

**Legislative Finance Committee  
Las Cruces, New Mexico  
May 10-12, 2010**

**Monday, May 10**

The following members were present on Monday, May 10: Chairman Luciano “Lucky” Varela, Vice-Chairman John Arthur Smith, Representatives Donald E. Bratton, Mary Helen Garcia (for Rhonda S. King), Don Tripp, Edward C. Sandoval, Jeannette O. Wallace, Antonio Lujan (for Nick L. Salazar), and Henry “Kiki” Saavedra; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll Leavell, John M. Sapien, Mary Kay Papen, and Howie Morales (for Pete Campos). Representatives Nathan Cote, Joni Gutierrez, and Andy Nunez; and Senators Timothy Jennings, Cynthia Nava, and Stephen Fischmann attended as guests.

**Introduction of Members.** Legislative Finance Committee (LFC) members introduced themselves, indicating the districts they represent.

**Strategic Plan and Performance for New Mexico State University.** Barbara Couture, president, NMSU, provided an overview the university from the perspective of its three-fold mission of teaching, research, and outreach. NMSU is a comprehensive land grant university serving 30,000 students on five campuses. The “living the vision” strategic plan assessed annually is based on five goals that all competitive research public universities need to pursue to ensure overall quality and relate to specific needs of the state. The university houses cooperative extension offices in every county and networks with 17 agricultural and science research centers and three federal recognized tribal extension offices. NMSU is home to the Chile Pepper Institute and manages the Apache Point Observatory, ranked as the leading project of astronomical phenomenon with the highest impact on astronomy. In addition, the Department of Chemistry and Biochemistry ranks 43rd in the country among 157 Ph.D. granting institutions.

During the last three years, NMSU’s fall-to-fall retention rates for first-time, full-time degree seeking students have steadily increased and retention rates have exceeded national benchmarks based on size and selectivity for the last 10 years. Since 2005, the number of bachelor’s degrees at NMSU has increased by 9.2 percent.

A campus wide efficiency and effectiveness committee has appointed to identify key issues for saving resources and improving performance. NMSU has several ongoing efficiency measures and is a state leader in effective space use. A campuswide vehicle reduction program has also been instituted, reducing vehicles by 40 percent, and a formal asset management system will be adopted to track preventive maintenance savings and ensure sound stewardship of physical assets.

President Couture noted that the main campus instructional and general budget was reduced by \$12.3 million for FY11. The regents have implemented an 8 percent increase in tuition for FY11, leaving a shortfall of approximately 4 percent necessitating an overall reduction to programs campus wide. The university is focusing on increasing enrollment system wide by increasing collaboration and ensuring graduation and complementary college programming.

The president identified areas requiring assistance that include adjusting the application of the state funding formula to match the university’s mission rewarding enrollment growth and recognizing the multivariate research missions of higher education institutions, as well as investing in university

research. Waivers for out-of-state graduate students are not funded back to institutions, failing to provide incentives to bring students to New Mexico.

In response to Chairman Varela, President Couture said NMSU received a letter indicating economic revenue projections for the fall suggesting all state agencies prepare for a potential additional 5 percent reduction. Reserves have been put aside in anticipation of further reductions; however, using reserves would limit the ability to enhance student scholarships, limit the ability to assure all academic programs are equally accessible to students, and limit the ability to go forward with enhancing a strategic vision. Viola Flores, secretary, Higher Education Department (HED), added that a meeting was held with all funding taskforce members, higher education advisory board, and the instruction and general funding steering committee to discuss reductions and encourage institutions to plan for reductions. Workgroups will meet in June to develop recommendations.

Representative Bratton said work study is a big part of education and asked if there was change in the percentage of students being afforded opportunities for work study or internships. President Couture responded that students are required to work to help fund their education. If students work on campus, opportunities to succeed are better. Carmen Gonzales, vice president, Student Success, added that 20 percent to 25 percent of students are on work study and beginning in July, Pell grants will increase due to the federal government approving more grants to students. Internships have also increased; therefore, partnerships with local corporations and businesses have continued. President Couture added internal internships are available as well. Representative Lujan expressed concern with other universities using students to displace permanent workers.

Director Abbey provided information on the FY11 budget approved by the Board of Regents and noted total uses at the main campus increased by \$11 million and an additional \$12 million was increased for student aid. The president noted that reductions to the overall budget are from the general fund and do not reflect increases from research-related activities. Jennifer Taylor, senior vice president, business and finance, added that the Board of Regions instructed continuation, even during a contraction of state appropriations, to focus on the core mission of instruction in general. All vacant faculty and staff positions have been held open since December to prepare for further reductions and, at some point, classes will be reduced.

