

STATE OF NEW MEXICO



REPORT OF THE LEGISLATIVE FINANCE COMMITTEE TO THE FORTY-SEVENTH LEGISLATURE SECOND SESSION

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LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATIONS

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TABLE OF CONTENTS

	<u>CODE NO.</u>	<u>PAGE NO.</u>
LEGISLATIVE		
Legislative Branch.....	111-131	1
JUDICIAL		
Supreme Court Law Library	205	2
New Mexico Compilation Commission.....	208	3
Judicial Standards Commission.....	210	5
Court of Appeals	215	7
Supreme Court.....	216	9
Supreme Court Building Commission	219	11
Administrative Office of the Courts.....	218	12
District Court Summary	231-243	18
First Judicial District Court	231	21
Second Judicial District Court	232	22
Third Judicial District Court	233	23
Fourth Judicial District Court.....	234	24
Fifth Judicial District Court	235	25
Sixth Judicial District Court	236	26
Seventh Judicial District Court	237	27
Eighth Judicial District Court	238	28
Ninth Judicial District Court.....	239	29
Tenth Judicial District Court	240	30
Eleventh Judicial District Court	241	31
Twelfth Judicial District Court.....	242	32
Thirteenth Judicial District Court	243	33
Bernalillo County Metropolitan Court	244	34
District Attorneys Summary.....	251-263&265	36
First Judicial District Attorney.....	251	39
Second Judicial District Attorney.....	252	40
Third Judicial District Attorney.....	253	41
Fourth Judicial District Attorney	254	42
Fifth Judicial District Attorney.....	255	43
Sixth Judicial District Attorney.....	256	44
Seventh Judicial District Attorney.....	257	45
Eighth Judicial District Attorney.....	258	46
Ninth Judicial District Attorney	259	47
Tenth Judicial District Attorney.....	260	48
Eleventh Judicial District Attorney (Div I)	261	49
Eleventh Judicial District Attorney (Div II)	265	50
Twelfth Judicial District Attorney	262	51
Thirteenth Judicial District Attorney.....	263	52
Administrative Office of the District Attorneys	264	53
GENERAL CONTROL		
Attorney General.....	305	55
State Auditor	308	59
Taxation and Revenue Department	333	61
State Investment Council	337	67
Department of Finance and Administration.....	341	70
DFA Non-Operating Funds	344	78
Public School Insurance Authority	342	79
Retiree Health Care Authority	343	83
General Services Department.....	350	87
Educational Retirement Board	352	98

TABLE OF CONTENTS

	<u>CODE NO.</u>	<u>PAGE NO.</u>
New Mexico Sentencing Commission.....	354	101
Public Defender Department.....	355	103
Governor	356	106
Lieutenant Governor	360	108
Office of the Chief Information Officer.....	361	109
Public Employees Retirement Association.....	366	111
State Commission of Public Records.....	369	114
Secretary of State	370	116
Personnel Board	378	118
Public Employees Labor Relations Board.....	379	121
State Treasurer	394	122
 COMMERCE AND INDUSTRY		
Board of Examiners for Architects.....	404	124
Sports Authority	416	125
Border Authority	417	126
Tourism Department	418	128
Economic Development Department	419	134
Regulation and Licensing Department.....	420	140
Public Regulation Commission	430	157
New Mexico Board of Medical Examiners.....	446	164
Board of Nursing.....	449	165
New Mexico State Fair	460	167
State Board of Licensure for Professional Engineers and Surveyors.....	464	169
Gaming Control Board	465	170
State Racing Commission.....	469	172
Board of Veterinary Medicine.....	479	174
Cumbres and Toltec Scenic Railroad Commission.....	490	175
 AGRICULTURE, ENERGY AND NATURAL RESOURCES		
Department of Cultural Affairs.....	505	177
New Mexico Livestock Board.....	508	185
Department of Game and Fish.....	516	189
Energy, Minerals and Natural Resources	521	196
Youth Conservation Corps.....	522	204
Intertribal Ceremonial Office	538	206
Commissioner of Public Lands.....	539	207
State Engineer	550	209
Organic Commodity Commission.....	569	217
 HEALTH, HOSPITALS AND HUMAN SERVICES		
Commission on the Status of Women.....	601	219
Office of African American Affairs	603	221
Commission for Deaf and Hard-of-Hearing Persons.....	604	223
Martin Luther King, Jr., Commission.....	605	225
Commission for the Blind	606	226
Indian Affairs Department	609	228
Aging and Long-Term Services Department.....	624	230
Human Services Department.....	630	238
Labor Department	631	246
Workers' Compensation Administration	632	251
Office of Workforce Training and Development	635	253
Division of Vocational Rehabilitation.....	644	257

TABLE OF CONTENTS

	<u>CODE NO.</u>	<u>PAGE NO.</u>
Governor's Commission on Disability.....	645	260
Developmental Disabilities Planning Council	647	262
Miners' Hospital of New Mexico	662	267
Department of Health.....	665	269
Department of Environment	667	284
Office of the Natural Resources Trustee.....	668	291
New Mexico Health Policy Commission.....	669	292
Veterans' Services Department	670	294
Children, Youth and Families Department	690	296
 PUBLIC SAFETY		
Department of Military Affairs.....	705	304
Parole Board	760	307
Juvenile Parole Board.....	765	309
Corrections Department.....	770	311
Crime Victims Reparation Commission.....	780	319
Department of Public Safety	790	322
 TRANSPORTATION		
Department of Transportation	805	328
 OTHER EDUCATION		
Public Education Department	924	334
Regional Education Cooperatives.....	930	338
Public School Facilities Authority	940	339
 HIGHER EDUCATION		
Higher Education Department.....	950	341
Higher Education	952-977	347
 PUBLIC SCHOOL SUPPORT		
Public School Support.....	993	374

BUDGET SUMMARY
(dollars in thousands)

		FY07 - 2006-2007				
		FY05	FY06		LFC	Percent
		2004-2005	2005-2006	Agency	Recommen-	Incr
		Actuals	Budgeted	Request	dation	(Decr)
111	Legislative Council Service	4,311.7	4,622.8	4,802.9	4,802.9	3.9%
112	Legislative Finance Committee	3,361.3	3,507.1	3,674.1	3,674.1	4.8%
114	Senate Chief Clerk	968.9	996.0	996.0	996.0	0.0%
115	House Chief Clerk	938.6	973.5	973.5	973.5	0.0%
117	Legislative Education Study Committee	974.3	986.5	1,154.3	1,154.3	17.0%
119	Legislative Building Services (GAA)	3,316.3	3,360.6	3,544.0	3,544.0	5.5%
131	Interim Committee Expenses	888.7	1,036.0	1,036.0	1,036.0	0.0%
131	Pre-Session Expenses	352.3	552.3	552.3	552.3	0.0%
131	Legislative Internship Program	25.0	25.0	25.0	25.0	0.0%
131	Senate Rules Interim Committee	21.6	21.6	21.6	21.6	0.0%
131	Energy Council Dues (GAA)	32.0	32.0	32.0	32.0	0.0%
131	Legislative Retirement (GAA)	266.0	0.0	0.0	0.0	0.0%
	Legislature	7,124.3 *	4,732.0 *+	7,124.3 *++	7,124.3 *++	50.6%
TOTAL LEGISLATIVE		22,581.0	20,845.4	23,936.0	23,936.0	14.8%
	*Less Nonrecurring	(7,124.3)	(4,732.0)	(7,124.3)	(7,124.3)	50.6%
TOTAL LEGISLATIVE RECURRING		15,456.7	16,113.4	16,811.7	16,811.7	4.3%

+Appropriation for 2006 legislative session (30 days) will be made by the Legislature in January 2006. Amount shown was provided by the Legislative Council Service.

++Appropriation for 2007 legislative session (60 days) will be made by the Legislature in January 2007. Amount shown is same as FY05.

TRANSMITTAL OF ESTIMATES

Appropriation estimates for the operation of the legislative branch of government are transmitted herewith by the Legislative Finance Committee. Estimates have been supplied by the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, Legislative Building Services, Senate chief clerk and House chief clerk.

Effective November 1, 2003, \$200 thousand per month is distributed from the Oil and Gas Proceeds Withholding Tax Act into the legislative retirement fund.

All appropriations to the legislative branch of government are made through the feed bill, except for those indicated by (GAA), which are made through the General Appropriation Act.

STATUTORY AUTHORITY:

Sections 18-1-1 through 18-1-12, NMSA 1978 provide for a Supreme Court Law Library for use by all citizens of the state of New Mexico. The management, control, and supervision of the library are the responsibility of a board of trustees consisting of the Supreme Court justices. In addition to general circulation, the Supreme Court Law Library provides reference support, acquisition and update of legal materials, and research assistance. Its other major function is to provide guidelines, rules, and training to ensure the maintenance of all district court libraries.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,592.4	1,647.2	1,697.3	1,685.5	2.3
SOURCES TOTAL	1,592.4	1,647.2	1,697.3	1,685.5	2.3
USES					
Personal Services/Empl Benefit	627.9	641.8	636.9	636.9	-0.8
Contractual Services	339.7	353.3	371.2	364.6	3.2
Other	620.5	652.1	689.2	684.0	4.9
TOTAL USES	1,588.1	1,647.2	1,697.3	1,685.5	2.3
FTE					
Permanent	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	9.0	9.0	9.0	9.0	0.0

SUPREME COURT LAW LIBRARY

The purpose of the supreme court law library program is to provide and produce legal information for the judicial, legislative and executive branches of state government, the legal community and the public so they may have equal access to the law, effectively address the courts, make laws and write regulations, better understand the legal system and conduct their affairs in accordance with the principles of law.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Percent of updated titles	80%	70.4%	80%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	14%	14.8%	<20%	<20%	<20%
Output	Number of website hits	45,956	58,621	5,000	50,000	60,000
* Output	Number of research requests	5,933	6,593	500	5,000	6,600

STATUTORY AUTHORITY:

The New Mexico Compilation Commission was established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court (New Mexico Reports), Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the Juvenile Probation Officers Manual. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State's session laws, and is authorized to prepare and keep current parallel tables of the New Mexico Statutes.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	259.4	167.6	***
Other Transfers	81.1	81.0	0.0	0.0	-100.0
Enterprise Program Rev	1,088.0	1,269.5	1,392.1	1,392.1	9.7
SOURCES TOTAL	1,169.1	1,350.5	1,651.5	1,559.7	15.5
USES					
Personal Services/Empl Benefit	176.9	227.3	425.8	333.9	46.9
Contractual Services	618.1	964.7	1,040.5	1,040.5	7.9
Other	169.0	158.5	185.3	185.3	16.9
TOTAL USES	964.0	1,350.5	1,651.6	1,559.7	15.5
FTE					
Permanent	3.0	4.0	6.0	5.0	25.0
Term	0.0	0.0	0.0	1.0	***
TOTAL FTE POSITIONS	3.0	4.0	6.0	6.0	50.0

BUDGET ISSUES:

In FY05, the Compilation Commission began changing the way it publishes laws, opinions and rules. The commission is working towards internalizing the publishing process rather than contracting for the services. This change will result in uncertain revenue forecasts and a shift in commission responsibilities. To address these changes, in FY05 the commission received authorization for an editorial support manager, funded with enterprise revenue. Revenues, however, have been consistently over-projected to the level of spending requested by the commission and were over-budgeted in FY06 by almost 16 percent.

BASE EXPANSION:

The commission sells its publications to state agencies for a supplemented rate, reducing the level of spending these agencies would incur if the publications were compiled and distributed through a private entity.

The commission requested 2 additional FTE supported by the general fund. The first request is for salary and benefits for a full-time director. The current director serves dual roles working for the commission as well as drafting rules for the Supreme Court. This individual is a contract employee paid solely from the Supreme Court's budget and is planning to retire in the near future. Both the Compilation Commission and the Supreme Court maintain that the functions, Supreme Court rule-drafting and commission director, should be the responsibility of separate people.

