



# LFC Newsletter

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**Legislative Finance Committee**

Representative Patricia Lundstrom, Chairwoman

Senator John Arthur Smith, Vice Chairman

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## From the Chairwoman Different World

New Mexico was a small state, with just 330,000 residents spread over 121,700 square miles, when it held the first of its then odd-years-only sessions a little over a hundred years ago. The population had almost tripled by the time the Legislature moved to annual sessions in the 1960s, when a 30-day even-year session was added to address only budget issues.

The population has more than doubled since the '60s, to almost 2.1 million and with the population of Albuquerque now bigger than 1912 New Mexico. It has dramatically changed from a largely rural expanse with 11,000 people in its largest city to one with pockets of agriculture, numerous urban centers, two national laboratories and high-tech incubators, the crossroads of two major interstates, the ability to link with the rest of the world in the blink of an eye, and all the conveniences and problems of the modern world.

But while the last 50 years has transformed New Mexico and the world, the volunteer lawmakers of the Legislature still alternate 60-day and 30-day sessions, meeting during the winter in keeping with the agricultural calendar.

Maybe it's time for a change.

In the most recent annual poll by Common Cause New Mexico, 65 percent of respondents said they want longer legislative sessions and 54 percent support paying legislators an annual salary equal to the average for New Mexico. (New Mexico has the only state legislators who don't receive a salary; they are paid a daily rate, estimated to come out to about \$7,200 a year, and are reimbursed for some expenses.)

Maybe those who told the pollsters they wanted longer sessions were thinking about the complicated healthcare environment or economic development in a global marketplace. Maybe they were thinking about the many special sessions needed to address the financial crisis triggered by an oil industry bust that couldn't wait for the next regular session.

Maybe not. But longer sessions would make it easier to negotiate a more complicated world that changes on a dime.

The statistics-focused FiveThirtyEight news organization found state legislatures with low to no pay are more likely to attract independently wealthy or retired members, a poor reflection of real New Mexicans. Further, lobbyists have more opportunity to influence legislation in states with small legislative staffs.

It takes voter approval of a constitutional amendment to modify the session or legislative compensation, and the polls are scant indication anything would pass. Fiscally conservative, government minimalist voters rejected the 30-day session several times before it was adopted. Eventually they realized the state had changed. It could be time to think about how much it's changed since then.

*Representative Patricia Lundstrom  
Chairwoman*

## Tax Refund Protests Threaten Revenue

Tax protests totaling nearly half a billion dollars are a threat to revenue and make it even more important for the state to build strong reserves, an LFC economic report says.

Although the revenue forecast for the upcoming budget year was cautious, one or two successful protests could result in a flurry of claims and the loss of hundreds of millions of dollars from amended tax filings going back as many as three years, LFC economists say in a brief for the hearing scheduled for 3:30 p.m. April 25.

The Taxation and Revenue Department reported during the legislative session that protests for 2017 through November totaled \$458 million, with \$291 million related to protests over denied tax refund claims.

The total was twice the value of refund protests filed in 2016 and nearly six

times the value of those filed in 2015.

Until these disputes are resolved and the number of protests drop, the state should maintain high levels of reserves, which reduces the amount available for services, the brief says.

The economists note better tax protest data from the tax department would help alleviate uncertainty in revenue forecasting.

The state spending plan for FY19 would leave projected reserves at 10 percent of recurring spending.

However, recurring general fund revenues for FY18 through February are tracking \$187.6 million ahead of estimates because of growth in the oil and gas industry and a risk-driven caution in the estimate.

The growth could leave the reserve stronger than expected when the FY18 budget year ends in June.

## Early Childhood Funding Plan Proposed

A plan to grow early childhood funding by \$16 million more state dollars a year for the next five years would result in 80 percent of 4 year olds in publicly funded prekindergarten and growth in prekindergarten services for 3 year olds, supportive paraprofessional home visits for new families, and the early childhood workforce, a report from a national educational policy group says.

The committee is scheduled at 1:30 p.m. on April 25 to hear about *A Business Plan for Early Childhood in New Mexico*, put together by Bellwether Education Partners for the New Mexico Early Childhood Funders Group with input from LFC, the Legislative Education Study Committee, local government representatives, private charities, and business executives.

The plan calls for updating the early childhood program governance structure with either a new early childhood cabinet-level department or a state early childhood "czar" and better coordination between the state and tribes and local organizations.

The early childhood workforce would be expanded under the plan through scholarships and wage incentives and the alignment of higher education courses with state priorities.

In addition, the plan proposes greater outreach to families that need services and easier enrollment to those programs.

