



LFC Newsletter

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Senator John Arthur Smith, Chairman

Representative Patricia Lundstrom, Vice Chairwoman

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From the Chair

Great Money

When policymakers use the terms “unprecedented” and “unique” to describe the state’s oil boom and the impact it could have on New Mexico, it’s not hyperbole. Indeed, because of the oil boom, New Mexico has nearly a billion dollars it could spend on construction and improvements next year. The state has a deep backlog of deferred maintenance. We have crumbling roads, dangerous dams, and collapsing roofs, and now we have the money to fix them.

But, to turn a popular phrase inside out, with great money comes great responsibility. Given the volatility of the energy industry, this opportunity will not last. And given the volume of dollars available, some money is likely to be wasted. This opportunity is going to call for careful planning and diligent oversight, two items that have been hard to find in New Mexico’s capital outlay process.

New Mexico’s system for funding infrastructure has been under fire for more than a decade for its haphazard approach to project selection and its failure to adhere to a responsible process for funding local projects. One significant consequence has been the focus of much of the criticism: Millions of authorized capital outlay dollars sit idle because projects were poorly planned, recipients were unauthorized or unprepared, appropriations were too small, or – particularly for local projects – projects had limited support.

Ten years ago, the Board of Finance wrote, “New Mexico’s capital outlay process has historically ceded the capital investment planning and prioritization process to the political system.” While the system has improved, reform has been limited.

True reform will take time but that doesn’t mean the Legislature can’t take a deliberative approach now, to assess each proposed project based on its priority, readiness to proceed, public purpose and merit, and long-term value.

The amount of capital outlay money available this year offers New Mexico a tremendous opportunity. With these dollars, we can build reserves and improve the state’s bond rating at the same time we make our roads safer, ensure the critically ill are cared for in safe environments, protect communities from disaster, and protect our children from unsafe water. And we can do it all while boosting our economy and adding jobs. New Mexicans are counting on us to get it right.

*Senator John Arthur Smith
Chairman*

Justice Agencies Want More, 2nd Tops DA Requests

The state’s judicial agencies are asking for state general fund revenue increases for FY21 ranging from 8.7 percent for the courts to about 12 percent for the Public Defender Department, with district attorneys asking for an average increase of 10 percent.

All three groups are expected to present their budget requests to the committee during the November hearings, with the Public Defender Department scheduled for 2:30 p.m. November 20, district attorneys scheduled for 8 a.m. November 21, and the Administrative Office of the Courts scheduled for 8 a.m. November 22.

District attorneys are requesting general fund increases averaging 10 percent over their current budgets, with Bernalillo County’s 2nd Judicial District Attorney asking for the largest dollar amount increase.

Its request for \$1.8 million more represents a 7.4 percent increase. Excluding compensation, the office received a 5 percent increase for FY20, slightly above the district average of 4 percent, and a nearly 23 percent increase for FY19, more than three times the average of 7.8 percent.

The request for the largest percentage increase was submitted by the district

attorney in the 11th Judicial District Division II in McKinley County, which asked for a 37 percent increase for new attorneys and new prosecution initiatives.

Common requests from the districts attorneys include funding to expand staff and raise pay.

The Public Defender Department is asking for \$6.5 million more from the general fund, an 11.8 percent increase, mostly for new attorneys and to pay contract attorneys hourly instead of at a flat rate. The request also includes funding for social worker and investigator contracts and pay raises for staff in rural areas.

The Administrative Office of the Courts, which submits a consolidated request on behalf of courts statewide, and other judiciary agencies are requesting a general fund increase of almost \$200 million, or 8.7 percent.

The request includes a new judgeship in the 1st Judicial District, two new judgeships in the 2nd Judicial District, and one new judgeship in the 3rd Judicial District, as well as a request to convert a hearing officer to a judge in the 12th Judicial District.

The request also includes targeted salary increases and over \$800 thousand for pretrial services statewide.

Funding Fails to Stop Domestic Violence

Funding for domestic violence services has increased over the last three years, but the number of incidents has remained the same and the number of clients receiving services has dropped, LFC staff reports.

In an [update](#) to a 2017 evaluation on domestic violence treatment programs, LFC evaluators find that, although the Children, Youth and Families Department has failed to implement some programs mandated in legislation, the agency is doing a better job of assessing the effectiveness of the programs.

However, the number of clients receiving services has dropped by 15 percent over the last three years, even as funding has increased by 15 percent, the report says.

The report notes reducing domestic violence in New Mexico requires that offenders are held accountable by participating in batterer intervention programs, but most offenders who participate are

ordered into a program by a court and most domestic violence cases – 80 percent in magistrate court and 52 percent in district court – are dismissed.

CYFD has started to examine the impact of batterer intervention programs and increased the monitoring of victim safety planning, as recommended in the 2017 evaluation.

