

**Legislative Finance Committee
Meeting Minutes
Room 307 – State Capitol – Santa Fe, New Mexico
May 15, 16, 17, 2013**

Wednesday, May 16, 2013

The following members and designees were present on Wednesday, May 16, 2013: Chairman Luciano “Lucky” Varela, Vice Chairman John Arthur Smith, Representatives Larry A. Larrañaga, Don Tripp, Edward C. Sandoval, Nick L. Salazar, William “Bill” J. Gray, James P. White, Rudolpho “Rudy” Martinez; Senators Carlos R. Cisneros, Sue Wilson Beffort, Stuart Ingle, Howie C. Morales, Steven Neville, and George K. Munoz. Guest Legislators: Representatives Jimmy C. Hall, Earnest H. Chavez; Senators Benny Shendo Jr. and Jacob R. Candelaria.

Representative Varela gave introductory remarks and members and guests introduced themselves and noted represented districts.

Program Evaluation: Adequacy of New Mexico’s Healthcare Systems Workforce. The complete evaluation is on the LFC website: <http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx>. LFC Program Evaluators Jack Evans and Rachel Mercer-Smith briefed the committee, saying the health system in the United States, including New Mexico, is changing dramatically with the full implementation of the Affordable Care Act (ACA) in 2014 and the corresponding Medicaid and private insurance expansion.

New Mexico’s workforce of medical, dental, public health, and behavioral health professionals is fully engaged with the current demand for healthcare services, including providing care to at least some of the state’s estimated 415 thousand residents who lack healthcare insurance. Federally qualified healthcare centers (FQHC), Indian Health Services, the Veterans Administration, public health clinics, and hospital emergency rooms have provided care to many of the state’s uninsured. In 2014, up to 172 thousand of the state’s uninsured population will receive coverage, either through Medicaid expansion or through participation in the health insurance exchange. The newly insured population is expected to include a mix of relatively healthy individuals and chronically ill patients. As with most newly insured populations, pent up demand will initially drive an early, enhanced pressure for health care and related services.

The number of healthcare professionals and their maldistribution throughout the state cannot adequately meet current demand, let alone the additional pressures brought about by the newly insured in 2014. In the near-term, the lack of supply will result in longer wait times to see a provider and more difficulty accessing specialists. As New Mexico’s population expands and becomes proportionately older, the state can expect even greater healthcare access problems. Problems will become paramount unless the state employs a more coordinated approach to healthcare service delivery.

The evaluation addressed the adequacy of New Mexico's health system to meet the demands brought about by the implementation of the ACA, exploring current, near-term, and anticipated long-term demand for preventive services and health care and looking at key areas where workforce strategies can be developed to meet demand. Opportunities to address healthcare needs include service delivery systems and patient support structures, recruitment and retention, education and training, and barriers to expanding the workforce, including regulatory and statutory reform.

Healthcare service delivery models that target level of care to patient need are being deployed successfully in the state. About half of the population is basically healthy and can be cared for by nurse practitioners and physician assistants, a professional group that can be trained more quickly and at less cost than physicians. Meanwhile, patients with chronic illness, who consume a disproportionate share of healthcare resources, can benefit from coordinated care using a treatment team of primary care doctors, specialists, case managers, pharmacists, behavioral health specialist and other service providers.

Professionals such as allied health positions, occupational therapy, physical therapy, radiography, lab technicians, public health workers, and emergency medical technicians are important parts of the healthcare team but were excluded from this report due to time constraints.

Report findings highlight the need for a targeted approach that accounts for the distribution of the population's demand for care and the existing maldistribution of healthcare providers. This evaluation presents opportunities for the Legislature to meet healthcare needs by aligning educational trends to state needs, recruiting and retaining needed professionals, improving the state's regulatory environment, and addressing barriers that prevent the expansion of the workforce.

Tres Hunter Schnell, director, Office of Policy and Accountability, New Mexico Department of Health (DOH), highlighted the importance of augmenting the traditional, existing workforce with various team members within communities and stated efforts to manage chronic disease are also important. Health wellness and prevention and an adequately trained work force are also factors, she stated, and healthcare professionals need to "think outside the box" in terms of who the state's wellness partners are – faith communities and business entities – to encourage wellness behaviors throughout the state and workforce.

Ms. Schnell stated the DOH is taking on the task of becoming accredited nationally and sees the department taking more of a role in ensuring communities have access to health care as the Affordable Care Act is implemented. Finally, she said, the department's higher education partnerships are crucial for a well-prepared workforce.

State Epidemiologist Michael Landen said New Mexico does not have enough healthcare professionals and these professionals are maldistributed. Efforts should focus on having resources where needed with an emphasis and foundation on primary care, he said.

Dr. Landen noted a few regional disparities — 27.2 percent of the population in the southeast region lack health care and Bernalillo County has the lowest percentage in the state with 17.7 percent, which, according to Dr. Landen, is not great either.

Relative to primary care, the people in the southwest and southeast regions of the state are less likely to get clinical preventive services, such as cholesterol checks. Diagnosed hypertension is highest in these regions as well. Diabetes deaths, emergency department visits and hospitalization rates are also important to primary care because the numbers indicate people are not receiving primary care for chronic conditions. Dr. Landen said our primary care system is “letting us down” in certain parts of the state and it is important to track going forward.

Outpatient opioid treatment with suboxone and cancer oncology goes beyond primary care, he said, and it is concerning the southeast, which had the highest rates of lung cancer death and cancer death, has the lowest cancer oncologist population workforce overall. Dr. Landen stated the state should consider creating incentives for suboxone providers because of the widespread problem and the stigma attached.

More aggressive targeting of specific shortage areas that have the greatest need, including expanding NM Health Service Corps, should also be considered, he said. The state should also focus on gaps in the primary care system. Senator Beffort agreed and said federal, permissive legislation may be warranted to provide services for people in rural areas who do not have health insurance so preventive testing such as mammograms would be covered.

Representative Sandoval asked for Dr. Landen’s opinion as to why New Mexico has a physician shortage. Dr. Landen stated the state must target recruiting, and as the evaluation recommended, New Mexico needs to recruit more primary care physicians, especially in rural areas. Mr. Evans stated primary care physicians do not earn as much as the other specialties, which contributes to the shortage. Ms. Mercer-Smith added research suggests community and educational systems are major considerations when practitioners are choosing where to relocate..

Representative Sandoval also asked about behavioral health parameters for nurse practitioners (NP). In response, Mr. Evans said nurse practitioners can do 70 percent to 80 percent of what a primary care physician can do – with full prescribing privileges. With respect to the behavioral health arena, general practitioners can prescribe antidepressants, but consultation through programs like ECHO are needed for NPs to adequately prescribe and monitor antipsychotics and psychotropics that psychiatrists normally prescribe. Dr. Landen said NPs and PAs are prohibited by the federal government to prescribe suboxone, adding all physicians have prescriptive limitations. Approximately 46 NPs a year are trained and produced from New Mexico State University, the University of New Mexico, and the University of St. Francis in Albuquerque.

Vice Chairman Smith asked what other states are doing because, although the state has identified this medical problem rural areas have with greater precision, a dent has not been made. Mr. Evans agreed and said part of the solution is looking at ways to encourage people to work in the rural areas. Other states use pipeline programs trying to bring people to rural areas and holding residencies in the rural areas. Mr. Evans stated he did not stumble across many big-picture solutions in his research, but thinks the state needs to compensate primary care physicians close to their sub-specialty colleagues. The state needs to look at the way it delivers and pays for care and look at team models. Dr. Landen stated other incentives such as additional loan-repayment and additional grants could be implemented.

Senator Candelaria said UNM and Albuquerque partnerships guiding children through the medical process will hopefully work because now New Mexico is exporting 55 percent of our doctors to other states, and doctor's educations are heavily subsidized with New Mexico tax dollars. In a broader context, he said, we cannot look at medical workforce data without acknowledging the disparate outcomes even within counties.

Senator Morales asked about the state's role in preventive medicine. Ms. Snell said the DOH has a leadership role in making health assessments at clinics statewide, state health improvement planning with partners and collaboration with other agencies to make sure everyone does what works to reduce smoking, obesity, and diabetes. Dr. Landen stated the Health Policy Commission was defunded, so the hospital discharge database, the key to these chronic conditions, went to the DOH and has run on a grant for the last three years. This grant to improve the race/ethnicity data is running out, he said.

Senator Ingle asked for a comparison of physician salaries for surrounding states, and said the pay schedule in New Mexico is lower. Equipment and the question of liability is a problem, especially in rural areas, he said, making it more difficult and nearly impossible for physicians to work alone.

Senator Shendo said as more people will have access to care under the AFA working together by using existing infrastructure would benefit everyone. Issues have always existed between the state and tribes, he said, but when it comes to healthcare we all have a common interest.

Representative Tripp asked if anything in the AFA helps rural communities by having more services available. Mr. Evans said the AFA will make more people insured, which will have some benefit to federally qualified health care centers in rural communities. Research indicates insured people access health care more often and with better results. Dr. Landen said he believes the AFA encourages primary care over secondary care, which should help somewhat in rural areas. The DOH is hoping to collaborate with community health centers but not planning to expand community health clinics into primary care clinics. Representative Tripp asked whether Medicaid/Medicare is paid on a sliding scale in rural areas. Dr. Landen said rural access hospitals receive a differential incentive.

