

**Legislative Finance Committee  
Meeting Minutes  
New Mexico State University  
Las Cruces, New Mexico  
June 11 - 13, 2014**

**Wednesday June 11, 2014**

The following members and designees were present on Wednesday June 11, 2014: Chairman Luciano “Lucky” Varela; Vice Chairman John Arthur Smith; Representatives Henry “Kiki” Saavedra, Larry A. Larrañaga, Don L. Tripp, Edward C. Sandoval, Doreen Y. Gallegos, James P. White, and William “Bill” J. Gray; and Senators Carlos R. Cisneros, Sue Wilson Beffort, William F. Burt, Howie C. Morales, George K. Muñoz, Steven P. Neville, and Mary Kay Papan. Guest legislators: Representative Mary Helen Garcia and Senators Lee S. Cotter, Joseph Cervantes and Cisco Mc Sorley.

**Welcoming Remarks.** Garry Carruthers, president, New Mexico State University, welcomed the committee to the university and walked them through a presentation focused on capital outlay improvements, needs and goals. He spoke about the changing face of the campus, including heritage farms, student/community gardens, the Domenici Institute, and community parks. He said his goal is to make the campus more available to the community. President Carruthers discussed campus needs including improvements to Jet Hall, Aggie stadium field turf, and improvements made to the baseball field.

**Status of Lower Rio Grande Litigation, Lower Rio Grande and San Juan Adjudications and New Mexico Unit Settlement.** Gary King, attorney general, introduced Scott Verhines, state engineer, and Sara Bond, Water, Environment and Utilities Division, Attorney General’s Office. Mr. King outlined their presentation stating their overall perspective is the protection of water resources in southern New Mexico over the long term. He said this case is not only about the drought but about the rights and obligations of New Mexico versus the rights and obligations of Texas.

Ms. Bond discussed myths surrounding the lower Rio Grande litigation including a myth that Texas has a strong case against New Mexico. She said Texas has based its case entirely on things outside the Rio Grande Compact. Texas would like the Supreme Court to rewrite the compact to give them more water than lawful. However, only the three states can rewrite the compact and it must be approved by Congress. Another myth is that the area below Elephant Butte Lake is a “compact Texas.” There is no such thing. The Rio Grande Compact is a legal agreement among Colorado, New Mexico and Texas and recognizes the state boundaries, not boundaries determined by the reservoir. Myth three is that Texas is owed \$1 billion. Texas must prove not only that it has been harmed but it must specifically prove the exact amount and type of harm. Because Texas has been delivered the water it is due under the compact, it is illogical to assume that Texas has been damaged. Another myth is that, if New Mexico owes Texas water, the replacement water will be taken from the Middle Rio Grande region or Lower Rio Grande wells will immediately be shut off. If New Mexico groundwater pumping is found to be taking water to which Texas is entitled, New Mexico will have discretion over how to replace depletions. Myth five is the Pecos settlement is predictive of a potential outcome on the Rio Grande. Texas

and its supporters are hoping New Mexicans become confused between two hydrological and legally distinct river systems, aquifers, farming practices and compacts. The Pecos River and the Pecos River Compact are not similar to the Rio Grande and the Rio Grande Compact. She said another myth is New Mexico has a state-line delivery obligation to Texas. The Rio Grande Compact dictates that surface water be delivered at Elephant Butte. The Rio Grande Compact never mentions a state -line delivery. She said the United States could ask for other groundwater pumpers to cease pumping groundwater if the United States believes its project rights are being impaired. Ms. Bond said the federal government has not asked the State Engineer to enforce water use priorities nor has it brought any actions against the senior groundwater rights owners. She said myth seven is if the Attorney General drops the lawsuit over the 2008 operating agreement, Texas will go away. The fact is Texas is suing New Mexico to get more water than it has a legal right to take. She said myth eight is groundwater pumping in New Mexico automatically takes surface water away from Texas. New Mexico meters, measures and administers groundwater pumping in the Lower Rio Grande to ensure that water rights owners are not exceeding the limit of their water rights. In comparison, Texas allows uncontrolled groundwater pumping. Ms. Bond said when you strip away all the myths, New Mexico has a very strong case.

Scott Verhines, state engineer, said the Office of the State Engineer is working hard to ensure New Mexico water users are protected in the Lower Rio Grande. He discussed a federal claim that groundwater is project water for large surface water projects. He said the requirement to have to have a contract with the United States to use groundwater has concerned other western states.

Steve Hernandez, attorney, Elephant Butte Irrigation District (EBID), discussed the Rio Grande project timeline, stating Congress enacted the Rio Grande Project Act in 1905 and the Rio Grande Compact was not established until 1938. He said the project was delivering water in New Mexico and Texas before there was a compact. Mr. Hernandez said EBID and the El Paso County Water Improvement District were required to develop an operating agreement when the districts paid off their construction obligations to the United States in 1980. He said in 1980 EBID took back its obligation to deliver water to individual constituents. Subsequently an act in Congress gave back the rights of way, the drains and all the facilities that service the distribution of water back to EBID with the exception of the dams in the river, Elephant Butte and Caballo Lakes. He said the two districts by contract had to agree on how the water would be divided. They fought for 20 years for a solution and litigated in two federal courts, ultimately reaching a settlement in 2008. He said they had an operating agreement as a result of litigation that set forth the formula. Contrary to what counsel has said about operating agreement, the agreement grandfathered in not only pumping of EBID members but everyone to 1978 into the formula about how you calculate a release from Caballo Lake and how much of that water has to get to the El Paso district. He said it is not a myth that the operating agreement put in groundwater pumping. Because the Attorney General has challenged the operating agreement, Texas is saying there is no operating agreement and the El Paso water district must be kept whole and any depletion made in New Mexico that affects the delivery of surface water to Texas will have to be accounted for.

Mr. Hernandez said New Mexico's motion to dismiss has been filed and the court should answer near the end of the year or next spring. He said if the case is dismissed, EBID will proceed to litigate the operating agreement in federal district court. If it is not dismissed, litigation will continue in the stream adjudication. He said he does not think the state of New Mexico's motion to dismiss will be granted.

Mr. Hernandez discussed what happens if the federal court decides New Mexico must keep a release from Caballo Lake whole until it reaches Texas. He said the State Engineer has the ability to make a priority call. He asked the committee to keep in mind while on the tour of the Santa Teresa border development and the Union Pacific that those water rights have a 1970 priority date and likely would not survive a priority call, which gives water first to those with the oldest water rights. He discussed Texas' complaint of New Mexico's wells intercepting some of the water that used to get to Texas in a more efficient manner. He said the operating agreement acknowledged that EBID member pumping had an effect on the delivery of project supply to the El Paso district. He said an average of 58 thousand acre feet of water per year has been intercepted by pumping in the lower Rio Grande, with cumulative shortages to Texas since 1940 of 3.3 million acre feet. He discussed how the Pecos adjudication, settlement and United States Supreme Court case involves the lower Rio Grande. He said the court can fashion a remedy of some combination of money and water if New Mexico loses the case. Mr. Hernandez said EBID will move to intervene in the Supreme Court and try to reach a settlement around the basis of the operating agreement. He proposed a solution that involves a large deposit of saline water and the development of a desalinization project that would allow New Mexico to tap that resource.

Celina Jones, staff attorney, Administrative Office of the Courts, highlighted two reports designed to give a brief overview of recent adjudication activity in the lower Rio Grande and the San Juan River basins. Ms. Jones said the proceeding dominating most of the courts time is to resolve the interests of the United States in the Rio Grande project. Up to this point, the court has entered orders that have resolved the point of diversion, source of water, amount of water and the right to release water from Elephant Butte reservoir. The court has not resolved the priority date; the court has determined this issue needs to go to trial. Earlier this year the court entered a scheduling order that set out various deadlines setting trial for September 2015.

