



LFC Newsletter

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Senator John Arthur Smith, Chairman

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From the Chairman Package Deal

State agencies are understaffed and have been for a decade. Despite a steady increase in personnel funding, the number of state employees today is well below 2009 levels. There are simply too few parole officers to effectively monitor offenders, too few social workers to protect vulnerable children – simply too few people to take care of New Mexico's business.

Part of the shortage is by design, a conscious decision by administrations to not rebuild the workforce after cutbacks during two serious economic downturns. But turnover rates and a review of regional pay indicate the bigger factors are a poorly structured personnel system and unattractive compensation – the whole package of salary, benefits, insurance costs, and bottom-line, take-home pay.

Despite targeted salary increases for hard-to-fill positions and personnel system contortions that mean a quarter of employees are hired at rates outside the personnel structure and almost half of the state's nurses are classified as supervisors so they can be paid more, the state continues to struggle with vacancies and turnover. Almost 40 percent of new hires quit within a year and a third of state employees have less than five years of experience.

That's not to say salaries aren't a significant issue. New Mexico state employees' total pay is about the same as those at state agencies in nearby states, but take-home pay falls short, with New Mexico state employees losing a greater share of their total pay to deductions, particularly for health insurance. While employer and employee insurance costs together are about the same in New Mexico as in the region, New Mexico employees pay an average of \$3,000 a year in premiums, compared with the \$1,700 average for the region. Similarly, New Mexico state government, as an employer, spends disproportionately more for personnel on things that never make it into employees' pockets, particularly retirement benefits. Only Colorado spends more on pension contributions, and Colorado doesn't use the social security system.

The executive has been working on restructuring the personnel system to one based on occupation groups, which would provide equal pay for similar jobs across state government and allow the Legislature to more effectively target pay increases. But the revamp is in its sixth year and is still unfinished.

In addition, the state must not only fix its haphazard personnel system, it must also identify the compensation package that will attract qualified workers. Workforce trends show employees are more likely to change jobs than they were a generation ago, suggesting strong pension packages – and New Mexico's is very strong – aren't as attractive to today's workers as they were to their parents.

Finally, some jobs are hard to fill because the workers – especially teachers and healthcare workers – simply don't exist, and they aren't in the higher education pipeline. Clearly, rebuilding the workforce for some state services will need the collaborative effort of lawmakers, the state's colleges, and executive agencies.

New Mexicans deserve a government that actually works for them, that ensures critical services are provided effectively, whether that New Mexican is an elderly veteran in the care of Health Department or a new driver negotiating the Motor Vehicle Division system.

Senator John Arthur Smith
Chairman

Mexico Neighbor Struggles With Migrant Influx

Ciudad Juarez had spent \$300 thousand sheltering and assisting some 12 thousand migrants waiting for word on asylum in the United States by September, and the city an hour south of Las Cruces expects the United States to start sending them 300 more a day, the mayor says.

Armando Cabada is scheduled to be on a panel with a representative from the Mexico House of Representatives and a border economy expert at 10:30 a.m. October 4 during a committee hearing at the Santa Teresa border facilities.

The agenda for the LFC's October meeting on the southern border includes hearings on border security issues with Hidalgo County and the Department of Public Safety; drone demonstration by the Department of Homeland Security and Emergency Management; a visit to Puerto Palomas, Chihuahua; a tour of the Deming migrant shelter and hearing on migrants and asylum; and a discussion on border economic development with private and government experts.

Cabada told state officials the city has 30 employees and 15 police officers assigned to help the migrants, which include thousands of Cubans.

The city is working on installing 500 closed-circuit cameras, expanding and improving street lighting, and adding hundreds of police patrols to improve safety in the city, he said. While crime rates are down compared to the drug-war years, violence has started to creep up again over the last few years.

LFC analysis shows the number of migrants crossing the United States southern border between official crossings has dropped since June, although the nearly 800 thousand total for FY19 was a 129 percent increase over FY18.

The number started to grow in February, peaking at 130 thousand apprehensions in May, but June apprehensions were down about 30 percent, likely due to interventions in Mexico.

While unauthorized crossings increased along the entire southern border, LFC staff report the increase was most pronounced along the border with New Mexico and in the El Paso and Rio Grande Valley areas.

The jump in crossings was driven primarily by migrant families. While families represented about a quarter of apprehensions along the southern border in FY18, they made up more than half in FY19.

Health Insurance Costs Vary by Agency

The trifurcated delivery of health insurance to state-paid employees means some teachers pay twice as much as state agency employees for very similar plans, LFC analysis indicates.

In a [brief](#) prepared for a subcommittee hearing in August, LFC staff finds statutory and policy constraints mean a teacher under the Public School Insurance Authority, which covers all public school and some higher education employees except those in the Albuquerque Public Schools, may pay \$3,500 for a Blue Cross Blue Shield plan that is almost the same plan that costs a state employee covered under the General Services Department about \$1,500.

PSIA is mandated to cover at least 75 percent of the cost of insurance for an employee making less than \$15 thousand a year, while GSD can cover no more than 80 percent of the cost any employee's plan.