The second expansion request is for salary and benefits for a management analyst to support the self-publishing operations of the commission. The commission plans to self-publish for a few years to determine the success of the venture. LFC recommends general fund support for this trial period for the commission's FTE director and the requested expansion support staff. The director has been recommended as a perm position because, regardless of whether the commission continues to self-publish, the commission will need a director position. The additional management analyst has been recommended as a term position in the case the commission does not continue to self-publish. As the trial period progresses for the commission's self-publishing venture, enterprise revenues should be assessed annually to determine the need for the term position and whether the commission should continue to receive any future general fund support.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Director (1 FTE)	(NMCC)	108.0	103.6
2	Management analyst (1 FTE)	(NMCC)	70.4	66.1
TOTAL			178.4	169.7

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission program is to publish in print and electronic format, distribute and sell (1) laws enacted by the legislature, (2) opinions of the supreme court and court of appeals, (3) rules approved by the supreme court, (4) attorney general opinions, and (5) other state and federal rules and opinions and to ensure the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Amount of revenue collected, in thousands	\$1,133.2	\$1,169.1	\$1,291.3	\$1,291.3	\$1,392.1

STATUTORY AUTHORITY:

An amendment to Article VI, Section 32, of the New Mexico Constitution created the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 11 members: six lay people appointed by the governor, two attorneys elected by the New Mexico Bar Association board of commissioners, and three members appointed by the Supreme Court. The latter three positions are filled by a Supreme Court justice, a magistrate judge, and a Court of Appeals or district court judge. The six lay members serve five-year terms while the attorney and judge members serve four-year terms.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	428.4	580.2	706.4	600.1	3.4
Other Transfers	100.9	0.0	0.0	0.0	***
Other Program Revenues	0.0	0.0	0.0	30.0	***
SOURCES TOTAL	529.3	580.2	706.4	630.1	8.6
USES					
Personal Services/Empl Benefit	355.9	475.4	524.4	473.8	-0.3
Contractual Services	23.8	23.9	30.0	30.0	25.5
Other	139.0	80.9	152.0	126.3	56.2
TOTAL USES	518.7	580.2	706.4	630.1	8.6
FTE					
Permanent	6.0	6.5	7.0	6.5	0.0
TOTAL FTE POSITIONS	6.0	6.5	7.0	6.5	0.0

BUDGET ISSUES:

The Judicial Standards Commission received a Board of Finance loan for \$100.9 thousand in FY05 for trial costs. The commission paid \$6 thousand toward the debt at the end of FY05 and the Board of Finance has extended the time for the commission to repay the loan for an additional year.

The commission has a varying workload depending on the cases that reach commission or Supreme Court hearings during a given year. The commission may assess "trial costs recovery" to judges found guilty of charges brought against them. However, in FY05 the commission did not have the budget increase authority required to use the collected funds so they reverted to the general fund. The commission requested greater levels of recurring funding for the purposes of covering trial costs. The LFC recommendation includes \$30 thousand in trial reimbursement funds as well as additional general fund for basic trial costs.

BASE EXPANSION:

The Judicial Standards Commission (JSC) requested \$34.6 thousand in expansion to fund a 0.5 FTE investigator position. The first half of this position was funded in the 2005 legislative session and is currently vacant. LFC does not recommend funding for this request.

The commission also requested \$19 thousand for out-of-cycle increases for the commission staff. This amount would represent approximately a 5.5 percent increase over the staff's current salaries. The 5 FTE currently employed by the commission earn 90 percent or greater within their respective salary ranges and the agency average salary is 106.8 percent within the positions' salary ranges. The LFC compensation recommendations for individual agencies will be addressed as part of the overall state government compensation recommendation.

JSC also requested funding for a University of New Mexico Law School student intern. The commission is currently funding this position and additional funding is not included in the LFC recommendation.

Finally, the commission requested \$43.4 thousand in "trial costs," expenses that could be incurred in FY07 should the commission have approximately six trials. LFC recommends that any trial reimbursement funds received by the commission be used to offset trial costs and has budgeted \$30 thousand in other program revenue. The recommendation also increases general fund dollars in the other costs category, which could be used for trial purposes, or commissioner and staff training.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Investigator (0.5 FTE)	(JSC)	34.6	0.0
2	Out-of-cycle pay increases	(JSC)	19.0	0.0
3	Summer UNM law clerk	(JSC)	5.0	0.0
4	Trial costs	(JSC)	43.4	34.4
5	<u>Commission and staff conference travel</u>	<u>(JSC)</u>	<u>13.0</u>	<u>5.6</u>
TOTAL			115.0	40.0

JUDICIAL STANDARDS COMMISSION

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct in order to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Efficiency	Average time for complaint requiring investigation to reach disposition, in months					
Efficiency	Average case duration rate, by meeting cycle		1.85	5		
Explanatory	Number of complaints received regarding judicial misconduct		1639			
Explanatory	Percent of complaints requiring research investigation		96			
* Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days				2	2
* Output	Time for release of annual report to the public, from the end of the fiscal year, in months				2	2
* Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles				3	3
Explanatory	Number of inquiries regarding judicial disciplinary matters					
Explanatory	Number of docketed complaints					

STATUTORY AUTHORITY:

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disease Disablement Law, the Subsequent Injury Act and the federal Employers' Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the Constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,603.8	4,768.5	5,037.0	4,917.3	3.1
Other Program Revenues	1.0	1.0	1.0	1.0	0.0
SOURCES TOTAL	4,604.8	4,769.5	5,038.0	4,918.3	3.1
USES					
Personal Services/Empl Benefit	4,187.1	4,340.3	4,556.4	4,468.7	3.0
Contractual Services	69.8	23.5	25.2	23.7	0.9
Other	321.9	405.7	456.4	425.9	5.0
TOTAL USES	4,578.8	4,769.5	5,038.0	4,918.3	3.1
FTE					
Permanent	58.0	58.0	59.0	58.0	0.0
TOTAL FTE POSITIONS	58.0	58.0	59.0	58.0	0.0

BUDGET ISSUES:

The Court of Appeals (COA) is requesting capital funds in the amount of \$12.3 million for a courthouse building to be built at the University of New Mexico Law School. Under the court's proposal, the University would maintain ownership of the land and the court would own the courthouse building.

The Court of Appeals has been expanded to 10 judges since its original three. Statute requires the "headquarters" of the court, as well as the "clerk's office" to be in the state's capital. The court shares the Supreme Court building in Santa Fe and has, in the past, held offices in both Las Cruces and Albuquerque. Currently the court maintains office at the University of New Mexico law school, but does not have a building. If the new courthouse is built, two or three of the judges currently in Santa Fe would relocate to Albuquerque and three or four judges would remain in Santa Fe. If the court receives capital funding in FY07, the operational costs for the building would begin in FY08 and are not reflected in the agency's FY07 request or in the agency's capital request.

BASE EXPANSION:

The Court of Appeals requested \$92.4 thousand for a 1 FTE expansion for an assistant staff attorney a for the Court's Prehearing Division. While sympathetic to the request, supporting workload and performance information have not yet been submitted. The court also requested a \$20 thousand expansion to develop or purchase new file management software. LFC recommends funding for this request.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Assistant staff attorney (1 FTE)	(COA)	92.4	0.0
2	File management software	(COA)	20.0	20.0
TOTAL			112.4	20.0

COURT OF APPEALS

The purpose of the court of appeals program is to provide access to justice, to resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	98.6%	95%	95%	95%	95%
Explanatory	Number of legal opinions written	667	651			

STATUTORY AUTHORITY:

Article VI of the Constitution of New Mexico provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico, having original jurisdiction in quo warranto and mandamus against all state officers, boards, and commissions as well as superintending control over all lower courts. The Supreme Court also has the power to issue writs.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,303.8	2,429.0	2,611.8	2,484.4	2.3
SOURCES TOTAL	2,303.8	2,429.0	2,611.8	2,484.4	2.3
USES					
Personal Services/Empl Benefit	2,007.1	2,155.2	2,275.3	2,231.9	3.6
Contractual Services	111.3	102.0	131.3	47.3	-53.6
Other	180.6	171.8	205.2	205.2	19.4
TOTAL USES	2,299.0	2,429.0	2,611.8	2,484.4	2.3
FTE					
Permanent	29.0	30.0	31.0	31.0	3.3
TOTAL FTE POSITIONS	29.0	30.0	31.0	31.0	3.3

BUDGET ISSUES:

The Supreme Court oversees a number of boards and committees ranging from the Board of Bar Examiners to the Code of Judiciary Conduct Advisory Committee and the Courts of Limited Jurisdiction Rules Committee. There are at least 24 standing committees which promulgate proposed court rules or amendments to rules. Through FY06, the court maintained a contract with the New Mexico Compilation Commission for the purpose of staffing the boards and committees and drafting proposed rules and, subsequently, final court rules as approved by the Supreme Court.

In FY06 the court will no longer contract with the Compilation Commission, but will instead contract with University of New Mexico School of Law. The court has double requested funds, both to replace the drafting contract with an expansion for an associate staff attorney and in the base for the contract the court currently holds for the same purpose. The LFC recommendation includes the expansion funding for the FTE and removes the contractual amount from the agency's base. For FY07 only, the court proposes both hiring the new FTE and maintaining the drafting contract with the University of New Mexico for the purposes of a smooth transition and training of the new employee. LFC recommends that one-time funding, such as a special appropriation, be pursued.

The Compilation Commission has historically funded the expenses for the members of the boards and committees for which it has staffed and drafted rules. The FY07 budget request from the court includes an additional \$7.5 thousand to fund the per diem expenses for these board and committee members.

BASE EXPANSION:

The Supreme Court requested \$95 thousand in expansion to fund 1 FTE for an associate staff attorney. This attorney would be responsible for the duties currently carried out through a drafting contract with the University of New Mexico Law School. The LFC recommendation includes funding for this request, which will have a recurring impact of equivalent to, or less than, the current drafting contract. Funding for the drafting contract has been removed from the agency's base.

The court has also requested a \$25 thousand expansion in contractual funds for transcribing death penalty and first degree murder cases. The Court of Appeals is budgeted \$75.1 thousand for this purpose and, on a request basis, assists the Supreme Court with their case transcriptions. The Court of Appeals, however, cites that the transcription funds in FY04 were expended in March, and in FY05 only one Supreme Court case was funded. The LFC recommendation includes funding for this request.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Assistant staff attorney (1 FTE)	(SC)	95.0	95.0
2	<u>Tape transcription for death penalty/murder</u>	<u>(SC)</u>	<u>25.0</u>	<u>25.0</u>
TOTAL			120.0	120.0

SUPREME COURT

The purpose of the supreme court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	91%	105.4%	95%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written	58	79			

STATUTORY AUTHORITY:

The Supreme Court Building Commission was established by Sections 34-3-1 through 34-3-3 NMSA 1978. The commission consists of three New Mexico residents appointed by the Supreme Court who serve without pay. The building superintendent is directly responsible to the commission for supervision of custodial staff and for the preservation and maintenance of the Supreme Court building and its grounds. The commission is further charged with maintaining accurate fixed assets records for furniture, fixtures, and equipment acquired by the judiciary.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	682.8	703.6	826.2	710.2	0.9
SOURCES TOTAL	682.8	703.6	826.2	710.2	0.9
USES					
Personal Services/Empl Benefit	450.4	466.7	576.9	567.9	21.7
Contractual Services	84.2	88.2	103.0	6.9	-92.2
Other	143.8	148.7	146.3	135.4	-8.9
TOTAL USES	678.4	703.6	826.2	710.2	0.9
FTE					
Permanent	12.0	12.8	15.3	15.3	19.6
TOTAL FTE POSITIONS	12.0	12.8	15.3	15.3	19.6

BUDGET ISSUES:

LFC recommends that the Supreme Court Building Commission develop a formal building master plan and a formal building maintenance plan. The commission should also report the court's "facility maintenance index," the ratio of repair cost to replacement cost.

BASE EXPANSION:

The Supreme Court Building Commission requested 2.5 FTE to replace the building's security contract; one of the positions would be a supervisor and the other 1.5 positions would be regular security personnel. The commission has an \$81.4 thousand security contract in FY06 and asserts that the same contract would cost \$96 thousand in FY07. LFC recommends the contract-to-FTE conversion and has removed \$96 thousand in contractual services from the agency's base request and funded \$81.4 in expansion for the new FTE. The cost of replacement with FTE is less than the contract would be in FY07, and the contracted security personnel have historically been treated as building employees. The LFC recommended funding for the 2.5 expansion FTE is based on the entry-level salaries for the compensation ranges identified as appropriate by the Administrative Office of the Courts human resources office; thus it is less than the agency's requested expansion.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
<u>1</u>	<u>Security personnel (2.5 FTE)</u>	<u>(SCBC)</u>	<u>97.2</u>	<u>84.7</u>
TOTAL			97.2	84.7

SUPREME COURT BUILDING COMMISSION

The purpose of the supreme court building commission program is to retain custody, control, maintenance and preservation of the supreme court building and its grounds along with maintaining fixed assets records for furniture, fixtures and equipment acquired by the judiciary.

