



# LFC Newsletter

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Representative Patricia Lundstrom, Chairwoman

Senator John Arthur Smith, Vice Chairman

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## From the Chairwoman Legacy

When the Great Recession slammed the United States about 10 years ago, the initial hit to New Mexico was partially masked by soaring oil and gas revenue. But it did eventually hit and budget drafters had to scramble to cut spending and sweep pockets of money into the general fund to cover basic services.

Little did we know that within five years, we'd be back in the scramble, this time trying to cover a revenue plunge driven by a bust in the oil industry. It took three rounds of cuts to get spending in line with income and some state services still have not fully recovered. Significantly, at one point the general fund reserve, the pot of money set aside in case of a revenue shortfall, was drained dry, a situation that is illegal in state law.

While the 2014 fiscal crisis was among the state's worst, it certainly wasn't the first time the state faced the consequences of a drop in oil and gas prices and won't be the last. In 2017, however, the Legislature responded by creating a cushion for the hard times.

Through a plan developed by the late Representative Larry Larrañaga, the state remade a rarely used fund for excess revenue into a true "rainy day" account. In oil and gas boom years, windfall revenue from the oil and gas industry is deposited into the tax stabilization reserve. When times are lean, that fund can be tapped, moderating the dramatic ups and downs of the revenue source.

The creation of New Mexico's first real rainy day fund, action the Pew Charitable Trusts said makes New Mexico a leader in managing the volatility of oil and gas revenue, will be a lasting legacy for Representative Larrañaga.

However, while the fund was the most widely noted of his accomplishments in news stories about his death earlier this month, Larry touched many New Mexicans throughout his life. Larry was well-connected, not in the sense of knowing important people but in the sense of having strong ties to many New Mexico regional, cultural, and business communities.

One of 13 siblings, Larry was raised on the family's Torrance County ranch, forever tying him to the land and the people who work it. A descendant of Basque immigrants, he led a contingent of the New Mexico Basque community to Spain. He was a former transportation secretary and talented highway engineer – a college professor once refused to recommend him for a job because he wanted Larrañaga to finish school instead – making him a valued member of that community as well. An Army veteran, successful businessman, popular legislator, and active member of his church, Larry built relationships with myriads of people throughout the state.

Larry's work stabilizing the state's finances will be lasting legacy to the state, but long after the public forgets who envisioned the rainy day fund, Larry will be remembered by these communities and the people of New Mexico.

*Representative Patricia Lundstrom  
Chairwoman*

## Guardianship Oversight Better But Still Open to Abuse

The Legislature changed state law and invested a million dollars in oversight of guardianship services for disabled adults since reports of client neglect and embezzlement emerged more than a year ago, but more reforms are needed to ensure clients are protected, LFC analysis indicates.

The U.S. Marshal's Office took control of the largest guardianship firm in the state in July 2017 after reports that Ayudando Guardian executives had purchased luxury cars, cruises, and other high-ticket items while some clients lived in substandard housing with little food.

The scandal exposed weaknesses in the state system for protecting vulnerable adults, including widespread failure to review cases, lack of transparency in the civil proceedings for placing a person in guardianship, and little oversight of guardians, conservators, and representative payees.

Progress made on system reforms will be the topic of a committee hearing scheduled for 3:30 p.m. on October 23.

In response to the recommendations of a Supreme-Court-created committee of guardians, attorneys, and family

members of the clients, the Administrative Office of the Courts and the State Auditor began an auditing program of all guardian and conservator cases submitted to the courts and all guardianship contracts entered into by the Development Disabilities Planning Council.

The courts are also cleaning up guardianship case records and have identified about 22,670 cases that need review to establish if the guardians are out of compliance with reporting requirements or the case is inactive.

In addition, a new state law requires more extensive reporting by guardians and conservators.

However, the LFC brief says, weak oversight of guardianship contractors by the disability council's Office of Guardianship continues. While the agency has hired two companies to oversee guardianship contracts, the contracts seem to duplicate State Auditor activities. Further, the executive director of Disability Rights New Mexico, one of the guardianship oversight contractors, serves on the Developmental Disabilities Planning Council, possibly a violation of the state procurement code.

## New Mexico Short on Teachers

The number of New Mexico college students studying education dropped in half between 2011 and 2015, while the number of graduates dropped by a third, an update of an LFC evaluation on teacher programs says.

[\*Progress Report: Teacher and School Leadership Preparation Programs\*](#), presented to the committee in September, concludes the drop in education students and graduates will exacerbate shortages in teachers and school administrators.

Educators Rising New Mexico, an organization based at New Mexico State University that promotes teacher education, reports New Mexico schools had 740 teacher vacancies during the 2017-2018 school year. More than half were in the central region, which includes Albuquerque and Rio Rancho, two of the three largest districts in the state.

