

**Minutes
of the
Ninth Meeting
of the
Government Restructuring Task Force
November 22 and 23, 2010 ★ Room 307, State Capitol**

The ninth meeting of the government restructuring task force (GRTF) was called to order by Senator Tim Eichenberg, chairman, at 9:15 a.m. in Room 307, State Capitol.

Present were:

Sen. Tim Eichenberg, chairman
Rep. Patricia A. Lundstrom, vice chairwoman
Mr. Patrick Baca
Rep. Paul C. Bandy
Sec. Dannette Burch (Nov. 22)
Rep. Keith J. Gardner (Nov. 22)
Mr. John Gasparich
Ms. Michelle Lujan Grisham
Dr. Dan Lopez
Sen. Linda M. Lopez
Rep. Rick Miera
Mr. Jim O'Neill
Mr. David Ortiz
Sen. John Arthur Smith
Rep. Luciano "Lucky" Varela

Absent were:

Sen. Steven P. Neville
Sen. William H. Payne

Advisory Members:

Sen. Carlos R. Cisneros
Sen. Stuart Ingle (Nov. 22)
Sen. Lynda M. Lovejoy (Nov. 22)
Rep. James Roger Madalena (Nov. 22)
Rep. Jeannette O. Wallace (Nov. 22)

Sen. Mary Jane M. Garcia
Rep. Joni Marie Gutierrez
Rep. Al Park

(Attendance dates are noted for those members not present for the entire meeting.)

Legislative Guests: Senators Dede Feldman and Timothy Z. Jennings and Representatives Edward C. Sandoval and Danice Picraux and Speaker Ben Lujan.

Staff: Raúl E. Burciaga, Jonelle Maison, Kim Bannerman and Leslie Porter, Legislative Council Service (LCS); Cathy Fernandez, Legislative Finance Committee (LFC); David Harrell, Legislative Education Study Committee (LESC); David Hadwiger, Department of Finance and Administration (DFA); and Tim Karpoff, facilitator.

Monday, November 22

Minutes of the last two meetings were approved, with one correction to the minutes of the eighth meeting: on page 11, ninth paragraph, add "and legislation" after "final report". Copies of handouts and presentations are in the meeting file.

Governor-Elect Restructuring Ideas — Brian Moore, director of policy for the transition team

Former Representative Moore said the transition team and Governor-Elect Susana Martinez are following the work of the task force and they look forward to working with the task force on finding solutions to the state's problems.

Representative Bandy said he had talked to former Governor Garrey Carruthers, who made the following suggestions:

- put veterans' affairs and Indian affairs advisors in the governor's office and eliminate those two cabinet departments;
- merge the department of health (DOH) and the aging and long-term services department (ALTSD);
- consider merging the tourism and cultural affairs departments instead of putting tourism in the commerce department;
- merge the regulation and licensing department with the commerce department;
- consider optional benefits under medicaid for savings; and
- eliminate the higher education department (HED) and move its functions to the DFA.

Representative Varela said he was pleased the governor-elect had appointed Representative Moore, and he said he looks forward to working with him. Representative Lundstrom concurred, saying the task force and the legislature need specific recommendations from the incoming administration.

Relative to consolidations of functions, Senator Smith said the task force had been met with a chorus of "can't do" instead of "can" from departments and agencies, but a \$350 million deficit means a 7% cut across the board for all other agencies and programs if education and medicaid are held harmless. He noted that taxpayers are paying for two charter schools to lease airplanes to offer flying lessons to students. Senator Smith offered three suggestions for task force consideration:

- combine the DOH and the department of environment (NMED);
- de-earmark funds; and
- convert tax exemptions to credits.

Ms. Grisham, remarking on one of Governor Carruthers' recommendations, said the original proposal had been to combine the human services department (HSD) and ALTSD. She asked why the recommendation had changed. Representative Bandy said that had been

discussed. Senator Jennings said that however functions are combined, the task force should look at Texas and Arizona and what they are doing to attract business. He opined that New Mexico needs to be much more business-friendly. He suggested there needs to be significant systemic changes and perhaps moving construction inspections to local governments would be a good idea. Representative Moore said he thinks the task force and the transition team are headed in the same direction and the governor-elect wants to make the right decisions for what is best for the state.

