

**Legislative Finance Committee
Meeting Minutes
State Capitol Room 307
Santa Fe, NM 87501
November 18 - 21, 2014**

Tuesday, November 18

The following members and designees were present on Tuesday, November 18, 2014: Chairman Luciano “Lucky” Varela; Vice-Chairman John Arthur Smith; Representatives Larry A. Larrañaga, Edward C. Sandoval, Nick L. Salazar, James P. White, James E. Smith, Patricia A. Lundstrom, and Paul C. Bandy; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Carroll H. Leavell, Howie C. Morales, George K. Munoz, Steven P. Neville, and Pete Campos. Guest legislator: Senator Mary Kay Papen.

Administrative Office of the Courts (218) After introducing Artie Pepin, director of Administrative Office of the Courts, chief justice Barbara Vigil thanked the legislature for its continued support of the Judiciary. Chief justice Vigil explained the Judiciary’s unified budget process and said the FY16 budget request embraces 7 general priorities:

1. Adequate base budgets;
2. Statewide programs;
3. Public safety initiative for courts statewide;
4. Critical personnel additions;
5. Problem solving courts;
6. Two new judgeships; and
7. Judge and staff compensation.

The Judiciary’s FY16 budget request represents 2.66 percent of the estimated FY16 state recurring general fund available for appropriation, an increase of .1 percent over the Judiciary’s FY15 appropriation. Chief justice Vigil said the budget increase will allow the Judiciary to continue to recover from economic downturn and help narrow the gap between the rate of increase in overall general fund appropriations and the appropriations allocated to the Judicial Branch. In closing, chief justice Vigil said a strong Judiciary matters to all and represents the highest standard in managing resources in a responsible and conservative manner.

Director Pepin then provided additional detail on the Judiciary’s FY16 budget request. The AOC’s total budget request for FY16 is \$69.7 million, 9.5 percent higher than FY15. The AOC requested increases for four programs:

1. \$2.1 million for Administrative Services;
2. \$642 thousand for Statewide Automation;
3. \$1.3 million for Magistrate Court; and
4. \$2 million for Special Court Services.

Magistrate Judge Duane Castleberry, president of Magistrate Judges Association, said he supports the unified budget request and asked the Committee for their support.

In response to Representative Varela regarding a bill vetoed last year that supported the magistrate retirement fund, Director Pepin said that after reviewing language of the governor's veto, it is not likely to meet with any better success if introduced again.

In response to Representative Larrañaga's question regarding the AOC seeking legislation to separate language access from jury and witness, Director Pepin explained that the growth of both programs requires significant changes in the way each activity is managed to understand the cost drivers.

Chief Justice Vigil, responding to Representative Larrañaga, said moving the Public Defender Department (PDD) from the Executive to the judicial branch did not require the Department to incur more costs but has rather illustrated a chronic underfunding in the criminal justice system. The PDD needs to have significantly more funding for the criminal justice system to work appropriately. Chief Justice Vigil added that the courts would be willing to sit down with the Public Defender's Offices across New Mexico to discuss how criminal cases should be handled in the districts and what the Judiciary can do to move those cases along so that time, energy, and resources are used more efficiently.

In response to Representative Larrañaga's question regarding the Jury and Witness Fund, Director Pepin explained the FY15 deficiency appropriation of \$596 thousand would be used to restore the FY15 funds used to pay prior year expenses; the \$842 thousand supplemental request would be used to pay jurors through the end of FY15. Director Pepin discussed two additional supplemental requests, \$358 thousand for the Court Appointed Attorney Fund and \$1.1 million for the Magistrate Court Program.

In response to Representative Larrañaga, chief justice Vigil said the need to strengthen the magistrate's retirement program is very important to the Judiciary. The Judiciary is going to examine how judicial salaries are established and examine whether there could be a structural change in how salaries are increased. She also explained the purpose of the Judicial Compensation Commission's evaluation of judges as a non-partisan measurement of a judge's performance based on broad requirements that allow judges the opportunity to improve.

In response to Representative Sandoval's question regarding an appropriation request for a veterans and elder court in the 2nd Judicial District, Director Pepin explained the program is new to New Mexico but not to the country and will deal with issues particular to veterans and the elderly.

In response to Senator Neville, Director Pepin said they are looking at changing the jury system which currently has a few ways it selects citizens for jury duty to a single system that will be more efficient and more equitably select citizens to serve.

In response to Senator Neville, Director Pepin said funding received for Court Appointed Special Advocates (CASA) for children is used to coordinate activities, as well as train and provide support to volunteer advocates.

In response to Senator Neville's question regarding the Citizens Review Board (CRB), Director Pepin said there has been discussion on the possibility of moving the CRB from the Department of Finance and Administration to the Judiciary. Chief justice Vigil said from her experience as a former children's court judge, she thinks it would be very positive if the Judiciary were to oversee the CRB.

In response to Senator Cisneros, chief justice Vigil said the matter in which water adjudications are handled in New Mexico is a significant challenge for the Courts and the State Engineer's Office. Chief justice Vigil said she has begun to study what structural changes can be made in water adjudications but believes the changes will have to be at the State Engineer's Office.

In response to Senator Cisneros, chief justice Vigil said the capital outlay requests did go through the unified budget process. Director Pepin said vehicle needs have been made under the FY16 special and supplemental requests.

Chairman Varela commented on the 12 percent vacancy rate and the need to reduce it.

District Courts (231-243)

Judge J.C. Robinson of the 6th Judicial District Court briefed the Committee on its FY16 budget request. The request is a 5 percent increase for personnel services to meet current staffing needs. Judge Robinson said the funding would secure reasonable raises that were instituted last year and reduce their vacancy rate. The Court is also requesting additional funds associated with health insurance. The Court is requesting two expansions associated with the Drug Courts. The Court currently has three vacant positions.

Judge John Dean of the 11th Judicial District Court said the Court is in a good position to lower their vacancy to 3.9 vacant FTE this year. The Court is requesting a budget increase of \$357 thousand to fill three positions.

Judge Fernando Macias of the 3rd Judicial District Court said it is one of the busiest courts in the State. This past January, the Court realigned judicial case load responsibilities among eight sitting judges in an effort to better serve the general public and legal community. Judge Macias said the Court needs an additional judge and support staff to relieve the systemic pressure of the relentless caseload. The Court is requesting a budget increase of 13.7 percent.

Court executive officer Katina Watson of the 12th Judicial District Court said the Court requests a 9.2 percent increase which will fully fund the Court's personnel services and benefits category.

Judge Bill Shoobridge of the 5th Judicial District Court talked about its FY16 budget increase request of \$171 thousand to hire two court clerks and to purchase 19 computers for courts in Lea and Eddy Counties. In response to Senator Leavell, Judge Shoobridge said there has been a steady increase in cases over the past five years. The Lea County Commission has approved a new county judicial complex and a committee has been formed to select an architect to design the complex. Judge Shoobridge said it may be about three years before construction is complete on the complex. He also asked the Committee to support jury and witness funding.

Judge Drew Tatum of the 9th Judicial District Court briefed the Committee on its FY16 budget request, which is a 3.1 percent increase. The Court also requests an expansion for 1 FTE for a drug court probation officer, and .5 FTE for a court counselor. The Court requested \$60 thousand for capital to move out of the mobile home and into a suitable courthouse.

Court executive officer Jason Jones of the 7th Judicial District Court briefed the Committee on its FY16 budget request, a 2.7 percent budget increase. Mr. Jones informed the Committee that after the holidays the vacancy rate should drop to 8 percent.

Judge Louis McDonald of the 13th Judicial District Court reported on the Court's activity and said the Court now has eight judges. The Court is requesting 1.2 percent budget increase. Judge McDonald talked about the new Foreclosure Settlement Program. The Court is requesting \$400 thousand for capital outlay needs. Representative Larrañaga talked about the high caseloads in the 2nd, 5th, 3rd and 13th districts and asked if it would be possible to implement arbitration or mediation programs to help move cases along and provide relief for the courts. Judge McDonald said there are programs already in place that help move cases through their court system. Judge McDonald talked about the mediation program for their pro se parties. In response to Chairman Varela's question regarding the Foreclosure Settlement Program, CEO Jamie Goldberg said the Attorney General's Office first discussed implementing the program with the 2nd and 13th Judicial District Court. Mr. Goldberg said money received from a nationwide settlement with three major banks helped fund part of the new Foreclosure Program.

Judge Albert Mitchell of the 10th Judicial District Court thanked legislators for providing funding in FY15 for a security bailiff. The Court's FY16 budget increase request is \$100 thousand, which includes \$60 thousand for a financial specialist. The Court requests \$200 thousand in capital outlay to reconfigure space in the court house to enhance security.

Judge Jeff McElroy of the 8th Judicial District Court briefed the Committee on its FY16 budget request of \$54 thousand, an increase of 1.9 percent over FY15. The request includes \$20 thousand for increased costs in operations and \$34 thousand for personal services. Judge McElroy talked about the Court's expansion request of \$89 thousand to hire a bailiff and a court clerk.

Judge Abigail Aragon of the 4th Judicial District Court briefed the Committee on its FY16 budget request increase of 3.1 percent to address the increases in the health and insurance premiums and judicial retirement. The Court requests \$15 thousand for its Domestic Relations Program and \$10.8 thousand to purchase a camera and monitor for its security system. The Court requests a special appropriation of \$40 thousand to purchase furniture for its Santa Rosa Courthouse. In response to Senator Munoz, Judge Aragon said Judge Sandoval, who is a retired police officer, was drawing his retirement and wasn't required to contribute to judicial retirement. New legislation now requires Judge Sandoval to contribute to judicial retirement.

Judge Nan Nash of the 2nd Judicial District Court reported on its arbitration and mediation programs. Judge Nash talked about new initiatives, including the Veterans Court Program, which is currently funded by a grant by the Behavioral Health Division. The Court wants to double the enrollment in the Veterans Program, which is currently at 60. Ms. Nash talked about Elder Court

and said the Courts needs to do a better job at monitoring cases involving the elderly. For the new initiatives, the Court requests \$245 thousand for the Elder Court and \$200 thousand for Veteran's Court. The Court also requests an additional judgeship for its Criminal Court. Court Executive Officer Greg Ireland briefed the Committee on the Court's overall base budget increase request of \$531 thousand. The Court requests an expansion of seven positions. In response to Chairman Varela, Judge Nash said the additional judge for the Court's Criminal Division would alleviate the backlog of criminal cases and help the Court process those cases within the mandatory deadlines. In response to Representative Larrañaga, Judge Nash reported the jail population is now within the parameters established by the Federal Court pursuant to the lawsuit filed to reduce the jail population. In response to Representative White, Mr. Ireland said between 48 to 50 thousand cases are filed each year, one thousand of those cases are guardianships. In response to Representative White, Judge Nash said the Court does not have enough court rooms. Judge Nash said they are working with the county on a courtroom at the Metropolitan Detention Center. The Court is renovating the fourth floor for a Family Court room.

Judge Raymond Ortiz of the 1st Judicial District Court briefed the Committee on its FY16 budget request an increase of 3.1 percent. The request includes funding for a court reporter and a bailiff for its new judgeship. The request also includes funding for the Court's alternative dispute resolution program. Judge Ortiz talked about the Court's expansion request for one probation officer and one court clinician to help address the increased drug overdose cases, which are the highest of any other district.

Metropolitan Court (244) Judge Henry Alaniz of the Metropolitan Court briefed the Committee on its FY16 budget increase of 1.2 percent. Judge Alaniz reported the current vacancy rate is 4.3 percent. Judge Alaniz said the Court is in its sixth year of having no findings in its annual audit.

