

MINUTES
Legislative Finance Committee
State Capitol, Senate Chambers - Santa Fe, NM 87501
September 22 - 24, 2021

Wednesday, September 22

The following members and designees were present on Wednesday, September 22, 2021: Chairwoman Patricia A. Lundstrom; Vice Chairman George K. Muñoz; Representatives Javier Martinez, Nathan P. Small, Randal S. Crowder, Gail Armstrong, Candie Sweetser, Jack Chatfield, and Harry Garcia; and Senators Nancy Rodriguez, Steven P. Neville, Roberto “Bobby” J. Gonzales, Gay G. Kernan, Pat Woods, Sia Correa Hemphill, and Pete Campos. Guest legislators: Representatives Ryan T. Lane, Tara L. Lujan, Antonio Maestas, and Debra M. Sarinana; and Senator Bill Tallman.

Progress Report: Measuring Pandemic Learning Outcomes. LFC program evaluators Ryan Tolman, Ph.D., and Mitchel Latimer presented the progress report *Measuring Pandemic Learning Outcomes*. On average, at-risk students in New Mexico were already over half a year (6,000 hours, or 100 days, or 20 weeks, or 4 months) behind in learning before losing the equivalent of another 10 to 60 days of instruction due to the Covid-19 pandemic. The additional lost days are potentially widening the existing achievement gap and setting New Mexico’s children even further behind academic norms.

LFC staff recommended the Public Education Department (PED) develop a strategy to measure impacts of the pandemic on student achievement; however, the federal government and PED waived 2020 and 2021 standardized testing requirements. Of the schools and students that opted to continue with testing, initial results show that only 31 percent of elementary school students are now learning at grade level, compared to about 37 percent pre-pandemic.

While school districts have identified interventions in their education plans submitted with their budget, educators and policymakers should not delay action to identify students in need of those interventions and address missed school time. Unprecedented levels of state and federal funding are currently available to provide students extra time, tutoring, and innovative teaching necessary to help ameliorate the pandemic’s academic effects. School districts, however, are not equally choosing to use the resources available to them. Forty-three of the state’s 89 school districts elected not to participate in any sort of extended school year, and 14 did not provide a plan to otherwise address lost instructional time, despite being legally required to do so. Only a few school districts are devoting vast swaths of their federal stimulus funding to address missed learning, whereas other districts indicate spending no more than the minimum required. Differing local decisions are further exacerbating inequities in educational opportunities.

Given the amount of missed learning time during the pandemic, students will require extra instructional time to catch up to grade level. In the past, school districts widely chose not to participate in voluntary state funded extended learning time programs (ELTP); therefore, the Legislature should consider mandating ELTP for all school districts and charters and requiring K-5 Plus in districts that serve a high proportion of at-risk students or exhibit evidence of lower academic achievement with flexibility in implementation to meet local needs. LFC staff also

recommend PED provide technical support for implementation and accountability, allowing school districts the option to phase-in implementation or opt out of participating if they have high student performance or programming being provided by a tribal education department, or if they are a rural and small school district.

PED Secretary Designee Kurt Steinhaus said the approach used to develop PED's data system could also be used to expand K-5 Plus and ETPL in New Mexico. The secretary described a gradual, flexible, accountable process for successful expansion.

Secretary Steinhaus said PED needs the financial and human capacity to support the evaluation work recommended by LFC staff, pointing out the other states referenced in the report have entire offices for evaluation. For FY23, the agency requests 33 additional staff members.

Gwen Perea Warniment, deputy secretary of PED Teaching, Learning and Assessment, said the agency is spending \$50 million in elementary and secondary school emergency relief (ESSER) funds to support the implementation of accelerated learning in school districts. Chairwoman Lundstrom asked PED to provide LFC and LESC a timeline of the implementation.

Representative Sarinana said many of the students she taught before retiring were unable to participate in afterschool and summer learning programs for various reasons, including some who looked after their siblings while the parents worked. Secretary Steinhaus said more students could participate if transportation is provided and the programs are easily accessible. The secretary explained many students travel long distances to school, making it difficult to participate; therefore, community- and family-based afterschool and summer learning programs would provide students more opportunity to participate.

Representative Lujan expressed concern about school counselors doing test coordination in some schools instead of providing counseling.

New Mexico Finance Authority Budget and Program Overview. Chief Executive Officer Marquita Russel said the New Mexico Finance Authority (NMFA) was established in 1992 to finance public infrastructure and community and economic development projects. NMFA is governed by a board of directors and overseen by a legislative oversight committee. Providing an overview of NMFA's flagship program, Ms. Russel said the Public Project Revolving Fund (PPRF) makes low-cost loans to state, local and tribal governments to finance public infrastructure and equipment. All borrowers receive PPRF's AAA interest rates and do not pay application, administrative, and closing costs. Governmental gross receipts tax, of which the PPRF receives a 75 percent share, is the primary credit enhancement for the program and provides critical liquidity. The loans are made from cash in the fund, which is replenished through periodic issuances of municipal reimbursement bonds. PPRF has a \$100 million Wells Fargo line of credit to fund loans between bonds. Information on 2021 bond issues was provided.

Reporting on FY21 activity, Ms. Russel said NMFA received debt service payments from borrowers as expected. There was not an appreciable decline in client draws. The agency improved activity statements for clients and launched new NMFA and investor websites. NMFA also implemented three-pronged identification/fraud mitigation technologies for recovery programs

and completed the transition to comprehensive loan servicing software, which tracks projects from client application to booking into the general ledger system. NMFA continues to present its annual audit as a comprehensive annual financial report, which earned the agency a certificate of achievement for excellence in financial reporting from the Government Finance Officers Association in FY20 and FY21.

In response to the pandemic, NMFA implemented the Essential Services Working Capital Program to provide critical operating fund loans for businesses and non-profits helping New Mexicans through the public health order. Ms. Russel said NMFA also implemented the Small Business Recovery Loan, CARES Relief Grant, and LEDA Recovery Grant Programs. Over \$700 million was made available through NMFA to support recovery efforts; about \$261.2 million has so far been tapped.

NMFA's FY22 operating budget is \$14.4 million. FY22 revenue is projected at \$319.7 million and non-operating expenses are projected to total \$282.8 million.

In response to Chairwoman Lundstrom, Ms. Russel said NMFA will work with an economist from another agency to provide analysis on the economic impact of recovery programs being administered by NMFA.

Federal Stimulus Funding Update. LFC Analyst Eric Chenier and Program Evaluator Catherine Dry updated the committee on federal stimulus funding. The Department of Finance and Administration (DFA) recently dedicated five employees to track federal stimulus funding and aid agencies in identifying and applying for federal grants. School districts, concerned about covering the costs for pandemic expenditures, cite slow reimbursements of federal education funds from the Public Education Department as one of the reasons for maintaining high cash balances. The Workforce Solutions Department will continue to offer 11 thousand people 13 weeks of unemployment benefits at an estimated cost to the state of \$23.5 million. DFA reports they will obligate enough emergency rental assistance funding before the use-it-or-lose-it deadline at the end of the month, despite spending down only \$51 million of the \$104 million required by the federal government.

Of the \$10.5 billion in federal Covid-19 relief allocated to New Mexico, about \$6.3 billion or 61 percent has been spent. In August, state agencies spent \$631 million. Roughly 70 percent of this spending was from unemployment insurance programs that ended at the beginning of September.

In August, the Department of Health (DOH) submitted a correction and reported they spent only about \$65.2 million, or 18 percent, of direct federal coronavirus relief aid. In the prior month's memo, they reportedly spent \$140.7 million, or 40 percent. Out of DOH Covid-19 related grants, the agency corrected spending amounts on seven grants, the largest of which was for the \$120.7 million Centers for Disease Control and Prevention testing grant ending in July 2023. The agency initially reported spending \$95.5 million on this grant when they only spent \$2.9 million.

Senator Woods said one of his constituents, a landlord, has been unable to collect rent from his tenants for four months. The tenants do not qualify for federal assistance and the landlord was told

he could not evict them due to current federal moratoriums. Ms. Dry said staff will provide him the list of determinants tenants must meet to avoid eviction.

Thursday, September 23

The following members and designees were present on Thursday, September 23, 2021: Chairwoman Patricia A. Lundstrom; Vice Chairman George K. Muñoz; Representatives Javier Martinez, Nathan P. Small, Randal S. Crowder, Gail Armstrong, Candie Sweetser, Jack Chatfield, and Harry Garcia; and Senators Nancy Rodriguez, Steven P. Neville, Roberto “Bobby” J. Gonzales, Gay G. Kernan, Pat Woods, Sia Correa Hemphill, and Bill Tallman. Guest legislators: Representatives Ryan T. Lane, Tara L. Lujan, and Debra M. Sarinana.

