



Administrative Hearings Office (34000) Fiscal Year 2025 Appropriation Request



Presented to the
Legislative Finance Committee

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Santa Fe, NM

Introductions and Agenda



- Introductions/ Overview of the Administrative Hearings Office (AHO)
- Agency Accomplishments in FY23
- Challenges in FY23 and FY24
- FY25 Base Budget Changes
- Overview of Two FY25 Expansion Requests
- Expansion Request: Compensation and Classification Challenges
- Expansion Request: Expansion Administrative Law Judge Position
- Conclusion and Questions



AHO Overview

- The Administrative Hearings Office (AHO) conducts and adjudicates state administrative protest hearings under the Tax Administration Act, the Property Tax Code, the Motor Vehicle Code, the Implied Consent Act (DWI License Revocation hearings), and expedited proceedings under the Medicaid Provider and Managed Care Act.
- AHO has four main offices across the state: Santa Fe, Albuquerque, Clovis, and Las Cruces.
- The Administrative Hearings Office has 17 FTE.
 - 10 Administrative Law Judges (ALJs), including the Chief Hearing Officer position.
 - 6 program support positions. Court Clerks, Paralegals, and a Business Operations Specialist.
 - 1 Chief Financial Officer position.



AHO Accomplishments in FY23



Average annual case load per ALJ position: 299.8 hearings in FY23.

1. Implied Consent Act, DWI license revocation hearings and other MVD hearings.

- In FY23, the Administrative Hearings Office conducted **2,662 Implied Consent Act-DWI hearings**.
- AHO satisfied its performance measure target of <0.5% of cases rescinded because of administrative error (zero cases).

2. State Tax Protest Hearings pursuant to the Tax Administrative Act or Property Tax Code.

- In FY23, the Administrative Hearings Office received **167 new tax hearing requests & conducted 167 tax hearings**.
- The Administrative Hearings Office timely conducted every tax protest hearing in FY23, meeting our performance measure on this front.

3. **53 administrative hearings for other agencies in FY23**, generating more revenue than ever before.

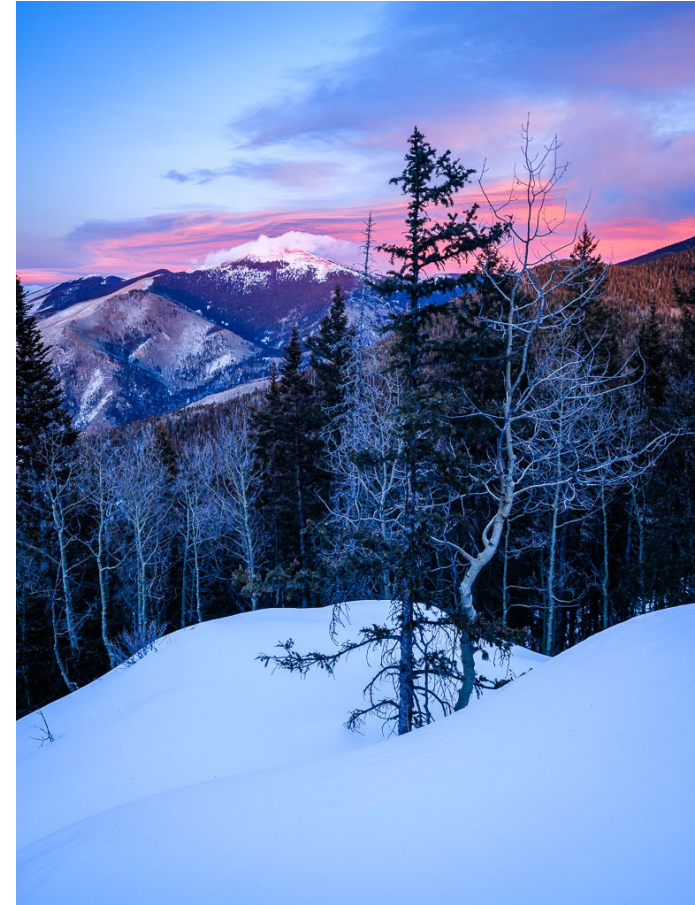
- 22 Board of Nursing cases
- 21 Early Childhood Education and Care Department cases
- 10 State Ethics Commission cases.