**Financial Reports and Initiatives for City of Las Cruces and Dona Ana County.** Ken Miyagishima, mayor, city of Las Cruces, reported Las Cruces is the second largest city in the state, third in real estate recovery, and was recently named one of the top 100 places to live in the United States. Single-family building permits are down from the previous year and the unemployment rate is below the national average. The new \$37 million city hall was recently opened and a new convention center is being built in partnership with NMSU; a new aquatic center is also moving forward. The city is considering the purchase of a nonprofit golf course and is requesting assistance with a special assessment district.

Brian Haines, county manager, Dona Ana County, reported revenue from the gross receipts tax (GRT) is close to 2008 levels; county residents have seen an improvement due to the workforce. The county reduced its budget by 15 percent in FY08 and 11 percent in FY09. The current budget remains flat; however, it will require the use of cash reserves. Reserves remain at \$28 million and the county has placed a hiring freeze on all noncritical positions to ensure financial stability. Additional costs associated with mental health standards total \$7 million in the current budget and are expected to increase to \$9 million. All audits are on time and up-to-date.

Vice Chairman Smith expressed concern about using gross receipts from construction in the recurring

recurring budget; capital outlay will not be available until 2012. Local communities' food tax will be held harmless; however, there is an effort to phase out the provision. Mayor Miyagishima said the food tax would cost the city of Las Cruces \$6 million. Vice Chairman Smith said the tax would be phased in over a period of time allowing for adjustments. It is imperative all groups work together, including legislative members, on capital outlay to complete projects and not run the risk of losing funds; there is a threshold time period of when funds revert back.

**Mission, Funding and Public Impact of NMSU Research Activities.** Garrey Carruthers, vice president, economic development, NMSU, reported on the new paradigm for economic development issued in March 2010. All universities across the country were reviewed to determine best practices and high performing institutions provide research and develop new ideas that become innovations to business and industry. These institutions also offer knowledge-based services to businesses and employees, provide more hands-on counseling, embrace culture, social, and education revitalization in home communities, and educate the population. Research is the transformation of money into knowledge and innovation is a transformation of knowledge into money.

Vimal Chaitanya, vice president, Research, NMSU, reported research is mandated for doctorate and many master degree dissertations. Research is also done in an academic institution to teach students and place them into energy careers contributing to the economic development of the state and the nation. NMSU received \$154 million in total funding in research, contracts and grants; 82 percent was received from federal funding and 6 percent state funding. State-funded projects include first-time research education programs and drinking water analysis. Long-term growth of economic development requires incentives, quality of life issues, and access to workforce. The program has agreements with many governmental agencies, teaming and nondisclosure agreements, and partnering industries.

Mr. Carruthers provided information on the impact of research expenditures by the three research universities and introduced the Arrowhead Research Park, which includes an entrepreneurship institute that includes business research projects and a new laboratory containing a library, business stimulation software, work books, etc. The program employs 9,490 workers with gross sales of activities totaling \$1.1 billion; of these, NMSU employs 2,197 employees and contributes \$272 million with \$150 million in direct expenditures. Mr. Carruthers discussed the Early College High partnership with the Las Cruces Public Schools and noted that the average dropout rate in this type of program is about 8 percent from freshman to senior year. This initiative will provide students with more choices on where they want to go to school, making education more relevant to the student. The Arrowhead Center helped serve nearly 800 clients working with the small development business center to start or improve businesses. Mr. Carruthers recommended developing an alternative higher education funding formula that would apply to the research universities where research and economic development activities would generate funding and also requested funding for the doctorate of economic development program. Economic development and research are a long-term investment making substantial rewards for New Mexico.

Vice Chairman Smith expressed concern with venture capital that could be handled by the private sector, having a tax disadvantage. Mr. Carruthers said tax incentives are offered to private companies. One of the reasons NMSU is becoming more entrepreneurial is because it is treated like the private sector in terms of taxation.

**Remedial Education, Retention and Completion at Community Colleges: Initiatives of the Gates Foundation and the American Association of Community Colleges.** Margie Huerta, president, Dona Ana Community College, reported there are close to 1200 community colleges nationwide and

nationwide and close to 50 percent of all U.S. undergraduates are in community colleges. Community colleges serve low-income, underrepresented, and first generation college students. Community colleges educate 55 percent of Hispanics and Native Americans, as well as 46 percent of African Americans, Asian Americans, and other minorities. Enrollments for Hispanics and others continue to increase throughout the country. A prime component of the community colleges mission is to develop and train a workforce. Nearly half of America's labor market requires more than a high school diploma but less than a four-year degree.

Ms. Huerta noted the poverty rate in New Mexico is either at or above 17 percent with a per capita income of \$23 thousand. The 2008 high school drop out rate was 40 percent and, over a six-year period, more than 80 percent of students entering college had to take at least one development education course. Approximately one-third of the adult population in the state does not have a high school diploma or cannot speak English fluently. Over 70 percent of the adult population in New Mexico has not completed college.