PERFORMANCE MEASURES

		FY04 Actual		FY05 Actual		FY06 Budget		FY07 Request		FY07 Recomm
* Quality	Accuracy of fixed-assets inventory records	100%			*	100%		100%		100%

STATUTORY AUTHORITY:

The Administrative Office of the Courts (AOC) is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978 to be established in the seat of government and supervised by a director appointed by the New Mexico Supreme Court. The agency has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. AOC acts as an oversight agency for the judiciary and supervises all matters relating to the administration of the courts.

MISSION:

The mission of the Administrative Office of the Courts is to provide support services and automation services to courts throughout New Mexico.

BUDGET SUMMARY (dollars in thousands)					
			FY07 – 2006-2007		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	29,473.4	32,446.3	38,455.3	33,965.7	4.7
Other Transfers	1,345.9	569.0	1,034.5	1,034.5	81.8
Fed Program Revenues	1,019.5	1,662.3	1,208.2	1,208.2	-27.3
Other Program Revenues	6,868.6	7,646.4	7,834.5	7,834.5	2.5
Fund Balance	356.9	334.3	964.1	964.1	188.4
SOURCES TOTAL	39,064.3	42,658.3	49,496.6	45,007.0	5.5
USES					
Personal Services/Empl Benefit	20,651.6	21,673.8	23,838.5	22,803.1	5.2
Contractual Services	4,845.3	6,183.5	7,965.1	6,495.3	5.0
Other	12,165.4	13,119.1	15,421.1	13,488.3	2.8
Other Financing Uses	1,380.5	1,681.9	2,271.9	2,220.3	32.0
TOTAL USES	39,042.8	42,658.3	49,496.6	45,007.0	5.5
FTE					
Permanent	329.5	338.5	360.3	338.8	0.1
Term	72.0	69.0	68.8	75.3	9.1
TOTAL FTE POSITIONS	401.5	407.5	429.0	414.0	1.6

BUDGET ISSUES:

AOC requested a 15 percent general fund base increase and an 18.5 percent overall general fund increase. LFC recommends a 4.7 percent general fund increase. The increase is due to replacement of lapsing drug-court funds (\$86.8 thousand), replacement of lapsing funds and formula growth funds for children's court mediation and court appointed special advocate activities (\$197 thousand), increased employee liability rates (\$278 thousand), increased magistrate health insurance and retirement (\$400 thousand), reduced vacancy savings factors (\$242 thousand), increased funding for the court appointed attorney fund (\$248 thousand), and expansion funding to raise the court interpreter contractual rate (\$150 thousand).

The Administrative Support Program budget reflects reduced federal grant revenue for drug courts from the U.S. Department of Justice and for the court improvement project from the federal Department of Health and Human Services. New funding is recommended from transferred funds from the Children, Youth and Families Department and the Department of Public Safety for children's mediation and video arraignment, respectively. Approximately a third of the staff in the Administrative Support Program received raises greater than 10 percent during the last year. Raises were funded both through vacancy savings and the funding of an FTE from the general fund instead with Supreme Court automation fee funds. The LFC recommendation for this program includes a 3.5 percent vacancy savings. AOC reports growth in the number of jurors, 8.6 percent in FY05 over FY03, and has decreased the average cost per juror in FY05 by almost 20 percent. The FY07 LFC recommendation reflects actual expenditures in FY05 and increases the program's funding by \$30 thousand in contractual services to fund increases in the interpreter certification and training program. Limited certified interpreters are available in the state and the passage rate for the certification examination is low.

The Statewide Judiciary Automation Program is supported primarily by the Supreme Court automation fund and municipal court automation fund. The program request reflects increased revenues from both sources. The request includes funding for one-time emergency preparedness machinery and equipment and several requests duplicated in the agency's technology request;

these requests should be pursued through a one-time funding mechanism and are not included in the LFC budget recommendation. The automation program reflects a reduction in its vacancy rate from over 16 percent in FY04 to 11 percent in FY05 to 4.7 percent thus far in FY06 and funding for this program assumes a 3 percent vacancy savings factor for FY07.

The Magistrate Court Program is funded primarily through the general fund, however this program also includes warrant enforcement activities funded through bench warrant revenues. Another source of revenue for this program is the court facilities fund. The facilities fund generated approximately \$5.3 million in FY05 with approximately \$4.4 million (over 80 percent) of the revenues used for servicing bonds for Metropolitan Court facilities in Bernalillo County. The remainder of the fund is available for improving court facilities and for non recurring costs, such as video arraignment and security improvements.

Three new magistrate judgeships and two new magistrate clerks were funded through legislation during the 2005 session. These five positions and associated funding are included in the FY07 recommendation. A 2005 special appropriation of \$500 thousand for judicial security was prioritized for magistrate courts' projects, including proximity entries, fire detection, and panic alarms. The salaries recommendation for the Magistrate Court Program includes a 1.5 percent vacancy rate. This program experienced high levels of benefits increases and GSD rate increases for FY07 (an increase of \$700 thousand); this is the primary reason for the program's 4 percent recommended increase.

The recommendation for the Special Court Services Program, comprising of the Court Appointed Special Advocate project, supervised visitation, water rights and adjudication litigation, court appointed attorney fund (CAAF), and judges pro tem, includes a general fund increase for CAAF. This will support increasing workload in the amount of \$248 thousand. The number of required events attended by abuse and neglect attorneys, increased by almost 20 percent over the past year, and a new statutory provision allows children age 14 or older in abuse and neglect cases to have their own attorney. Several districts have had difficulty finding guardian ad litem and respondent attorneys, paid from CAAF, and as a result contract rates have increased.

Increased general fund support for water rights litigation is not recommended because 2005 legislation, NMSA 1978 Section 72-4A-9, appropriated a percentage of the Water Trust fund to AOC for this purpose. The amount for FY06 is estimated at \$350 thousand. The Department of Finance and Administration, however, has yet to make the funds available. The Attorney General has issued an opinion confirming that the intent of the legislation was to provide water rights adjudication funding to the courts.

AOC and the judiciary as a whole will pursue several initiatives during the 2006 session. One initiative is to gain oversight over the municipal courts in the state; this proposal will have a statutory and financial component. The agency will likely request FTE for municipal court fiscal oversight, and attorneys to provide municipal judges legal support.

BASE EXPANSION:

The LFC recommendation includes \$150 thousand in expansion funds for a phased-in increase of court interpreter hourly rates. AOC requested \$300 thousand to increase rates from \$30/hour to \$50/hour. The LFC recommendation will allow a rate increase to \$40/hour. The rates paid to interpreters by the courts are not competitive with the rates paid by other state agencies or the federal government.

The committee recommends the requested 12 term positions and \$513.7 thousand increase to the Magistrate Court Program. This expansion will allow the warrant enforcement program to hire term FTE and to assist with warrant roundups.

AOC requested to replace the Supreme Court automation Fund funding for the program's term FTE with monies from the general fund, and to convert these positions to permanent FTE. The agency also requests general fund support for the Judicial Information Division building rent. The LFC recommendation does not support these requests.

The agency requests for additional magistrate and administration FTE were not recommended at this time. The Judiciary staff study reports a state wide magistrate court staffing need of 21 FTE. The study includes the work performed by term personnel, contract work, and volunteers, but it does not include or count any of the term positions employed by the court, thus it is not known what the absolute need is for the magistrate courts.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
a01	Increase court interpreters' contract rate	(Admin Supp)	300.0	150.0
a02	HR administrative analyst (1 perm FTE)	(Admin Supp)	86.4	0.0
a03	Court services program manager (1 perm FTE)	(Admin Supp)	86.4	0.0
a04	Staff attorney (1 perm FTE)	(Admin Supp)	84.5	0.0
b*	Otero County court clerk, DWI clerk (2 FTE)	(Magistrate)	73.1	73.1
b01	Magistrate judicial specialists (12 perm FTE)	(Magistrate)	534.9	0.0
b02	Warrant enforcement positions (12 term FTE)	(Magistrate)	513.7	513.7
c*	Abuse and neglect mediation	(Special)	12.0	12.0
c*	Court appointed special advocates	(Special)	100.0	100.0
c*	Neutral corner program	(Special)	100.0	100.0
c*	Statewide programs for children	(Special)	70.0	70.0
TOTAL			1,961.0	1,018.8

* The agency included this item in the base request. The LFC considers this to be expansion and has extracted it from the base.

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide administrative support to the chief justice, all judicial branch units and the administrative office of the courts so that they can effectively administer the New Mexico court system.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	FY05 2004-2005	FY06 2005-2006	Agency Request	LFC Recommendation	Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>			
SOURCES					
General Fund Transfers	5,515.7	6,385.0	7,360.0	6,592.1	3.2
Other Transfers	635.0	0.0	165.5	165.5	***
Fed Program Revenues	1,019.5	1,662.3	1,208.2	1,208.2	-27.3
Other Program Revenues	514.4	550.0	525.0	525.0	-4.5
Fund Balance	34.4	0.0	0.0	0.0	***
SOURCES TOTAL	7,719.0	8,597.3	9,258.7	8,490.8	-1.2
USES					
Personal Services/Empl Benefit	2,580.3	2,855.4	2,790.9	2,499.6	-12.5
Contractual Services	620.8	1,149.6	881.1	730.3	-36.5
Other	4,457.6	4,592.3	5,040.2	4,714.4	2.7
Other Financing Uses	58.6	0.0	546.5	546.5	***
TOTAL USES	7,717.3	8,597.3	9,258.7	8,490.8	-1.2
FTE					
Permanent	30.0	34.0	35.8	33.3	-2.2
Term	11.5	8.5	3.3	2.8	-67.6
TOTAL FTE POSITIONS	41.5	42.5	39.0	36.0	-15.3

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of jury summons successfully executed	84.9%	82.9%	92%	92%	92%
* Output	Average cost per juror	\$49.42	\$40.56	\$55	\$50	\$41.0

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judiciary automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,739.5	1,704.1	4,089.4	1,745.7	2.4
Other Program Revenues	4,318.3	5,121.4	5,273.6	5,273.6	3.0
Fund Balance	70.7	0.0	0.0	0.0	***
SOURCES TOTAL	6,128.5	6,825.5	9,363.0	7,019.3	2.8
USES					
Personal Services/Empl Benefit	3,049.3	3,362.1	3,780.1	3,632.7	8.0
Contractual Services	528.3	734.0	1,400.8	627.3	-14.5
Other	2,550.4	2,729.4	4,182.1	2,759.3	1.1
TOTAL USES	6,128.0	6,825.5	9,363.0	7,019.3	2.8
FTE					
Permanent	37.5	37.5	38.5	38.5	2.7
Term	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	46.5	46.5	47.5	47.5	2.2

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated court reports	89.6%	92.3%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-14.8%	-409.8%	10%		10%
* Quality	Average time to respond to automation calls for assistance, in minutes			25	25	25
Output	Number of help desk calls for assistance	3,993	4,164	4,010		
Quality	Average time to resolve automation calls for assistance, in hours		19.2			8

MAGISTRATE COURT

The purpose of the magistrate court program is to provide access to justice, resolve disputes justly and timely, and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	17,450.9	18,940.5	20,504.2	19,766.2	4.4
Other Transfers	627.3	569.0	519.0	519.0	-8.8
Other Program Revenues	2,035.9	1,975.0	2,035.9	2,035.9	3.1
Fund Balance	251.8	334.3	964.1	964.1	188.4
SOURCES TOTAL	20,365.9	21,818.8	24,023.2	23,285.2	6.7
USES					
Personal Services/Empl Benefit	15,022.0	15,456.3	17,267.5	16,670.8	7.9
Contractual Services	215.1	569.0	569.3	612.2	7.6
Other	5,109.5	5,785.4	6,186.4	6,002.2	3.7
Other Financing Uses	0.0	8.1	0.0	0.0	-100.0
TOTAL USES	20,346.6	21,818.8	24,023.2	23,285.2	6.7
FTE					
Permanent	262.0	267.0	286.0	267.0	0.0
Term	51.5	51.5	56.5	63.5	23.3
TOTAL FTE POSITIONS	313.5	318.5	342.5	330.5	3.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	\$1.98	\$2.03	\$2.3	\$2.3	\$2.3
* Explanatory	Percent of cases disposed as a percent of cases filed	97.4%	101.1%	90%	90%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions	\$15.2	\$14.94			
* Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	89.9%	95.8%	85%	85%	96%
Output	Number of bench warrants issued	45,888	44,627			
Output	Number of cases in which bench warrant fees are collected	21,668	22,661			

SPECIAL COURT SERVICES

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families and to provide judges pro tem and adjudicate water rights disputes so that the constitutional rights and safety of citizens (especially children and families) are protected.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	4,767.3	5,416.7	6,501.7	5,861.7	8.2
Other Transfers	83.6	0.0	350.0	350.0	***
SOURCES TOTAL	4,850.9	5,416.7	6,851.7	6,211.7	14.7
USES					
Contractual Services	3,481.1	3,730.9	5,113.9	4,525.5	21.3
Other	47.9	12.0	12.4	12.4	3.3
Other Financing Uses	1,321.9	1,673.8	1,725.4	1,673.8	0.0
TOTAL USES	4,850.9	5,416.7	6,851.7	6,211.7	14.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of required events attended by attorneys in abuse and neglect cases	7,300	8,765	7,000	8,000	8,000
* Output	Number of monthly supervised child visitations conducted	499	451	500	500	500
* Output	Number of cases to which court appointed special advocates volunteers are assigned	1,458	1,617	1,400	1,600	1,600

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-46 NMSA 1978. There are 13 judicial districts in New Mexico over which 78 judges preside. Distribution and quantity of judgeships is determined in New Mexico statute.

