-student” programming engaging middle school students in cognitively rich classes.

Leighann Lenti, deputy secretary of the Public Education Department, discussed the department’s response to the report. Ms. Lenti said the findings found in the evaluation are

consistent with the data trends found by PED. PED is currently working on initiatives that will address some of the findings. For the first time in the spring of 2015, school districts and charter schools had the opportunity to request funding to hire social workers for their middle schools. PED made \$1.3 million available to support the initiative. PED is currently reviewing 26 applications and will be announcing awards in July 2015. In a second initiative, PED has set aside \$2.5 million to fund the Truancy and Dropout Prevention Coaches Program. The program targets high schools and middle schools that have high truancy and drop-out rates. Regarding an early warning system, Ms. Lenti also talked about a new tool that will be made available to both middle and high schools at the beginning of the 2015-2016 school year that will assess a student's risk of dropping out. The tool will make an assessment based on the ABC model. In 2014, PED began providing training to school districts on successful interventions and support for at-risk students. The training included experts of the Johns Hopkins Everyone Graduates Center. Ms. Lenti concluded with talk about the state's adoption of the Common Career Technical Core Standards. The new standards will supplement the reading and math standards beginning in seventh grade.

In response to Representative Hall, Ms. Serna Mármol said Legislative Education Study Committee (LESC) staff was invited to participate in the evaluation. LESC provided information on the funding formula and were involved in the exit conference.

In response to Senator Beffort, Ms. Serna Mármol said there are currently no federal grants available for vocational programs that support middle school students. Senator Beffort expressed concern for the lack of programs outside the realm of academics. Ms. Lenti said most school districts place CTE programs at the high school level because there is explicit funding to support it through the Federal Perkins Loan Program, and because there is a limited supply of teachers specific to the career tech content areas.

In response to Representative Varela, Ms. Serna Mármol said in lieu of school counselors, Mesa Middle School hired social workers to provide parent outreach, home visits, and other various activities that counselors are not able to provide.

In response to Senator Leavell, Ms. Lenti said the 2014 graduation rate was 70.3 percent, an 8 percent increase over the prior four years.

In response to Senator Morales, Ms. Lenti said the purpose of the Truancy and Dropout Prevention Coaches Program is to establish a single person in a school whose focus is keeping students engaged and in-school on a daily basis so that they stay on track for graduation. If results are positive, PED may consider scaling the program statewide.

Senator Cisneros asked why CTE programs are not offered at all middle schools if it is state law. Ms. Lenti said PED would need to do an assessment and determine the best way to help the school districts not meeting the full requirement of the statute.

Select Public School District Performance Improvement Plans and District Operational Issues. Sue Cleveland, superintendent of Rio Rancho Public Schools (RRPS), began her presentation talking about the trends in third, fourth, and eighth grade reading and math

proficiencies. According to Standards Based Assessment (SBA) scores from school year 2011-2012 to school year 2013-2014, reading proficiency has improved for eighth grade students. However, a decrease in reading proficiency has occurred in third and fourth graders. SBA scores also show a decrease in math proficiency for third, fourth, and eighth grade students. Superintendent Cleveland attributes the decreases to an increase number of students who need intervention and the transition to the common core standards. RRPS is working on aligning its programs with the SBA. Superintendent Cleveland talked about the diversity of the student population in RRPS. Almost 50 percent of students in RRPS receive free or reduced lunch. The current graduation rate is 84.4 percent. Regarding graduation testing, 80.5 percent of students passed the requirements based on the SBA. Superintendent Cleveland talked about college remediation. RRPS visited with colleges and universities in the area to learn how they can better prepare students for post-secondary education. RRPS offers a strong advanced placement program and a growing number of dual enrollment classes particularly in the tech arena. Superintendent Cleveland provided a chart on school grade trends. RRPS biggest challenge continues to be growth. In another chart, Northwest Evaluation Association (NWEA) short-cycle assessments show improvement for third, fourth, and eighth from school year 2011-2012 to school year 2013-2014. NWEA short-cycle assessments are used to group students for intervention, support individualized plans and differentiation, set growth targets for students and teams, and look for gaps and guide instruction. In May 2015, Albuquerque Business First ranked RRPS #2 of the 25 largest districts in New Mexico based on student proficiency levels. RRPS received the highest level of productivity on the Center for American Progress Return on Educational Investment. Superintendent Cleveland talked about the actions taken to improve student outcomes. Superintendent Cleveland said time has been invested for data analysis and staff has worked hard to prepare for the PARCC assessment and implementation of the Common Core. Superintendent Cleveland mentioned the Academic Youth Development Program which aims to keep at-risk students in school. Regarding operational concerns, Superintendent Cleveland said RRPS cannot do what needs to be done with the funding that is received. Superintendent Cleveland also said that RRPS is losing staff to other districts, charters, and private sector companies because of salary issues. RRPS would like to be part of an effort to improve the number of students entering a teaching profession.