Doña Ana Community College (DACC) serves over 18,000 students in the county and surrounding areas in six existing locations and two future locations. There are over 9,000 student enrolled in credit programs and FTE continues to increase significantly. Noncredit enrollment is over 8,000, with the largest group being in adult basic education.

Nearly 50 percent of all students entering into a New Mexico college require developmental education, a figure that has been consistent over the last seven years. Nearly 60 percent of students nationally require developmental education. DACC is actively pursuing National Association of Developmental Education (NADE) certification following the best practices and implementing strategies. According to the National Community College benchmark project, DACC's retention of developmental education -- including college level math, English, and reading -- are higher compared with the national ranking scale.

Steve McCleery, president, New Mexico Junior College, reported on average 60 percent of students throughout the United States have to take remedial courses. The federal administration announced a multi-year \$12 billion project to look specifically at development education and the Gates Foundation announced they will apply \$110 million towards remedial education. The American Association of Community Colleges along with the American Association of Community College Trustees and other organizations have signed on nationally to focus on the goal of enhancing graduation rates at community colleges nationally by 50 percent by 2020. Community college students earning certificates will increase 15 percent and students earning a two-year associate's degree will increase another 11 percent. The majority of transfer students view the community college as a place to accumulate credits inexpensively rather than a place to get a degree.

Senator Papen asked about the disconnect between what students are taught in high school and what they have to do in order to pass freshman English and math in community colleges or universities. President Huerta said DACC faculty is working more closely with high school faculty to discuss what is expected at the community college. DACC is also administering the Compass test at the end of students' sophomore year in high school. Support from pre-kindergarten through the fourth year of college (pre-k-20) is needed to achieve a seamless process. President McCleery added that better dialog, innovation, and creativity are needed among all public and higher education institutions to make a difference. Senator Beffort suggested collaborating on the original point of education and having teachers learn how to teach correctly the first time.

Senator Sapien asked if taking remedial education out of four-year institutions and putting it solely in

community colleges is an avenue that is better serving students. President Huerta said New Mexico community colleges provide developmental education. Both the universities and the community colleges provide 100-level and 200-level courses. President McCleery added that most remedial education is at the community college; there are exceptions with regional colleges.

Chairman Varela recommended one department of education trendsetting from pre-k through 20 and removing the fiscal component of education out of the Public Education Department (PED) and the Higher Education Department (HED) to the Department of Finance and Administration (DFA), Office of Accountability to monitor and make sure resources are properly applied.

**Water Resources Research Institute.** Karl Wood, director, Water Resources Research Institute (WRI), reported that WRI's budget decreased over the last two years and the LFC budget recommendation reduced the current budget by 50 percent. WRI does not agree with recommendations and provided written responses. Consequences of a reduction in state funding may result in extinction. WRI is not able to provide student grants and will not be able to match federal funding. WRI requests that the Legislature consider restoring the budget to a viable organization serving New Mexico in water research and outreach. Director Abbey noted the Legislature was not efficient in funding research and public service projects in general.

**Tour of the College of Engineering.** Ricardo Jacquez, dean, College of Engineering, gave an overview of the college, its different departments and the variety of degree programs offered by the college. Mr. Jacquez also noted the work being done for the Department of Defense, the Department of Transportation, and the National Aeronautics and Space Administration. He generally pointed out a number of experimental vehicles and other projects developed and created by students and faculty and allowed those students and faculty to make a brief presentation. At the conclusion of his remarks, the committee and staff were allowed to visit the projects and speak with staff and students. The tour also included a number of labs, particularly the mechanical engineering labs, where a number of machines being developed for the chile industry were demonstrated, and the materials analysis lab in the civil engineering department.

### **Field Trip to NMSU Agriculture Experimental Station.**

*Overview of NMSU Agricultural Experiment Station and Cooperative Extension Service.* Dr. Loring and Dr. Boren provided a general overview of the work of the Agricultural Experimental Station and the Cooperative Education Service while on the way to the experimental station. The visit to the Agricultural Experimental Station consisted of a drive through of the new pecan orchard and some of the noxious weed areas and a presentation from the director of the New Mexico Chile Institute. The tour concluded with a presentation demonstrating a number of textiles and other uses for a specialized wheat germ being developed by NMSU. Some uses of this product are flood control, a butter for people allergic to nuts, and a number of textiles that can be woven from the material. In addition, this particular wheat germ can also be used in the development of alternative fuel sources.

