

MINUTES
Legislative Finance Committee
State Capitol, Room 307 - Santa Fe, NM 87501
March 22 - 23, 2018

Thursday, March 22nd

The following members and designees were present on Thursday, March 22, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Larry A. Larrañaga, Jimmie C. Hall, Nick L. Salazar, Paul C. Bandy, George Dodge Jr., and Randall S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, George K. Muñoz, William F. Burt, and Pete Campos. Guest legislators: Representatives Harry Garcia and David Gallegos.

Post-Legislative Session Report. Presenting the Legislative Finance Committee's (LFC) post-legislative session report, David Abbey, director of LFC, said the 2018 legislative session was successful because there were no budget reductions, there was bipartisan cooperation, and money was appropriated to increase compensation, replenish use of earmarked funds, address the Carlsbad brine well collapse, and support infrastructure of highways and the Spaceport.

Director Abbey highlighted information in the report. Fiscal year 2019 general fund appropriations in the General Appropriation Act of 2018 (GAA) before gubernatorial action totaled \$6.333 billion, a \$259.7 million increase, or 4.3 percent, over FY18. The governor vetoed a total of \$11.7 million in general fund appropriations, including \$250 thousand for the Bioscience Authority, \$200 thousand for a small business development center, \$500 million to replenish school cash balances, \$800 thousand to expand broadband access in Native American communities, and \$400 thousand for law enforcement assistance diversion programs. The governor also vetoed language requiring periodic updates to legislative interim committees on certain initiatives relating to conditional appropriations or targeting spending to specific groups or areas of the state. Adjusting for the vetoes, FY19 general fund appropriations in the GAA now total \$6.332 billion, a \$259 million increase, or 4.3 percent, over FY18, leaving general fund reserves at 10 percent.

The increase in available funds is largely attributed to a recent growth in oil and gas revenues, which, in January 2018, added \$157.9 million to the recurring revenue estimate for FY18 and \$93.3 million for FY19. The sudden spike in revenues was heavily influenced by higher oil prices and production, which had an unexpectedly significant impact on gross receipts tax revenues despite no employment gains in the industry. Director Abbey noted the volatility of oil and gas revenue.

The tax reform legislation introduced in the 2018 legislative session was unsuccessful. Director Abbey said gross receipts tax rates continue to rise, making it more urgent for legislators to pass tax reform in the next legislative session. The report noted potential impacts of federal legislation on state taxes.

LFC-sponsored legislation passed in the 2018 session includes House Bill 188 and Senate Bill 157. The bills phase-in a teacher cost index, which Director Abbey said will help the state reach equalization goals, close the achievement gap, and mitigate adequacy issues, addressing current

litigation. Also passed, Senate Bill 147 extends the termination date of the Racing Commission and House Bill 223 transfers the responsibility of collecting insurance premiums from the Office of Superintendent to the Taxation and Revenue Department.

Targeting “new” money for public safety, economic development, and other priorities, the Legislature added \$11.1 million to the budget for the judicial system and \$4.7 million to the budget for commerce and industry agencies. The Energy, Minerals and Natural Resources Department (EMNRD) received large increases in both recurring and nonrecurring appropriations, replacing oil reclamation funds used for Oil Conservation Division staff salaries and adequately funding the division’s personnel budget. With dollars replaced, EMNRD will resume using the oil and gas reclamation fund solely for plugging abandoned oil wells. Other budget increases include an additional \$107.4 million for public education, an additional \$1.9 million for the Cultural Affairs Department to hire critical staff for museums and historic sites, and an additional \$34 million for early childhood programs.