Health Insurance Exchange. Providing a brief organizational update, Chief Executive Officer Jeffery Bustamante said BeWellnm, New Mexico’s health insurance exchange, received a \$650 thousand federal grant to implement American Rescue Plan Act (ARPA) and public health emergency initiatives. Individual exchange technology was launched this month and standardized plans for 2023 are in development.

Mr. Bustamante talked about outreach and enrollment efforts and said BeWellnm helps connect individuals with employer-sponsored health insurance and works with the Human Services Department to support Medicaid enrollment efforts. For those without the option to acquire coverage through an employer or not eligible for Medicaid and Medicare, BeWellnm offers affordable health insurance. This year, the number of people who acquired coverage through the exchange increased 311 percent over the same enrollment period last year (February thru August.) Monthly premiums recently decreased an average of 51 percent.

BeWellnm is budgeted \$14.3 million for 2022, the second lowest annual budget since being established. Mr. Bustamante attributed the lower budget to cost savings achieved through implemented operation and maintenance technology. The exchange has received clean audits the past six years.

Superintendent Russell Toal said the Office of the Superintendent of Insurance (OSI) regulates New Mexico’s insurance industry, including health insurance. OSI reviews health insurance rates, approves health insurance exchange plans, monitors provider network adequacy, enforces surprise medical billing protections, ensures credentialing compliance, conducts consumer assistance, enforces benefits package requirements, and enforces pertinent federal health insurance laws. Since the onset of Covid-19, the agency has also been tasked with enforcing pandemic-related health insurance protections.

OSI does not regulate self-insured health plans.

Superintendent Toal said BeWellnm health plans must cover pre-existing conditions and can’t charge more because of a person’s health history or status. The exchange is a key source of coverage for small businesses and their employees and self-employed entrepreneurs. Superintendent Toal said most enrollees qualify for financial help to lower their premiums, though many still struggle with costs.

OSI reviews rates through a memorandum of understanding with BeWellnm. This year's rate review process resulted in plan premium decreases in the individual and small business marketplaces. For 2022, the agency issued guidance that would reduce the cost of gold plans offered in the individual market by maximizing federal subsidies.

Superintendent Toal said 214 thousand New Mexicans are currently uninsured; about 6-in-10 uninsured people are Hispanic and about 1-in-5 uninsured people are Native American. More than half of uninsured New Mexicans qualify for Medicaid or premium assistance. According to a national survey, affordability challenges are causing people to stay uninsured. To support participation, the Legislature created the health care affordability fund, a new funding source derived from increased health insurance surtax that will be used to help individuals purchase coverage through the exchange and help small businesses with health insurance costs. OSI will make program recommendations for the fund in November. The 2021 legislation also directs OSI to develop a plan on using the fund to help cover those who do not qualify for federal health coverage programs. The plan is currently in development through stakeholder engagement, actuarial analysis, and an interagency working group and will be submitted to the Legislative Health and Human Services Committee and LFC on July 1, 2022.

ARPA is currently providing additional assistance for monthly premiums, including for those who previously did not qualify. The assistance is scheduled to expire in 2023, but efforts are being made to make it permanent. The superintendent pointed out the assistance does not address out-of-pocket costs, small business affordability, or coverage for those who do not qualify for coverage through the exchange or Medicaid. For some, premiums may still be too high. If ARPA assistance is made permanent, Superintendent Toal suggested the state

- Shift more resources to reduce deductibles and co-pays and increase assistance to more people;
- Provide targeted premium help to populations that are most price sensitive;
- Cover additional benefits for lower income people;
- Provide enhanced assistance for Native Americans; and
- Invest in other initiatives to boost enrollment and make sure people can stay covered throughout the year.

In response to Representative Small, Superintendent Toal said between 60 thousand and 70 thousand individuals will need to transition from having coverage through Medicaid to BeWellnm.

In response to Senator Kernan, Superintendent Toal said the 20 percent surcharge tax will not impact the Retiree Health Care Authority.

Retiree Health Care Authority (343). David Archuleta, executive director of the Retiree Healthcare Authority (RHCA), said the agency was established in 1990 to provide retired public employees, their spouses, and dependents with affordable health insurance. RHCA is governed by an 11-member board of directors who set plan parameters. The plans are funded by retiree-paid premiums and premium subsidies.

Reporting on current activity, Director Archuleta said RHCA is initiating the request-for-proposal (RFP) process to secure a new prescription benefit manager contract. The agency is currently

engaged in generic drug litigation in attempt to recoup funds from alleged price fixing in the generic drug industry. A web portal is being developed to improve customer service and automate some manual process.

Director Archuleta said RHCA serves 302 public employer groups; 50 percent are school districts and charter schools, 25 percent are state agencies, and 25 percent are municipalities, counties, and universities. Currently, 91 thousand active employees are contributing to the health program, providing benefits to over 65 thousand retirees. The average age of beneficiaries is 70. Over 2,000 beneficiaries are under the age of 55.

In 2022, premiums for most RHCA health plans will increase between 4 percent and 10 percent. Medicare Advantage Blue Cross Blue Shield plans, however, will decrease: 25 percent for plan 1 and 100 percent for plan 2.

Director Archuleta said RHCA conducts a solvency study annually to monitor the condition of its program and assist the board in determining where changes need to be made to ensure sustainability of the program. The trust fund is currently projected to remain solvent through 2051. An overview of RHCA investment performance was given. Director Archuleta talked about Government Accounting Standards Board (GASB) valuations. GASB 74, completed in November 2020, reported RHCA's unfunded liability totals \$5.03 billion.

RHCA requests a \$23.6 million increase in spending authority for FY23. Director Archuleta said the agency requests the increase to cover increased prescription costs and meet participation growth in voluntary and pre-Medicare plans. Also, more members are electing lower premium/higher out-of-pocket expense plans and many members are migrating from Medicare Supplement to lower cost Medicare Advantage plans.

The requested increase also includes an additional \$130 thousand for Program Support, fully funding 26 FTE and providing more contracted services, including actuarial and benefits consulting.

RHCA also requests special and supplement appropriations to cover costs associated with Covid-19 testing and treatment. In response to Senator Gonzales, Director Archuleta said the agency applied for ARPA funds through the Department of Finance and Administration.

In response to Vice Chairman Muñoz, Director Archuleta said increasing the program's minimum eligibility age from 55 to 60 could reduce RHCA's unfunded liability.

Public School Insurance Authority (342). Executive Director Richard Valerio said NMPSIA provides risk and benefit insurance for 88 school districts, 98 charter schools, and 27 other educational entities, insuring almost 60 thousand individuals. Agency revenues are derived from other state funds.

For FY23, NMPSIA requests a budget of \$476.4 million; \$96.3 million is for the risk management program, a 15.9 percent increase over FY22, and \$378.7 million is for the medical benefit program, a 10.1 percent increase over FY22.

Mr. Valerio said medical and prescription costs totaled \$312.5 million in 2020, of which \$270.5 million was covered by NMPSIA. Thirty-nine percent of the medical cost was generated by only 1 percent of NMPSIA members who typically had the following conditions: hyperlipidemia, hypertension, mental health, obesity, and diabetes. NMPSIA's cost-saving measures include disease management, care management, and behavioral health programs available through all medical carriers at no additional cost to the member and SafeGuardRX and clinical savings programs through Express Scripts.

NMPSIA is covering costs of testing and treating members for COVID-19 at no cost-sharing to the member, which totals \$24.5 million to date. Mr. Valerio said NMPSIA requested but has not yet received federal aid to help cover costs.

Mr. Valerio said member premiums increased between 3.6 percent and 6.0 percent in FY22. Plan design changes, including benefit reductions, are scheduled to take place January 1, 2022.

Mr. Valerio reported insured assets worth over \$26 billion. In FY21, NMPSIA paid \$26.6 million in property and liability claims, and \$7.5 million in workers' compensation claims. Due to school closures, molestation claims dropped in the 2019-2020 policy period. No claims have been made so far this current policy period.

Mr. Valerio listed NMPSIA's loss prevention efforts, including a threat assessment and active shooter training program to reduce the probability of an incident of multiple victim school violence, a technical assistance program to help primarily small school districts handle special education claims, an on-site school facility audit program to reduce the frequency of workers' compensation, liability, and property claims, and a training program on identifying a predator to reduce the number of sexual molestation claims.

Senator Gonzales asked LFC staff to research potential advantages of moving Albuquerque Public Schools' benefit program to NMPSIA.

FY21 Fourth Quarter Performance Reports. LFC Program Evaluation Manager Micaela Fischer said the New Mexico Accountability in Government Act (AGA) requires state agencies to provide quarterly performance reports on key measures and targets critical to agency operations. Using the LegisSTAT model, performance trends can guide state budget hearings by emphasizing the most critical agency challenges and prompting concrete discussions about agency plans to address those challenges.