Sunset Subcommittee -- Review Status of Boards Up for Sunset - Legislative Finance Committee Analyst Clint Elkins recapped the Sunset/Sunrise Subcommittee meeting that took place October 28, 2014. At the October meeting, members of the Subcommittee recommended extending the sunset for 9 boards and deferred action on the following 7 boards:

- Athletic Trainers Practice Board
- Counseling and Therapy Practice Board
- Massage Therapy Board
- Board of Examiners for Occupational Therapy
- Board of Osteopathic Medical Examiners
- Physical Therapy Board
- Respiratory Care Advisory Board

Superintendent Robert Unthank of the Regulation and Licensing Department (RLD) said some of the questions asked by Subcommittee members at the October meeting were regarding new board members. Mr. Unthank said the Governor's office indicates they are aggressively filling those positions. Subcommittee members were concerned with the number of board members continuing to serve despite the expiration of their term. Mr. Unthank said the State Constitution allows those members to do that.

In response to Senator Beffort, Mr. Unthank agreed that it is a good idea to look for opportunities to possibly consolidate boards so they are more efficient.

Senator Neville asked if RLD has studied potential legislation on merging some of the boards. Mr. Unthank said it has been talked about internally and have come up with ideas where they think some synergy may take place. Mr. Unthank said, for example, a number of the boards relate to medical or counseling activities.

Representative Salazar expressed concern over some of the board's fund balances. Mr. Unthank said some of board's fund balances are too high. Mr. Unthank said RLD is doing an analysis on each of the board's funds and determining where and how the money should be spent down. Mr. Unthank said a good use of some of those funds might be to purchase the phase three software for the One-Stop Portal which would therefore fulfill RLD's obligation under Senate Bill 9.

Review of Legislative Health and Human Services Committee (LHHSC) Sponsored Legislation to Enter Sunset and Create New License for Dental Therapy Practice – Staff Attorney Michael Hely of the Legislative Council Service (LCS) informed the Subcommittee that LHHSC has endorsed a bill amending and enacting sections of the Dental Healthcare Act and other acts. The bill creates a scope of practice in governance for a new mid-level dental health practitioner called a dental therapist. A dental therapist is dually licensed in dental hygiene and dental therapy and works in a health care shortage area in the state and practices under a Dental Therapist Management Agreement with a dentist under general supervision. The new scope of practice is supervised by a joint committee which is made up Dental Health Care Board members, Dental Hygiene Committee members, a dental therapist, and public members of the Dental Health Care Board. The bill also amends

- the Gross Receipts and Compensating Tax Act;
- the Drug Device and Cosmetic Act;
- the Public Assistance Act;
- Article 22 of the Insurance Code; and
- the non-profit Health Care Plan Law.

The bill also re-titles the Impaired Dentists and Dental Hygienist Act to be the Impaired Dental Professionals Act.

Pamela Blackwell, Project Director of Oral Health Access for Health Action New Mexico, said this legislation was proposed sixteen years ago in Senate Joint Memorial 21. Ms. Blackwell said in May 2013, the Department of Health (DOH) provided the Legislative Finance Committee a report on the dental shortage. The DOH recommended legislation for dental therapists to help address the dental health and access needs. Ms. Blackwell said the legislation is an authorization bill and does not create a new licensing body. Ms. Blackwell said dental therapists create jobs and economic opportunity and provide access to care. Ms. Blackwell said the Federal Trade Commission is taking a careful look at dental boards in the U.S. and actions the boards take that are unduly restrictive of those who are not dentists providing dental services. Ms. Blackwell said worldwide studies say dental therapists provide high quality services specifically to underserved communities. Ms. Blackwell talked about the importance of good dental health.

Dr. Leo Paul Balderamos, DDS, member of the New Mexico Board of Dental Health Care, said the Board received testimony on the proposed legislation at their October meeting. Dr. Balderamos said after extensive discussions, the Board unanimously does not support the legislation as indicated. A letter from the Board's Chairman, Dr. Charles Schumacher, DDS, was handed out.

In response to Representative Sandoval, Ms. Blackwell said the proposed legislation says the dental therapists would have to work in dental health provider shortage areas. The proposed legislation would also require a dental therapist, after five consecutive years of practice with the same employer, to have 15 percent of their patients on Medicaid.

Representative Sandoval asked where the training would take place. Ms. Blackwell said primarily the community colleges. Ms. Blackwell said the Southwestern Indian Polytechnic Institute is planning on developing a program in partnership with the Santa Fe Community College.

Representative Bandy expressed concern over dental therapists being able to administer aesthetics.

Department of Information Technology (361) Darryl Ackley, Secretary of the Department of Information Technology (DoIT), began his presentation with an overview of the Department's FY16 budget request of \$69.6 million, an increase of \$6 million, or 9.4 percent, over the FY15 operating budget. DoIT attributes the increase to higher costs of providing services and increases in service utilization. Secretary Ackley updated the Committee on the status of the Information Technology Commission (ITC). Referring to the handout, Secretary Ackley gave a brief overview of the department, its accomplishments and goals. The SHARE system has been stabilized and the Department will continue to make improvements. Security continues to be a goal for the Department. Secretary Ackley talked about the Department's funding and provided a breakdown of the FY15 categories.

- Program Support: \$3.3 million
- Enterprise: \$57 million
- Oversight and Compliance: \$1.3 million
- Equipment Replacement: \$8.4 million

Ninety eight percent of the Department's revenue is charge-back. The Department's budget request includes \$620 thousand in federal grant monies associated with the public safety broadband initiative. DoIT is requesting re-authorization of \$5 million for SHARE. In response to Chairman Varela, CFO Charles Martinez said the \$5 million appropriated in FY14 has not been expended. Secretary Ackley said it is possible that some of the money may begin to be expended before the end of the fiscal year. While the original intent was to re-platform and upgrade the SHARE system with the appropriation, it was later determined the SHARE system needed stabilization before moving forward with the upgrade. Secretary Ackley then highlighted the New Mexico Broadband Program (NMBBP). NMBBP is a multi-million federal grant intended for mapping broadband availability, planning and assessments, and technical assistance.

The grant ends January 2015. DoIT is requesting \$400 thousand to expand the program and is requesting an expansion for two FTE.

In response to Chairman Varela, Secretary Ackley said the State has options under current procurements for agencies to look at cloud engagements which essentially means an agency may opt to store information in the cloud instead of using data center storage provided in the State by DoIT. There are number of storage options available and the justification is that they typically cost less. While there are benefits to the cloud, Secretary Ackley said it is something to be mindful of for a number of reasons including the security of the data and litigation concerns involving jurisdiction.

In response to Chairman Varela, Secretary Ackley said Century Link and Time Warner Telecom are the two primary providers for the State's core internet service. There are a number of other telecommunications providers depending on the type of service. DoIT negotiated a family plan with Verizon that consists of state employees who utilize the service. Verizon offers state employees a discount on normal private lines on personal devices.

In response to Representative Larrañaga, Secretary Ackley explained that the Department does not charge the same total amount to every agency but rather the same rate for email per person in that agency.

In response to Representative Larrañaga, Secretary Ackley said that the market to hire IT persons is not as competitive as it once was, but added that as technology becomes easier to use, the more difficult it is to find staff to work on core functions -- wires, processors, and hard drives.

Review of Information Technology Requests Fiscal analyst Christine Boerner of the Legislative Finance Committee (LFC) briefed the Committee on information technology (IT) requests received from agencies. Thirteen agencies submitted 21 requests totaling \$57.4 million. The request for general fund is \$40.3 million; \$11.5 million of other state funds; and \$5.6 million in federal funds. In contrast, the request for general fund last year was \$26.1 million. LFC staff evaluates IT requests in terms of how well the projects conform to the agencies strategic plans and goals. LFC staff prioritizes ongoing projects and looks at projects that impact public safety and health. In general, Ms. Boerner said they look for solid business plans. Ms. Boerner then highlighted some of the agency's requests.

The Taxation and Revenue Department (TRD) submitted a request for the ongoing MVD driver and vehicle system which includes \$5.2 million in general fund revenues and \$3.7 million in fund balance from the sale of drivers' data and other identified revenue sources. Ms. Boerner said TRD received \$4.9 million in general fund last year for the project. Ms. Boerner reported that the project is on time and on budget. It is estimated that TRD will making a final request of \$7.7 million in general fund next year. In the future, the Department is anticipating to maintain ongoing operating costs within their budget with fees they collect.

The Department of Finance and Administration (DFA) requested \$250 thousand in general fund revenues for the redevelopment of the budget system. The request is a joint agency initiative which includes the LFC. LFC staff recommend language be included with the appropriation to

establish a joint powers agreement for the purpose of cooperating in the joint design, development, acquisition and implementation of the new budget system.

The Secretary of State (SOS) requested \$1.4 million in general fund revenue for phase three of the implementation of its Integrated Reporting and Integrity System (IRIS). The SOS successfully completed phase one and two of IRIS prior to the 2014 primary election.

The Human Services Department (HSD) submitted a request to replace the current Medicaid Management Information System (MMIS) which includes \$620 thousand in general fund revenues and \$5.6 million in federal funds.

The Children, Youth, and Families Department (CYFD) requested \$4.8 million in general fund revenues for phase four of its EPICS project. EPICS is a web-based system which consolidates the previously siloed systems and is expected to streamline CYFD business practices and improve services to clients.

The Corrections Department requested \$8.5 million in general fund revenue for a phased project to implement an offender management system to track approximately 26 thousand offenders under its jurisdiction.

The Department of Public Safety requested \$2.5 million in general fund revenues to implement a records management system in conjunction with a new computer-aided dispatch system.

Program Evaluator Brenda Fresquez of the LFC then reported on the five agencies requesting extension requests through FY17.

1. DoIT is requesting an extension of \$5 million for the SHARE system.
2. The Commission of Public Records is requesting an extension of \$822 thousand for the centralized records repository.
3. The State Treasurer's Office is requesting an extension of \$1.9 million dependent on the SHARE upgrade.
4. The Office of the Superintendent of Insurance is requesting an extension of \$1.2 million for the paperless web based insurance system.
5. The Department of Public Safety is requesting an extension of \$2.8 million for a computer-aided dispatch system.

In response to Chairman Varela, Secretary Ackley said the Information Technology Commission has received the list of requests and while they can provide high level recommendations, they do not have explicit authority over voting and making final recommendations.

Secretary Ackley said one of the discussion points in the monthly briefings to the Science, Technology, and Telecommunications Committee has been the question around the initial budget for some of the projects. Projects like HSD's MMIS that have anticipated completion dates of 2019 will likely have final budgets at or above \$100 million.

State Fair Commission (460) Analyst Jon Clark of the Legislative Finance Committee (LFC) reported on the New Mexico State Fair activity and audit findings. The State Fair requested a budget decrease for FY16 compared with the FY15 operating budget due to elimination of pari-mutuel revenues and related bond payments from the budget. The New Mexico State Fair Commission met once each year in 2012 and 2013, fulfilling its legal obligation to meet at least annually. However, the Commission met quarterly in 2014. The 2011 audit provided an unqualified opinion but contained 10 findings, including four material weaknesses. The 2012 audit also provided an unqualified opinion but contained 13 findings and one material weakness. After reviewing the 2012 audit, the Office of the State Auditor issued a risk advisory for the State Fair. The 2013 audit contains eight findings and no material weaknesses.

Mr. Clark reported that fair attendance remains lower than several years ago and dropped in FY14 by 3.7 percent from FY13 due to torrential rains during the first weekend of the fair. However, the State Fair reports preliminary figures for the FY15 event show higher attendance numbers than in any year since 2011 and a 16.9 percent improvement over FY14. Additionally, the FY15 opening weekend attendance could be a record once numbers are finalized, potentially increasing revenues.

Except for \$1.8 million owed to the Risk Management Division of the General Services Department (GSD) for insurance coverage, the State Fair has paid back the debt amassed during the years of insolvency. The State Fair is making payments to GSD for current insurance obligations, but internal revenues and fund balances are insufficient to pay off this accumulated debt. The agency does not intend to utilize the 2015 supplemental/deficiency appropriation from fund balance revenues to repay this debt to GSD.