Highlighting other particulars, Director Abbey said Medicaid spending has leveled since FY16. The Medicaid program is appropriated \$933.6 million from the general fund for FY19, a 2 percent increase over 2018. Regarding public safety, the Legislature took steps to address spiking crime rates throughout the state, increasing budgets of public safety agencies and increasing pay of state police officers, correctional officers, and probation and parole officers. Director Abbey listed major capital outlay appropriations made by the Legislature in 2018, including \$11.2 million for the State Police to purchase a new helicopter, \$10 million to modernize public safety radio communications statewide, \$9 million for Indian water rights settlements, and \$6.8 million for correctional facilities.

Director Abbey concluded with an outlook on general fund recurring appropriations through FY22. Total general fund recurring appropriations are projected to increase from \$6.33 billion in FY19 to \$6.96 billion in FY22. Potential fund changes made by the Legislature could add up to an additional \$30 million of recurring appropriations in FY22.

In response to Representative Larranaga regarding the accountability of additional dollars appropriated to the 2nd Judicial District Attorney's Office, Director Abbey said LFC staff will continue to examine the criminal justice system in Bernalillo County throughout this interim, monitoring the progress and effectiveness of efforts to improve the system, including the implementation of a crime strategies unit. LFC staff will report their findings and recommendations periodically to the committee.

Representative Trujillo said Aging and Long-Term Services Department (ALTSD) area agencies on aging is no longer being advanced money to administer its Meals on Wheels program, causing hardship on providers of the program. Director Abbey said he will meet with the secretary of ALTSD to discuss the issues and potential solutions.

Chairwoman Lundstrom stated she would support legislation that creates a separate fund for higher education athletics and legislation that establishes a unified budget process for district attorneys.

Public School Safety Strategies. Kirk Carpenter, superintendent of Aztec Municipal Schools, expressed his gratitude for the support the school district received following the school shooting incident last December. Superintendent Carpenter said, on December 7, 2017, a gunman opened fire at Aztec High School, killing two students. The gunman, a former student of the high school, died of a self-inflicted gunshot wound. Superintendent Carpenter said the school's lockdown procedures were successfully executed by faculty and police were quick to respond.

Christopher Ruskowski, secretary designee of the Public Education Department (PED), identified four key elements as the framework for the state to address school safety: planning and training, collaboration and communication, facilities, and prevention.

Stan Rounds, executive director of the New Mexico Coalition of Educational Leaders, said he supports the framework identified by PED.

Representative Hall expressed concern for the teachers unable to lock their classroom doors at many schools. Representative Hall said millions of dollars have been spent on fire suppression for schools but little has been spent on school security.

In response to Representative Hall, Mr. Ruskowski said 83 school districts have completed their active shooter training so far this year.

Public School Security Infrastructure. Jonathan Chamblin, director of the Public School Facilities Authority (PSFA), said PSFA is currently researching and gathering information on school security from projects and practices in New Mexico, other states, and at the national level. PSFA will use the information and the input from law enforcement, insurance risk advisers, designers, contractors, security consultants, and school communities to draft security guidelines for schools.

PSFA will be updating the adequacy standards for school facilities this year.

A number of security measures are eligible for Public School Capital Outlay Council (PSCOC) funding. Such measures include establishing site access checkpoints, reducing the amount of glass in classroom doors, securing entry vestibules, installing fencing and gates, and increasing visibility to the main pedestrian entry from administrative space. Security measures not eligible for PSCOC funding include security cameras, vehicular barriers, handheld radio communication devices, and bulletproof or bullet-resistant glass.

PSFA surveyed and visited schools around the state, identifying the most common security measures that districts have put in place or are interested in putting in place. These measures include fencing, secure entry vestibules, and security cameras.

Preventive and Responsive Active Shooter Interventions. Pete Kassetas, chief of the State Police, said he appreciates the state including law enforcement's input to address public school security. Chief Kassetas said making it possible for law enforcement to access security camera footage in real time would make police response more efficient and effective.

Michael Baker, chief operating officer of Rio Rancho Public Schools (RRPS), said the school district's security force includes retired police officers. Mr. Baker said hiring retired police officers is a huge benefit because they are highly trained and they interact well with students. RRPS is considering arming their officers.