Kara Bobroff, executive director of the Native American Community Academy (NACA), gave a brief overview of the academy. Established in 2005, the mission of NACA is to engage students, educators, families, and community in creating a school that will prepare students to grow from adolescence to adulthood and begin strengthening communities by developing strong leaders who are academically prepared, secure in their identity, and healthy. NACA's core values are respect, responsibility, community, culture, perseverance, and reflection. Referring to a diagram, Ms. Bobroff provided an overview of the NACA curriculum and instructional framework. NACA student coursework include native literature, indigenous history, personal wellness, and language. Ms. Bobroff said students entering NACA are typically two to four grade levels below proficiency. Referring to a chart, Ms. Bobroff showed the improvement made in reading and math by the class of 2018 students. Ms. Bobroff then showed NACA's graduation rate, which is higher compared with the overall district and state graduation rate. NACA received New Mexico's highest rating for student growth in 2012-2013, outperforming the state average for improving academic achievement. NACA received an A in college and career readiness on the

New Mexico report card. One hundred percent of NACA seniors are accepted into college. Ms. Bobroff said NACA differs from many high-performing schools in three critical ways:

- Integration of academic excellence and cultural relevance;
- Focus on holistic wellness; and
- Community transformation.

Ms. Bobroff talked about professional development and said NACA teachers spend three hours on professional development each week.

Superintendent Marc Space provided a brief overview of the Grants-Cibola County Schools (GCCS). Superintendent Space mentioned Bluewater Elementary School and Mesa View Elementary. Superintendent Space said some schools may experience a drop in letter grade due to decreased instructional time caused by implementation of the SBA. Forty-five percent of student at GCCS are Native American. Superintendent Space talked about the lack of elementary school teachers. Regarding the high poverty in his district, Superintendent Space talked the backpack program, which ensures 10 percent of their enrollment has food over the weekend.

Representative Maestas Barnes said regardless of circumstances, every child can learn and that obstacles, such as cultural barriers and poverty should not serve as limitations. In response to Representative Maestas Barnes, Superintendent Space said GCCS SBA scores, which he described as inconsistent, are reflective of the assessment changes and turnover of staff.

In response to Representative Larrañaga, Superintendent Cleveland talked about the time and effort in setting up a testing center.

Chairman Smith asked LFC staff to look at the issues involving transportation costs. Superintendent Cleveland said although RRPS is pleased with its own transportation system, the funding and operation costs do not break even. Chairman Smith also requested LFC staff analyze the local option property tax.

In response to Chairman Smith, Superintendent Space said there was mixed reactions from parents whose children attended a school that received a letter grade of D or F. Superintendent Space is working with the school board on GCCS's strategic plan to involve the community and parents in the grading system. Superintendent Cleveland said some RRPS parents have requested their children be moved to another school that earned a better letter grade. Chairman Smith said he was supportive of a grading system that parents fully understood.

In response to Representative Lewis, Superintendent Cleveland said there needs to be a plan to have available a computer to every student for both instructional and assessment purposes.