Currently an estimated 415 thousand people are uninsured in New Mexico. In response to Representative Martinez, Mr. Evans said with Medicaid expansion, the state will see about 98 thousand of those becoming insured. For health insurance exchanges, estimates range from 52 thousand to 74 thousand people. Federally qualified health centers (FQHC) provided care to about 111 thousand uninsured people throughout the state last year. People who remain uninsured will be those who choose to and pay the penalty. The remaining uninsured will probably continue to be cared for by FQHCs and emergency rooms, he said. Mr. Evans added that according to the Hospital Association, a significant number of rural hospitals depend on sole community provider funds for a big part of their revenue. What will happen when funds are reduced remains to be seen, he said.

Chairman Varela wants to explore the issue of the Health Policy Commission because New Mexico needs a broad organization to gather good data.

From the Field: Perspectives on Federal Health Reform on Workforce and Healthcare Delivery Systems. Jerry Harrison, executive director, New Mexico Health Resources Inc., and immediate past president of the National Rural, Retention, and Recruitment Network, introduced his staff and said in the last 19 years they have recruited 1,300 highly educated healthcare professionals to the state. The organization identifies vacancies in the state and tries to fill them. Today, 324 positions for nurse practitioners, physicians, dentists are vacant. NMHR receives partial funding through the DOH and federal government and works with private organizations to bring people into the state, recruiting from all states. About 60 percent of recruits come from other states.

Mr. Harrison said looking at the healthcare workforce from a recruiter's perspective is different than looking at it from an educational or practice perspective. Three major programs in the state produce physicians; the NM J-1 Visa Waiver Program, the educational programs, and NMHR all need support in order to increase the numbers and overcome the federal structural issues in place.

A feature of the ACA affecting PAs, he said, is the failure of the National Organization of Physician Assistants to get PAs included in the ACA for the electronic healthcare implementation and reimbursement. Rural organizations cannot afford to bring PAs in, making NPs in demand, who were included in the ACA for reimbursement.

If you ask administrators what they would like to have to be able to attract more health professionals to their clinics, they say they would like more loan repayment — debt routinely is in the \$400 thousand range. The rural health income tax credit does seem to be working, he said, but questioned whether it was enough to retain people who do not have debt.

Mr. Harrison said the state is not going to educate its way out of this situation. The state must come up with new solutions and support the programs that work. The big challenge for the state moving forward is looking at every scope of practice act.

Arthur Kaufman, MD, vice chancellor for community health, UNM Health Sciences Center, said the most successful residency in terms of effect on rural and urban New Mexico it is the family medicine residency. Dr. Kaufman said these residents graduating from the four hubs throughout New Mexico tend to distribute themselves on the basis where the population is in the state.

Since beginning the rural programs which take about half of the residents, 25 percent of the Albuquerque residents work in rural New Mexico and 70 percent of the rural graduates are practicing in rural New Mexico. Dr. Kaufman said 80 percent practice within 100 miles of their residency. Dr. Kaufman talked about using the data, seeing what works and expanding, saying programs are working but they are not scaled-up. Dr. Kaufman said the programs (BAMD and others) in place working to get an ethnic balance and diversity of workforce is also important in terms of this data.

Dr. Kaufman said that as a physician, he does not want to work without NPs and PAs; he wants to work as a team. The idea of independent practices is theoretical in terms of what the future is—collaborative practice. Another example of what New Mexico has done to make practicing medicine easier and more effective in New Mexico is the 24-hour nurse advice line, he said.

Pat Boyle Hurst, MSN, RN, Center for Nursing Excellence, clarified there are two doctoral levels of preparation for nurses; the Ph.D. and the doctorate in nursing sciences.

Ms. Boyle Hurst said 10 years ago the state invested in nursing schools and increased the capacity of nurses, the majority being associate degree nurses. One of the unintended consequences was constricting the pipeline for advanced nurses because the state did not have bachelor-prepared nurses to feed into the graduate programs and prepare graduates for higher roles. Evidence-based recommendations nationally include advancing education, reducing barriers to practice, looking at new rules and models, and developing new leaders. One of the Nursing Board's national recommendations is that 80 percent of our nurses have bachelor's degrees.

The challenge is having the pipeline to produce NPs, leaders and faculty New Mexico needs and preparing them for the complexities of tomorrow, she said. The associate nursing degree program is very strong but it is up against the challenge of what will be needed in the future, she continued. New Mexico is already doing a good job, she said, but barriers like access to a BSN education exist because only NMSU and UNM offer the curriculum. Expectations are also a barrier because whether nurses graduate with a bachelor's or associate's degrees, the initial salary is the same. A few major health organizations have begun to require bachelor's degrees to meet their needs, and the New Mexico Nursing Education consortium is trying to change the access issue by moving nursing programs to rural communities by advancing a nurse's education.

Leveraging strength, talent and wisdom in a clinical setting leads to better all-around satisfaction. Work environment is just as valuable a recruitment tool as compensation, she said. Having a centralized center to deal with workforce data is critical. Ms. Boyle Hurst noted the big black hole is the demand data. New Mexico needs to integrate many different types of data to figure out best use of resources.

Mr. Harrison added the Health Policy Commission statute has not gone away. Chairman Varela agreed and stated it has not been funded, either.

Program Evaluation: Gambling in New Mexico and Operational Effectiveness of the Racing Commission and the Gaming Control Board -- Maria Griego, LFC program evaluator, briefed the committee. This evaluation in its entirety is on the LFC website.

Key findings included

- Insufficient human resources and unclear tribal gaming compacts hamper oversight of one billion dollars in casino gaming revenues;
- Horse racing has an important role in New Mexico's economy but faces challenges in the current entertainment industry landscape; and
- Weak authority and limited staffing capability hinders effective oversight of horse racing in New Mexico.

Key recommendations included **the Legislature should**

- Exercise its authority under the Compact Negotiation Act to request negotiations with compacted gaming tribes to amend compacts to increase legislative oversight of tribal gaming in New Mexico through creating stipulations for formal cyclical legislative review of tribal gaming and compact compliance by both the state and tribes and clarifying compact language to define which state entities can review tribal data (the GCB, the State Auditor, the Taxation and Revenue Department and the Legislative Finance Committee) subject to maintaining current confidentiality standards in the compacts;
- Update language regarding confidentiality in the Gaming Control Act to allow the Legislature and the State Auditor access to reports and data to assess the GCB's oversight function with the requirement that confidential data not be made public;
- Statutorily create an independent Office of the State Gaming Representative to avoid extended periods of vacancy in this position;
- Require future updates to equine doping penalties not be tied solely to recommendations from the Association of Racing Commissioners International (ARCI), but to any prevalent industry-accepted oversight organization to allow flexibility in adopting best practices;
- Formalize the NMRC's role in addressing illegal racing in New Mexico;
- Clarify the NMRC's role in remediating racetracks with high horse breakdown rates by granting the NMRC power to determine when a track requires intervention, establishing a remediation plan to be supervised by the NMRC or their contracted representative, and requiring reporting on progress and at completion of any remediation projects; and
- Authorize the NMRC to put contingencies on license renewals of tracks with high financial risk or poor safety records.

The Gaming Control Board should

- Track and report to the Legislature counts of Class II and Class III gaming machines at a set time annually at minimum and retain this data to track changes in machine counts over time; and
- Segment work in the audit and enforcement divisions by risk factors and provide a minimum audit scope (audit annually or less frequently, on-site audit versus desk audit, etc.)

The New Mexico Racing Commission should

- Enter into a joint powers agreement with relevant state agencies, such as the Department of Public Safety and the Gaming Control Board to enforce current statute and criminal code in addressing illegal racetracks in New Mexico;
- Complete a budget plan for increased equine drug testing including frequency of race and out-of-competition testing, anticipated costs and funding sources (such as increases to licensing fees) to be included in the agency's FY15 budget request;
- Report back to the Legislature with a proposal to bolster enforcement of the Horse Racing Act to be included in the agency's FY15 budget request; and
- Cross-audit data on gaming revenues designated for purses with the Gaming Control Board to validate proper transfer of these revenues.

Vince Mares, director, New Mexico State Racing Commission, thanked Ms. Griego and said he agrees with the evaluation. In response to the finding that a current mix of quarter horse and thoroughbred races does not reflect wagering interest at the state's racetracks, Mr. Mares said changing the structure of a race meet changes a lot of dynamics, such as stake schedules and simulcast contract, but a group of stakeholders plans to meet to discuss the matter further.

The LFC finding that the NMRC faces significant challenges in bringing legitimacy back to the industry was also addressed. Mr. Mares stated the focus of the NY Times article was on illegal doping, not on the accidents, and it exaggerated the rates for accidents. The newly appointed Racing Commission has addressed this problem by cracking down on illegal doping. New Mexico is the first state to ban the use of Clenbuterol in both quarter horses and thoroughbreds. Clenbuterol, he explained, is intended to be used as a therapeutic drug to help a horse breathe, but it is being abused because it acts as a steroid.

Also in response to the evaluation findings, Mr. Mares said the Association of Racing Commissions International penalties will issue consistent racing penalties throughout the country. In New Mexico, the commission is taking a very aggressive approach. The passage of Senate Bill 444 allows the commission to impose civil penalty fines upon a licensee or a violation of the provisions of the Horse Racing Act or rules adopted by the commission.

NMRA Chairman Robert Doughty addressed the obstacles and issues involving racetracks, saying he has somewhat of a disagreement with the jurisdiction of the racing tracks because the

New Mexico Horseracing Commission is a regulatory agency over its five tracks and licensees rather than a law enforcement agency. Secondly, Senate Bill 72 gives the NMRC the racehorse testing fund, which may not be enough, but will increase testing significantly. The funding will also be used for more needed necropsies, he said.