Public Employee Public Surveys Report — Leslie Porter, GRTF staff

Ms. Porter presented the results of the State Government Efficiencies and Effectiveness Survey, which had been requested by the task force to solicit suggestions from state employees to make government more effective and efficient. A link to access the survey was sent directly to the employees of the legislative and judicial branches but was not sent to the executive branch per the governor's decision. The LCS issued a press release inviting executive employees to log on to the legislative web site to access the survey. The survey was open for responses until October 31, 2010. Respondents were asked to rate their agency/department in eight areas. She noted there was a decided tone of frustration evident throughout the survey and throughout the responses. General information on the participants of the survey show that 30% have worked for the state one to five years and 66% are non-supervisory employees. She said that 29% of respondents confirmed they are planning to leave state government within three years, primarily due to pay, according to 35% of the responses, but work environment scored with another 15% of respondents. Answers about compensation incorporated not just wages earned, but concerns with benefits and furloughs. Workload, particularly that caused by understaffing due to the hiring freeze, was another item of contention. Many complaints about work environment involved the lack of employee appreciation and the flourishing acts of favoritism, nepotism and harassment in their agencies. The three critical needs respondents identified were: better technology and equipment to allow efficient communications; better training to establish consistency; and more decision-making authority on the front lines to increase effectiveness. Respondents did feel they were providing good customer service. Asked how their agency/department could save money, respondents picked "travel" as the dominant response, with 55%; "staffing levels" fell second, with 45% of the responses. Comments indicated departments could be much more efficient and cost-effective through the use of teleconferencing and telecommuting. Also of concern was state vehicle use, which many respondents believed was being abused. There were many suggestions about reducing management and eliminating political hires to save costs. When asked how a participant's agency/department could be more efficient with the use of utilities, "heating and cooling", "lighting" and "electricity" were the top three suggestions. There was a recurrent theme throughout the responses having to do with political hires; respondents saw them as costing too much and contributing too little. Political hires and the hiring freeze were the major causes of low employee morale. When asked to identify wastes of time and resources, "management", "process and paperwork" and "staffing and workload" were the top responses. Issues within "management" included the lack of qualified managers and too many managers. "Process and paperwork" included the belief that there are too many layers of management and a growing bureaucracy. "Staffing and workload" included responses about high turnover and the lack of training.

Asked how they would restructure their agency or department, 75% of respondents said they would adjust the levels of "staffing and workload". Interestingly, pay was not a priority. When asked where their agencies could consolidate, many respondents agreed that consolidation could happen, though few offered concrete suggestions. As noted earlier, a great deal of frustration was with governor-exempt employees and other political hires. Facilities duplication was mentioned, with the suggestion that certain duplicate offices be eliminated to reduce floor space and reduce rent costs. While some respondents felt the state would see savings by centralizing certain services, e.g., housing all agency general counsels under the attorney general, others felt strongly that decentralization of certain services would increase efficiency, e.g., eliminating the department of information technology (IT) and returning all IT functions to the agency level. Some also felt that refocusing services would result in savings, citing a shift from treatment services to prevention services as an example.

Ms. Porter concluded by stating that in general, respondents appreciated the opportunity to participate in the survey and to have their frustrations and suggestions heard. Many said they hope to have the opportunity again, preferably on a regular or ongoing basis. Many also said they are concerned about the task force's final recommendations and how their jobs and agencies might be affected through unintentional consequences.

Representative Varela suggested the administration should take seriously the comments of public employees as it looks to reassign personnel. Representative Lundstrom remarked on slide 8, the desire by state employees to have more decision-making authority on the front lines, saying some of that is the responsibility of state personnel when it classified and wrote job descriptions. She asked for a copy of the comments related to duplication of space and services. The elimination of the IT, as suggested by the survey results, was one of the "big ideas" the task force had been looking for, though she expressed concerns about how easily the state could go back to the former CIO model. Mr. Ortiz said there was good information in the survey results and the task force should take note. Senator Eichenberg said he was struck by 7% of the respondents saying they feared retribution. Representative Bandy said there may not be a representative sample because 30% said they were planning to leave state government and others were afraid of retribution.

Representative Gardner questioned the science behind the survey and the skill and training of the people who developed the questions. Mr. Burciaga said the survey had been developed in-house and brought to the task force for approval. He noted the task force did not have money for a professional survey. The representative said the survey is only one piece of an overall puzzle and should not be given more credence than it deserves. Representative Lundstrom said she agreed with the comments from the members and noted that the task force had asked for public employee and general public comments in several ways, including the surveys, the comments page on the legislative web site and the public comment period at each meeting. She did not find the survey results surprising. Senator Eichenberg said the members understand the surveys are just one source of information-gathering; other sources, for him, were the hundreds of emails and phone calls he received during the interim. He said he was frustrated not just by the lack of involvement by the fourth floor, but by department heads as well;

everyone who presented said, "not my agency", instead of offering solutions. Senator Smith said that, speaking of retribution, the superintendent of regulation and licensing had just received a vote of no confidence from her employees for streamlining recommendations she made; he said it was understandable that agency heads did not step up to the plate. Ms. Grisham said in all administrations, in boom or bust times, organizational issues are difficult. She said the task force needs to be cognizant of personnel concerns and issues, many of which may be exacerbated with agency consolidations. Dr. Lopez said the surveys need to be considered in perspective. No survey will be able to accurately ascertain the truth, because a response is only true at the time. What is important, he said, is that the survey generally reflects what the members hear daily about state government.