### **Tuesday, May 11**

The following members were present on Tuesday, May 11: Chairman Luciano "Lucky" Varela, Vice-Chairman John Arthur Smith, Representatives Donald E. Bratton, Mary Helen Garcia (for Rhonda S. King), Don Tripp, Edward C. Sandoval, Jeannette O. Wallace, Antonio Lujan (for Nick L. Salazar), and Henry "Kiki" Saavedra; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll Leavell, John M. Sapien, Mary Kay Papen, and Howie Morales (for Pete Campos). Representatives Nathan Cote, and Andy Nunez; and Senators Cynthia Nava, and Stephen Fischmann attended as guests.

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**Impact of Proposed Environment Regulations on Dairy Producers.** The LFC was briefed on the dairy industry in southern New Mexico and toured the Big Sky Dairy. Beverly Fikse, government and regulatory affairs officer for Dairy Producers of New Mexico, was recognized for coordinating the tour and briefing. John Deruyter, son of Ed Deruyter and owner of Big Sky Dairy, welcomed the committee. Robert Hagevoort, dairy specialist, NMSU Extension, Mike Weatherly, owner, Buena Vista Dairy, Martin Lopez, director, Rio Grande Water Wastewater Authority, and Annette Morales, director, Medius Inc., addressed the committee on the following issues:

- Economic impact of the amendments to the Water Quality Act enacted in Laws 2009, Chapter 194;
- Inability for dairies to secure funding from banks for various expenses;
- Environmental regulations enacted in the Water Quality Act are economically reasonable;
- Dairy water drainage into designated colonias and its environmental hazards; and
- Concern over Laws 2009, Chapter 100, the Lower Rio Grande Public Works Authority that consolidated five mutual domestic water consumer associations into the Authority. The item of concern is inability to qualify for loans from the New Mexico Finance Authority (NMFA) because NMFA requires three years of financials are included in loan applications. They feel consolidation is negatively looked on when seeking funding. Because the authority is in its second year, it has had to delay projects until they have three years of financials.

**Tour of Vado del Cerro Casas del Quinto Sol Housing Project, Vado del Cerro Flood Control Project, and Las Palomeras Community Project.** Annette Morales, director, Medius Inc., and Martin Lopez, managing director, Lower Rio Grande Water Wastewater Authority, provided a tour of the Colonias Infrastructure Development that included two colonias initiative projects; the Vado del Cerro Casas del Quinto Sol Housing Project and the Vado del Cerro Flood Control Project. LFC members were briefed on issues facing residents of colonias, including the lack of basic infrastructure, lack of zoning or regulations, the use of predatory developers, and other issues faced by colonias residents.

Ms. Morales discussed the successes of the Vado del Cerro flood control project and the need for flood control because of flooding from the nearby dairy farms. Flood control can reduce the needs for road replacements and can reduce insurance costs to residents. Ms. Morales and Dora Dominguez, N.M. Economic Development Department, discussed economic issues facing colonias residents and possible opportunities for future economic development.

At the Casas del Quinto Sol housing project the Annette Morales was to be joined by Thomas Hazzell, Las Cruces Housing Authority, Martin Lopez, and Priscilla Lucero to present information related to the project. Presenters discussed key partners and the development of the project, including the financing process. Mr. Lopez also discussed the importance of changing the federal recognition of regionalized water systems. Regionalized water systems lack a financial history as a new entity, but the individual water systems that regionalized have a long outstanding financial history. The lack of a method for recognition can inhibit the ability to finance water projects and compete for grants.

**Dona Ana Community College, East Mesa Campus, 2800 Sonoma Ranch Blvd., Academic Resources Bldg., Room 201, Las Cruces**

**Performance and Fiscal Report for Las Cruces, Gadsden and Deming School Districts.** Margie Huerta, president, DACC, welcomed members to the newest campus of the Doña Ana Community

College. Phases three and four of the East Mesa Campus are complete and provide more than 30 classrooms. President Huerta noted phase five is near completion and will include an auditorium. Funding for the projects has been primarily through general obligation bonds, local revenue and some state revenue.

Stan Rounds, superintendent, Las Cruces Public Schools (LCPS), reported many of the financial issues public schools are currently experiencing in large part result from the lack of internal controls; however, mismanagement of funds still contribute to the problem. LCPS is working with their Board of Education to ensure internal controls remain in place and to identify further procedures they may want to implement.

Salaries and benefits account for 88 percent of LCPS budget, down from 98 percent in 2007. Administrative salary costs account for only one-half of 1 percent of the total budget. Superintendent Rounds provided information on reductions throughout LCPS, including reduced travel, freezing materials purchases, reviewing sick leave, and the implementation of a 30-day hiring freeze. Superintendent Rounds indicated LCPS is nearing the functional bottom line in the central office. However, there is a front loading of expenditures that occurs with federal reimbursements that affects cash flow. Expenditures of federal grant funds must be spent before a district can be reimbursed for those expenditures. Money is therefore spent out of the operational budget and reimbursed at a later time.