Friday, June 26

The following members and designees were present on Friday, June 26, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll H. Leavell, Mary Kay Papen, Clemente Sanchez, Steven P. Neville, and Pete Campos; and Representatives Larry A. Larrañaga, Luciano "Lucky" Varela, Paul C. Bandy, Sarah

Maestas Barnes, and Patricia A. Lundstrom. Guest legislators: Senator William F. Burt and Representatives William “Bill” R. Rehm and Tim D. Lewis.

Status Report on Job Creation and Use of Appropriations for the Local Economic Development Act (LEDA) and the Job Training Incentive Program (JTIP).

Jon Barela, secretary of the Economic Development Department (EDD), began his presentation updating the committee on the Job Training Incentive Program (JTIP). In FY15, 59 companies were approved for JTIP funding. Secretary Barela reported \$11.6 million in funds for JTIP was approved for FY15 and over two thousand jobs were created. The JTIP budget report as of June 2015 shows a cash balance of \$15.4 million. Current obligations total \$11.4 million. The agency projects an FY16 beginning balance of \$8 million for JTIP. Secretary Barela talked about JTIP policy amendments for FY16. Roswell and Farmington are now categorized as rural and, therefore, companies located there will be eligible for up to 65 percent reimbursement.

Secretary Barela talked about the Local Economic Development Act (LEDA), reporting \$50 million was appropriated to LEDA for FY16, of which \$2.5 million is allocated to rural areas in the General Appropriations Act. EDD staff researched best and worst practices found in other states. Best practices include clawback provisions, financial due diligence to minimize risk, creating permanent jobs at good wages, and the commitment of local government. Worst practices include creating incentives for low-wage jobs and questionable projects, weak awards agreements, and nondisclosure of recipients, amounts, and selection process. Secretary Barela mentioned a five-day town hall tour, which took place the week of June 8, 2015. With the help of LFC and the Department of Finance and Administration staff, EDD organized the town hall tours in Albuquerque, Santa Fe, Farmington, Roswell, and Las Cruces. The purpose of the tour was to seek public input and advice and counsel from local elected officials. Many of the public comments involved the need for spec (speculative building) space. Secretary Barela said he would suggest using LEDA funds for spec space only if

- There is high market demand;
- There is private investment;
- The state has an investment piece in the spec building; and
- The space will not be convertible to retail purposes.

Secretary Barela briefly talked about goals and metrics for LEDA. Expanding New Mexico businesses continues to be a priority. EDD hopes to exceed the 1,500 jobs estimated to be created by LEDA in FY16. Secretary Barela detailed LEDA’s proposed guidelines. Guidelines mentioned include creating only permanent full-time jobs, setting a goal of 10 to 1 ratio of private investment to LEDA funds, and refraining from using LEDA funds for retail projects. Secretary Barela concluded his presentation talking about the LEDA process, which has been streamlined.

In response to Senator Cisneros, Secretary Barela said he wants the guidelines to serve as strict parameters for how LEDA money is used. Secretary Barela said he would be open to work with legislators to codify some of the guidelines. Regarding LEDA funding, Secretary Barela said the program is very effective if handled properly. Secretary Barela suggested creating a permanent

mechanism for funding LEDA, which would create consistency year after year. The consistency would help attract businesses.

In response to Representative Bandy, Secretary Barela said the anti-donation clause was amended through the constitutional process to allow for economic development purposes. Regarding how a project gets funded, Secretary Barela said funding is not given directly to the company. Instead, money is placed with a local county or municipality, which then funds the project. Secretary Barela said LEDA funds can only be used for land, building, and infrastructure.

Representative Rehm mentioned an advertisement of a New York program offering 10-year tax forgiveness to certain industries that locate in New York. Secretary Barela said that while the New York program may initially offer a great incentive, New Mexico offers a long-term predictable model.

In response to Representative Varela's concern for New Mexico's job and wage growth, Secretary Barela said New Mexico has experienced 33 months of private sector job growth, ranking New Mexico 17th in the country. New Mexico has ranked top of the country for overall wage growth in the last three years. Secretary Barela explained job losses in the federal sector is why the overall job growth is tepid.