Highlighting key performance in the fourth quarter of FY21, Ms. Fischer said federal testing waivers resulted in no statewide data on student academic performance for the second year in a row. National data suggests elementary and at-risk students experienced more severe achievement declines during the pandemic, with larger drops in math proficiency. In contrast, high school graduation rates improved to 76.9 percent, a 2 percent increase from the prior year. About 28 percent of students were chronically absent in FY21, significantly higher than the last reported national average of 16 percent in FY16. Despite the loss of instructional time and reduced academic growth, schools continue to opt-out of K-5 Plus and Extended Learning Time programs, which add 25 days and 10 days to the school calendar, respectively.

Given significant state investments in early care and education programs, additional performance measures are needed for policymakers to monitor performance. Before the pandemic, childcare assistance average monthly enrollment had been relatively flat, but in FY21, the average monthly enrollment dropped to a low of 14.5 thousand children. However, the average monthly cost per child increased to \$8,117 annually, 9 percent above the previous year. The increased cost was driven by the Early Childhood Education and Care Department covering parent co-payments and a \$200 per child payment to providers. Despite the increased cost per child, low enrollment will result in general fund reversions or significant federal revenue carry-forward.

New Mexico has the largest Medicaid program in the country. Still, the Human Services Department only reports quarterly performance data on three Medicaid performance measures related to children's doctor and dental visits and adult hospital readmissions. Starting in FY22, the agency will begin to report quarterly data on several performance measures for the Medicaid program.

The Department of Health (DOH) reported some increases in performance across the agency during FY21, but its focus on managing the state's Covid-19 response also resulted in declining performance for other agency functions. DOH reported a decline in the number of individuals receiving Developmental Disabilities and Mi Via Medicaid waivers. There are currently 4,646 individuals on the waiting list for waivers. Of those individuals, 486 placed were offered waiver services and chose to remain on the waiting list. As of July 2021, over 270 individuals accepted the community supports waiver and nearly 100 are receiving services. However, this enrollment is far less than the 1,000 expected. The slow enrollment of people on the waitlist for the community supports waiver, and increased federal matching dollars have led to a significant projected surplus for the program.

New Mexico roadways deteriorated significantly over the past year, with lane miles in deficient condition increasing 54 percent between 2019 and 2020. The annual decline shows current funding is insufficient to maintain, let alone improve, the condition of New Mexico roadways.

The trajectory of the Department of Information Technology's rural broadband project is unclear, pending the creation of the new Office of Broadband Access and Expansion. New legislation in FY21 allocated almost \$130 million to the new office and to the newly created Connect New Mexico fund. A director has yet to be hired, and the agency is unlikely to spend its newly allocated broadband funding until the position is filled.

The Children, Youth and Families Department's strategic plan includes preventive services and more appropriate placements by reducing the use of congregate care and increasing kinship care. However, the agency is just beginning to implement many of the preventive services with outcomes such as repeat maltreatment rates not yet influenced by the interventions. The rate of children subject to repeat maltreatment (9.5 percent) remains nearly twice the national average.

Though all justice partners predicted a backlog of criminal cases to clog the justice system in FY22, cases reviewed by district attorneys did not substantially increase in FY21. While the courts have made progress in decreasing cost-per juror and interpreter cost for court services, time to disposition, a key indicator of a healthy and timely justice system, still lags the national benchmark

of 180 days, with some cases remaining in the system for more than a year. The Administrative Office of District Attorneys failed to report any annual data for the district attorneys.

Spikes in homicides nationwide have prompted widespread concerns about crime trends, even as preliminary data indicate overall crime rates may be falling nationally and in New Mexico. State police officers are being deployed in targeted operations to combat violent crime, but the Department of Public Safety reduced proactive enforcement operations and investigations over the past year. The agency's forensic laboratory significantly improved its performance in FY21 and began to reduce its case backlog.

The Corrections Department made improvements in prison violence and staffing correctional and probation and parole officers, as well as in key areas related to inmate health. However, persistent and unresolved errors in current and prior year reporting preclude substantive analysis of its performance, including in what is arguably the agency's most significant metric, recidivism rates. Other data indicate recidivism increased in FY21 at the same time as inmate participation in programming fell as a result of the Covid-19 pandemic.

Energy, Minerals, and Natural Resources Department's Oil Conservation Division approval of drilling permits slowed in the fourth quarter due to a significant increase in drilling permit applications. Processing and approval of the applications increased 200 percent compared with the third quarter. The agency plugged 49 abandoned oil and gas wells in FY21, just one well short of its annual target.

Despite the state's continuing extreme drought conditions, the Office of the State Engineer did not provide sufficient information regarding plans to improve performance or context for lagging metrics in FY21. Additionally, the agency has neither proposed nor accepted any new measures for FY23 that would gauge performance on new initiatives or better capture current programmatic effectiveness.

The Economic Development Department (EDD) reported strong numbers for total jobs created in FY21. However, most high-paying jobs were reported in Bernalillo County, while rural job growth lagged. Despite a wide range throughout FY21, the annual average cost-per-job for jobs created using Local Economic Development Act funds was lower than FY20. While EDD's performance is promising, there is a disconnect between the rate at which jobs are growing according to the agency and the state's high unemployment levels.

While declining in the fourth quarter, the Workforce Solutions Department continued processing unemployment claims at the historically high rate of about 72.3 thousand per week in July 2021. The state paid about \$250 million in unemployment overpayments since the start of the pandemic. Prior to the pandemic, fraud rates were already increasing and are now at the highest level in recent years. Insufficient staff and training made it challenging for WSD to process claims effectively while also following new federal requirements. In an effort to address overpayment issues and reduce call center wait times, the agency hired more than 100 call center staff, the impact of which should become evident in the first quarter of FY22.

The Taxation and Revenue Department fell short of its FY21 targets for collections of outstanding balances but made improvements in collecting current-year audit assessments, increasing its collection rate from approximately 20 percent to 30 percent over the past year. The agency exceeded its performance target in FY21 for the number of tax protest cases resolved, totaling 1,590 cases.

For FY21, the value of New Mexico's combined investment holdings for the pension and permanent funds grew \$11.7 billion, or 22.7 percent annually, to an ending balance of \$63.5 billion. Over the last five years, the state's combined investment holdings grew \$19 billion, or 42.7 percent. In a banner year of growth, one-year returns ranged from 22.4 percent (severance tax permanent fund) to 28.8 percent (Educational Retirement Board), and average investment returns over the last 10 years ranged from 7.6 percent (Public Employees Retirement Association) to 8.6 percent (Educational Retirement Board). Public equities were very strong, driving growth across investments with returns between 35 and 65 percent for the one-year period.

All funds outperformed their targets for every period when annualized. Despite record annual growth in excess of 20 percent, when compared with peer funds greater than \$1 billion on a net-of-fee basis, only the Educational Retirement Board performed above the median for all periods, ranking near the top for the quarter.

Chairwoman Lundstrom asked LFC staff to provide Representative Matthews the September 23 memo from staff to the committee on the issues discussed during the Children, Youth and Families hearing in July.

Representative Martinez said the Legislature should consider providing schools flexibility in administering the K-5 Plus and Extended Learning Time Programs.

Senator Gonzales requested information on Department of Transportation equipment needs by district.

Friday, September 24

The following members and designees were present on Friday, September 24, 2021: Chairwoman Patricia A. Lundstrom; Vice Chairman George K. Muñoz; Representatives Javier Martinez, Nathan P. Small, Randal S. Crowder, Gail Armstrong, Candie Sweetser, Jack Chatfield, and Harry Garcia; and Senators Nancy Rodriguez, Steven P. Neville, Roberto "Bobby" J. Gonzales, Gay G. Kernan, Crystal R. Diamond, and Bill Tallman. Guest legislators: Representatives Ryan T. Lane and Tara L. Lujan.

Colleges of Education and Educator Preparation. Hansel Burley, Ph.D., dean of the University of New Mexico (UNM) College of Education, said enrollment in schools of education and teaching programs has declined 33 percent nationally. Enrollment numbers of minorities and males have especially declined. Negative perceptions, low teacher pay, and test barriers are among the reasons fewer college students are pursuing teaching degrees. At UNM, many students also face financial barriers and complications in the transfer of credits.

To build the teacher pipeline, Mr. Burley said the state and higher education institutions should

- Get aggressive and creative,
- Incentivize rather than punish,
- Coordinate with school districts,
- Establish policies and programs that keep students in teaching preparation programs,
- Enhance professional development, and
- Avoid rules, policies, and practices that discourage students.

Also, teachers should be supported throughout their teaching careers. Mr. Burley recommended teachers participate in an induction program during their first three years of teaching. Mr. Burley said the evaluation system should be dedicated to teacher performance enhancement and disseminating best practice.

Lee Hurren, Ph.D., dean of Eastern New Mexico University (ENMU) College of Education and Technology, talked about recruiting and retaining underrepresented faculty and said only 17 percent of minorities represent the teacher population, of which only 2 percent are male. Mr. Hurren said non-minority teachers struggle to connect with minority students who often feel alienated, marginalized, and lonely. This year, ENMU established MAESTRO (Mentors Assisting Education Students Through Rewarding Opportunities), a program aimed to recruit more minorities and males to the teaching profession.