Laurie Knowles, managing attorney of the lower Rio Grande adjudication bureau, Office of the State Engineer, said this is the largest ongoing water rights adjudication in the state with more than 18 thousand defendants and close to 14 thousand individual claims. To date they have adjudicated 42 percent of the sub-files and sent offers to 60 percent. In addition to the sub-file work, there are stream system issues. Stream issue 104 is presently on hold based on two motions to stay proceedings that are in front of the court now. One is claimants to pre-project priority date ground water rights and the other is a motion filed by the city of El Paso to the lower Rio Grande. She said litigation on the priority date has a trial date of August 2015.

Stream issue 101 was decided in August 2011. That issue involved irrigation water requirements in the lower Rio Grande. An agreement was reached with main parties setting a basin-wide level of 4.5 acre feet of water per acre as the farm delivery requirement (FDR). There was an obscure provision in the settlement that said parties would be able to claim a higher FDR up to 5.5 acre

feet based on evidence of historical beneficial use of a higher amount. To date there are 1,000 filed notices of intent to prove a higher FDR.

Ms. Jones discussed recent activity in the San Juan River basin adjudication, the proceeding to resolve the water rights of the Navajo Nation before the court over the past several years dominated the activity in this adjudication. There was very little adjudication of non-Indian individual water rights. In FY13, four consent orders were entered because the litigation to resolve the rights of the Navajo Nation was far reaching and complicated. The geographic section in the San Juan River basin that is the focus of the adjudication is the La Plata section. Almost all the rights in this section have been adjudicated. The efforts of the court and the state at this point are identifying the remaining water rights that need to be adjudicated, evaluating any objections that are unresolved, and determining how to proceed.

Greg Ridgley, general counsel, Office of the State Engineer, discussed why they conduct water rights adjudications and described the purpose and benefits of these types of adjudications. He said adjudication suits are the only way to determine federal and Indian water rights. Mr. Ridgley spoke about the Navajo Nation settlement, which requires the adjudication court to enter a decree determining all the water rights of the Navajo Nation by the end of last calendar year, the court accomplished that by entering two decrees adjudicating the rights of the Navajo Nation by November 1, 2012. That was after extensive proceedings in adjudication court, public notice and the opportunity for parties who oppose the settlement or would like to challenge the rights of the Navajo Nation. After the entry of that decree, four notices of appeal were filed and are currently before the New Mexico Court of Appeals. He said it is important to understand the status of non-Indian water rights on the San Juan River while this matter is pending. He highlighted the non-Indian water rights were adjudicated in the Echo Ditch decree in 1948 which determined all elements of the non-Indian water rights. Those elements including priority dates are binding on the parties in today's adjudication suit. He said the adjudication is updating the decree to the extent there may have been loss of water rights from non-use since the entry of the Echo Ditch decree. The Navajo Nation settlement provides important protections for all the non-Indian water rights, in that agreement the Navajo Nation agreed not to challenge the priority date or other elements of non-Indian water rights that had already been determined in the Echo Ditch decree.

Estevan Lopez, director, Interstate Stream Commission, discussed the status of the Arizona Water Settlement Act. In 2004, New Mexico was party to a settlement of Indian water rights claims. The federal act allocated the potential for an additional 14 thousand acre feet of water in the Gila and San Francisco rivers. He said an amount between \$66 million and \$128 million would be allocated if New Mexico would develop the additional 14 thousand acre feet by creating what is known as a New Mexico unit. He said it would be a New Mexico unit of the central Arizona project. It is a way of delivering water to ensure downstream users are kept whole if New Mexico develops additional water. Mr. Lopez said the commission has conducted comprehensive planning in the Gila since 2004. In 2011, it was apparent there was not going to be a consensus. In 2011, the commission asked for proposals from stakeholders and received 41 proposals, which have been screened to meet fundamental elements of the Arizona Water Settlement Act. Today there are 15 proposals, including the Grant County water commission infrastructure and reuse, the Deming Wastewater Reuse, four diversion and storage proposals, one municipal conservation plan, three community ditch improvement plans, and five watershed

studies and improvements. The commission hopes to come to a decision by the end of 2014. The act requires the interstate stream commission notify the secretary of the U.S. Interior Department by the end of this year as to whether the state intends to develop a New Mexico unit. Mr. Lopez said commission is conducting ecological studies to understand impacts on key native and non-native animal species and vegetation and has completed biologic, cultural and archaeological surveys.

Dino Cervantes, member, New Mexico First, said the New Mexico First organization is a non-partisan public policy organization that identifies critical challenges the state has and attempts to develop solutions through town hall and policy organizational meetings. Mr. Cervantes said they held a town hall meeting in April 2014 regarding water with over 300 attendees represented by state agencies, small municipal water associations, and local interest groups. He said prior to the town hall meeting New Mexico First identified six themes on water management they felt need to be addressed. Three solutions developed at the town hall meeting: 1) advance shortage-sharing agreements 2) improve water rights management and 3) improve adjudication process. A full review of solutions will be conducted as well as an implementation process that will be conducted over the next year. The implementation team is led by former State Engineer John D'Antonio.

Chairman Varela asked for clarification on curtailing water use by farmers, to which Steve Hernandez, attorney, Elephant Butte Irrigation District (EBID), said the adjudication has put a cap on agricultural pumping and the district now knows its limit. He said earlier comments about additional sources of water is a separate issues. One is the availability of saline water in the region and the other is another source coming from north of the reservoir. Chairman Varela asked how much is in New Mexico and what the cost is for desalinization. Mr. Hernandez said the district would have to determine the quantity of saline water then examine the quality of the water, then could put a number to the cost of desalinization.

Chairman Varela asked for information on transferring water rights from one part of the state to another, to which Mr. Verhines said transfers of water rights are assessed on an individual basis. Around the state there are roughly 16 hundred water-rights-related transactions backlogged around the state; every district office deals with those.

Representative Larrañaga asked if the Interstate Stream Commission considers the value of the 14 thousand acre feet of water in the Arizona Water Settlement and how it can impact the entire state. He said we may need the additional water. Mr. Lopez said the needs within the southwest four-county region are the subject of the Arizona Water Settlement Act. He said within that region there is a deficit between supply and demand around 30 thousand acre feet per year. He said we are mining groundwater and using available surface water. Mr. Lopez said they are conducting analysis to understand the technical aspects of conducting such a diversion and the economic aspects of it. The value of this water is tremendous but the cost may also be quite large. Representative Larrañaga asked about priority calls and if it is EBID's intent. Mr. Hernandez said the suggestion of the priority call came from the state.

Senator Neville asked how long they expect these adjudications to take. Greg Ridgley, general counsel, Office of the State Engineer, said with current resources it would take many years to

complete the lower Rio Grande and San Juan adjudications. The budget for FY15 provides additional resources for adjudication work that has resulted in the creation of three new hydrographic survey positions as well as a dramatic reduction of the vacancy rate. Senator Neville made the committee aware of his constituents concern with the Navajo settlement stating some feel they were not included in the agreement or outcome.