Superintendent Rounds reported on the Early College High School (ECHS) progress. ECHS evolved from series of national initiatives and has premier projects with New Mexico State University, Gadsden Independent Schools and LCPS aimed at decreasing the drop out rate. The school has partnered with Arrowhead Research Park to enhance career and technical education opportunities for students and ensure students graduate with the knowledge and skills necessary to continue on to college or to enter the workforce.

Senator Fischmann asked how many of the students choosing to participate in early college high schools are likely to drop out and how much of the success of the program is based on self-selection versus the program itself.

Superintendent Rounds indicated the program matches national early college high school models, and targets students less likely to succeed. Of the 126 applicants, 20 will be first generation college attendees. The research park will allow students to participate in job shadowing and job partnerships. ECHS is a partnership between LCPS, Arrowhead Research Park, NMSU, Doña Ana Community College, Gadsden Independent School District, Hatch Valley Public Schools, and the Bridge of Southern New Mexico.

Chairman Varela asked superintendent Rounds if he were aware of the 50 percent rule and the governor's authority to invoke further budget reductions.

Superintendent Rounds indicated he was and that LCPS cash management process will front-load expenditures at the beginning of the year and decelerate spending to anticipate further budget adjustments. However, more than a 15 percent reduction could be problematic.

Cynthia Nava, superintendent, Gadsden Independent School District (GISD), stated the district, as a result of budget constraints, eliminated their public relations department. GISD faces numerous challenges: the district is the fourth largest school district in the state, made up of small communities has 93 percent of its students live in poverty based on free and reduced lunch eligibility, and 47 percent

percent of the students are English language-learners.

Superintendent Nava said you need fiscal accountability and student performance to establish district stability. Central office staff visited each school and assessed student test results by teacher to determine what support each teacher needed and how help could be provided. The district population is declining while the number of students graduating is staying the same, possibly indicating the graduation rate is increasing. However, the dropout rate is still of concern. Last session, legislation was passed to hold teachers accountable for linking professional development opportunities with the classroom. Superintendent Nava also reported the district currently has 512 students in pre-K, more than 400 in K-3 Plus, and more than 700 students participating in dual credit courses through partnership with Doña Ana Community College.

The district has had three different boards of education from 2003 to 2006 and no audits were filed in FY06 or FY07 under the previous administration. A \$3.9 million shortfall was identified after all audits were completed. The district submitted a plan to balance its budget that made a temporary cash transfer by temporarily borrowing local funds. Superintendent Nava stated the district wanted to retain the teaching core because it is hard to attract and retain qualified teachers due to the rural nature of the district. The district has eliminated 126 staff positions and eliminated departments. The current budget will cut \$833 thousand from the central office if the district is able to lease the central office building because the district does not need the space. If the building can't be leased, all staff will be moved into one wing of the building, shutting down the rest of the building and realizing saved utility costs. The district has also realigned class loads again to save another \$2.1 million. Over \$11 million has been cut since the FY08 budget.

Steve Stuggs, chief financial officer of GISD, stated he completed four audits in the previous 22 months. He is in the process of making recommendation to the state auditor and working on fixing internal control issues. His next focus will be on keeping a balanced budget and maintaining a positive cash balance. He also indicated the temporary cash transfer loan will be paid off in full in the next few weeks.

Harvilee Moore, superintendent, Deming Public Schools (DPS), talked about the uniqueness of DPS. She stated DPS has a high ELL population and serves high poverty students. The district has seen both growth and loss, currently serves approximately 5200 students, and has pre-k and post-high school programs. Colonias Elementary School, within the district, serves 600 students and is three miles from the U.S./Mexico border. An increasing number of students are participating in dual credit courses and graduating with both an associate's degree and a diploma. Sixty-three percent high schools students are the first generation in their family to attend high school. Luna County has an unemployment rate of 28 percent and a high mobility rate. The district is also not making adequate yearly progress, although Superintendent Moore stated she believes the district is making progress. Superintendent Moore stated that support from the parents and the community is sincere. The public is committed to helping the district improve. Attendance rates are up while the dropout rate has decreased. Deming High School graduated the largest class in its history with a graduation rate of 82.6 percent.

The focus is currently on measures and outcomes. The city and county both fund after school programs despite budget shortfalls, in an attempt to keep students actively engaged in activities. DPS has strong partnerships with Western New Mexico University by way of dual credit programs and a learning center. Doña Ana Community College is offering classes to students that haven't been offered in the past.

Another challenge the district faces is its proximity to the Mexican border. Students feel safer in school than in the community and they are learning while in school.

DPS is the 15th largest district in the state, though student enrollment decreased last year. Prior to that student enrollment had been increasing at a rate of 1.5 percent per year for the last few years. Only 26 percent of students come from traditional homes with two parents or guardians. The other 74 percent come from single-parent or zero-parent homes or foster homes. Deming has the highest alcohol use rate in the southwest. The district has a special education population of 10 percent to 11 percent and the number of medically fragile students has increased 24 percent.