Mr. Doughty said he would argue the NMRC does not have the regulatory authority or the manpower to address the illegal tracks.

The NMRC concurs with the LFC findings that the Taxation and Revenue Department does not track gross revenues from pari-mutuel wagering, so the NMRC becomes the de fact enforcement entity to ensure racetracks are abiding by state law. Mr. Mares stated the NMRC wants a full-time auditor position.

Jeffrey Landers, chairman, Gaming Control Board, said with respect to the GCB's role in racetracks referenced in the evaluation, it would be possible for county commissions, city and town councils to adopt local ordinances requiring something like a sporting activity permit on private property, which would allow for action against the land owner.

Mr. Landers said with respect to the GCB and the report, the GCB agrees with Ms. Griego's assessment that Class II and Class III counts should be tracked annually and recommends the counts coincide with tribal inspections.

In terms of segmenting work in the audit enforcement division by risk factors and providing minimum audit scope, Mr. Landers stated the employees always take sufficient time to conduct thorough audits, compliance review and tribal inspections; staff is cross-trained, and the board is looking at a new software program allowing for the development of a paperless audit system. After Ms. Griego's visit, he said, it became clear auditors do, in fact, track their auditing hours.

Auditing nonprofit gaming with just over \$1 million in gaming tax revenue is worth their auditing time, he said, because nonprofit gaming is the least sophisticated and has the highest incidence of crime. Mr. Landers stated tribal compliance reviews typically use five individuals over a two-day period, and GCB racetrack auditors spend at least four ten-hour days in the field. Mr. Landers stated that a full-time state gaming representative would definitely improve communication, and he is planning on filling the position in FY14.

Mr. Landers told the committee that there are 209 Class II gaming machines in New Mexico. More than 100 are at the Navajo Nation and the rest are in bar areas of casinos, providing a gaming option for people who are paying at the bar. Casinos do not have to pay revenue share on those machines. Mr. Landers stated New Mexico is not seeing rapid growth in Class II, partly because they have to lease Class II machines and give 20 percent of profits to Class II gaming manufacturers.

Cheryl Edgar addressed the committee as a member of the public. Ms. Edgar stated she has been a CPA for more than 30 years, has a lifelong involvement in the horseracing industry, and has worked as the controller at one of the state's racetrack and casino operations. Ms. Edgar said while looking through public documents, she discovered \$135 thousand dollars of missing and misappropriated purse money at one of the state's racetrack/casino operations after the NMRC

audit was completed. Ms. Edgar said she believes the NMRC does not appear to conduct a comprehensive audit of purse money from the source through the final disbursement. Failure to provide a comprehensive system of internal controls over cash and disbursements, both of which are ordered by statute, is a violation of public trust, she said.

Senator Cisneros asked if there was any federal involvement with illegal horse racing and asked who will come forth with statutory changes. Mr. Doughty stated New Mexico needs a criminal code that enforces defined criminal penalties to have state police involved. Mr. Mares stated the FBI and the IRS are currently looking into the situation, adding there are five illegal tracks throughout New Mexico. Mr. Doughty said making statutory changes to the statute will be a joint effort and is a priority.

Senator Cisneros asked if there was a regulatory charge or fee for the GCB to regulate tribes. Frank Baca, interim director (GCB), said there is a regulatory fee built into the compact and a regulation percentage that goes up each year.

Senator Cisneros asked about the status of the compact between the Navajo Nation, the executive, and the compact committee. If the existing compact is amended, he said, it would result in another agreement that would have to go through the process and have to come back to the compact committee, but he does not know when the committee has to meet.

Chairman Varela asked Mr. Baca if the governor is, in fact, in negotiations with the Navajo Nation. Mr. Baca indicated he was unaware of any negotiations. Jeremiah Ritchie from the governor's office stepped forward and testified that at this point the governor's office is not actively negotiating with the Navajo Nation.

Vice Chairman Smith said the state is on a course of not having to fund any racing or gaming because it is going to kill itself if we do not sink teeth into regulation. Mr. Doughty defended what the NMRC has done in the last seven months to improve the overall racing situation – securing more money for equine testing and banishing Clenbuterol. New Mexico has taken the lead on reform, he said. The committee and panel discussed changing technology in gaming and the central monitoring system being the best way to regulate.

Senator Neville asked for an explanation of free-play. Mr. Baca said with respect to race tracks, the average experience based on whole percentages in the machine is that a machine will pay out 90 percent of the \$100 put in and 10 percent will be retained by the casino. That 90 percent, when it becomes real money, is taxable.

Senator Munoz asked if the GCB has anything in statute that says it can monitor or regulate free-play. Mr. Landers said in the Gaming Control Act does not have a specific reference to free play. With respect to the tax obligation of the race tracks that use free-play, he said, it is the GCB's position that when looking at what constitutes net take, the use of free-play results in the generation of revenue that should be counted on the "coin-in" side, and the gaming tax should be paid based on that play. Mr. Landers stated with respect to the tribal gaming operators, the GCB does not take the position taxes should be paid because the state cannot tax a gaming operation. Mr. Landers said part of what the GCB does is monitor tribal gaming for compliance with the

Tribal State Gaming Compact. As part of the board's inspection process, it was discovered that as a result of promotional programs (free play or point play) certain revenue through the use of the promotional programs were not being included on the revenue side of the calculation by some of the gaming operations. The GCB took a position based on their interpretation of the compacts and researched two other states who sought enforcement of the terms of gaming compacts containing similar language. Mr. Landers stated the GCB believes they are acting within their scope of authority.

Status Report on General Fund Cash Reconciliation and SHARE Upgrade. Department of Finance Administration Secretary Tom Clifford said resolving the issues related to reconciling statewide cash balances is the department's number one priority. The problem of general ledger cash account balances not matching the balance in the state's cash accounts at the bank dates back to implementation of SHARE in FY07. Mr. Clifford said the FY12 audit identified a \$70 million contingent liability against the general fund. He stated his assessment at this point is that agencies are working together on this critical issue and the DFA has a skilled Cash Reconciliation Bureau dedicated to the situation.

Comptroller Ricky Bejerano said he knew there was a problem when, after taking the position in October 2011, he learned the numbers could not be reconciled or replicated. In addition, much of the data was no longer available or retrievable. Audits during the timeframe essentially had no findings; they appeared to accept the reconciliation at face-value for six years.

After the discovery, the DFA contracted with Deloitte Consulting, which performed a current state diagnostic of cash control with major findings: the PeopleSoft system banking functionality was not implemented the way it was designed, resulting in treasury module configuration issues originating during SHARE implementation; there was an absence of uniform statewide business practices and customizations; accounting practices were allowed to be lumped together, making it difficult to decipher individual transactions; training was minimal, and the bank account structure overall was insufficient. Mr. Bejerano said the Treasurer's Office was never consulted during the implementation stage.

The DFA developed a corrective action plan and cash remediation effort in August 2012, redesigned business processes, and implemented system configuration to operate the system the way it was designed to work.

Mr. Bejerano stated the DFA asked Deloitte Consulting to develop a series of options to address historic unreconciliations based on cost. Deloitte recommended the following three options: 1) come to a stopping point and accept balances per the bank and adjust the book balances accordingly (2,200 hours); 2) fully reconcile only Wells Fargo portion because Wells Fargo was not the fiscal agent the entire time (16,500 hours); 3) fully reconcile all fiscal agent bank accounts in SHARE (about 40,000 hours). Mr. Bejerano stated Deloitte emphasized any of these options requires the right people.

On a go-forward basis, Mr. Bejerano said the DFA has re-engineered bank account structure to improve transparency and accountability; reconfigured the SHARE accounts receivable module to load deposits based on bank activity, developed standardized tools and processes, and

provided training to more than 300 end-user state employees on existing and new business processes.

Dependency on SHARE initiatives to maintain service is one of the operational risks that have been identified. Mr. Bejerano said resources are also a continuing concern, as are security issues. Finally, continued existence of disbursement systems outside of SHARE is a risk as well, he said.

Mr. Bejerano said integration with other state agencies throughout project stages will be the key to success. The DFA learned information technology appropriations to individual state agencies for agency-specific projects leads to fragmentation, so appropriations must funnel through the Department of Information Technology (DoIT). It also learned the cost is staggering – \$50 million put into the system so far. Beginning July 1, 2013, the goal is to have the accounts reconciled on a monthly basis, he said.

State Treasurer James Lewis told the committee a team is in place to look at all accounting systems, and, as of today, the deposit side of cash remediation project is going well. The state's bank account structure has been significantly modified to facilitate the cash reconciliation process. Approximately 131 bank accounts have been established – one for each business unit. Bank activity is segregated by business unit and can now be accessed and queried in SHARE, he said. A new master depository account was established to provide a fresh start and to facilitate book-to-bank reconciliation. Disbursement account remediation saw some improvements implemented but additional work needs to be done with the third party warrants and the issuing agencies. Mr. Lewis said the concern is SHARE cannot handle all of the accounts because of the anticipated high volumes and new vendors. Security has been increased; ensuring only validated payments are withdrawn from bank accounts. Mr. Lewis said investment activity is now separated from the fiduciary fund activity.

Mr. Lewis thanked the committee for the \$1.95 million appropriated to implement the treasury management system within SHARE and briefed the committee on the modules. Once fully integrated, many functions such as cash positioning would be automated and integrated into SHARE. Mr. Lewis stated the planned SHARE upgrade to version 9.2 (implemented by the DoIT) is required before the treasury management system can be completed. The STO is working with the DFA and the DoIT on the immediate implementation process of the Treasury IT system and is in the certification process, which is mandatory going forward.