Senator Muñoz asked Dino Cervantes and local farmers and ranchers to voice their concerns. Dino Cervantes said there is a lack of communication between agencies and growers groups who do not trust what is happening in those agencies. He said it is difficult to believe agencies are representing them and their best interests. Mr. Cervantes said New Mexico State University conducted an economic study of state industries and found that agriculture and food processing is the largest industry in the state. He said agriculture produces 10 percent of the GDP in the state. He asked for legislators to assist in facilitating cooperation between agencies. Sammy Sing Jr. and James Scott Boyd, local farmers, expressed concern with the loss of water rights for their farms as well as the lack of accountability and ineffectiveness of a dual system of administration. Mr. Ridgley said the State Engineer's Office has met with the growers groups and their council regarding administration of rights. Mr. Cervantes suggested a joint meeting with the growers groups, EBID and the State Engineer's Office with oversight from the Legislature to come to a consensus.

Senator Morales asked for an update on the last Gila and San Francisco water commission meeting. Mr. Lopez said he was not present at the meeting but said there was discussion regarding the possibility of a New Mexico unit and whether or not the Gila and San Francisco water commission would represent that entity. Senator Morales asked about testimony given by Norm Gaume, former director, Interstate Stream Commission, regarding a possible diversion. Mr. Lopez said Mr. Gaume critiqued work done to analyze a possible diversion and made many valid points. Mr. Lopez said one fundamental disagreement with Mr. Gaume's presentation was the diversion being fatally flawed; it is premature to make that determination. Senator Morales said he was told the cost would be \$400 to \$600 million, to which Mr. Lopez said they need to be further along before they make a determination of cost.

Senator Beffort asked if it came to a priority call in the San Juan would Native Americans being a sovereign nation have to abide by state mandates. Mr. Ridgley said that the Navajo Nation agreed to be subject to State Engineer administration in times of shortage for diversions off of the San Juan River. Senator Beffort asked where the state would argue that if they changed their minds. Mr. Ridgley said it would be subject to the jurisdiction of the San Juan adjudication court enforcing the decrees it has entered that are on appeal.

**New Mexico Water Resources Research Institute Review.** Sam Fernald, director, New Mexico State University Water Resources Research Institute (NM WRRI), discussed water scarcity in the state and water initiatives for FY15. He said the institute was established in the 1950s in response to a drought. The purposes of the institute are to provide research and training, to transfer water information, provide expertise and cooperate with local, state and federal water agencies. He said studies supported by the institute led to Texas dropping a previous lawsuit when it was found salty water being delivered into the Rio Grande came naturally from deep groundwater upwelling, not from agricultural return water. He said more than 30 years of

research supported by NM WRRI revealed 50 million acre-feet of brackish water in the Mesilla Valley, which is now being studied for desalinization suitability and could provide important new water for development and offset other freshwater use in the Mesilla Valley. Mr. Fernald discussed water scarcity in New Mexico and Elephant Butte's long-term storage rates. He said historic droughts were more severe and said the reduction of surface water deliveries made New Mexico more reliant on groundwater. He said with reduced deliveries after 2002 the groundwater level dropped. Mr. Fernald discussed the impacts of water scarcity, including impacts to communities that rely on a single well. He said urban supplies are being stretched.

Mr. Fernald discussed other western state's water assessment systems and how they are used to enhance water administration and planning. He said Oregon and Utah spend approximately \$2.5 million per year and California spends approximately \$10 million per year. He proposes New Mexico invest in additional water information to better manage water in the state. He detailed how NM WRRI plans to spend \$1 million allocated in Senate Bill 313. Mr. Fernald outlined the implementation of the statewide water assessment and discussed the cutting edge aspects it. He said they will use up-to-date and real-time data sets, water input and outputs using the latest scientific satellite data. He outlined NM WRRI's budget and explained the need for a \$2 million request for FY16.

Senator Smith expressed his understanding of the issue and encouraged NM WRRI to get support from the board of regents to move funding from nonrecurring to recurring. He said the executive branch took the lead and it plays well to the public but sustainability is a challenge in the future. He highlighted that responsible funding kept the state from suffering a reduction in force.

**Update of Santa Teresa Border Development** Davin Lopez, president of the Mesilla Valley Economic Development Alliance (MVEDA), discussed trends and factors involving economic development in the area. These factors include the new Union Pacific (UP) multimodal rail yards and logistics infrastructure, growth related to the border and international trade, the impact of El Paso on the New Mexican side of the border, and MVEDA's asset-targeted marketing approach that promotes border trade and UP's facilities, aerospace and agricultural assets, and New Mexico State University. Challenges include labor, particularly soft skills and technical/vocational skills; lack of existing facility inventory; infrastructure limitations that make it difficult to achieve growth outside two geographical areas within Dona Ana County; and alternative equity investments that create challenges in growing the innovation sector.

Mr. Lopez also discussed lost opportunities, citing the following top reasons for companies deciding not to locate in the area: 1) lack of sizeable facility, 2) lack of "plug and play" facility, 3) lack of rail-served facility, 4) lack of infrastructure, 5) high utility costs, 6) size of the labor market, and 7) lack of incentives. He said regulatory factors also play a role and mentioned several positive factors, including corporate income tax deduction, single sales factor apportionment, the Job Training Incentive Program (JTIP), the Local Economic Development Act, and funding for the New Mexico Economic Development Partnership. Negative factors include the low JTIP budget for FY15, high-wage jobs tax credit claims, talent recruitment incentives, economic development electric rates, airport road funding, and county industrial revenue bond language.

**Tour: Santa Teresa Industrial Park** Jerry Pacheco, executive director of the New Mexico Industrial Border Association, gave the committee an overview of the Santa Teresa region, mentioning vacancy in the industrial parks decreased from 800 thousand square feet six years ago to 32 thousand square feet today after four company expansions were recently completed. He said other than the state's oil patches, the Santa Teresa region is one of the bright economic development spots in the state, and the recruitment pipeline is as big as it has ever been. He listed all the businesses that located in the area since 2011, totaling 1,605 projected new jobs. He also described six current deals that have a good chance of locating.

Mr. Pacheco thanked the legislators for passing legislation to create an overweight border commercial zone, allowing heavy trucks to come across the border without needing to partially unload the contents. He said 12 companies were recruited to the area because of the overweight zone since its inception three years ago, and 606 jobs are tied to these companies, not including the UP project. He relayed that New Mexico led the country in the export growth rate in 2012 (42 percent) but saw a net decrease in exports in 2013 (\$2.96 billion to \$2.71 billion). However, exports to Mexico grew 33 percent to \$802 million. More than 50 percent of all state exports to Mexico originate in Dona Ana County. The largest exporters, by city, to Mexico are Detroit, Los Angeles, Houston, El Paso, and San Diego. New Mexico's exports are primarily comprised of industrial inputs and components to Mexico's maquiladora industry: manufactured steel components, plastic injection components, packaging materials, and other production inputs. Mr. Pacheco said close to \$1.5 billion of products crosses the Santa Teresa port of entry monthly, up from \$1 billion per year three years ago. He said trade with Mexico has grown steadily since 1994, but the state needs to focus on developing a stronger supplier base to the maquiladoras to create more jobs in the area.

Mr. Pacheco mentioned the UP project, the binational effort to create a master plan for Santa Teresa and San Jeronimo, and the Foxconn plant immediately across the border. Foxconn is the largest-ever maquila and assembles 55 thousand Dell computers daily. It employs 9,700 people and could eventually ramp up to 3 million square feet and 20 thousand employees. Foxconn just announced it is shutting down its Juarez Hewlett-Packard operations and moving them to the San Jeronimo plant.

Mr. Pacheco discussed Mexico's increasingly bright economic picture and the reduction in violence. LFC Chairman Varela asked about immigration, and Mr. Pacheco responded immigration is slowing down due to relatively slower economic growth in the United States than in Mexico. Chairman Varela also asked about the expansion of the border zone for tourists. Mr. Pacheco said the new visa program allows tourists to travel up to 55 miles across the border and visit Las Cruces and Lordsburg. In response to an additional committee question, he also mentioned Mexico can be a pass-through for immigrants from Central America.

