



LFC Newsletter

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Legislative Finance Committee

Senator John Arthur Smith, Chairman

Representative Luciano "Lucky" Varela, Vice Chairman

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From the Chairman

Good Example

A U.S. Congress facing overwhelming deficits would do well to follow the example of New Mexico. When the recession hit and state revenue dropped 20 percent in two years, both parties in the Legislature worked with the executive to overcome the \$1.2 billion loss. The latest recession-era budget for FY13 passed unanimously in the House and nearly unanimously in the Senate.

Scrambling, legislative budget drafters cut spending, raised some one-time money, and swept up idle capital outlay and other funds. State services took a hit – and some have yet to recover – but the blow was softened by legislative action and a temporary infusion of federal funds.

The committee and its staff were largely responsible for the hard work and creativity that carried New Mexico through the crisis – the LFC staff has received national honors partly for its efforts during the budget crisis – but it was the shared sense of responsibility and sacrifice that was key to the state's success.

If either the executive or the opposition party had decided to dig in their heels over ideology, they would have tied the state up in knots, strangling all New Mexicans in the process.

Congress has the tools to overcome what seems to be an insurmountable budget crisis but both sides will need to participate in the solution.

Senator John Arthur Smith
Chairman

Turnover, Lack of Resources Hinder MVD Services

Outdated technology, high management turnover, staff shortages and a stagnant motor vehicle code make it hard for the Motor Vehicle Division to provide effective services, an LFC evaluation concludes.

The division handles more than 2.5 million transactions a year and generates over \$350 million in revenue, but employees are paid less than their peers and get no formal training, the review says.

The committee is scheduled to hear the report at 8:30 a.m. on October 24.

The division has reduced the average wait-time in its field offices from about 37 minutes in FY11 to 25 minutes in FY12, but customers are still frustrated by having to make multiple trips for the same transaction and the division's inability to accept Visa credit cards.

The report notes the division has had 10 directors in the last 12 years, including three in the last three years. The high turnover has led to numerous interruptions to projects, a lack of consistent planning and low staff morale.

Staff are paid less than the regional average and staffing levels are down more than 9 percent since FY10, although some of those positions are being filled with temporary workers.

The division has had no regular, systemwide, formal training since the training unit was abolished four years ago.

An IBM evaluation of its computer needs, conducted five years ago, labeled the division's vehicle and driver information systems the worst in the country, with problems including a lack of security.

The current managers have made re-engineering the computer system and expanding online services a top priority, the LFC report says.

The evaluation notes that although MVD is one of the largest retail operations in the state, it has no information on the cost of its transactions.

However, the division is starting to estimate those costs. The division is also working on a way to accept Visa credit cards in field offices.

Although it accepts Visa credit cards online, it cannot accept the card in field offices because the credit card company prohibits government agencies from passing on the \$1.25 in face-to-face transactions.

The division also plans to have additional services – drivers' license renewal, citation payments and temporary license tags acquisition – available online by the end of this year.

The LFC report also repeats findings from a 2001 evaluation that found the need to update the Motor Vehicle Code.

The division's fee structure is set in law in the code and is complicated and out-of-date, the report says.

Millions To Stem Substance Abuse Fails To Close Gaps

New Mexico spends hundreds of millions of dollars on behavioral health care every year but still has among the worst rates in the nation for drug overdoses, alcohol addiction, and suicides, an LFC hearing brief says.

The head of the Behavioral Health Purchasing Collaborative is among those scheduled to speak at a hearing on the substance abuse crisis in New Mexico scheduled for 10:30 a.m. on October 26. The committee is also scheduled to hear from the statewide drug-court coordinator and a Department of Finance and Administration manager about county-level anti-DWI efforts.

The collaborative, which recently released a substance abuse strategic

plan, spent almost \$400 million in FY12.

LFC staff note that the collaborative, an interagency effort created to improve services, has been in place for seven years but the state still has gaps in care and little information on how clients fare after receiving substance abuse services.

The collaborative's 2013 strategic plan calls for increasing the number of intensive outpatient providers.

On the local level, county governments spend \$15 million to \$20 million a year in liquor excise tax revenues on DWI prevention efforts, the Local Government Division reports.

While the counties have had to do little planning or evaluation of those

efforts, the Local Government Division is working with the Department of Health to improve reporting and accountability.

The state spends another some \$8 million a year on special courts for drug offenders and drunken drivers.

National studies have shown that drug courts, where offenders are diverted from jail sentences and channeled into treatment, save money and reduce repeat offenses.

The Administrative Office of the Courts is in the process of overhauling its evaluation process for drug courts.

LFC evaluation staff plan to release an indepth review of the New Mexico's behavioral health services in April 2013.