Boards and Commissions Staff Report — Jonelle Maison, GRTF staff, and Christian Sanchez, LFC

Ms. Maison presented a spreadsheet that included the differences between the boards and commissions subcommittee and the LFC recommendations, and department comments if they had been sent to LCS. She noted that the task force had been given copies of written comments received by LCS throughout the interim. Mr. Sanchez presented the guidelines LFC used to consider each of the boards and commissions. Mr. Hadwiger provided the task force with information that #62, the emergency response commission, is required by federal law.

Mr. Ortiz asked if budget implications had been considered by LFC. Mr. Sanchez said the LFC analysts had worked with the agencies to estimate savings. David Abbey, director, LFC, said he is confident about the LFC recommendations because the analysts are knowledgeable. He said they considered effectiveness, duplication and potential for streamlining.

Ms. Grisham expressed concern about the LFC recommendation to eliminate the brain injury advisory council, which the subcommittee recommended be moved to ALTSD. Mr. Abbey said the developmental disabilities planning council and the governor's commission on disability could take over that function.

Representative Lundstrom said the New Mexico renewable energy transmission authority (RETA) had issued bonds, which would make its elimination difficult. Mr. Abbey acknowledged that RETA had just closed a bond sale, which might change the LFC recommendation, although there may be merit to combining RETA with the New Mexico finance authority. As to the LFC comment that taking away rulemaking from the environmental improvement board (EIB) would mean less public access to the rulemaking process, she noted that rulemaking requires public comment. Mr. Abbey said LFC did not see a reason to take away rulemaking authority. Representative Lundstrom said the regulatory process subcommittee of the economic and rural development committee (ERDC) will have several recommendations regarding rulemaking, particularly for the adoption of a new Administrative Procedures Act. Representative Varela asked if those recommendations would be brought to the task force. Representative Lundstrom said she is unsure if the ERDC would have final action before the task force next meets.

Representative Bandy said for all the policymaking boards, such as EIB, water quality control commission and construction industries commission, there is a philosophical question about where authority should lie; the subcommittee used the federal model, with the secretary responsible for rulemaking. He said that should be the responsibility of the executive, not a public-member group. He said having the cultural properties review committee approve all archaeological clearances when it meets only periodically presents a problem for businesses. He suggested that having the committee make the policy and staff carry it out would be quicker and would remove barriers to economic development.

★ Senator Lovejoy asked the task force to consider a bill to consolidate the Indian education advisory council and the tribal infrastructure board with the Indian affairs commission. The Indian affairs commission would be the single state contact for the sovereign Indian nations, tribes and pueblos and would be made up of three Navajo, three Pueblo and three Apache members. She suggested staff look at providing qualifications for membership.

Representative Sandoval said he thought there would be more savings from eliminating boards and commissions. Mr. Abbey said savings are difficult to quantify, because costs are often indirect; even if there is no per diem and mileage, staff support can be time-consuming and agency-resource-consuming. Senator Eichenberg explained to the representative that the task force is concerned not just with cost savings, but with efficiency and productivity as well. On further questions, Mr. Abbey said the state lost 2,250 employees in the last year and there is plenty of work for remaining employees.

On motion by Representative Lundstrom, seconded by Representative Madalena, the task force agreed to remove #s 13, 32, 58, 62, 63, 64, 96, 97, 98, 157, 167A and 235A. On discussion, the task force agreed to remove #s 39, 118, 180, 189, 157 and 158 and 54, 95 and 155 that were Senator Lovejoy's proposal. The motion passed unanimously. The task force then went through a series of motions, based on spreadsheet categories, to adopt the subcommittee recommendations except for certain LFC recommendations. The motions were made by Mr. O'Neill and seconded by various members, and all motions passed. In agriculture, seconded by Representative Bandy, subcommittee except #s 3 and 6. In commerce and industry, seconded by Ms. Grisham, subcommittee except #s 8, 10, 11, 18, 21, 23 and 26. In cultural affairs, seconded by Representative Bandy, subcommittee except #37. In higher education, seconded by Representative Lundstrom, subcommittee except #44. In public education, seconded by Representative Lundstrom, subcommittee except #s 53, 55 and 56. In environment, seconded by Senator Smith, subcommittee except #s 66, 70, 71 and 79. In general government, seconded by Representative Lundstrom, subcommittee except #s 93, 94 and 95. In health and human services, seconded by Ms. Grisham, subcommittee except #s 116, 120, 121, 127, 128, 129, 130, 131, 132, 139, 140, 142, 144, 148, 149, 152, 153, 154 and 159. After discussion, #122 was changed to keep; #139 was for subcommittee; #141 was changed to keep because it is an interstate compact requirement; #151 needs further analysis. In instrumentalities, seconded by Representative Lundstrom, subcommittee except #s 160, 162 and 163. In military affairs, seconded by Representative Lundstrom, subcommittee except #s 169, 170 and 171. In professional and occupational boards, seconded by Representative Bandy, all subcommittee. In

public safety and criminal justice, seconded by Representative Bandy, subcommittee except #s 218, 219 and 225. In sports, seconded by Representative Lundstrom, all subcommittee. In transportation, seconded by Representative Bandy, all subcommittee; on substitute motion by Senator Eichenberg, #s 242 and 244 were removed for further analysis.