State Auditor Hector Balderas said in 2007 he issued a statewide advisory of all independent public accountants (IPA) advising them there may be a weakness in the cash control process after failing to secure funding for a major inquiry. Between 2007 and 2011, auditors identified findings throughout various audits and placed key compliance findings within the SHARE system of the State Treasurer's audit rather than properly placing it in the DFA audit, he said.

The State Auditor reviewed all audits from agencies directly responsible or impacted by the cash reconciliation and met with them and the IPAs to discuss concerns prior to the release of the report. Mr. Balderas said his office released a report in February 2013 containing material weakness findings identifying certain system limitations of SHARE regarding the cash

reconciliation issue and steps the STO planned to take with the DFA for resolution. The STO disagreed with being identified as the only agency responsible in the finding, and the State Auditor concurred with the STO. Under state law, he said, it should have been put under the DFA. This is what caused major confusion from 2007 to 2011, he added.

Also released in February 2013, the DFA's audit contained a material weakness finding regarding the DFA's inability to comply with the statutory responsibility of the cash reconciliation issue. The component appropriation general fund audit report contains a note disclosure with an emphasis on the DFA management's recording of the minimum of the \$70 million potential loss against the state investment pool in the financial statements. The IPA also noted a material finding that the DFA's internal control structure related to that identification may present problems to the general fund. Policies and procedures were not in place to evaluate, record, and disclose potential loss.

Mr. Balderas said as progress is measured and deemed not enough, he would recommend a SAS 70 Independent Audit to test the financial controls in the future.

Charles Sallee, deputy director for evaluation, said the issue can be broken down into three broad sections: getting to a point where the state can reconcile the accounts on a monthly basis and give an accurate picture; figuring out where the state is from a historical standpoint (addressing historical reconciliation issues); and the SHARE upgrade. Mr. Sallee noted part of the Information Technology Commission's statutory duties is to review projects for technical oversight before they go forward.

Vice Chairman Varela told Mr. Balderas another briefing in the fall is imperative and said the taxpayers need to know if the state has regained cash control. Mr. Balderas agreed the material weakness findings were concerning and can provide the LFC excerpts of the findings. Mr. Lewis said the STO knows what is in the bank day-to-day for each agency because of newly separated accounts. Mr. Bejerano said the DFA is in the phase of implementing what the system was originally intended to do. The state lost total cash control by choosing to go down the path of implementing the PeopleSoft ERP system without proper staff training and without mandating new business processes, he said. Mr. Bejerano said it is important to note the cash issue did not come to light for the DFA because from 2007 through 2011, all DFA audits were clean when it came to cash. Moving forward, the DFA has four qualified cash control personnel. Mr. Bejerano said the most important thing to do is get current and stay current and then go back we've had for the last seven years.

Mr. Bejerano stated irretrievable historical data at the Bank of America, the former fiscal agent that purged the information after meeting time requirements, will never be completely reconciled. What can be done, he said, is allowing those historical accounts to work themselves out and stop attempting to see what the true difference is for the last seven years. Representative Larrañaga said he did not understand how an agency can have a clean audit while leaving the cash balances out.

Mr. Clifford said from the test work done in February and March they have found that many agencies are still not providing all of the needed data to perform the reconciliation, and he does

not expect a smooth take-off July 1, 2013. It will be a major research issue, he said. Mr. Bejerano added the DFA now knows which agencies are not complying with required practices and are holding them accountable. He emphasized the need for extensive training for employees who access the system.

Chairman Varela said he asked the State Auditor to review cash control statutory functions of the DFA and still does not have an answer as to whether or not they are in compliance. Chairman Varela requested the DFA Cash Control Bureau brief him on central control and how it will be implemented July 1, 2013, without parallel accounts.

DoIT Secretary Darryl Ackley stated the Information Technology Commission will have a quorum within the next few days in order to meet. Chairman Varela wanted to ensure the commission is fulfilling statutory requirements because they are responsible for approving the \$5 million the Legislature brought into the SHARE system.

Thursday, May 16

The following members and designees were present on Thursday, May 17, 2013: Chairman Luciano "Lucky" Varela, Vice Chairman John Arthur Smith, Representatives Larry A. Larrañaga, Don Tripp, Edward C. Sandoval, Nick L. Salazar, William "Bill" J. Gray, James P. White, Rudolpho "Rudy" Martinez; Senators Carlos R. Cisneros, Sue Wilson Beffort, Stuart Ingle, Howie C. Morales, Steven Neville, and George K. Munoz. Guest Legislators: Representatives Jimmy C. Hall, Earnest H. Chavez, and Phillip M. Archuleta.

Program Evaluation: Cost and Outcomes of Selected Behavioral Health Grants and Spending. Behavioral Health Services Division – The entire evaluation and response from the Human Services Department is posted on the LFC website. LFC Evaluators Valerie Crespín-Trujillo and Pamela Galbraith briefed the committee. Ms. Crespín-Trujillo introduced the report with epidemiological behavioral health statistics for New Mexico and the executive summary.

New Mexicans face troubling behavioral health issues that affect personal health and families and impact societal issues including unemployment, crime, poverty and homelessness.

- Over the past 30 years, New Mexico has consistently had among the highest alcohol-related death rates in the United States and the highest drug-induced death rate in the nation. Eight of the 10 leading causes of death in New Mexico are at least partially the result of the abuse of alcohol, tobacco, or other drugs.
- Suicide is also a serious and persistent public health problem in the state and is the second leading cause of death among New Mexico youth of high school age.
- A 2002 behavioral health needs assessment estimated 165 thousand New Mexicans' conditions likely required services through publicly funded programs, a number which has likely grown over the past decade.

In response to the demonstrated behavioral health needs of New Mexicans, the state has responded with a number of system transformations spanning over a decade to promote the recovery and resiliency of consumers. The most significant action was the 2004 legislation establishing the Behavioral Health Collaborative to administer, develop, and coordinate a single statewide behavioral health care system. The Behavioral Health Collaborative membership consists of 21 state agencies that administered \$424 million for behavioral health services to 85 thousand

consumers through a single statewide behavioral health managed care organization, OptumHealth. The Human Services Department (HSD) is responsible for most of the state's behavioral health spending, 337 million dollars in FY12.

Of the \$337 million of the HSD's behavioral health expenditures in FY12, \$283 million was spent on Medicaid behavioral health services and \$54 million was spent for non-Medicaid behavioral health services.

It is important to examine the Behavioral Health Services Division funding outside of Medicaid because it serves as the safety net for those individuals not eligible for Medicaid, such as childless adults, or to pay for services not covered under Medicaid. The importance of evaluating the cost and outcomes of these services is further highlighted by federal changes to health insurance under the Affordable Care Act and the expansion of the state's Medicaid program, Centennial Care. Under Centennial Care, more New Mexicans will now receive behavioral health services through Medicaid rather than the Behavioral Health Services Division non-Medicaid funding. As a result, the level and purpose of state funding for these services requires a re-examination.

The BHSD needs to provide better oversight and monitoring of service delivery and program integrity for these critical access services, particularly as the state transitions into a more complicated administrative arrangement under Centennial Care. The HSD will contract with four managed care organizations to provide physical and behavioral health services to Medicaid enrollees, while OptumHealth will continue to manage the non-Medicaid behavioral health funds. Reporting over the network availability of providers and the use and outcomes of these services currently needs improvement. The state has demonstrated mixed results in using BHSD funds to develop new and innovative evidence-based behavioral health services. For example, one service found highly effective was discontinued because a federal grant ended, and the service was not integrated into the regular continuum of Medicaid and non-Medicaid services. In other cases, evidence-based services, such as intensive outpatient therapy, are not available in high need areas like Albuquerque.

Pamela Galbraith presented three major findings of the report:

- 1. Despite increased funding, from FY10 through FY12, fewer people have received services through BHSD funding sources and outcomes fall short of performance targets.**

Data demonstrating the finding included the following: Although state expenditures increased, the number of consumers served declined and significant variations exist across the state, significant regional variations exist in the number of consumers served, the utilization of services provided, and the cost of care, although the number of consumers served decreased, expenditures increased, driven by Region 4 provider reimbursements, consumer outcomes appear to be negatively impacted by the state's failure to react to available data. Grant applications are not accompanied by plans to sustain programs when grant funding expires.

The evaluation recommended

- Sustainability plans be developed for all grant applications,
- Require OptumHealth to detail analyses of differences in consumers, changes in service utilization and costs and take appropriate action.

2. With the expansion of Medicaid, the need for state-funded behavioral health services may decrease.

Data demonstrating this finding included the following: With the expansion of Medicaid, more New Mexicans will be eligible for sponsored healthcare; the maintenance of effort demanded from federal grantees may not generate a return on investment which is advantageous to the state.

The evaluation recommended the following:

- The Legislature should require HSD to complete a Medicaid eligibility projection and a behavioral health needs and gaps analysis to justify BHSD funding at existing levels. Consider re-purposing at least 50 percent of current state funding levels for BHSD, non-Medicaid services by FY16 unless the needs and gaps analysis justifies continued funding.

3. Recent events demonstrate a need for a stronger, better coordinated system to monitor system integrity.

Data demonstrating this finding includes the following: HSD has contracted for \$3 million with an outside vendor to audit the billing practices and quality of care of many provider across the state, the HSD Inspector General duties includes responsibility for program integrity but the person has never conducted an audit of the BHSD program, diligence in monitoring provider activities is weak, and a recent investigation of potential Medicaid fraud resulted in the closure of a major provider.