MVD Wait-Times Better But Complaints Continue

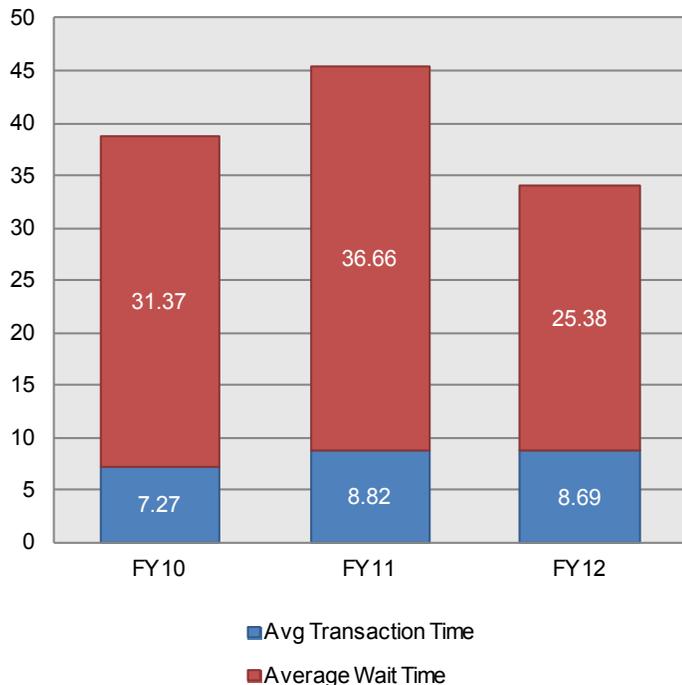
Motor Vehicle Division staff have cut about 11 minutes from field office wait-times for customers but customers still have to wait longer than they did before staff and resources were cut because of the recession, according to the division.

Wait-times rose in FY11 because of staff reductions but dropped in FY12 after MVD pumped \$1 million into hiring staff from a temporary worker agency, the evaluation shows.

The evaluation also says the division also does not track the number of times a customer must return to the MVD to complete a transaction. A 2010 customer satisfaction survey revealed that 17 percent of state MVD office customers, 15 percent of municipal office customers and 9 percent of private retail agent customers reported they had to make at least two trips to an office to resolve an MVD issue.

MVD staff have also reduced wait-times for customers to the division call center but still lose about a quarter of the calls to hang-ups. Callers wait an average seven minutes for an agent to help them and the actual transaction takes about three and half minutes. Most callers don't wait past two minutes and 20 seconds.

MVD Customer Wait-Times
(in minutes)



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On the Table

State Treasurer's Balance Up

The State Treasurer's general fund balance in August was \$1.8 billion, up \$480 million over August 2011.

NM Unemployment Rate Steady

New Mexico's unemployment rate dropped a 10th of a percent in September, to 6.4 percent from 6.5 percent in August. The rate is down a full percentage point from a year ago.

State Utility Bill Expected To Increase

The city of Santa Fe, which is phasing in an increase in sewer rates over the next three years, is also increasing water rates 8.2 percent in January. The General Services Department, which pays the utility bills for state-owned buildings, is asking for a 10 percent increase for utilities for FY14, compared with FY12 actual spending.

Effort To Reclaim Block Grant Fails

The U.S. Department of Housing and Urban Development has denied a state request for restoration of an unexpected \$6 million cut in community development block grant funds. The Department of Finance and Administration, which initially thought the cut was a calculation error, fought for a year to have the funds restored. The department has \$9 million in the block grants.

Medicaid Match Rate Up

An increase in New Mexico's matching rate for federal Medicaid funds of less than two-tenths of a percent is expected to save the state \$10.6 million in FY14. The Federal Funds Information for States reported New Mexico's rate for FY14 is expected to increase from 69.07 percent to 69.20 percent. The matching rate is calculated using a three-year average of state per capita personal income compared with the national average.

Cash, Food Assistance Cases Up

The Human Services Department reports the state had 17,025 Temporary Assistance for Needy Families cash assistance cases in August, an increase of 173 cases over July but still down about 14 percent from August 2011. The Supplemental Nutritional Assistance Program caseload was 196,232 in August 2012, a historical high. SNAP cases were up 5.1 percent from August 2011.

Supplemental Sources Keep Rio Grande Wet

The Rio Grande would be dry through Albuquerque without imported San Juan-Chama diversion water. Measurements near Los Alamos for the 2011-2012 water year show native water in the river was under 50 percent of the long-term average. Even with the San Juan/Chama water, Elephant Butte Reservoir, the river's largest reservoir, is at 5 percent of capacity.

Transitions

Ron Curry, former New Mexico environment secretary, is the new regional director of the U.S. Environmental Protection Agency, overseeing Texas, New Mexico, Arkansas, Oklahoma and Louisiana.

Joshua Chavez, an LFC summer intern and recent graduate of Swarthmore College, has joined the Senate Majority Office as a leadership analyst.

LFC's Program Evaluation unit has received an Impact Award from the National Legislative Program Evaluation Society for its report on the University of New Mexico and New Mexico State University.