



# 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*

### Cause and Effect

Survey after survey shows businesses care as much about quality of life as a friendly tax environment. Sometimes more. But it's hard to address quality of life in New Mexico when we have some of the highest rates of property and violent crime in the nation.

New Mexico pays a high price for its high crime rate. Money that could be used to expand successful support programs for impoverished families, spread early literacy programs that help at-risk kids succeed, or increase broadband networks to rural communities instead must be spent on law enforcement, justice, and incarceration.

Even as crime eats up our resources, it scares away sources of new income. A business owner looking to grow or relocate might think twice before investing in New Mexico.

In essence, a stressed economy contributes to higher crime rates, which makes it hard to expand the economy, which contributes ... you get it. For New Mexico to grow economically and improve the quality of life, we need to interrupt the cycle. And it will take more thought than declaring it's time to "get tough on crime." In fact, increasing penalties might feel good, but it adds to the costs of crime and siphons dollars away from other needs, while thoughtful investment in creating healthy, safe communities will do far more to stem the crime rate.

Spending on public safety and justice, which has grown even as other state spending has shrunk, must be focused on programs that we know are effective. DWI and drug courts have been effective in keeping certain offenders out of high-cost jail cells. The courts, prosecutors and state agencies are working together on a data clearinghouse to make it easier for judges to quickly assess a suspect's risk during arraignment and sentencing, making the system both more efficient and more just.

Unfortunately, LFC analysis on public safety and the judicial system, both of which are scheduled for budget hearings during the committee's meeting in November, indicates the state could do a better job of collecting data on the effectiveness of existing programs and focusing dollars on those programs that work. Having good information, and acting on it, is essential.

Efficient use of public safety and justice dollars will go far in both easing the crime rate and freeing up resources for the quality of life investments that serve both our people and our economy.

*Representative Patricia Lundstrom  
Chairwoman*

## Safety, Judiciary Agencies Seek Budget Increases

Stubbornly high crime rates have focused attention on state public safety and judicial agencies, all of which are asking for budget increases for FY19.

New Mexico in 2016 had the second highest rate for violent crime in the nation and the highest property crime rate among states.

The state's overall crime rate has exceeded the regional average for almost a decade, and while the average crime rate in the noncoastal west has dropped over that period, New Mexico's has gone up.

The committee is scheduled to hear the budget requests for the Public Defender Department, Department of Public Safety, district attorneys, and district courts during the November meeting.

The agencies, the scheduled times of their hearings, and their requests for general fund revenue:

- Public Defender Department, 1:30

p.m. November 14, a \$6.4 million increase, or 11.2 percent, mostly to fill vacant positions and add 15 staff to handle an increase in workload because of pretrial reforms aimed at ensuring speedy trials and reducing the number of suspects unnecessarily held in jail.

- Department of Public Safety, 3:15 p.m. November 14, a \$2.1 million increase, or 1.7 percent, almost completely for training new officers needed to replace a growing number of retirees.

- District attorneys and the Administrative Office of the District Attorneys, 8:30 a.m. November 16, an increase of 17.7 percent, or about \$11.7 million, for district attorneys statewide and 31.2 percent, or about \$700,000, for the office.

- Administrative Office of the Courts and district courts, 1:30 p.m., November 16, an increase of \$5.3 million, or 10.5 percent, for the office and \$7.3 million, or 9.7 percent, for district courts statewide.

## Corrections Radio Costs Half of Increase

The Corrections Department, among the handful of agencies that saw increases during the fiscal downturn, is asking for about \$6.6 million more from the general fund for FY19, with more than half of the 2.2 percent increase for radio communication fees owed to the Department of Information Technology.

The department bought new radios five years ago but those radios became incompatible with other public safety agency systems when the public safety frequency changed under federal mandate. Because the Corrections Department did not buy the radios through the IT agency, IT agency staff could not upgrade the radios and, instead, replaced them, with service charges first assessed in FY16.

However, corrections managers did not pay the fees in FY16 and only paid \$1 million in FY17, leaving a \$5.4 million balance.

The department's requested increases for FY19 includes \$3.6 million for radio fees, along with \$1 million to reduce staff vacancies, \$638,000 for health insurance increases, and about \$1.3 million to replenish the nearly empty community corrections fund.

In a hearing brief on the department's budget request, previewed during the October committee meeting, LFC staff notes the agency's budget has increased an average of 2 percent a year over the last five years but resources have remained tight because of a growing inmate population, higher healthcare costs, and other factors.