Higher Education Cost-Savings and Efficiencies — Dr. Dan Lopez and Dr. Dave Lepre for the four-year institutions and Mr. Danny Earp and Mr. Ty Trujillo for the two-year institutions

Dr. Lopez said he was representing and speaking for the university presidents. He reminded the task force of the saying "if you are not at the table, you're on the menu" and said the presidents want to work with the legislature. Dr. Lepre, director of the council of university presidents, explained that the university presidents have discussed short- and long-term efficiencies, including the FY 2012 budget. He said there is an unmistakable link between higher education funding and evolution of programs and institutions; however, in today's environment, the council agrees that the financial support structure all institutions rely on to mount the essential instructional effort requires an overhaul. Meaningful change in higher education funding may require decoupling the formula into separate two- and four-year formulas so that the relationship between expenditure growth and supporting revenue can be examined and recalibrated and so the respective formulas may raise awareness of each sector about the implications of enrollment growth in the context of limited resources, programmatic prioritization and degree program quality. The council agreed with the fundamental concern that simply funding institutions based on how many students can be rounded up has had a damaging effect on the overall effort, the system's outcomes and the system's ability to be responsive to changing educational needs.

In the short term, the council agrees that the higher education funding formula task force's (HEFFTF) recommendation to transition to an averaging model for FY 2012 is a constructive way of reducing the short-term cost of higher education to the state. The change reduces the workload reimbursement from \$61 million to \$34 million. In combination with a 3% across-the-board cut, applied to research and public service projects as well as the funding formula, the total savings to the state would be \$23.6 million. The council acknowledges that this action, which carries a flat higher education budget forward despite over \$60 million in workload expansion, will not fully address the short-term problems. To the extent that further cuts are required, the council supports reductions that have an equitable impact on all institutions, meaning giving full consideration to their missions and reducing in proportions relative to their state appropriation. A flat percent tuition credit taken across higher education is not part of an equitable cost reduction. Starting with a flat budget, an across-the-board 1% reduction equals \$7.62 million in savings.

For FY 2013 and beyond, the council agrees that it is time to consider real structural change. Two high-level ideas that drew general support focus on finding administrative savings through consolidation and increased productivity. Two other ideas are to merge smaller, less productive community colleges with larger schools and to establish a system in which all community colleges are linked to universities in both administrative support and governance.

Additional savings can be realized by moving the financial arm of HED to DFA and returning to the commission on higher education model or a panel of college and university presidents. The council does not support burying HED within the organizational chart of the public education department (PED). The council reached consensus on the idea that funding issues would be addressed during construction of a formula driven by relevant factors that reach beyond head count or credit hour production and a formula that directs resources to productive, high-quality programs that respond to academic and career goals of motivated students.

Senator Eichenberg asked about ideas that did not receive consensus within the council. Dr. Lepre mentioned ideas around course completion; surcharge for repeat courses; and limiting the number of courses students could repeat without penalty were ideas discussed but not agreed to.

Dr. Lopez highlighted a concern the task force should be aware of: if the 1% is applied across the board, it will have a disproportional impact on four-year schools. He emphasized that this fact is no fault of the two-year schools; it is simply how the formula works. Senator Jennings and Dr. Lopez discussed differential tuition rates and faculty salary disparity between the two- and four-year schools. Dr. Lopez said that when the bottom line number is analyzed, four-year institutions have suffered 97% of the cuts the legislature has applied; when the legislature claims there is a flat budget, it is only true when the totality of the budget is taken, but not so when one looks at the four-year institutions.

Representative Gardner asked about the quantity of the current credit hours taken and, if there is an offset, or if the legislature reduces funding and tuition is raised, whether it would hinder students from receiving federal aid. Dr. Lopez clarified that the offset is per student and the general fund is not affected. He highlighted the fact that New Mexico still has the lowest tuition of any other Rocky mountain state and the lowest in the country for science and engineering. In response to the representative's first question, Dr. Lepre said 2.9 million credit hours are currently being taken. Representative Gardner noted that if the state pulls \$1.00 per credit hour, the state would save \$2.9 million. Dr. Lepre cautioned that the tuition waiver is difficult and compared it to a user tax; taxing four-year students to educate two-year students is a problem. Representative Gardner asked if Dr. Viola Florez, secretary of higher education, had different figures. Dr. Florez said the four-year institutions are requesting funding for 1.4 million credit hours and two-year institutions are requesting funding for 1.5 million credit hours. Dr. Lopez replied that on average, the New Mexico institute of mining and technology (NMIMT) has 20% of those credit hours going for out-of-state students with no out-of-state waivers for undergraduate students.

