Tuesday, October 29th
The following members and designees were present on Tuesday, October 29, 2019: Chairman John Arthur Smith; Vice Chairwoman Patricia A. Lundstrom; Senators Clemente Sanchez, Steven P. Neville, William F. Burt, George K. Muñoz, Mary Kay Papen, James P. White, and Pete Campos; and Representatives Roberto “Bobby” J. Gonzales, Jason C. Harper, Melanie A. Stansbury, Gail Armstrong, Rodolfo “Rudy” Martinez, Candie Sweetser, and Randal S. Crowder. Guest legislators: Representatives Phelps Anderson, Harry Garcia, and Jim R. Trujillo.

Public School Support (993) Preview of FY21 Appropriation Request. Ryan Stewart, secretary designee of the Public Education Department (PED), said the Legislature increased state equalization guarantee funding 16 percent in FY20, raising teacher salaries, extending instructional time, and boosting spending on low-income students.

PED’s vision is to have students engaged in a culturally and linguistically responsive educational system that meets the social, emotional, and academic needs of all students. Mr. Stewart said PED is implementing four strategies to achieve its mission. First, the agency is administering an educational system that benefits the whole child, comprising bilingual multicultural education programs, educator and administrator development programs, indigenous education initiatives, curriculum and early literacy interventions, and special education programs. Second, PED is developing a vibrant educator ecosystem through salary increases, early career teacher professional development and mentoring programs, educational leadership development programs, educator recruitment, retention, and evaluation initiatives, teacher supply funds, and teacher residency programs. Third, PED is ensuring equitable access to educational opportunities for students and families through K-5 Plus and extended learning programs, community school development, at-risk program funding increases, student and struggling school supports, and End Childhood Hunger initiatives. Lastly, PED is aligning college and career pathways with the profile of a New Mexico graduate by providing college application supports, dual credit, and academic advising, administering science, technology, engineering, arts, and mathematics (STEAM) programs, engaging families, educators, and communities, administering career and technical education programs, and providing instructional materials for dual credit courses.

Mr. Stewart said PED is working closely with regional education cooperatives to increase its presence in the field and be actively engaged with schools.

Charles Sallee, deputy director of LFC, said the Legislature increased public education funding substantially in FY20, following the Yazzie and Martinez consolidated case ruling. The state was ordered to take immediate steps to ensure schools have the resources necessary and provide all students with a uniform and sufficient education that prepares them for college and careers. According to current test scores, proficiency rates are increasing but still low.
For FY20, the legislature approved a public education funding formula with a $491 million, or 19 percent, increase in formula funding. The new formula achieved a number of goals, including expanding K-5 Plus and extended learning programs, raising teacher salaries, increasing funding for at-risk students, increasing funding for instructional materials, and establishing rural population funding.

The funding formula is based on enrollment. For those school districts with declining enrollment, Mr. Sallee said the increased funding is masking shrinking budgets. Because the funding is discretionary, not all school districts in FY20 took advantage of the amount available for extended learning and K-5 Plus; however, other elements of the formula were implemented across school districts. Amounts made available for teacher salaries almost equal to the amounts made available for at-risk initiatives. Mr. Sallee said a school district would have had to implement huge salary increases to erode the available funding for at-risk initiatives.

Program Evaluation Manager Micaela Fischer said LFC staff reviewed school district FY20 budgets. On average, school districts budgeted a 24 percent increase across the various spending categories. The PED, LFC, and Legislative Education Study Committee consensus estimate for teacher salary increases was $116 million, or a 9 percent increase over the $1.3 billion that school districts and charters spent on teacher salaries and benefits in FY19. The estimate included considerations for raises, fringe benefit increases, and funding needed to bring vacant positions to new minimums. On average, school districts implemented 10 percent salary increases for returning teachers; however, some school districts budgeted a much higher percentage over FY19. For example, Albuquerque Public Schools implemented salary increases averaging 11 percent, but the district’s budget for salaries was a 17 percent increase over FY19. Deming Public Schools implemented salary increases averaging 12.3 percent, but the district’s budget for salaries was a 42 percent increase over FY19. LFC staff found that some school districts had adjusted their total number of budgeted teacher FTE and the number of vacant positions they budgeted for.

Ms. Fischer said the FY20 legislative appropriation provided for $113.2 million in increased formula funding for at-risk students by nearly doubling the value of at-risk students in the funding formula. It is unclear from budget submissions how school districts plan to spend the increase, or any of the total $252.8 million of at-risk funding. Thirty million dollars was included in formal allocations for instructional materials in FY20, a $17.5 million, or 240 percent, increase over FY19. Despite the new infusion, statewide, school districts and charters budgeted $16.9 million for textbooks in FY20. It is unclear where school districts budgeted the remainder of the appropriations for instructional materials. Additionally, school districts and charters will receive an extra $26.5 million in nonrecurring, special appropriation for instructional materials.

Some school districts are successfully administering K-5 Plus and extended early learning programs while others are struggling to implement due to low participation. To increase local participation, Mr. Sallee recommended the Legislature consider clarifying program requirements in House Bill 2, using education reform funds to provide schools a “bridge” to full formula funding, and using education reform funds to pilot other extended learning programs for rural schools, schools that serve high numbers of Native American students, and middle/high schools.
Mr. Sallee said school districts do not have a way to budget unrestricted cash balances. School districts and charters instead must budget the carry-over cash into one or more operational line item. Mr. Sallee recommends reimposing cash balance minimums and limits.

In response to Vice Chairwoman Lundstrom, Mr. Stewart said PED is engaging superintendents to ensure funding appropriated for at-risk students is in fact used for at-risk students. Vice Chairwoman Lundstrom requested PED report to the House Appropriations and Finance Committee in January how the agency is measuring the success of increased investments in public education.

Vice Chairwoman Lundstrom requested a statement on current unrestricted cash balances of school districts.

**New Mexico Corrections Department (770) Preview of FY21 Appropriation Request.** Giving a brief overview of the agency, Secretary Alisha Tafoya Lucero said probation and parole supervision programs of the New Mexico Corrections Department (NMCD) are operated by five regional divisions. New Mexico’s probation and parole population is over 16 thousand. NMCD’s Adult Prisons Division oversees 11 prisons in the state, six public and five private.

Secretary Tafoya Lucero said NMCD requests $346.9 million from the general fund for FY21, a $22.8 million increase over FY20. By program, the agency requests $293.3 million for Inmate Management and Control, an $18.3 million increase over FY20. The requested increase includes $10 million to cover increased medical and pharmaceutical costs, $49 million to fund the base budget of the Clayton facility conversion from private to public, and $1.5 million to replace over-estimated revenue from permanent fund distributions. NMCD requests $14.1 million for Program Support, a $934 thousand increase over FY20. The agency requests the increase to fully fund its IT Bureau. NMCD requests $39.6 million for Community Offender Management, a $3.6 million increase over FY20. The request includes $2.3 million to increase transitional living services, $656 thousand to fund balance replacement, and $459 thousand to reduce the vacancy rate and increase targeted salaries.

NMCD requests $10.9 million from other state funds for FY21, flat with FY20.

Reporting on current activity, NMCD Budget Director Ed Smith said NMCD’s training academy produced 127 correctional and probation officers in FY19. The FY19 audit will be submitted timely and will again be an unqualified opinion. The offender management system project is in progress. The new system is expected to go live at the end of 2020.

Vice Chairwoman Lundstrom asked how NMCD will address the high vacancy rate at the Clayton facility when it becomes a public facility. Secretary Tafoya Lucero said rapid hire events have been an effective tool in NMCD’s recruitment efforts. The agency filled all noncustody positions at its July event. The majority of correctional officers currently at the facility plan on staying.

In response to Vice Chairwoman Lundstrom, David Selvage, administrator of the Health Services Bureau of NMCD, said the price of hepatitis C treatment is declining, currently averaging $21 thousand per course of treatment. The federal 340B drug pricing program could provide additional
cost savings. NMCD is able to treat only a small portion of the average 3,000 inmates infected. Many inmates are infected with chronic hepatitis C. LFC Director David Abbey said NMCD is requesting a $30 million special appropriation to treat more infected inmates.

In response to Senator Sanchez, Director Abbey said the town of Clayton built the prison facility in 2007, then leased it to the General Services Department. Clayton is working to sell the facility to GSD.

In response to Representative Anderson, Secretary Tafoya Lucero said statistics show inmates who participate in educational programs are less likely to recidivate. NMCD is working to expand its educational program for inmates and building a recidivism reduction bureau that will provide re-entry services.

**LFC Progress Report: Corrections Department Capital Outlay.** LFC Program Evaluator Brian Hoffmeister presented a progress report on New Mexico Corrections Department (NMCD) capital outlay. The 2014 LFC evaluation of capital outlay at New Mexico’s prisons found the facilities were outlasting their planned useful life, contributing to growing maintenance requirements. LFC staff pointed to the need for a master plan to repair or replace increasingly outdated and inefficient inmate housing. The evaluation estimated it would be more cost effective to build a new medium-security housing unit than continue maintaining current ones, a finding that remains relevant in 2019.

Changes in prison population trends since the initial report are bringing this issue into focus again, with a 5 percent decrease in inmates between FY18 and FY19 and a recent legal settlement that places new requirements on inmate living space having new implications for NMCD’s future facility and operating costs. Deferred maintenance needs are approaching $300 million and will continue to grow as the average prison facility is over 40 years old.

Issues with project oversight have been alleviated by improvements at the General Services Department (GSD); however, NMCD still lacks a long-term facility plan and facilities are getting older with more and more deferred maintenance. Of the six key recommendations for NMCD made in the 2014 evaluation, one has been fully implemented, three are progressing, and two remain outstanding.

