



LFC Newsletter

A publication of the

Legislative Finance Committee

Senator John Arthur Smith, Chairman

Representative Patricia Lundstrom, Vice Chairwoman

David Abbey, Director

Volume 21 Issue 02

August 2020

From the Chair Lemonade

Not every crisis is an opportunity but it's true often enough to be a cliché. Many businesses are looking at the changes forced on us by the pandemic and realizing some of these changes are working out just fine. Heck, some things work better. Several high-profile, high-tech companies have already announced their employees will be allowed to work from home for as long as they want, both because employees want that option and because they can reduce their physical footprint and associated costs.

The Internet abounds with articles about how the coronavirus pandemic is going to permanently change the way we do business even after we return to "normal." New Mexico government managers would be well-served to take notes.

Unlike social media businesses, New Mexico government can't offer to let all employees work from home – children lose learning time, important services, and much, much more when they stay home; physical therapy is impossible online; environmental quality can't be checked from a distance. But many government jobs can be performed at least partly from home, and the state could reap the same benefits in employee satisfaction and reduced physical plant costs.

Further, while huge gaps in high-speed Internet access remain, especially in rural New Mexico, the improvements that have been made offer an opportunity to improve access to telemedicine, open markets for small business, and expand higher education. Even teachers and others who work best in brick-and-mortar settings now have a new set of technological tools they can use to do their jobs better.

Some days it feels like the days of limited travel and physical distancing, of videoconferencing and takeout dinner will never end. But they will. And we will emerge into a world that has permanently changed. If we are smart and flexible, we will find the opportunities in this crisis.

*Senator John Arthur Smith
Chairman*

Attendance at the LFC August meeting at the Red River Conference Center will be limited to presenters and their staffs, legislators, and legislative staff in accordance with public health orders. The meeting will be streamed at www.nmlegis.gov. Public comment may be made by email to lfc@nmlegis.gov.

Drop in Child Abuse Reports Could Be Behind Drop in Cases

With schools closed and children at home, a drop in calls to child abuse and neglect hotlines could mean more mistreatment is going unreported, LFC analysis indicates.

In a brief prepared for a hearing scheduled for 10:30 a.m. August 27, LFC staff reports New Mexico saw drops in reports of alleged child abuse and neglect of 42 percent in April and 33 percent in May, compared with the same months a year ago. The numbers for June and July, when schools are generally always closed for the summer, were typical of those months in other years.

School closures mean fewer "eyes on children," the report notes, because educators, like nurses and social workers, are mandated by law to report any signs of abuse and neglect.

In the United States, school staff report 20 percent of suspected mistreatment, making educators the country's primary reporters.

The loss of a key source of reporting, coupled with additional strains on families facing the financial and emotional hardships of the pandemic, has raised concerns that child abuse is surging unseen, the brief says.

Medicaid Rolls Grow but Use is Down

Medicaid enrollment grew in April and May but use of services is still substantially lower than before the pandemic began, LFC staff reports.

In a [summary](#) prepared for a hearing in July, staff notes providers have adopted telemedicine and other approaches to deliver outpatient care to stem COVID-19 spread, and national private sector health insurance company data indicate healthcare use in April 2020 dropped 30 percent compared with April 2019.

Combined with information on New Mexico Medicaid expenses for spring 2019, state Medicaid managed-care organizations appear to be spending substantially less per month during the pandemic. The reduction in costs, coupled with a pandemic-related increase in federal matching funds, translates to state savings of several million of dollars per month, LFC analysis indicates.

Partly as a result, the Human Services Department experts to revert up to \$60 million in general fund revenue for

Financial struggles are a significant risk factor for abuse, the report notes; Rates of reported child neglect, for example, increased more than 24 percent during the Great Recession, according to national data.

However, the staff report says, national experts warn any assumptions about the drop in reports is premature, and hotlines are not the most effective way to identify and prevent cases of child abuse.

It notes the National Data Archive on Child Abuse and Neglect suggests 90 percent of reports from school staff are unsubstantiated. Fewer reports might give investigators more time to adequately investigate more substantial reports. In Florida, while case reports were down this spring, verification of abuse jumped by 10 percent, LFC staff reports, although verification numbers have not changed in New Mexico.