In response to Senator Beffort, Secretary Barela said Google's acquisition and expansion of a solar-powered aerial drone factory in Moriarty is a prime example of how LEDA can help a rural area.

In response to Senator Papen, Secretary Barela said there is no space left available in Santa Teresa.

In response to Representative Lundstrom, Secretary Barela said repurposing closed school buildings and old government facilities for economic development is a great idea.

In response to Representative Lewis, Secretary Barela said he meets with the plant manager of Intel once a month who has reassured him that Intel has no intention of leaving the state.

Chairman Smith said he is suspicious of a "deal" versus a long-term plan. Chairman Smith said, while being competitive with other states, it is important to look at the bottom line. The net return to the state should be quantified in jobs and dollars. If the state has a good handle on the history of LEDA and JTIP project outcomes, sound decisions can be made. Senator Smith said there needs to be caution on how LEDA funds are spent. The concern is, if the administration adds additional tax cuts, LEDA funds can quickly dwindle.

Chairman Smith expressed concern regarding the unemployment claims in Luna County and its relation to seasonal workers. Smith explained while seasonal employment is good for the area, the unemployment claims from many of those seasonal workers is not good. Chairman Smith said it is imperative that industries in Luna County, mostly agriculturally related, are encouraged

to expand to year-round operations. Chairman Smith said he would like to see an expansion of existing businesses already here.

In response to Representative Larrañaga regarding the Tesla deal with Nevada, Secretary Barela said at what point does what seems to be a golden deal become rather tarnished? Nevada recently enacted its largest tax increase. Secretary Barela there has to be a balancing act in the arms race of economic development.

In response to Representative Larrañaga, Secretary Barela recommended the Jobs Council look at enhancing incubator programs, creating food hubs for rural areas, and marketing our state better.

Public Defender Department FY15 & FY16 Budget Update. Jorge Alvarado, chief public defender, began by talking about adequacy of staffing levels. The Public Defender Department (PDD) currently has 409 FTE, of which 228 are attorneys. For FY16, PDD was appropriated \$1.7 million for 30 additional support staff. Mr. Alvarado said based on FY14 caseloads, New Mexico Sentencing Commission recommended 61 additional attorneys. PDD will be requesting funding for 33 additional attorneys for FY17. Mr. Alvarado talked about the loss of several contract attorneys. Although PDD has focused its efforts on providing quality services to the citizens of New Mexico, Mr. Alvarado said the agency found many contract attorneys were either not providing a high level of quality for services or not providing the services for which they were being paid. The hourly rates of \$85 per hour for contract counsel implemented by the Public Defender Commission has helped stabilize the crisis in Roosevelt, Lea, Eddy, Lincoln, and Luna counties. Referring to a chart, Mr. Alvarado demonstrated the average change of an attorney's monthly income during the switch to hourly in FY15 in the crisis counties, indicating a steep drop in contractor costs after the switch to hourly rates, followed by a gradual increase in costs. In another chart, Mr. Alvarado showed the variations in the cost for contract counsel as the months progressed in FY15. Actual expenses continuously rose and fell depending on the number of contracted attorneys. Hourly rate costs are turning out to be lower than projected. Mr. Alvarado said the implementation of the case management order (CMO) rule in Bernalillo County had a huge impact on PDD's overall budget, by significantly reducing the number of cases in the system. Mr. Alvarado said with the drop in cases in Bernalillo County and the stabilization of the five crisis counties, PDD may ultimately be reverting money to the general fund at the end of FY15. Mr. Alvarado talked about the agency's plan for the additional \$1.9 million appropriated for FY16 for contract attorneys, noting PDD plans to increase compensation for contract counsel on complex cases while maintaining the current flat rate for all other cases. PDD is in the midst of the request-for-proposal process for contract counsel.