District courts have original jurisdiction for cases not excepted in the New Mexico Constitution and jurisdiction over special cases and proceedings specifically provided for by law. Common law disputes, felony criminal actions, and matters involving children where jurisdiction is statutorily directed to the district courts are all cases addressed through the district court system. District courts have appellate jurisdiction for cases that originate in inferior courts and tribunals within each court's respective district. The district judges have the power to issue writs of habeas corpus, mandamus, injunction, quo warranto, certiorari, prohibition, and all other writs provided that responsibility is not statutorily assigned to another court of superior jurisdiction.

MISSION:

The mission of the district courts is to provide access to justice, resolve disputes justly and timely, and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	48,859.4	54,168.8	59,293.5	55,716.3	2.9
Other Transfers	3,912.1	4,355.2	4,331.7	4,331.7	-0.5
Fed Program Revenues	2,520.0	2,131.5	1,390.4	1,390.4	-34.8
Other Program Revenues	1,510.9	1,443.8	1,523.9	1,523.9	5.5
General Revenues	75.9	45.0	50.0	50.0	11.1
Extraord/Special	27.1	0.0	0.0	0.0	***
Fund Balance	389.5	548.5	453.9	453.9	-17.2
SOURCES TOTAL	57,294.9	62,692.8	67,043.4	63,466.2	1.2
USES					
Personal Services/Empl Benefit	46,078.3	50,947.7	55,093.0	51,890.1	1.8
Contractual Services	5,193.1	7,095.2	6,573.3	6,887.4	-2.9
Other	4,913.2	4,635.0	5,362.2	4,673.7	0.8
Other Financing Uses	15.0	15.0	15.0	15.0	0.0
TOTAL USES	56,199.5	62,692.8	67,043.4	63,466.2	1.2
FTE					
Permanent	754.1	794.1	860.4	815.4	2.7
Term	60.0	72.5	69.0	63.3	-12.8
Temporary	0.0	0.0	0.5	0.5	***

BUDGET ISSUES:

The district courts have again participated in the judicial "unified budget" by proposing and gaining support for their submitted budgets through the Judiciary Budget Committee and the Chief Judges Council. The unified budget, however, is not actually received by the Legislature as a unified request; it is more accurately described as layers of requests. The first layer of the district courts' request was submitted to LFC and DFA and includes base increases and expansion FTE. The remaining layers will be pursued independently during the legislative session and include requests for new judgeships, expansion of drug courts and replacement of federal funds that support them, and children's programs. Within the first "layer," the judiciary budget committee approved a 3 percent increase in contractual services and other costs and allowed the personal services and employee benefits categories to reflect full funding for all authorized positions and related benefits, regardless of the increase. The budget committee permitted districts to submit FTE expansion requests based on a proportion of the number identified in the 2004 staff workload study. Regardless of request "layer" all funding proposals are together termed the "unified budget." While the judiciary request submitted to LFC and DFA includes a \$5.1 million, or 9.43 percent, increase the overall unified budget represents an \$11.6 million, or 21.4 percent, increase (without including any compensation increase requests).

The judiciary staffing study completed in 2004 compares the number of FTE that would be necessary to fully staff a given court with the number of permanent, general-fund-authorized employees that are approved in a given court. The difference between these numbers is then expressed as a court's "need." Most courts, however, also have authorized FTE that may be funded with other budgeted sources in addition to those permanent FTE covered by the general fund. The work performed by these employees was included in the staffing study's assessment of the courts' workload, but the FTE were not included in the current staffing level expressed by the court's need, which greatly inflates the number of "needed" staff the courts requested. If all the courts' employees are considered, rather than just the permanent general fund staff, only two district courts show a deficit in staffing, the 6th and the 10th.

The 2005 legislative session and FY06 were termed the "year of the judiciary" by the governor. The Legislature supported funding for eight new judgeships, many new projects, a large number of new staff and federal funds replacement. The courts are still catching up with the establishment of new judgeships and hiring FTE that were approved for FY06. The relatively low recommended judiciary increase for FY07 reflects the need for the judiciary to fully absorb the new funds received in FY06. In FY06 the 4th, 9th, and 11th districts have as much as a 20 percent funding increase over FY05. The LFC FY07 budget recommendation includes an overall increase of 2.9 percent from the general fund with most of the increase due to replacement of federal drug-court funds (\$1.1 million) and increases in employee liability insurance (\$400 thousand), retirement (\$250 thousand), and health insurance (\$200 thousand).

Vacancy rates were applied to all courts with greater than 80 authorized FTE and to some courts with between 20 and 80 FTE. Rates were applied at levels to allow the courts to reduce their vacancies. LFC commends the courts for reducing their historic vacancies and encourages them to continue this trend.

The majority of district court funding is from the general fund. Some larger district courts generate enough revenues through mediation and arbitration filing fees to partially or fully fund mediation programs. Courts use copy and transcript fees to assist in funding operational expenses. The Court Appointed Special Advocate (CASA) program, supervised visitation, and water adjudication and water litigation programs are funded through general fund transfers from the Administrative Office of the Courts (AOC). AOC received increased levels of funding for these programs in FY06 and subsequently the districts have been able to expand their services.

Many districts continue to receive federal funds for drug court programs and other specialized programs such as domestic violence, truancy, and mental health. When these funds run out, the judiciary typically requests full general fund replacement and the request is supported by the Judiciary Budget Committee without analysis as to whether the initiative is supporting state wide goals. This year replacement funding requests total over \$1.7 million and none are included in the districts' submitted base or expansion requests. LFC recommends the courts determine a plan for future funding for these types of programs and to evaluate their relative merits rather than allowing all lapsing funds to become priorities.

County governments are statutorily responsible for the funding of office space, utilities and building maintenance for the district courts. LFC is concerned that several courts are renting additional space without county support. Requests for building rent were not recommended because this is a county responsibility and the courts should follow the appropriate process to request funding from the county.

FY05 is the second year that district court performance measures results have been reported. This fall all the measures were reported several months earlier than they were in previous years. The district courts requested performance-measures targets for FY07 and are reporting quarterly results, which they had not done previously. LFC commends the judiciary for the progress made in the last year in relation to reporting measures and looks forward to further strides. The Judiciary District Court Performance Committee has reconvened and is developing additional recommendations, including some recommended by the National Center for State Courts. LFC recognizes that some measures do not necessarily have a desired outcome, such as "percent change in case filings by case type" and for this reason does not recommend targets for these measures.

A targeted level of 95 percent for the "cases disposed as a percent of cases filed" is recommended because this measure is indicative of a court's effectiveness in addressing cases in a timely manner. It is recognized this measure could also indicate an increase in caseload, which would make it difficult for courts to address cases in a timely manner. Courts that only reach 95 percent disposal rate for multiple years will face increasingly large case backlogs. Ideally this outcome should range from 95 percent to 105 percent. The 1st, 4th, and 13th district courts had a clearance rate below 90 percent during FY05, slightly below the FY05 target. The 9th and 11th districts, each of which received additional judgeships in FY06 and have not exceeded 100 percent clearance either of the last two years, should be able to increase their clearance rates in FY06.

BASE EXPANSION:

LFC recommends 15.5 FTE expansions with no general fund impact and 2 FTE expansions with general fund impact. Also recommended are 3.75 term to permanent FTE conversions associated with replacement of federal drug court funds. Many of the "no impact" FTE are associated with recurring funds received in FY06, such as drug-court appropriations that did not specify FTE in the appropriation. Senate Bill 190 appropriations including those for drug courts, truancy court, mental health court, and others, were considered recurring for all district courts because the intent of these appropriations is operational. The two general-fund-supported FTE in the LFC recommendation are for the 6th and 10th district courts. These districts are the only districts that show absolute staffing shortages when term employees are considered. The 6th and 10th judicial districts did not receive FTE expansion funds for FY06 because they did not request the positions. The 6th Judicial District did not have sufficient space and the 10th was not ready for the position when expansion requests were submitted for FY06.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

Agency Rank		(Division)	Agency Request	LFC Recommendation
a01	231 Court interpreter (1 perm FTE)	(1st)	0.0	0.0
a01	231 Court interpreter (1 perm)	(1st)	75.4	0.0
a02	231 Associate staff attorney (1 perm FTE)	(1st)	103.4	0.0
a03	231 Conversion term to perm (3 perm FTE)	(1st)	0.0	0.0
b*	232 Adult mental health court (3.5 perm FTE)	(2nd)	250.0	250.0
b01	232 Systems analyst I and systems analyst II	(2nd)	157.5	0.0
b02	232 Judicial specialists (7 perm FTE)	(2nd)	344.4	0.0
b03	232 Civil staff attorney (1 perm FTE)	(2nd)	107.2	0.0
b04	232 Training coordinator (1 perm FTE)	(2nd)	70.7	0.0
b05	232 Secretary I (0.5 perm FTE)	(2nd)	27.6	0.0
b06	232 VAWA probation officer (1 perm FTE)	(2nd)	56.1	0.0
b07	232 Truancy court personnel (3 perm FTE)	(2nd)	229.3	0.0
b08	232 DV FAIR judicial specialist (1 perm FTE)	(2nd)	49.2	0.0
b09	232 Mental health court staff (7.5 perm FTE)	(2nd)	488.2	0.0
b10	232 Conversion term to perm (1 perm FTE)	(2nd)	0.0	0.0
c01	233 Staff attorney (1 perm FTE)	(3rd)	91.8	0.0
c02	233 Human resource specialist (1 perm FTE)	(3rd)	49.4	0.0
c03	233 Network specialist (1 perm FTE)	(3rd)	59.5	0.0
c04	233 Legal assistant (1 perm FTE)	(3rd)	49.3	0.0
c05	233 Judicial leadworker (1 perm FTE)	(3rd)	49.3	0.0
c06	236 Conversion term to perm (0.75 perm FTE)	(3rd)	0.0	0.0
d*	234 Hearing officer and staff (3 perm FTE)	(4th)	225.0	225.0
d01	234 Judicial specialist (1 perm FTE)	(4th)	48.9	0.0
e01	235 Bailiff (1 perm FTE)	(5th)	35.0	0.0
e02	235 Judicial specialists (2 perm FTE)	(5th)	35.0	0.0
e03	235 Family drug court FTE (1 perm FTE)	(5th)	0.0	0.0
f*	236 Juvenile justice continuum of services	(6th)	225.0	225.0
f01	236 Financial specialist (1 perm FTE)	(6th)	43.6	43.6
f02	236 Data entry clerk (1 perm FTE)	(6th)	28.2	0.0
g01	237 Bailiffs (1.5 perm FTE)	(7th)	69.1	0.0
h01	238 Financial specialist (1 perm FTE)	(8th)	60.0	0.0
h02	238 Convert contract bailiff (1 perm FTE)	(8th)	0.0	0.0
i01	239 Drug court secretary (0.25 perm FTE)	(9th)	0.0	0.0
i02	239 Judicial specialist trainee (1 perm FTE)	(9th)	36.8	0.0
i03	239 Human resource analyst (1 perm FTE)	(9th)	57.3	0.0
i04	239 Judicial lead worker (1 perm FTE)	(9th)	52.4	0.0
i05	239 Judicial specialist (1 perm FTE)	(9th)	48.5	0.0
i06	239 Bailiff (1 perm FTE)	(9th)	40.9	0.0
i07	239 Judicial specialist (1 perm FTE)	(9th)	48.5	0.0
i08	239 Judicial specialist (1 perm FTE)	(9th)	48.5	0.0
j01	240 Judicial specialist (1 perm FTE)	(10th)	48.8	48.8
k01	241 Conversion term to perm (1 perm FTE)	(11th)	0.0	0.0
l01	242 Bailiffs in Otero county (3 perm FTE)	(12th)	79.2	0.0
l02	242 Judicial specialist (1 perm FTE)	(12th)	44.1	0.0
m01	243 Judicial specialists (4 perm FTE)	(13th)	201.7	0.0
m02	243 Court clinicians (2 perm FTE)	(13th)	184.5	0.0
m03	243 Program manager (1 perm FTE)	(13th)	70.7	0.0