New Mexico law enforcement reported almost 19 thousand domestic violence incidents in 2018 for a statewide rate that has declined just one-tenth of a percent in five years, although rates have increased in Bernalillo, Doña Ana, and Sandoval counties.

The report points out children witness a third of the incidents, and children who witness domestic violence are more likely to be abused and suffer life-changing trauma.

The number of children receiving services has dropped 20 percent over the last three years.

Early Childhood Funding Soars Over Eight Years

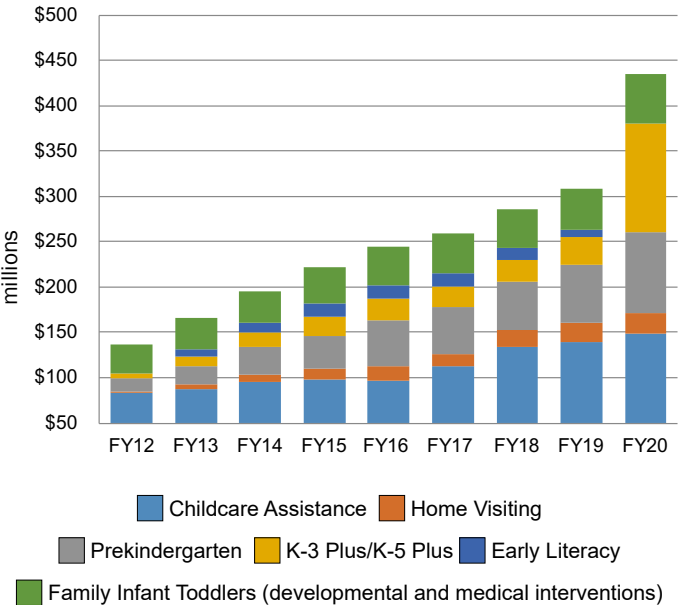
Spending on the state’s biggest early childhood programs has increased by 262 percent since FY12, with funding quadrupling this year alone for the extended school year program K-3 Plus, closely connected with closing the achievement gap between low- and high-performing students.

Legislators during the last session expanded the K-3 Plus program to include fourth and fifth grades and moved its funding into the public school formula, making it available on a voluntary basis statewide.

In addition to the increase for K-3 Plus, of note are the 80 percent increase between FY12 and FY20 for childcare assistance, which subsidizes care for families by paying a per-child amount to qualified providers; the tenfold increase in the parent education and support program called home visiting; and the nearly sixfold increase for prekindergarten.

Legislators during the 2019 session adopted a plan to create the new Early Childhood Education and Care Department to coordinate many early childhood services. That department, currently being planned and organized, has asked for a 50 percent increase in funding for FY21 it says it needs to expand childcare assistance, prekindergarten, and other programs. The Children, Youth and Families Department, which has been responsible for many early childhood programs, has asked for a 23 percent cut, although that reflects transfers to the new department. Adjusted for the transfers, CYFD is asking for an 18 percent increase.

Early Childhood Recurring Funding
FY12-FY20



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On the Table

Investment Fund up by a Third

The state general fund investment pool, the “checking account” for all incoming and outgoing general fund dollars that includes a portion invested by the State Treasurer, closed October 2019 with a balance of about \$4.2 billion, up almost 33 percent from the same month a year ago and 56 percent from two years ago. The improved balance reflects stronger-than-expected revenue in excess of appropriations.

Colleges Report Fewer Hours, More Awards

The number of degrees and other awards conferred by New Mexico colleges increased during the 2018-2019 school year but the number of student credit hours dropped, the Higher Education Department reports. In its budget request for FY21, the department says awards increased by 1.3 percent while hours dropped by 4.4 percent. The University of New Mexico saw the biggest decline in hours with a 6 percent decrease.

PED Gets \$40 Million for Literacy

The Public Education Department has received a \$40 million federal grant from the U.S. Department of Education to improve student literacy in New Mexico. The grant will provide \$8 million a year for five years to promote literacy from birth to 12th grade. The department plans to issue awards in FY20 to schools for intervention programs targeted at struggling students, professional development for teachers, and community initiatives that encourage parents to read to their children.

Electrical Co-Op Gets \$7M Federal Loan

The U.S. Department of Agriculture’s electric loan program awarded \$7.3 million to the Mora-San Miguel Electric Cooperative to build and improve 102 miles of distribution line. The loan includes \$83,380 for smart grid technologies.

Overall Crime Rates Down

While the violent crime rate in New Mexico increased between 2017 and 2018, a 12.6 percent drop in the property crime rate drove down the overall crime rate by 8.8 percent. New Mexico had the second largest decline in property crime rates in the region, outranked only by Utah, which saw a 14.4 percent drop. New Mexico’s 10 percent increase in the violent crime rate ran counter to a national decline of 3.6 percent.

Transitions

Tracy Hartzler, former higher education analyst for LFC, has been named president of Central New Mexico College. Former LFC analyst Eric Chenier has been named acting deputy secretary of the Health Department.

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