**Criminal Justice Reform Subcommittee Recommendations.** Representative Daymon Ely said House Bill 267, signed into law this year, tasks the New Mexico Sentencing Commission (NMSC) with creating a data-sharing network aimed at making it easier for police, prosecutors and other agencies to track offenders who use aliases or commit crimes in different communities throughout the state. The bill is one of several aimed to reform New Mexico’s criminal justice system. Representative Ely said he agrees with LFC staff findings and recommendations for criminal justice reform: the system should be data driven, evidence based, and effective. Also, it should deliver swift and certain justice and reduce recidivism. Representative Ely presented a brief on the progress of House Bill 267, including the structure being built and funding requests.

Representative Dayan Hochman-Vigil urged legislators to consider funding requests that support state initiatives for criminal justice reform.
In response to Senator White, Karl Brooks, deputy director of the Administrative Office of the Courts, said funding for a data sharing platform will be requested in the upcoming session.

**Department of Health (665) Preview of FY21 Appropriation Request.** Kathy Kunkel, secretary of the Department of Health (DOH), said the agency’s strategic plan and the state health improvement plan work together to promote health and wellness, improve health outcomes, and assure safety net services for all people in New Mexico.

For FY21, DOH requests $327.7 million from the general fund, a $34.4 million increase over FY20. Secretary Kunkel said the increase supports four priorities: eliminate the 13.5-year DD Waiver waiting list, improve public health, improve the oversight and quality of care in New Mexico’s boarding homes, hospitals, crisis triage centers, and other facilities, and improve safety net services for the elderly, veterans, and others in DOH facilities and community programs.

Secretary Kunkel said 5,064 individuals are currently on the DD waiver wait list, with an average wait time of 13.5 years. DOH’s requested increase includes $7.5 million for DD and Mi Via Medicaid waivers, $1.4 million for a waiver waiting list tool, and $5 million for a new community supports waiver. The new waiver program will serve 2,000 individuals in their first year on the wait list. The increase also includes $9.8 million to increase provider rates according to the most recent rate study, which recommended an additional $15.2 million to appropriately compensate providers.

Reporting on other programs, Secretary Kunkel said DOH’s budget request includes an increase for the Family, Infant, Toddler (FIT) program. FIT served 16 thousand children and their families in FY19. The program is experiencing an average annual growth rate of 5 percent. FIT will be transferred to the Early Childhood Education and Care Department in the coming months. Additional resources are also requested for the public health, epidemiology and response, and laboratory programs, including $400 thousand for syringe services, $450 thousand to expand medication assisted treatment in the public health regions, and $200 thousand to prevent neonatal abstinence syndrome.

In response to Representative Crowder, Acting Deputy Secretary Eric Chenier said about 1,300 children on the DD waiver list are eligible for the early and periodic screening, diagnostic and treatment (EPSDT) benefit, which provides comprehensive and preventive health care services for children under age 21 who are enrolled in Medicaid.

In response to Senator Muñoz, State Epidemiologist Michael Landen, MD, said New Mexico leads the nation in the number of alcohol-attributed deaths. Alaska’s alcohol-attributed death rate used to be as high as New Mexico’s, but it decreased when the state raised the alcohol tax. Dr. Landen said alcohol needs to become less available in New Mexico to reduce the number of alcohol-attributed deaths.

In response to Senator Muñoz, Secretary Kunkel said DOH is drafting tobacco legislation that addresses vaping.
New Mexico Guardianship Update. Alice Liu McCoy, executive director of the Developmental Disabilities Planning Council-Office of Guardianship (DDPC-OOG), gave an overview of the statewide, publicly funded program for guardians of last resort for income and resource-eligible incapacitated adults when there are no less restrictive forms of intervention, such as a power of attorney or a decision maker designated under an advance directive. Guardianship includes the appointment of a guardian as a surrogate decision-maker for adults with limited capacity to make or communicate decisions. The program provides legal services for guardianship court proceeding through contracts with attorneys, guardian ad litem, and court visitors. The program also provides trained mental health treatment guardians for appointment by the courts for individuals with mental illness.

Director McCoy said DDPC-OOG currently has 25 professional guardian contractors handling about 960 cases. The office expects 100 new cases by end of this year. A sample cost per case was provided.

Reporting on current issues, Director McCoy said inaccurate budget projections in the past resulted in extensive wait lists, large general fund reversions, and ballooning DDPC-OOG funds; however, projections are now significantly more accurate. In FY19, the wait list decreased and the general fund reversion was small. According to FY20 projections, DDPC-OOG will have a budget shortfall. The office has already halted new case assignments for FY20, which will grow the wait list drastically. The office anticipates DDPC-OOG funds will be depleted by early FY21. Without a significant budget increase, DDPC-OOG expects very few new case assignments in the foreseeable future.

Director McCoy made recommendations for the program to maximize resources:

- Collaborate with state agencies to build comprehensive, sustainable community-based supports to adequately serve New Mexicans living with disabilities,
- Educate the public, guardianship professionals, and the courts on least restrictive options and alternatives to guardianship,
- Connect New Mexicans seeking guardianship with least restrictive options, including alternatives to guardianship,
- Evaluate guardianship needs of clients to ensure quality contractor service and appropriate level of guardianship,
- Empower clients to graduate from guardianship when appropriate, and
- Partner with the courts on a pilot program to monitor guardians and other substitute decision makers.

In response to Representative Gonzales, Director McCoy said the professional guardian contractors must be certified with the National Guardianship Association and be able to meet the scope of work in the contract.

Renewable Energy Transmission Authority. Reporting on current projects, Robert Busch, chairman of the Renewable Energy Transmission Authority (RETA), said construction of the Western Spirit transmission line will start soon. When completed, the 140-mile-long transmission line will collect renewable power from wind-rich central New Mexico and deliver approximately
800 megawatts (MW) of power to the existing grid in northwestern New Mexico. The project costs $400 million.

Chairman Busch said RETA secured a contractor to study New Mexico’s full potential for renewable energy transmission and storage. To date, New Mexico and private partner investments in renewable energy total $1.5 billion. Chairman Busch said the state has potential to generate 25 thousand MW of power from wind but needs the infrastructure to do it.

Chairman Busch said RETA requested a $450 thousand special appropriation for FY21 to cover operational expenses, including personal services and employee benefits for a director and engineer. The quasi-governmental agency expects to be self-fund by FY22.

In response to Representative Anderson, Chairman Busch said RETA is open to working with the Legislature on renewable energy taxation; however, it is too soon for its implementation. Chairman Busch explained that companies need long lead times to understand what is expected so policies can be built into their models and finances.

In response to Senator Sanchez, Chairman Busch said about 1,000 MG can power one million homes.

The New Mexico Public Regulation Commission approved SunZia’s right of way width filing for its transmission line project but not the location. Representative Crowder expressed concern about the transmission line’s potential impact on the call-up area and White Sands Missile Range. Chairman Busch said RETA will report back to the committee more information about the proposed route and easement agreements of the transmission line.

**Spaceport Authority (495).** Chief Executive Officer Daniel Hicks said Spaceport Authority’s general fund request of $3.6 million for FY21 is based on a recent study on staff and facility needs of the spaceport (Spaceport America). Highlighting current activity, Mr. Hicks said Up Aerospace and Exos Aerospace are conducting launches at the spaceport. SpinLaunch is constructing a facility at the spaceport. About 1,300 students participated in the Spaceport American Cup in June; 93 vertical launches were conducted. Virgin Galactic is currently moving workforce from its Mojave facility to Spaceport America. Phase 1 of the fuel farm project is completed; phase 2 is underway.

Mr. Hicks said Spaceport Authority requests a $900 thousand supplemental appropriation for FY20. The appropriation is requested for salaries and service contracts. An overview of current staffing needs was given. The authority requests $57 million in capital outlay for six projects.

In response to Representative Harper, Mr. Hicks said Virgin Galactic pays Spaceport America $3 million in rent annually. Virgin Galactic also pays user fees, which totaled $1.6 million in FY20. Revenue from all customers totaled $5 million in FY19.

**Wednesday, October 30th**
The following members and designees were present on Wednesday, October 30, 2019: Chairman John Arthur Smith; Vice Chairwoman Patricia A. Lundstrom; Senators Clemente Sanchez, Steven
Human Services Department (630) Preview of FY21 Appropriation Request. Dr. David Scrase, secretary of the Human Services Department (HSD), said greater spending on social services results in lower healthcare costs. The secretary explained that social determinants of health, like housing, food security, transportation, environment, education, and employment, predict up to 80 percent of healthcare costs.

Reporting on HSD’s strengths, Secretary Scrase said Centennial Care 2.0, New Mexico’s Medicaid managed-care program, is designed toward more value based purchasing, which lowers costs and improves quality of services. HSD’s Income and Child Support Division offices are community-based and located throughout the state. The agency is innovative and its employees are dedicated to serving New Mexicans. Issues exist, however; the agency is dealing with multiple lawsuits, loss of public trust, and stagnant or declining performance of some Medicaid measures. Also, provider rates have not increased in 10 years, investments in technology and IT solutions are lacking, and employee training is needed.

Secretary Scrase said HSD’s mission is to transform lives by working with its partners in designing and delivering innovative, high quality health and human services that improve security and promote independence for New Mexicans in their communities. To meet its mission, HSD is

- Improving the value and range of services it provides to ensure every qualified New Mexican receives timely and accurate benefits,
- Creating effective and transparent communication to enhance public trust,
- Implementing technology to give customers and staff the best and most convenient access to services and information, and
- Promoting an environment of mutual respect, trust, and open communication for staff to grow and reach HSD’s professional goals.