One in three empty slots was for a special education teacher and about a quarter were for instructional assistants.

By grade level, about 40 percent of the vacancies were at elementary schools, almost 23 percent were at middle schools, and 27 percent were at high schools.

The LFC report says the shortage of teachers has led the Public Education Department to increasingly rely on alternative licensure, which provides a way for noneducation graduates to get a teacher's license. The alternative program provides a two-year, nonrenewable license to those with a bachelor's degree while the candidate completes required courses on teaching and licensing exams. The teacher has a mentor in the school and is evaluated under the state's regular teacher evaluation system.

In addition, colleges of education are providing education students with supervised classroom experiences that research shows enhance teacher recruitment and retention, but these opportunities could be expanded.

# Total Patient Cost Climbs Despite Drop in Daily Costs

While the cost of caring for a patient at the Behavioral Health Institute psychiatric hospital in Las Vegas dropped between 2014 and 2017, the cost per stay increased, partly because of the difficulty in releasing the patients safely, an LFC Evaluation Unit report says.

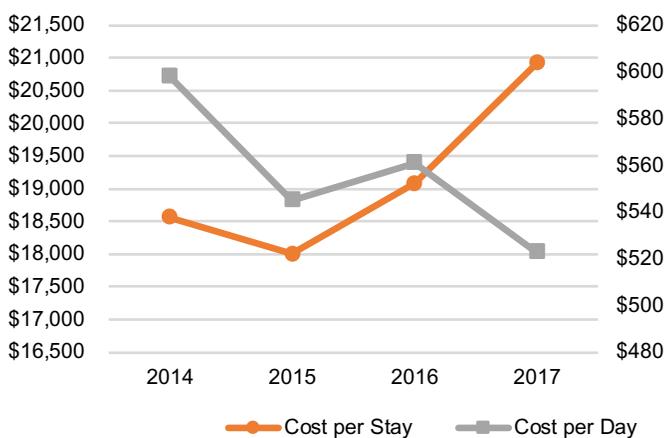
In [Health Notes: Cost, Use and Effectiveness of Inpatient Behavioral Health Services for Adults](#), staff report cost per day declined 13 percent and cost per stay increased 3 percent in those three years.

Institute staff say many of the up to 96 patients of the Adult Psychiatric Division have chronic severe mental health issues, and many have a history of violence toward healthcare workers.

Because of the risk of these patients becoming unstable again after discharge, they are hard to place in the community and may end up spending months or even years in the extended care unit of the division.

The division provides acute and extended care services for patients who are admitted both voluntarily and through a court order. Most of the patients have been found to present a likelihood of harm to themselves or others and are admitted for seven-day emergency health evaluations or 30-day civil court commitments.

**Adult Psychiatric Division Patient Costs**



Source: Behavioral Health Institute

## On the Table

### Oil Production Challenges Power Grid

Electric suppliers in the Permian Basin are struggling to keep up with the power demand of horizontal wells, *Bloomberg* reports. Demand in the Delaware portion, which includes the southeast corner of New Mexico, has doubled since 2015. Unlike the 30 kilowatt pump jacks that power vertical wells, horizontal wells with 1- or 2-mile lateral paths depend on submersible pumps that use about 300 kilowatts each.

### General Fund Balances Hit \$3 Billion

General fund balances held by the State Treasurer increased \$144 million in September for a total of \$3 billion, 65 percent more than a year ago. The annual gain is the second greatest in LFC documented history, and the percent change was the third highest in the last few years, eclipsed only by the gains in February and June 2018.

### Repeat Abuse Worse in Cibola, Sierra

Cibola and Sierra counties in July posted the highest rates of abused and neglected children who experienced additional maltreatment. The rate of repeat maltreatment was 21.5 percent in Cibola County and 27.4 percent in Sierra County. The state average was 14.6 percent. The national goal for repeat maltreatment is 6 percent.

### State Police Pay More Competitive

Targeted raises for state police in FY19 have made pay comparable, and higher in some cases, than salaries at the Albuquerque Police Department, a competitor for qualified officers. On average, second-year officers at APD are paid \$29 an hour and \$28 at DPS, sergeants at both agencies earn \$35, and lieutenants make \$40 at APD and \$42 at the State Police.

### DA Gets Half Million Grant

The 2nd Judicial District Attorney has received a \$500,000 grant from the U.S. Justice Department to implement a database to consolidate crime and offender data. The district attorney will work with the Department of Public Safety to develop a tool that will help identify and target criminal justice interventions.

### Transitions

LFC Program Evaluation Manager Jon Courtney will serve as vice chair of the National Legislative Program Evaluation Society's executive committee.

Manu Patel, former LFC deputy director, has retired as the University of New Mexico director of internal audit.

Trais Kilpui is leaving her position as director of the Office of Natural Resources Trustee to work for the New Mexico Oil and Gas Association.

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