Mr. Baker made legislative recommendations for school safety. The recommendations include passing legislation that would make it easier for school districts to hire retired police officers.

Larry Vigil, senior risk manager of Poms and Associates, said the Public School Insurance Authority (NMPSIA) contracts Poms and Associates to administer its loss prevention program. Mr. Vigil gave an overview of the program.

RubyAnn Esquibel, analyst for LFC, said the Behavioral Health Services Division of the Human Services Department was invited to address the committee but was unable to attend. Ms. Esquibel said addressing school safety through a public health approach includes addressing the agents (weapons) and environments to prevent individuals from becoming perpetrators.

In response to Vice Chairman Smith, Chief Kassetas recommended the state consider strengthening the fusion center. A fusion center is a collaborative effort of two or more agencies that provide resources, expertise and information to the center with the goal of maximizing their ability to detect, prevent, investigate, and respond to criminal and terrorist activity.

Senator Munoz moved LFC request the Legislative Council Service (LCS) prepare certificates for members of the Senate and House of Representatives, pursuant to Article IV, Section 6 of the Constitution of New Mexico, calling into extraordinary session after June 10, 2018, for the purpose of considering and enacting legislation for public school safety and security. Vice Chairman Smith recommended the Legislature have a plan before entering into extraordinary session. Senator Cisneros seconded the motion. Senator Neville recommended the governor call a special session instead. Representative Bandy said he opposes the motion because a plan needs to be in place first. Representative Trujillo moved to table Senator Munoz's motion, seconded by Representative Hall. Three members opposed the motion. The motion carried.

Senator Munoz then moved LFC request LCS to convene a special taskforce at its next meeting to draft legislation on public school safety and security, seconded by Representative Hall. The motion carried.

FY18 Second-Quarter Performance Reports Pursuant to the Accountability in Government Act (AGA). Charles Sallee, deputy director of LFC, said performance data is a key tool in measuring how well our state government is operating. It helps legislators formulate questions for agencies about where the state needs to go and what kind of resources and policy changes are needed to make that happen.

According to the Accountability in Government Act (AGA), key agencies must report performance information quarterly. The information is reported to legislators through the use of report cards. Mr. Sallee, and LFC analysts Eric Chenier, Kelly Klundt, Theresa Edwards, and Connor

Jorgensen, presented the FY18 second-quarter agency performance report cards, highlighting key performance information.

The Taxation and Revenue Department (TRD) currently has eight of 13 leadership positions vacant or filled with acting personnel, including the cabinet secretary, tax policy director, Motor Vehicle Division (MVD) director, and Audit and Compliance director. Despite the instability of leadership, TRD continues to meet most performance targets, including collection of outstanding balances, MVD call center wait times, and tax protest cases resolved; however, the agency continues to fall short of the target for wait times in MVD field offices. Mr. Sallee said these performance measures do not provide a full picture of TRD services and the challenges facing the agency. For example, TRD is meeting the target for collection and distribution of delinquent property taxes but local governments claim the agency is inaccurately collecting and distributing gross receipts taxes. In the GAA of 2018, the Legislature adopted more than a dozen measures, including the number of income tax returns processed, flagged as questionable, and stopped measures on the turnover rate of tax fraud investigators, MVD system downtime, and the amount of general fund revenue pending from unresolved tax protest cases; however, the governor vetoed all new performance measures. LFC staff intend to work with the Department of Finance and Administration to implement new measures and improve existing measures.

New Mexico's Medicaid program, administered by the Human Services Department (HSD), has several performance measures in which quarterly data was previously reported but are now listed as explanatory with no target or quarterly data or are now only reported annually. Mr. Sallee said it is concerning that national, standardized programs of this size and importance are not maintaining consistent baseline reporting on core measures, including measures on individuals receiving diabetes testing and the number of emergency room, well-child, and pre-natal care visits. According to the data that was reported on the Medicaid program, New Mexico is performing above the national average for the number children receiving annual dental visits, the use of emergency room care for non-emergent care has declined, hospital readmissions have declined, and spending per capita has declined. HSD's Child Support Enforcement program did not meet its targets for FY17 and is currently tracking behind FY18 targets.