Secretary Scrase gave an overview of the progress made in the last 10 months. Presenting HSD’s FY21 budget request, Secretary Scrase said $1.2 billion is requested from the general fund, a $79.8 million increase over FY20. The request includes $1 billion for the Medicaid program, a $62.8 million increase over FY20. Secretary Scrase said HSD will earn $2.52 in federal revenue for every additional general fund dollar appropriated. By division, HSD requests $21.6 million from the general fund for Income Support, a $7.6 million increase over FY20. The division administers programs that assist eligible low income families with cash, food, medical, and energy assistance. The increase would expand the Heat and Eat program and increase employment and training services for the Able Bodied Adults Without Dependent Children program. For Medical Assistance, HSD requests $16.7 million from the general fund, a $941 thousand increase over FY20. The division administers the Medicaid program, which currently serves about 831 thousand people. The increase is requested for expanding provider capacity, new initiatives, and the Medicaid management information system. For Child Support Enforcement, HSD requests $8.5 million from the general fund, a $531 thousand increase over FY20. The increase is requested for
program modernizations. For Behavioral Health Services, HSD requests $43 million from the general fund, a $4.3 million increase over FY20. Secretary Scrase said HSD’s budget request for behavioral health initiatives will be detailed at LFC’s November meeting. For Information Technology, HSD requests $16.8 million from the general fund, a $2.7 million increase over FY20. The increase is primarily for the maintenance and operation of the automated system program and eligibility network. For Program Support, HSD requests $2.5 million from the general fund, a $183 thousand increase over FY20. Lastly, HSD requests $4.1 million for the Medicaid management information system replacement project and $2.8 million for the child support enforcement system replacement project.

In response to Vice Chairwoman Lundstrom, Abuko Estrada, coverage innovation officer with the Medical Assistance Division of HSD, said the Legislature this year appropriated HSD funding to further study and begin the administrative development of a Medicaid buy-in program in the state. Contracted by HSD, the Urban Institute is conducting a demographic study to identify the uninsured in New Mexico. When identified, HSD will implement targeted strategies for outreach and Medicaid enrollment. For those not eligible, HSD is studying potential options, such as a Medicaid buy-in program.

In response to Senator Muñoz, Secretary Scrase said HSD estimates between 35 thousand and 70 thousand people in New Mexico are eligible but not enrolled in Medicaid; many are Native Americans.

**Early Childhood Education and Care Department Preview of FY21 Appropriation Request.** Mariana Padilla, director of the Children’s Cabinet, said New Mexico’s early childhood programs, including prekindergarten, home visiting, and child care services, are being transitioned to the newly established Early Childhood Education and Care Department (ECECD). Director Padilla said ECECD was created to improve New Mexico’s early learning system.

With the assistance of a $1.25 million appropriation, the transition of programs is being led by key agencies, including the Children, Youth, and Families Department, Public Education Department, and Department of Health. The Department of Finance and Administration, General Services Department, and Department of Information Technology are also assisting in the transition. Reporting on the transition’s progress, Director Padilla said ECECD facilities are determined and staff positions are created. Tribal outreach is being conducted, head start collaboration meetings are being held, and the preschool development grant, birth to five (PDG B-5), is being implemented. In the coming months, key positions will be filled, contracts and federal funding will be transferred, statutory and regulatory changes will be made, data will be integrated and transitioned, and web based systems and interfaces will be developed. The prekindergarten application process is being revised to ensure an equitable process, eliminate competition with federal programs, support local planning and coordination, and achieve a mixed delivery system that supports parent choice.

Meribeth Densmore, analyst for the State Budget Division of the Department of Finance and Administration, said ECECD requests $447.4 million for FY21. The request includes $252.6 million from the general fund. Ms. Densmore outlined ECECD’s budget request by program. From the general fund, the agency requests $31.2 million for Early Intervention Services, $159.3 million
for Early Childhood Services, $55.6 million for Prekindergarten, and $6.7 million for Program Support.

In response to Chairman Smith, Director Padilla said the secretary of ECECD will be announced in the near future.

In response to Vice Chairwoman Lundstrom, Director Padilla said duties of the assistant secretary position will be focused on Native American early childhood education and care. The assistant secretary will work closely with tribal communities and programs.

Vice Chairwoman Lundstrom requested ECECD review its contracts to ensure services are not duplicated.

In response to Senator Muñoz, Brenda Kofahl, director of the Early Childhood Bureau of the Public Education Department, said ECECD is decreasing the number of half-day prekindergarten slots but increasing the number of full-day prekindergarten slots to meet the needs of families and lower transportation costs.

In response to Representative Gonzales, Director Padilla said ECECD’s Division of Policy and Accountability will work to ensure the state yields positive early childhood health and educational outcomes from its investments.

**Children, Youth and Families Department (690) Preview of FY21 Appropriation Request.** Secretary Brian Blalock said the Children, Youth and Families Department (CYFD) requests $241.8 million from the general fund for FY21. The request is a $12.2 million expansion for Behavioral Health Services, $9.4 million expansion for Protective Services, and $500 thousand expansion for Program Support to create an Office of Disability Rights and a Central Records Bureau. Secretary Blalock said the $23.3 million general fund increase supports CYFD’s strategic plan for prevention, optimization, staffing, and more appropriate placements.

Secretary Blalock talked about the need for more behavioral health services in the state, and emphasized that CYFD’s Behavioral Health Services program is a critical part of State’s Behavioral Health Collaborative. Secretary Blalock said the program is establishing a Center for Innovation at New Mexico State, implementing the Nurtured Heart methodology and training to ensure all staff and stakeholders are familiar with trauma informed services and care, expanding multi-systemic therapy and providing supportive housing and services for CYFD involved youth. The Secretary provided additional details about the programs and how they were intended to support children and families throughout the state.

**LFC Progress Report: Domestic Violence.** LFC Program Evaluator Sarah Dinces, Ph.D., presented an LFC progress report on domestic violence. According to the report, domestic violence affects a large number of New Mexicans. Last year there were almost 19 thousand reports of domestic violence by law enforcement, roughly the same number as in 2014. Each year, one-third of these reports generally have children present. However, over the last three years, while CYFD funding increased, providers served 15 percent fewer clients than in 2017.
At the recommendation of the 2017 LFC evaluation, the Children, Youth, and Families Department (CYFD) started working with the University of New Mexico to examine the impact of batterer intervention programs. CYFD also increased monitoring of effective victim safety planning.

In addition to increased monitoring, the state started using an evidence-based assessment tool to measure offender risk. However, CYFD has yet to implement a pilot of coordinated community response, which may improve outcomes of batterer programs. The state also began requiring prevention services for domestic violence service providers, but lacks adequate coordination for these programs.

Although CYFD is implementing many LFC recommendations, implementation is slow and more work is needed on coordination and performance reporting.

**Thursday, October 31st**

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**LFC Program Evaluation: Maximizing Value in Procurement.** LFC Program Evaluation Manager Micaela Fischer and Program Evaluator Jacob Rowberry presented the report *Maximizing Value in Procurement*. According to the report, state law places responsibility for the procurement of goods and services for all state agencies, except as otherwise provided in the Procurement Code, with State Purchasing, a division of the General Services Department. The division, however, lacks essential technology and analytics capabilities to collect and use spending and vendor performance data to maximize value of the $1.8 billion in spending it influences each year.

In FY19, agencies spent approximately $216 million against price agreements, statewide contracts that allow agencies to purchase goods and services at pre-negotiated price ceilings. However, certain features of the state’s price agreement system actually dissuade savings because they do not require agencies to shop around for better prices or create a statement of work for services. As a result, some agencies are unnecessarily buying high-end vehicles, computers, and other goods, forgoing bulk purchasing and additional negotiation for discounts, and buying millions of dollars’ worth of niche and highly complex goods and services with almost no oversight.

State agencies are not required to track or justify their use of contracted staff. LFC’s review found a number of inappropriate services contracts, including agencies contracting with former employees and paying them considerably more money to serve a similar role, frequent use of temporary employment services for years to overcome staffing shortages, agencies using price agreements in lieu of putting out high-dollar consultancy work out to bid, and contractors paid excessive hourly rates.
LFC staff recommend the Legislature consider approving the General Services Department funding request for SHARE strategic sourcing and eProcurement modules for FY21 through FY23 and amending the Procurement Code in Section 13-1-129 NMSA 1978 such that

- Purchases against a price agreement for general services over $60 thousand or professional services over $5,000 must occur under a separate contract with a defined scope of work between the agency and vendor according to the terms of the price agreement, and
- Purchases of goods or general services between $10 thousand and $60 thousand may only occur after the agency has gathered and documented three quotes. These quotes must be documented in a searchable form in the purchase ordered logged into the SHARE statewide financial information system.

For State Purchasing, LFC staff recommend

- Requiring purchasing specialists to conduct business analyses of all spending,
- Ceasing renegotiation of price agreements with annual spending below the $20 thousand regulatory small purchase threshold,
- Working with the Department of Finance and Administration and the State Personnel Office to develop regular methods to collect, analyze, and report data on temporary employment use,
- Working with the Department of Finance and Administration and the State Personnel Office to develop methods for state agencies to justify needs and determine the cost-benefit ratio before any services contracts above the small purchase limit are approved, and
- Implementing a rule that encourages state agencies to retain a percentage of payment for all projects until acceptance of the final deliverable.

LFC staff also recommend the Department of Information Technology establish uniform computer refresh guidance for executive agencies and develop standard computer configurations, requiring 80 percent of state agency computer purchases fit within the standards.