Mr. Clark updated the Committee on the status of the African American Performing Arts Center (AAPAC). The State Fair currently allows a private organization to operate AAPAC without a contract.

Mr. Clark then turned it over to Dan Mourning, general manager of the New Mexico State Fair. Mr. Mourning said the number of attendees and revenues generated made the 2014 State Fair an outstanding event. Mr. Mourning said that not only does the State Fair offer entertainment, but it is also an educational event. With help from the Commission, more kids are now attending the State Fair. Mr. Mourning talked about the progress the State Fair has made since 2011. In 2014, the State Fair saw a 16 percent increase in paid attendance and an 11.2 percent increase in revenue. Statistics for 2014 show a 50 percent decrease in burglary reports and a 66 percent reduction in altercations. Mr. Mourning said the State Fair has restored confidence in the general public about the event. Mr. Mourning reported on activity within the agency. The agency continues to convert financial systems to SHARE. The agency also continues to upgrade campus wide IT infrastructure to meet both SHARE and customer requirements. Mr. Mourning said EPA compliance issues have been resolved. Mr. Mourning talked about the agency's partnerships with

- UNM Ticket Services;
- Walgreens;
- ABQ RIDE;
- the New Mexico Rail Runner; and
- the Roadrunner Food Bank.

Mr. Mourning said the State Fair is now operationally sustainable and said the agency is moving in the right direction. Year-round activity at the fairgrounds supports economic activity while both creating and sustaining employment for many New Mexicans. Mr. Mourning said all LFC recommendations have been addressed including decreasing the length of the fair. The carnival concession contract is up for renewal providing the opportunity for increased revenue. Mr. Mourning concluded his presentation talking about what the agency needs to do in order to move forward. The State Fair is evaluating possible infrastructure changes as it grows and technology advances. Mr. Mourning talked about the possibility of doing a facility condition assessment by a third party independent company that will ultimately be used to create a campus master plan.

In response to Representative Larrañaga, Mr. Clark said the most recent audit contains no material findings.

In response to Representative Larrañaga, Mr. Mourning said it is almost impossible to pay off the \$1.8 million deficit to GSD while keeping the State Fair operational. The agency is exploring strategies to pay the deficit.

In response to Representative Larrañaga, Mr. Mourning said the organization operating AAPAC pays the agency 15 percent of all performance revenues. Mr. Mourning said the agency is having some comps done on the facility so they know what can be charged.

In response to Representative Larrañaga, Mr. Mourning updated the Committee on the status of the Downs, which is a \$30 million capital asset to the fairgrounds. Mr. Mourning said if the Downs hits certain participation marks, the State Fair can receive a bonus of up to \$1.3 million a year.

In response to Representative Bandy, Mr. Mourning said the palomino barns, which are a historical landmark, were renovated in 2008.

In response to Senator Munoz, Mr. Mourning said the Commission recently asked the Downs to provide their plans on improving the grandstand and the landscaping between the two facilities. It is the Downs' obligation to enhance and improve the grandstand.

In response to Senator Cisneros, Mr. Mourning said the agency is making a capital outlay request of \$11.5 million to address infrastructure needs.

Early Prevention and Intervention: Senate Memorial 10 After introductions were made, Analyst Kelly Klundt of the Legislative Finance Committee briefed the Committee on the J. Paul Taylor Early Childhood Task Force. Ms. Klundt said the task force focuses on improving childhood outcomes and preventing child maltreatments. The Children, Youth, and Families Department (CYFD) recently reported child maltreatment cases increased significantly in FY14. Megan Delano, member of the taskforce and Chief Operating Officer of Las Cumbres Community Services, said the task force has been working for past two years to create a public health driven, early childhood, mental health action plan for infants and children up to the age of eight. Ms. Delano said the task force has been focusing on developing a system to identify unserved and underserved at-risk children and families. The task force promotes evidenced-

based local community programs across New Mexico. The task force also focuses on improving current systems to prevent child abuse and neglect. Ms. Delano said the task force tries to recommend a budget neutral state policy for early childhood, mental health, and child abuse prevention by maximizing efficiency and effectiveness of existing programs. The task force proposes a two tiered system of prevention and early intervention designed primarily to identify at-risk children and families. Ms. Delano said research proves that the balance of stressors and supports in the family systems determines whether children will be maltreated. Dr. Stewart Duban, Professor Emeritus, UNM Pediatrics, talked about the problems in the system related to at-risk children and families. Dr. Duban said there needs to be better coordination among the agencies and programs. Dr. Duban added that increased screening needs to happen as well as tracking these children and sharing the data among those agencies and programs.

Senator Beffort expressed her concern with teen pregnancy. Senator Beffort said the systemic risk factors need to be looked at. Ms. Delano said if the issues are not addressed, New Mexico will continue to see poor health and social outcomes in the future. Ms. Delano said the task force is happy to see the expansion of home visiting services across New Mexico. Ms. Delano asked that the task force be continued for another year.

In response to Representative Larrañaga, Ms. Delano said one of the key pieces the task force recommends is instituting a more universal risk screening for families. Representative Larrañaga commented that the infrastructure is not in place for the system. Ms. Klundt said the Department of Health recently produced a report about the infrastructure and leadership of the state early childhood system. The report indicated leadership should be coming from the children's cabinet on how to coordinate these systems to make the infrastructure is building in the right way and children are directed to the correct services.

In response to Senator Munoz, Ms. Delano said community health workers would be able to screen children and families either within a clinic setting or out in the community such as a home visit.

Deputy Director Charles Sallee said LFC staff is currently looking at key early childhood programs and doing an in-depth analysis on where services are relative to need. Staff will also look into what it would take to close gaps over time while taking into account the capacity of local communities.

Wednesday, November 19

The following members and designees were present on Wednesday, November 19, 2014: Chairman Luciano "Lucky" Varela; Vice-Chairman John Arthur Smith; Representatives Larry A. Larrañaga, Edward C. Sandoval, Nick L. Salazar, James P. White, James E. Smith, Patricia A. Lundstrom, and Paul C. Bandy; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Howie C. Morales, George K. Munoz, Steven P. Neville, and Pete Campos. Guest legislators: Representative Jimmie C. Hall and Senators Mary Kay Papen, and Lee S. Cotter.

Department of Public Safety (791) After introductions were made, Secretary-Designate Greg Fouratt of the Department of Public Safety (DPS) referred the Committee to page 12 in his

presentation. Mr. Fouratt said the budget he inherited is \$3.9 million short this year to fill positions and operate the Department. Specifically, the shortfall has resulted in:

- higher vacancy rates;
- forgoing a second New Mexico State Police recruit school;
- forgoing a basic police officer training class and a public safety telecommunicators class at the Law Enforcement Academy; and,
- reduced training and associated travel for officers.

DPS is requesting a 9.6 percent increase in general fund for FY16. Mr. Fouratt outlined the Department's budget initiatives to build officer strength. The Department is seeking funding to:

- graduate 19 additional officers in FY15 with an expanded recruit school;
- add a second recruit school to graduate 45 more officers in FY16;
- implement a new lateral program to hire 30 experienced officers; and,
- fund six Motor Transportation Division (MTD) officer positions in FY16.

Mr. Fouratt talked about phase I and II of the DPS law enforcement officer pay plan. Phase I, which was funded in FY15, provided internal equity for DPS officers. The Department is requesting \$4 million as a Section 8 appropriation for phase II which will improve market competitiveness from 11th to 7th in the market.

DPS is requesting a special appropriation of \$2.4 million to purchase and equip 71 patrol vehicles. The Department is also requesting a special appropriation of \$320 thousand for emergency medical dispatch training in Mora and San Miguel counties and critical hardware and software upgrades. DPS requests \$843 thousand in general fund for 11 additional dispatchers, a quality control position and management position to support the Communications Bureau.

Mr. Fouratt talked about the Forensic Laboratory Bureau (FLB). Ninety one percent of cases submitted to the FLB come from non-DPS agencies. The FLB continues to experience a significant increase in cases received per year. The Department is requesting \$423 thousand in general fund to fill 5 unfunded scientist positions and \$205 thousand as a special to hire contract forensic latent print analysis services to reduce the estimated 1,380 backlogged cases to 400 cases by the end of FY15.

In response to Chairman Varela's question regarding the Department's request for a 9 percent budget increase, Mr. Fouratt said the Department has been disciplined and responsible in asking not to get healthy but rather healthier. Mr. Fouratt said increasing pay for officers is the most effective component in treating their retention problem.

In response to Representative Larrañaga, Mr. Fouratt said solving the officer shortage is the number one priority for the Department. Funding the New Mexico State Police Recruit School and the Lateral Program will help the Department address the shortage. Mr. Fouratt said the lab is the second priority for the Department.

In response to Representative Larrañaga, Mr. Fouratt said it has been the culture of the forensic crime lab at DPS to not seek reimbursement for the services it renders to local and county law enforcement agencies. Mr. Fouratt said the Department also does not seek reimbursement when IT support is provided nor do they charge local and county police agencies that send their cadets to be trained at the DPS law enforcement academy. While reimbursement for these services could be a budgetary fix, there would be a seismic effect in law enforcement. It would be reasonable to start a discussion and said the statute would need to be repealed in respect to the law enforcement academy in order to charge the sheriff departments who send their cadets for training at the academy.

In response to Representative Larrañaga, if funded, Mr. Fouratt said they will know if the Lateral Program will be an effective tool in helping solve the officer shortage. Unique to the Program, DPS can promise laterals where they are going to be assigned.

In response to Representative Larrañaga, Mr. Fouratt said the Department does not keep bad officers and stated that the Department does not dilute the quality of State Police or the Motor Transportation Division just to have a warm body against a TOOL number. State Police Chief Pete Kassetas added that DPS has one of the most robust internal affairs investigative units helping protect officers and citizens.

In response to Representative Lundstrom, Mr. Fouratt said he understood Legislative Finance Committee Director David Abbey's explanation about vacancy funding.

Mr. Fouratt said the commissioned officers who now populate the State Police, the Motor Transportation Division, and the Special Investigations Division will remain commissioned and will be part of what the statute describes as the New Mexico State Police Division.

In response to Representative Lundstrom, Major Bryan Credeur said the Motor Transportation Division would not support the initiative to allow triple trailers into the state and said the third trailer would make the vehicle configuration longer and that much more unsafe. Major Credeur said the current infrastructure would not be able to support the initiative as well. Representative Lundstrom commented that when looking at restructuring in general, it should be a Taxation and Revenue Department responsibility.

In response to Senator Smith, Chief Kassetas said the Transition with Honor Program through the Law Enforcement Academy has allowed the recruiting pool to be widened. Mr. Fouratt reported that the Program has had one class and graduated 27 individuals. Eight have been hired by police agencies.

In response to Senator Smith, Mr. Fouratt said the only aircraft DPS currently owns is the Agusta helicopter. Chief Kassetas said funds that came out of the reduction of their aircraft were rolled back into the Aircraft Division to address safety issues.

In response to Senator Smith, Mr. Fouratt said there has not yet been a confirmation hearing with the rules committee.

Senator Beffort asked why there hasn't been more notoriety about the dangerous nature of today's criminal and what an officer confronts. Mr. Fouratt said it is especially dangerous for those people in State Police and Motor Transportation Division who make traffic stops often an hour from their nearest backup. Mr. Fouratt said that while the media does a good job of publicizing cases where things go wrong, there hasn't been public relations campaign about how dangerous the job is on a day to day basis.

In response to Senator Beffort, Mr. Fouratt said the current crime lab is no longer functional. DPS will be doing an analysis in the next year to determine the best place to build a new crime lab.

In response to Senator Morales, Mr. Fouratt said it is difficult to find officers to police Eddy County and Lea County because Southeastern New Mexico is considered one of the most dangerous places to drive in New Mexico.

In response to Senator Morales, Chief Kassetas said there are several things they are starting to equalize such as policy as they move closer in merging the State Police and the Motor Transportation Division.