Dawn Wink, Ph.D., director of Teacher Education at Santa Fe Community College, said building relationships is key in supporting and sustaining the teacher pipeline. Ms. Wink recommended intensive mentorship programs, particularly for those seeking alternative teacher certification. Mentorship programs also helps build a diverse teacher workforce.

Ms. Wink talked about expanding Alternative Licensure Residency, a current collaboration of the Albuquerque Public Schools, Central New Mexico University, and Albuquerque Teachers Federation. In the program, teacher candidates co-teach with a mentor/lead teacher in the fall while earning a first-year teaching salary and benefits. Classroom teaching is supported with rigorous coursework in the foundations of special education, curriculum and assessment, classroom and individual behavior management, and literacy instruction. Candidates also complete coursework for a Teaching English to Speakers of Other Languages (TESOL) endorsement. In the spring, teacher candidates move to teach in their own classroom with continued mentorship, coaching, and support during the first two years.

In response to Representative Martinez regarding initiatives in response to the *Yazzie-Martinez* consolidated case, Mr. Burley said UNM is enhancing its special education, literacy, and TESOL programs.

Representative Sweetser suggested New Mexico's higher education institutions together launch a campaign that promotes the teaching profession.

Chairwoman Lundstrom asked LFC staff to draft a memo to the Legislative Education and Study Committee to coordinate the issues discussed.

University of New Mexico Health Sciences Center. Providing brief remarks, Garnett Stokes, Ph.D., president of the University of New Mexico (UNM), said the university recently hired Doug Ziedonis, M.D., to serve as the new executive vice-president of UNM Health Sciences Center (UNM-HSC).

Dr. Ziedonis said he asks himself three questions everyday:

1. How can we enhance the health of all New Mexicans?
2. How can we increase and retain the state's workforce in health care & health sciences?
3. How can we increase HSC research and research collaborations across UNM and the state to enhance health discoveries and further economic development?

UNM-HSC is focused on education and workforce development, clinical and community engagement, and research and innovation/entrepreneurship. Current initiatives include virtual health care and project ECHO (Extension for Community Healthcare Outcomes), a practice that connects specialists with on-the-ground practitioners to bridge health gaps in rural communities. Dr. Ziedonis said research funding totaled \$220 million in FY21. Brain and behavioral illness, cardiovascular and metabolic disease, infectious disease and immunity, environmental health sciences, and child health are among the subject matters being researched. The Communities to Careers is an initiative aimed to grow New Mexico's diverse health care workforce. The budget for UNM-HSC academic enterprise and UNM Health system totals \$2.5 billion for FY22.

Dr. Ziedonis said UNM-HSC requests three capital appropriations: \$40 million to replace the UNM Children's Psychiatric Center, \$4 million to expand the Interprofessional Healthcare Simulation Center; and \$1 million to purchase, install, and program shared research equipment.

According to *U.S. News and World Report*, UNM's undergraduate nursing program currently ranks 43rd out of 700, placing it in the top 6 percent of all bachelors of science in nursing programs in the nation. UNM's master of science in nursing (MSN) program ranks 3rd in the mountain west region and the MSN program with a concentration in nurse-midwifery ranks 11th in the nation. Dr. Ziedonis said 150 students earned a bachelor of science in nursing (BSN) from UNM in FY21. This fall, 129 students entered the BSN program and an additional 96 more are projected to enter this spring.

Reporting on current funding needs, Dr. Ziedonis said a compensation increase of at least 7 percent is needed for HSC faculty and staff. Funding is needed to hire more faculty for the College of Nursing, School of Medicine, and College of Pharmacy. Research and public service project needs include \$4 million for Project ECHO, \$1.7 million for the Office of Medical Investigator, and \$485.5 thousand for the Comprehensive Movement Disorders Center.

Mortgage Finance Authority. Executive Director Isidoro "Izzy" Hernandez, listed current members of the New Mexico Mortgage Finance Authority (MFA) board and legislative oversight committee. Established in 1975, MFA administers all housing programs in the state to ensure every New Mexican has access to quality and affordable housing. Mr. Hernandez said MFA resources, derived from federal, state, and other sources, are allocated to over 30 housing programs. In 2020, MFA provided \$638 million in low-interest financing and grants for affordable housing and related services, generating about \$260 million in economic development.

MFA Chief Housing Officer Donna Maestas-De Vries talked about the social impact of housing programs and said homeless programs reduce reliance on costly de facto solutions like emergency rooms and jails. Home rehabilitation programs alleviate the health risks of substandard housing. Housing development decreases housing insecurity and builds wealth and greater social engagement and satisfaction.

MFA received \$80.6 million in federal stimulus dollars to provide housing and homeownership assistance during the pandemic; \$40 million has so far been expended. Providing an overview on the use of funds, Director Hernandez said the homeowner assistance fund pilot program was appropriated \$4.7 million to provide households up to \$10 thousand in assistance for delinquencies. Pending treasury approval, the fund will receive an additional \$35 million to provide up to \$20 thousand in assistance for delinquent or ongoing housing costs. Remaining federal stimulus dollars is being spent on providing residential ownership, rental, and shelter assistance (\$15 million), housing cost assistance (\$12.3 million), shelter operations and essential services (\$5.2 million), rapid re-housing and homeless preventions (\$6.6 million), and housing opportunities for persons with AIDS/HIV (\$146 thousand).

Director Hernandez said MFA embarked on a strategic initiative to create a statewide housing strategy that will

- Analyze and project the state's affordable housing needs;
- Engage the public and stakeholders;
- Assess barriers to affordable housing development;
- Review all affordable housing resources; and
- Recommend statewide, regional, and local strategies to solve affordability issues.

Development of the statewide housing strategy will be overseen by the MFA Housing New Mexico Advisory Committee and includes stakeholders from across the housing spectrum in both the public and private sectors.

MFA Chief Lending Officer Jeff Payne provided a brief overview of MFA's single family programs and said the average age of participants is 34 and the average first mortgage loan amount is \$187 thousand.

Mr. Payne said the New Mexico Housing Trust fund has received \$27 million in state funding since its creation in 2005. Through loan repayments and interest, the trust fund has provided \$60 million in low-interest financing and grants for affordable housing and related services, including rental assistance. For FY23, MFA requests \$12 million for the trust fund. The funding would be used to develop, rehabilitate, or weatherize 1,300 homes.

MFA, a quasi-governmental agency that does not receive operating funds from the state, operates its budget on a federal fiscal year basis. The operating budget is funded by the agency's general fund, generated from administrative fees, interest on loans, interest on investments, servicing income, housing program income, and other income. Stephanie Yara, deputy director of MFA Finance and Administration, said MFA's FY22 operating budget is \$24.5 million, an 11 percent increase over FY21. FY22 revenue is projected at \$30 million. Excess revenue is used to support

affordable housing activities and fund MFA's internal revolving loan fund to meet rating agency reserve requirements.

In response to Representative Small, Director Hernandez said the statewide housing study is underway and should be completed by next fall.

Miscellaneous Business.

Action Items. Senator Gonzales moved to adopt the LFC August 2021 meeting minutes, seconded by Representative Small. The motion carried.

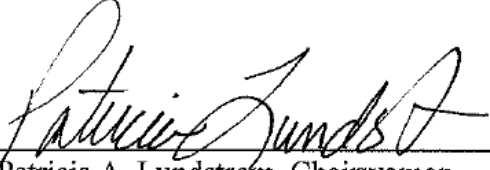
Senator Gonzales moved to adopt the LFC Public Education Subcommittee August report, seconded by Representative Sweetser. The motion carried

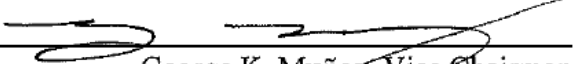
Senator Gonzales moved to adopt the LFC contracts, seconded by Representative Small. The motion carried.

Representative Sweetser moved to adopt the LFC FY22 budget, seconded by Senator Rodriguez. The motion carried.

Review of Monthly Financial Reports and Information Items. David Abbey, director of LFC, briefed the committee on information items.

With no further business, the meeting adjourned at 11:50 a.m.


Patricia A. Lundstrom, Chairwoman


George K. Muñoz, Vice Chairman

October 26, 2021

MEMORANDUM

TO: Legislative Finance Committee

FROM: LFC Public Education Subcommittee: Co-Chairs Roberto “Bobby” J. Gonzales and Candie G. Sweetser; Senators Pete Campos and Pat Woods; Representatives Gail Armstrong and Harry Garcia; and Ex-Officio Representative Patricia A. Lundstrom and Senator George K. Muñoz

SUBJECT: Public Education Subcommittee Report of September 21, 2021 Meeting

On September 21, 2021, the Legislative Finance Public Education Subcommittee reviewed presentations from expert witnesses and LFC staff. The subcommittee did not make recommendations but heard issues relating to teacher workforce vacancies, student engagement, school leadership turnover, and Indian education act implementation. The subcommittee also heard recommendations from staff on ways to increase participation in extended learning time programs. The following issues were discussed:

Public School Teacher Compensation and Hard to Staff Positions. Daniel Espinoza, research and policy associate at the Learning Policy Institute (LPI), Dr. Rachel Boren, director of the Southwest Outreach Academic Research Evaluation and Policy Center, and Jenny Parks (president) and Dr. Kersti Tyson (director of evaluation and learning) from the Los Alamos National Laboratory (LANL) Foundation, presented teacher compensation and staffing trends to the subcommittee.