The evaluation recommended the recommended:

- Provide the results of the contacted audit to the LFC.
- Clarify the role of the Inspector General in the auditing process.
- Require OptumHealth to revise their program integrity monitoring to ensure early detection of problems.

Valerie Crespín-Trujillo presented the last two major findings of the report.

4. The Behavioral Health Services Division has not maintained an ongoing assessment of system capacity to prepare for major changes in behavioral health delivery.

Data demonstrating this finding includes the following: Significant healthcare reform at the federal and state level will change the delivery of both Medicaid and non-Medicaid behavioral health services; Centennial Care, New Mexico's Medicaid plan, marks the third major behavioral health system transformation since the Collaborative was created in 2004; through the expansion of New Mexico's Medicaid program, additional

consumers will be eligible for sponsored services and the behavioral health benefit package will be expanded; the BHSD has not provided an assessment of the number of individuals who could move from state general funded care to Medicaid; stronger control of the behavioral health system could occur with improvements in authority and administration; without increased oversight of all the changes, the result may be a more convoluted system for the consumer to navigate; the current system does not have a sufficient number of licensed behavioral health providers to serve consumers with behavioral health needs and current monitoring of contracted providers and agencies is too broad to target improvement; the BHSD has implemented enhancements for consumers through the implementation of various programs and services within New Mexico's behavioral health system.

The evaluation recommended the BHSD

- Direct the process by which information will be exchanged between the statewide entity and the Centennial Care MCOs.
- Require the statewide entity and Centennial Care MCOs to provide more detailed analyses of the financial, service utilization, and Geo Access reports for monitoring of New Mexico's behavioral health system performance.

5. Evidence-based practices provide a high probability that outcomes for consumers will improve and the use of public monies will be more efficient.

Data demonstrating this finding includes: New Mexico reported to SAMHSA the state spends approximately 15 percent of its behavioral health budget on services linked to evidenced-based practices; reviews of statewide service capacity and delivery shows the practices are not available to many consumers; Screening Brief Intervention and Referral to Treatment (SBIRT) is an evidence-based, comprehensive, integrated public health approach that demonstrated positive results in New Mexico, but is no longer funded; during the course of the program evaluation, New Mexico made an application for a SAMHSA funded SBIRT grant available to states or tribes without requiring a funding match; problem-solving courts, that have demonstrated positive outcomes and a return on public investment, but funding is being cut and is resulting in reduced program capacity.

The evaluation recommended the BHSD:

- Develop a minimum provider outcome data set for presentation to the Legislature, display on public websites, or otherwise be made available to the public on request.
- Prioritize service funding to evidence-based practices, such as SBIRT and problem-solving courts.

Brent Earnest, deputy secretary, Human Services Department, thanked the committee and announced that Diana McWilliams is the director of the Behavioral Services Division and chief executive office of the Behavioral Health Collaborative. Mr. Earnest said the department agrees with most of the evaluation's findings and the HSD is working on many of the findings. Mr. Earnest stated the HSD is performing broad-scale audits of the provider network and results will be out in a month.

Mr. Earnest said it is important to note the HSD has been trying to streamline the Collaborative itself and while the vision establishing it was good, it has been difficult to work with operationally. Key initiatives include a substance abuse strategy. The HSD is trying to better integrate behavioral and physical health services through the Medicaid restructuring – Centennial Care. At the center of the program, he said, is care coordination, the key to improving outcomes and reducing costs in the long term.

Diana McWilliams said wearing different hats from various roles helps with working on the areas the evaluation addressed, and she is committed to a transparent process to make New Mexicans healthier.

Statewide Drug Court Coordinator Peter Bochert with the Administrative Office of the Courts testified that 50 percent to 60 percent of the base budget for any drug court is involved in treatment costs – handled in district courts’ base budget for substance abuse or mental health programs. Anything the state could do to offset, subsidize, or supplement those treatment costs through other funding streams such as Medicaid or BHSD funds would be a great benefit to those drug court programs. Mr. Bokard explained the drug court model – 48 drug and mental health courts around the state in 25 of the state’s 33 counties. Chairman Varela asked LFC Analyst Connor Jorgensen to coordinate with the AOC on funding.

The committee discussed the HSD denial of access to information, which limits policymakers’ ability to ensure the appropriate use of public funds. LFC Director David Abbey stated the information would have been useful for the evaluation because of the double-funding concern – clients may get behavioral health services and be eligible for Medicaid at the same time. Mr. Sallee added evaluation procedures would have validated whether or not clients were actually receiving services and if so, if the services result in improved outcomes. Mr. Sallee stated the LFC would have been able to do the same scope of work, but on a smaller scale, if granted access to the information the HSD is paying a contractor approximately \$3 million for. Mr. Earnest recognized that some LFC requested information took longer to get in the “flurry” at the end, but an individual’s medical records are protected under federal law. Although he said he agreed the purposes of the LFC are broad and important, but after a legal review, did not extend to this type of evaluation. Mr. Abbey added he thought it was weird the LFC could not obtain information that could avert some instances of fraud, and a contractor from New England could get the information. Vice Chairman Smith asked for reconsideration. The longer this is postponed, he said, the more it will look like that there is something to cover up.

Diana McWilliams wanted to give more context to the “flurry,” saying a de-identified data dump from OptumHealth for FY12 was given to evaluators and admitted it was a huge amount of analysis to do in a short amount of time. Audit protocol that contained claims data and consumers’ treatment to determine outcomes was also shared, she said. Ms. McWilliams stated it was frustrating from a time perspective when audit teams and evaluators were at the same location because it was confusing and placed an administrative burden on the provider network.

Senator Neville asked if the HSD has a handle on the number of small contracts with obscure treatments. Ms. McWilliams said they do know what the contracts are, but to the report’s point, the HSD does need better oversight.

Representative Martinez asked about changes in billing codes resulting in nonpayment and asked when the issues are going to be resolved. Ms. McWilliams said Medicaid and Medicare require all states to implement new codes effective January 1, 2013. Codes had to be cost-neutral and the department is working on rectifying the problem. Representative Martinez said communication between agencies and OptumHealth regarding the code changes is difficult, which delays payments for the agencies.

Responding to Representative Sandoval, Ms. Galbraith said intensive outpatient programs (IOP) are treatment regimes for a certain amount of time directed toward substance abuse problems. Ms. McWilliams added it is designed to integrate the client back into the community and requires a strict fidelity model from providers, and will research why there are not any IOPs in Region 3.

Managed-care organizations are required to have provider networks – behavioral health, physical health, and primary care. Mr. Earnest stated a layer of care coordination will help the Medicaid enrollee get the services needed. The concept to treat the “whole person” will have better outcomes, he said.

Senator Muñoz asked if indigent care funds have been distributed. Mr. Earnest said federal funds will resume shortly in the sole community provider program. Best-guess timeline is that payments will resume in June to cover time beginning in January.

Representative White asked about one of the report’s key findings regarding increased funding and decreased services received and lower performance outcomes. Ms. McWilliams said that there is a process for clinical necessity and utilization reviews are used by the MCOs so medical justification is required when a provider wants to continue a higher level of care for a client. Part of the audit will identify some of the gray areas. Representative White asked who provider agencies were as referred to in the report when talking about block grants. Ms. Galbraith said provider agencies could be any provider agency such as LifeLink. Block grant funding only goes to the state’s mental health and substance abuse authority—which will be Ms. McWilliams. The other discretionary grants are funding which may go to state and local governments, and provider agencies. Ms. McWilliams provided the committee with a listing of Substance Abuse and Mental Health Services Administration (SAMHSA) block grants awarded in FY12, and said she was frustrated about various grants unknown to the department.

The panel discussed Medicaid fraud referrals, and recovering overpayments from Value Options and OptumHealth, and the intricacies of braided claim systems. Ms. Galbraith said, in her opinion, the state was not as astute in looking at the real picture. Ms. McWilliams added that behavioral health is so complex and moving forward, the HSD is looking to make their system accountable to outcomes as well as streamlining the administrative burden to ensure effective oversight.

Chairman Varela asked Ms. Galbraith if she had reviewed the 2004 statute defining the Collaborative duties and responsibilities to verify compliance. Ms. Galbraith stated they did review it and believes there are ways the Collaborative is not fulfilling duties and immediately saw a waning of membership while reviewing meeting minutes. Ms. Crespin-Trujillo stated

according to the statute, the Behavioral Health Services Division is supposed to work with the DOH to create a needs and gaps analysis. One was conducted, which led to the Collaborative, but none since. This was one recommendation in the report.

Roque Garcia, chief executive officer, Southwest Counseling Center and Rio Grande Behavioral Health, said a behavioral health system and safety net providers in the state is fragile financially – where wiggle room used to be 60 days, it is now down to 10 days and even five days. Mr. Garcia strongly agrees that fraud needs to be addressed.

Chairman Varela thanked the panel, saying behavioral health is important and requested recommendations for a comprehensive health plan and a follow-up to the HSD audit.

Miscellaneous Business.

Action Items

Approval of January, 2013 Meeting Minutes – Senator Cisneros moved to approve the January 2013 meeting minutes, seconded by Representative Tripp. The motion carried.

Approval of the LFC 2013 Calendar – Representative Sandoval moved to approve the LFC 2013 Calendar, seconded by Senator Muñoz. The motion carried.

Mr. Abbey reviewed the LFC Post-Session Review for the committee. Senior Fiscal Analyst Linda Kehoe briefed the committee about \$4.4 million in capital outlay for 72 local projects and two statewide projects were vetoed. The rationale of the veto message, she said, was that some of the projects were piecemealed. Senator Cisneros asked for a listing of vetoed projects.