The Department of Health (DOH) is using an online system to report its performance data. According to recent data, Naloxone, an opioid overdose reversal medication, has become more accessible in New Mexico. Mr. Chenier said the improved accessibility will reduce New Mexico's overdose death rate in the long-term. New Mexico's alcohol-related death rate increased 34 percent between 2010 to 2016. Since 1981, New Mexico has ranked 1st, 2nd, or 3rd in the U.S for alcohol-related deaths, nearly double the national rate for two decades. Mr. Chenier said excessive alcohol use is costly and leads to diseases and other negative outcomes. Although improved in recent years, New Mexico continues to have one of the highest teen birth rates in the nation. To reduce teen and unplanned pregnancies, DOH was appropriated \$250 thousand for FY19 to purchase long-acting reversible contraception, improve same day access to contraception, and improve provider training. The average cost per client on the "DD waiver," home- and community-based services covered by Medicaid under a waiver to rules for developmental disability services, increased 7 percent between 2016 and 2017. DOH was recently required to stop using the supports intensity scale (SIS) to assess client need and switched to a new "outside review" process, which Mr. Chenier said may account for the increased cost.

LFC has not received the Behavioral Health Services Division (BHSD) performance report for the second quarter of FY18. Mr. Sallee said this is a recurring issue with BHSD and detracts from LFC efforts to report agency outcomes and effectiveness in a timely manner.

Recognizing that the state's system for providing services to older and incapacitated adults may be inadequate, the Aging and Long-Term Services Department is conducting an internal review, with the intention to update the state's plan on aging and improve services.

The Children, Youth and Families Department (CYFD) reported again that some of its early childhood service providers have not fully transitioned to the state's third generation tiered quality rating and improvement system (TQRIS), resulting in below-target performance for licensed care providers participating in high-quality programs. Violence in committed juvenile facilities continues to be an issue for CYFD. Ms. Klundt said LFC's April meeting will include discussions with CYFD on using performance data to improve outcomes.

Ms. Edwards said the Corrections Department (NMCD) performance measures are good; however, the quality of some data is a concern. NMCD continues to have high vacancy rates among security staff and probation and parole officers, high caseloads among probation and parole officers, and high prevalence of inmate-on-inmate violence in prison. To address these issues, the Legislature increased NMCD's personnel budget for FY19 and appropriated the agency \$880 thousand to purchase body scanners.

The Department of Public Safety (DPS) continues to meet targets for commercial motor vehicle inspections and citations. The agency meets or surpasses targets for forensic firearm/toolmark, latent print, chemistry, and biology/DNA cases. DPS received a \$2 million federal grant from the Department of Justice to fund processing, tracking, and reporting of the remaining sexual assault evidence kits in DPS jurisdiction. Of the 1,130 kits received, 638 have been tested.

LFC staff is currently piloting a one-page monthly report on serious crime in the Albuquerque area. Highlighting information in the report, Ms. Edwards said the number of serious crimes committed in the Albuquerque area decreased 18 percent from January 2017 to January 2018. Also for the same period, the number of arrests increased 8 percent, cases decreased 6 percent, and sentences decreased 6 percent. Senator Cisneros suggested staff report the same data for other high crime areas in the state.