Mr. Espinoza discussed the impact of teacher qualifications, experience, and turnover on student outcomes and ways the state could improve teacher retention and address shortages in New Mexico. He noted 36 percent of teachers in high-poverty schools were inexperienced, compared to 19 percent of teachers in low-poverty schools. Dr. Boren noted teacher vacancies doubled to 1,048 positions in 2021, with the highest vacancies in elementary and special education licensees and most hiring needs concentrated in Albuquerque and the west side of the state. She also reported vacancies for educational assistants, which tripled to 456 positions in 2021.

Ms. Parks and Dr. Tyson shared results from a LANL Foundation study of teachers in northern New Mexico that found local community teachers, or educators originally from the communities where they teach, are more likely to stay in their communities at higher rates than non-local teachers. They recommended recruiting the state's youth to become local community teachers, strengthen teacher preparation and placement, increase training for school leadership, and raise teacher pay.

Senator Woods asked LFC staff to request LPI's presentation data and expressed concerns about the sustainability of the pipeline of teacher candidates. Representative Armstrong noted rural schools have difficulty recruiting staff due to hiring restrictions. Representative Garcia expressed concerns about teacher vacancies in the areas of special education and elementary school. Chairman Gonzales asked the subcommittee to take note of these recruitment issues and expressed concerns about financial needs for candidates during the student teaching period and educator pay in general.

Student Attendance, Engagement, and Extended Learning Time. Charles Sallee, LFC deputy director, and Sunny Liu, LFC analyst, presented student engagement data and extended learning time recommendations to the committee. Mr. Sallee provided background on the *Martinez-Yazzie* lawsuit, achievement gaps, and decline in school calendar days. He also discussed drops in student attendance during the pandemic and substantial investments from the state and federal government on programs to address lost instructional time. Mr. Liu provided recommendations to the committee, including the addition of 10 days to school calendars statewide, phasing in additional days over the next 3 years, increasing formula weights for extended learning programs, and allowing tribal education departments to provide extended learning.

Chairwoman Sweetser asked for clarity about recommended flexibilities and reasons why schools opted out of extended learning opportunities. Representative Armstrong asked if teachers were surveyed about extended learning and expressed concerns about a mandate. Chairman Gonzales also expressed concerns about mandates.

Retaining and Supporting School Leaders. Elisabeth Peterson, director of the Priority Schools Bureau at the Public Education Department (PED), Dr. Arsenio Romero, superintendent of Los Lunas Schools, and Stan Rounds, director of the New Mexico Coalition of Educational Leaders, presented information about the state's professional learning programs for school leaders to the committee. Ms. Peterson discussed the importance of principal development, and Dr. Romero asked his staff to share stories about their journey of becoming a school leader. Stan Rounds expressed concerns about the turnover of district superintendents, highlighting the hiring of 39 new superintendents this year.

Improving Indian Education Act Implementation and Outcomes. Lashawna Tso, assistant secretary of Indian education, Jeremy Oyenque, director of Youth and Learning at Santa Clara Pueblo, and Mike Hyatt, superintendent of Gallup-McKinley Public Schools, presented information about Indian education act initiatives at schools and issues relating to funding. Ms. Tso discussed PED's framework for implementing the Indian education act and recent legislative actions. Mr. Oyenque expressed concerns about funding reversions, lack of tribal

consultation, and need for culturally relevant curriculum. Mr. Hyatt discussed problems with equity of Indian education allocations and delays in receiving awards. He also noted the funding formula does not cover the full cost of operating language programs and materials relating the Indian education act. Chairman Gonzales asked staff to look into equitable distribution of Indian education act funding.

October 19, 2021

MEMORANDUM

TO: Legislative Finance Committee

FROM: Representative Nathan P. Small, Co-Chair
Senator Nancy Rodriguez, Co-Chair
Representative Jack Chatfield
Representative Randal S. Crowder
Senator Siah Correa Hemphill
Senator Gay Kernan
Representative Patricia A. Lundstrom
Senator George Munoz

SUBJECT: Higher Education Subcommittee Report

Review of Higher Education Base Funding and Funding Formula Mechanics.

Co-chair Small recognized a number of university and college presidents and higher education leaders including Sec. Rodriguez from the Higher Education Department; Dr. Edward Martinez, President of Luna Community College; Dr. Charles Nwankwo, President of Clovis Community College; Dr. Patrice Caldwell, President of Eastern New Mexico Community College; Dr. Rebecca Rowley, President of Santa Fe Community College; Tracy Hartzler, President of Central New Mexico Community College; Dr. Stephen G. Wells, President of New Mexico Institute of Mining and Technology; Dr. Shawn Powell, president of ENMU- Roswell; Marc Saavedra, Executive Director of the Council of University Presidents; Katherine Ulibarri, Executive Director of the New Mexico Independent Community Colleges; and Ty Trujillo, Executive Director of the New Mexico Association of Community Colleges.

LFC staff Mark Valenzuela, Principal Analyst and Micaela Fischer, Program Evaluation manager gave an overview of the mechanics of the higher education funding formula. Mr. Valenzuela and Ms. Fischer noted that the prior funding formula was an input based formula. The current formula was reworked instead to reward the higher output-based performance of institutions. However, non-formula adjustments have made it so that the penalties for nonperformance have been blunted. The formula also does not account for the fact that colleges

LFC – Higher Education Subcommittee Report

September 21, 2021

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and universities have had a lower workload because enrollment has decreased. Even with this decreased workload, university and college funding from the state has continued to increase.

Mr. Valenzuela discussed potential revisions to higher education funding moving ahead including in areas of financial aid and student supports, data management systems, lottery scholarship reform, faculty compensation, research and endowment funds, and deferred maintenance.

Representative Lundstrom requested staff to dig into the protected base portion of the higher education formula and determine its relationship to decreasing workload. Co-chair Rodriguez questioned how student enrollment had been affected by the pandemic. Mr. Valenzuela noted that Covid enrollment losses had affected the two-year sector more than the four-year but that enrollment has been steadily declining for all sectors long before the pandemic as well. Representative Crowder asked for student FTE and funding changes for the two-year colleges in addition to the four-year universities. Senator Kernan asked for a clarification on lottery scholarship report. Mr. Valenzuela noted that the change would be moving eligibility from only full-time to also part-time students. Director Abbey clarified that the key take away from this discussion is the formula has not affected higher education institution budgets much because of small base shaves, little new money and a reluctance to cut funding. Further, Director Abbey noted the large amount of nonrecurring funding available for the next session and that there is little appetite for major formula overhauls before the next session.

Secretary Rodriguez spoke about an ongoing funding formula task force, of which LFC staff are members, that is looking at long and short term higher education goals and changing the funding formula to fit those goals.

Higher Education Faculty Compensation. Carol Parker, Provost, New Mexico State University; Ed DesPlas, Vice President for Administration and Finance, San Juan College; Roxanne Gonzales, Provost, New Mexico Highlands University; Edward Martinez, President, Luna Community College.

Mr. DesPlas noted that San Juan College (SJC) has 141 full-time equivalent faculty and 278 adjunct faculty. Most of the full-time faculty are on nine-month contracts. Mr. DesPlas noted that regional benchmarks for nine-month salaries for beginning teachers are lower than at SJC, but that the average salary for all faculty (including more experienced faculty) is much lower than regional benchmarks. Because of that, SJC has difficulty recruiting and retaining staff, especially in STEM and Nursing, and faculty of color. Mr. DesPlas noted that their faculty are teaching “overload” assignments because there are not enough adjuncts and some faculty want the additional income. This overload situation is overworking faculty and making it so that have less time to spend with students. It also contributes to faculty stress and burnout. Mr. DesPlas requested that the Legislature consider a 7 percent funding increase for full-time faculty and a 15 percent increase for adjuncts.

Dr. Martinez from Luna Community College noted their pay is below the regional market. Dr. Martinez noted they are losing faculty to local high schools because those high schools pay

more. The implication of low salaries is teaching overloads, higher reliance on adjuncts, issues with recruitment and retention. There is also high faculty turnover which negatively impacts student engagement, community connections and shared governance.