Representative Varela asked about the issues surrounding using the same funding formula for both two-year and four-year institutions. Dr. Lopez offered that the only long-term, equitable solution is to separate the formulas; in the short term, there should be differentials for varying school types. Dr. Lepre said this was a suggestion from the four-year school discussion. On further questions from Representative Varela, Paul Aguilar, LFC higher education analyst, said the I&G steering committee has asked the HEFFTF to discuss this, but not for FY 2012.

The representative inquired about student sentiment toward institutions.

Representative Lundstrom observed that when using Senator Smith's calculation of necessary 7% cuts, and with a budget of approximately \$762 million, higher education needs to come up with about \$49 million, yet the council is only offering \$23.6 million in cuts. Dr. Lopez said the council had come up with \$23.6 million in a very short period and added that, with the way the formula works, there is no fair way to divide the cuts evenly between the two- and four-year schools. He declared that a way to mitigate the impact on four-year institutions must be sought. Representative Lundstrom reminded him that higher education had known since April that the task force was looking for savings; it should not have come as a surprise that higher education would be asked. Senator Ingle suggested all the schools reconsider many of the services provided, such as exercise classes for the public, as money gets tight. Senator Smith said the appropriation committees would be looking for both short- and long-term savings and expect to receive hard recommendations from the institutions; they cannot continue to duck the request because they do not have consensus.

Two-Year Institutions — Danny Earp, director of New Mexico independent community colleges (NMICC), and Ty Trujillo, director of New Mexico association of community colleges (NMACC)

Mr. Earp said he thinks there is more agreement than not in terms of general strategies for the short term, including a consensus on how to deal with formula workload for next year on a two-year rolling average; however, there are issues that need to be worked out with the formula and there are challenges regarding tuition revenue. The short-term recommendations are straightforward: an across-the-board sanding of general fund appropriations; a modest tuition revenue credit; and continuation of the employer/employee contributions for educational retirement and retiree health care. For the long term, NMICC supports a complete reexamination of the funding formula, including (1) developing components that incentivize improved institutional performance and operating efficiency; (2) analysis of New Mexico costs versus other states; (3) examination of all revenue sources for each type of institution; (4) review of appropriate census date for funding; (5) review of funding of online courses, especially those delivered to nonresidents; (6) review funding of courses taken multiple times, courses taken as audit/noncredit, dissertation hours and the like; (7) review state tuition policy and practice, including relative tuition levels by type of institution, whether tuition should be charged for all hours of enrollment, whether to benchmark tuition rates and the impact of tuition rates on the lottery scholarship program; (8) review all tuition waivers to assess costs and benefits to state; (9) review eligibility of various types of facilities for state funding through the I&G formula; and (10) review formula methodology for funding utility costs. He noted that there are still many issues that need to be vetted further to reach a consensus because they have different impacts on the various schools. He responded to two points made by the four-year institutions. Regarding the first point, that the structure of higher education in New Mexico has evolved over the last 30 years, he said community colleges are authorized under state statute and are supported in part by local tax levies. If the structure is going to be redone, a great amount of thoughtful consideration will need to take place. According to Mr. Earp, the second point, the idea that the community colleges should come under the universities, would meet with strenuous debate from

the community colleges. The structure and purpose of community colleges are much different than that of universities.

Mr. Trujillo stated that for the short term, his colleges support the two-year rolling average. He cautioned that the tuition credit differential based on two- and four-year institutions needs further research. NMACC feels strongly about an equal percentage cut. Regarding merging smaller and less productive two-year institutions with the four-year institutions, he desired a definition for "less productive". He added that branch community colleges fall under the boards of regents of their respective universities, but they are still responding to the needs of the state.

Mr. O'Neill asked if the branch community college campuses work closely with the corresponding universities. Mr. Trujillo replied that it varies by institution. In further discussion, Senator Lopez said that community colleges are the best for work force development and training. She said the four-year institutions could not serve that function; in the Albuquerque area, central New Mexico community college is the best source for training. She agreed with Representative Lundstrom that budget cutting was not a new activity, and she had expected more suggestions. She said she hated to see institutions pitted against one another in the funding battle, and the community colleges have a major role to play in higher education. Separate funding formulas may be adequate, but the legislature needs to ensure that it is giving two-year institutions the tools they need to move the work force forward.

Representative Varela asked whether budget flexibility is still in the funding structure. Dr. Lopez answered that some flexibility is granted, but not as much as intended. He explained that if the institutions are given lump-sum appropriations, each institution could figure out how best to budget to meet its mission. The institutions need maximum flexibility at least in the short term. He understands the legislature's desire to have policy control over the budget, but increased flexibility would help the four-year institutions to choose programs and help better manage the fiscal situations. Mr. Earp pointed out that community colleges are less affected by that particular language on flexibility, but they are very supportive of increased flexibility. Representative Varela asked about the secretary of higher education's role. Dr. Florez said the HED recommends full flexibility be granted for the building renewal and replacement amounts so some of that money could be used for I&G.