The Public Education Department (PED) set the FY18 final unit value at \$4,084.26, a \$30.71, or 0.8 percent, increase from the preliminary unit value. This increase will distribute an additional \$19 million to public schools but leave an estimated \$11 million on the table for a potential adjustment when the actual figure is finalized at mid year. PED identified four elementary schools for "more rigorous interventions," the lowest classification of school performance under the state's federal Every Student Succeeds Act plan for school improvement. These schools have four options: close, restructure programming, allow interzone transfers to other schools, or convert to a charter school. Three of the four schools chose to restructure their programs. Mr. Sallee said success of school restructuring relies heavily on whether the restructure is based on addressing the root causes of poor performance. New Mexico's four-year, high school graduation rate for the 2015-2016 school year was 71 percent, the second lowest rate in the nation. For the 2016-2017

school year, the graduation rate remained flat. To reach the national four-year graduation rate of 84 percent, the state will need to graduate an additional 3,456 high school students a year.

Mr. Sallee said metrics on New Mexico's higher education program are lacking. The Higher Education Department (HED) tracks annual composite financial index (CFI) scores, used by the Higher Learning Commission to determine the fiscal health of each college and university. Six institutions, most of which are community colleges, demonstrate an average CFI score, indicating good overall financial health. CFI scores at two institutions, Western New Mexico University and Central New Mexico Community College, dipped to levels requiring the institutions to provide additional documentation in previous years; however, both institutions significantly improved in the most recent fiscal year. Clovis Community College has consistently maintained the highest CFI score in the state over the last five years and continues to demonstrate sound fiscal practice.

The Energy, Minerals and Natural Resources Department (EMNRD) made significant progress on key performance measures, including the number of forest acres treated and number of abandoned oil wells plugged. EMNRD's FY19 operating budget includes \$3 million to replace oil and gas reclamation funds used for Oil Conservation Division staff salaries and adequately fund the division's personnel budget. With dollars replaced, the agency will resume using the oil and gas reclamation fund solely for plugging abandoned oil wells.

Mr. Jorgensen said the Environment Department consistently reports its quarterly performance data timely; however, the data is mostly output-based information. LFC staff recommend the agency expand its reporting to include public health and safety performance.

The Office of the State Engineer continues to struggle in processing water rights applications and abstracting transactions, which Mr. Jorgensen attributed to the agency's high vacancy rate.

The Economic Development Department (EDD) reported that total nonfarm employment grew by 10,800 jobs, or 1.3 percent, between December 2016 and December 2017. Performance in the second quarter decreased in key areas, including jobs created through agency initiatives and the Local Economic Development Act. The New Mexico Partnership, EDD's largest contractor, has not recorded any job growth resulting from its efforts for FY18. The Job Training Incentive Program is on track to meet its FY18 target for the number of workers trained.

The Tourism Department has already met several annual targets. Seventy-six percent of the agency's FY18 operating budget was appropriated for advertising and marketing. Mr. Sallee said the Tourism Department is not measuring the return-on-investment for the significant amount of dollars being spent on advertising and marketing. The leisure and hospitality industry continued to experience substantial employment growth in the second quarter, reporting a 3.8 percent increase in New Mexico.

Workforce Solutions Department wait times for those seeking unemployment insurance (UI) benefits spiked during the second quarter and veterans services continued to miss targeted performance. The UI trust fund balance declined during the second quarter as a result of more benefit payouts than contribution revenue; however, healthy trust fund balances overall absorbed benefit payouts.

Most new office leases managed by the General Services Department's Facilities Management Division meet space standards; however, some lease renewals do not because of special programmatic needs or refusal by some occupying agencies to consider other options.

Mr. Jorgensen said the human resources (HR) consolidation project, led by the State Personnel Office, may be impacting vacancy rates for some state agencies. The number of days to fill positions has increased, with the Division of Vocational Rehabilitation filling positions in an average of 144 days and the Energy, Minerals and Natural Resources Department filling positions in an average of 118 days.

Despite aggressive recruitment and targeted salary increases for positions, including highway maintenance workers and engineering technicians, Department of Transportation (NMDOT) vacancy rates continue to increase. In the second quarter of FY18, the agency reported a 16 percent vacancy rate, up from 12 percent in FY15.