Ken Ortiz, secretary of the General Services Department (GSD), said State Purchasing’s goal is to have accountable, fair, competitive, and transparent means of procuring goods and services for the state. Currently, the division is fully staffed and almost all division employees are certified procurement officers.

Secretary Ortiz said GSD agrees with many of the recommendations made in the report. Highlighting GSD’s response, Secretary Ortiz said the SHARE strategic sourcing and eProcurement modules will allow State Purchasing to manage contracts electronically, permit vendors to submit bids electronically, allow state agencies to purchase from a vendor, and provide critical data for analysis. GSD agrees the Legislature should consider some changes to the Procurement Code. GSD recently began a comprehensive rewrite of the Procurement Code, which will be proposed in the 2021 legislative session.

GSD agrees State Purchasing should consolidate statewide price agreements and eliminate those that are little used by state government agencies and local public bodies; however, Secretary Ortiz said accomplishing those tasks will be difficult because the division is unable to determine total
spend on any statewide price agreement since it is not reported by the local public bodies. Also, State Purchasing is required to enter into a statewide price agreement when requested to do so by a local public body, and the division obtains more than half of its funding from vendor fees generated by statewide price agreements. GSD is also concerned that reducing the number of statewide price agreements could result in fewer government contract dollars flowing to small New Mexico companies. Other points in GSD’s response were stated.

State Purchasing Director Mark Hayden said State Purchasing’s staff of 27 produced 637 statewide agreements in FY19 and oversaw $1.7 billion in contracts with a budget of $2 million, primarily funded from statewide price agreement fees. Director Hayden gave an overview of the division’s work and new initiatives, including the e-signature rollout and SHARE e-procurement module implementation.

Vice Chairwoman Lundstrom expressed concerned for the lack of oversight to ensure agencies are abiding by the several exemptions and exclusions in the Procurement Code.

In response to Senator Papen, Secretary Ortiz said the governor earlier this year instructed the Department of Finance and Administration, State Personnel Office, and GSD to provide cabinet level training on procurement, budgeting and hiring. The trainings were conducted in September.

**Indian Affairs Department (609).** LFC Analyst Theresa Edwards said the Indian Affairs Department (IAD) requested $3.2 million from the general fund for FY21, a $693 thousand increase over FY20. The increase is primarily for personal services and employee benefits and contractual services.

Reporting on current priorities, Secretary Lynn Trujillo said IAD is restoring trust of tribal leadership, strengthening state-tribal relations, reestablishing its role in policy and legislative matters affecting tribal communities, rebuilding and enhancing the agency, and creating fiscal accountability and efficient administration of funds. Secretary Trujillo said IAD’s budget request supports new programs and initiatives, including economic development in tribal communities, language preservation, and behavioral health services. The request includes $149 thousand for two additional full time employees, a public information officer and a grant writer.

In response to Senator Muñoz, Secretary Trujillo said IAD’s language preservation efforts are community-based. The secretary said funding for in-school language preservation programs is available through the Public Education Department but many tribes find it difficult to obtain.

In response to Representative Martinez, Secretary Trujillo said IAD is distributing the $400 thousand it received to the various tribal communities for their assistance in the 2020 census.

Senator Sanchez expressed concern about the progress of capital outlay projects in the Navajo Nation. Representative Allison recommended the Legislature establish legislation that disburses the capital outlay dollars for approved projects directly to the LGA certified chapters.

**Staff Report: Department of Homeland Security and Emergency Management (795).** LFC Analyst Ellen Rabin said the Department of Homeland Security and Emergency Management
Secretary Jackie Lindsey said DHSEM requests the increase to fill six unfunded positions for grants management to improve performance and reduce audit findings. The increase would also fill 10 positions for the State Fusion and Intelligence Center (SFIC). Secretary Lindsey said SFIC currently has gaps in its information sharing capabilities, making the state vulnerable to domestic terrorism.

In response to Senator Burt, Homeland Security Bureau Chief Adam Simonson said SFIC’s outreach to its partners in the field has greatly improved; SFIC conducts regional intelligence meetings regularly and is active on the border. Also, SFIC is a U.S. Marshals Service-led fugitive task force and a member of the Anti-Terrorism Advisory Council. Mr. Simonson mentioned other current partners and activity.

Vice Chairwoman Lundstrom requested LFC staff provide DHSEM information on the availability of rural access funds available through the Public Regulation Commission to install additional communication towers at the border. Mr. Simonson said DHSEM is currently working to build a regional communication system along the border corridor. Secretary Lindsey said the agency is also looking into potential communication capabilities through the New Mexico Public Broadcasting Service and First Responder Network Authority.

Veterans’ Services Department (670). LFC Analyst Kelly Klundt said the Veterans’ Services Department (VSD) requests $6.3 million from the general fund for FY21, a $1.3 million increase over FY20. The agency requests the increase primarily to expand personnel by 14 FTE: 4 veterans’ service officers, 1 facility manager, 7 internment specialist, and 2 healthcare specialists.

Secretary Judy Griego said VSD’s mission is to provide the highest quality care, service, and advocacy for the men and women – and their families – who have served as members of the U.S. armed forces. New Mexico’s veteran population is 156,595 thousand. Thirty-four percent of the population is over the age of 65 and 51 percent lives in the Albuquerque metro area.

Reporting on current activity, Secretary Griego said the Gallup State Veterans Cemetery opened in May. Construction of the Angel Fire State Veterans Cemetery will be completed next spring. The agency conducts several events, including the Military Honors Burial Training Conference and Angel Fire brick laying event. This year, VSD held the first veteran service office national accreditation training for pueblos and tribes, producing 13 new veterans’ service officers (VSOs). Other activity was reported.

Representative Crowder remarked on the need for more VSOs. Vice Chairwoman Lundstrom requested LFC staff work with VSD on determining how many additional VSOs are needed in the state.

In response to Representative Gonzales, VSD Benefits Director Ed Mendez said the Department of Housing and Urban Development-Veteran Affairs Supportive Housing (HUD-VASH) program
combines Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs.

**Staff Report: Retiree Healthcare Authority (343).** LFC Analyst Connor Jorgensen said the Retiree Health Care Authority (RHCA) is currently providing healthcare benefits to over 60 thousand retired public employees. RHCA’s medical plans are funded by a combination of retiree-paid premiums and the premium subsidies funded through employer and employee contributions during a retiree’s working life. For FY21, the agency requests a 5.6 percent budget increase, totaling $381.4 million.

RHCA Executive Director David Archuleta said the program continues to experience growth. RHCA offers the following medical plans to retirees:

- Pre-Medicare Premier PPO Plan,
- Pre-Medicare Value HMO Plan,
- Medicare Supplement Plan, and
- Medicare Advantage Plan.

RHCA also offers dental, vision, and life insurance plans.

By program, Director Archuleta said RHCA requests $378 million for Healthcare Benefits Administration. The request is a 4.8 percent increase to accommodate projected growth in pharmacy benefit management expenses. Medical/self-insured plans are trending between a 5- to 7-percent increase, which is being offset by continued migration to lower costing/higher out-of-pocket-expense plans. Medicare advantage plans are expected to grow in terms of participation as well as cost. Participation in the voluntary plans are expected to continue grow almost 10 percent annually, given the average growth rate going back to FY15 combined with an unknown rate increase after July 1, 2020.

RHCA requests $3.3 million for Program Support. The request includes a $15 thousand increase for the personal services and employee services category to fund all authorized positions, a $75 thousand increase for the contractual services category to meet higher costs, and a $28 thousand increase for the other costs category to cover operations and moving services for relocating the Albuquerque office.

Reporting on program changes, Director Archuleta said RHCA’s board approved premium increases for the Pre-Medicare and Medicare supplement plans. Effective January 1, 2021, the age of state agency retirees eligible to receive benefits will increase to 55 years of age, except for enhanced retirees as defined by statute. The years of service requirements increased from 20 to 25 to receive maximum subsidy.

**Staff Report: Educational Retirement Board (352).** LFC Analyst Connor Jorgensen said the Educational Retirement Board (ERB) fund balance is currently $13.5 billion, and the program serves 50 thousand retirees. ERB requests $31.9 million for FY21, flat with FY20. The request includes a $353 thousand increase in personnel services and employee benefits and a $745 thousand decrease in contractual services, due to lower costs and a transfer of $300 thousand to the other costs category. ERB’s vacancy rate is 13 percent.
ERB Executive Director Jan Goodwin said active membership decreased slightly in FY19. The average age of retirees is 63.

Chief Executive Officer Norma Henderson said ERB submitted a capital outlay request to construct a new facility because the agency has outgrown its current office space. ERB is currently leasing office space until the new facility is built. Ms. Henderson said the facility has to be constructed because there are few available buildings in Santa Fe that meet ERB’s space requirements.

Ms. Henderson said ERB received $1.5 million in FY20 to update its data system. The agency is reaching out to inactive members to obtain current contact information. ERB requests reauthorization of the funds for FY21 to continue the update.

Director Goodwin said ERB continues to be proactive on improving sustainability of its program. For its efforts, the agency requests two $50 million special appropriations and increased funding for a 1 percent employer contribution increase.

In response to Representative Gonzales, Director Goodwin said ERB owns its current facility, which is appraised at $5.4 million. ERB will sell the facility after it moves into the new building to pay for its construction.

**Staff Report: Public Employees Retirement Association (366).** LFC Analyst Connor Jorgensen said the Public Employees Retirement Association (PERA) requests $36.2 million for FY21, a $413 thousand decrease below FY20. The request includes a $406 thousand decrease in contractual services, due to lower costs and a transfer of $300 thousand to the other costs category.