*The agency included this item in the base request. The LFC considers this to be expansion and has extracted it from the base.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,999.4	5,446.2	5,684.0	5,641.2	3.6
Other Transfers	418.6	431.4	452.3	452.3	4.8
Fed Program Revenues	277.7	0.0	0.0	0.0	***
Other Program Revenues	303.1	356.6	364.8	364.8	2.3
Fund Balance	52.4	0.0	0.0	0.0	***
SOURCES TOTAL	6,051.2	6,234.2	6,501.1	6,458.3	3.6
USES					
Personal Services/Empl Benefit	4,674.7	5,017.3	5,201.7	5,044.4	0.5
Contractual Services	682.0	810.8	820.5	953.4	17.6
Other	452.1	406.1	478.9	460.5	13.4
TOTAL USES	5,808.8	6,234.2	6,501.1	6,458.3	3.6
FTE					
Permanent	70.5	72.5	77.5	73.5	1.4
Term	7.5	7.5	6.5	8.5	13.3
TOTAL FTE POSITIONS	78.0	80.0	84.0	82.0	2.5

FIRST JUDICIAL DISTRICT COURT

The purpose the first judicial district court program, statutorily created in Santa Fe, Rio Arriba and Los Alamos counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Explanatory	Cases disposed as a percent of cases filed	96.2%	85.7%	90%	90%	95%
Explanatory	Percent change in case filings by case type	3.9%	0.2%			
* Quality	Recidivism of adult drug-court graduates	8.33%	11.11%	9.3%	9.3%	9.3%
Explanatory	Cost per client per day for adult drug-court participants	\$14.63	\$26.61			\$25.00
* Quality	Recidivism of juvenile drug-court graduates	36.33%	26.67%	36.3%	36.3%	27%
Explanatory	Cost per client per day for juvenile drug-court participants	\$20.35	\$25.91			\$25.00
* Output	Number of adult drug-court graduates	16	22	16	16	22
* Output	Number of juvenile drug-court graduates	16	15	16	16	16
Output	Median number of days to process vendor payment vouchers		4.1	5		5
* Output	Number of days to process juror payment vouchers		3.0	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		33.33%	46%	46%	46%
* Explanatory	Graduation rate, adult drug court		34.92%	31%	31%	35%

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	17,071.4	18,422.4	20,318.9	18,448.4	0.1
Other Transfers	69.0	302.5	287.4	287.4	-5.0
Fed Program Revenues	1,428.7	1,421.5	1,228.4	1,228.4	-13.6
Other Program Revenues	708.9	601.5	652.1	652.1	8.4
General Revenues	24.9	0.0	0.0	0.0	***
Fund Balance	165.0	160.8	160.8	160.8	0.0
SOURCES TOTAL	19,467.9	20,908.7	22,647.6	20,777.1	-0.6
USES					
Personal Services/Empl Benefit	17,331.8	18,829.5	20,440.3	18,964.0	0.7
Contractual Services	530.8	956.8	721.1	670.9	-29.9
Other	1,375.3	1,122.4	1,486.2	1,142.2	1.8
TOTAL USES	19,237.9	20,908.7	22,647.6	20,777.1	-0.6
FTE					
Permanent	281.5	291.5	318.0	297.0	1.9
Term	25.0	35.0	29.5	28.5	-18.6
TOTAL FTE POSITIONS	306.5	326.5	347.5	325.5	-0.3

SECOND JUDICIAL DISTRICT COURT

The purpose of the second judicial district court program, statutorily created in Bernalillo County, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	104.7%	96.2%	90%	90%	95%
Explanatory	Percent change in case filings by case type	-2.4%	8.1%			
* Quality	Recidivism of adult drug-court graduates	11.7%	5.76%	11%	11%	11%
Explanatory	Cost per client per day for adult drug court participants	\$10.38	\$11.00			\$11.00
* Quality	Recidivism of juvenile drug-court graduates	9.3%	22.58%	10%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$25.40	\$35.22			\$35.00
* Output	Number of adult drug-court graduates	183	93	185	185	185
* Output	Number of juvenile drug-court graduates	12	9	17	17	17
Output	Median number of days to process vendor payment vouchers		1	5	5	5
* Output	Number of days to process juror payment vouchers		16	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, adult drug court		47.21%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court		33.33%	52%	52%	52%

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,500.4	4,877.0	5,440.2	5,327.7	9.2
Other Transfers	656.0	675.0	691.2	691.2	2.4
Fed Program Revenues	252.8	435.7	0.0	0.0	-100.0
Other Program Revenues	109.8	124.0	109.8	109.8	-11.5
Fund Balance	0.0	0.0	30.0	30.0	***
SOURCES TOTAL	5,519.0	6,111.7	6,271.2	6,158.7	0.8
USES					
Personal Services/Empl Benefit	4,047.2	4,668.3	4,919.2	4,688.3	0.4
Contractual Services	757.3	1,028.5	852.2	1,031.9	0.3
Other	521.7	414.9	499.8	438.5	5.7
TOTAL USES	5,326.2	6,111.7	6,271.2	6,158.7	0.8
FTE					
Permanent	62.8	69.8	74.8	71.6	2.6
Term	8.0	10.5	8.0	7.3	-31.0
Temporary	0.0	0.0	0.5	0.5	***
TOTAL FTE POSITIONS	70.8	80.3	83.3	79.3	-1.2

THIRD JUDICIAL DISTRICT COURT

The purpose of the third judicial district court program, statutorily created in Dona Ana County, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	100.2%	103.7%	90%	90%	95%
Explanatory	Percent change in case filings by case type	3.2%	10.2%			
* Quality	Recidivism of adult drug-court graduates	15.35%	13.51%	29.3%	29%	15%
Explanatory	Cost per client per day for adult drug-court participants	\$23.09	\$37.21		\$37	\$37
Quality	Recidivism of juvenile drug-court graduates	18.73%	15.79%	24%	24%	16%
Explanatory	Cost per client per day for juvenile drug-court participants	\$53.92	\$69.84			\$50
* Output	Number of adult drug-court graduates	24	18	15	15	18
* Output	Number of juvenile drug-court graduates	20	17	18	18	20
Output	Median number of days to process vendor payment vouchers			5		5
Output	Number of days to process juror payment vouchers			14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, adult drug court		52.94%	58.5%	58%	58%
* Explanatory	Graduation rate, juvenile drug court		85%	70%	70%	80%

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,134.3	1,449.0	1,558.9	1,471.1	1.5
Other Transfers	126.6	128.9	126.6	126.6	-1.8
Other Program Revenues	20.1	20.0	25.0	25.0	25.0
Fund Balance	0.0	1.6	6.0	6.0	275.0
SOURCES TOTAL	1,281.0	1,599.5	1,716.5	1,628.7	1.8
USES					
Personal Services/Empl Benefit	990.3	1,293.6	1,371.6	1,306.4	1.0
Contractual Services	162.6	216.9	226.4	223.6	3.1
Other	113.1	89.0	118.5	98.7	10.9
TOTAL USES	1,266.0	1,599.5	1,716.5	1,628.7	1.8
FTE					
Permanent	19.5	22.5	23.5	22.5	0.0
TOTAL FTE POSITIONS	19.5	22.5	23.5	22.5	0.0

FOURTH JUDICIAL DISTRICT COURT

The purpose of the fourth judicial district court program, statutorily created in Mora, San Miguel and Guadalupe counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	117%	89.7%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	1.8%	3.4%			
* Output	Median number of days to process vendor payment vouchers		9.75	5		5
* Output	Number of days to process juror payment vouchers		27.5	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		66.67%	50%	50%	67%
* Quality	Recidivism of juvenile drug-court graduates	0.00%	0.0%	30%	30%	30%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$26.63	\$23.70			\$23.00
* Output	Number of juvenile drug-court graduates	0	6	9	9	9

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,140.3	4,505.4	4,997.1	4,591.6	1.9
Other Transfers	381.9	409.1	419.7	419.7	2.6
Fed Program Revenues	156.8	0.0	0.0	0.0	***
Other Program Revenues	87.9	75.0	95.0	95.0	26.7
Fund Balance	16.8	146.5	0.0	0.0	-100.0
SOURCES TOTAL	4,783.7	5,136.0	5,511.8	5,106.3	-0.6
USES					
Personal Services/Empl Benefit	3,765.2	3,927.5	4,354.5	4,055.3	3.3
Contractual Services	589.3	796.9	714.5	661.7	-17.0
Other	346.1	411.6	442.8	389.3	-5.4
TOTAL USES	4,700.6	5,136.0	5,511.8	5,106.3	-0.6
FTE					
Permanent	64.5	66.0	70.0	67.0	1.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	65.5	67.0	71.0	68.0	1.5

FIFTH JUDICIAL DISTRICT COURT

The purpose of the fifth judicial district court program, statutorily created in Eddy, Chaves and Lea counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	101.3%	90.7%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	-2.2%	12.8%			
* Output	Median number of days to process vendor payment vouchers		3.15	5	5	5
* Output	Number of days to process juror payment vouchers		3.3	14	14	14
* Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, family drug court		85.71%	80%	80%	85%
* Quality	Recidivism of family drug-court graduates	41.5%	18.18%	15%	15%	15%
* Output	Number of family drug-court graduates	3	6	4	4	6

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,958.5	2,210.3	2,339.3	2,287.7	3.5
Other Transfers	100.0	123.3	166.2	166.2	34.8
Other Program Revenues	8.6	8.6	10.5	10.5	22.1
Fund Balance	11.3	28.1	33.4	33.4	18.9
SOURCES TOTAL	2,078.4	2,370.3	2,549.4	2,497.8	5.4
USES					
Personal Services/Empl Benefit	1,427.2	1,598.2	1,695.0	1,659.3	3.8
Contractual Services	362.4	587.4	652.9	652.9	11.2
Other	258.9	184.7	201.5	185.6	0.5
TOTAL USES	2,048.5	2,370.3	2,549.4	2,497.8	5.4
FTE					
Permanent	27.5	27.5	29.5	28.5	3.6
TOTAL FTE POSITIONS	27.5	27.5	29.5	28.5	3.6

SIXTH JUDICIAL DISTRICT COURT

The purpose of the sixth judicial district court, statutorily created in Grant, Luna and Hidalgo counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93.6%	92.4%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	4.4%	4.1%			
* Quality	Recidivism of juvenile drug-court graduates	30.33%	12.5%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$26.97	\$29.58			\$26.00
* Output	Number of juvenile drug-court graduates	3	3	4	4	4
* Output	Median number of days to process vendor payment vouchers		9.0	5	5	5
* Output	Number of days to process juror payment vouchers		10	14	14	14
* Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		75.0%	40%	40%	60%

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,484.0	1,511.3	1,729.6	1,650.8	9.2
Other Transfers	301.0	322.7	336.2	336.2	4.2
Other Program Revenues	24.8	24.0	25.5	25.5	6.3
Extraord/Special	20.0	0.0	0.0	0.0	***
Fund Balance	0.0	30.0	10.5	10.5	-65.0
SOURCES TOTAL	1,829.8	1,888.0	2,101.8	2,023.0	7.2
USES					
Personal Services/Empl Benefit	1,464.6	1,532.5	1,774.5	1,702.8	11.1
Contractual Services	75.3	118.6	117.8	117.8	-0.7
Other	265.3	236.9	209.5	202.4	-14.6
TOTAL USES	1,805.2	1,888.0	2,101.8	2,023.0	7.2
FTE					
Permanent	23.5	23.5	25.0	23.5	0.0
Term	3.5	3.5	4.0	4.0	14.3
TOTAL FTE POSITIONS	27.0	27.0	29.0	27.5	1.9

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Sierra and Catron counties, is to provide access to justice; resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	99.4%	99%	90%	90%	95%
Explanatory	Percent change in case filings by case type	-1.1%	1.2%			
Output	Median number of days to process vendor payment vouchers		1.98	5		5
* Output	Number of days to process juror payment vouchers		4.0	14	14	14
Efficiency	Daily docketing currency					