LFC analysis finds New Mexico is

the only state in the region that varies the employer share of insurance premiums based on employee income. Other states also provide a wider array of insurance options, with Colorado offering \$720 for a health savings account to employees choosing a high deductible plan and Oklahoma offering a fixed subsidy based on family size that covers the entire cost of the most basic plan.

The brief also notes New Mexico benefit costs have increased faster than salaries. While state employee salaries increased an average of 12.6 percent between 2013 and 2018, per-member medical spending increased by 43 percent.

The rapid increase in benefit costs has forced the state to absorb the healthcare cost at the expense of providing raises.

PSIA, GSD, and the Albuquerque Public Schools are all expected to have higher health insurance costs next year.

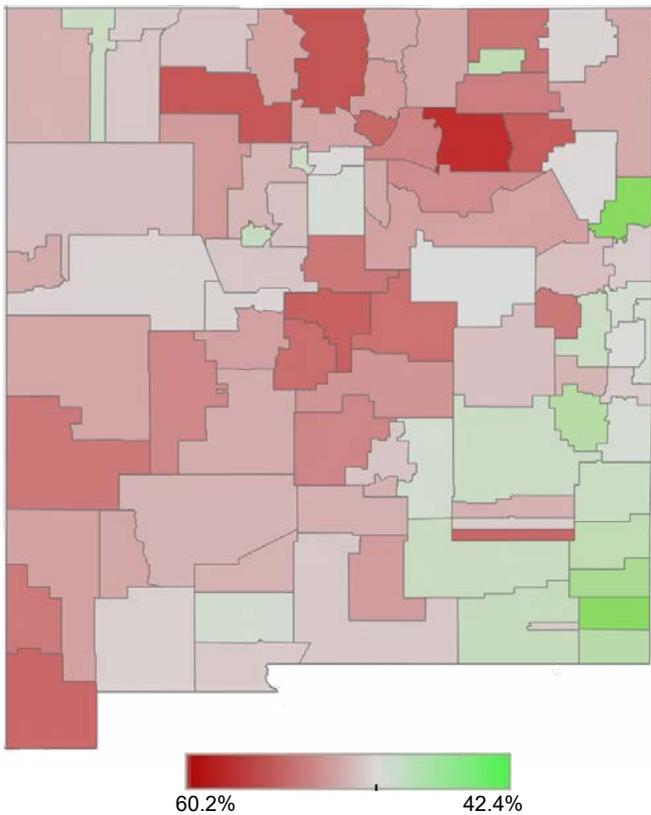
Enrollment Dropping in Most School Districts

Most New Mexico school districts have lower student enrollment today than they did a decade ago, even though the state's overall enrollment has increased slightly, LFC analysis shows.

Statewide enrollment increased by 1.2 percent, or 3,900 students, from FY09 to FY19, according to an [evaluation](#) of North Central New Mexico school districts. However, 75 percent of the state's school districts – 66 out of 89 districts – had lower enrollment in FY19 than FY09.

Most of the 23 school districts with higher enrollment were in the eastern or southeastern regions of the state, likely because of increased oil production in the Permian Basin.

**Change in School District Enrollment
FY09 to FY19**



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On the Table

Two-Thirds of Providers in Urban Areas

About half of Medicaid clients live in rural areas, but less than a third of licensed behavioral health providers in the state practice there, the U.S. Health and Human Services Department's inspector general has found. The inspector general recommends New Mexico expand its behavioral health workforce, increase options for transportation, and improve access to broadband Internet and the use of telehealth services. The Human Services Department is adding almost \$80 million, including \$12 million from the general fund, to Medicaid managed-care contracts in October to increase behavioral health provider payment rates.

NM College Grads Have Low Student Debt

New Mexico has the second lowest average student loan debt in the country, the Institute of College Access and Success finds in its annual report. For students who graduate with a bachelor's degree, the average amount of student debt is \$21,858.

Childcare Numbers, Costs Increase

The number of children receiving subsidies through the state Childcare Assistance Program grew by 2 percent in August, to 19,980 from 19,737 in July. The average monthly cost per child also increased in August, to \$599 from \$565 in FY19.

Las Cruces Schools Plan Replacement

Las Cruces Public Schools have asked the Public School Capital Outlay Council for \$35 million to replace Columbia Elementary School, plagued with construction-related mold and flooding issues. Engineering reports recommended repairs rather than replacement. The district closed the school in 2018 and moved the students to Centennial High School.

Proposal Would Knock 12,000 Off SNAP

A proposed federal rule eliminating a specific eligibility category for Supplemental Nutrition Assistance Program food stamps would result in more than 12 thousand New Mexicans losing benefits, including 6,639 single parents and 5,607 children, the Human Services Department reports. The proposal concerning "broad-based categorical eligibility" would also make it more difficult for children to qualify for free public school lunches.

In a related issue, Governor Michelle Lujan Grisham has joined governors from 16 other states in a letter to the U.S. Department of Agriculture opposing a plan that would prohibit states from expanding SNAP eligibility over the federal income baseline, 130 percent of the federal poverty level, or \$2,113 a month for a family of three. HSD currently provides food benefits to families earning up to 165 percent of the federal poverty level.

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