PERA Chief Investment Officer Dominic Garcia said PERA continues to exceed its average actuarial rate of return of 7.7 percent. PERA’s five retirement plans are currently 70 percent funded.

PERA Deputy Director Greg Trujillo said PERA’s solvency task force recommendations achieve the following:

- Eliminates PERA’s $6.1 billion unfunded liability within 25 years,
- Reduces PERA’s unfunded liability by $700 million immediately,
- Replaces previous proposals to freeze COLAs for three years with a 2 percent “13th Check” payment that pauses the compounding factor for the next 3 years,
- Preserves a COLA for current and future retirees with a minimum COLA of .5 percent and a maximum of 3 percent based on a profit share model tied to investment performance,
- Addresses disparity in funding levels among PERA divisions by exempting state police officers and adult correctional officers from proposed contribution increases,
- Protects lowest income retirees by guaranteeing a COLA of 2.5 percent for retirees with pensions below $25 thousand who have worked 25 years or receiving disability retirement,
- Protects lowest income active members by exempting those with incomes of $25 thousand or less from proposed contribution increases,
- Eliminates the current 7 year wait to receive a COLA and reinstates the 2 calendar year wait, and
• Eliminates current earnings cap of 90 percent to encourage employees to work longer.

**Friday, November 1st**
The following members and designees were present on Friday, November 1, 2019: Chairman John Arthur Smith; Vice Chairwoman Patricia A. Lundstrom; Senators Clemente Sanchez, Steven P. Neville, William F. Burt, George K. Muñoz, Mary Kay Papen, James P. White, and Pete Campos; and Representatives Roberto “Bobby” J. Gonzales, Jason C. Harper, Javier Martinez, Gail Armstrong, Rodolpho “Rudy” Martinez, Candie Sweetser, and Randal S. Crowder. Guest legislators: Representatives Anthony Allison and Jim R. Trujillo.

**LFC Program Evaluation: Broadband in New Mexico.** Brian Hoffmeister and Jacob Rowberry, both LFC program evaluators, presented the report *Funding, Oversight, and Coordination of Broadband Programs*. According to the report, access to a high-speed internet connection is increasingly necessary to communicate, conduct business, and provide education and healthcare services, yet New Mexico lags behind the rest of the nation in broadband connectivity. State and federal investments have succeeded in connecting schools, hospitals, and other institutions, but the costs of infrastructure are high and many rural areas remain unserved.

New Mexico has seen over $300 million in federal and state broadband investment since FY15, but no single agency is in charge of tracking funds, coordinating with stakeholders, or ensuring accountability. Four state agencies implement different parts of the state’s broadband system. The Department of Information Technology’s Office of Broadband is not adequately staffed or resourced for effective statewide coordination, and past efforts for coordination have not survived across administrations.

Despite some successes, piecemeal implementation of broadband initiatives has led to inconsistent outcomes and persistent obstacles. Since FY13, the state has appropriated $1 million for broadband studies and plans but little progress has been made toward goals. All school districts now have broadband connections, but healthcare and rural business connectivity remains unfulfilled. Right-of-way remains a substantial obstacle to broadband infrastructure deployment. The report recommends the state target its limited resources toward supporting the most cost-effective solutions rather than large-scale fiber construction.

Other recommendations made in the report include designating in statute a single entity to be the state’s broadband lead and central point of contact, requiring the Public Regulation Commission to track and report all funding set aside for broadband under the state rural universal service fund, elevating the Office of Broadband to full program status by FY22, and working with school districts, higher education institutions, and other community anchor institutions to identify opportunities for demand aggregation using existing infrastructure. The report also recommends immediate planning and development of criteria for use of the $10 million rural broadband appropriation in FY20.

Vince Martinez, secretary of the Department of Information Technology (DoIT), said the goal is to deliver broadband to people living in rural New Mexico; it is a difficult task, however, because 85 percent of the state’s land mass is rural and the cost is expensive. The Broadband Infrastructure Advisory Committee, established this year, is developing recommendations for broadband
funding. The committee is comprised of the Aging and Long-Term Services Department, DoIT, and other stakeholders, including a representative from a Native American community and a representative from an economic development organization in a county with 50 percent or more of its jurisdiction in rural areas. Secretary Martinez said a comprehensive rural broadband study is being conducted to assist the committee in determining where investments should be made and how to leverage funding. Geospatial data is also being used to develop recommendations. Secretary Martinez the Department of Transportation plays a key role in helping the state deliver broadband to rural New Mexico.

Senator Neville said installing broadband beyond schools, libraries, and business areas may not be worthwhile because many households will likely not connect due to the internet service already provided by cell phone companies. Secretary Martinez said internet connection on cell phones still requires fiber installation.

**Miscellaneous Business.**

**Action Items.** Vice Chairwoman Lundstrom moved to adopt the September 2019 meeting minutes, seconded by Senator Neville. The motion carried.

Vice Chairwoman Lundstrom moved to adopt LFC contracts, seconded by Senator Muñoz. The motion carried.

**Review of Monthly Financial Reports and Information Items.** David Abbey, director of LFC, briefed the committee on information items.

**New Mexico Mortgage Finance Authority Budget and Program Overview.** Executive Director Jay Czar named current members of the New Mexico Mortgage Finance Authority (MFA) board and acknowledged Representative Gonzales for his service as an advisory member on the oversight committee. Established in 1975, MFA administers all housing programs in the state to ensure every New Mexican has access to quality and affordable housing. Director Czar said MFA resources, derived from federal, state, and other sources, are allocated to over 20 housing programs. In 2018, MFA provided over $531 million in low-interest financing and grants for affordable housing and related services.

Gina Hickman, deputy director of MFA finance and administration, gave a summary of funding sources and program allocations in 2019. MFA, a quasi-governmental agency that does not receive operating funds from the state, operates its budget on a federal fiscal year basis. Ms. Hickman said the operating budget is funded by the agency’s general fund, generated from administrative fees, interest on loans, interest on investments, servicing income, housing program income, and other income. MFA’s FY20 operating budget was approved by its board last month. Excess revenue at the end of FY20 is estimated at $4.3 million, which Ms. Hickman said will be used to support affordable housing activities and fund MFA’s internal revolving loan fund to meet rating agency reserve requirements.

Ms. Hickman reported increased participation in MFA’s mortgage programs. The average age of participants is 36 and the average first mortgage loan amount is $153 thousand. Isidoro “Izzy”
Hernandez, deputy director of MFA programs, highlighted the Emergency Homeless Assistance and Linkages programs. MFA is launching new programs, including the Neighborhood Stabilization and Private Activity Bond Cap Preservations programs.

According to MFA’s most recent housing needs assessment, Mr. Hernandez said population in rural counties is decreasing. The median household income by county range from $26 thousand in Guadalupe County to $110 thousand in Los Alamos County. Much of New Mexico’s housing stock is aging and old, especially in rural counties. New developments are primarily in urban areas.

Director Czar said MFA will request seven appropriations in the next legislative session, totaling $17 million. If funded, the appropriations will support the New Mexico Housing Trust fund, Low-Income Residential Energy Conservation program, Regional Housing Authority oversight, Affordable Housing Act oversight, rehabilitation of homes for veterans, emergency home repairs, and pre-purchase homebuyer education.

In response to Representative Crowder, Mr. Hernandez said the population data used in MFA’s assessment is dated; the population in some counties has since grown, particularly in Curry and Lea counties.

**New Mexico Finance Authority Budget Overview FY20 - FY21.** Interim Chief Executive Officer John Gasparich said the New Mexico Finance Authority (NMFA) is currently administering 7 programs. Giving an overview of NMFA’s largest programs, Mr. Gasparich said the public project revolving fund provides low-cost financial assistance for capital equipment, building, and infrastructure projects. The program has 852 outstanding loans, totaling $1.5 billion. Of the $1.5 billion, $485.5 million is loaned to municipalities, $285.7 million is loaned to school districts, $214.2 million is loaned to counties, and $213.2 million is loaned to state agencies. The drinking water state revolving loan fund provides low-cost financial assistance for construction and improvements to drinking water facilities. To date, the program has received $200 million in federal capitalization grants and has provided $40 million in state match. The water project fund provides grant money and low-cost loans for five types of water projects: water storage, conveyance and delivery projects, water conservation, watershed restoration, flood prevention, and endangered species protection. The program is funded from an annual $4 million distribution from the water trust fund and 9 percent of senior severance tax bonds, less 10 percent appropriated to the Office of the State Engineer for adjudication. To date, 355 awards have been made to 151 entities statewide, totaling $407 million. The Navajo Gallup water supply project has received a combination of loans and grants, totaling $36 million, to provide long-term supply, treatment, and transmission of water to the Navajo Nation, Jicarilla Apache Nation, and the city of Gallup for current and future populations. NMFA operates two programs under the Statewide Economic Development Finance Act: loan participations and new markets tax credits. The programs work to stimulate the economy to put New Mexico on par with neighboring states.

NMFA Chief Financial Officer Oscar Rodriguez said FY20 revenue is estimated at $141.5 million, of which $10 million will be used for operations. Fifty-four percent of NMFA’s operating budget is for personnel services and 36 percent is for professional services.
Staff Report: Governor (356). LFC Director David Abbey said the Governor’s Office requests $4.6 million from the general fund for FY21, a $398 thousand increase over FY20. The office requests the increase to fund vacant positions, purchase information technology software, and increase the governor’s contingency fund.

With no further business, the meeting adjourned at 10:58 a.m.

