



# LFC Newsletter

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## From the Chairwoman Abuzz

Talk about the budget became decidedly more animated when legislators learned the state is expected to have \$1.4 billion in “new money” available for expanded spending in the budget year that starts July 2022. That much money draws a lot of people to the table, many with good ideas for investing in the people, communities, and future of New Mexico. But it’s important to remember spending more money doesn’t always turn out the way it was intended.

An extra \$100 million is available this year for childcare subsidies but the investment has failed to move more children into the high-quality centers that can make a life-long difference. Similarly, despite expanded spending on the new-family supports program known as home visits, expansion efforts have been scattered instead of focused on the most effective programs and enrollment has been limited, partly because there are simply not enough providers.

Poor implementation of a substance use disorder intervention for inmates—a program with demonstrated success in other states—forced New Mexico to abandon the program and start over. And, in just one example of the state investing capital outlay into infrastructure without an operating plan, the state bought the historic Los Luceros property near Velarde, built a new visitor center and youth film training school facility, and the site remains mostly closed, its historic orchards in decline.

Finally, in one of the better known recent cases of idle money, more than \$200 million intended for additional school days and hours in the public schools this year, partly intended to help schools recover learning time lost to the pandemic, will instead go to the public education reform fund because many education administrators continue to resist the program.

New Mexico has higher poverty rates than most states, higher rates of alcoholism and drug use, poorer outcomes for children, and poorer health outcomes in general. Even in a year with relatively strong revenues, we struggle to meet the needs of all New Mexicans. Planning spending is easier in a flush year than during an economic downturn—no doubt—but before we spend all that new money on shiny new programs, let’s shore up existing systems and ensure New Mexico’s financial foundation remains sound. Then we can look to carefully crafted plans for new or expanded services.

**Representative Patty Lundstrom**  
Chairwoman

## Delays Add Millions to Cost of Medicaid Project

Since initiated in December 2013, the cost of the Medicaid data system replacement has increased to \$350 million and the completion date has been pushed back seven years, LFC staff report.

In a [brief](#) prepared for the committee’s August hearing, staff note the project—the Medicaid management information system replacement, or MMIS—was expected to be completed by 2019, but in 2018, the completion date was pushed to 2021. It was pushed back again in April to 2026.

The Human Services Department in 2016 estimated total costs of \$175.8 million, but increased the estimate to \$194.3 million in August 2018 and to \$221.2 million in 2019. The department put the cost of ownership at \$350 million at an August hearing.

The state’s share of cost is \$22 million, with the federal government expected to cover 90 percent of the cost, but \$76.7 million in federal funding for the project is at risk, partly because the

state is also seeking federal funding for the state’s child welfare database. About \$28 million for the child welfare system is also at risk.

A one-year delay in contracting a system integration vendor resulted in “cascading impacts” to the project schedule, the brief says, resulting in the latest five-year extension on the completion date.

The department reports some federal approvals have been delayed by federal agency concerns with costs, budgets, and procurement processes.

The new data system for the state Medicaid program, which serves more than 40 percent of New Mexicans at a cost of nearly \$7 billion a year, is expected to comply with the requirements of the federal Health and Human Services 2020 initiative.

Those requirements include integration with the data systems for child welfare, child support, and systems in the Health and Aging and Long-Term Care departments.

## Differing District Responses Raise Concerns

The share of public elementary school students performing at grade level likely dropped by at least 15 percent in the 2020-2021 school year, but public school efforts to help students catch up are erratic, raising potential for inequity.

Because standardized testing was waived in 2020 and optional in 2021, data on student performance is incomplete; however, LFC staff report in *Spotlight: Address the Covid Slide*, scheduled to be presented to the committee at 8:30 a.m. on September 22, only 31 percent of New Mexico elementary school students are now learning at grade level, compared with almost 37 percent prepandemic.

Seventeen school districts and six charter schools reported their students did not experience any declines in student achievement, although that assertion is hard to verify because of skimpy testing data and testing irregularities.

“Due to unprecedented levels of state and federal funding ... , districts have the opportunity and resources to provide their students with the extra time, tutoring, and innovative teaching neces-

sary to help ameliorate the pandemic’s academic effects. However, districts are not equally choosing to use the resources available to them,” the report says.

Only about half of the state’s 89 school districts are participating in extended learning opportunities provided by the state—some districts have dropped out of the programs—and even though all districts are legally required to submit a plan for addressing learning loss, 14 did not.

Similarly, while a few districts are devoting substantial federal dollars to address missed learning, other districts are spending the minimum required.