Josh Orozco, board chairman, Camino Real Regional Utility Authority, discussed water and wastewater issues in Sunland Park and Santa Teresa and provided the following short-term goals: 1) bring three wells back online, 2) install transmission main in airport road, 3) complete construction of north wastewater treatment plant, 4) complete expansion of the west mesa treatment plant, 5) construct third arsenic treatment plant in Santa Teresa, 6) begin replacing/upgrading lift stations in Sunland Park and Santa Teresa, 7) prepare wastewater master

plan, 8) interconnect all water systems for emergency supply, 9) install additional wells to meet current demand and provide room for growth, 10) replace chlorination system in well five in the industrial park, and 11) complete replacement of remaining water meters.

Homer Bernal, international programs planner, New Mexico Department of Transportation (NMDOT), discussed Santa Teresa regional infrastructure needs. The one short-range project would be to reconstruct airport road in concrete and widen it from two lanes to four. Reconstruction of this road, critical for industrial development and trade, is estimated at \$10 million. He then listed medium-range projects, including 1) intersection of NM 136 and airport road, \$12 million, to improve commercial traffic flow; 2) Pete Domenici Highway, \$40 million and also vital for trade and industrial development; 3) intersection of NM 136 and NM 273, \$12 million, to handle increasing traffic; 4) intersection of NM 136 and Strauss Road, \$12 million, to deal with heavy commercial traffic; 5) repaving of NM 273 from mile marker 0 to 14.4, \$10 million; and 6) Santa Teresa export lane, \$2 million, to expand it from one lane to two.

Mr. Bernal listed long-range projects, including 1) NM 9 extension east from NM 136 to NM 273, \$20 million 2) construction of High Mesa Road from the Santa Teresa industrial area to Interstate 10 west of Las Cruces, \$65 million; 3) rail overpass on NM 136, \$10 million; and 4) Industrial Road/UP rail crossing, \$10 million. He also mentioned the need for new construction of a sub-port at the Santa Teresa port of entry, which would cost \$60 million for inspection facilities, connecting roads, and supporting infrastructure.

**Tour: Union Pacific Multimodal Rail Facility** Zoe Richmond, director, Public Affairs, Union Pacific, said the project employed 3,000 construction workers and thanked LFC for the legislation providing a locomotive fuel tax deduction. She said UP is eager to prepare and release its first report, required by the credit, showing jobs and economic impact created. Despite recently opening operations, the company is preparing for another phase of construction. The property is 2,200 acres and remains about 50 percent vacant. The facility has not experienced any security issues yet and primarily uses cameras instead of fencing. In response to committee questions, Ms. Richmond said UP spent about \$400 million constructing the facility but has not completed the analysis. Committee members asked additional questions about the track. Ms. Richmond replied the double track runs all the way to Los Angeles, taking a train about 1.5 days to arrive, and small- to mid-size companies can hire a truck driver to take single containers at a time over to UP's operation. There is no track going from Santa Teresa to Mexico, but New Mexico and Chihuahua are discussing the possibility. Finally, Ms. Richmond commented it would be beneficial for companies to locate in the area if they needed heavy materials brought in by rail and small, expensive items (such as microchips) brought in by air to the Santa Teresa airport.

**Tour and Update of Santa Teresa Port of Entry** Ray Provencio, director, Santa Teresa Port, U.S. Customs and Border Protection (USCBP); Bill Mattiace, director, New Mexico Border Authority; and George D. Morgan, director, Facilities Management Division, General Services Department, discussed the Santa Teresa port of entry. Mr. Provencio noted a significant increase in trade growth within the last year and predicted that with the first phase of the UP project complete, an international rail exchange is likely to come to the border. He cited a study by the National Center for Risk and Economic Analysis of Terrorism Events (CREATE) on the impact

of wait times at ports of entry, which concluded that adding a customs and border protection officer at a port can potentially lead to an increase in GDP of \$1.87 million and employment gains of 32 jobs in the United States. In response to committee questions, he explained the interactions between USCBP port of entry efforts and responsibilities and other federal and state agencies. In response to a question about inspecting shipments, he stated 100 percent of shipments are inspected in some way and explained some inspection technology and procedures.

Mr. Mattiace said the request for proposals for a feasibility study to examine a possible rail bypass would be sent out the next day, but the bypass could require five to seven years to become a reality. He gave brief updates on the state's other two ports of entry, saying the Border Authority gave Luna County a \$100 thousand matching grant from the agency's parking lot revenues to improve the Columbus port of entry, and the Mexican dirt road leading to the Antelope Wells port of entry is now three-quarters paved. Mr. Mattiace mentioned the new visa program that allows Mexican tourists to travel farther into the United States added almost \$56 million in revenue to Tucson, and he is hoping for similar results in New Mexico, but the Tourism Department needs to re-translate its ad promoting the program across the border. Finally, he suggested the road from the Columbus port of entry be extended all the way to Santa Teresa and El Paso.

Mr. Morgan discussed the ongoing expansion of the Santa Teresa port of entry, managed by his office on behalf of the Department of Public Safety. The expansion began in 2006, and NMDOT committed \$7.4 million for horizontal construction to supplement the \$4 million for vertical construction. The expansion will provide administrative space and an inspection bay, and the project should be complete by February or March 2015. He said the agency is incorporating lessons learned from work performed at the Columbus port of entry.

Chuck McMahon, assistant county manager, Dona Ana County, discussed the foreign trade zone (FTZ) and the Santa Teresa airport. He mentioned the county applied to the U.S. Department of Commerce for the "alternative site framework" option, which would enable the entire county to receive FTZ designation. Mr. McMahon said the federal agency should make a decision regarding the application within approximately four to six weeks. He then talked about the airport, showing the recent extension at the east end of the runway and describing the county's recent runway resurfacing. In response to committee questions, he said the airport is sometimes used by local and Mexican company officials, and NMDOT funding can be used for airport work in addition to capital outlay funding.

#### **Thursday June 12, 2014**

The following members and designees were present on Thursday June 12, 2014: Chairman Luciano "Lucky" Varela; Vice Chairman John Arthur Smith; Representatives Henry "Kiki" Saavedra, Larry A. Larrañaga, Don L. Tripp, Edward C. Sandoval, Mary Helen Garcia, James P. White, and William "Bill" J. Gray; and Senators Carlos R. Cisneros, Sue Wilson Beffort, William F. Burt, Howie C. Morales, George K. Muñoz, Steven P. Neville, and Mary Kay Papen. Guest legislators: Representative James E. Smith and Senator Lee S. Cotter

#### **Miscellaneous Business**

##### *Action Items*

*Approval of May 2014 Meeting Minutes – Senator Cisneros moved to approve the May 2014 meeting minutes, seconded by Representative Larrañaga. The motion carried.*

*Approval of FY15 Contracts – Senator Cisneros moved to approve FY15 Contracts, seconded by Representative Larrañaga. The motion carried.*

#### *Information Items*

David Abbey, director, LFC, directed the committee's attention to the full time employees by agency report stating in June there was a slow increase in state employees, with a decline year-over-year of 0.006 percent. He said agencies have expressed desires to hire staff but in fact employment has stayed fairly level. He expects agencies to have significant surpluses in the personal services and benefits category and will continue to see requests toward the end of the year for BAR activity.