The committee discussed the confidentiality and public information issue of Legislator's individual capital outlay request forms and the system among the Legislative Council Service, the Legislative Finance Committee, and the governor. Representative Martinez stated there was some confusion because it was not clear whether an the infrastructure and capital improvement (ICIP) form was needed in addition to the capital outlay request form or whether ICIP form would take care of both issues. Ms. Kehoe explained that most projects on the ICIP form are \$1 million or greater, not smaller projects.

Ms. Kehoe said the governor's executive order that requires the requesting entity of capital outlay funds have an updated audit on file in order for bonds to be sold in June. Almost 58 entities did not have audits. In some cases, she said, the state agency is just a flow-through and the fiscal agent is at the local level – that entity has to be current on their audits. Some entities are on the tier system, and the bill has a two-year clause to authorize and certify readiness for the bonds to be sold. Ms. Kehoe said certifications are due June 7, 2013, so she will know which bonds will not be sold as well as the sponsor soon afterward.

Mr. Sallee briefed the committee on the Cash Balance Report, a report the LFC has historically received showing monthly balances for all major accounts statewide. The DFA notified him that they would no longer produce the report for the committee because it was not reflecting accurate balances. Mr. Sallee said he is working with the deputy secretary of the DFA to come up with an alternative format and added the DFA is not even producing a cash balance report for themselves and. He recalled when Medicaid was running in the negative for a long time, and the Legislature

was presented with a huge deficiency request to make up unrealized federal revenue. It is a very important tool, he said. Senator Cisneros said the Legislature has the responsibility to know to the information.

Performance Reports for Key Agencies: FY13 Second and Third Quarter. LFC Senior Analyst Christine Boerner briefed the committee on select performance highlights for the third quarter of FY13, which included the Human Services, Medicaid and TANF, the Department of Public Safety, and the Department of Transportation. This briefing, in its entirety, is on the LFC website.

Ms. Boerner noted within the Department of Health, the overall red rating in the Public Health Program is due to a \$188.7 million program only reporting on two performance measures. The program should, she said, consider adding performance measures in FY15 to provide information on a variety of public health issues such as low birth weight babies, suicide and substance abuse. Michael Marchelli, director, State Budget Division, Department of Finance and Administration, said this is something the department will look at – expanding on measures that take into account FTE, funding levels, and services provided to legislators’ constituents.

Jon Clark, analyst, LFC, spoke briefly to the performance report card on film, saying the measure is defined as being “principally photographed” in New Mexico.

Ms. Boerner said wait times for the Motor Vehicle Division in call center and field offices has improved significantly since the first quarter—the division was able to improve call wait times in Carlsbad from 90 minutes to 10 minutes by employing customer outcomes reengineering.

LFC Evaluator Maria Griego said generally agencies are encouraged to acquire baseline and benchmarking data from the region or similar agencies to improve performance measures. Ms. Griego reviewed various specific recommendations and added the LFC also recommends making both the Tourism Department and the New Mexico Public School Insurance Authority key agencies for quarterly report cards due to significant impact on costs and revenues.

In response to Chairman Varela, Mr. Sallee stated the LFC has been working with the Pew Charitable Trust to build a New Mexico-specific cost-benefit model that uses the 40 years of the best research available on programs. The LFC is loading New Mexico-specific data into the model and developing a “consumer reports” of investment opportunities for the state. Mr. Sallee said a robust menu of options is available – adult corrections, juvenile justice, child welfare, early education, substance abuse and mental health, and some education.

Children, Youth and Families Department Agency Spotlight. Yolanda Berumen-Deines, secretary, Children, Youth and Families Department (CYFD), said the department established an effective process for strategic planning that includes the development and monitoring of key performance measures. Reviewing performance quarterly, the CYFD focuses on identifying key measures that allow for benchmarking, and at all levels to identify specific areas where performance requires improvement.

One performance measure in Early Childhood Services is the percentage of children receiving subsidy in Stars/Aim High program levels three through five or with national accreditation. Ms. Deines stated the target is 20 percent, which the CYFD exceeded every quarter this year. The measure focuses on the quality of childcare programs and the low-income children receiving services in them. Over the next five years, the department will transition to the new tiered rating system called FOCUS.

Ms. Deines said Protective Services has not met the target of 93 percent – the percentage of children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment, a challenging target to meet. Achieving target performance is dependent on accurate and timely assessments of safety threats, risk factors, and adequate staffing levels. The CYFD has developed a retention and recruitment plan for the division and is beginning to implement the plan. Ms. Deines said if circumstances are not severe enough to require removal of a child from the home, the department has very little control over whether the parents will seek the help they need to keep hurting their children again.

The CYFD fell just short of meeting the target of 99.7 percent with respect to the percentage of children who are not the subject of substantiated maltreatment while in foster care. Ms. Deines said success depends on having a sufficient pool of trained, foster care parents with adequate financial reimbursement. Although one or two mistreated foster children can skew the percentage, even one mistreated child is too many, she said.

Ms. Deines said she is very proud that protective services exceeded the target goal of 65 percent – the percentage of children reunified with their natural families in less than 12 months of entry into care, adding reunification may result in additional harm to a child through recurrence of maltreatment and subsequent re-removal and placement into foster care.

Deputy Secretary Jennifer Padgett briefed the committee on Juvenile Justice Services (JJS) performance measures beginning with the percentage of clients who complete formal probation. This target was met in the third quarter. The CYFD plans to implement the global appraisal of individual needs – short screener (GAIN-SS) on intake to identify any significant areas of concern including possible psychiatric disorders, substance abuse disorders, and the propensity for crime or violence.

Regarding the percentage of clients re-adjudicated within two years of previous adjudication, Ms. Padgett said the CYFD requires juvenile probation officers to visit their clients a minimum of once a month in the field and the department is examining probation and supervised release as a continuum of client serves based on family needs and community resources.

Referring to the percentage of clients recommitted to a CYFD facility within two years of discharge from facilities, Ms. Padgett said clients are tracked for two years following discharge from JJS custody and focusing on Cambiar. Reintegration centers as a “step-down” are also used. The CYFD is partnering with universities and community colleges—in school year 2010-1011, 27 students graduated with their high school diploma or GED. As of June this year, 67 youth are expected to get either diploma.

The JJS has seen significant progress through FY13 in reducing the turnover and overtime rates in both the field services division and the facilities, she said. Ms. Deines said the turnover rate for protective services workers has slightly improved; the department implemented a recruitment/retention tactical plan, and implemented changes to core training.

Ms. Deines stated the CYFD is considering developing new performance measures consistent with department initiatives.

Ms. Deines introduced her new chief of staff, Helen Quintana, and thanked current chief of staff Bobby Tafoya, who is retiring, for his hard work and dedication to the department. Lisa Fitting is acting as their human resource director. Vice Chairman Smith said he had it on good authority from the LFC staff that Mr. Tafoya was great to work with and thanked him as well.

Mr. Sallee said the LFC does follow-up on results of evaluations and will begin to issue an LFC program evaluation progress report on a periodic basis showing what progress areas agencies are making. As part of their budget requests, agencies are required to give what they have done to implement recommendations from evaluations. With respect to the progress report on protective services from a 2011 evaluation, Ms. Sallee briefed the committee on outstanding issues, such as the PSD disagreeing with the recommendation to reallocate FTE from management positions to caseworker positions. Ms. Deines said it is necessary for management positions to overlook large, rural areas. Reducing the number of supervisors and managers would only make that level of frontline workers overloaded, she said. The FTE are suitable now, but the challenge is recruiting frontline staff.

Representative Tripp asked about the education system in JJS. Ms. Padgett stated the cohort changes with each individual. In June, 67 kids are graduating out of about 200. Juveniles are assessed; do they have time to earn the credits or would time be better spent getting them test-ready for the GED? The department is working on developing higher vocational and skill development training so, juveniles are work ready on release.

Representative White stated he was concerned about the performance measure regarding the percentage of children reunified with their natural families in less than 12 months of entry into care. Ms. Deines said the department will never allow a performance measure to dictate the safety of children and will only reunify children with their parents if they are believed to be ready through recommendations from therapists, social service providers – all members working with the family. Ms. Deines said the goal of reunification and permanency comes from sound best practices.

Senator Beffort asked if there is a home-visiting model other states have put into place. Dan Haggard, CYFD, said more than 21 programs nationwide have been deemed effective. He said the Home Visiting Accountability Act passed last session calls for a plan to be presented to the Legislature in October 2013 outlining standards and measures reported annually. The department has a standards-based home-visiting program addressing many issues.

Ms. Padgett told Representative Larrañaga the department is at a point of sustaining Cambiar; the implementation has been successful. The state has investing heavily on the model, she said,

and the quality assurance department has been instrumental in ensuring reporting is timely and accurate and documentation is sufficient to accurately measure the success of Cambiar. The Cambiar model is geared toward the needs in each of the three facilities. The CYFD said they will provide the fiscal impact to the committee.

Representative Martinez asked if new juvenile facilities will be needed in the future. Ms. Deines said the goal is to have regionalized facilities so families may be part of the treatment program. The CYFD is opening a 24-bed facility near Ruidoso—.