In response to Senator Neville, Mr. Fouratt said using the license plate readers at the ports of entry could represent a potential funding stream.

Department of Finance and Administration (341) and Special DFA-Appropriations (344)

Secretary Tom Clifford of Department of Finance and Administration (DFA) began his presentation with the Department's mission. Secretary Clifford reported on the accomplishments and activities within the bureaus of each division in DFA and detailed the Department's FY16 budget requests for each of the divisions. DFA requests a general fund appropriation of \$27.6 million which is \$1.3 million, or 4.9 percent, over the FY15 operating budget, and includes \$1.2 million of expansion items. The Department requests an expansion of 9 FTE. Secretary Clifford concluded with comments on the budget outlook. Secretary Clifford said the oil price decline will likely decrease New Money and forecast reserves. DFA sees critical needs in the budget for the Corrections Department, Children, Youth, and Families Department, and the Department of Public Safety. Secretary Clifford said the economy is still in need of stimulus and wants to work with the Jobs Council and support some of their priorities going forward. In response to Chairman Varela's question on the stimulus subject, Secretary Clifford said they are mostly thinking in terms of targeted tax relief because the budget is not big enough to accommodate major tax reform. They may revisit some of the issues discussed in the past such as the Angel Investment Credit to stimulate small business growth and also the Research and Development Credit which helps encourage businesses to invest in New Mexico.

Executive Director Ed Marks of the New Mexico Legal Aid briefed the Committee on the status of the Civil Legal Services Fund which is part of the Local Government Division of DFA. The organization is requesting an increase of \$2 million for the fund. Each year the State's two largest providers of legal services to the poor, New Mexico Legal Aid and Law Access New Mexico, turn away over 18 thousand applications for legal assistance. A report by the State Supreme Court's Access to Justice Commission reported that less than 20 percent of the legal

needs of low income New Mexicans are being met. Director Marks talked about the consequences families experience when they are unable to resolve civil legal problems and the impact it has on communities and the court system. The Commission's report estimated that in 2009, the civil legal services system for low-income New Mexicans was underfunded by \$8 million. To help fill the gap, the State Supreme Court in partnership with the private bar established statewide pro bono and referral programs. Though the State has increased the appropriation in recent years, it is still lower than it was in 2009.

In response to Representative Larrañaga, Director Marks said the court system in Bernalillo County has the largest clinic that helps people with foreclosures. Director Marks said while there are volunteer attorneys which provide tremendous services in Las Cruces, the level of resources is not the same as it is in Albuquerque.

CEO Angela Reid-Padilla of Big Brothers Big Sisters of Central New Mexico thanked the Committee for their support of the organization. Ms. Reid reported that contracts and certifications have been completed. The scope of mentoring services was expanded to include the work provided by the qualified subject experts in the mentoring field. Ms. Reid said the billing process is operating smoothly and contract compliance is acceptable to all parties. Ms. Reid highlighted program successes in the past year.

Lobbyist Brian Moore for the New Mexico Association of Counties reported on the public safety issues counties face due to budget constraints. Mr. Moore said he would like the Committee to take a look at helping Counties with their budget pressures and restore the County Detention Facilities Reimbursement Fund to \$5 million. In response to Representative Bandy, Mr. Moore said there is a line item in DFA's budget for the fund.

In response to Senator Beffort's question regarding the line item for the Medicaid need, Secretary Clifford said when the program was expanded, it saw an increase of approximately 70 thousand people. DFA Director Michael Marcelli said significant costs for general fund will start occurring in FY17. Mr. Marcelli said the current expansion population is federal funded, but state costs are going to start shifting onto their budget in FY17.

In response to Senator Munoz's question regarding the CAFR audit, State Controller Ricky Bejarano said approximately 149 million transactions were fed into the statistical software system (SAS) for analysis. Mr. Bejarano said the transactions were those that affected cash and had not been reconciled. Mr. Bejarano said they have learned that it is going to be impossible to have an absolute reconciliation of those numbers. Going forward, Mr. Bejarano said balances will need to be accepted and then hold agencies accountable for getting the information into SHARE and ensure reconciliation.

In response to Representative Larrañaga, Secretary Clifford said they are looking into reclassifying a couple of positions in the Local Government Division to upgrade the skill level as they fill the management positions.

In response to Representative Hall's question regarding the future of SHARE, Secretary Clifford said the Department needs to determine whether an upgrade of the system is the right solution or implementation of a new system.

In response to Chairman Varela, Board of Finance Director Stephanie Schardin-Clarke said they have had several meetings with ratings agencies over the last several months and it remains to be seen what rating will result from the CAFR audit. Secretary Clifford said he hopes to avoid a serious impact to the States's rating by showing rating agencies the progress being made to resolve the issues.

In response to Chairman Varela, Secretary Clifford said the Department's vacancy rate has had significant improvements. Three positions in the Local Government Division are pending reclassification. The Capital Bureau is fully staffed.

Secretary of State (370) Legislative Finance Committee Analyst Connor Jorgensen presented the Secretary of State's FY16 budget request. The SOS requests a general fund increase of \$500 thousand, or 6.7 percent. The increase offsets a loss of \$600 thousand in other revenues derived from the public elections fund. The SOS reports the public election fund will have a balance of over \$600 thousand entering the FY16 election cycle. Mr. Jorgensen said the public election fund supports publicly financed candidates seeking judicial office or who are running for Public Regulation Commission. The SOS requests \$492 thousand from the general fund for the Elections Program.

After introductions were made, Secretary of State Dianna Duran briefed the Committee on activity in her office. Ms. Duran stated voting convenience centers do not create cost savings and may cost the state more than traditional voting locations as they require more machines to be leased for longer periods of time. In July 2014, the SOS acquired the corporations division of the Public Regulation Commission. The SOS is anticipating an automatic recount for the State Land Commissioner election that will cost between \$110 thousand and \$120 thousand which the SOS has not budgeted. Ms. Duran said the SOS will be asking for deficiency emergency funding for the automatic recount.

In response to Chairman Varela, Ms. Duran said she will be asking for legislative support in passing voter identification in the 2015 legislative session. Director of the Bureau of Elections, Bobbi Shearer, will be working on best practices from other states.

In response to Chairman Varela, Ms. Shearer said a report was received from Rio Arriba County on the Saturday before the election regarding a disabled voter who tried to place their vote but was informed their vote had already been cast. In investigating, SOS found that the voter signed a different name on the signature roster with a smiley face and wrote the voters name. It has been turned over to the 1st Judicial District Attorney. In a separate incident, Ms. Shearer reported on a person who requested absentee ballots on behalf of several deceased voters. Charges have not been placed because the investigation is still pending.

In response to Senator Cisneros, Ms. Duran stated a voter identification requirement at the polls will help prevent voter fraud. Ms. Duran said there a number of areas in statute that can be strengthened to prevent voter fraud.

In response to Senator Cisneros, Ms. Duran said a voter identification bill sponsored by Representative Brown in 2013 proposed accepting other forms of identification at the polls. Ms. Shearer said the city of Albuquerque has had very few problems with their voter identification ordinance. Ms. Shearer said they are exploring the possibility of MVD photos being brought into the voter file.

In response to Senator Cisneros, Ms. Duran said the office has not initiated a specific capital outlay request. The SOS will be requesting funding for the revolving fund to allow Counties to purchase equipment.

In response to Representative Bandy's question regarding combining elections, Ms. Shearer said districts such as conservation, soil and water, and others don't necessarily follow precinct boundaries. By combining elections, it complicates getting all the right races on all the right ballots.

Senator Neville suggested using a thumb print for voter identification. Ms. Duran said there are a number of areas that will be looked at in voter identification as technology advances.

In response to Representative Sandoval, Ms. Shearer reported the cost of the recount includes:

- payment to the vendor to program the servers in each of the counties to conduct the recount;
- burning new removable storage media cards ; and
- reimbursing counties who will need to pay their precinct boards to go back in for the duration of the recount.

In response to Representative Smith, Ms. Shearer said in March 2015, there will be a statewide purge of voter files since 2009. Ms. Duran said a statewide purge of voter files every two years is critically important going forward to ensure an accurate voter file and allow crosschecking with other states.

In response to Representative Larrañaga, Ms. Duran said it's going to be up to the Legislature to address the issue of non-binding questions on the ballot.

State Land Office (539) Legislative Finance Committee Analyst Jonas Armstrong presented the State Land Office's (SLO) FY16 budget request. The SLO requests an increase of \$859.2 thousand, or 5.8 percent. The request includes \$659.2 thousand to cover increased costs in personal services, employee benefits, and operations. The appropriation request will also further decrease the agency's vacancies. The SLO requests a \$200 thousand expansion to increase hazardous fuel reduction and illegal dump site cleanup efforts. Commissioner of Public Lands, Ray Powell said over the last three and a half years, the SLO has generated the highest amount of revenue in the history of the State- over \$2.6 billion since January 2011. Commissioner Powell

reported the SLO has over \$500 million in renewable energy projects in the works and recently launched the largest solar array on state trust lands. The SLO is in the process of launching the State's largest wind farm. When complete, the wind farm could power approximately 400 thousand homes in New Mexico and generate millions of dollars for the trust. Over 100 thousand acres of public lands have been opened up that was previously inaccessible for sportsmen. The SLO has revamped its audit program and is now getting market value for fair use of State trust lands. Commissioner Powell said transparency and ethics have been restored as key values of the SLO. Commissioner Powell provided an overview of revenue projections. Commissioner Powell said despite the recent drops in oil revenues, FY15 revenue is projected at \$804 million. The SLO requests three special appropriations:

- \$260 thousand to continue the digitalization of Rights of Way Data;
- \$1.4 million to cover litigation expenses; and
- \$3.7 million from FY15 and \$3.7 million from FY16 to cover the SLO's share of the ONGARD Modernization Project.

Commissioner Powell concluded his presentation with the agency's capital outlay requests of \$850 thousand for FY15, and \$1.1 million for FY16.

In response to Chairman Varela question regarding the election, Commissioner Powell said it is his understanding that if the difference of votes between the people running for the office is less than .5 percent, there is a mandated statutory recount. Commissioner Powell said as of that morning, the difference was a little over 500 votes or .12 percent out of nearly half a million votes.

In response to Chairman Varela, Assistant Commissioner Elaine Olah said the agency currently has 8 unfunded vacancies. Ms. Olah said the SLO has identified funds that can be transferred in salaries and benefits to fund those vacancies.

Report of the Jobs Council Senator Mary Kay Papen, Co-Chair of the Jobs Council, began the presentation stating that the Jobs Council, which has been in existence for two years, is a very bi-partisan program working to create more than 160 thousand jobs in New Mexico. Beverlee McClure, President of the Association of Commerce and Industry, said the Council recommends the following appropriations:

1. New Mexico Partnership - \$500 thousand for FY16 and \$1 million for FY17. Ms. McClure said the FY17 appropriation is conditioned on the first year's fulfillment of stated performance measures. The appropriation will be requested by the Economic Development Department.
2. Local Economic Development Act (LEDA) - \$50 million non-reverting for FY16. Ms. McClure said the Council requests the language for \$10 million appropriated in FY15 be changed to non-reverting. The fund, in partnership with local communities, helps create jobs in rural and urban areas of New Mexico.
3. Job Training Incentive Program (JTIP) - \$12 million non-reverting for FY16. Ms. McClure said economic developers feel it is one of the top incentives offered to employers.