Provost Gonzales from New Mexico Highlands University (NMHU) noted that the university is getting close to having as many graduate as undergraduate students. Pay for NMHU faculty is in line with peer institutions, but that the university still has challenges hiring faculty, in particular the cost of bringing candidates to campus. Provost Gonzales noted that unlike the two year schools, NMHU is in a national competition for faculty, especially faculty of color and they cannot compete with some regional institution salaries. NMHU would eventually like to focus on growing own doctoral students to teach in own communities.

Provost Parker from New Mexico State University (NMSU) states that it is a great benefit to a state to have research institutions—there are only 266 in US and three are in New Mexico. NMSU brings in half a billion of outside revenue for research. Like Provost Gonzalez, Provost Parker highlighted that NMSU's competitors for faculty are national, not regional. Provost Parker's group has conducted research looking at 550 of NMSU's 800 faculty and found that only 30 percent are at peer benchmarks for R2 universities. Provost Parker also noted that NMSU's junior faculty retention is low because of low salary. Finally, Provost Parker stated that UNM's faculty compensation is short about \$12 million and NMSU's is short about \$14 million. Representative Lundstrom requested the amount of adjuncts and full-time faculty at each of the institutions and also requested staff prepare a comparison of the per-capita income for all states to their average faculty salaries. Representative Lundstrom also asked staff to prepare information about indirect cost rates and universities. Representative Chatfield asked for further clarification about the average instructor salary at Mesalands. President Bush will follow up. Senator Hemphill asked about relative administrator pay and Provost Parker noted that NMSU administrator pay is about 40 percent lower than the nation.

Project ECHO. Sanjeev Aurora, Director, Project ECHO, University of New Mexico Health Sciences Center.

Dr. Aurora noted that Project Echo has been around since 2003 in New Mexico and is now in all states and 179 countries. Project Echo started with one patient in a rural area of New Mexico with Hepatitis C that delayed treatment and died of liver cancer. The right knowledge didn't exist at the right place at the right time. Today there are more than 50 thousand Hepatitis C patient and only 15 thousand are getting treatment. Dr. Aurora developed Project ECHO to create reach of specialists all over New Mexico to reach those people.

Project ECHO acted as telemedicine at first for treatment and then moved to doing case-based learning to get practitioners comfortable doing specialized treatment. Now, everyone in New Mexico can get Hepatitis C treatment within 2 weeks. Studies published in medical journals article billions of dollars saves treating Hepatitis C patients via Project ECHO.

Beyond Hepatitis C, there are now a number of ECHO programs including for rapid education on Covid treatment and for nursing homes. There are also ECHOS on performing telehealth, to train prisoners to become community health workers and community peer education to prevent

recidivism, to prevent maternal deaths, to prevent teen pregnancies through the use of LARCs, and for dermatology. Dr. Aurora noted that there are only 33 dermatologists in all of the state. Dr. Aurora also spoke to ECHO projects to reduce opioid prescriptions, prescriptions of anti-psychotics in nursing homes, and increase in suboxone prescriptions.

A newer ECHO project is for education focused on mentoring schoolteachers. Since the ECHO for education started in 2017, the projects has trained 2,388 educators who oversee 162 thousand students. Project ECHO is requesting and extra \$4 million from Legislature this year to expand 10 programs and start three new programs, including a \$1.5 million for expansion of the ECHO for education.

Senator Rodriguez questioned if ECHO had any projects to combat alcoholism. Dr. Aurora noted that there are new treatments for alcoholism but less than 5 percent of alcoholics have access to them. He also noted the lack of child psychologists and that he wanted to work more in the mental health field and addictions.

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October 29, 2021

MEMORANDUM

TO: Legislative Finance Committee

FROM: Subcommittee A
Representative Nathan P. Small, Chair
Senator Pete Campos, Vice Chair
Representative Jack Chatfield
Representative Randal S. Crowder
Representative Candie G. Sweetser
Senator Pat Woods
Senator Roberto "Bobby" J. Gonzales
Representative Patricia A. Lundstrom
Senator George Munoz

SUBJECT: Subcommittee A Report

Subcommittee A met on September 22 and September 23, 2021. Items in this subcommittee report are organized by agency code instead of order of appearance.

- (404) **Board of Examiners for Architects.** Melarie Gonzales, executive director, and Raymond Vigil, board member, presented the board's FY23 budget request. The board requested a budget of \$475.4 thousand, a 14.3 percent increase from the FY22 operating budget. The request included \$327.1 thousand in fee revenue, and \$148.3 thousand from fund balances. The increase was primarily for reclassification of two positions, as well as IT support and investigative services contracts. The subcommittee temporarily tabled the agency request.
- (417) **Border Authority.** Marco Grajeda, executive director, presented the Border Authority FY23 request. The request increased general fund revenue by \$105.4 thousand, or 23 percent, and increased budgeted other revenue by \$35 thousand, or 35 percent, from parking lot and storage fees. The request included an expansion of \$66.5 thousand in the personal services and employee benefits category for a logistics coordinator to support

relations and facilitate meetings with border partners. The request also increased the contractual services category by \$55 thousand for technical support to the agency, and increased the other costs category by \$51 thousand for travel expenses. Director Grajeda outlined agency accomplishments, including collaboration with border counties and increased use of the Santa Teresa port. Representative Sweetser asked how much public funding has been invested in Columbus port of entry. Director Grajeda noted that over \$80 million has been spent on the facility, and a new berm would protect the facility from flood damage.

- (446) **Medical Board.** The Medical Board requested \$2.7 million from other revenues and fund balances, an increase of 6.1 percent above the FY22 operating budget. The board request increases personnel spending \$40 thousand, or 2.5 percent, and also increases the contractual services category nearly \$120 thousand, or 22.6 percent due to the Osteopathic Examiner's Board transfer from the Regulation and Licensing Department to the Medical Board and for IT services to enhance the board's website. Director Sondra Frank updated the committee on the transfer of the Osteopathic Examiner's Board and noted increased medical licensure in New Mexico since the beginning of the Covid-19 pandemic resulting in increased revenues. Senator Kernan asked if physician providing telehealth services from other states would need licensure in New Mexico and the Director responded yes but there are some pandemic related exemptions and applying for a telemedicine license is less burdensome than a traditional license. The subcommittee temporarily tabled the agency's request.
- (449) **Board of Nursing.** The Board of Nursing requested \$3.1 million from other revenues and fund balances, a 7.7 percent increase above the FY22 operating budget. The Board requested 1 FTE expansion for an additional investigator. As of August the Board reported approximately 75 open cases still under investigation, assigned between the current three investigators. Of open cases, 28 cases (37 percent) are high priority cases involving (potential) significant risk to the public. The average age of cases was 118 days, but some of the oldest cases ranged from 305 to 581 days. Director Sasha Poole then updated the committee on board activities and noted the opioid epidemic has created significant impacts for nurses and the boards. Representative Crowder asked how the board supports military spouses who are licensed nurses and would like to practice in New Mexico, Director Poole updated the committee on the nursing compact. The subcommittee temporarily tabled the agency's request.
- (464) **State Board of Registration for Professional Engineers and Surveyors.** Perry Valdez, executive director, and Ronald Bohannon, board member, presented the board's FY23 budget request. The board requested a budget of \$1.2 million, including \$988.1 thousand in fee revenue and \$256.2 thousand from fund balances. The request represented a budget increase of 8.2 percent from FY22, and included \$50 thousand for a new licensing system and \$20 thousand to increase annual scholarship distributions. Mr. Valdez noted that the board awarded 34 scholarships to students in FY21. Representative Crowder asked how many engineers and surveyors who train in New Mexico stay and practice in the state, and Mr. Bohannon informed the committee that approximately 70 percent of New

Mexico students who receive engineering or surveying degrees stay in-state. He also noted that the board is focusing on increasing the number of surveyors in the state. There are currently about 530 licensed surveyors, and the board aims to increase that number to 600 or 650. The subcommittee temporarily tabled the agency request.

