



# LFC Newsletter

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Representative Patricia Lundstrom, Chairwoman

Senator John Arthur Smith, Vice Chairman

David Abbey, Director

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## From the Chairwoman Working Together

Like most years, the committee's 2018 budget recommendation to the Legislature was adopted without objection. The Republican and Democratic committee members have a history of working together and this year was no different.

The collaboration in the committee tends to lead to meaningful, bipartisan collaboration in the House and Senate chambers, as well, even if the final budget is dramatically different than the committee's recommendation. In the last 20 years, the House and Senate votes on the General Appropriation Acts have been, in total, 3-to-1 in favor of the bill. During that time, the bill has passed the Senate with unanimous votes twice and the House once. The Senate generally has had greater consensus on the budget – with 86 percent of total votes in favor of the plan compared with 70 percent in the House.

This bipartisanship is in stark contrast to what happens on the national stage, where Republicans spent the Obama years publicly vowing to reject every one of his initiatives and Democrats so far have voted overwhelmingly against Trump's projects. Bipartisanship is elusive in our polarized political climate, even if little can be accomplished without it.

That's not to say Congress should always give the president what he wants or that the Legislature should always walk in lockstep with the governor. That would be just as bad. We have three equal branches of government on the state and federal level for a reason. Each branch is intended to balance the others, not dutifully support them.

Indeed, New Mexico's legislative Democratic and Republican legislators don't reach bipartisan agreements by being agreeable. It's a (mostly respectful) battle – lawmaking isn't pretty – in which each side fights for their priorities and the end result is a compromise that quickly draws criticism from the hardliners on both sides of the aisle.

As state lawmakers head into the 2018 legislative session, with a stronger economy and seeming agreement with the executive on some key financial issues, the public should know the process won't always be pretty but, with New Mexico's history, it will work.

Representative Patricia Lundstrom  
Chairwoman

## Behavioral Care Use High Among New Medicaid Group

The expansion of Medicaid under the federal Affordable Care Act has resulted in about 71,000 additional low-income New Mexicans accessing behavioral health care each year, but the results of that care appear mixed at best, an LFC report finds.

In *Health Notes: Behavioral Health Services for Medicaid Expansion Adults*, LFC program evaluators report the 2014 expansion captured two vulnerable populations – the homeless and those in prisons and jails – and improved access to care, although some gaps still exist.

However, the effectiveness of care is unclear, with the limited data available indicating an increase in behavioral health critical incidents between 2014 and 2016. Medicaid managers say the increase is the result of better reporting.

The report on the use and effectiveness of behavioral health services among the Medicaid expansion population is scheduled to be presented to the committee at 8:30 a.m. January 15.

The Affordable Care Act, also known as Obamacare, included enhanced federal support for states that extended Medicaid healthcare coverage to individuals with incomes less than 138

percent of the federal poverty level, or about \$16,240 a year. In New Mexico, the expansion added more than 250,000 people to Medicaid.

The report says about a third of the expansion population uses behavioral services on a yearly basis, relatively high utilization compared with the 18 percent of the base Medicaid population that uses behavioral services every year.

Behavioral health benefits are notoriously difficult to quantify, and Medicaid behavioral health managers have failed to collect the information necessary to assess the program's effectiveness, it says; however, the limited evidence available supports the same conclusions of earlier LFC evaluations: Of those results that can be measured, results are mixed.

The report finds overall spending on behavioral health services for the expansion population has risen faster than the number of people using the services. A key driver of the higher spending is a 167 percent increase in the cost of treating substance abuse.

Providers appear to be using the treatments proven to be effective for substance abusers but are not widely using evidence-based treatments for other mental health disorders.

## A Third of New State Workers Quit Early

About 35 percent of new state hires quit before they finish their probation, the State Personnel Office director reported to the committee in December.

Justin Najaka in his presentation on the [2017 Classified Service Compensation Report](#) said the personnel office is trying to increase the number of new employees who stay by accelerating hiring and improving orientation and training.

The 2017 report says the average base salary for the state's 17,000 classified employees is \$45,324, and New Mexico ranks sixth among eight comparable markets of public employees.

However, New Mexico pay competitiveness is uneven, with the pay at market averages for most general classifications but behind the market for jobs in corrections, information technology, and health care.

"In some cases, the average salary

levels for ... these occupations impact the state's ability to attract, retain, engage, motivate, and reward qualified employees," the report says.

Najaka said the state has spent almost \$1 million over the last few years to raise the pay of 278 positions primarily in the Transportation, Public Safety, General Services, and Game and Fish departments and at the Miners Colfax Medical Center.

He said the pay schedule for nurses was increased in December, affecting up to 503 employees.

In addition, the report says the office has implemented four of 11 new "pay lines" that group jobs by type of occupation, such as engineering or health care.

That plan, when fully implemented, will replace a system that consists of five pay lines, 38 pay bands, and more than 1,172 classifications.