Mr. Abbey discussed the FY15 funded vacancy report stating agencies are funded with almost \$100 million more than their current spending levels. Representative Tripp asked what the historic number has been to which Mr. Abbey said historically you don't see funded vacancy rates at this level although it has been that way for the past two years. He said employment shrunk approximately 3,000 or 4,000 from 2008 to 2012 and agencies wanted to keep FTE on the books and in turn agencies asked to fund many of those vacant positions as the economy recovered. He said over the past year agencies have tended not to hire more people and we will end up with these surpluses either reverted or transferred to other categories. Chairman Varela asked staff to examine personal services and benefits.

**Improving Teacher and School Leadership Preparation.** Hanna Skandera, secretary-designate, Public Education Department (PED), introduced Thomas Kane, Walter H. Gale Professor of Education and Economics, Harvard Graduate School of Education, a national expert recognized for his research in teacher preparation and the correlation between observation, student surveys, and improved student achievement.

Professor Kane gave an overview of teacher effectiveness research. He discussed teacher impacts on student performance on math assessments, noting that when similar students are assigned to a teacher who is less effective the average student will lose 10 percentile points relative to similar students assigned to an average teacher. If students are assigned to a teacher who is effective the average student will gain 10 percentile points.

Research on teacher effects in New York City by initial credential – traditionally certified, uncertified, teaching fellow, and Teach for America (TFA) – indicate credentials have little effect on student achievement gains; however, Professor Kane noted TFA teachers were slightly more effective than the average certified or uncertified teacher. Another study published in 2013 found novice TFA teachers to be more effective than both novice and experienced comparison teachers where students were randomly assigned to either a traditionally certified teacher or a TFA teacher within the same school. This same study looked at whether certain academic qualifications of the teacher have any relation to student gains in math. Academic qualifications considered were whether the teacher attended a selective college, took more math courses in college, scored higher on the Praxis II tests, had more days of student teaching in math, or had more prior coursework in math. Of the academic credentials reviewed, most did not show any

relationship to the teachers effectiveness in the classroom. However, whether or not the teacher was required to take more coursework while teaching had a negative effect on student gains in math, while teaching experience had a positive effect on student gains.

Professor Kane discussed how teachers learn on the job, particularly during their first three years teaching. He said in every district he has studied he found a similar pattern – teachers improve from their first to second year of teaching and also from their second to their third year, although that improvement is not nearly as large. Professor Kane noted that teacher residency programs have been found to be expensive and unproven. He concluded by stating that high standards at tenure review offer greater payoffs than higher admission standards or better pre-service training. Clinical experience matters, but neither student teaching nor residency programs provide it effectively and high course-load requirements for alternative pathway teachers diminish their students' achievement. Professor Kane suggested the following to ensure improved student achievement: 1) no automatic tenure for teachers in the bottom quarter of effectiveness at the end of the probationary period; 2) pre-service preparation programs to provide instruction and practice in classroom management and other practical instructional skills; 3) alternative certification programs to provide instruction and practice in practical skills during the summer and limit course requirements during initial years of teaching; 4) a requirement that teacher candidates to submit video of their classroom teaching for critique, including at least one review by a faculty at another teacher preparation institution; 5) programs that evaluate teacher performance and weed out ineffective candidates at the end of student teaching; and 6) an annual report on the effectiveness of recent graduates of each teacher preparation institute.

Ms. Skandera noted the PED, along with the governor, the Higher Education Department, and institutions of higher education formed a workgroup during FY14 to focus on improving teacher preparation programs and developing alternative approaches to teacher preparation. She highlighted the governor's goals and the workgroups accomplishments, which include: 1) raising expectations for teacher and principal preparation programs and their participants; 2) eliminating unnecessary barriers to becoming a teacher or school leader; and 3) holding teacher and principal preparation programs accountable for their results.

Ms. Skandera discussed licensure testing, stating the current exam called the New Mexico basic skills assessment currently tests at an eighth-grade level. The state will be using new assessments for licensure beginning in January 2015 that will increase the rigor and focus on common core content standards. She detailed plans to eliminate unnecessary barriers to becoming a teacher or school leader supporting policies that will allow content experts to teach in public schools part-time. Ms. Skandera noted the Legislature appropriated \$4.6 million to PED to establish new practice-based teacher (NMPrep) and principal (NMLead) preparation programs and school turnaround leadership planning. Ms. Skandera discussed holding college of education programs accountable for their results, stating the workgroup agreed on a format for a college of education report card that will include student achievement and observation data.

Garry Carruthers, president, New Mexico State University (NMSU), said the NMSU regents have discussed increasing admission standards for the College of Education. The university is considering a five-year teacher licensure program in which students would complete a content-

centered undergraduate degree prior to applying to the College of Education in their fourth year. The fifth year the student would be required to participate in an internship in the classroom.

President Carruthers noted the NMSU College of Education intends to use the national evaluation series (NES) tests as diagnostic tools for entering students and as tests of knowledge and skills for graduating students seeking licensure. The early testing will allow the college to design a curriculum for each student that addresses gaps in skills and content knowledge. The College of Education will be reviewed by a teacher preparation inspectorate that is affiliated with the National Council on Teacher Quality. President Carruthers noted NMSU's undergraduate elementary education program received a rating of "good" from NCTQ across all five standards reviewed. The college of education has alternative licensure programs for elementary, secondary, and special education teachers. President Carruthers discussed NMSU's intent to apply for NMPrep grant funds to focus on secondary math and science in partnership with Western New Mexico University. He spoke about the universities proposal, which is a practice-based curriculum using online instruction to broaden access with a strong emphasis on classroom management, differentiated instruction, and content knowledge.

President Carruthers discussed current principal preparation at NMSU highlighting an educational leadership internship for aspiring principals. This internship is a one-year comprehensive project which is completed in the intern's school. He said the overall goal is to produce principals who can serve as catalysts for improved student achievement and improvements in teaching.

Responding to a question from Representative Larrañaga, Professor Kane highlighted the importance of evaluating teaching candidates with faculty from other institutions conducting the evaluation. He discussed the need to reevaluate how student teaching and clinical experience is conducted to make it as effective as possible. He also highlighted the importance of eliminating automatic tenure for teachers in the bottom quarter of effectiveness after a probationary period.

Chairman Varela asked for clarification on tenure in the public education system versus the higher education system. Ms. Skandera said the tenure policy in the public education system is three years – during the first three years of teaching, a teacher can be dismissed with a simple decision at the principal level. After three years it is more difficult to address effectiveness. She said using the new teacher evaluation will give data that can be used to address tenure issues in a meaningful way.

Senator Beffort asked about teacher preparation and if preparation programs are teaching best practices. She said students may be smart but now know how to engage and inspire students to learn. Professor Kane said the history of schools of education tended to focus on theories of how students learn and are not focused on what specific actions need to be taken to engage students. Professor Kane noted the field of education has only recently started to focus on this.

Representative Smith asked what is done at the college level to ensure the student teaching experience is as authentic and useful as possible. James O'Donnell, associate dean, NMSU, said over the past decade NMSU has been trying to provide more in class time for students who are preparing to become teachers. He said cooperating teachers have to attend training and NMSU

provides supervision to support student teachers. Representative Smith asked about the teacher evaluation system and if it would be possible to allow other teachers or faculty at other locations to conduct observations or evaluations. Ms. Skandera said this is available and encouraged. Representative Smith asked if there is any data suggesting spontaneous teacher observations are more effective than announced observations. Professor Kane noted a study he conducted where teachers were videotaped in the classroom and then tapes were reviewed by both the teacher's principal and objective reviewers. The conclusion was that principals generally give more favorable evaluations to their own teachers than the evaluation of an objective reviewer; however, he noted results are very close.