The report recommends the Legislature mandate all districts participate in Extended Learning Time, which adds 10 days to the school year. It further recommends the department mandate districts with the highest rates of students at risk of failure participate in K-5 Plus, which adds 25 days.

In addition, the Public Education Department should work with school districts on implementation of the extended learning options to allow for additional flexibility.

# New Mexico Underuses Effective Drug Court Option

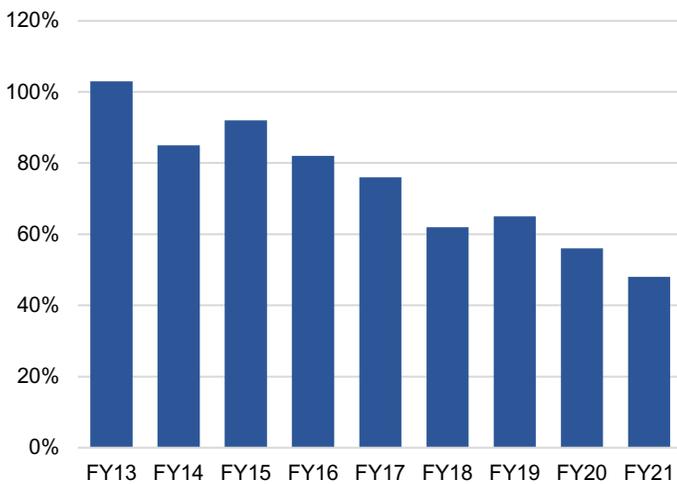
Despite the demonstrated effectiveness of drug courts as an alternative to incarceration for drug offenders, the system is only half full statewide and referrals by district attorneys dropped 13 percent between FY19 and FY20.

The number of inmates admitted to the prison system for drug-possession offenses increased by 18 percent over the last decade.

A 2019 analysis of Corrections Department data indicated substance use disorder treatment was the most needed service for those on probation and parole, with 70 percent of those under supervision likely in need of support.

New Mexico's three-year recidivism rate was 54 percent in FY19 and FY20, with substance abuse and parole revocations for technical violations driving the high rates of return to prison after release.

**Percent of Drug Court Capacity Filled**  
Active Participants on June 30



Source: Administrative Office of the Court

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## On the Table

### Luna Leads State in Unemployment

At 14.3 percent, Luna County had New Mexico's highest unemployment rate in July, followed by Lea and McKinley counties (both at 10.3 percent). Los Alamos County had the lowest unemployment rate in the state, at 3.5 percent. Union County had the next lowest unemployment rate (4.9 percent). Lea County had the largest over-the-year decrease in unemployment rate, with a 9.1 percentage point decrease. New Mexico's seasonally adjusted rate was 7.6 percent in July, compared with 7.9 percent in June and a national rate of 5.4 percent.

### Prison Population Down Slightly

New Mexico's prison population fell again in August, with prisons holding an average of 5,794 inmates (5,266 men and 528 women), a 0.6 percent decrease compared with July and a 7.2 percent decrease compared with August 2020. The Sentencing Commission is projecting small increases in prison populations over the coming years despite recent downward trends, based partially on the expectation prison admissions will increase once court activity resumes after significant reductions during the Covid-19 pandemic.

### State Police Arrest Felons, Recover Vehicles

In the first three weeks of surge operations in the Albuquerque area, State Police report officers issued 1,513 citations, made 67 misdemeanor, 93 felony and 21 DWI arrests, and recovered 13 stolen vehicles. The Albuquerque Police Department has reported an overall 6 percent drop in crimes for the first half of 2021 compared with the first half of 2020 and a decline of 20 percent from 2018. Property crimes are down 9 percent compared with the same period last year; however, crimes against people (assault, kidnapping, sex offenses, etc.) were up 1 percent, although down 1 percent compared with 2018.

### No-Test Grad Requirements Continue

Due to pandemic-related interruptions to standardized testing, the Public Education Department announced to public schools that 2022 and 2023 high school graduates can graduate by passing required coursework, as allowed for the class of 2021. Analysis suggests the relaxed standards could impact college and career readiness.

### Transitions

Ismael Torres has been promoted to chief economist for LFC, replacing Dawn Iglesias, who is moving to the state Senate. New Mexico Junior College President Kelvin Sharp will retire in February after more than five years at the school. PED has appointed Stan Rounds, executive director of the New Mexico Coalition of Educational Leaders, to serve as the governing board for Floyd Municipal Schools.

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