Legislation — Jonelle Maison and Kim Bannerman

1. Commerce department bill

Senator Feldman asked if the task force had considered combining tourism and cultural affairs. Representative Lundstrom said it had, but tourism is an economic development driver; it uses economic indicators as its measures of success, the same as economic development and workforce solutions. Representative Varela said the task force had heard concerns raised by the tourism interests, but the policymakers would make sure that the importance and the focus on tourism would not be lost in the reorganization. On motion of Representative Lundstrom, seconded by Representative Bandy, the task force moved the bill along.

2. NMED and energy, minerals and natural resources department (EMNRD)

After much discussion, the task force agreed to leave radiation and water in environment, move licensure of health care practitioners to DOH and keep the game and fish division as written in the bill. On motion by Mr. O'Neill, seconded by Senator Eichenberg, the bill was endorsed in concept.

3. Reorganize DFA and general services department

After a discussion of the educational finance and accountability division, the bill was endorsed.

4A and B.

4A, elimination of the public regulation commission as a constitutional agency (CA), had been approved at an earlier meeting; 4B, the process for the legislature to assign functions by law, was approved on motion by Representative Lundstrom, seconded by Representative Gardner.

5. Eliminate the public education commission

The task force had approved the CA at an earlier meeting.

6. Department of public safety and homeland security, the bill had been endorsed at an earlier meeting.

7. Health Policy and Finance Consolidation Act

Brent Earnest, LFC, provided a brief summary of the bill, which had been approved at the last meeting, with the deletion of Section 7 having to do with several councils. Senator Feldman said the legislative health and human services committee (LHHS) had stopped short of endorsing the consolidation of all health care purchasing, but she believed it is the direction to go if the state wants to contain costs because there are savings in unified purchasing. She said the bill goes to that end gradually, but forces the issue by repealing IBAC statutes. Representative Picraux said in committee discussions, it had been determined there would not be savings in services, only administration. Senator Feldman noted that the new department is not just aimed at efficiencies in medicaid, but it would be the planning and policy agency for the state. In the LHHS bill, Section 7 provided necessary public input and independent data collection; without those, the bill is missing an important element. Mr. Ortiz observed that there had been other attempts at consolidated purchasing, but none had passed. Mr. Earnest agreed, saying the concerns are whether there will be winners and losers. He said with the two-year time frame, it is realistic to think consolidation could work. Senator Lopez reminded the task force that this topic had been discussed for several years and it might be a good route for the state to get its hands around medicaid costs; however, she agreed that the New Mexico health policy commission should maintain its independence. Senator Lopez moved that the bill go forward with a strengthened New Mexico health policy commission. On second by Senator Eichenberg, the motion passed.

There being no public comment, the task force recessed at 5:00 p.m.

Tuesday, November 23

The task force reconvened at 9:10 a.m.

11. Requiring departments to provide administrative services to attached agencies
On motion of Mr. O'Neill, seconded by Ms. Grisham, the bill was endorsed.

12. Administrative Hearings Act

Ms. Bannerman said there is an Administrative Procedures Act (APA) working group, and she had received the following information about agency responses to consolidating hearing officers: NMED, EMNRD and taxation and revenue department (TRD) have agreed with the idea; vocational rehabilitation division of PED has concerns about its federal duties; corrections department said its hearing officers are corrections officers; HSD also has concerns about federal requirements; PED contracts with licensed school employees to hear licensure issues; and the attorney general does not want the agency attached to his office.

Representative Varela said he had heard concerns that functions are being terminated. He assured the audience that is not the case: the consolidation is aimed at strong oversight of hearing officers and hearing conduct. He suggested the task force look at the working group results, but it should not hold back on this idea. Representative Lundstrom said the working group had been working all interim and would likely recommend a pilot with NMED, EMNRD and TRD and bring other agencies in over time. Mr. O'Neill thought the task force should go ahead with this bill, which might give agencies the desire to negotiate the other bill. Representative Miera said he wants IDEA hearings covered under the act. Senator Smith said the hearing officers need to be perceived as independent; it may not save money, but the public feels it is being "home-towned" with the current process. Representative Lundstrom concurred. Mr. Gasparich said the issue about hearing officers being paid with federal funds can be worked out. Representative Varela moved adoption of the bill; seconded by Senator Eichenberg, the motion passed.