Mr. Alvarado addressed the issue regarding the use of appropriations to pay the hourly rate for contract counsel. The Legislature inserted language into PDD's FY16 budget allotment directing the agency may not pay hourly reimbursement rates with its appropriation. In 2014, PDD was ordered by a judge in Lincoln County to pay an hourly rate of \$85 to contract attorneys. While PDD has been in compliance with the \$85 hourly rate, PDD has not been compensating for the additional \$35 to support staff. The judge has requested a briefing on whether the language in HB2 is constitutional. PDD has submitted a review to the judge. Mr. Alvarado said based on U.S. Supreme Court analysis of legislative acts that would otherwise impede on the rights of

individuals, PDD believes there could have been less restrictive language that would have achieved the same result. Mr. Alvarado added that because it was restricted, it does not meet the strict scrutiny test. PDD has been served a writ of superintendent control, filed by the state of New Mexico through the District Attorney's Office to bring forth the issues to the Supreme Court. A hearing is scheduled June 29, 2015, in front of Judge Parsons in Carrizozo to address the issues.

Mr. Alvarado concluded his presentation by discussing the agency's plan for the additional 30 FTE for support staff. Seven FTE will be placed in administration and 23 in direct support.

In response to Representative Maestas Barnes regarding the history of the hourly rate versus the flat fee for contract attorneys, Mr. Alvarado said at one time, the only hourly rate paid was to attorneys working on death penalty cases. PDD wants to ensure quality level of representation of counsel to all defendants in New Mexico as required under the Constitution. Mr. Alvarado said the new RFP, which addresses complex cases, may offer an extra level of compensation to deliver higher quality representation.

In response to Representative Maestas Barnes regarding language in the FY16 appropriation, Mr. Alvarado said he received a letter from the secretary of the Department of Finance and Administration stating that payments for hourly rate cases will not be authorized. Mr. Alvarado is not sure how contract attorneys currently receiving hourly compensation will be paid after July 1.

In response to Representative Maestas Barnes, Mr. Alvarado said PDD evaluated the circumstances of the cases that involved payment for contract services never provided. For cases that were removed from caseloads after some services were already provided, PDD was not able to recover any money. However, for cases that were removed from the caseload early, PDD was able to recover some or all the money. Mr. Alvarado said PDD over-projected the budget the first few months in FY15. Mr. Alvarado said there will be more oversight in the new RFP to maintain quality control.

In response to Representative Maestas Barnes, Mr. Alvarado said in 2014, LFC recommended PDD open an alternate public defender office in Bernalillo County. Mr. Alvarado said PDD needs legislative support and political will to open any additional Public Defender office in the state, including Public Defender offices in rural locations and alternate public defender offices. The 13th Judicial District, which has no public defender office, has the highest percentage of cases handled by contract council. PDD would propose opening an office if there is support from the Legislature and the Public Defender Commission. Mr. Alvarado said analysis shows that it is less expensive to maintain an office rather than pay contract counsel at a flat rate. Mr. Alvarado said there would be a significant drop in contract counsel if an alternate public defender office was to open in a large metropolitan area such as Albuquerque.

In response to Representative Bandy, Mr. Alvarado talked about the guidelines that determine eligibility for appointed counsel.

In response to Representative Lewis regarding the death of a Rio Rancho police officer and the mistakes made in the system, Mr. Alvarado talked about the steps taken in the case before the officer's death. Mr. Alvarado said he challenges people to view the judicial system as a system that is doing the best that it can. He also referred to the measures currently in place with the new RFP to ensure contract attorney accountability.

Miscellaneous Business

Action Items.

Approval of LFC Minutes – June 2015. Senator Cisneros moved to adopt June's meeting minutes, seconded by Representative Hall. The motion carried.

Approval of Contracts. Senator Cisneros moved to adopt the contracts, seconded by Senator Beffort. The motion carried.

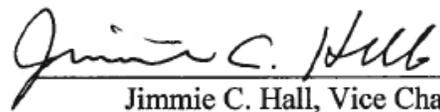
Information Items

Review of Monthly Financial Reports

David Abbey, director, LFC, briefed the committee on information items.

With no further business, the meeting adjourned at 11:25 p.m.


John Arthur Smith, Chairman


Jimmie C. Hall, Vice Chairman