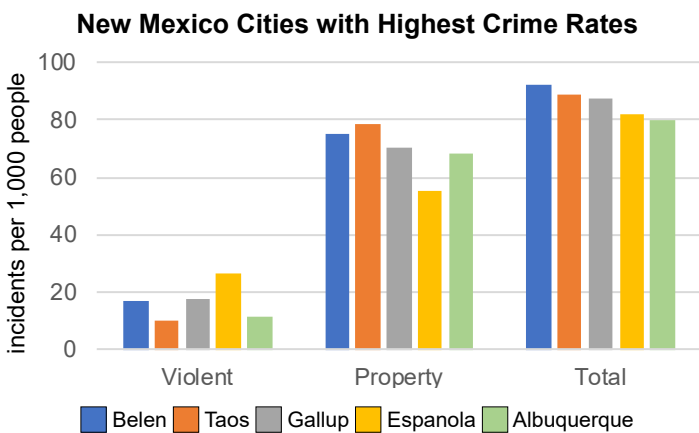
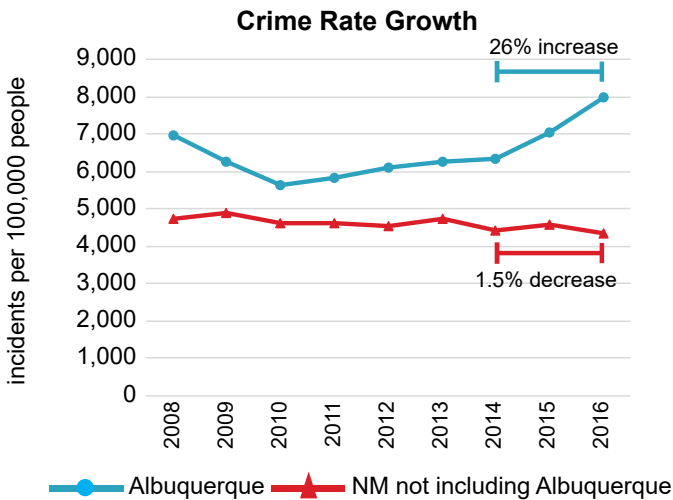
# Albuquerque Crime Rate Not State's Highest

The growth in Albuquerque's crime rate has outpaced the state's average since 2010 and Albuquerque has a higher rate for some crimes than many big cities, but some New Mexico small cities have higher rates of total crime.

A status report on the criminal justice system in Bernalillo, scheduled to be presented to the committee at 9:45 a.m. on January 15, shows higher crime rates in Belen, Taos, Gallup, and Española.

Albuquerque's property crime, murder, and overall crime rates grew faster between 2014 and 2016 than the rates in the 30 largest cities in the United States, and it was fourth among the largest cities for the growth in violent crime. On average, crime decreased in the 30 largest cities by 2.8 percent.

In 2016, among the 30 largest cities, Albuquerque was first in all crime and property crime, second in motor vehicle theft, fifth in violent crime, and 14th in murder, according to FBI data.



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Staff Editor - Travis Dulany    Writer, Editor - Helen Gaussoin

**Questions, comments: 505-986-4550**  
[www.nmlegis.gov/lfc](http://www.nmlegis.gov/lfc)

**Please contact Adreena Lujan at [adreena.lujan@nmlegis.gov](mailto:adreena.lujan@nmlegis.gov) if you would prefer to receive this newsletter electronically.**

## On the Table

### Oil and Gas Production Tax Below Average

New Mexico's effective tax rate on oil and gas production is below the average for several other high-producing states, according to a recent study by Covenant Consulting Group. Based on severance, production, and property taxes in ratio to the taxable value of production, New Mexico's effective tax rate on oil and gas is about 8.5 percent. This compares with an unweighted FY16 average of 8.8 percent reported by Covenant in a study of tax rates in Oklahoma, Utah, Texas, North Dakota, Montana, Alaska, Louisiana, and Wyoming. Texas' effective tax rate was 8.3 percent, North Dakota's was 9.4 percent, and Wyoming's was 13.4 percent.

However, the most recent LFC study found the total New Mexico tax burden, including corporate income and sales taxes in addition to production and property taxes, is slightly higher than, but on par with, other high-producing states.

### October Assistance Numbers Down

New Mexico enrollment in the Medicaid, Supplemental Nutrition Assistance, and Temporary Assistance for Needy Families programs were down in October compared with a year ago. More than 850,000 New Mexicans received Medicaid in October, down 3.4 percent from a year ago and up 0.1 percent from September. The caseload for SNAP was 222,000, down 16.1 percent from a year ago and essentially flat with September. The 11,900 families receiving TANF in October was a drop of 5.7 percent from October 2016 and a 0.6 percent increase from September.

### CYFD Moves Millions

The Children, Youth and Families Department is transferring \$4.9 million from fund balances to cover costs for childcare assistance payments. Enrollment in the subsidy program has grown from an average of 17,800 children a month to 20,700 a month since 2014, and the average monthly cost has increase from \$337 to \$549. The department is also transferring \$3.6 million from fund balances to the Juvenile Justice Services Program for field services, maintenance, and vocational education. The transfers will leave about \$500,000 in fund balances, which grew over the last several years because the department was not required to revert money left at the end of the fiscal year.

### Transitions

Human Services Department Deputy Secretary Sean Pearson has moved from an exempt position, serving at the will of the governor, to the classified position of chief information officer. Elisa Walker-Moran, formerly chief economist at the Taxation and Revenue Department, is now the economist staff manager in the Medical Assistance Division of the Human Services Department.

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