4. Co-op advertising/marketing - \$2 million for FY16. Ms. McClure explained the program would match funding for a local community to do something similar to Tourism's "New Mexico True" campaign but for job creation and economic development.
5. Economic development grant fund - \$4.5 million total -- \$1.5 million per year for FY16 through FY18. Ms. McClure explained a local community would submit an application for a staff person that would help their community with economic development.
6. Solo work program - \$500 thousand for FY16. The program, which was presented to the Jobs Council by Mark Lautman, needs enabling legislation on which department should take responsibility.
7. Forest restoration economic development assistance - \$250 thousand for FY16. Ms. McClure said the appropriation will be matched by federal funds for a total of \$500 thousand. The project has a job creation component.
8. Middle school physics pilot program - \$250 thousand for FY16. Ms. McClure said the appropriation would be administered by the Public Education Department.
9. Broadband infrastructure needs and solutions - \$300 thousand for FY16. A broadband study was completed by the Department of Information Technology.
10. Work force gap analysis - \$125 thousand for FY16. Ms. McClure said enabling legislation is needed to determine which department would oversee the project. Ms. McClure said Secretary Garcia of the Higher Education Department has indicated an interest in the project.

The total recommendation is \$70.4 million for FY16. Ms. McClure said the council supports the Tourism Department's appropriation request of \$3.5 million for its advertising campaign. Ms. McClure said the council also supports New Mexico State University's appropriation request of \$375 thousand for its STEM program.

Steve Maestas presented on the LEDA. Seventy percent of the U.S. economy is comprised of small business, mostly service-based jobs. Economic base companies and their employees are the customers of small businesses. Mr. Maestas said the number one thing we can do to help small businesses in New Mexico is to grow their revenue by giving them more customers. Mr. Maestas said that is why it is so important to have a job creation fund and important to have large companies come in to New Mexico. Urban areas are economic generators. Referring to the handout, Mr. Maestas talked about how rural communities have benefited from the LEDA program. Mr. Maestas concluded his presentation talking about important principles of the LEDA program. Mr. Maestas said New Mexico needs to continue to diversify its economy so that if a large employer pulls back, or if the government continues to shrink, or if an industry regresses in revenues to the state, New Mexico will have other methods of creating revenue. Mr. Maestas said the job creation fund is so vital because it gives New Mexico the ability to invest and diversify its portfolio. Mr. Maestas said the job creation fund brings in quality employers that will help keep our kids here.

In response to Chairman Varela, Ms. McClure said north of Albuquerque, the state continues to lose jobs. The southern part of the state is doing better. Ms. McClure said the council has made funding recommendations that would support a statewide job creation effort.

Steve Vierck, president and CEO of the New Mexico Partnership, said good marketing of the state's resources will help bring in businesses that will keep our graduates here.

Charles Lehman, who is part of the contracted staff with the Jobs Council, said the work force gap analysis is a study on what the current and future job needs are in New Mexico considering sector, geography, and pay.

Representative Tripp said the Jobs Council is comprised of business people, members of the Legislature, chambers of commerce, organized labor, and the cabinet secretaries from the Tourism Department, Economic Development Department, and the Workforce Solutions Department. The council's recommendations are unanimous among all the participants.

Ms. McClure said there are three additional projects that will be requested as individual budget requests. The council will express their support for those separate recommendations.

Senator Cisneros expressed his support of the Jobs Council initiatives. He talked about his concerns regarding the river restoration projects and the forest service. Senator Cisneros said infrastructure needs should be considered as part of these initiatives.

Ms. McClure said the Transportation Committee presented to the Jobs Council a recommendation concerning the road issues. However, the recommendation was not finalized and brought back to the council.

In response to Representative Larrañaga, Mr. Maestas said since its establishment in 2004, the Texas Enterprise Fund has distributed \$428 million to companies to come to Texas. The distribution of those funds has translated into \$24 billion of capital investment by those companies investing capital dollars into the state of Texas. Additionally, 239 thousand jobs have been created.

In response to Representative Larrañaga, Mr. Maestas said a benefit of the job creation fund is that it can be used for workforce development strategies. Baton Rouge, Louisiana was able to secure IBM with similar funding. IBM considered New Mexico, but we did not have the tools or the job closing fund.

In response to Senator Munoz, Mr. Vierck believes the New Mexico Partnership standards are the most rigorous in the State. Mr. Vierck said the Partnership exceeded five of its six metrics last year.

In response to Senator Munoz, Mr. Maestas said if LEDA was appropriated \$50 million and \$25 million was withheld until the first \$25 million was invested, it would not be a problem to economic developers because they would know there was an additional pool of capital available.

In response to Senator Munoz, Mr. Maestas said most economic base companies are going to enter population centers because that's where the workers and amenities are. Mr. Maestas added that it doesn't mean New Mexico can't be creative and build up its rural areas.

In response to Senator Munoz, Mr. Maestas said if LEDA was appropriated \$50 million, legislators would see the results and therefore want to invest more.

In response to Senator Munoz, Mr. Lehman said the solo work program is a pilot program that would support individuals in rural areas to secure business with out of state companies.

Economic Development Department (419) Secretary Jon Barela of the Economic Development Department (EDD) thanked legislative members for their support in funding vital programs in EDD for FY15. Secretary Barela began his presentation updating the committee on the department's key initiatives. Secretary Barela said EDD is experiencing improvement in the jobs pipeline. An Ernst & Young report in 2014 ranked New Mexico the most competitive state in the nine-state western region for manufacturing as a result of the bi-partisan jobs package passed and signed into law. In response to Chairman Varela, Secretary Barela said more targeted advertising needs to happen with funds appropriated to the New Mexico Partnership. Secretary Barela then talked about the success of the MainStreet Program. MainStreet added 101 new businesses in 2014 for 580 jobs and completed 162 building rehabilitations. Secretary Barela asked the committee to place a particular emphasis on the MainStreet Program. Secretary Barela said the border area is doing extremely well. New Mexico has hit for the first time \$1 billion of trade with Mexico. EDD completed its five year strategic plan. Secretary Barela highlighted the progress happening in FY15. EDD is close in reaching its goal for job creation in FY15. Secretary Barela said much of the success is largely due to Local Economic Development Act (LEDA) funding. Secretary Barela said the Film Office announced seven major productions during the quarter. Nineteen companies participated in the Job Training Incentive Program (JTIP), including five in rural areas. Secretary Barela then summarized the department's FY16 budget request of \$12 million in general fund. The request represents an increase of nearly \$5 million, or 63 percent, compared with the FY15 operating budget. The request includes

- \$750 thousand for the MainStreet Program to cover operational increases;
- \$2 million for the new Technology Research Collaborative; and
- \$1.5 million for JTIP.

In response to Chairman Varela's question regarding the Jobs Council appropriation recommendation and EDD's appropriation request for JTIP, Secretary Barela said after reviewing projections, EDD believes \$5.5 million will get them through the next fiscal year. Secretary Barela said the department will need to keep a close eye on the jobs pipeline.

Office of Military Base Planning (491) Director Hanson Scott of Office of Military Base Planning and Support (OMBPS) recognized Secretary Jon Barela and Deputy Secretary Barbara Brazil of the Economic Development Department for their support of the military base planning program. Mr. Scott briefed the Committee on national security environment. Sequestration is still on the books for 2016. Mr. Scott said the OMBPS does not know what the impact will be on New Mexico. Mr. Scott briefed the Committee on activities happening at Cannon AFB, Holloman AFB, Kirtland AFB, and White Sands Missile Range. Cannon Air Force Base (AFB) continues to grow the \$1.3 billion military construction program which is the largest in the Air Force. Mr. Scott continues to be concerned about the impact of renewable energy initiatives on all of New Mexico's bases. The Secretary of Defense approved the Bureau of Land Management

(BLM) proposed route for the SunZia line with the provision that the line be buried for five miles, three increments. BLM is conducting an environmental assessment of the burial increments, though they have not completed the Environmental Impact Statement for the overall project. Further, they have not responded to the Governor's Consistency Review paper of August 2013. Mr. Scott updated the Committee on the Southern New Mexico/El Paso joint land use study which is now moving into implementation. Mr. Scott said the New Mexico Commanders' Summit hosted by the 49th wing at Holloman AFB was successful. The next meeting of the commanders has not been scheduled. Mr. Scott updated the Committee on the base realignment and closure. Mr. Scott then briefed the Committee on their FY16 budget request. The OMBPS general fund request for FY16 is flat compared with FY15. Mr. Scott concluded his presentation recognizing support the State has received from the Office of Economic Adjustment of Department of Defense. Over the last several years, New Mexico has received approximately \$19 million in grants for the Regional Growth Management Plan, Kirtland Joint Land Use Study, and Southern NM/El Paso Joint Land Use Study. Wherry Elementary of Albuquerque Public Schools also received a grant. Another \$1.0 million is pending to the Economic Development Department for defense industry "mapping."

Representative Bandy said he thinks military base expansions require the Legislature to grant to the federal government exclusive legislative authority in an area that is not already a military base. Representative Bandy asked if the County Sheriff serves as the law enforcement in the areas that have been purchased by the military bases. Regarding one of the expansion areas, Mr. Scott said on one expansion area, they facilitated a lease between the State Land Office and the Air Force for 74 years. The Legislature passed legislation granting mutual authority in the Clovis area for both the Sheriff and the Air Force.

Miscellaneous Business

Action Items

Approval of Subcommittee Reports -- October 2014 Senator Cisneros moved to approve the reports, seconded by Representative Larrañaga. The motion carried.

Approval of Session Bill Analysts Contractors Senator Cisneros moved to approve the contracts, seconded by Representative Larrañaga. The motion carried.

Information Items

Review of Monthly Financial Reports

David Abbey, director, LFC, briefed the committee on information items highlighting potential Committee sponsored legislation relating to the Public Education Funding Formula, the Public Education three-tiered system, Boards up for sunset, and STB and SSTB bond capacity. Director Abbey said staff will provide the Committee a revised memorandum on the proposed legislation in December.

Thursday, November 20

The following members and designees were present on Thursday, November 20, 2014: Chairman Luciano "Lucky" Varela; Vice-Chairman John Arthur Smith; Representatives Larry A. Larrañaga, Edward C. Sandoval, Nick L. Salazar, James E. Smith, Patricia A. Lundstrom, and

Paul C. Bandy; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Howie C. Morales, Stuart Ingle, Mary Kay Papen, and Steven P. Neville. Guest legislators: Representative Jimmie C. Hall and Senator Lee S. Cotter.

Aging and Long-Term Services Department (624) After introductions were made, Secretary Gino Rinaldi of the Aging and Long-Term Services Department (ALTSD) began his presentation with the Department's mission. Secretary Rinaldi said ALTSD divisions have specific areas of focus and work together to address the challenges New Mexico faces. Secretary Rinaldi summarized the Department's overall FY16 budget request. ALTSD requests an increase of \$2.3 million in general fund to maintain necessary service levels in Adult Protective Services (APS), Consumer and Elder Rights, the Aging Network, and Program Support. The Department requests a supplemental appropriation of \$350 thousand to address personal services and employee benefits shortfall for Adult Protective Services in FY15. \$150 thousand is requested as a special appropriation to support evidence-based intervention for veterans with chronic conditions. Secretary Rinaldi talked about the aging population in New Mexico. The growing number of New Mexicans 60 and older will present challenges to the State in the future. Secretary Rinaldi said he has identified four major areas the Department will need to focus on as the aging population increases:

1. ensuring safety of vulnerable adults and elders;
2. caregiving;
3. senior hunger; and
4. healthy aging.

The ALTSD is experiencing a significant increase in referrals to APS. Secretary Rinaldi said it has been important for the ALTSD to solicit input on how the Department is doing and what they can do to meet their needs. Secretary Rinaldi spoke about the different ways the Department is connecting with consumers. Returning back to the budget request, Secretary Rinaldi detailed the budget increase request for ALTSD divisions.

In response to Chairman Varela, Director Jason Sanchez of Administrative Services Division said the ALTSD costs for overtime have been relatively flat over a number of years. Chairman Varela explained that personal services and benefits for all agencies is a concern for the Committee. Secretary Rinaldi said especially for APS, it is critical the Department keeps their employees. Because of increased training and supervision, the Department is not experiencing a high turnover rate. Secretary Rinaldi said the Department is requesting a supplement because of a shortfall.