★ 16. Per diem and mileage, uniform payments for all public officers and employees

The task force discussed school boards losing their per diem allowance. Ms. Maison stressed that the Per Diem and Mileage Act is not a salary or stipend bill, but a way to reimburse public servants for meal and travel costs; in-town meetings do not cost the attendees anything in the way of lodging, meals and travel. Mr. Ortiz said the school boards' association is opposed to the bill and asked that it be exempted from the bill. He said this is the only compensation school board members receive. Ms. Maison reiterated that the Per Diem and Mileage Act is not a compensation law; it is a mechanism to reimburse certain costs; if costs are not incurred, there should be no reimbursement under the act. Representative Lundstrom asked if honoraria could be paid to school board members. Ms. Maison said they could if the law allowed, but not under the provisions of the Per Diem and Mileage Act. Senator Smith pointed out that the internal revenue service is beginning to scrutinize payments that public officials receive. Senator Eichenberg agreed, saying the board members of the Albuquerque metropolitan arroyo flood control authority were required to file W2s for their per diem and mileage payments. Dr. Lopez said NMIMT had an audit and is required to issue a 1098 to anyone who receives even the minimum \$6.00 a day per diem. Mr. Ortiz said the per diem is the only compensation school board members receive and it is difficult to find qualified people to serve without some form of compensation. Representative Lundstrom asked for more research regarding a stipend for school board and local public body members. Ms. Grisham moved adoption of the bill; the motion was seconded by Representative Bandy. The motion passed, with those opposed being Senator Lopez, Mr. Ortiz and Representative Miera.

17. Sunset all administratively attached and adjunct agencies, including all boards and commissions

Ms. Bannerman pointed out that sunsets are all done in an odd-numbered year, with a one-year wind-up that allows the legislature one more shot at changing its mind. Representative Lundstrom asked if the boards and commissions the task force had pulled off the table would be included. Ms. Maison said the bill would have to be changed to reflect that. Senator Eichenberg said those boards should still be subject to sunset because it gives the legislature the opportunity to review their work and their mission; he asked that all boards remaining after repeal actions be subject to sunset. Representative Varela said that the state board of finance and the state investment council are important functions that the legislature would not sunset. Senator Eichenberg agreed, but noted that if the legislature had been periodically reviewing the work of the investment council, some of the problems it has experienced might not have happened. Ms. Grisham said the legislature has an obligation to the public to review its creations, though she thinks federally mandated boards should be excepted. Representative Bandy disagreed, saying sunset simply gives the legislature an opportunity to review and it should review all agencies that are not departments. On motion of Senator Eichenberg, seconded by Representative Lundstrom, the sunset bill, including all administratively attached and adjunct agencies and all boards and commissions, passed without opposition.

18. Constitutional amendment to allow the legislature to overturn an executive rule

Senator Eichenberg moved and Representative Bandy seconded adoption of the

amendment. The motion passed without opposition.

19A & B. Delay state's educational retirement board contribution

The B version, rather than delay the contributions completely, would pay out the last two payments in six years at \$6 million per year. The task force discussed the need to make the last two payments the legislature had committed to and the need to make the fund solvent. Senator Smith said the state has to pay some time or risk its bond rating. On motion from Mr. O'Neill, seconded by Representative Varela, the task force endorsed 19B.

★ Regarding 20-25, other education bills, Representative Miera reminded the task force that it had agreed to wait for LESC recommendations on the items that LESC had provided to the task force. Representative Varela suggested the task force take action and if LESC comes in with a better proposal, the task force bills could simply not be introduced. Representative Miera said the LESC is certainly against the task force's bills on small school and small district size adjustments. He deferred to Mr. Harrell, who said the LESC concerns are that the size adjustments affect everyone, even though the express purpose is to stop abuses of the system. Senator Lopez pointed out that the task force could always revisit its bills if LESC did not act. On motion of Representative Varela, seconded by Representative Miera, items 20-25 were deferred. Senator Smith pointed out that LFC would have already rolled up its numbers for House Bill 2 before either LESC or GRTF acts. Representative Lundstrom asked for an analysis of the size-adjustment bills since the money and impacts were provided on the LESC spreadsheet. She said there should be a clear comparison between the two committees' proposals. Mr. Gasparich asked that the comparison should assume the same amount of general fund money for both bills. The vice chairwoman asked that the analysis be sent to the task force members before the meeting on December 20.

Ms. Maison provided a copy of the bill to move the organic commodity commission to the New Mexico department of agriculture. On motion of Mr. O'Neill, seconded by Senator Eichenberg, the bill was endorsed.

Final Report Recommendations — Tim Karpoff

Mr. Karpoff asked the task force to consider the themes, findings and big ideas that had been developed over the interim and to discuss what should be included in the final report and what analyses or recommendations should be highlighted in the report. Representative Lundstrom said one of the things that proved most helpful to the group was the magnitude of the state organizational chart and the *Inventory of Boards and Commissions*. She said she watched the faces of the members who were taken aback at the complexity of state government. Representative Varela said the transition office has an organizational chart and perhaps the task force could provide it with a conceptual chart of GRTF's proposed changes.

Dr. Lopez said the report should begin with the original legislation, which becomes the umbrella of effectiveness and savings; it is necessary to educate the public and other legislators who are not fully aware of the magnitude of the monster the task force is trying to tame. Government is pervasive, it affects everyone's life in some way or another, and that sense should

be captured in the final report. One lesson learned, he said, or reinforced, is the recognition that everyone is driven by vital, personal interest. It has become clear in this process that everyone has to suffer; people are accustomed to a certain level of service that cannot be delivered with current revenues.