- (479) **Board of Veterinary Medicine.** Frances Sowers, executive director, and Dr. Rebecca Washburn, board chair, presented the FY23 budget request, which represented a reduction from the FY22 operating budget due to revenue losses. The board reported that FY21 expenditures exceeded revenues, leaving a deficit for which the agency will need either a supplemental appropriation or an emergency loan from the Board of Finance. The subcommittee temporarily tabled the agency's request.
- (490) **Cumbres and Toltec Scenic Railroad Commission.** Interim president Scott Gibbs and chief financial officer Ed Beaudette presented the Cumbres and Toltec Scenic Railroad Commission's FY21 request. The commission requested an increase of \$124.1 thousand, or 53 percent, in general fund revenue and kept other revenue flat with the FY22 operating budget. The general fund revenue request included an increase of \$23.1 thousand in the personal services and employee benefits category to restore personnel funding to FY20 levels, and \$101 thousand for recurring marketing expenses. President Gibbs informed the committee that ridership for the scenic railroad nearly fully recovered from the pandemic closures. He also noted that the Osier kitchen, owned by the commission, recently caught fire, and though insurance would cover repairs, insurance rates would likely increase. Representative Sweetser asked about a locomotive that had recently been converted from coal burning to oil burning. President Gibbs confirmed that the agency had converted one engine in order to continue train operations in dry conditions. Chair Lundstrom noted that the commission budget was reduced in FY21, and expressed concern that the personal services and employee benefits category should be restored to FY20 levels to continue the agency's successful recovery. Representative Crowder echoed the chairwoman's concern. The subcommittee temporarily tabled the request. In the full committee, Director Abbey noted that an additional \$24 thousand would be added to the preliminary recommendation to address personnel funding concerns.
- (491) **Office of Military Base Planning.** Executive Director Greg Meyers and Dorella Molina, chief financial officer for the economic development department, presented the budget request for the Office of Military Base Planning. The Office of Military Base Planning and Support requested a general fund revenue increase of \$49.5 thousand, or 17 percent, primarily in the contractual services and other costs category to support a now fully staffed commission. Representative Crowder asked if any bases in the state were in need of immediate state aid, or if any bases were considering a base realignment and closure (BRAC). Director Meyers responded that there were no major issues, but that quality of life on base is a constant concern. Director Meyers told the committee he did not anticipate any BRACs in the foreseeable future, but that the environment department could work more closely with bases to resolve issues more quickly. Senator Kernan asked if the expansion of wind turbines in the state has affected base airspace, and if there were

regulations for turbines built on private land. Director Meyers responded that he was unaware of regulations, but that turbines are a concern for bases across the United States. The subcommittee temporarily tabled the agency's request.

- (538) **Intertribal Ceremonial Office.** Melissa Sanchez, director, and Antoinette Vigil, chief financial officer for the Tourism Department, presented the FY23 budget request for the Intertribal Ceremonial Office. The Intertribal Ceremonial Office (ICO) FY23 budget request increased general fund revenue by \$594 thousand, or 373 percent, over the FY22 operating budget. The requested increase included 2 permanent FTEs, increased agency contracts, and \$300 thousand for event production. Ms. Vigil noted that next year will be the 100th anniversary of the ceremony. The subcommittee requested President Kyle Tom and event coordinator Dudley Byerly of the Gallup Inter-Tribal Ceremonial nonprofit organization, which ran the event prior to the creation of the Intertribal Ceremonial Office, make a few brief comments. Mr. Tom thanked the committee and noted that collaboration between the Ceremonial Office and the non-profit has been strained, but that the groups have worked together in recent weeks and the nonprofit supports the agency's budget request. Senator Munoz asked how the Intertribal Ceremonial Office planned to run the event without the help of the nonprofit, and how 2 additional FTE could support a large event. Ms. Vigil responded that the office would seek volunteer support from the local community, and that the agency needed more than just a director to help coordinate the event. The subcommittee temporarily tabled the agency's request.
- (603) **Office of African American Affairs.** Amy Whitfield, Director, presented the FY23 budget request for improved data collection and the request to improve the career ladder and add more FTE. Ms. Whitfield also discussed the Black Expo and several other events and how they were virtual due to Covid-19. The subcommittee temporarily tabled the agency's request.
- (604) **Commission for Deaf and Hard-of-Hearing Persons.** Nathan Gomme, director, reported the commission continues to experience shortfalls in telecommunications relay service funds that have not materialized, and in some cases have not been collected by the Taxation and Revenue Department which has limited capacity for enforcement. Director Gomme stressed the agency's revenue situation needs to be addressed and they are holding 3 FTE vacant, and that Covid-19 and wearing masks has proven a communication challenge for the deaf community. The commission requested an 85 percent increase in general fund over FY22. Representative Crowder asked if the agency received federal funds and was told it does not. Representative Lane indicated telecommunications companies could be fraudulent if they are not complying with paying the telecommunications relay services fund fees. Senator Campos about services and was told the agency distributed devices and partnered with the Department of Health on a Covid-19 vaccination mobile van. The subcommittee temporarily tabled the agency's request.
- (605) **Martin Luther King, Jr. Commission.** Leonard Waites, director, presented the request for a flat budget and stated the request will allow the commission to continue its work

engaging with youthful communities. Senator Kernan thanked the director for coming to the hearing and Senator Campos asked about current social movements and the initiatives of the commission. Mr. Waites said the commission is focused on outreach. The subcommittee temporarily tabled the agency's request.

- (606) **Commission for the Blind.** Greg Trapp, Executive Director, presented the commission's request for a 1 percent increase in general fund revenue above the FY22 operating budget. Director Trapp indicated Covid-19 impacted the Independent Living Program but the Commission was still able to place 21 individuals in employment with an average wage of \$28.23 per hour. Commissioner Arthur Schreiber noted Covid-19 negatively impacts vision through diabetes and other exacerbated conditions. Vice-Chairman Campos asked if the commission applied for Federal Emergency Management Agency (FEMA) funds and was told it has not due to compliance requirements with the vocational rehabilitation contract. The vacancy rate from 17 percent to 23 percent was also discussed and that it was difficult to hire counselors in Las Vegas. Representative Crowder asked if the FY23 budget request was sufficient to cover minimum wage increases and was told it was. Senator Kernan asked about Covid-19 effects on diabetes and Director Trapp indicated 14 percent of hospitalized cases can affect diabetes which can lead to diabetic retinopathy. The subcommittee temporarily tabled the agency's request.
- (644) **Division of Vocational Rehabilitation.** Dan Drury, Director, reported the agency's request for general fund revenue was flat with the FY22 operating budget and the agency will continue to focus on filling vacant positions. Director Drury reported the order of selection waiting list declined from 1,400 individuals in 2020 to 840 currently. Representative Crowder asked about shifting positions from permanent to term status and was told this was because of the positions' funding source being federal funds. In reference to the agency's Hobbs office closing possibly due to Covid-19, Senator Kernan noted Covenant and Nor-Lea hospitals have done a commendable job in treating Covid patients. Senator Campos indicated the difficulty in filling positions was not funding but recruitment and asked about the agency's plan and was told they are using multiple platforms to recruit personnel. The subcommittee temporarily tabled the agency's request.
- (645) **Governor's Commission on Disability.** Crystal Benavidez, Budget Director, presented the commission's request for a 13.5 percent increase in general fund revenue. The commission requested funds to expand Residential Accessibility Modification Program (RAMP) services for people with disabilities. Senator Gonzales asked about brain injuries and the agency stressed the importance of helmet use. Senator Kernan asked about the fund balance; it was \$100 thousand, and the average cost of a home modification is \$5 thousand. The subcommittee temporarily tabled the agency's request.
- (647) **Developmental Disabilities Council.** The council's FY23 request from the general fund was \$7.7 million, nearly 14 percent above the FY22 operating budget. The council requested several increases for a personnel reorganization, guardianship rate increases,

and operating costs to replace the agency IT system. Currently, DDC is working with the Human Services Department, Behavioral Health Services program to replace the data system used to track guardianship cases and billing. The agency reports the current IT system does not allow the council to easily report on basic guardianship case oversight metrics and billing. Additionally, the council recently published an updated rate study proposing guardianship rate increases. Director Alice Liu McCoy updated the committee on council activities including the rate increase study. The subcommittee temporarily tabled the agency's request.

- (662) **Miners' Hospital.** Bo Beames, Chief Executive Officer (CEO), presented the hospital's request for an increase in federal Medicare and other patient revenue, and a decrease of \$1 million in other transfers from the miners' trust fund. The requested funding would primarily support staff salaries and contract nurses. The hospital's chief financial officer, Lonny Medina, reported on the hospital's financial position. Senator Gonzales asked if there were similar hospitals around the country and was told there are only a couple of miners' hospitals but there are many other similar critical care access hospitals that serve a wider population. Representative Crowder asked if the census declined and was told it did slightly. Senator Kernan asked about the staff ratio of travelling nurses and was told about one third, their contracts were typically for 13 weeks, and they get paid more than primary care doctors. Senator Kernan said the interstate nursing compact may need to be revisited. Senator Campos asked if the hospital could use FEMA funds and was told those funds have to be for Covid-related expenses and the hospital staff work in all areas. He also asked about the administration of Covid-19 boosters and was told the hospital will provide fewer vaccinations due to staff availability. The subcommittee temporarily tabled the agency's request.

October 19, 2021

MEMORANDUM

TO: Legislative Finance Committee

FROM: Subcommittee B

Senator Nancy Rodriguez Chair
Representative Harry Garcia, Vice Chair
Senator Siah Correa Hemphill
Senator Gay G. Kernan
Senator Steven P. Neville
Representative Gail Armstrong
Representative Dayan Hochman-Vigil
Senator George K. Muñoz
Representative Patricia A. Lundstrom

SUBJECT: Subcommittee B Report

Subcommittee B met on September 22 and September 23, 2021. Items in this subcommittee report are organized by agency code rather than order of appearance.