DPS has been able to maintain a balanced budget without layoffs. Materials and supplies spending have been cut. Two years ago DPS began a move toward being more frugal. The district formed green teams in every school and was fortunate to access capital outlay funding to build four new schools and remodel one. The district saved \$104 thousand in energy costs in FY10. The district is applying for federal grants as they become available. While the district has avoided layoffs, vacant positions have not been filled. Class loads will increase and adult travel will be limited. The district also qualified for 100 percent free and reduced lunch. The district is focused on academic achievement of students.

**Teacher and Leadership Partnerships between NMSU College of Education, Dona Ana Community College and Local Education Agencies.** Michael Moorhead, dean, College of Education, NMSU, reported on the mission of the College of Education and also provided an overview of the college. Mr. Moorhead noted that as many as 20 percent to 25 percent of credit hours offered by the college are through distance education programs and alternative delivery models. He also noted the outreach component of the university's land grant charge and noted the dramatic impact rates through dual-credit classes.

Ms. Huerta of DACC noted the school's advisory board is composed of representatives from three school districts as well as community members. The community college is currently offering career pathways in five different areas and has positioned itself to work effectively with both public school districts in Dona Ana County. DACC has introduced programs designed to introduce students to degree programs, dual credit programs that are demonstrating promising results, 16 career pathways through dual-credit, and full certificates offered to high school students leading to an associate's degree.

Chairman Varela discussed performance reviews of special schools and noted positive responses from the public. He noted the LFC would continue to conduct performance reviews and was concerned about the reaction of the public to recent reviews completed by LFC staff. He noted the billions of state dollars spent on education and the need to continue strong oversight. He pointed out the work of the restructuring taskforce to provide a restructuring plan to develop a more effective education system in the state with no duplication of efforts and to make K-20 become a reality,

Representative Lujan questioned a nationwide study on colleges of education that ranked New Mexico very low in admissions standards. Dean Moorehead noted that students admitted into the university must meet a number of prerequisites, including a minimum grade point average of 2.5 for undergraduates and 3.0 for graduates. Also, students are required to complete a pre-practicum, fill out portfolio with three essays, and pass a standardized test before admission to the teacher education program.

Representative Cote asked about the safety of children and federal guidelines. Mr. Moore noted that,

with revenue from a federal grant awarded to network with local entities, districts and the university are working on effective staff reviews, the use of school resource officers along the border, needed funding, and the need for district-wide training on evacuation. Senator Nava noted that 20 percent of families in her district have been impacted by violence and that all school personnel have been trained. Stan Rounds of the Las Cruces Public Schools noted that all schools have a resource officer.

Vice Chairman Smith noted the possibility of schools having to make a 2 percent to 3 percent across-the-board adjustment in August. He also noted that revenues will probably not recover sufficiently in FY11, compounding the budget problems in FY12. He also noted the Legislature is faced with replacing stimulus funds in FY12, has relied heavily on natural gas for recurring funding, and will need to work on restructuring revenues to provide greater stability. Senator Smith also asked if all teachers were required to take financial and accounting coursework as part of their teacher preparation program. Dean Moorehead noted that teacher candidates are not given the opportunity to take financial course work as part of the teacher preparation programs but do as a part of the educational leadership program.

Superintendent Rounds noted a void in middle management training partly due to the limited number of credits available as part of the leadership program. Dean Moorehead noted he is working with universities to look at needs of educational leadership and to make changes as needed to meet the changing school environment.

Vice Chairman Smith asked about difficulties with some state and federal funding not flowing through the Public Education Department and how it is impacting the schools. Senator Morales also noted upcoming difficulties with the use of stimulus funds and when they go away.

Senator Morales also asked about how schools were using stimulus funds to meet instructional needs. Superintendent Nava noted that Gadsden pushed instructional support positions into stimulus funding with the goal of trying to figure out what instructional support is needed. The district is expecting to downsize when stimulus funding runs out. Mr. Rounds used this funding to hire reading and math coaches and interventionists, cross-train teachers, and develop grade-level leaders to carry on success and maintain the learning process.

Senator Morales asked about the cost differential for special education services. Superintendent Nava noted that special education students generated about three times the money as other students depending on need but that this differential does not cover the cost for bilingual students or ELL costs.

Senator Sapien brought up whether the state needed to decrease unit funding for seniors and asked if it was on the Legislative Education Study Committee work plan. Senator Nava noted the LESC would not be addressing this issue this interim. Senator Sapien asked why LESC would not be looking at it. No response was given.