Agency Challenges in FY23

The fiscal year was largely a success, but there were some notable challenges:

- While AHO conducted more other agency hearings than ever before, AHO is near its staffing capacity limit to handle additional hearing types given existing staffing, case docket, case complexity, and (likely) increasing volume of HSD/HCA cases.
- AHO continued to act aggressively to address classification and compensation to ensure it retains valuable employees in the current market.
- Reversion: AHO again had a small reversion (\$37K), again attributable to three main factors:
 - \$19K for a cancelled order related to vendor supply chain issue.
 - \$15K in vacancy savings.
 - \$3K in other revenue.





FY25 Base Appropriation Request

General Fund	FY24 Operating Budget (000s)	FY25 AHO Appropriation Request (000s)	Difference (000s)
Personnel Services (200s)	\$2,045.1	\$2,155.4	\$110.3
Contractual Services (300s)	\$73.4	\$39.7	(\$33.7)
Others (400s)	\$273.5	\$316.0	\$42.53
Total	\$2,392.0	\$2,511.1	\$119.1



Overview of Two Expansion Requests

- ◆ AHO FY25 Expansion Requests:
 1. Salary Competitiveness Gap
 - a. Additional funding needed to address salary competitiveness gap
 - b. SPO Compensation and Classification Survey supports need for action
 2. Expansion ALJ-Advanced Position
 - a. AHO is at capacity limit for conducting other agency hearings
 - b. Expected increase in HSD cases and PELRB cases.
- ◆ Total combined **\$346K** increase to general fund for both proposed expansion requests.



Expansion Request: Salary and Classification Competitiveness

- Existing & Growing Attorney Salary Competitiveness Gap between AHO ALJs and relevant comparators.

Comparative Position	Average Salary	\$'s above AHO	% Above AHO
<i>AHO ALJs (required to be attorneys)</i>	\$107.0	~	~
Tax. & Rev. Attorneys	\$117.4	\$10.4	10%
Magistrate Judge	\$123.2	\$16.2	15%
Judicial Hearing Officer (Bern. County)	\$130.8	\$23.8	22%
NM Attorney (2017 NM State Bar Survey)	\$142.3	\$35.3	33%
Experienced Private Tax Attorney in ABQ	\$188.3	\$81.3	76%

- Undermines ability to retain and recruit subject matter experts to serve as ALJs at AHO.
- AHO ALJs adjudicate hundreds of millions of dollars of tax disputes, impacting budgets.
- AHO adjudicates thousands of DWI license revocation hearings each year, impacting public safety.
- Expansion request aims to close the gap with Tax. & Rev. Attorneys that appear before AHO.



SPO Compensation and Classification Summary Sep. 2023

- ♦ SPO undertook a compensation and classification summary after appropriation request deadline.
- ♦ SPO made numerous recommendations for reclassifications and compensation adjustments exceeding AHO's Expansion Request.
- ♦ Formed the basis of our Supplemental Request: AHO would like to implement the SPO plan this current fiscal year.
- ♦ The expansion request amount comes close to funding the implementation of SPO recommendations in future budget years, beginning in FY25.



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September 12, 2023

To: The Department of Finance & Administration and The Administrative Hearings Office

From: Heather Vigil Clark, SPO HR Services Manager

Re: **Administrative Hearing Office Position Assignment Review & Compensation Action Summary**

Summary:
The Position Assignment Reviews and summary were prepared for the Department of Finance & Administration (DFA) and the Administrative Hearings Office (AHO) for the assessment of current classifications as they operate to fulfill AHO's business need.

Background:
The State Personnel Office Human Resource Services provides HR support for AHO. Due to budgetary constraints, AHO has not been able to adequately compensate employees and the disparity is significant especially amongst other executive branch agencies with like classifications the agency must oversee hearings for. HR Services has been assisting AHO in the reclassification of positions with compensatory requests as budget becomes available. Due to the budgetary constraints and the fact that AHO is administratively attached to DFA, AHO requested DFA's assistance in reviewing classifications and pay for its employees.

Position Detail:





Expansion Request: Expansion ALJ-Advanced Position

- ♦ AHO conducted more other agency hearings than ever before in FY23, nearing staffing capacity.
- ♦ HSD/HCA reports an expected significant increase in federally-required recover audit hearings that AHO will be required to handle under existing statute, an area where AHO currently lacks basic staffing resources to meet this expected increase.
- ♦ Last session, in H.B. 466, you increased the role of hearing officers in State Ethics Commission matters, which will increase the time commitment of AHO ALJ-hearing officers in those hearings beyond current staffing capacity.
- ♦ Providing an expansion ALJ Advanced Attorney position will improve AHO's capacity to handle this increasingly complex docket for HSD/HCA, State Ethics Commission, and other agency hearings.



Conclusion and Questions

