



**SENATOR GREG BACA**  
*Senate Republican Leader*

**SENATOR CRAIG BRANDT**  
*Senate Republican Whip*

**SENATOR MARK MOORES**  
*Senate Republican Caucus Chair*

FOR IMMEDIATE RELEASE

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## **Senator Pat Woods, Representative Jack Chatfield Ask Auditor to Review Clawbacks from Local Governments for Employees Benefits Shortfall**

SANTA FE — This week, **Senator Pat Woods** (R-Broadview) and **Representative Jack Chatfield** (R-Mosquero) sent a letter to State Auditor Joseph Maestas requesting his review of an urgent matter facing New Mexico local governments. In order to address the massive shortfall in the state’s employee group health benefits fund, local governments are being required to match a one-time, employer-only assessment.

Senator Woods issued the following statement along with the co-signed letter to State Auditor Maestas:

“I have received nonstop calls from our local governments facing tough budget decisions in light of this policy. We cordially ask that Auditor Maestas look into the legality of this clawback measure to ensure that our public servants receive the benefits they earn and that our local governments can continue serving our communities to the fullest of their abilities.”

See the full letter attached below.

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# New Mexico State Legislature

STATE CAPITOL  
Santa Fe

May 24, 2023

The Honorable Joseph M. Maestas, P.E.  
New Mexico State Auditor  
2540 Camino Edward Ortiz  
Suite A  
Santa Fe, New Mexico 87507

Dear State Auditor Maestas:

We are writing to express our strong concerns regarding recent assessments levied on numerous local governments, universities/colleges, hospitals, and other public entities across New Mexico in order to address shortfalls in the General Services Department's (GSD) Employee Group Health Benefits Fund and in the contractual services category for life insurance premiums in the department's Risk Management Division. These assessments, which can amount to several hundred thousand dollars, are placing an enormous financial burden on these public entities as these employer-based payments were not included in their budgets and many of these public entities do not have sufficient budgetary reserves to make these unanticipated payments. In fact, there are more than 29 public entities in northeast New Mexico who are being adversely affected by these assessments.

Equally troubling is the fact these assessments from GSD are demanding retroactive payments for health insurance and life insurance services already paid for and received. It is simply unacceptable that any public entity is being mandated to pay twice for benefits and services already provided to them, especially when the second payment is being applied on a retroactive basis. It is our understanding these retroactive assessments are being requested by GSD because the department has not increased health insurance and life insurance premiums on affected employers for at least the last four years, and over this period the shortfalls associated with premium revenues not meeting expenditures is more than \$100 million. While we recognize this shortfall must be addressed as soon as possible -- thus the rationale for the Legislature to appropriate nearly \$95 million in House Bill 2 from the recent 60-day session to help eliminate the shortfall -- why is it the responsibility of local public entities to make-up a shortfall which was the result of a state government department apparently violating the law by not ensuring employer insurance premiums met benefit expenditures? Further, there was no explanation during the session that various provisions in House Bill 2 would result in local public entities being forced to make retroactive premium payments.

Therefore, we are requesting your office conduct a thorough review of this entire matter to determine if local public entities are fiscally responsible for a shortfall that is the result of GSD likely violating the law and not properly managing these health and life insurance benefits. We also request a quick determination be made as to the legality of these payments so that these local public entities are not

forced to make retroactive payments in the next few weeks which will place an unfair burden on their budgets and on the taxpayers within their jurisdictions.

Thank you for your consideration of our requests and we look forward to working with your office to successfully resolve this important fiscal question.

Respectfully yours,



Jack Chatfield  
State Representative District 67



Pat Woods  
State Senator District 7

cc: City of Raton City of Texico City of Tucumcari  
Colfax County Curry County Guadalupe County  
Guadalupe County Hospital Harding County Quay County  
Town of Clayton Union County Union County Gen. Hospital  
Village of Des Moines Village of Grady Village of House  
Village of Logan Village of Mosquero Village of Roy  
Village of San Jon NM Beef Council Village of Melrose  
Big Mesa MDWCA Arch Hurly Conservancy District NM State University  
Northeast Reg. Education Coop Eastern Reg. Housing Authority NM Assoc. Of Counties  
High Plains Regional Education Cooperative Soil and Water Conservation District  
NM Municipal League