John Arthur Smith, Chairman  Patricia A. Lundström, Vice Chairwoman
MEMORANDUM

TO: Legislative Finance Committee

FROM: Subcommittee A
    Representative Roberto “Bobby” J. Gonzales, Chair
    Senator Pete Campos, Vice Chair
    Representative Randal S. Crowder
    Representative Jason C. Harper
    Representative Candie G. Sweetser
    Senator William F. Burt
    Senator John Arthur Smith
    Representative Patricia A. Lundstrom

SUBJECT: Subcommittee A Report

Subcommittee A met on October 30 and 31, 2019.

(337) **State Investment Council.** Chief Financial Officer Brent Shipp presented the agency’s requested budget decrease of $2.9 million, or 4.7 percent, under the FY20 operating budget due to lower projections for asset management fees. Mr. Shipp explained decreased investment management fees result from a lower forecast of the potential growth of assets through FY21, because fees are based on a percentage of assets under management. The agency’s budget is funded entirely through the land grant permanent fund and severance tax permanent fund, and any unspent appropriations revert to those funds. The subcommittee moved to temporarily table the agency’s request.

(340) **Administrative Hearings Office.** Chief Hearing Officer Brian Van Denzen presented the office’s budget request which included a general fund increase of $173.6, or 9.3 percent, for an additional tax hearing officer, funding for a contracted hearing officer, and funding for IT services. The subcommittee moved to temporarily table the agency’s request.

(354) **New Mexico Sentencing Commission.** Director Linda Freeman presented the agency request, provided an update on the agency, and introduced staff and commission chair Shamarra Henderson. The commission requested an increase of 52 percent over the FY20
operating budget. Chairman Smith, Representative Crowder, and Representative Anderson expressed concerns the commission is staffed entirely by employees from the University of New Mexico through contracts and potential implications for the governance structure. The subcommittee moved to temporarily table the agency’s request.

(360) **Lieutenant Governor.** Lieutenant Governor Howie Morales and Cyndi Montoya, Chief Financial Officer, presented the office’s budget request, which included an increase of $19.9 thousand, or 3.4 percent, for constituent services software. The subcommittee moved to temporarily table the agency’s request.

(369) **State Commission of Public Records.** Rick Hendricks, State Records Administrator, presented the commission’s request for an increase of $369.5 thousand in general fund revenue to fully staff the agency. Mr. Hendricks responded to questions from committee member’s regarding space constraints and noted that space is one of the agency’s biggest issues. Senator Campos asked if the agency had adequate work for the additional positions to which Mr. Hendricks responded the current employees are overworked. The agency also noted they will have a significant decrease in revenue for FY21 and the revolving fund will not sustain operating expenses. The subcommittee moved to temporarily table the agency’s request.

(379) **Public Employees Labor Relations Board.** Executive Director Tom Griego presented the request for a $79.1 thousand, or 32.6 percent, increase. Mr. Griego stated the funding would allow the Public Employees Labor Relations Board (PELRB) to expand its arbitration program and hire a CFO. Funding is currently in the PELRB budget to contract for CFO services. Mr. Griego noted the request is for either a CFO FTE or for funding for a contract for CFO services. Representative Anderson asked if PELRB could contract with a private entity. Mr. Griego stated he believes so, but requested guidance from the Attorney General. Representative Crowder asked if PELRB receives funding from the Workforce Solutions Department and Mr. Griego stated they do not. The subcommittee moved to temporarily table the agency’s request.

(404) **Board of Examiners for Architects.** Executive Director Melarie Gonzales presented the board’s FY21 request for a $2.9 thousand increase in personal services and employee benefits. Ms. Gonzales indicated there are 2,324 registered architects in the state of New Mexico with 764 classified as in-state registrants and 1,560 are out-of-state registrants. The board is in the process of implementing an on-line payment system with a target date of April 2020. The subcommittee moved to temporarily table the agency’s request.

(446) **Medical Board.** The Executive Director Sondra Frank presented the board’s $2.5 million FY21 budget request including increased funds for legal and investigations staff. The director discussed activities to reduce the use of opioids through the state’s prescription monitoring program. Representative Gonzales asked if performance measures for the prescribing monitoring program were sufficient and the director stated they were. The subcommittee moved to temporarily table the agency’s request.

(449) **Board of Nursing.** The Executive Director Sasha Poole presented the board’s FY21 budget request of $2.8 million including $300 thousand for nursing grants. Senator Campos asked about the rate which nursing students pass certification testing statewide and Director Poole responded it was close to 80 percent. Senator Campos asked if the state was reducing the nursing workforce shortage and the director said no and to do so the state would need to grow nursing programs and recruit out-of-state nurses. The subcommittee moved to temporarily table the agency’s request.
State Board of Registration for Professional Engineers and Surveyors. Director Perry Valdez presented the board’s FY21 request of approximately $150 thousand in personal services and employee benefits to reclassify positions and support pay band adjustments. Additionally, the board requested an increase of $14.6 thousand in contractual services. Representative Harper asked how the board determined the pay band adjustments and will speak with Director Valdez off-line to understand the board’s rationale on their budget request. The subcommittee moved to temporarily table the agency’s request.

Gaming Control Board. Acting Executive Director Cynthia Ortega and Board Chairman Jeffrey Landers presented the board’s budget request which included a general fund increase of $972.8 thousand, or 17.6 percent, to fill vacancies and hire 3 additional FTE. Subcommittee members asked about the prevalence of Class II gaming machines in tribal casinos, expressing concern that Class II machines were becoming more common, potentially threatening the state’s revenues from tribal revenue sharing agreements. Senator Burt asked about state laws on sports betting. Chairman Landers said because sports betting is illegal under state law but falls under Class III gaming, only the U.S. Attorney could regulate sports betting on tribal lands. Non-tribal casinos that engaged in sports betting would be in violation of state law. Senator Smith expressed concern about two vacancies on the board and requested a progress report on filling vacant board seats. The subcommittee moved to temporarily table the agency’s request.

Racing Commission. Executive Director Ismael Trejo and Commission Chairwoman Beverly Bourguet presented the commission’s budget request which included a general fund increase of $870.9 thousand, or 36.3 percent, for reclassification of 3 FTE to veterinarians, pay raises for racing stewards, and drug testing contracts. Senators Papen and Sanchez asked why the commission did not meet over the summer, and Chairwoman Bourguet responded the commission took a break to address issues and the governor canceled the meetings. Subcommittee members also asked about racehorse drug testing, expressing concern about the feasibility of finding and penalizing those who administer illegal drugs to racehorses, and the integrity of the sport. The subcommittee moved to temporarily table the agency’s request.

Board of Veterinary Medicine. Executive Director Frances Sowers presented the board’s budget request which included a $21.5 thousand reduction from FY20 due to a projected decline in revenue. In response to a question from Representative Sweetser about the decline in veterinarians and revenue, Ms. Sowers talked about how many veterinarians are retiring or moving out of state, a quarter of licensed veterinarians are out of state and work in border regions, and that rural areas are underserved. Representative Anderson asked if the board has authority over unlicensed and internet-based veterinarians. Ms. Sowers replied the board can charge a $5 thousand fine for operating without a license if the practice is reported, but it cannot inspect unlicensed facilities and has no authority over individuals claiming to be veterinarians on the internet. The subcommittee moved to temporarily table the agency’s request.
Livestock Board. Deputy Director Shawn Davis presented the board’s budget request which is flat to the FY20 operating budget, but includes a $618.6 thousand general fund increase offset by a reduction in fund balance. In response to a question from Representative Sweetser, Mr. Davis said the agency was able to fill two law enforcement positions in rural areas this year. Representative Crowder asked about reports that ranchers in Mexico can file brands identical to those of New Mexican ranchers, potentially resulting in unknown ownership if cattle cross the border, and also asked about initiatives to prevent cattle from being stolen in New Mexico and sold in Texas. Mr. Davis had not heard of any identical brands being filed in Mexico and the U.S., and said the Livestock Board began a training relationship with Texas, Arizona, and Colorado to address interstate theft. Senator Burt asked if theft had increased in recent years, and Mr. Davis replied it is unclear if actual theft has increased or if only reporting has increased. Senator Smith asked why the entire Livestock Board was replaced at once instead of being staggered and whether there was geographical balance among board members. The subcommittee moved to temporarily table the agency’s request.

Department of Game and Fish. Director Michael Sloane presented the department’s request for a budget increase of $1.2 million in federal and other state revenues. Representative Anderson asked why projected FY21 revenues were significantly lower than FY19 actuals. Senator Campos asked if the agency thought fee increases would be necessary in the near future to sustain the department to which Mr. Sloane replied the agency is evaluating that question and most likely will need to increase fees within the next few years. The subcommittee moved to temporarily table the agency’s request.

Youth Conservation Corps. Commission member Sharon Hickey presented the Youth Conservation Corps’ (YCC) budget request, which included a $474.4 thousand increase. Representative Anderson commented the agency should receive documentation to back up the operating transfer of governmental gross receipts taxes that YCC receives from the Taxation and Revenue Department. Representative Crowder asked what the eligibility requirements are for both YCC employment and the new outdoor equity grant program. Ms. Hickey stated YCC eligibility is based on age, youth ages 14 through 25 can be employed, while the outdoor equity grant program is for youth up to age 18. At least 40 percent of youth served by the program must be low-income. The subcommittee moved to temporarily table the agency’s request.