Senator Morales asked for a list of members of the workgroup. Ms. Skandera said university presidents, provosts, and regents of institutions with teacher preparation programs attended. She indicated she would provide Senator Morales the requested list, noting that there were nine meetings and not every president and provost attended every meeting. Senator Morales asked if minutes were taken to which Ms. Skandera said PED staff took notes and they would be provided to Senator Morales. Senator Morales asked if any votes were taken and stated he was unaware of any plans to increase expectations for teacher and principal preparation programs. Ms. Skandera said she could think of multiple times being charged with working with higher education to examine teacher preparation. Senator Morales asked where NMPrep and NMLead are funded in the budget. Ms. Skandera said the department presented to Legislative Education Study Committee and Legislative Finance Committee more than once and there are line items in the budget for both programs. Senator Morales asked how teacher preparation programs will be ranked. Ms. Skandera said at this point the data that will go into ratings has been discussed; however, the methodology that will be used to calculate a rating has not yet been determined. Senator Morales closed asking Ms. Skandera for open communication and continued dialogue.

**Status of Select FY14 and FY15 Public Education Department Initiatives.** Hanna Skandera, secretary-designate, Public Education Department, gave a brief update on FY14 and FY15 expenditures on select appropriations. She said appropriations for public education increased 5.75 percent for FY15, with an increase of \$38.1 million in below-the-line funding and \$119.4 million in above-the-line funding. She discussed the improvement in timeliness of awards for below-the-line appropriations, stating it has improved on average two to three months. She discussed accountability metrics including standards-based assessment (SBA), school grades, graduation rates, participation, and success rates. She said program evaluations are used to inform additional training and next steps for individual programs. Ms. Skandera said funding for the early literacy initiative, Reads to Lead, was \$11.5 million in FY14 and \$14.5 million in FY15. She said \$4 million was appropriated for interventions in D and F schools in FY14 and \$10.5 million in FY15. The STEM (science, technology, engineering and math) initiative received \$1.5 million in FY14 and \$2 million in FY15. Teacher and school leader programs and supports for training, preparation, recruitment and retention (NM Incentive Pay Program (IPP)) received \$7.3 million.

Senator Morales asked how graduation rate improvements are calculated, to which Ms. Skandera said Diploma Counts puts out a report every year on graduation rates. New Mexico was ranked 49th in their last report. She said she would provide the article that articulates their methodology. Senator Morales discussed his concerns with the evaluation system and teachers on leave

pursuant to the Family Medical Leave Act (FMLA) who received an “ineffective” ranking with the new evaluation system. Ms. Skandera said teacher attendance is one of the measures that can be chosen at the local level to be included in teacher evaluations. She said FMLA is decided at the local level and data is sent to PED. Ms. Skandera noted PED does not approve or deny leave. She said in some cases districts have reported attendance data incorrectly, failing to account for leave approved pursuant to FMLA. Those districts are resubmitting data and new evaluations will be provided. Senator Morales asked if PED will be publishing teacher scores and rankings like California and New York have done. Ms. Skandera said they will not be published as they are individual personnel records. She indicated the department will examine long term aggregate data at the school and district level.

Representative Tripp asked if there is a correlation between grades and observation results. Ms. Skandera said when student achievement data was isolated it identified more exemplary teachers than the observation portion of evaluation. Representative Tripp asked if there was a correlation in the A to F grade of schools and teacher evaluations. Ms. Skandera said to date they have not done correlation analysis between school grades and teacher evaluations.

Representative Smith commented on the observation piece of the evaluation stating it requires the principle to provide feedback to the teacher after the evaluation is complete, offering the teacher an opportunity to discuss the outcome of the evaluation. Representative Smith asked about the criteria for recruitment and retention for the STEM initiative. Leighann Lenti, director, Public Education Department said districts have to provide documentation of the need for STEM teachers and if they are awarding retention stipends the district also has to include effectiveness data.

David Abbey, director, LFC, asked how PED considers district needs for the Reads to Lead program. He noted allocations for Deming and Los Alamos were similar, though the Deming district is 50 percent larger than Los Alamos and only 45 percent of the district’s third graders are proficient in reading while 82 percent of Los Alamos third graders are proficient in reading. Ms. Skandera said it was a compromise because only 12 districts received funding in the first year. She said PED discussed the distribution plan with superintendents and a superintended from Hobbs came up with a proposal they all agreed on based on size of the kindergarten through third grade student population. Ms. Skandera noted the distribution plan does not take into account poverty or proficiency levels.

Senator Smith asked how many days a student can miss school before they are dis-enrolled to which Ms. Skandera said the definition of habitual truancy is 10 days of unexcused absence. She said PED has partnered with legislators in supporting a bill to address habitual truancy. Senator Smith asked when the clock starts over after a student has missed 10 days of school. Ms. Skandera said the following school year. Senator Smith asked how we know that is being complied with at the local level. Ms. Skandera noted there is a law that allows the district to take parents to court when students are habitually truant. She said the Las Cruces and Carlsbad districts have been successful in utilizing that law to hold parents accountable. Senator Smith encouraged the Legislative Education Study Committee to discuss truancy issues to which Representative Smith said he would propose it for discussion.

**Program Evaluation: Review of Selected Capital Outlay Projects' Planning, Spending and Outcomes: Public Prisons.** Jon Courtney and Jonas Armstrong presented the program evaluation *Review of Capital Outlay Planning, Spending, and Outcomes* to LFC and talked about the following key findings and recommendations.

**Public prisons have \$277 million in capital outlay needs but investing in existing medium security housing may not prove cost beneficial.** Making the assumption of a 3 percent annual increase, as NMCD does, a 2005 estimate of \$181 million in deferred maintenance has grown to \$236 million. Additionally, a 2013 security study commissioned by the General Services Department (GSD) identified \$40.8 million in needs.

*Continuing to defer capital spending could increase costs. For example, NMCD and GSD have issued \$549 thousand in sole source contracts in FY14 for public prison repairs.* NMCD requested \$25.6 million in capital outlay during the 2014 legislative session, but, due to limited funding and priorities for statewide projects, \$2 million of the request was appropriated. The department also received \$2 million to address deferred maintenance statewide in the General Appropriation Act of 2014.

*Security issues, estimated at \$40.8 million, are a potential threat to inmate and officer safety.* NMCD has operated facilities in a relatively safe manner with only two escape attempts in the last five years. However, a contracted study and LFC staff found that some security upgrades are necessary. Some security issues identified are particularly concerning and should be addressed immediately. These security issues will not be reported in this document.

*Changing missions of public prisons and expansion of private prison use for medium security inmates have driven up operational costs.* Unlike private prisons, public prisons house high security inmates and have become increasingly specialized, resulting in increased per prisoner costs. Moreover, high security and specialized units in public prisons require additional, higher cost personnel, contributing to higher operational costs.

*Inefficient design makes operating many public prisons expensive, and new construction and benchmarks for efficiency for new prisons could provide the state with cost savings.* Medium security housing units in NMCD operated prisons have higher inmate to officer ratios than more recently constructed prisons. Thus, the cost of security staffing is higher for medium security inmates in public prisons than more efficiently designed private prisons.

*Replacement of housing units at some public prisons may prove more cost beneficial than the current situation.* The cost of doing nothing is not a viable option given the potential safety threat that declining infrastructure conditions and security needs present to prison staff, inmates, and the general public. A new 192-bed medium security housing unit to replace existing facilities would provide cost savings of \$2.6 million over 10 years.

**Inadequate planning and oversight of capital outlay projects have led to deficient outcomes.** In accordance with best practices, state law requires agencies to engage in five-year capital planning and prioritization. NMCD's capital planning process begins when the administrative office requests information on conditions and needs from state owned facilities.