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,009.1	2,137.5	2,265.2	2,168.8	1.5
Other Transfers	75.6	75.6	75.6	75.6	0.0
Other Program Revenues	50.6	75.0	75.0	75.0	0.0
Fund Balance	0.0	52.5	68.0	68.0	29.5
SOURCES TOTAL	2,135.3	2,340.6	2,483.8	2,387.4	2.0
USES					
Personal Services/Empl Benefit	1,380.2	1,454.9	1,551.0	1,500.5	3.1
Contractual Services	562.6	728.9	760.5	726.7	-0.3
Other	172.4	156.8	172.3	160.2	2.2
TOTAL USES	2,115.2	2,340.6	2,483.8	2,387.4	2.0
FTE					
Permanent	23.3	23.3	25.3	24.3	4.3
TOTAL FTE POSITIONS	23.3	23.3	25.3	24.3	4.3

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the eighth judicial district court, statutorily created in Taos, Colfax and Union counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	92.5%	106.4%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	-5.2%	-5.5%			
* Quality	Recidivism of adult drug-court graduates	7.7%	16.67%	23%	23%	16%
* Explanatory	Cost per client per day for adult drug-court participants	\$25.80	\$24.44			\$25.00
* Quality	Recidivism of juvenile drug-court graduates	10.00%	16.64%	11%	11%	11%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$25.32	\$28.15			\$28.00
* Output	Number of adult drug-court graduates	15	5	18	18	18
* Output	Number of juvenile drug-court graduates	6	8	8	8	8
* Output	Median number of days to process vendor payment vouchers		1	5	5	5
* Output	Number of days to process juror payment vouchers		4.5	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		47.06%	60%	60%	60%
* Explanatory	Graduation rate, adult drug court		50.0%	75%	75%	75%

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,875.2	2,390.9	2,778.9	2,367.2	-1.0
Other Transfers	448.8	434.2	470.1	470.1	8.3
Other Program Revenues	16.7	16.5	16.5	16.5	0.0
General Revenues	51.0	45.0	50.0	50.0	11.1
Fund Balance	15.9	12.3	14.5	14.5	17.9
SOURCES TOTAL	2,407.6	2,898.9	3,330.0	2,918.3	0.7
USES					
Personal Services/Empl Benefit	1,923.3	2,352.0	2,684.4	2,350.4	-0.1
Contractual Services	185.5	235.8	252.5	236.5	0.3
Other	279.8	311.1	393.1	331.4	6.5
TOTAL USES	2,388.6	2,898.9	3,330.0	2,918.3	0.7
FTE					
Permanent	28.0	34.5	41.8	34.5	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	32.0	38.5	45.8	38.5	0.0

NINTH JUDICIAL DISTRICT COURT

The purpose of the ninth judicial district court, statutorily created in Curry and Roosevelt counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93.3%	93.8%	90%	90%	95%
Explanatory	Percent change in case filings by case type	2.7%	-2.4%			
Output	Median number of days to process vendor payment vouchers		10	5		5
* Output	Number of days to process juror payment vouchers		13.75	14	14	14
Efficiency	Daily docketing currency					

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	596.9	616.9	687.1	681.3	10.4
Other Program Revenues	0.0	5.7	5.7	5.7	0.0
Fund Balance	8.9	9.1	11.6	11.6	27.5
SOURCES TOTAL	605.8	631.7	704.4	698.6	10.6
USES					
Personal Services/Empl Benefit	511.3	538.1	595.9	591.8	10.0
Contractual Services	0.0	23.9	27.6	27.6	15.5
Other	69.3	54.7	65.9	64.2	17.4
Other Financing Uses	15.0	15.0	15.0	15.0	0.0
TOTAL USES	595.6	631.7	704.4	698.6	10.6
FTE					
Permanent	9.1	9.1	10.1	10.1	10.9
TOTAL FTE POSITIONS	9.1	9.1	10.1	10.1	10.9

TENTH JUDICIAL DISTRICT COURT

The purpose of the tenth judicial district court, statutorily created in Quay, De Baca and Harding counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	103.4%	92.4%	90%	90%	95%
Explanatory	Percent change in case filings by case type	1.1%	3.8%			
Output	Median number of days to process vendor payment vouchers		<1	5		5
* Output	Number of days to process juror payment vouchers		12.8	14	14	14
Efficiency	Daily docketing currency					

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,516.3	4,273.6	4,475.0	4,383.4	2.6
Other Transfers	533.9	524.8	538.3	538.3	2.6
Fed Program Revenues	87.0	27.0	27.0	27.0	0.0
Other Program Revenues	141.7	100.9	104.0	104.0	3.1
Fund Balance	1.9	10.6	12.1	12.1	14.2
SOURCES TOTAL	4,280.8	4,936.9	5,156.4	5,064.8	2.6
USES					
Personal Services/Empl Benefit	3,442.4	4,055.6	4,236.1	4,115.5	1.5
Contractual Services	331.1	424.5	424.7	468.7	10.4
Other	459.9	456.9	495.7	480.6	5.2
TOTAL USES	4,233.3	4,936.9	5,156.5	5,064.8	2.6
FTE					
Permanent	58.0	66.0	66.0	69.0	4.5
Term	7.0	6.0	8.0	5.0	-16.7
TOTAL FTE POSITIONS	65.0	72.0	74.0	74.0	2.8

ELEVENTH JUDICIAL DISTRICT COURT

The purpose of the eleventh judicial district court, statutorily created in San Juan and McKinley counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Explanatory	Cases disposed as a percent of cases filed	99.1%	96.2%	90%	90%	95%
Explanatory	Percent change in case filings by case type	9.9%	5.3%			
* Quality	Recidivism of adult drug-court graduates	11.63%	7.79%	15%	15%	11%
Explanatory	Cost per client per day for adult drug-court participants	\$10.98	\$11.52			\$11.00
Output	Number of domestic-violence parties completing counseling		247			
Output	Number of grade-court clients completing school or obtaining a general-equivalency diploma		20			
Output	Number of cases resolved with mediation		49			
Output	Number of clients served who are self-represented litigants		183			
* Quality	Recidivism of juvenile drug-court graduates	22.67%	26.47%			25%
Explanatory	Cost per client per day for juvenile drug-court participants	\$31.97	\$16.87			\$20.00
* Output	Number of adult drug-court graduates	25	30			30
* Output	Number of juvenile drug-court graduates	11	14			15
Output	Median number of days to process vendor payment vouchers		2	5		5
* Output	Number of days to process juror payment vouchers		2	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		70.0%			75%
* Explanatory	Graduation rate, adult drug court		69.77%			70%

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,090.0	2,336.8	2,409.8	2,418.8	3.5
Other Transfers	300.0	266.8	208.2	208.2	-22.0
Fed Program Revenues	83.3	247.3	135.0	135.0	-45.4
Other Program Revenues	38.7	36.0	40.0	40.0	11.1
Extraord/Special	7.1	0.0	0.0	0.0	***
Fund Balance	17.3	10.0	10.0	10.0	0.0
SOURCES TOTAL	2,536.4	2,896.9	2,803.0	2,812.0	-2.9
USES					
Personal Services/Empl Benefit	1,851.7	1,898.7	2,095.5	2,048.4	7.9
Contractual Services	416.8	670.0	481.4	542.3	-19.1
Other	256.5	328.2	226.1	221.3	-32.6
TOTAL USES	2,525.0	2,896.9	2,803.0	2,812.0	-2.9
FTE					
Permanent	31.5	32.5	36.5	35.5	9.2
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	32.5	33.5	37.5	36.5	9.0

TWELFTH JUDICIAL DISTRICT COURT

The purpose of the twelfth judicial district court, statutorily created in Otero and Lincoln counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	88.5%	96.7%	90%	90%	95%
Explanatory	Percent change in case filings by case type	6.5%	7.2%			
* Quality	Recidivism of juvenile drug-court participants	15.87%	16.67%	20%	20%	16%
Explanatory	Cost per client per day for juvenile drug-court participants	\$38.68	\$45.36			\$40.00
* Output	Number of juvenile drug-court graduates	9	6	14	14	14
Output	Median number of days to process vendor payment vouchers		8	5		5
* Output	Number of days to process juror payment vouchers		15	14	14	14
Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		46.15%	67.1%	65%	65%

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,483.6	3,991.5	4,609.5	4,278.3	7.2
Other Transfers	500.7	660.9	559.9	559.9	-15.3
Fed Program Revenues	233.7	0.0	0.0	0.0	***
Fund Balance	100.0	87.0	97.0	97.0	11.5
SOURCES TOTAL	4,318.0	4,739.4	5,266.4	4,935.2	4.1
USES					
Personal Services/Empl Benefit	3,268.4	3,781.5	4,173.3	3,863.0	2.2
Contractual Services	537.4	496.2	521.2	573.4	15.6
Other	342.8	461.7	571.9	498.8	8.0
TOTAL USES	4,148.6	4,739.4	5,266.4	4,935.2	4.1
FTE					
Permanent	54.5	55.5	62.5	58.5	5.4
Term	3.0	4.0	7.0	4.0	0.0
TOTAL FTE POSITIONS	57.5	59.5	69.5	62.5	5.0

THIRTEENTH JUDICIAL DISTRICT COURT

The purpose of the thirteenth judicial district court, statutorily created in Valencia, Sandoval and Cibola counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	101.6%	86.8%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	3.3%	6.6%			
* Quality	Recidivism of juvenile drug-court graduates	14.42%	8.57%	20%	20%	9%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$19.28	\$24			\$24
* Output	Number of juvenile drug-court graduates	40	26	44	44	44
* Output	Median number of days to process vendor payment vouchers		6	5		5
* Output	Number of days to process juror payment vouchers		4	14	14	14
* Efficiency	Daily docketing currency					
* Explanatory	Graduation rate, juvenile drug court		50%	65%	65%	65%

STATUTORY AUTHORITY:

The Bernalillo County Metropolitan Court (Metro Court) was created in Section 34-8A-1 through 34-8A-14 NMSA 1978. The Metro Court provides lower court judicial services to the citizens of Bernalillo County and has jurisdiction over civil complaints involving less than \$10,000 and all misdemeanors filed in Bernalillo County.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	16,728.4	18,568.0	20,138.5	18,902.0	1.8
Other Transfers	2,287.8	1,759.7	1,917.6	1,932.6	9.8
Fed Program Revenues	87.3	0.0	0.0	0.0	***
Other Program Revenues	1,553.9	1,927.5	1,914.6	1,914.6	-0.7
SOURCES TOTAL	20,657.4	22,255.2	23,970.7	22,749.2	2.2
USES					
Personal Services/Empl Benefit	15,024.7	16,189.5	17,546.8	16,475.0	1.8
Contractual Services	2,488.2	2,697.6	2,823.0	2,796.2	3.7
Other	3,144.5	3,240.7	3,473.5	3,350.6	3.4
Other Financing Uses	0.0	127.4	127.4	127.4	0.0
TOTAL USES	20,657.4	22,255.2	23,970.7	22,749.2	2.2
FTE					
Permanent	255.0	275.0	283.0	275.0	0.0
Term	39.0	48.0	53.0	53.0	10.4
Temporary	1.5	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	295.5	323.0	336.0	328.0	1.5

BUDGET ISSUES:

Metro Court requested a \$1.1 million or 6.1 percent general fund base increase over FY06 and an 8.5 percent overall increase including \$437.5 thousand in general fund expansion. LFC recommends a 1.8 percent general fund base increase primarily to fund General Service Department rates for employee liability, benefits, property insurance, and information technology maintenance fees. LFC recommended a vacancy rate of 3 percent and commends the court for decreasing the historic vacancy rate to below 6 percent. LFC encourages the court to maintain an even lower vacancy rate by filling authorized vacant positions rather than hiring unauthorized temporary staff.

FY05 was the first fiscal year that Metro Court operated its new courthouse facility for an entire fiscal year. FY05 actual costs allowed a more accurate representation of the court's expenses for utilities and maintenance. The court has determined ways to increase the efficiency of the management and consequently the amount budgeted for these expenses is decreased in the recommended FY07 budget.

Metro Court was designated to receive \$300 thousand in FY06 for coordinating an electronic document management system implementation project with the 2nd Judicial District Court. The overall appropriation for this project is \$1.2 million appropriated to the Administrative Office of the Courts and is contingent on a detailed project plan that includes electronic filing and other document management functions. As of mid-October, the courts have not submitted an implementation plan.