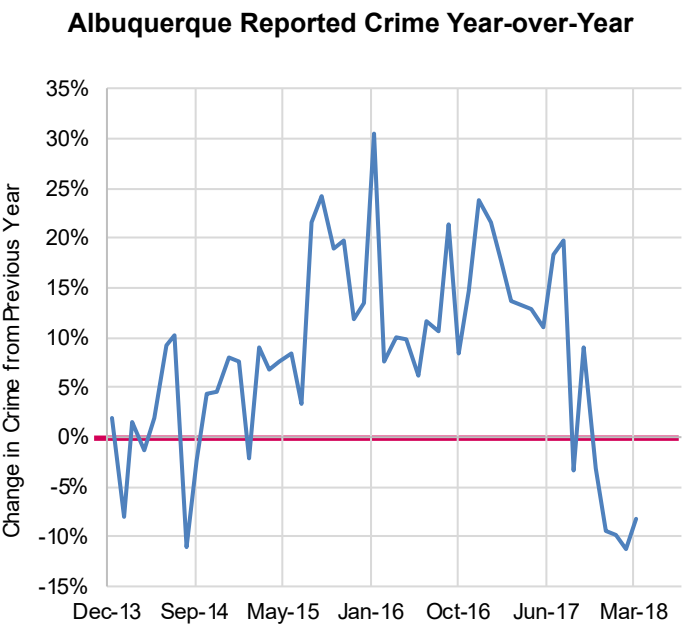
The Legislative Education Study Committee is also scheduled to discuss a prekindergarten-only funding plan at its April meeting.

New Mexico has the highest child poverty rate in the country, with more than one-third of children under age 6 living in poverty. New Mexico children also experience nearly twice the national rate of "adverse childhood experiences," abuse or neglect and exposure to substance misuse, mental illness, or other damaging household factors.

Funding for early childhood programs has been a high profile topic during the last few legislative sessions. General fund spending on early childhood programs has increased significantly over the past 10 years, but some advocates want earmarked revenues for the programs and have supported tapping the investment-focused land grant permanent fund. In addition to objections over using the fund created to generate long-term income from depletable natural resources, opponents have raised concerns about the impact on other beneficiaries of the fund and the fund's potential earnings.

# Reported Crime Drops in Albuquerque

Year-over-year reported crime in Albuquerque is dropping for the first time in three years. The decline has persisted for five straight months, from November 2017 to March 2018, the most current data. The last recorded year-over-year decrease was in February 2015. The total number of crimes reported per month is at the lowest level since April 2016.



Source: Albuquerque Police Department

## On the Table

### Public Assistance Rolls Down

The Medicaid caseload in February was 855,032 individuals, a 5.4 percent decrease from one year ago. The count of Medicaid recipients has decreased by 2,277, or 0.3 percent, since January 2018. The Supplemental Nutrition Assistance Program caseload in February 2018 was 222,265, a 12.9 percent decrease from one year ago. The SNAP caseload has decreased by 581 cases, or 0.3 percent, since January 2018. The Temporary Assistance for Needy Families caseload was 11,294 in February 2018, a decrease of 5.6 percent from February 2017. The TANF caseload had 338 fewer cases compared with January 2018, a decrease of 2.9 percent.

### North Central Agency Status Threatened

Audit findings that an area agency on aging mishandled federal funds may cost the agency its designation. The Aging and Long-Term Services Department has placed the North Central New Mexico Economic Development District on an action plan to ensure the agency, which serves as a non-metro area agency on aging, gets back on track. The department is also meeting with the agency weekly to ensure compliance.

### Higher Ed Enrollment Drops

A 4.7 percent drop in New Mexico public college enrollment between 2016 and 2017 was the highest among states, the State Higher Education Executive Officers Association reports. New Mexico, tied with Louisiana on enrollment decline, is one of just four states that dedicates more than 10 percent of its annual state appropriations to higher education and has one of the lowest average tuition rates. Most states now rely primarily on tuition to fund their public colleges.

### JTIP Authorizes Almost Half Million

The Job Training Incentive Program board in February approved the allocation of more than \$423,000 to support the creation of 14 jobs at CSI Aviation (\$230,500), five jobs at UbiQD (\$116,700), and 10 jobs at Verde Food Company (\$53,000).

### Transitions

LFC has hired three new fiscal analysts. Ellen Rabin, who has a masters' degree from the University of Chicago and has worked for Think New Mexico and Los Alamos National Laboratory, is the new assistant capital outlay analyst. Mark Valenzuela, a former LFC analyst with 17 years of experience in finance, tax, revenue, infrastructure, and banking, will be the higher education analyst starting at the end of the month. Jana Amacher, a contract session analyst for LFC for three years with 10 years of experience in water policy, will be the new natural resource analyst starting in May. Anne Hanika-Ortiz, the LFC analyst for pensions and benefits, is retiring in June.

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