In response to Chairman Varela, Secretary Rinaldi said the ALTSD meets with the Children, Youth and Families Department (CYFD) when people are transitioning into adulthood. Secretary Rinaldi added that the ALTSD collaborates with CYFD in several cases.

Referring to graphs in the presentation, Secretary Rinaldi showed the increase in cases in APS. Secretary Rinaldi talked about the types of allegations APS is seeing. The most frequently encountered problem is self neglect. In FY14, 64 percent of APS victims were over the age of 60. For the Consumer and Elder Rights Division, the ALTSD requests an increase of \$100

thousand primarily for hiring additional staff. For the Aging Network Division, the ALTSD requests an increase of \$1.5 million to maintain FY15 levels of service in the face of rising food and employee benefit expenses. The Aging Services Division is experiencing an overall increase in the number of services it provides. For Program Support, the ALTSD requests an increase of \$100 thousand primarily to reduce the vacancy rate of 18 percent to below 13 percent.

Deputy Secretary Myles Copeland briefed the Committee on the Department's special appropriation request that addresses veterans' high rates of chronic disease with evidence-based intervention. In partnership with the Department of Health, the appropriation would increase support for the "Manage Your Chronic Disease" Program.

Executive Director Barbara Rios of the Deming/Luna County Commission on Aging reported the center in Deming saw a 35 percent increase of people in need of services through APS. Ms. Rios said she hopes the Committee supports the ALTSD special appropriation request for \$350 thousand.

Senator Smith mentioned the Legislative Finance Committee's (LFC) program evaluation: ALTSD – Resource Allocation, Cost, Availability and Effectiveness of Aging Network, which was presented to the Committee in May 2014. Senator Smith said the evaluation showed that the Aging Network in New Mexico generally lacks oversight. Secretary Rinaldi said the programs require continual monitoring for improvement.

In response to Senator Smith, Secretary Rinaldi said there are some municipalities and counties that have severe audit issues. Capital outlay has been suspended in those areas until the audit findings are cleared up.

In response to Senator Smith, Secretary Rinaldi said during the aging conference held in August, there were a number of trainings conducted that addressed such things as Medicaid, Medicare, and nutritional expectations and standards. In December, there will be Aging Network Division training.

In response to Senator Smith, Secretary Rinaldi said the Department is working with the vendor Harmony to do an analysis on the way the Aging Network data system is being utilized. The purpose of the analysis is to find out if the system is being used to capacity.

Senator Smith said he has great concerns with state allocations and the local disparities that are taking place. Secretary Rinaldi said there is not a funding formula that determines the cost. Secretary Rinaldi said like most states, New Mexico provides funding to area agencies on aging. Those agencies work with the various programs out there to determine the cost. Senator Smith pointed out that there is a federal mandate that requires the State to establish formula funding for federal funding. Secretary Rinaldi said the Department is looking into establishing a funding formula.

In response to Representative Salazar, Secretary Rinaldi explained there are a variety of types of services an individual can receive for in-home care. The number of hours an individual receives for services fluctuates depending on their needs.

In response to Senator Morales's question regarding capital outlay, Secretary Rinaldi said the Department is trying to work within the operational budget to address some of the smaller purchase items. The ALTSD has provided training on capital outlay requests to the various programs.

Senator Morales commented on the Department's current vacancy rate of 18 percent. Senator Morales said he consistently hears that individuals who want to work find the process through State Personnel very tedious. Secretary Rinaldi said the Department has worked closely with State Personnel to reduce the hiring process time.

In response to Chairman Varela, Secretary Rinaldi said approximately 1,200 people attended the 2014 Senior Olympics which was held in Roswell.

Cultural Affairs Department (505) After introductions were made, Secretary Veronica Gonzales of the Cultural Affairs Department (DCA) began her presentation with remarks about accomplishments. Secretary Gonzales stated her first priority was to stabilize the department. Secretary Gonzales said while the department still has needs, they are now a solid, very lean, and focused agency with vibrant programs and services making significant impact across New Mexico. Hiring has focused on strategic reorganization. Since July 2013, DCA has hired 144 FTE. Secretary Gonzales said the agency continues to struggle with an aging workforce and the continued loss of staff due to low salaries. Referring to the handout, Secretary Gonzales highlighted the department's accomplishments. DCA opened more than 50 new exhibits at its museums in FY14. Museums and historic sites have seen an increase in attendance. Secretary Gonzales reported DCA contracted with the Bureau of Business and Economic Research (BBER) with the University of New Mexico to do an independent analysis focused the impact of arts and culture industries in New Mexico. DCA is collaborating with many partners to move forward on recommendations from the study including the McCune Foundation, the University of New Mexico, WESST business incubator, and the Economic Development Department. The industry contributes \$5.6 billion to the state's economy and supports nearly 80 thousand jobs. Secretary Gonzales said the study revealed salaries are significantly lower for workers in the industry compared to other states. Secretary Gonzales then outlined the department's FY16 budget request for \$43.3 million, including \$31.7 million from the general fund. This represents an overall budget decrease of \$675 thousand, or 1.5 percent, compared with the FY15 operating budget. However, the general fund request increased by \$1.3 million, or 4.4 percent. Secretary Gonzales detailed the requested increase in general fund revenues and summarized DCA's FY16 capital outlay request of \$24.5 million.

Senator Bill O'Neill updated the Committee on the plan to establish a poet laureate in New Mexico. Senator O'Neill and Representative Egolf sponsored joint memorials that directed DCA to implement a New Mexico state poet laureate program. Senator O'Neill said DCA spoke with teachers, librarians, and poets throughout the state to come up with the basic premises, and the selection process is now open.

Jim Patterson of Creative New Mexico requested the New Mexico arts grant fund be increased to \$2 million. Mr. Patterson said the increase to the grant fund would increase the capacity of the funded organizations greatly, especially those in rural New Mexico. In response to

Representative Larrañaga, Mr. Patterson said Creative New Mexico has not applied for funding through the Economic Development Department for the MainStreet Program.

A representative from the New Mexico Coalition for thanked legislators for their support the last 27 years. The coalition currently funds 17 programs in 15 counties. With approximately 500 volunteer tutors, 1,000 students were served last year. In response to Representative Larrañaga, the coalition representative said the budget in FY15 was \$755 thousand of which \$25 thousand was retained for a research study. The representative said they are not aware of any federal funding available for the coalition.

The committee was briefed on the National Hispanic Cultural Center in Albuquerque. The center is showing an increase in attendance and recently signed a memorandum of understanding with Highlands University on an artwork project. A representative from the center said more money is needed for staffing.

In response to Representative Larrañaga, Administrative Services Director Greg Geisler of DCA said the operating budget has about \$353 thousand in FY15 for advertising. Secretary Gonzales said it is critical for the department to be able to market their institutions and exhibits. Currently, the agency is only able to market locally but wants to market statewide and nationally.

In response to Representative Larrañaga, Secretary Gonzales said DCA partners as much as it can with the Tourism Department. Secretary Gonzales added that it is difficult for the Tourism Department to be solely responsible for marketing cultural institutions. Secretary Gonzales explained that marketing an exhibit does not fit within the New Mexico True campaign structure. Representative Larrañaga said he somewhat disagrees and feels that the Tourism Department should be emphasizing everything cultural including exhibits as part of their marketing plan in cooperation with DCA.

In response to Representative Larrañaga's question regarding DCA's appropriation request of \$300 thousand to improve state historic sites across New Mexico, Secretary Gonzales said the historic sites have been underfunded for a number of years. Secretary Gonzales explained through the years of understaffing during budget cutbacks and unfunded expansions, the historic sites have been unable to adequately care for and operate their properties. The appropriation will help the sites make quality upgrades to their exhibits and programs, increasing attendance almost 10 percent in two years.

In response to Representative Larrañaga, New Mexico Historic Sites Director Richard Sims said the Board of Regents has a good deal of authority on the entrance rates set within DCA and the historic sites.

Senator Smith commented on some museums being neglected due to the expense of maintaining others. Senator Smith encouraged the department to keep in mind when adding facilities, there is a risk in not being able to take care of the needs of existing sites and facilities. In response to Senator Smith, Secretary Gonzales said the state purchased the Los Luceros property for approximately \$2.3 million. An additional \$1.7 million was invested in the property from ARRA funding. Secretary Gonzales said there was a memorandum of understanding signed in

December 2011 with Robert Redford Enterprises which gave preferential use of the property for job training. Secretary Gonzales said the agreement was never formalized because Redford Enterprises failed to provide the proper insurance.

In response to Senator Smith, Secretary Gonzales said Consensus Planning did a study of the Los Luceros property and made three recommendations for the property:

1. Operate the property as a historic site;
2. Sell the property; or
3. Operate the property in a public/private partnership that would reduce the level of state commitment to about \$500 thousand.

If operated as a historic site, the property would require an investment of over \$1 million annually to maintain the property and provide adequate staffing.

Senator Smith requested information from DCA regarding the water rights of the Los Luceros property.

In response to Senator Smith, Deputy Secretary Mike Delello of DCA said an agriculture business study done by the New Mexico State University estimated the value of farmable land on the Los Luceros property to be \$2.5 million.

In response to Senator Smith, Director Sims stated El Camino Real historic trail site has less than 1,000 visitors a month. DCA is looking into new ways of using the building at the site including as a performance center.

In response to Representative Tripp, Secretary Gonzales said people's expectations have changed when visiting exhibits. Secretary Gonzales explained that people want an experience and to learn from an exhibit.

In response to Senator Cisneros, Secretary Gonzales said the Los Luceros property costs the department about \$250 thousand a year to operate. Secretary Gonzales said the deed requires DCA to operate the property as a historic site and maintain it in the condition it was received. Secretary Gonzales said there are very specific deed restrictions. In response to Senator Cisneros, Secretary Gonzales said she does not recall an education component to the deed restrictions.

In response to Representative Salazar, Secretary Gonzales said while \$250 thousand is enough to maintain Los Luceros, it is not enough to do programming and keep it open to the public. Because of limited staff, the property is only open by appointment. The property has been zoned to allow certain parts of the property be rented for events such as weddings and family reunions. The Montessori school currently uses the multi-purpose center.

Secretary Gonzales thanked Representative Sandoval for his support of DCA and in particular the library.

In response to Senator Morales, Secretary Gonzales said the department is very supportive of History Day and plans to continue it through the New Mexico Humanities Council. DCA will request \$175 thousand to support History Day.

Department of Tourism (418) Secretary Monique Jacobson of the Tourism Department began her presentation talking about the four strategic initiatives the department made three years ago. The department's goal was to shift the vision and mission from being a tourism services department that was primarily serving the industry to being a tourism generating department serving all New Mexico taxpayers by generating more dollars for the state. The first strategic initiative was to build a strong, magnetic brand. Secretary Jacobson reported the department has had great success after launching the "New Mexico True" brand. The department has taken the brand on a national campaign with a multimedia blitz in the key fly markets of Dallas, Houston, Phoenix, Denver, Chicago, San Diego, and New York City. Secretary Jacobson said the agency is also taking the "New Mexico True" message to regional drive markets and focuses the message on events, fairs, and festivals. The department does targeted digital and print branded campaigns focused on a specific mindset in three areas: arts and artisans; cultural heritage; and culinary.

The second strategic initiative was to unify and lead the industry. Secretary Jacobson said the purpose of the initiative is to pull people from the industry together and start speaking with one powerful voice in the marketplace. To develop "true communities," the department created templates that give communities the opportunity to create their own advertising. Secretary Jacobson talked about true tours, true businesses, and the grant programs.

Secretary Jacobson said the third strategic initiative, ramp up the rigor, was about making sure the department is operating as a business and spending every taxpayer dollar in the most efficient and effective way.