Committee members were given a spreadsheet that provided information on current IT projects and a report on the status of state investments.

A unified performance report of the judicial system was submitted for the second quarter of FY18, making it the second time in history for the courts, district attorneys, and public defender to submit a unified quarterly report. According to data, workload trends appear to be falling despite rising crime rates in New Mexico. The Administrative Office of the Courts has made considerable progress in lowering the average cost per juror in the first two quarters of FY18, exceeding the target for the first time since FY14.

In response to Representative Larranaga, Mr. Jorgensen said the Transportation Investment Generating Economic Recovery (TIGER) program, a federal initiative that provides financial assistance to projects that will significantly impact the nation, a metropolitan area, or a region, awarded funding for a railway project to improve track in some states, including New Mexico. Mr. Jorgensen said he will find out if New Mexico is eligible to receive TIGER funds for other projects in New Mexico.

LFC Information Technology Evaluation: Status of the E911 Program. Brenda Fresquez, program evaluator for LFC, presented the report *Status of the E911 Program*. New Mexico has 41 911 call centers, also known as public safety answering points (PSAP), handling over a million calls per year, with oversight from the Department of Finance and Administration (DFA). These centers operate using telecom surcharge fees charged on landline and wireless phone bills.

The E-911 fund historically has a balance of over \$11 million. Revenues funding E-911 services have declined 24 percent between FY11 and FY17. While expenses also decreased 15 percent over the same time period, expenditures have outpaced revenues for the last two years. E-911 program revenues are generated through a 51 cent surcharge on landline and wireless phone bills. DFA reported current surcharge levels are sufficient to fund the E-911 program for FY18 if capital equipment replacement continued on a six-year cycle instead of the preferred five-year cycle. Also, E-911 funds are dispersed through a multi-step grant process involving DFA, the Department of Information Technology (DoIT), and the Board of Finance. In December 2017, DFA entered into

a memorandum of understanding with DoIT to transfer all of its personnel and resources associated with E-911 program to DoIT. The MOU is effective through June 30, 2018, and may be renewed each fiscal year.

While the E-911 program has taken steps to increase efficiency, the results of these efforts remain unclear. Between 2006 and 2017, the number of 911 call centers declined from 74 to 41. However, DFA cannot quantify if consolidation has resulted in any cost savings.

The federal government has created incentives for states to transition to Next Generation 911 (NG911), but New Mexico may be at risk in accessing this funding due to the lack of a NG911 plan. NG911 would allow public emergency communication services to receive digital media such as text messages, videos, and images, beyond current voice-only capabilities. Despite initiating planning for the transition to NG911 since FY09, DFA reported in FY17 that the NG911 transition is still in the early planning stages. Other states have either passed legislation to study the feasibility of converting to NG911 or have planned the system transition.

The report concluded that New Mexico's E-911 program may be inadequately funded and the process for distributing funds is lengthy and the state is falling behind on preparation for NG911, potentially forgoing millions of dollars in federal funding. The report made various recommendations to address these issues, including asking the Legislature to consider repealing in statute Board of Finance approval for E-911 fund disbursements and transferring the program to DoIT's oversight and requiring DFA and DoIT to develop an implementation plan for NG911.

Rick Lopez, Local Government Division director of DFA, said the report is overall an accurate account of the current status of New Mexico's E-911 program; adding, however, that some of the information collected for the report has changed. Director Lopez said the program is operating soundly, efficiently, and effectively.

At the request of Chairwoman Lundstrom, introductions of guests included Ken Martinez, chairman of the New Mexico 911 Directors Affiliate from Santa Fe County, David Ripley, vice chair of the affiliate from San Juan County, Guadalupe Tarango, PSAP director in Socorro County, and Mickey Silva, PSAP director in Sierra County.