- (379) **Public Employees Labor Relations Board.** Tom Griego, executive director, presented the agency request for a general fund increase of \$10 thousand, or 4.1 percent. Mr. Griego noted there are 55 thousand public employees covered under the Public Employees Bargaining Act (PEBA) and that recent changes to the PEBA led to an increased workload over the past year. In response to Senator Tallman, Mr. Griego stated that the most common prohibited practice brought before the board is failure to bargain in good faith. Senator Woods asked about unions the board negotiates with and Mr. Griego replied the board works with six nationally-affiliated unions. The subcommittee temporarily tabled the agency request.

- (410) **Ethics Commission.** Jeremy Farris, executive director, presented the Ethics Commission's FY23 budget request of \$1.27 million from the general fund, representing an increase of \$367.1 thousand, or 40 percent, from the FY22 operating budget. The request included an increase of 53.7 percent in the personnel category for 3 new FTE, in addition to fully funding an unfunded position. Mr. Farris also gave an overview of the commission's activities in the prior year, including receiving and adjudicating complaints, issuing advisory opinions, and filing of civil actions. Representative Martinez noted that the Ethics Commission needs sufficient resources to do its job, especially given that Risk Management-funded counsel can litigate complaints with virtually unlimited resources. Senator Woods asked why the Attorney General does not enforce the charges filed by the commission, and Mr. Farris explained that the criminal actions would be referred to the Attorney General, while the commission files civil actions. Representative Armstrong asked how many complaints are currently pending. According to Mr. Farris, less than 10 complaints remain pending, out of over 60 filed. No complaints have gone before the commissioners yet. Representative Garcia asked if complaints are public record. Mr. Farris explained that they are not public until probable cause is decided. The subcommittee temporarily tabled the agency request.
- (460) **State Fair Commission.** Dan Mourning, director, presented the State Fair's FY23 budget request for an increase in other revenue to adjust salaries because of the minimum wage increase from \$8 hourly in FY19 to \$12 hourly in FY23. Mr. Morning also expressed his regret that the livestock show was unable to happen because of vaccination requirements. Several committee members also expressed their regrets over the livestock show cancellation. The subcommittee temporarily tabled the agency request.
- (495) **Spaceport Authority.** Scott McLaughlin, CEO and executive director of the Spaceport Authority, presented the agency's FY23 budget request. The request increased general fund revenue by \$2 million, or 97 percent, compared with the FY22 operating budget to replace excess pledged GRT revenue from Dona Ana and Sierra counties previously used for agency operations. The Spaceport Authority requested \$6.8 million in other revenue, a 31 percent decrease compared with FY22, to align projected revenue with actual revenue realized by the agency in the last few years. Director McLaughlin informed the committee that the agency has hired a new CFO, a position that has been vacant for over a year. Representative Lane asked Director McLaughlin how the Spaceport Authority would balance generating revenue and serving the community, and Director McLaughlin noted the agency holds many community and educational programs while still attracting tenants. The subcommittee temporarily tabled the agency request.
- (508) **Livestock Board.** Belinda Garland, executive director, and Shawn Davis, deputy director, presented the Livestock Board's FY23 budget request. The board requested a total budget increase of \$2.58 million, which includes a reduction of \$1.46 million in fund balance revenue and a general fund increase of \$3.86 million, or 590 percent. The majority of the requested increase would support the Livestock Inspection program by replacing agency revenue with general fund and increasing personnel and transportation expenditures. The remainder of the increase would support the build-out of the Meat

Inspection program, which the board was directed to establish by a 2021 special appropriation of \$500 thousand. The subcommittee temporarily tabled the agency request.

- (516) **Department of Game and Fish.** Director Michael Sloane presented the department's FY23 budget request, which included an increase of \$4.23 million from other state revenues such as agency fees and fines. The majority of the requested increase is in the personal services and employee benefits category to provide salary increases as part of a recruitment and retention effort. The request also includes an increase of \$299.4 thousand for vehicle replacements. The subcommittee temporarily tabled the agency request.
- (522) **Youth Conservation Corps.** Director Sarah Wood presented the agency's FY23 budget request, which is essentially flat with FY22. The agency reduced its request for building lease expenditures by \$10 thousand due to staff relocation to the Wendell Chino Building. The agency's budget is funded by governmental gross receipts tax (GGRT) revenue. The subcommittee temporarily tabled the agency request.
- (632) **Workers' Compensation Administration.** Leigh Martinez, acting director, presented the request to reduce other revenue by 2.1 percent and discontinue the annual transfer of \$1 million from the workers' compensation administration fund to the Workforce Solutions Department. The subcommittee temporarily tabled the agency request.
- (668) **Office of Natural Resources Trustee.** Maggie Hart-Stebbins, the natural resources trustee, presented the agency's FY23 budget request, which included a general fund increase of \$360 thousand and a fund balance decrease of \$427.6 thousand. The fund balance decrease would reduce expenditures in the contractual services category, while the general fund increase includes funding for 2 new FTE, personnel costs for the executive director, and increased operating costs. The subcommittee temporarily tabled the agency request.
- (930) **Regional Educational Cooperatives.** Maria Jaramillo, president of the Regional Education Cooperatives Association (RECA), and Bryan Dooley, past president of RECA, presented the FY23 budget request of \$3.2 million for the 10 cooperatives. The request is an increase of \$2.1 million, triple the funding level of the prior year, and provides \$316 thousand for each cooperative. RECA has hired a new executive director, Bobbie Gutierrez, who will help with statewide coordination. The subcommittee temporarily tabled the agency request.
- (940) **Public School Facilities Authority.** Martica Casias, acting director, and Randy Evans, chief financial officer, presented the Public School Facilities Authority's FY23 budget request of \$6.1 million, an increase of \$280 thousand, or 4.8 percent. The request will allow the agency to fill 2 vacant FTE. Given direction by the Public School Capital Outlay Council to reopen applications for construction awards, the authority plans to request a special appropriation to address the added workload. Senator Woods asked whether right-of-way fees have affected the agency's work on broadband deployment.

Ms. Casias noted Ovidiu Viorica, the authority's broadband program manager, would follow up with Senator Wood's question. The subcommittee temporarily tabled the agency request.

(949) **Education Trust Board.** Education Trust Board (ETB) Interim Executive Director Carolyn Fittipaldi provided a presentation on the strategic direction of the ETB. The former director, Ted Miller, retired in August 2021. Fittipaldi presented details on the two tax-advantaged college savings plans offered by the ETB, the education plan and the scholars plan, and updated the subcommittee on the impact of ETB's management initiatives. ETB has set targets to enlist the employees of 120 New Mexico employers per year and has continued its substantial digital marketing initiatives to reach new participants. ETB, as a non-general fund agency, is supported by fees charged to both plans. The budget is not part of the General Appropriations Act. Annually, ETB establishes its budget through a budget adjustment request. The subcommittee temporarily tabled the agency request.

(954) **New Mexico Department of Agriculture.** Anthony Parra, Deputy Cabinet Secretary for the New Mexico Department of Agriculture (NMDA), discussed increasing regulatory requirements that the agency is responsible for enforcing. NMDA's FY23 general fund request reflects an 85 percent increase compared with the FY22 operating budget. Deputy Secretary Parra reported that NMDA's primary increase responds to the governor's Hunger Initiative, which totaled more than \$6.2 million. Many of the Hunger Initiative items would flow through NMDA to other non-profit or quasi-governmental organizations. Legislators requested NMDA lead efforts to understand commodity pricing and include possible addition of value-added agriculture processing facilities within the state. The subcommittee temporarily tabled the agency request.

(953) **Cooperative Extension Service/Agriculture Experiment Station.** Dr. Jon Boren, director of the Cooperative Extension Service (CES), and Dr. Leslie Edgar, director of the Agricultural Experiment Station (AES), presented budget requests for the two organizations and presented their programs and new initiatives. AES and CES both requested minor increases for additional staff support for FY23. AES discussed its strategic plan for increasing the relevance of research it conducts on campus and at its agriculture science centers. As with NMDA, legislators requested AES conduct research on developing value-added agriculture processing facilities within the state. The subcommittee temporarily tabled the agency request.

New Mexico Lottery. Carolyn Cabell, deputy director of the New Mexico Lottery Authority (NMLA), presented a budget request for the organization. Cabell reported the Lottery Authority delivered its largest contribution to the tuition scholarship fund last year with \$46.5 million. NMLA, as a non-general fund agency, is supported by fees charged against sales. The budget is not part of the General Appropriations Act. The subcommittee temporarily tabled the agency request.

Tribally Controlled and Administered Colleges. The presidents of the tribal colleges made a presentation on the capital outlay requests for Dine College, Navajo Tech University (NTU), and the Southwest Polytechnic Institute. Aside from tribal dual credit programs and a nursing program at NTU, the Legislature does not fund operating costs for tribal institutions, which are instead funded by the U.S. Congress or by a tribal nation. The subcommittee did not take action on the requests.