The Children, Youth and Families Department launched a campaign at the beginning of the pandemic with radio and television spots and information targeted at community providers highlighting the risks for vulnerable children and encouraging reporting.

FY20, which ended on June 30.

LFC staff notes, however, that the Legislature increased provider rates in an effort to improve use of preventive care for pregnant women and children, as well as behavioral healthcare, and performance in those areas remains "sluggish."

Anticipating the state's fiscal crisis will continue at the same time Medicaid enrollment will grow substantially, partially as the result of laid-off workers losing employment-connected insurance, the department is looking at cost-containment approaches.

Department managers argue the improved federal match rate will fall short of the increase in costs.

Generally, staff notes states have four options for reducing costs: reducing payment rates for managed-care organizations and providers, restricting eligibility, reducing benefits, and restricting use of services. However, states must maintain benefit and eligibility levels to receive the enhanced federal matching rate.

\$28 Million in Relief Funds Slated for Tribes

While tribal grants from the coronavirus relief fund range from \$400 thousand to \$2 million, all but six of the 20 pueblos and tribes receiving grants will get either \$1.4 million or \$1.7 million, Department of Finance and Administration figures show.

Although requested by LFC staff, DFA has not disclosed how much tribes requested or the criteria used to determine awards.

The federal CARES Act included sufficient funding to provide \$178 million for New Mexico local government and tribes. The \$150 million for local governments includes \$50 million that will be targeted to small business.

Coronavirus Relief to Tribes
(dollars in thousands)



LFC Newsletter

Fiscal Year 2020-2021 Month 02

Published monthly in the interim by the Legislative Finance Committee.

Staff Editor - Alison Nichols

Writer, Editor - Helen Gaussoin

Questions, comments: 505-986-4550

www.nmlegis.gov/Entity/LFC/Default

Please contact Adreena Lujan at adreena.lujan@nmlegis.gov if you would prefer to receive this newsletter electronically.

On the Table

Strapped Local Governments May Qualify

Seven counties and 35 municipalities may qualify for a combined \$21.5 million in economic relief loans authorized during the June special legislative session, LFC analysis indicates. The legislation set aside up to \$50 million of severance tax permanent fund dollars to be invested in loans to local governments with more than a 10 percent decline in local gross receipts tax revenue in the last quarter of FY20. The loan amounts can be up to half of the decline in revenue. Some of the larger qualifying local governments include Bernalillo County (up to \$1.2 million), Albuquerque (up to \$5 million), Santa Fe County (up to \$878 thousand), Santa Fe city (up to \$2.3 million), Lea County (up to \$804 thousand), Hobbs (up to \$2.5 million), Eddy County (up to \$759 thousand), and Carlsbad (\$2.7 million).

Few Taxpayers Delayed GRT Payments

State gross receipts tax collections indicate very few taxpayers took advantage of a GRT tax payment extension that gave taxpayers until April 2021 to make payments for receipts received from April to June 2020. State GRT collections for June were \$249.5 million, bringing preliminary total general fund GRT collections for FY20 to \$2.916 billion, \$225 million more than expected in the June revenue forecast.

Cimarron Superfund Site Off Priority List

The U.S. Environmental Protection Agency has announced its intention to remove the Cimarron Mining Corporation Superfund site in Carrizozo from the national priorities list after decades of cleanup work. Federal and state environmental regulators determined all appropriate response actions are complete for the cyanide contamination.

Vet Cemetery Ready for Burials

The Department of Veterans Services reported substantial completion of the Angel Fire Veteran's Cemetery. Internments began in early August.

NMSU Cuts Management

The chancellor of New Mexico State University has taken steps to eliminate the executive president positions at the Alamogordo, Carlsbad, and Grants branch colleges. Over the next year, Dan Arvizu intends to lead an effort to eliminate duplicate administrative and faculty positions to reduce spending.

Legislative Finance Committee
325 Don Gaspar Street Ste101
Santa Fe NM 87501