Office of African American Affairs. William Carreathers, Executive Director, presented the Office of African American Affair’s (OAAA) FY21 budget request of $1.07 million and expansion request of $247.5 thousand. Mr. Carreathers was accompanied by Nicole Bedford, Deputy Director, and Rebecca Garcia, OAAA’s budget analyst. The agency’s FY21 base budget request was flat relative to FY20 and included $300 thousand appropriated through a junior bill during the 2019 legislative session for programs and exhibits at the African American Performing Arts Center (AAPAC). The OAAA has 5 FTEs. The Director reported that OAAA’s two current vacancies will be filled by mid-November 2019. The Director summarized OAAA’s mission and programs. When asked by the committee about collaboration with the MLK commission, Mr. Bedford, the
Deputy Director, noted there was good cooperation between the offices and being co-located in the AAPAC was advantageous. The committee asked about the agency’s expansion request for funds for entrepreneurial development and highlighted there were several other state entities tasked with promoting similar programs. The committee also asked if the OAAA had spent the $300 thousand junior money earmarked for programs and exhibits. Ms. Garcia, the budget analyst, reported OAAA had quarterly contracts to spend down the funds. The subcommittee moved to temporarily table the agency’s request.

(604) **Commission for the Deaf and Hard-of-Hearing Persons.** Nathan Gomme, Director, presented the commission’s request to double its general fund revenue to offset telecommunications relay services funds that have not been collected and transferred by the Taxation and Revenue Department. Representative Sweetser asked why the agency’s request did not increase FTE given the projected workload increases. Director Gomme responded the agency is hoping to fill its vacancies and is requesting to reclassify one position so they can recruit an individual into this position. The subcommittee moved to temporarily table the agency’s request.

(605) **Martin Luther King, Jr. Commission.** Leonard Waites, Executive Director, presented the commission’s FY21 budget request of $356.5 thousand, which is less than one percent over the FY20 operating budget. The director introduced two of the commissioners who were present at the hearing and summarized the commission’s strategic plan. The subcommittee moved to temporarily table the agency’s request.

(606) **Commission for the Blind.** Jim Salas, Deputy Director, presented the commission’s request for an increase over FY20 of $650.6 thousand in general fund revenue to offset reductions in restricted federal funds. The additional funding is needed to offset revenue earmarked under the federal Workforce Innovation and Opportunity Act for pre-employment transition services for students. Representative Anderson noted Roswell is the home of Elizabeth Garrett who was blind and composed “O Fair New Mexico.” Representative Gonzales asked about the numbers served and was told the commission served 400 individuals with vocational rehabilitation services, 550 older blind individuals, and about 20 clients under the emergency blind health services. Senator Campos noted his family appreciates the help his wife has received from the commission. The subcommittee moved to temporarily table the agency’s request.

(632) **Workers’ Compensation Administration.** Loretta Lopez, the Worker’s Compensation Administration’s (WCA) new Director, and Verily Jones, the Deputy Director, presented WCA’s FY21 budget request of $12.3 million. The WCA is a self-funded agency with revenue generated from the state’s workers’ compensation assessment fee. The agency’s FY21 request included an increase of 8.5 percent for personal services and employee benefits to raise current employee pay rates to midpoint, and $650 thousand for repairs and improvements to building infrastructure. The requested infrastructure improvements have also been included in a capital improvement request. The request did not include a transfer of funds to the Workforce Solutions Department and WCA’s leadership opposes any future transfers. Ms. Lopez and Ms. Jones emphasized the fund’s revenue fluctuates with the
payment of worker’s compensation assessments. Employer fees are collected by the Taxation and Revenue Department (TRD) and transferred quarterly to the WCA fund. The WCA leadership explained ongoing challenges with reconciling collections with TRD, and believe TRD has under reported collections by approximately $1 million. Committee members expressed concern over TRD’s lack of accountability regarding collection and reporting of the assessments. The subcommittee moved to temporarily table the agency’s request.

(644) Division of Vocational Rehabilitation. Diane Mourning-Brown, Director, reported the agency requested a $4 million increase from the general fund over FY20, or 65 percent. The additional funds would be used for maintenance of effort and to leverage federal funds to reduce the “order of selection” service prioritization. Director Mourning-Brown commented on the effects of the federal Workforce Innovation and Opportunity Act including a 15 percent set aside for youth pre-employment transition services. Senator Campos asked if DVR needed resources for students’ individualized education plans (IEP) and the director responded they do need sufficient funding. The subcommittee moved to temporarily table the agency’s request.

(645) Governor’s Commission on Disability. Anthony Alarid, Acting Director, presented the commission’s request for a $40 thousand increase in general fund revenue, or 2.2 percent, to fund additional home modifications for people with disabilities. Representative Gonzales asked how much it costs to adapt a van for driving by a person with disabilities and was told it costs $35 thousand. Representative Gonzales asked about the average cost for a home modification project and was told the average cost is approximately $600. The subcommittee moved to temporarily table the agency’s request.

(647) Developmental Disabilities Planning Council. John Arango, Chair of the Developmental Disabilities Planning Council (DDPC), reported a new council had been appointed, subcommittees have formed to conduct more detailed work for the DD community, and the board would like to perform more local outreach. For its FY21 budget, DDPC requested $7.9 million, or an 18 percent increase, above the FY20 operating budget. The subcommittee moved to temporarily table the agency’s request.

(662) Miners’ Hospital. Bo Beams, Chief Executive Officer (CEO), presented the hospital’s request for an increase of $1.4 million in other transfers from the miners’ trust fund. The requested funding would support additional staffing and contract nurses, pharmaceuticals, and expansion of primary and specialty care clinics. Senator Campos asked about the fund balance in the miners’ trust fund. The hospital’s chief financial officer, Lonny Medina, responded the fund has a balance of $21 million, but the operating fund has a negative fund balance of $14 million for a net balance of approximately $7 million. The subcommittee moved to temporarily table the agency’s request.

(668) Office of Natural Resources Trustee. Acting Natural Resources Trustee and Environment Secretary, James Kenney, presented the agency’s request for a budget increase of $550.9 thousand, which includes a general fund increase of $608.2 thousand
and a fund balance decrease of $57.3 thousand. The subcommittee moved to temporarily table the agency’s request.

(940) **Public School Facilities Authority.** Executive Director Jonathan Chamblin, presented the agency’s FY21 request of approximately $5.7 million, a 21.7 percent increase over its FY20 operating budget of $4.7 million. Mr. Chamblin explained the statutory limitation of the agency’s budget and how the agency will be at the budget cap in FY21 by using a 3-year average of previous awards. The agency will be submitting an emergency supplemental appropriation request of $500 thousand in January 2020. The subcommittee moved to temporarily table the agency’s request.

(949) **Education Trust Board.** Education Trust Board (ETB) Chair and Higher Education Department (HED) General Counsel Sandra Liggett provided a presentation on the strategic direction of the ETB. Ted Miller, Executive Director, presented details on the two tax-advantage college savings plans offered by the ETB, the education plan and the scholars plan, and updated the subcommittee on the management changes with the plans. In December 2019, ETB will change plan administrators from Oppenheimer Funds to Acensus. The subcommittee moved to temporarily table the agency’s request.
MEMORANDUM

TO: Legislative Finance Committee

FROM: Subcommittee B

Senator George K. Muñoz, Chair
Representative Javier Martinez, Vice Chair
Representative Gail Armstrong
Representative Rodolpho “Rudy” S. Martinez
Senator Steven P. Neville
Senator Clemente Sanchez
Senator James P. White
Senator John Arthur Smith
Representative Patricia A. Lundstrom

SUBJECT: Subcommittee B Report

Subcommittee B met on October 30 and 31, 2019.

(216) **Supreme Court.** Chief Justice Nakamura presented the Supreme Court budget request, an increase of $187.5 thousand, or 2.9 percent, over the FY20 operating budget. New funding would pay for 3 administrative positions to support legal staff. Senator Munoz questioned why the personal services and employee benefits category was significantly lower than the FY20 operating budget and the FY21 request. As a response, the agency transferred funding to contractual services to pay for one-time repair expenses in FY19. Representative Javier Martinez asked the Supreme Court Clerk for a comparison of current funding levels to pre-Great Recession levels. The Court staff responded that the court would be above 2008 funding levels if the FY21 request was appropriated. Senator Sanchez noted that the Judicial Compensation Commission recommended an 8 percent salary increase for all district judges. Chief Justice Nakamura informed the committee that the Supreme Court had not yet reviewed or approved the commission’s report. The committee tabled the agency request.
Chief Judge Miles Hanisee presented the Court of Appeals budget request, a general fund increase of $208.5 thousand, or 3.2 percent over the FY20 operating budget. Senator Munoz inquired about the funding level of Judicial Retirement Fund, which according to Artie Pepin, AOC director, is 43 percent solvent. The Judicial Compensation Commission issued a report recommending a one-time infusion of $38 million to make the fund 100 percent solvent. The committee tabled the agency request.

Brenda Castello, Executive Director and CFO of the New Mexico Compilation Commission, presented the FY21 budget request, an increase of general fund revenue by $16 thousand, or 2.9 percent, to replace non-recurring fund balance revenue. The committee tabled the agency request.

Randy Roybal, Executive Director and CFO of the Judicial Standards Commission, presented the commission’s FY21 budget request, a 9 percent increase, or $83.8 thousand, over the FY20 operating budget to fund an existing investigator position and provide additional office space to house the new FTE. Senator White clarified the request was for an authorized but unfunded FTE. The committee tabled the agency request.

Executive Director Jeremy Farris and Commissioner Garrey Carruthers presented the commission’s budget request for $1.1 million, or an increase of $644.1 thousand over the special appropriation that the commission received in FY20. The request includes funding for 6 FTE (contracted hearing officers and attorneys) and leased office space. Subcommittee members asked why the commission plans to locate in Albuquerque, and the executive director responded that they had found suitable office space at UNM, which is a central meeting location for commissioners. Members expressed concern about potential conflicts in authority and jurisdiction with the Legislative Council Service (LCS). Director Farris said that he will work with LCS to draft a joint powers agreement. The subcommittee tabled the commission’s request.