Senator Burt said the Legislature enacted the Emergency Communications Interoperability Act in 2009, creating a commission administratively attached to the Homeland Security and Emergency Management Department (HSEMD). Members of the commission include the lieutenant governor, advisor of HSEMD, secretary of DoIT, and the adjutant general of the Department of Military Affairs. Duties of the commission include developing and coordinating a statewide interoperable emergency communications plan in compliance with national incident management system guidelines, including an integrated public safety communications system and other coordinated critical information systems, to achieve interoperability within and between local, state, tribal and federal agencies and first responders. Senator Burt said the commission is supposed to meet at least twice a year but has not done so in several years. Chairwoman Lundstrom directed LFC staff to collaborate with the Science, Technology and Telecommunications Committee and make recommendations on reviving the commission.

In response to Representative Trujillo, Director Lopez said NG911 will enhance emergency number services by creating a faster, more resilient system that allows digital information (e.g., voice, photos, videos, text messages) to flow seamlessly from the public to first responders, through the 911 network.

Senator Cisneros asked what resources and policy changes are needed to begin the transition to the NG911 system and secure federal assistance for the transition. Director Lopez said DFA recently met with a representative of the National 911 program and was told that states do not need a plan to apply for the federal assistance. Director Lopez said DFA has drafted a plan but agrees with the report's recommendation to transfer oversight of the program to DoIT so technical experts finalize the plan. Ms. Fresquez said federal regulation proposed rule stipulates the application for the 911 Grant Program from a state must include a state 911 plan that details the projects and activities, including NG911 efforts. Ms. Fresquez said the 911 Grant Program is not yet accepting applications for the federal assistance because the National Telecommunications and Information Administration (NTIA) and the National Highway Traffic Safety Administration (NHTSA) are still in the process of finalizing the rules. A plan will likely be one of the requirements. Mr. Ripley stated the state's plan is out of date and some grant money may be accessible to assist in plan development.

Friday, March 23rd

The following members and designees were present on Friday, March 23, 2018: Chairwoman Patricia A. Lundstrom; Vice Chairman John Arthur Smith; Representatives Jim R. Trujillo, Jimmie C. Hall, Paul C. Bandy, George Dodge Jr., and Randall S. Crowder; and Senators Carlos R. Cisneros, Steven P. Neville, James P. White, Howie C. Morales, William F. Burt, and Pete Campos.

Program Evaluation: Modern Day Role of Agricultural Experiment Station and Cooperative Extension Service.

Alison Nichols and Micaela Fischer, both program evaluators, presented the report *Modern Day Role of Agricultural Experiment Station and Cooperative Extension Service*. Since the turn of the 20th century, the Agricultural Experiment Station (AES) and Cooperative Extension Service (CES) of New Mexico State University (NMSU) have been the structures through which practical research is funded and shared with the public. Although the roots of both organizations are strongly tied to agriculture and improving rural people's quality of life, the state's changing demographics, economic structure, and emerging social and environmental issues create a need to reexamine the modern-day role and structure of each organization.

Each organization was created by federal legislation and further mandated in the state constitution, and AES and CES, with combined annual revenues of \$67.9 million in FY17, have significant freedom in prioritizing the subjects of their research, their programming, and the populations they serve. The state reinforces this freedom by contributing the largest portion of unrestricted and of total funding to AES and CES (\$26.2 million combined in FY17).

As a result of their long-standing investment in local communities, the trust they enjoy from stakeholders, and their affiliation with a research university, AES and CES are well positioned to both articulate many of the problems most acutely affecting New Mexicans and develop and implement solutions to those problems. These problems could include decreasing water

availability, sluggish economic growth, and declining rural quality of life. However, to play a meaningful role in solving these statewide problems, CES and AES need to first seize opportunities to better understand and serve communities beyond their traditional stakeholders. Further, renewed strategic leadership from NMSU's College of Agricultural, Consumer, and Environmental Sciences will ensure the efforts between CES and AES are coordinated, focused, and yield measurable impact.