These requests should address safety, security, health, or completion of an ongoing project. Next, the Corrections Department collaborates with GSD's Facilities Management Division (FMD), and NMCD's administrative office prioritizes facilities' requests and prepares the annual Infrastructure Capital Improvement Plan (ICIP). NMCD then submits its ICIP to DFA by July 1. Based on this submission and hearings in October where state agencies present capital requests, DFA finalizes the ICIP.

*The process to prioritize projects could be improved through master planning, use of facilities condition assessments, and use of best practices in the ICIP process.* A long-term and comprehensive plan is needed, but NMCD's most recent master plan is a ten-year plan from 2003.

*GSD did not make the most recent facilities condition assessment available to NMCD.* Since 2003, GSD has spent approximately \$1.2 million on facility condition assessments statewide. Although these assessments quantify the needs of state properties with a well-established measurement, this data has not been used in the ICIP process. This raises two concerns: (1) the prioritization of projects is potentially highly subjective and disregards an objective measure of facility needs; and (2) the resources spent on these assessments by GSD were not used in a productive manner.

*Some projects at public prisons have poor results, including unusable investments, and others raise concerns over prioritization and purchasing practices.* NMCD constructed a new recreation yard that is unused. NMCD also installed a stun fence for modular housing for low-security inmates, despite a very low rate of escape attempts from public facilities. The modular housing unit is currently vacant. This is in line with a prioritization of perimeter security over other potential high need security issues, such as holes in cell walls and floors. Moreover, questionable quality control by GSD resulted in a need for repairs and upgrade in one of the more costly projects reviewed by LFC staff.

## **KEY RECOMMENDATIONS**

The Corrections Department and General Services Department should consider replacing medium security housing units based on LFC cost benefit analysis.

The General Services Department should

- Improve project management by developing quality assurance tools with status updates to ensure projects are completed to specifications; and
- Implement policies and procedures regarding capital outlay during FY15.

The Corrections Department should

- Continue to work with the Legislature to acquire resources to address serious security issues identified in the 2013 Security Systems Upgrades Assessment;

- Consider expanding medium security housing capacity in public prisons to transfer inmates back from private facilities;
- Develop and implement a 10-year facility strategic plan and submit the plan to the Courts, Corrections and Justice Committee, the Legislative Finance Committee and the Department of Finance and Administration no later than November 1 of each even-numbered year;
- Improve its ICIP process by quantifying capital needs based on fixed criteria and requesting funds for those projects with the highest need. Examples of criteria that NMCD could use to prioritize projects include a facility's condition, the safety risk of the deficiency, the cost-benefit of addressing the need, and the project's shovel readiness; and
- Adopt a policy requiring each facility to obtain professional design services for drawings and specifications for all upgrade projects, additions and changes made to security systems.

After the presentation Joe Booker, deputy secretary of NMCD, and George Morgan, director of FMD, provided responses. Mr. Booker indicated that he agreed with most of the report. Mr. Morgan indicated he agreed with most of the report and that GSD-FMD is working on drafting policies and procedures.

Vice Chairman John Arthur Smith asked why a 25-year benchmark is used for facility life expectancy, noting that this seemed too short. Mr. Morgan replied that 25 years is an industry standard and generally refers to infrastructure systems.

Representative Larrañaga asked where estimates for new construction came from. Mr. Courtney pointed Representative Larrañaga to cost estimates provided in the report on Table 8 of page 25.

Vice Chairman John Arthur Smith adjourned the hearing and LFC members headed to tours of Southern New Mexico Correctional Facility and J. Paul Taylor Center.

**Tour: Southern New Mexico Correctional Facility.** Committee members toured the Southern New Mexico Correctional Facility (SNMCF), including the education and programming building, the Joni and Friends Wheels for the World program, and an inmate housing unit. Melissa A. Ortiz, warden, SNMCF, helped coordinate and lead the tour of the facilities.

Joyce Fielder, director of Education, presented on education programs offered at the facility. Ms. Fielder stated that the department is working to develop workforce and cognitive programming aimed at getting inmates to think about the consequences of their crimes differently to reduce recidivism. One program, operating in security level 2 and 4, that works on developing an inmate's cognitive development is called Thinking for a Change.

Ms. Fielder also stated inmates are able obtain their general education degrees through independent study, are able to take welding classes, and are able to get pre-release assistance. Ms. Fielder added that bachelor's degrees are also available to inmates to earn through distance learning. Representative Saavedra asked if teachers come into the facility from the outside. Ms. Fielder responded that they do and that the department contracts with outside teachers. Senator

Papen asked why the department does not teach classes in the summer. Ms. Fielder responded that classes are taught year-round for everything except college due to funding constraints. Representative Larrañaga asked about distance learning with universities. Ms. Fielder replied that the prison has a memorandum of understanding with the Eastern New Mexico University branch in Roswell.

Joe Lytle, deputy warden, discussed prison gangs housed at SNMCF, the mission to get offenders to rethink their life choices, and levels of security at housing units. Mr. Lytle stated that there are 662 prisoners at the facility and that there are 371 gang-affiliated inmates. Representative White asked about what causes a person to be classified as level 4, the highest security level. Mr. Lytle stated that classification is all based on behavior and the type of offense that the inmate committed.

At the end of the tour Joe Booker, deputy secretary, thanked Representative Saavedra for improved moral at New Mexico Corrections Facilities due to staff salary increases.

**Tour and Program Overview: J. Paul Taylor Center** Members of the committee toured housing units, the green house, multipurpose cafeteria space was built for meals community, and the educational complex newly opened in 2013. Mr. Robert Mitchell, deputy director of Facilities, Juvenile Justice Services. assisted in leading the tour.

Statewide the Children, Youth and Families Department (CYFD), Juvenile Justice Services Division (JJS) manages five secure facilities that house up to 274 committed youth. However, the average daily juvenile population as of May 2014 was 208, reflecting unused capacity of 24 percent. In FY14, JJS received \$72.3 million from all sources, including \$67 million from the general fund. The average daily cost per client based, on design capacity, is \$419.82. In 2008, the Cambiar New Mexico was instituted piloted at the J. Paul Taylor Center and was instituted in all facilities by 2013. The model shifted the focus from a confinement and punishment model to regional facilities and rehabilitation model and included emphasis on secure regional facilities, smaller more nurturing living groups, individualized service plans, and programming that includes educational, vocational, behavioral health, medical and other services.

Deputy Director Robert Mitchell began the tour in the education complex with presentation on the current work happening in JJS. Deputy Director Mitchell states the division is currently partnership with the McArthur Group to conduct a study on the Cambiar model to compare performance with other states which will include data analysis with 48 other states. Representative Gray commented that the reduction in recidivism is good example of New Mexico's leadership in investing on results based program models. Deputy Director Mitchell then discussed that the agency is beginning to develop a specialized unit for committed youths over the age of 18. The unit will youths develop skills for transitioning into communities as adults. The educational complex was reauthorized in 2013 to build a vocational training center to support welding, electrical, plumbing, and automotive programs. Representative Larrañaga asked what the biggest issue for committed youth was. Deputy Director Mitchell responded that the biggest issue was gang activity. Senator Beffort asked if the agency was tracking recidivism across all JJS facilities statewide, to which the agency stated that the data tracking will begin next year. David Abbey, director, LFC, asked the agency for an update regarding pending

litigation regarding the treatment of committed youth. The agency stated that JJS staff is currently receiving additional training in recognizing when a committed youth needs additional services and how to deescalate potential issues. Senator Beffort then asked how high vacancy rates are affecting the agency. Deputy Director Mitchell responded that agency is evaluating appropriate pay rates for staff to retain and attract employees. The committee then adjourned the formal presentation and toured the complex and green house. Representative Larrañaga requested the agency to talk a little about the purpose of the green house. The agency presented that green house opened six months ago and is being utilized for additional vocational training. Representative Larrañaga then asked how many of the committed youth were involved in educational programs. Deputy Director Mitchell stated that all committed youth are involved in high school or post secondary programs.