Metro Court received two new judgeships in FY06. Each judgeship included one judge and three associated staff. Chambers and courtrooms were available for each of the new judges in the new facility. If the court receives any additional judgeships, an additional courtroom would have to be built out in the Metro Court building in order for each judge to have his or her own chambers and courtroom.

During the 2006 legislative session the court plans to pursue at least two initiatives. The first would change the level of funding received for judicial salaries. The Metro Court judges' salaries are set statutorily as 90 percent of district judges' salaries and the court seeks an increase to 95 percent. District judges' salaries are set as 95 percent of Court of Appeals judges' salaries and Court of Appeals judges' salaries are set as 95 percent of Supreme Court justices' salaries. Magistrate salaries are set at 70 percent of Metro Court judges' salaries. Thus, if the Metro Court judges do receive the salary change, magistrate salaries would also increase. The second initiative will request replacement funding for a federally funded domestic violence early offender program.

Metro Court requested target measures, for all non-explanatory measures, for the first year ever as the judiciary has moved positively toward performance-based budgeting. LFC has not recommended targets for the amount of bench warrant revenue collected annually or for "amount of criminal case fees and fines collected, in millions," because these measures are explanatory and the court should not have statutory targets for the amount of penalties assessed to the public. Metro Court met or exceeded performance measures set for FY05. Notably, the court has decreased the cost per client per day for driving-while-intoxicated court from \$16 a day to \$13.22 a day.

BASE EXPANSION:

LFC extracted from the Metro Court base request an expansion of 5 term FTE. All 5 of these FTE are currently on staff at the court but were not part of the court's authorized FY06 budget or FTE. Three of the positions are funded through a federal Traffic Safety Bureau (TSB) grant to provide ignition interlock oversight. The court requested continued funding for this grant; however, the New Mexico Department of Transportation, which distributed the grant, informed Metro Court the funds might not be available in FY07. The LFC recommendation includes the requested other transfers funding level and term FTE requested by Metro Court, in case the funding is received. The two additional extracted unauthorized term positions are currently funded with the court's general-fund appropriation; however, expansion funds have not been recommended for these positions as they have not been justified through an expansion request. Authorization for two expansion term positions is included in the LFC recommendation.

Metro Court requested 8 expansion permanent FTE positions: three case management staff, an assistant facility management director, an administrative assistant, an internal auditor, a programmer analyst and a field probation officer. LFC has not recommended the expansion requests at this time as the court is documented in the judiciary staffing study as having over a 95 percent staffing level.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Store-keeper, maintenance worker (2 term FTE)	(BCMC)	67.0	0.0
*	TSB ignition interlock oversight (3 term FTE)	(BCMC)	133.1	133.1
1	Case management employees (3 perm FTE)	(BCMC)	143.5	0.0
2	Assistant facilities director (1 perm FTE)	(BCMC)	62.9	0.0
3	Administrative assistant (1 perm FTE)	(BCMC)	50.4	0.0
4	Internal auditor (1 perm FTE)	(BCMC)	63.0	0.0
5	Programmer analyst (1 perm FTE)	(BCMC)	56.1	0.0
6	Field probation officer (1 perm FTE)	(BCMC)	61.0	0.0
TOTAL			637.0	133.1

* The agency included these items in the base request. LFC considers the items to be expansion and has extracted them from the base. The funds recommended for the 3 term ignition interlock FTE are Traffic Safety Bureau funds.

BERNALILLO COUNTY METROPOLITAN COURT

The purpose of the Bernalillo county metropolitan court program is to provide access to justice, resolve disputes justly and timely, and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Amount of bench warrant revenue collected annually	\$971,300	\$1,094,850			
* Explanatory	Cases disposed as a percent of cases filed	103%	99.8%	90%	90%	95%
Output	Amount of criminal case fees and fines collected, in millions	\$5.8	\$6.6			
* Efficiency	Cost per client per day for adult drug-court participants	\$16.00	\$13.22	\$15	\$15	\$14
* Quality	Recidivism of DWI/drug-court graduates	5.95%	6.9%	11%	11%	7%
Outcome	Number of active cases pending	15,293	16,922	12,453		
* Output	Number of DWI/drug-court graduates	182	230	214	214	214
* Explanatory	Graduation rate of drug-court participants		68%	68%	68%	68%
* Outcome	Fees and fines collected as a percent of fees and fines assessed			90%	90%	90%
Explanatory	Fees and fines assessed as a percent of fees and fines permissible			90%		

STATUTORY AUTHORITY:

Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties may be a party or may be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	41,830.3	45,148.3	50,155.8	45,802.1	1.4
Other Transfers	4,296.0	1,314.6	1,909.0	2,099.0	59.7
Fed Program Revenues	3,640.8	2,719.1	2,057.1	2,057.1	-24.3
Other Program Revenues	443.8	299.9	199.7	199.7	-33.4
General Revenues	10.0	0.0	0.0	0.0	***
Extraord/Special	0.0	190.0	0.0	0.0	-100.0
Fund Balance	224.5	1,545.0	794.4	794.4	-48.6
SOURCES TOTAL	50,445.3	51,217.0	55,115.9	50,952.3	-0.5
USES					
Personal Services/Empl Benefit	42,454.0	45,654.8	50,132.3	46,533.2	1.9
Contractual Services	1,316.8	1,230.6	769.1	698.2	-43.3
Other	6,287.7	4,331.5	4,214.5	3,720.9	-14.1
Other Financing Uses	20.0	0.0	0.0	0.0	***
TOTAL USES	50,078.5	51,217.0	55,115.9	50,952.3	-0.5
FTE					
Permanent	714.5	743.5	816.5	751.0	1.0
Term	102.9	86.3	101.8	100.3	16.2
TOTAL FTE POSITIONS	817.4	829.8	918.3	851.3	2.6

BUDGET ISSUES:

The district attorneys requested a general fund increase of \$5 million, or 11 percent, including \$3.2 million in expansion items. LFC recommends a general fund increase of \$653.8 thousand, or 1.4 percent, over the FY06 operating level. The recommendation includes \$348.7 thousand in expansion items.

The baseline for the LFC recommendation for FY07 includes \$1.3 million in special appropriations and items appropriated by Laws 2005, Chapter 34 (Senate Bill 190). The 1st, 2nd, 9th, 11th (San Juan), 11th (McKinley) and 13th judicial district attorney offices each received a portion of a \$699 thousand special appropriation made to the Administrative Office of the District Attorneys (AODA) for 12 additional staff corresponding to workload increases generated by eight additional judgeships authorized by Laws 2005, Chapter 284 (House Bill 901). These appropriations are included in the FY06 baseline for each of the districts receiving the special appropriation. The LFC recommendation also includes \$560.6 thousand in items appropriated by Senate Bill 190 considered recurring expenses. These items include \$218.5 thousand to the 2nd Judicial District for a truancy program and domestic violence prosecution, \$161.5 thousand to the 3rd Judicial District, \$57 thousand to the 4th Judicial District and \$23.8 thousand to the 9th Judicial District for personal services and employee benefits, and \$99.8 thousand for domestic violence and DWI prosecution in the 11th (McKinley) Judicial District. In total, the district attorneys received a 7.9 percent increase in revenue from the general fund in FY06.

Last year, in an effort to address pay parity and recruitment and retention issues, the committee recommended and the Legislature appropriated funding for a special 5 percent compensation increase for entry- and mid-level assistant district attorneys and public defenders. In FY06 the Legislature appropriated \$200 thousand to the Sentencing Commission to conduct a comprehensive workload assessment of the courts, district attorneys, and Public Defender Department (PDD), which the affected agencies supplemented with an additional \$150 thousand. The results of the study will not be available until next year, at which time the committee will again consider the merit of special compensation increases for prosecutors and public defenders. The committee also anticipates improved performance reporting, especially of attorney workloads, by the district attorneys once all district attorney offices are operating on the same case management system, expected by the beginning of FY07.

During the interim, the committee heard testimony from the district attorneys and other law enforcement and public safety agencies concerning statewide DWI enforcement, including the high DWI dismissal rates due to extraordinary workload demands on prosecutors. Among the steps the district attorneys have taken toward reducing DWI dismissal rates is securing \$78 thousand in grant funding from the National Highway Traffic Safety Administration and the U.S. Department of Transportation for a traffic safety resource prosecutor to refine DWI prosecution skills with training sessions that include other members of the criminal justice community. The traffic safety resource prosecutor is housed in AODA and serves as a liaison between the district attorneys and other agencies involved in DWI enforcement.

The district attorneys, together with PDD, also requested a special appropriation of \$400 thousand to fund the public service law loan repayment fund created in the state treasury by Laws 2005, Chapter 83 (Senate Bill 258) but was not funded last year. LFC recommends \$300 thousand for the Higher Education Department student financial aid program for this purpose.

BASE EXPANSION:

The district attorneys' expansion request of \$3.2 million from the general fund is for 73 additional FTE and additional expansion items. The committee's recommendation of \$348.7 thousand in expansion for 7.5 additional FTE addresses high attorney caseloads and in most cases correlates with initiatives concerning DWI prosecution and providing services for victims of domestic violence included in the executive's performance and accountability contract for a safer New Mexico. The committee recommends \$74.4 thousand (1 FTE) for a senior trial attorney in the 10th Judicial District, where the average attorney caseload of 813 is far above the average of 288 cases per attorney in the other thirteen districts. Other recommended expansions include \$56.3 thousand (1 FTE) for a prosecutor in the child abuse unit in the 1st Judicial District, \$56.4 thousand (1.5 FTE) for staff to prosecute crimes against children and \$86.7 (2 FTE) for a DWI prosecutor and prosecution specialist in the 2nd Judicial District, \$39.4 thousand (1 FTE) for a victim advocate coordinator in the 5th Judicial District, and \$35.5 thousand (1 FTE) for a victim advocate in the 6th Judicial District. An additional 12 FTE expansions recommended for the 3rd Judicial District are supported with federal funds.

DISTRICT ATTORNEYS (ALL)

251-263 & 265

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
a01	Child abuse unit Sr. trial atty (1 FTE)	(1st)	56.3	56.3
a02	Child abuse unit admin secy (1 FTE)	(1st)	29.6	0.0
a03	Victim advocate (1 FTE)	(1st)	35.4	0.0
a04	Program administrator (1 FTE)	(1st)	50.4	0.0
b01	Meth prosecution initiative (7 FTE)	(2nd)	336.5	0.0
b02	Crimes against children (2 FTE)	(2nd)	126.7	56.4
b03	DWI prosecution (10 FTE)	(2nd)	433.5	86.7
b04	Domestic violence pilot project (5 FTE)	(2nd)	194.7	0.0
b05	Victim advocates (6 FTE)	(2nd)	205.6	0.0
b06	Adult sexual assault term to perm (1 FTE)	(2nd)	65.2	0.0
b07	Truancy prevention program (2 FTE)	(2nd)	96.8	0.0
b08	Community crimes (8 FTE)	(2nd)	396.7	0.0
b09	Mental health court & SWAT support (1 FTE)	(2nd)	61.9	0.0
b10	Admin secy term to perm (1 FTE)	(2nd)	42.7	0.0
b11	Prosecution specialist (0.5 FTE)	(2nd)	0.0	0.0
b12	Security services contract	(2nd)	53.6	0.0
c01	Prosecution asst (1 FTE)	(4th)	41.3	0.0
c02	Special program director (1 FTE)	(4th)	62.5	0.0
c03	Victim advocate (1 FTE)	(4th)	43.2	0.0
d01	Victim advocate coordinator (1 FTE)	(5th)	41.8	39.4
d02	Sr. secretary (1 FTE)	(5th)	25.4	0.0
d03	Financial assistant (0.5 FTE)	(5th)	17.6	0.0
e01	Victim advocate-DV Grant county (1 FTE)	(6th)	35.8	35.5
e02	Admin secy-domestic violence (1 FTE)	(6th)	29.8	0.0
e03	Victim advocate--DV Luna county (1 FTE)	(6th)	35.8	0.0
f01	Financial specialist supervisor (1 FTE)	(7th)	37.1	0.0
f02	Secretary (1 FTE)	(7th)	28.2	0.0
g01	Sr. trial attorney (1 FTE)	(8th)	73.7	0.0
g02	Victim advocate (1 FTE)	(8th)	32.0	0.0
h01	Sr. trial attorney (1 FTE)	(10th)	81.2	74.4
i01	Deputy district attorney (1 FTE)	(11th-I)	71.0	0.0
j01	Asst. trial attorney-DWI (1 FTE)	(11th-II)	63.5	0.0
j02	Victim advocate (1 FTE)	(11th-II)	54.4	0.0
j03	Sr. secretary-DWI (1 FTE)	(11th-II)	32.6	0.0
k01	Sr. trial attorney (1 FTE)	(12th)	55.4	0.0
k02	Secretary (1 FTE)	(12th)	23.7	0.0
l01	Secretary-Valencia county (1 FTE)	(13th)	24.8	0.0
l02	Secretary-Cibola county (1 FTE)	(13th)	24.8	0.0
l03	Assoc. trial atty-Sandoval county (1 FTE)	(13th)	46.7	0.0
l04	Human resources coordinator (1 FTE)	(13th)	32.3	0.0
l05	Program assistant (1 FTE)	(13th)	24.8	0.0
l06	Secretary--Sandoval county (1 FTE)	(13th)	24.8	0.0
TOTAL			3,249.8	348.7