Mr. Gasparich suggested there be a page of bullet points on the number of programs, boards, commissions and departments eliminated and the money saved. Ms. Grisham said it is important to reference efficiencies and savings while making the point that the priority is the continuation of core services and that core services are not jeopardized any further than desperate times require. Mr. Baca observed that the task force had tried to make government better and kept in mind the value of making it better for its residents. Mr. O'Neill said the mission was to look at government organization, but the task force learned that is not where the money is and the task force had to look further at school districts and higher education. Senator Smith recommended a preamble that specifies the fundamental services of government and the duties and responsibilities its residents should expect, such as education, law enforcement and the police power. He is concerned that some of the programs and agencies preserved in the process may not need to be the responsibility of the state; some of these could be privatized.

Representative Bandy said one lesson learned is that there are too many bosses and not enough workers. Using brand inspectors as an example, he said the state needs to pay the people who actually provide the services and improve services. Senator Cisneros pointed out that the work of the task force will have to continue for several years to achieve the goals of cost containment.

Representative Lundstrom said the interim exposed the need for better accountability in state government. As the task force drilled down into state government, it was clear the legislature needs to exercise more oversight. She said putting sunsets on agencies would allow for needed oversight.

Mr. Ortiz said the purpose of the final report is to gain support for the task force's recommendations and it should include how those recommendations came about and how it was a comprehensive process to gather input. Referring to the state employee survey, he said it pointed to the fact that state employees feel overburdened and underappreciated; their agencies are top-heavy and line staff morale is very low. He said increased training and better tools are two means to help motivate employees. There was also the sense that centralized decision-making for technology-related matters was not a successful model; there were many suggestions to eliminate the IT.

Mr. Karpoff asked if there are critical messages that should be included in the final report. Senator Smith remarked that what is so obvious is how entrenched everything in government is; there is an unwillingness to act even in the face of daunting revenue projections. He opined that legislators would see much more of that attitude in the session. He suggested that perhaps in the long run what might be needed is a constitutional convention. Along that line, Representative Lundstrom said, was the lack of participation by interim committees. They all

had notice in April about the task force, and the New Mexico legislative council directed each of them to focus on restructuring ideas during the interim; however, the task force only heard from two or three committees. Senator Lopez said this points to the lack of communication among interim committees and the need for a more organized focus for interim committees. She also suggested the final report include the employee and public surveys.

Dr. Lopez said society is moving so quickly everyone is looking for instant results; government moves too slowly for the current technology of facebook, cell phones, etc.; it is not possible for this task force or government to move quickly enough to satisfy that need. Senator Smith concurred, but asked how necessary checks and balances should be addressed in an "instant" society. He pointed out that government is not designed to move quickly. Senator Lopez said that point should be made in the final report.

Mr. Ortiz said the report should cover three parts: (1) what the task force did; (2) how it did it; and (3) the result. Ms. Maison said the final report would include an executive summary, historical perspective, discussion of the interim work and several appendices.

Asked for the chairman's summary remarks, Senator Eichenberg said he was overwhelmed with the amount of work the task force did in such a short time. All members have their own full-time jobs but came to Santa Fe to help make state government better. He offered that he was honored to have been able to participate in the task force and hoped that the members can actually see the results of their work and that their recommendations grow into something that is in the best interest of everyone in New Mexico. He said that had been the task force's motivation and he hoped it would be the result as well. The senator mentioned that he also hopes the next bill Representative Varela introduces and that passes will be to reform the legislature, particularly the interim process. He noted that there are more than 20 interim committees, most with far too many members and advisory members; he would like to see the process become more streamlined and transparent. He applauded the legislative council's decision to provide audiocasting of committee meetings; he said he thinks the task force is the first committee to have its meetings audiocast. He thanked staff for their hard work and thanked Jan Marfyak, his volunteer assistant, for his advice and assistance throughout the interim; and he thanked the audience, many of whom attended multiple meetings of the task force. Next, he thanked the members for their attendance and engagement in the process that led to the many recommendations to the legislature and the governor-elect.

Public Comment

Mr. Tom Sullivan, executive director of the coalition of school administrators, said he appreciated the task force's deferral to LESC on education bills. He noted that #21, which would force school district consolidation, was opposed by the school boards' association and school districts would support their boards. If the threshold number of students is 1,000, there are 48 school districts below 1,000 students; 33 are below 500 and 16 are below 200 students. It is likely that any administrative savings would be eaten up by transportation costs. He also reminded the task force that the death of Encino is what would be in store for rural New Mexico if schools are shuttered. He emphasized that the legislature and governor need to be very

conscious of what closing schools means to rural areas.

Ms. Jody Larson, league of women voters, said the league had observers at every meeting of the task force. She said that although league observers do not make public comments, she wanted to commend the task force on its transparency, evident through its web site and audiocasting.

There being no further business, the task force adjourned at 11:30 a.m. The last meeting of the task force is December 20, beginning at 9:00 a.m.