The budget has increased at the same rate as the inmate population, which has seen an 18.4 percent increase in the women's population and a 9.2 percent increase in the men's population over the last 10 years, the brief says.

The department ended FY17 with an estimated \$1 million surplus, the money left from a \$13 million special appropriation in 2016 intended for inmate population growth, hepatitis C treatment, and other costs.

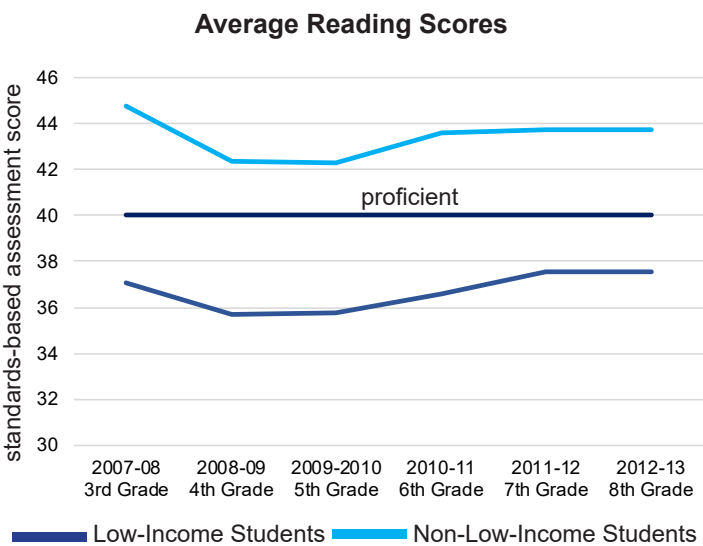
The department is asking for another \$4.3 million outside the base budget request, with \$2.6 million sought to resolve pay compaction issues created when the agency raised starting officer pay but not the pay for those with more experience and \$1.3 million to expand a transitional living program for inmates near the end of their sentences.

# NM Students Progress But Not Enough

An LFC study following two groups of more than 20,000 students through the public school system finds New Mexico students gain a year’s worth of learning for each year in school but start behind and stay behind.

Data in *Longitudinal Student Performance Analysis - Impact of School, Teacher and Program Interventions*, scheduled to be presented to the committee 8 a.m. November 17, indicates school districts vary greatly on how much “growth” they provide but statewide growth is not enough for New Mexico to close the gap with other higher-performing states.

Similarly, reading scores for low-income students progress at about the same rate as their more affluent peers, leaving a consistent gap between the groups with low-income students below proficiency and their peers above.



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## On the Table

### Tax Group Calls TRD “Dysfunctional”

A report presented to the business-backed nonprofit Council on State Taxation concludes the New Mexico Taxation and Revenue Department is challenged by a lack of leadership and low employee morale. “Practitioners and taxpayers uniformly agree that the department is more dysfunctional than at any time in the last 25 years,” the report written by a local law firm says. The report says the problems include vacancies and a lack of experience among key personnel, shifting interpretations of the law during audits, and a backlog of protests.

### State Police Gains Officers

The Department of Public Safety expects to end FY18 with 661 officers, an increase of seven officers over the end of FY17. The department has received additional funding in the last few years to improve the recruitment and retention of officers.

### Crime Reclassification Could Cut Workload

A proposal that would have aligned the punishments for certain crimes with those in other states and cut the workload for public defenders, vetoed by the governor, is getting another look from the Criminal Justice Reform Committee. The bill would have removed incarceration as a penalty for some misdemeanors. Because public defenders must represent indigent clients facing time in jail, removing the possibility of incarceration would reduce their caseload. The state public defenders office has struggled to meet the demands of its caseload, with one district refusing to take new cases during a period last year.

### DOH Reverts \$2.6 Million

The Department of Health reverted \$2.6 million to the general fund at the end of FY17. Much of the surplus came from vacancies in the Public Health and Facilities Management divisions.

### Luna Community College Faces Sanctions

The Higher Learning Commission, the accrediting body for all New Mexico state-funded colleges and universities, has issued an order requiring Luna Community College to show cause why it should not lose accreditation. Earlier this year, a peer review team found LCC out of compliance with five core accreditation components and cited problems with finances, financial oversight, and administrative and governance structures. LCC must respond by February 1, and the commission is expected review the matter at its June meeting.

### Transitions

Travis Dempsey is the new superintendent of the Gadsden Independent School District. He has 18 years of public education experience, including five years as Cloudcroft superintendent.

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