Major General Kenneth Nava, adjutant general of the New Mexico National Guard and head of the Department of Military Affairs, provided an update on the work of the National Guard and presented the agency’s FY21 budget request. The department requested a 13 percent overall increase compared with the FY20 operating budget and an increase of almost 8 percent in general fund, primarily to support increases in personnel and service members group life insurance premiums. Members of the subcommittee praised the work of the National Guard and thanked Major General Nava for his service. Senator White requested clarification on the role of the State Defense Force, a volunteer organization intended to support the National Guard. Senator Sanchez requested clarification on a $2.5 million increase in the other category, which is primarily due to anticipated federal revenue for facility repair and renovation projects. Representative Garcia inquired as to the physical readiness of service members. Representative Rudy Martinez inquired as to the plan for unused National Guard armories, the cost of maintaining unused facilities, and the success of current recruitment efforts. The subcommittee temporarily tabled the agency request.
Juvenile Public Safety Advisory Board. Tamera Marcantel, Deputy Director of Facilities for CYFD’s Juvenile Justice Services (JJS), presented a flat FY21 budget request of $8,300. Created as a special purpose entity in statute, the Board’s 3 members receive travel and per diem for meetings. The subcommittee inquired as to the number of Board members necessary for a quorum. The Board members attending JJS proceedings collectively have one vote. Accordingly, quorum issues do not apply for the board. The subcommittee tabled the agency’s request.

Crime Victims Reparation Commission. Director Frank Zubia presented the FY21 budget request for commission and provided an update on its activities. The commission anticipates a 25 percent decline in federal funds and requested an 18 percent increase in general fund revenue, primarily to increase funds for sexual assault service providers and for additional staff. Alexandria Taylor, Director of Sexual Assault Services with the New Mexico Coalition of Sexual Assault Programs, spoke in support of increased funding for sexual assault service providers. Senator Sanchez requested additional detail on the volatility of the commission’s federal revenue and on the commission’s efforts to promote awareness of its services to victims. Other members requested clarification on historical funding to victim service providers in the state. Senator Munoz asked what percentage of funding to service providers is used for overhead, and Director Zubia explained that federal grants cap overhead expenses at 5 percent. State funds do not limit overhead. The subcommittee temporarily tabled the agency request.

Parole Board. Cisco McSorley, Director, and Sheila Lewis, Chair, presented the Parole Board’s FY21 budget request. The request represents an increase of $645 thousand, or 122 percent, over the board’s FY21 operating budget, primarily to add 8 new FTE to the board’s currently authorized 6 FTE. Senator White inquired into staff workload. Members expressed concern with the current state of the board, its staff, and its workload. Senator Munoz pointed out the new offender management system being developed by the Corrections Department may eliminate the need for some of these additional positions and asked why the agency did not request funding in contractual services for file storage. The subcommittee temporarily tabled the agency request.

Cumbres and Toltec Scenic Railroad Commission. John Bush, Director of Cumbres and Toltec Scenic Railroad, requested a flat budget for FY21. Bush presented a high level overview of the $1 million annual capital needs for the next 9 years. The subcommittee temporarily tabled the agency request.

Intertribal Ceremonial Office. Secretary Schroer, of the Tourism Department, presented the FY21 request of $385 thousand, a 285 percent increase, for the Intertribal Ceremonial Office. The request includes $140 thousand for personal services and employee benefits and $100 thousand for contractual services. The subcommittee temporarily tabled the agency request.

Border Authority. Marco Grajeda, Director of the Border Authority, presented the agency’s general fund request of $522 thousand, an increase of 58.8 percent. The general fund increase would offset a reduction in fund balance revenue of $126 thousand. The subcommittee temporarily tabled the agency request.
Office of Military Base Planning. Colonel Greg Myers, Director of the Office of Military Base Planning presented the agency’s request of $257.1 thousand in general fund, an increase of $30.2 thousand, or 13.3 percent. The increase will fund a salary increase of $6.3 thousand for the director and $24 thousand for the director’s increase in travel related expenses. The subcommittee temporarily tabled the agency request.

State Fair Commission. Dan Mourning, General Manager of the State Fair Commission, presented the agency’s FY21 budget request, a $683.5 thousand, or 6 percent, increase over the FY20 operating budget. The request includes $198 thousand from the general fund to support operations and maintenance at the African American Performing Arts Center. Mr. Mourning reported attendance at the State Fair fell from 505 thousand last year to 472 thousand this year due to hot temperatures and rain. In response to Representative Javier Martinez, Mr. Mourning explained the State Fair offers $1 admission days to ensure families from surrounding low-income neighborhoods can participate. Senator Munoz suggested studying whether the fairgrounds could house a soccer stadium for the New Mexico United, an upstart professional soccer team based in Albuquerque. The subcommittee temporarily tabled the agency request.

Public School Insurance Authority. Richard Valerio, Deputy Director of the Public Schools Insurance Authority presented the agency’s FY21 budget request. Mr. Valerio stated that PSIA covers 88 school districts, 97 charter schools, and 27 other educational entities. For FY21, PSIA requested an increase of 9 percent and advised the Public Education Department to request an increase of $17.4 million, $10.7 million for health benefits and $6.7 million for risk insurance. PSIA’s budget anticipates health insurance rate increases of 7.4 percent and risk insurance rate increases of 9.5 percent. Representative Lundstrom asked why charter schools in Albuquerque were covered by PSIA when APS was not. Mr. Valerio stated that the Charter School Act places all charter schools under PSIA. Representative Lundstrom voiced concern that the staff recommendation was lower than the agency request. Connor Jorgensen, LFC analyst, responded that the staff recommendation was based on a lower expectation for medical cost increases as the requests for the General Services Department and Retiree Health Care Administration both included significantly lower expectations for growth in medical costs. Mr. Jorgensen stated staff would re-assess assumptions in the recommendation.

Regional Education Cooperatives. Regional Education Cooperatives (REC) Association President Bryan Dooley presented the association’s budget request of $3 million, a $1.9 million (or 189 percent) increase over the FY20 operating budget. President Dooley noted the annual $1 million appropriation for RECs has remained relatively flat and insufficient since FY06 and $3 million represents an inflation-adjusted and sufficient amount for FY21. RECs are also requesting $2.5 million to provide training on culturally and linguistically responsive instruction statewide (in response to HB111). Subcommittee members asked for a description of REC services and justification for the increase. President Dooley noted RECs were originally used to leverage the purchasing power of multiple, small districts for ancillary services. RECs have since expanded services to include financial and technical assistance, professional
development and training, and Public Education Department (PED) special program rollout. PED will recommend an REC budget in November. The subcommittee temporarily tabled the agency request.

(940) **Public School Facilities Authority.** Executive Director Jonathan Chamblin presented the agency’s FY21 request of approximately $5.7 million, a 21.7 percent increase over its FY20 operating budget. Mr. Chamblin explained the Public School Capital Outlay Act limits the agency’s operating budget to 5 percent of the average of the prior three years of awards given out by the Public School Capital Outlay Council (PSCOC). PSFA’s operating budget is contingent upon the number of awards in any given year. The agency’s operating budget is adjusted during periods when there are few applications and awards. For FY20, the agency’s operating budget was reduced by approximately $659 thousand. The agency will submit an emergency supplemental appropriation request of $500 thousand in January 2020. The subcommittee temporarily tabled the agency’s budget request.

**Cooperative Extension Service (CES)/Agricultural Experiment Station (AES).** Both organizations presented their programs and new initiatives. CES requested a flat budget for FY21. AES, the recipient of $250 thousand for the Sustainable Agriculture Center for Excellence, described its multidisciplinary effort to develop research into sustainable agriculture and sought continuation of the centers for excellence funding. AES also requested $250 thousand to address deferred maintenance at its 12 sites throughout the state. The Legislature appropriated $3 million through capital outlay in FY20 for improvement projects at these sites statewide. The subcommittee temporarily tabled the agency request.

(954) **New Mexico Department of Agriculture.** Jeff Witte, Cabinet Secretary to NMDA discussed increasing regulatory requirements which his agency is responsible for enforcing. In particular, Secretary Witte discussed the implementation of hemp regulation, stating the fees generated from growers are not sufficient to regulate the industry. The relatively low level of fees, given the benefit of regulation, is not an obstacle to the growers’ ability to be successful. Rather, Witte noted the infancy of the industry is the largest obstacle for growers, as best practices have yet to emerge. NMDA’s role in the rulemaking and regulation has been a benefit to hemp growers, according to Witte. The Department’s FY21 general fund request for an additional $2.4 million would provide funding for several initiatives: increased international market development, hemp regulation, veterinary diagnostics lab, agricultural workforce development, and many other community-backed programs. Rep. Lundstrom expressed concern over the duplication that may exist among the Department of Agriculture and the Agricultural Experiment Stations and Cooperative Extension Service. Lundstrom requested NMSU to provide a high-level organizational chart to depict the reporting relationships. Lundstrom also requested information about NMSU’s indirect cost charges to these entities. The subcommittee temporarily tabled the agency request.
Small Business Development Centers. The Executive Director gave a brief presentation of the agency’s performance for the past year and discussed an expansion request for additional support of small business through the state. SBDC requested a budget increase from $4.2 million to $4.4 million for FY21 or 5.9 percent growth in state general fund support. Federal funding support through the Small Business Administration (SBA) will decline by 14 percent. The subcommittee temporarily tabled the agency request.