Chairman Varela asked how the processes of hiring protective services workers will be improve now that the department has the authority to rank and hire. Ms. Deines said the CYFD has been able to reclassify (by one classification) the investigator position and hire in challenging areas of the state, so the flexibility to respond to the hiring processes has been easier. The state has to compete with the private sector with salaries for licensed social workers. The CYFD is investing in its staff, she said, by implementing specialized management training and situational frontline leadership. Mr. Jared Rounsville stated the department has a federally funded 4-E Program with New Mexico Highlands University, Western New Mexico University, Eastern New Mexico University and New Mexico State University that gives students a stipend to attend school and then work for the CYFD. Between now and August 2013, the department will hire 30 new graduates. The CYFD has negotiated with NMHU to increase the number of stipend slots allotted to train five to 10 more licensed social workers to come to work for the department, he said.

Agency Spotlight on State Personnel Office. Director Eugene Moser presented the Third Quarter Workforce Report to the committee. Mr. Moser said the state has almost 18 thousand employees and average total compensation (including benefits) is higher than in other states.

Sick leave usage through the third quarter slightly decreased from FY12. Mr. Moser stated annual leave costs went up because of the holiday season.

Since the new human resources data system called NEOGOV was initiated, more than 300 thousand applications have been processed. The average number of days it takes to fill a position has increased with NEOGOV largely due to the volume of applicants, he said. Circumstances such as a busy supervisor forgetting to set up interviews or agencies not seeing the person they want to hire on the list cause the process to slow down. The SPO is increasing the number of applicants on the qualified listing agencies receive. The SPO is anticipating a tidal wave of people transitioning out of state government with retirements and separations, a major concern, he said.

Mr. Moser said the SPO is having a problem with the pay structure. The compa-ratio is set at the midpoint. The SPO is hiring closer to the midpoint because that is where the market is now and there has not been any pay structure adjustments for the last eight years, he said. The SPO is looking at adjusting the pay scale over the course of a few years, reducing the total impact to the state. New Mexico's midpoints are substantially below the national average.

The turnover rate for state employees is averaging 7.7 percent, compared with 8.8 percent in the third quarter of FY12. Mr. Moser indicated the SPO is now tracking statewide trends in turnover, which allows for better analysis by SPO and the agencies in determining causal effects. The lack of determining the actual budget positions within each agency is difficult as the actual budgeted FTE by agency is not reflected in House Bill 2. Mr. Moser said the SPO and the DFA are working with the LFC.

Senator Beffort asked if there was aggressive outreach with respect to our national labs and sequestration. Mr. Moser stated the SPO is engaging in a number of job fairs and actively recruiting veterans.

The committee and panel discussed New Mexico weathering the storm during the recession in terms of employment and retention.

Chairman Varela said he is concerned about the executive transferring money out of personal services and benefits to other areas. In FY12, transfers totaled \$30 million, which is not the intent of the funding. In terms of funding vacancies, Chairman Varela requested the number of funded and unfunded positions. Mr. Moser said the SPO and the LFC are working together. Chairman Varela said we need to work on eliminating unnecessary unfunded positions.

Chairman Varela referenced a letter from the governor directing all agencies to obtain approval by the governor for various salary adjustments and increases. Mr. Moser stated when the new administration came in, many factors were evaluated. The base compensation rate was increasing, agencies had multiple salary increases – so the directive was to get a handle on increasing costs, he said.

Former Senator Tom Rutherford introduced a group focused on human rights advocacy and awareness throughout South Asia and sponsored by the U.S. State Department. A member of the group said there are eight participants from India, Pakistan, Bangladesh and Sri Lanka.

LFC Analyst and Evaluation Workplans. David Lucero, deputy director, LFC, stated the LFC recently formed cross-functional work teams in the office and briefed the committee on the new teams, highlighting selected work plans.

Charles Sallee, deputy director, LFC, gave a status report on what evaluators are completing and highlighted future evaluations that Legislators can expect throughout the year.

The committee discussed looking at the lottery scholarship, dual credit, highway maintenance and the cash reconciliation effort as topics to monitor.

Friday, May 17

The following members were present on Friday, May 17, 2013: Chairman Luciano “Lucky” Varela, Vice Chairman John Arthur Smith; Representatives Rudolpho “Rudy” S. Martinez, Larry A. Larrañaga, Don L. Tripp, Edward C. Sandoval, Nick Salazar, William “Bill” J. Gray, James P. White; Senators Carlos R. Cisneros, Sue Wilson Beffort, Howie C. Morales, Sander Rue,

William H. Payne, George K. Muñoz, and Jacob R. Candelaria. Representatives Jimmie C. Hall and Earnest H. Chavez attended as guests.

Role of State Government in Job Creation and Income Growth. Garrey Carruthers, president, New Mexico State University (NMSU), said when thinking about economic development plan, it is important to come up with a plan, invest in the plan, and make it happen. Mr. Carruthers asked the Legislature to consider funding formulas that recognize the three science universities (UNM, NM Tech and NMSU) because many federal grants require matching funds for research. New Mexico State's Arrowhead Center received an i6 Challenge Grant for \$1 million and it has to be matched. If the funding formula had a pool of funds these research universities could draw from, it would be helpful, he said, because raising matching funds is becoming increasingly more difficult.

Mr. Carruthers commended the Legislature for supporting the matching endowment fund, saying it is good business sense and the state will need different scholarships with the uncertainty of the lottery scholarship fund.

New Mexico State's Arrowhead Research Park has a Proof of Concepts Center, he said, to bring faculty's entrepreneurial ideas to fruition by promoting commercialization. Some projects currently underway: a "hippie" dye that once injected may detect cancer earlier, hydrogen from animal manure and a polymer to store hydrogen, a voice-recognition product for the iPad that is serving as a password, and an irrigation monitoring system with probes that greatly improves the efficiency of irrigation. Mr. Carruthers said within the three science universities there may be an opportunity for funding to promote these ideas.

Mr. Carruthers said he has never been a fan of tax incentives for two reasons: They are not fair to all companies with one group helped while another is disenfranchised fairness for all companies and the state does not have proper accountability. It is too difficult to ensure tax incentives are properly used, he said.

The former governor wondered if the state asks the right questions about capital outlay, saying the state needs some kind of plan.

Mr. Carruthers asked if the state is investing enough in comparative advantages, saying although the state should invest heavily in tourism, energy is still going to be the basis of New Mexico's industry for years to come.

Adelmo "Del" Archuleta, president, Molzen Corbin, an engineering graduate of NMSU, said he is from Clayton and gave a brief, interesting history of his life. For the last 30 years, Mr. Archuleta has been running the company, which now has 70 employees. Molzen Corbin, a company building infrastructure projects for cities, lives and dies by the economy in New Mexico, he said.

With his company and board experience, Mr. Archuleta offered his perspective. Education is everything, and it needs to be fixed, he said. New Mexico cannot tolerate the drop-out rate, the achievement gap must be closed. Strategies should include supporting struggling schools, a principals' academy, and rewarding and empowering good teachers. Encouraging development in workforce readiness programs in early college/high school start-ups is necessary.

The state should encourage a policy that will attract and grow businesses in New Mexico. As a private economy, New Mexico does not offer much to employ future generations. Job creation should be the center of every conversation, he said. Government policies need to address uncertainty for companies. Mr. Archuleta said the state needs to leverage our national labs and our three major research universities, and said supports the difference in the funding formula.

Mr. Archuleta stated that capital outlay is very important to his business, but the system as it is now is wasteful. It is vital to the economy that capital outlay appropriated every year is spent every year. Mr. Archuleta advocated for different pools of money to plan, design, and construct so the process is well thought-out and fair.

Finally, Mr. Archuleta said the state needs to do things as if wanting to do it the right way. Reform and job creation in New Mexico by deciding what makes the most sense for all New Mexicans through small, depoliticized groups is what needs to happen, he said.

The panel discussed what distinguishes a typical workforce from an international workforce. Mr. Carruthers said high-tech training attracts high-tech jobs, and soft skills are important as well. To recruit manufacturing companies, training programs are necessary. Mr. Carruthers said in terms of industry overall, for example, if the government is going to help the oil industry, everything about horizontal fracking and the safety measures involved should be known. Energy is our best bet for the next 20 years, he said, and it needs government support and attention.

Mr. Carruthers said New Mexico could better direct college students into occupations and disciplines that are needed in the state, and give better freshman guidance as to where the jobs are. Mr. Carruthers briefly talked about Pathways, an early college high school program allowing students to obtain an associate's degree and save money.

The committee discussed what a principal's academy would look like to include the capital outlay process involved.

Representative Salazar said the key ingredients to economic development are transportation, infrastructure, workforce, and now, water. Mr. Archuleta agreed—having and prioritizing plans for infrastructure to attract companies is important.

Senator Beffort said businesses have been salivating for higher education to take a leadership role in economic development, referencing UNM President Robert Frank's initiative last year hosting an economic development forum. Mr. Archuleta said collaboration from universities with the private sector in economic development is critical, adding

Mr. Archuleta said everyone in the state needs to get serious and design the system in a way that produces what is needed.

Economic Developer Perspective. Jon Barela, secretary, Economic Development Department, said there are a number of roles the state can play in economic development, but he wanted to focus on four important points.

New Mexico can foster a competitive business climate with a balanced regulatory environment. Mr. Barela said the Office of Business Advocacy just closed its 200th case, leading to the creation or saving of 1,400 jobs. Competitive business climates need a consistent and prudent

tax policy. The EDD has seen an increase in inquiries about New Mexico because changes in business taxes were made. In the 2012 session, the gross receipts tax reform passed.

Providing an infrastructure is also important to economic development. Many companies today are looking for turnkey development projects that have everything in place. For these reasons, he said, Local Economic Development Act (LEDA) funds are critical if communities are to have an equal opportunity to compete.