Senator Fischmann requested list of courses accepted for dual credit and whether they are standard among the institutions. This will be followed up with the secretary of higher education because the classes accepted by the institutions differ by institution. Secretary Flores noted the institutions were dealing with modules looking at a common number systems also part of the P-20 statute.

Senator Fischmann also noted that 49 school districts have fewer than 1,000 students and asked whether the state should be looking at consolidating school districts or at least their administrative

functions. Representative Varela noted this was part of the discussion of the restructuring task force and would be addressed.

Representative Bratton discussed the issue of adding the requirement for teaching candidates to take an accounting course to gain a basic understanding of general finance before entering the classroom. Mr. Rounds noted that PED sets the course requirements for licensure and that the department should look at this if the Legislature is interested in adding this requirement.

Chairman Varela suggested having more presentations on education – both on public schools and higher education during the interim as a common effort to extend the committee’s focus on education.

**Bosque State Park.** The committee traveled to Bosque State Park on the west bank of the Rio Grande four miles west of Mesilla. The park has a new \$1.4 million visitor center.

Janet Green, Ph.D., academic head of NMSU’s Hotel Restaurant Tourism Management Program, presented a program overview. Students take classes in management with active participation from the state’s hospitality industry. NMSU students provided a light dinner for members and guests. Ms. Green also discussed coordination with the new Las Cruces convention center, NMSU’s new culture auditorium and a potential new hotel.

Dave Simon, state parks director, Energy, Minerals and Natural Resources Department, discussed the land acquisition and development of the new park. Already the park has annual visitation of 20,000, providing significant educational and recreational opportunities, as well as revenue. Following the presentation staff toured the nature trail.

### **Wednesday, May 12**

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### **J. Paul Taylor Center, 10015 Robert Larson, Las Cruces**

**Implementation of the Cambiar Model at the J. Paul Taylor Center.** Dorian Dodson, secretary, Children, Youth and Families Department (CYFD), welcomed the committee and introduced and acknowledged Debra Pritchard, director, Juvenile Justice Facilities Program, as key to the implementation of Cambiar New Mexico. Secretary Dodson gave background information on Cambiar NM noting it is based on the Missouri Model, which resulted in lower adjudication and recommitment of youth offenders in Missouri. She also noted rehabilitative costs are significantly less than the cost of an adult criminal offender.

Ms. Pritchard reported CYFD started implementation of Cambiar NM at the John Paul Taylor Center in 2008 with the Mesquite dorm. All the youth offenders at the facility are from the southern part of New Mexico. Training on Cambiar NM finished in January 2009; however, there is continuous refresher training that takes place.

July 1, 2009, was the start of the release panel due to changes made in the Children's Code. Ms. Pritchard noted New Mexico was one of the last states with a juvenile parole board. The release panel involves facility staff regarding decisions on juvenile offender releases.

Training of the Cambiar NM model started last year for the Youth Diagnostic and Development Center in Albuquerque. Training on the Cambiar NM model will start at the Camino Nuevo facility in Albuquerque in July 2010. Ms. Pritchard invited the legislators to visit the living units.

Outcomes of the Cambiar NM model noted where improved client to staff ratios, facility managers are more involved with the units, and clients and staff feel safer creating an environment that focuses on rehabilitation.

The youth are on a standardized schedule with everyone doing the same thing at the same time. There are daily group sessions to discuss issues and problems. The Cambiar NM model includes re-entry back into the community. Ms. Pritchard noted transition from the beginning must be thought about and not when the youth leaves a secure facility. There are transition coordinators statewide to assist youth in transitioning into their home communities. Also, the Juvenile Justice Commission and Juvenile Community Corrections are more focused now on services for transition.

In the early 2000s, more than 600 youth were committed in secure state facilities and now there are fewer than 250. Secretary Dodson stated the goal is to keep youth in the community where chances of success are greater and costs less.

Safety is an important issue and the Cambiar NM model is a highly structured, secure environment. Decreases in violence and incidents are significant. Eighty-nine percent of clients successfully complete supervised release to their families. Currently, youth care specialist turnover rate has dropped to 10 percent, staff feels safer and there is constant training.

General Services Department's, Property Control Division developed a feasibility study and master plan for Cambiar NM. Secretary Dodson noted the department is aware that funding is not available now, but the department plans to continue regionalization once the economy recovers.

Regarding the Juvenile Public Safety Advisory Board, Secretary Dodson stated that Missouri officials told the department that people with limited engagement with the youth offenders making decisions on release would not work and decisions should be made on release from those who work with youth. Secretary Dodson noted the changes to the Children Code affecting the Juvenile Public Safety Advisory Board are separate from the budget cuts to the board. CYFD is working with the board to absorb administrative functions by absorbing board staff and operating costs. The board's FY11 operating budget of \$25 thousand is for mileage and per diem for the board. Secretary Dodson reported that CYFD supports the board but does not plan to compromise the independence of the board.