The fourth strategic initiative was to inspire in-state pride. Secretary Jacobson said if New Mexicans are proud of their state, it encourages them to bring friends and family here and ultimately generates more dollars. The department is working with Cliff Dweller Productions on a 30-minute travel TV show about New Mexico that airs Sundays. Secretary Jacobson talked about "I am New Mexico true" and "keep New Mexico true." The department will be launching a new program called "true heroes." In partnering with the Gildan New Mexico Bowl, the new program will honor heroes in New Mexico.

Secretary Jacobson said the initiatives are working and reported overall spend in New Mexico grew by 7 percent last year. The national average is 4.5 percent. Secretary Jacobson reported 4,900 new jobs have been created in the last four years in the leisure and hospitality sector. Secretary Jacobson said while the department's advertising budget has grown in the last few years, it has a relatively small voice in the marketplace compared with other states. For FY16, the department requested an additional \$3.5 million go directly towards advertising. Secretary Jacobson said the additional funding will allow the agency to enter a new market and remain competitive in the current markets. The department plans to enter the San Francisco market next. Secretary Jacobson said the department chooses which markets to enter based on an intensive matrix that factors in such things as the number of non-stop flights and the media market.

Betty Rivera, director of the Cultural Services Department of the City of Albuquerque, said the Tourism Department efforts to market the state and the unique experiences travelers can have is good for all of the state's tourism related facilities and attractions. Director Rivera said with help from the Tourism Department in 2011 and 2012, the state's centennial event received over 80 thousand visitors.

Dave Hayduk, owner of a local advertising agency in Santa Fe, said in speaking for communities, New Mexico is seeing jobs and economic development from tourism. Mr. Hayduk said the Tourism Department's request for additional funding will go a long way for communities throughout New Mexico.

Scott Hutton, owner of Hutton Broadcasting in Santa Fe, said the New Mexico True campaign is working well. Mr. Hutton said he has been receiving positive feedback from the community. Mr. Hutton said tourism is the number one industry in Santa Fe and said the Tourism Department needs the funding increase to maintain that share of voice.

Richard Holcomb, president of the Tourism Association of New Mexico (TANM), said the New Mexico Lodger's Association (NMLA) and TANM merged into one organization. Mr. Holcomb said his company, which is the official videographer for the balloon fiesta, received numerous positive comments from tourists regarding the New Mexico True campaign. Mr. Holcomb said the newly merged TANM and NMLA strongly endorse the work Secretary Jacobson has done and strongly recommends the increase the department requests.

Executive Director Randy Randall of Tourism Santa Fe said tourism is doing very well. Mr. Randall reported that Santa Fe's tourism revenues in the first four months of its fiscal year are up 12 percent. Lodger's tax is up \$450 thousand. Mr. Randall said he encourages the committee to support the efforts of Secretary Jacobson and the Tourism Department.

In response to Chairman Varela, Secretary Jacobson said the department works closely with the chambers around New Mexico.

In response to Senator Beffort, Secretary Jacobson said Audrey Castillo, who operates the coop grant programs, is working closely with MainStreet on a pilot program that takes the entire funding in one particular area and places it in one large project.

In response to Senator Beffort, Secretary Jacobson said there will be a meeting in the near future to talk about Route 66 specifically. Secretary Jacobson said the New Mexico True message, which is about authenticity and adventure steeped in culture, is exactly what people who want the Route 66 experience are looking for.

In response to Representative Larrañaga, Secretary Jacobson said the department does work with the tribes in New Mexico. In the instance of casinos, the department works with the casino's marketing team to make sure the New Mexico True message matches up when they advertise.

In response to Representative Sandoval, Secretary Jacobson said *New Mexico Magazine* continues to be printed out of state. The department is proactive in looking for a business with the capability to print the magazine in state.

In response to Chairman Varela, Secretary Jacobson said the people in charge of Spanish market moved the winter Spanish market to Albuquerque.

In response to Chairman Varela's question regarding the department's vacancies, Secretary Jacobson said all but two are funded. The two unfunded vacancies are dependent on the magazine revenues increasing. Secretary Jacobson said they are actively looking into filling the funded vacancies.

New Mexico Environment Department (667) After introductions were made, Secretary Ryan Flynn of the New Mexico Environment Department (NMED) briefed the committee on major issues the department is working on involving the Waste Isolation Pilot Plant (WIPP), Los Alamos National Labs, and a fuel spill in Albuquerque. Mr. Flynn said the Department has been working with a number of stakeholders as well as LFC and executive agency staff on developing a survey of infrastructure needs throughout the state. The purpose of the survey is to provide legislators an informational document on water and wastewater infrastructure needs in their districts. Secretary Flynn said another issue the department will be working on in the next year is developing a state plan to meet the expectations set in President Obama's Clean Power Plan.

Secretary Flynn updated the committee on HR issues. NMED's total vacancy rate is 14.8 percent. Secretary Flynn then summarized the Department's FY16 budget request. NMED is requesting a \$1.4 million increase in general fund. Between FY08 and FY13, the department's general fund budget was cut by 45.3 percent. Of the \$1.4 million general fund increase, over \$1.1 million is for existing positions.

In response to Representative Varela, Secretary Flynn said the Radon Protection Program has a 60 percent federal match and a 40 percent state match.

Secretary Flynn talked about the Kirtland Air Force Base fuel spill, a top priority in his department. Although discovered in 1999, the spill has become a priority only in the last few years and cleanup is now underway. Secretary Flynn provided a map which showed the area of the spill. Secretary Flynn said they have the technology to clean up the spill and that he is confident there will not be any contamination that will impact the City of Albuquerque.

Secretary Flynn then talked about the underground salt truck fire and container breach that occurred at WIPP in February 2014. The federal Department of Energy (DOE) believes the container was breached as result of an incompatible mixture of materials. Although the breach occurred on February 14th, NMED was not notified until February 19th. Secretary Flynn held a press conference the following morning in Carlsbad. Secretary Flynn said the DOE apologized for their initial lack of communication on the breach. Secretary Flynn issued two administrative orders requiring DOE to isolate other containers that could have a potential reaction. The schedule and cost of recovery are uncertain. Secretary Flynn said investigations are ongoing and the Department is committed to ensuring this occurrence does not happen again.

Lastly, Secretary Flynn talked about ground water permitting. The Ground Water Quality Bureau (GWQB) oversees 998 ground water protection and discharge permits. Secretary Flynn feels the GWQB is not been performing at a satisfactory level. Unfunded vacancies are preventing GWQB from meeting responsibilities. Secretary Flynn said the budget increase would:

- fill unfunded vacancies;
- issue and renew permits in a timely manner;
- conduct more field inspections; and
- provide adequate level of customer service.

In response to Senator Cisneros, Secretary Flynn said the department works collaboratively with the New Mexico Finance Authority (NMFA) to implement the Drinking Water State Revolving Fund (DWSRF) program, which currently has a fund balance of \$10.8 million. A recent follow up report from the EPA's Office of Inspector General said it supports improvements the state has made to streamline the funding process.

Senator Cisneros asked how situations such as the Arroyo Hondo uranium contamination and Springer's water system need can be addressed using the DWSRF. Secretary Flynn said unlike the Clean Water State Revolving Fund (CWSRF), which is under control of NMED, NMFA does not have as much freedom and flexibility in using the DWSRF funds. New legislation could address the issue. Secretary Flynn said another solution may be to issue grant money.

In response to Senator Cisneros's question on the status of last year's \$1.8 million capital outlay appropriation for river restoration, Secretary Flynn said of the 40 applications for projects received, NMED will be able to fund 10 projects.

In response to Representative Larrañaga's question regarding the high CWSRF balance, Secretary Flynn said they count funds that have been obligated in the form of contractual agreements and also offers that have been made.

Regulation and Licensing Department (420) Superintendent Robert Unthank of the Regulation and Licensing Department began his presentation naming the six divisions within the Department. Mr. Unthank said the Department has approximately 300 authorized FTE. It is the Department's goal to deal with the Department's high vacancy rate. Based on November's numbers, Mr. Unthank said the Department has reduced its vacancy rate by over 10 percent. The Securities Division, which currently has a vacancy rate of 32 percent, is in the process of being reconfigured. Mr. Unthank said Securities Division Director Alan Wilson will configure the Division to better coordinate local law enforcement agencies to bring about the prosecution of persons who are engaged in fraud. Mr. Unthank said a full time prosecutor has been hired for the Alcohol and Gaming Division. The new prosecutor will be dealing with non-compliant licensees. Chairman Varela expressed concern over the 33 percent vacancy rate in Program Support. Mr. Unthank said he is committed to reducing the vacancy rate within budget. In response to Chairman Varela, Director Cynthia Richards of the Financial Institutions Division (FID) said RLD does not have a mortgage modification division. Director Richards said the FID deals with the examination of mortgage companies, branches, and mortgage loan originators. Mr. Unthank talked about the Accela Implementation Plan. The project is a total of \$8.5 million and will be

implemented in three phases. The software for Accela has been purchased out of the operating budget. Mr. Unthank highlighted RLD's FY16 appropriation request. The Department is requesting a general fund increase of \$289 thousand.

In response to Senator Cisneros, Mr. Unthank said the Governor's office is aggressively pursuing the appointment of board members. Mr. Unthank feels there are efficiencies that can occur.

In response to Chairman Varela, Mr. Unthank said the audit is wrapping up and the Department will meet its deadline. Administrative Services Director Alexis Lotero said the Department has submitted all reversion documentation to the Department of Finance and Administration.

Retiree Health Care Authority (343) Executive Director Mark Tyndall presented the Retiree Health Care Authority's (RHCA) FY16 budget request. The agency requests a 9.8 percent increase over the FY15 operating budget. For Program Support, the agency requests an increase for two FTE and information technology expenses. Mr. Tyndall presented a synopsis of the agency. RHCA provides retiree health benefits for over 300 public entities in New Mexico. As result of steps the Board has taken over the last several years, the fund balance is about \$390 million dollars. Mr. Tyndall said RHCA has lowered their unfunded actuarially accrued liability from \$4.1 billion in 2007 to \$3.4 billion in 2014. Mr. Tyndall detailed the assumptions behind the agency's FY16 budget request. Overall, FY16 projected costs are expected to reach \$299 million, a 9.8 percent increase above FY15 approved operating levels. This assumes a 4.5 percent growth in membership, medical inflation of 4.5 percent, and 1 percent increase associated with fees related to the Affordable Care Act. The FY16 request for Program support reflects a \$190 thousand, or 6.5 percent increase above FY15 approved operating levels.

Office of Superintendent of Insurance (440) Legislative Finance Committee analyst Jon Clark summarized the Office of Superintendent of Insurance (OSI) FY16 budget request of \$38.9 million. The request is an increase of \$4.7 million, or 14 percent, over the FY15 operating budget. The request fully funds personal services and employee benefits and pays for an additional 5 FTE. The increase in other costs is primarily attributed to an increase of \$1.6 million over the operating budget for estimated medical malpractice claims/judgments and court settlements within the Patient's Compensation Fund. Referring to the handout, Superintendent of Insurance John Franchini talked about the agency's vision and mission and went over the agency's initiatives. Mr. Franchini said the agency's initiatives ensure New Mexicans have access to quality and affordable health insurance. Mr. Franchini then provided an overview of the agency's revenues. OSI receives no general fund support. Funds are derived from other state revenue, federal funds, and fund balance. Mr. Franchini said the agency's revenue generation for FY14 was \$222 million. Premium taxes increased to \$12 million in FY14. Approximately 5 percent of the revenue is used to fund the agency's operations. Mr. Franchini then presented on the agency's overall FY16 budget request. Mr. Franchini talked about the agency's vacancies. OSI expects that nearly all positions will be filled by the end of FY15. No appropriation is being requested for technology needs. However, OSI is requesting an extension of an existing appropriation from other state funds set to expire at the end of FY15. Mr. Franchini said the extension will allow the agency to migrate the insurance IDEAL system into the national state-based system, which provides tools and products to states that are promulgated by the National Association of Insurance Commissioners. Mr. Franchini concluded his presentation stating based

upon an initial assessment of the new fraud bureau chief, OSI may be submitting a special appropriation for additional equipment and additional budget increase authority language to increase the fraud budget for FY15 and FY16 related to critical ongoing insurance fraud investigations.