### **Friday June 13, 2014**

The following members and designees were present on Friday June 13, 2014: Chairman Luciano “Lucky” Varela; Vice Chairman John Arthur Smith; Representatives Henry “Kiki” Saavedra, Larry A. Larrañaga, Don L. Tripp, Edward C. Sandoval, Mary Helen Garcia, James P. White, and William “Bill” J. Gray; and Senators Carlos R. Cisneros, Sue Wilson Beffort, William F. Burt, Howie C. Morales, George K. Muñoz, Steven P. Neville, and Mary Kay Papen. Guest legislators: Representative James E. Smith and Senator Lee S. Cotter

**New Mexico State University Vision 2020.** Garry Carruthers, president, New Mexico State University (NMSU), discussed the university’s goals and how the university is transforming students lives through discovery. He discussed how the university’s strategic plan has evolved over the years into what is now called vision 2020. He said New Mexico State University will be a premier university as evidenced by demonstrated and quantifiable excellence in teaching, research and service relative to its peer institutions. The universities goals are to 1) provide stellar programs, instruction and student services to achieve timely graduation; 2) provide a diverse academic environment supportive of a global society; 3) promote discovery, encourage innovation and inspire creative achievement; 4) drive economic, social, educational and community development; and 5) optimize resources to effectively support teaching, research and service. President Carruthers discussed objectives, strategies and key performance indicators used by the university. He talked about focus areas, such as 1) growing graduate programs, 2) increasing admissions requirements, 3) providing guaranteed pathways, 4) providing a tuition policy that expands the number of student credit hours for which students are charged one rate from 12 to 14 and student taking 15 credits receive a discounted credit hour rate, and 5) enhancing and retaining enrollment. He discussed matching endowment funds, he said the program began in 1984 through legislation set for all universities and community colleges in New Mexico, these matching funds allowed NMSU to create its first two endowed chairs. To date, NMSU has received \$11.5 million in matching funds, he asked that scholarships be incorporated into matched endowment funds. President Carruthers discussed proof of concept center research and economic development stating a proof of concept center was created in 2011 to move innovative technologies from NMSU laboratories and development settings to market. Next he discussed deferred maintenance highlighting facility conditions and maintenance needs.

Senator Cisneros thanked President Carruthers for his initiative in redeveloping the post mine closure in Questa. He asked how NMSU would advise high schools of a change to admission

standards. President Carruthers said NMSU has a great working relationship with the local school district as well as with counselors from high schools throughout the state, if admission standards change they will begin advising all public schools immediately. Senator Cisneros asked how NMSU will go about advising nontraditional students of admission standards. Dr. Carruthers said several nontraditional students are returning military. He said NMSU has developed an aggressive military assistance program.

Representative Larrañaga asked President Carruthers to speak about how NMSU is being innovative with new technologies to reduce the need for more infrastructure. President Carruthers said we are not very efficient especially during the summer sessions. He spoke about a goal to have 18 thousand students without adding more square footage but perhaps renovate and upgrade existing facilities.

Senator Papen expressed concern with the length of time it takes to finish college, usually six years and 128 credit hours. President Carruthers expressed his discontent with a recent movement to reduce from 128 to 120 to get students to graduate in six years. Senator Papen asked the secretary of higher education for his thoughts, to which Jose Garcia said NMSU's vision is clear and directional. He said it is appropriate and adequate for NMSU to increase grad programs and the 15 hour tuition incentive is powerful and will help move the numbers in the right direction.

**Las Cruces Public Schools Performance and Strategic Initiatives.** Stan Rounds, superintendent, Las Cruces Public Schools (LCPS), gave an overall picture of how LCPS is doing and discussed strategic initiatives that are changing the face of education in LCPS. He said the LCPS district performs above the state average in math and reading. Mr. Rounds discussed strategic initiatives, including the Arrowhead Park Early College High School (APECHS), Arrowhead Park Medical Academy (APMA), Rio Grande Preparatory Institute (RGPI), Joint Ungraded Multi-age Primary (JUMP), Leading Edge Acceleration Program (LEAP), Gomez/Gomez Dual Literacy Program and a turnaround initiative (UVa). Arrowhead Park Early College High School (APECHS) has a 100 percent graduation rate. The Arrowhead Park Medical Academy (APMA) will serve 250 students and is scheduled to open on July 1, 2014. The Rio Grande Preparatory Institute (RGPI) is the re-purposed San Andres High School, which over the last seven years had an average 30 percent graduation rate. To date, it has graduated more than 55 percent of students and increased enrollment by more than 50 percent. He spoke about the Joint Ungraded Multi-age Primary (JUMP) program works with kindergarten through second-grade students, after participating in the program these students outperformed their peers in reading on a district wide basis. The Leading Edge Acceleration Program (LEAP) is designed to intercept the lower performing students in middle schools using project based learning and targets reading, writing and math integrated with science and social studies. Mr. Rounds discussed a turnaround initiative (UVa) stating he will have 15 principles at 15 of 39 schools trained in the turnaround process as developed by the University of Virginia. He encouraged the use of the program statewide.

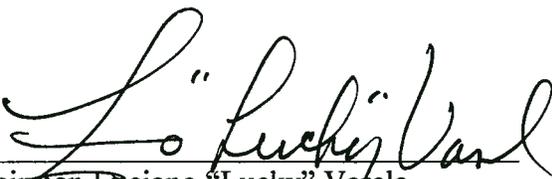
Senator Cisneros asked about the training provided with the turnaround initiative. Mr. Rounds said the training was developed at the University of Virginia to train leadership who then comeback and train their staff. The goal of professional learning communities (PLC) and data analysis is to understand a deeper level as to why students perform the way they do and differentiate instruction accordingly.

Senator Morales asked if LCPS has shared the information learned at the University of Virginia with other districts. Mr. Rounds said there have been some opportunities and districts have been invited to meetings where the design is shared. However LCPS is unable to share training that is on a cost threshold. He suggested using funds provided to PED for leadership development in the region. Senator Morales asked what LCPS is doing to ensure teacher candidates are given the opportunities to be mentored to be successful. Mr. Rounds said LCPS has a teacher induction program that gives basic support they also provide professional development. He said neither higher education nor public education have figured out a good model that interfaces with public education professional development.

Senator Burt asked what LCPS is doing to reduce the number of remedial courses some students have to take during the first years in college. Mr. Rounds said districts need to understand the expectations of the higher education institution programs so they can better prepare their students.

Suzan Martinez de Gonzales, chief executive officer, La Clinica de Familia, Inc., proposed a funding request for the renovation of the “old hospital building” into the Las Cruces Central Medical Center. She said La Clinica de Familia manages seven medical clinics, five of which also include a dental site and three of which are school-based sites. The proposed building will be used as a teaching community center addressing the medically underserved populations. It administers over 97 thousand medical, dental and behavioral healthcare services to over 22 thousand patients. After the completion of the renovation of this facility Las Cruces Central will employ an additional 144 staff and increase access to comprehensive healthcare for 13 thousand patients within 3 years.

With no further business, the meeting adjourned at 11:15 a.m.

  
Chairman Luciano “Lucky” Varela

  
Vice Chairman John Arthur Smith