The Juvenile Justice Facilities Program does not receive federal funding. The program is a priority for CYFD and the department is looking at other resources in the agency that can better withstand budget reductions.

Senator Beffort asked if Medicaid was statutory or in law. Secretary Dodson responded that by federal law incarcerated youth offenders are not eligible for Medicaid. However, the release panel can arrange for Medicaid services on release. Senator Beffort asked if the department had a medical contract. Ms. Pritchard stated that all medical services are in-house. The department has its own nursing staff and

nursing staff and contracts with doctors. Senator Beffort inquired about the department's prescription program and requested that CYFD look into the 34 B prescription program.

Senator Morales asked how the Cambiar NM model incorporates behavioral and mental health. Secretary Dodson stated that Cambiar NM integrates care for behavioral and mental health issues; however, there is an option for a specialized unit for those with severe behavioral or mental health needs that cannot be integrated. Senator Morales inquired about the training provided by the Missouri Youth Institute. Ms. Pritchard stated that the staff training was intensive and lasted for four weeks..

Senator Morales asked what strategies CYFD had to increase job satisfaction for the youth care specialists to address job turnover. Ms. Pritchard reported the department implemented a testing system to determine whether staff being hired was suitable for the job. The four week training includes on the job training in the second week so those hired can determine if the job is for them. Also, CYFD has developed a pay matrix for youth care specialists that has been approved by the State Personnel Office, but the department can not implement the pay matrix at this time due to budget constraints.

Representative Sandoval asked how a behavior health episode is handled in the secure juvenile facilities under Cambiar NM. Ms. Pritchard said each unit has one behavioral health staff person. The department uses a diagnostic process and those youth with high behavioral health needs stay at the Camino Nuevo facility.

Representative O'Neill stated he served as executive director of the Juvenile Parole Board from 2004-2008. He commended Secretary Dodson and Ms. Pritchard in implementing the challenging Cambiar NM model. Representative O'Neill noted that the Juvenile Parole Board did not have limited engagement with the youth offenders and there are 12 juvenile parole boards nationally. Representative O'Neill stated he voted for changes for Cambiar NM because he supported the model. The Juvenile Parole Board changed to the Juvenile Public Safety Advisory Board in FY10. The agency's budget went from 6 FTE and \$446 thousand in FY09 to zero FTE and \$25 thousand in FY11. Representative O'Neill reported he did not vote for the budget cuts. He only voted for the redefinitions to support the Cambiar NM model. Representative O'Neill noted concern for the independence for the board. The Juvenile Public Safety Advisory Board is an independent agency and the board has the ability to contest the release placement by CYFD with the decision going back to the committing judge. There were no contested placements since the release panel started on July 1, 2009. Representative O'Neill restated that he believes it is important that the board's independence be maintained and asked what the current status was of revocation hearings.

Secretary Dodson stated that it was extremely important to separate the budget issue from the changes to the Children's Code. The changes to law have nothing to do with the budget cuts and the budget cuts have nothing to do with the changes in law. Secretary Dodson noted that CYFD came out in strong support for the Juvenile Public Safety Advisory Board's budget. The department's role is to help the Juvenile Public Safety Advisory Board and not to compromise the board's role. Ms. Pritchard added that the Juvenile Public Safety Advisory Board has one vote on the panel and that there has only been one disagreement on placement since July 1, 2009. The department did not have any need for revocation hearings until recently. When parole is revoked the department has 90 days to have a hearing. CYFD did not have any clients revoked that would be with them more than 90 days until recently.

#### Miscellaneous Business

**Action Items**

*Approval of LFC Minutes -- April 2010. Senator Cisneros moved to approve the April 2010 minutes, seconded by Senator Sapien. Motion carried.*

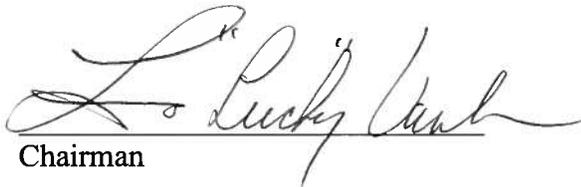
**Information Items**

***Review of Monthly Financial Reports***

*ARRA Status Report.* Director Abbey reported \$837 million (37 percent of funds) has been spent in ARRA funds through March 2010. The governor allocated all but \$3 million from the stabilization fund. LFC received a first time monthly report on all exempt and classified employees; employment numbers are down 5.4 percent since the hiring freeze.

Director Abbey referred committee members to the February 2010 Cash Balance Report, the February 2010 BAR report, FY10 and FY11 LFC Budget Status report, full-time employees by agency report, and the LFC program evaluation status report to review at their own leisure.

With no further business, the committee adjourned at approximately 12:00 p.m.

  
Chairman

6/17/2010  
Date