In response to Chairman Varela's question regarding the Health Insurance Exchange, Mr. Franchini said the silver plans in the state have seen a reduction of 10 percent in cost. Currently, there are five companies writing individual health plans in the exchange. Mr. Franchini said there are 35 thousand people in the exchange and it is his hope that it doubles this year. Mr. Franchini said the systems to buy health insurance are running better.

Recommendations of Legislative Health and Human Services Committee Referring to the handout, Representative James Madalena briefed the Committee on eleven bills endorsed by the Legislative Health and Human Services Committee (LHHSC). Two bills are identical and reference Medicaid home visiting services. There will be proposed legislation carried by Senator Shendo to amend the Dental Health Care Act. Representative Madalena talked about proposed legislation that carries appropriations as follows.

- Assisted Outpatient Treatment Act;
- Disabilities Medicaid Waiver Program;
- Legislative Health and Human Services Committee statute;
- University of New Mexico's Pain Management Center;
- Higher Education Department and dental students participating in the Western Interstate Commission for Higher Education;
- University of New Mexico for Oculopharyngeal Muscular Dystrophy Research;
- Crime Victims Reparation Fund; and
- Children, Youth, and Families Supportive Housing Pilot Project.

In response to Chairman Varela, Staff Attorney Michael Hely of the Legislative Council Service (LCS) said most of the proposed appropriations would be recurring.

In response to Senator Cisneros, Mr. Hely said the appropriation recommendation of \$24 million for the DD Waiver Program would reduce the waiting list.

Friday, November 21

The following members and designees were present on Friday, November 21, 2014: Chairman Luciano "Lucky" Varela; Vice-Chairman John Arthur Smith; Representatives Larry A. Larrañaga, Edward C. Sandoval, Nick L. Salazar, James P. White, James E. Smith, Patricia A. Lundstrom, and Jimmie C. Hall; and Senators Carlos R. Cisneros, Sue Wilson Beffort, Stuart Ingle, Peter Wirth, Mary Kay Papen, Steven P. Neville, and Pete Campos.

District Attorneys/Administrative Office of the District Attorneys (251-265) Rick Tedrow, 11th Judicial District Attorney Division I and President of the District Attorney's Association, said thanked legislators for their continued support. Mr. Tedrow spoke briefly about the benefits and cost of technology. The technology support the Administrative Office of the District

Attorneys (AODA) provides to the district attorneys comes at a hefty price to keep technology up to date.

Henry Valdez, director of the AODA thanked the Committee and staff for their work. In FY14, the AODA provided training for approximately 119 attorneys at district attorneys' conference held in Las Cruces November 20, 2014. Mr. Valdez supported Mr. Tedrow comments on the technology needs of the district attorneys. Mr. Valdez said many DA vehicles have not been replaced since 2008.

In response to Representative Larrañaga, Mr. Valdez disagrees with Public Defender's Office move to pay contract attorneys an hourly rate because cases will be resolved more slowly negatively impacting the AODA and the judicial system. Mr. Valdez is not sure the pilot program at the 2nd Judicial District Court that places time limits on some cases will work.

Cynthia Clark, senior trial attorney of the 3rd District Attorney, presented the FY16 budget requests, which includes funding for a victims' advocate for the elderly.

Janetta Hicks, district attorney for the 5th Judicial District, introduced its courthouse dog used to help victims testify in court. Ms. Hicks presented the District's budget requests for FY16 including two attorneys and two secretaries. Ms. Hicks said the District is experiencing a dramatic increase in cases. In 2013, the District had more felony filings than any other district in the State with the exception to Albuquerque.

Francesca Martinez-Estevez, district attorney of the 6th Judicial District, presented its budget requests for FY16, which includes \$170 thousand for two unfunded attorney positions. Ms. Martinez-Estevez said the District caseload has increased and HIDA funds are going away placing greater stress on the general fund appropriations.

Diana Martwick, District Attorney for the 12th Judicial District, presented the District's budget requests for FY16, expansion of two attorneys and two secretaries. Ms. Martwick said the caseload per attorney last year was 375.

Andrea Reeb, District Attorney for the 9th Judicial District, presented its budgets requests for FY16.

Clint Wellborn, District Attorney for the 7th Judicial District, presented its FY16 budget requests, which includes an administrative assistant. Mr. Wellborn said because of recent changes to the Magistrate Court Rules, the DA's office is not requiring the DA to prosecute cases twice. Since May 2014, the District has seen an increase number of murder cases. In response to Representative Larrañaga, Mr. Wellborn said most of the murder cases are related to drugs.

Tim Rose, District Attorney for the 10th Judicial District, talked about the increased number of cases for which it needs another attorney and prosecution specialist. Mr. Rose said most of cases are related to methamphetamines. Mr. Rose said New Mexico stands to be worst in the nation for child wellness and told the Committee about its new child wellness team.

Mr. Valdez presented the 8th Judicial District's FY16 budget request on behalf of District Attorney Donald Gallegos who had a scheduling conflict. The request included \$50 thousand to replace vehicles and increases to personal services and benefits for insurance premiums.

Rick Tedrow, district attorney of the 11th Judicial District Division I, spoke briefly about the drug issues in New Mexico.

Kerry Comisky, Deputy District Attorney for the 11th Judicial District Division II, presented its budgets requests for FY16, which included an assistant district attorney and a clerk specialist position. Mr. Comisky said Gallup has a huge alcohol problem.

Mr. Valdez presented the 13th District Attorney's FY16 budget requests on behalf District Attorney Lemuel Martinez. Mr. Valdez said one of issues the District faces is personnel recruitment and retention. He said the high turnover rate might be due to the inability to pay competitive wages.

Richard Flores, District Attorney for the 4th Judicial District, said he shares many of the same issues that other districts face. Mr. Flores talked about the difficulty in filling their vacancies. Mr. Flores then presented the FY16 budget request to cover increased costs in insurance premiums and the 3 percent raise for their employees.

Kari E. Brandenburg, District Attorney for the 2nd Judicial District, presented its budgets requests for FY16. The District requests two expansion items.

Angela R. "Spence" Pacheco, District Attorney for the 1st Judicial District, spoke briefly about the Elder Abuse Unit and the LEAD Program. Although an appropriation for the LEAD Program was vetoed in 2014, Ms. Pacheco said the Program is continuing with funding from the City of Santa Fe and other donors. Ms. Pacheco presented the District's budgets requests for FY16, an expansion for two attorneys and for security.

Mr. Valdez presented the AODA's budget request for FY16. The AODA requested an expansion of two FTE for the Statewide Automatic Victim Notification system. The system enables a person to register to receive notifications on the status of a case, which reduces the number of phone calls and letters to send out. Mr. Valdez said maintaining the system is labor intensive. Mr. Valdez said the AODA's budget request includes funding to do a security assessment of its network.

In response to Senator Cisneros, Mr. Valdez said several issues have been raised now that Colorado has made marijuana legal. Senator Cisneros asked that Mr. Valdez keeps the Committee informed on those issues.

In response to Representative Cisneros, Mr. Valdez said the AODA manages the statewide IT services for the Districts with exception to the 2nd District.

Public School Insurance Authority (342) Anne Hanika-Ortiz, Analyst of the Legislative Finance Committee, presented an overview of the New Mexico Public School Insurance

Authority's (NMPSIA) budget request for FY16. Ms. Hanika-Ortiz said increasing costs of health care is a key problem for the agency's Benefits Program. Increased claims related to charter school operations, sexual molestation, and worker's compensation are a key problem for the Risk Program. NMPSIA's budget request includes increases of 3 percent in health premiums and 11 percent in risk premiums for school districts in FY16. Ms. Hanika-Ortiz said an additional \$10 million will be needed for Public School Support for the employee share of premium increases. Sammy Quintana, executive director of NMPSIA, briefly went over functions of its three divisions. Mr. Quintana said the IDEA program is expensive for the agency. NMPSIA is looking into modeling its IDEA Program after APS and perhaps dividing the State into four or five regions and hire experts. Christy Edwards, deputy director of NMPSIA then briefed the Committee on its Benefits Program. The Interagency Benefits Advisory Committee's (IBAC) bid for prescription coverage will save NMPSIA an estimated 11 percent.

In response to Representative Hall's question regarding new autism coverage that goes into effect January 1, 2015, Ms. Edwards said NMPSIA is in compliance for the coverage.

Attorney General (305) Connor Jorgensen, Analyst of the Legislative Finance Committee (LFC), presented an overview of the Attorney General's Office (AGO) budget request. Mr. Jorgensen stated the agency's requested increase of 60 percent from the general fund is attributable to the AGO's desire to swap other state funds for general fund. The AGO continues a transfer of \$500 thousand in consumer settlement funds from AGO to New Mexico State University to support the Water Resource Research Institute. The budget request for Legal Services remains relatively flat over FY15. For Medicaid Fraud, Mr. Jorgensen said the funding is structured such that the federal funding is contingent on a 25 percent match of state general funds. Mr. Jorgensen said the AGO currently has enough funds to fill 15 vacant positions which would greatly decrease the agency's vacancy rate.

In response to Senator Cisneros's question regarding the AGO's vacancies, Mr. Jorgensen said exempt policy positions would most likely not be filled until after the transition to the new administration. Mr. Jorgensen said AGO may currently be in the process of filling operational level vacancies.

Gary King, Attorney General, briefed the Committee on AGO's overall budget request of \$22.3 million for FY16. AGO requests a base budget consisting of \$17.6 million from the general fund for FY16, \$2 million from the consumer protection fund and two expansion FTE for sex offender parole hearings. Attorney General King said the agency is asking for budget adjustment authority as well as a special appropriation to fund water litigation. Attorney General King said the office is being handed over to the Attorney General elect Balderas in a much better circumstance than it was when he took it over.

In response to Chairman Varela, Attorney General King said because of vacancy savings, the agency was able to fund the 3 percent salary increase for its employees.

Chairman Varela expressed his support for the Keep your Home Program. Attorney General King said the agency is dedicated to continuing to support the foreclosure programs of the court system.

Attorney General elect Hector Balderas briefed the Committee and said immediately following the election, he met with Attorney General King to begin a full transition assessment and review so the agency can hit ground running in the new year. The AG elect asked that legislators leave open the opportunity for his agency to address additional needs that might be identified in the transition.

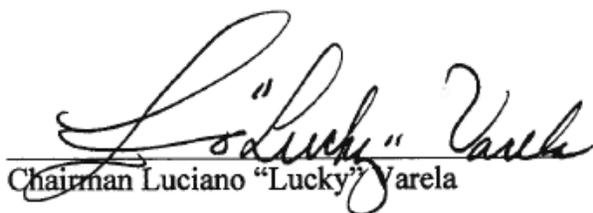
On behalf of the Committee and himself, Chairman Varela thanked Attorney General King for his service.

In response to Senator Papen's question regarding the Medicaid fraud case, Attorney General King said an increase to the budget request of \$2.2 million for the Medicaid Fraud Unit would depend on approval from the federal government as well as the legislature. To speed up the process of cases in the Medicaid fraud unit, Attorney General King suggested adding a significant number of new investigators. Senator Papen expressed her frustration on the unresolved issues concerning behavioral health.

In response to Senator Wirth, Attorney General King believes the special appropriation request for water litigation will be sufficient.

In response to Senator Cisneros, Attorney General King said the State Engineer's appropriation request to fund water litigation is a duplicate request. The intention of both appropriations is to give the legislature the option of where it prefers the money be appropriated. Attorney General King prefers the money be placed with the AGO because they are managing the litigation.

With no further business, the meeting adjourned at 11:39 p.m.


Chairman Luciano "Lucky" Varela


Vice Chairman John Arthur Smith