Workforce development is absolutely vital, he said, and thanked legislators for their support of the Job Training Incentive Program (JTIP) program. The EDD is working with the LFC to create an evergreen fund for JTIP – a predictable source of funds.

Mr. Barela said even if the regulatory environment, infrastructure and workforce development is in place, other states continue to ratchet up the competition, tax credit incentives are helpful when competing with states with no income tax. Deal closing funds are a reality, he said, and used Apple in Austin and IBM in Baton Rouge as examples.

Mr. Barela highlighted select programs within the EDD and said the department recently graduated five small businesses from its ISO New Mexico 9000 training classes for certification. While the EDD has no funding for business incubators, he said, the department still provides assistance to small businesses.

New Mexico is number one in export growth, and the state's trade with Mexico increased by 17.5 percent in the first quarter. Mr. Barela mentioned running arts and cultural districts, opening the department's data center, a one-stop shop for site-selectors, and said MainStreet is one of his favorite programs.

The EDD is working on a five-year strategic plan that includes incorporating workforce and infrastructure development, and funding critical department programs.

Gary Tonjes, president, Albuquerque Economic Development Inc., thanked legislators for passing the tax package and said that the net result will be positive and stimulating with regard to expansion of existing industry and attraction of new investments.

The challenge with economic development is getting the story told, he said. The budget for the New Mexico Partnership is \$930 thousand. New Mexico must have a larger team and a better funded marketing plan to get the word out and sell the state's resources.

Mr. Tonjes talked about missed opportunities within the last year and the importance of Local Economic Development Act (LEDA) funds, one example being a 1,000 employee aerospace manufacturing project site-seeker saying New Mexico would need to bring \$10 million to \$20 million in LEDA funds to the table. New Mexico dedicated \$3 million to LEDA last year. Neighboring, competing states are dedicating more money to LEDA, and they are heavily investing in sophisticated training programs, he said.

Steve Vierck, president and chief executive office, New Mexico Partnership, said the keys in New Mexico's economic system it is a matter of attracting employers, retaining and expanding

employers, or helping people start businesses. The government's role is looking at how to assist people in seizing opportunities and removing impediments to achievement and focuses on ability to attract in-state income and the ability to reduce leakage in small, rural communities.

Mr. Vierck noted companies heavily analyze, quantify and use site-seeker consultants to determine locations for businesses, and used an excerpt of Proctor & Gamble's analysis for back office facilities around the world. Competition is increasingly global, he said.

New Mexico is a series of economies and has a select series of competitive advantages that the state is not doing a good enough job of conveying, he said. From video game testing in Santa Fe, to border distribution, the state has a broad array of regional assets. New Mexico has a good transportation infrastructure, particularly in rail. New Mexico should capitalize on the facts that property taxes are low and there is no inventory tax. Mr. Vierck said the state's customized training is as good as anywhere in the country and JTIP is a superb program. The single-weighted sales factor gives the state marketing momentum, which is extremely important.

From feedback from corporate executives, perceived competitive disadvantages for New Mexico are a lack of trained and experienced workforce in many communities, a limited awareness of New Mexico as a place to do business, a confusing tax system, and New Mexico is not a right-to-work state. Mr. Vierck said the state's GRT treatment of research and development operations is penalizing.

New Mexico needs to market advantages to increase awareness because the state is often overlooked by prospective employers. The shift is to move economic development marketing to public/private partnerships. Mr. Vierck thanked the committee for the \$300 thousand increase to \$930 thousand. By comparison, Arizona spends more than \$5 million on business recruitment and expansion and Utah spends more than \$2 million.

Regional Development Corporation (RDC) President Kathy Keith said its mission is to build a sustainable economy in Northern New Mexico with a 25-year strategic vision. The regional economic development initiative (REDI) was developed and is driven by what communities want and need for the future of their economy.

The four areas communities identified are infrastructure, human capital, public policy and economic development services. The region's number one priority within infrastructure was broadband. Broadband is necessary to be competitive and grow industry, she said. The RDC was awarded \$86 million for RediNet and is currently being built out starting in Santa Fe County to Rio Arriba County and parts of Taos County. Private providers have been signed up and will provide service in July, or August. Ms. Keith said the RDC is proud to bring broadband service to rural communities and stressed the importance of access, affordability, and speed to small businesses and citizens in rural communities.

The community said workforce development was a priority and the RDC, in collaboration with colleges in Northern New Mexico, has developed a workforce training program called Accelerate that provides technical training and soft skills to 120 students.

The RDC has engaged in identifying and supporting policies at local, state, and federal levels that help economic growth, she said.

Ms. Keith identified the RDC's economic strategies and activities for economic development in rural areas. In the area of creating new companies, the RDC partners with other organizations throughout the region with a program called Entrepreneurial Networking, which began in Taos and creates community-based, local companies. In 2011, the program created 67 new jobs; in 2012 the program served 197 businesses or individuals who wanted to start businesses.

Also to create new companies, the RDC is engaged in the Venture Acceleration Fund, created by Los Alamos National Labs in 2006 and now a public/private partnership. In 2009, the fund was expanded to providing seed funding. LANL continues to invest \$350 thousand a year in the program, with regional communities, counties, tribal governments and cities chipping in \$50 thousand last year. The RDC has funded 30 companies across five counties since 2006, with 25 companies still in business and generating revenues. In 2012, the RDC started a special segment for Native American-owned businesses leveraging money from LANL and the Indian Affairs Department. Ms. Keith said the Venture Acceleration fund is modeled after a similar fund in Oklahoma. In its 10-year history, about 560 companies have been provided with seed money. These companies have an average salary of \$70 thousand. Ms. Keith said it is an important priority for New Mexico to secure high-wage jobs.

As a region, she said, the goal is to have 20 new, high-growth businesses by 2020. In 2012, eight Northern New Mexico businesses were selected. Together they employ 270 people and have combined revenues of \$59 million. The RDC is accepting applications for 2013.

Ms. Keith briefly spoke about the RDC's collaboration with Certified Communities and the New Mexico Partnership and thanked the committee for their time.

Chairman Varela said he was happy with tax package passed during the last session. Chairman Varela asked Mr. Barela to provide an accounting of all jobs created during the administration. Mr. Barela said an interdepartmental effort in planning strategies for workforce development.

Senator Candelaria asked how many jobs the corporate income tax reduction will generate next year and the year after. Mr. Barela said a few hundred jobs will be created as the corporate income tax reduction is phased in. Passage of the corporate income tax saved at least 1,500 jobs in the metro area, he said. Senator Candelaria said he is conflicted; on one hand it is small businesses, entrepreneurs, New Mexico people are the job creators; yet we have reduced the tax rate, not on them, but on somebody else. Mr. Barela said the personal rate is 4.9 percent in New Mexico – one percentage rate lower than the corporate income tax rate, even over the five-year phase in. The GRT pyramiding bill should benefit small businesses a great deal, he said. The JTIP is designed to benefit a company of one or a company of 1,000, with the majority of JTIP funds going to small businesses. Most of LEDA money has gone to small businesses under this administration as well, he said.

Senator Rue said a mechanism, or template, should be in place for a complete breakdown of where and what jobs are created throughout the state and how much it costs taxpayers to invest in private industry. Mr. Barela state the tax reform package will help the state with trying to attract, locate and keep businesses in New Mexico. New Mexico has a number of natural advantages no other state has; incomparable weather for the aviation and aerospace industry, vast geography for warehousing distribution and logistics operations and the department takes

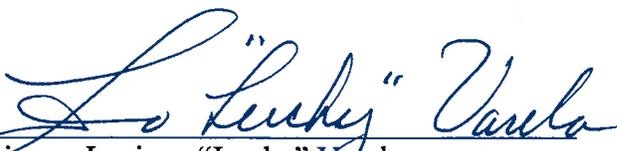
everything into consideration when using the state's resources. With respect to accounting for taxpayer's money, Mr. Barela said the department can provide exact average wages created by JTIP, and jobs created with LEDA dollars. Every program in the department can be accounted for, he said.

Representative Larrañaga asked Mr. Tonjes where New Mexico can be more competitive. Mr. Tonjes said it important to recognize the positive things that have already taken place, such as JTIP, the high-wage jobs tax credit, and the elimination of GRT on consumables used in the manufacturing process. Businesses are looking for certainty, predictability, and speed—that New Mexico is responsive is important. Mr. Tonjes said how New Mexico stacks up against its competitors, what it costs, and the return on investment are important. Representative Larrañaga said New Mexico is a capital-starved state needing federal and private partnerships. Mr. Barela referenced Technology Ventures Corporation as an example of how the state can develop their model to aid in commercialization. Ms. Keith talked about how initial capital, or seed money, helps leverage more funding small businesses and noted 38 businesses in Northern New Mexico made it to the final round to be considered for the RDC's seed money this year.

Vice Chairman Smith said moving the state forward is a huge challenge. He reviewed the day's discussions, and added with regard to competing with other states, nobody talked about water. Vice Chairman Smith noted the committee has expressed concern about sequestration for more than a year, stated the tax package will bring more businesses to the state, asked for more empirical data from the EDD, and concluded by saying there are a lot of things "right" with New Mexico.

Representative Martinez said the business incubator is working and asked if there were specific incubators in mind for returning veterans. Mr. Barela said a dedicated incubator for veterans, is a great idea and the EDD will explore that idea.

With no further business, the meeting adjourned at 12:52 p.m.


Chairman Luciano "Lucky" Varela


Vice Chairman John Arthur Smith