The directors of AES and CES have recognized these challenges and are taking initial steps to hone the direction of their organizations' research and extension work and better articulate the impacts of that work. Moving ahead, AES and CES's parent College of Agricultural, Consumer, and Environmental Sciences should provide leadership in articulating a few, interdisciplinary, statewide problems and in developing an overarching strategic plan to coordinate and regularly evaluate the work of CES and AES in addressing those problems. As research and extension are key parts of the university's mission, NMSU's administration should also commit to providing support for the work of AES and CES in their long-term facilities and strategic planning.

Rolando Flores, Ph.D., dean and chief administrative officer of the College of Agricultural, Consumer and Environmental Sciences (ACES) at NMSU, gave a thorough summary of the college's response to the LFC report. ACES is revising its strategic plan this year to incorporate the goals and plans defined by the departments in the areas of teaching, research, and extension. LFC's report is one of the tools ACES is using to update its plan. ACES agrees with many of the findings and recommendations in the report. The report recommended the college track in-kind contributions; ACES is currently developing a system to do this. The report recommended increasing salaries of state specialists, county faculty, and staff; the Legislature increased these salaries this past legislative session. The report recommended establishing fees to grow CES and offset operational costs. Fee structures are currently being considered for some CES programs, mostly for the training programs. Other findings and recommendations were addressed. An account of CES's responsiveness to the changing needs of the state was given, detailing efforts of CES programs. Also given was an overview of AES. For AES and CES, the college is working to address issues with cost share, institutional support, and collaborative work. Regarding the feedmill on NMSU's campus, the new facility was built to supply the needs of the university. Using the feedmill in Clayton to supply the needs in Las Cruces would have costed an estimated \$3,000 a week.

In response to Representative Hall, Natalie Goldberg, interim associate dean of ACES and director of AES, said AES deferred maintenance is currently estimated at \$25 million. Ms. Goldberg said NMSU has not allowed ACES in the past to request capital outlay for maintenance needs of the centers; however, collaboration is in progress to change that.

Ms. Nichols said she would report back to him the percent of research currently being done on established industries and emerging industries.

LFC Staff Work Plans. Charles Sallee, deputy director of LFC's program evaluation unit, updated the committee on current and proposed projects. Two program evaluations are scheduled to be completed in May: review of Centennial Care Medicaid contracts, rates, and awards and review of the effective use of federal funds for public school and Public Education Department

initiatives and operations. Other projects in progress include review of the criminal justice system in Bernalillo County and review of the higher education funding formula. LFC staff propose evaluating the use of instructional time in schools.

David Abbey presented LFC budget analyst work plans for the 2018 interim, highlighting key assignments. The work plans are focused on addressing key issues. The higher education analyst will be working with program evaluators on a review of the funding formula to find opportunities for improvement and methods of better informing stakeholders on the nuances of the formula.

In response to Chairwoman Lundstrom, Director Abbey said work plans include analyzing different ways of funding division 1 and other athletics while maintaining funding for college education programs.

Other plans highlighted include appraising the cost-effectiveness of Medicaid, monitoring child care subsidy rates, determining future funding needs for tourism advertising, researching justice reinvestment ideas and proposing actionable items that improve programming in prisons, community corrections, and access to reentry, and exploring a unified budget process for district attorneys. Also, the analyst for economic development will be working with the Department of Cultural Affairs, Northern New Mexico Community College, New Mexico State University, New Mexico Department of Agriculture, Thornburg, and Cornerstones on interests in historic sites and potential uses. Uses include farmer training programs and university studies.


Miscellaneous Business.

Action Items. Senator Cisneros moved to adopt LFC’s January 2018 meeting minutes, seconded by Representative Hall. The motion carried.

Senator Neville moved to adopt LFC’s 2018 interim calendar, seconded by Senator Burt. 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 11:29 a.m.



Patricia A. Lundstrom, Chairwoman



John Arthur Smith, Vice Chairman