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,423.2	3,737.2	3,993.4	3,746.3	0.2
Other Transfers	178.6	282.0	170.4	170.4	-39.6
Fed Program Revenues	579.6	535.2	508.4	508.4	-5.0
SOURCES TOTAL	4,181.4	4,554.4	4,672.2	4,425.1	-2.8
USES					
Personal Services/Empl Benefit	3,537.4	3,930.3	4,253.0	4,024.9	2.4
Contractual Services	217.1	197.1	29.6	29.6	-85.0
Other	417.9	427.0	389.6	370.6	-13.2
TOTAL USES	4,172.4	4,554.4	4,672.2	4,425.1	-2.8
FTE					
Permanent	56.0	59.0	63.0	60.0	1.7
Term	13.5	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	69.5	72.5	76.5	73.5	1.4

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fé, Río Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.19%	.46%	<3%	<3%	<2%
Output	Number of cases dismissed under the six-month rule	3	15	<50	<50	<30
* Efficiency	Average time from filing of petition to final disposition, in months	2	2	3	3	3
* Efficiency	Average attorney caseload	96.4	202	130	130	150
* Output	Number of cases prosecuted	1,563	3,282	1,700	1,900	1,900
* Output	Number of cases referred for screening	2,651	4,952	2,700	2,800	2,800

BUDGET SUMMARY
(dollars in thousands)

	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	13,343.1	14,149.5	16,443.0	14,168.6	0.1
Other Transfers	872.5	253.1	1,032.0	1,222.0	382.8
Fed Program Revenues	281.6	545.1	174.5	174.5	-68.0
Other Program Revenues	110.3	116.4	46.0	46.0	-60.5
Extraord/Special	0.0	190.0	0.0	0.0	-100.0
SOURCES TOTAL	14,607.4	15,254.2	17,695.4	15,611.1	2.3
USES					
Personal Services/Empl Benefit	13,055.4	14,342.1	16,424.6	14,552.4	1.5
Contractual Services	160.7	94.8	183.7	129.0	36.1
Other	1,137.0	817.2	1,087.1	929.7	13.8
TOTAL USES	14,353.1	15,254.2	17,695.4	15,611.1	2.3
FTE					
Permanent	239.0	249.5	293.5	253.0	1.4
Term	20.0	17.0	18.5	17.0	0.0
TOTAL FTE POSITIONS	259.0	266.5	312.0	270.0	1.3

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<8%	>8%	<8%	<8%	<4%
Output	Number of cases dismissed under the six-month rule	<950	*	<1,037	<1,037	<1,032
* Efficiency	Average time from filing of petition to final disposition, in months	*	*	6	6	6
* Efficiency	Average attorney caseload	577	618	580	600	580
* Output	Number of cases prosecuted	25,215	29,870	25,300	25,800	25,800
* Output	Number of cases referred for screening	44,584	43,025	45,000	45,500	45,500

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,763.3	3,058.8	3,494.2	3,129.8	2.3
Other Transfers	1,176.8	42.9	116.2	116.2	170.9
Fed Program Revenues	467.8	470.8	470.8	470.8	0.0
Fund Balance	159.4	0.0	413.7	413.7	***
SOURCES TOTAL	4,567.3	3,572.5	4,494.9	4,130.5	15.6
USES					
Personal Services/Empl Benefit	3,760.8	3,361.5	4,028.7	3,849.3	14.5
Contractual Services	256.8	28.3	30.5	28.6	1.1
Other	547.3	182.7	435.7	252.6	38.3
TOTAL USES	4,564.9	3,572.5	4,494.9	4,130.5	15.6
FTE					
Permanent	46.0	47.0	47.0	47.0	0.0
Term	19.0	11.0	23.0	23.0	109.1
TOTAL FTE POSITIONS	65.0	58.0	70.0	70.0	20.7

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Doña Ana county.

PERFORMANCE MEASURES						
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.00078	.001198	<.5%	<.4%	<.4%
Output	Number of cases dismissed under the six-month rule	3	*	*	*	<15
* Efficiency	Average time from filing of petition to final disposition, in months	*	9	6	7	6
* Efficiency	Average attorney caseload	260	274	150	160	160
* Output	Number of cases prosecuted	3,842	5,008	3,300	3,500	4,000
* Output	Number of cases referred for screening	5,861	5,900	4,500	5,200	5,200

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,225.3	2,517.8	2,871.2	2,584.4	2.6
Other Transfers	97.1	68.7	68.7	68.7	0.0
SOURCES TOTAL	2,322.4	2,586.5	2,939.9	2,653.1	2.6
USES					
Personal Services/Empl Benefit	2,022.4	2,313.4	2,617.4	2,367.1	2.3
Contractual Services	62.5	54.1	80.0	65.7	21.4
Other	237.5	219.0	242.5	220.3	0.6
TOTAL USES	2,322.4	2,586.5	2,939.9	2,653.1	2.6
FTE					
Permanent	32.0	31.5	37.0	31.5	0.0
Term	2.5	3.5	3.0	3.0	-14.3
TOTAL FTE POSITIONS	34.5	35.0	40.0	34.5	-1.4

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	1%	2%	<2.25%	<1%	<1%
* Efficiency	Average time from filing of petition to final disposition, in months	6	6	6	6	6
* Efficiency	Average attorney caseload	201	299	156	221	200
* Output	Number of cases prosecuted	1,890	1,839	1,500	1,700	1,700
* Output	Number of cases referred for screening	5,287	5,405	5,400	5,455	5,455
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$3.8	\$4.0	\$5.0	\$5.5	\$5.5
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$85.2	\$90.9	\$70.0	\$75.0	\$75.0
Output	Average investigator caseload	645	657	675	685	685
Output	Number of cases referred for follow-up investigation	1,235	1,257	1,250	1,260	1,260
Output	Number of offenders accepted into pre-prosecution diversion program	29	41	45	50	50
Output	Number of drug cases prosecuted	119	88	125	130	130
Output	Number of worthless check cases processed	368	447	425	450	450
Output	Number of domestic violence cases prosecuted	330	346	370	375	375
Output	Number of victims assisted by the district attorney office	414	494	430	440	440
Output	Number of probation violations filed	219	292	230	240	240
Output	Number of county civil matters handled	450	450	450	450	450

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,031.1	3,190.8	3,304.0	3,195.3	0.1
Other Transfers	33.6	53.6	33.6	33.6	-37.3
Fed Program Revenues	1,246.7	93.6	97.2	97.2	3.8
SOURCES TOTAL	4,311.4	3,338.0	3,434.8	3,326.1	-0.4
USES					
Personal Services/Empl Benefit	2,825.7	2,992.3	3,109.1	3,000.4	0.3
Contractual Services	127.7	115.7	115.7	115.7	0.0
Other	919.4	230.0	210.0	210.0	-8.7
TOTAL USES	3,872.8	3,338.0	3,434.8	3,326.1	-0.4
FTE					
Permanent	48.5	48.5	51.0	49.5	2.1
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	51.5	51.5	54.0	52.5	1.9

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Eddy, Lea and Chaves counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	0%	0%	0%	0%
* Efficiency	Average time from filing of petition to final disposition, in months	6	5	3	3	3
* Efficiency	Average attorney caseload	195	188	200	200	200
* Output	Number of cases prosecuted	3,625	3,388	3,500	3,000	3,000
* Output	Number of cases referred for screening	3,852	3,800	3,800	3,200	3,800

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,691.8	1,728.5	2,025.0	1,878.9	8.7
Other Transfers	259.2	228.4	207.2	207.2	-9.3
Fed Program Revenues	575.6	663.3	389.7	389.7	-41.2
SOURCES TOTAL	2,526.6	2,620.2	2,621.9	2,475.8	-5.5
USES					
Personal Services/Empl Benefit	2,157.9	2,150.0	2,310.3	2,165.4	0.7
Contractual Services	63.3	227.7	58.9	58.9	-74.1
Other	300.2	242.5	252.7	251.5	3.7
TOTAL USES	2,521.4	2,620.2	2,621.9	2,475.8	-5.5
FTE					
Permanent	27.0	27.0	30.0	28.0	3.7
Term	15.0	9.0	11.0	11.0	22.2
TOTAL FTE POSITIONS	42.0	36.0	41.0	39.0	8.3

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Grant, Hidalgo and Luna counties.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<5%	<1%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	<90	8	<90	<5	<5
* Efficiency	Average time from filing of petition to final disposition, in months	6	9	9	8	8
* Efficiency	Average attorney caseload	224	182	75	150	170
* Output	Number of cases prosecuted	1,897	2,044	1,900	1,900	1,950
* Output	Number of cases referred for screening	2,353	2,628	2,200	2,200	2,400

STATUTORY AUTHORITY:

Article VI, Section 24 of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties may be a party or may be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,824.1	1,877.5	2,037.6	1,927.2	2.6
Other Transfers	17.2	22.1	0.0	0.0	-100.0
SOURCES TOTAL	1,841.3	1,899.6	2,037.6	1,927.2	1.5
USES					
Personal Services/Empl Benefit	1,602.3	1,694.6	1,813.3	1,709.7	0.9
Contractual Services	49.0	49.5	49.7	49.7	0.4
Other	174.6	155.5	174.6	167.8	7.9
TOTAL USES	1,825.9	1,899.6	2,037.6	1,927.2	1.5
FTE					
Permanent	31.0	31.0	33.0	31.0	0.0
Term	0.6	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	31.6	31.0	33.0	31.0	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Catron, Sierra, Socorro and Torrance counties.

		PERFORMANCE MEASURES				
		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	2.1%	1%	<5%	<5%	<2%
Output	Number of cases dismissed under the six-month rule	54	20	<100	<100	<70
* Efficiency	Average time from filing of petition to final disposition, in months	5.9	6.1	4	6	5
* Efficiency	Average attorney caseload	118	126	130	130	130
* Output	Number of cases prosecuted	2,565	2,080	2,280	2,280	2,280
* Output	Number of cases referred for screening	2,703	2,397	2,400	2,400	2,450
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	8.8	10	10	10	10
Efficiency	Average time from filing of petition to final disposition for juvenile cases, in months	4.7	4.5	4	5	5
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	4.3	3.75	4	4	4

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,959.3	2,080.4	2,320.7	2,153.0	3.5
Other Transfers	143.3	75.0	75.0	75.0	0.0
Fed Program Revenues	47.2	44.0	37.4	37.4	-15.0
SOURCES TOTAL	2,149.8	2,199.4	2,433.1	2,265.4	3.0
USES					
Personal Services/Empl Benefit	1,861.1	1,908.2	2,056.3	1,920.0	0.6
Contractual Services	82.7	47.9	100.1	100.1	109.0
Other	200.6	243.3	276.7	245.3	0.8
TOTAL USES	2,144.4	2,199.4	2,433.1	2,265.4	3.0
FTE					
Permanent	30.0	30.0	32.0	30.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	33.0	33.0	35.0	33.0	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Taos, Colfax and Union counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<2%	<2%	<3.5%	<3.5%	<2%
* Efficiency	Average time from filing of petition to final disposition, in months	7	7	8	7	7
* Efficiency	Average attorney caseload	281	499	200	200	200
* Output	Number of cases prosecuted	1,734	1,660	1,735	1,700	1,750
* Output	Number of cases referred for screening	3,644	3,615	3,600	3,600	3,650

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,839.8	2,106.0	2,275.9	2,156.3	2.4
SOURCES TOTAL	1,839.8	2,106.0	2,275.9	2,156.3	2.4
USES					
Personal Services/Empl Benefit	1,712.2	1,993.7	2,163.6	2,044.0	2.5
Contractual Services	6.2	8.6	8.6	8.6	0.0
Other	124.5	103.7	103.7	103.7	0.0
TOTAL USES	1,842.9	2,106.0	2,275.9	2,156.3	2.4
FTE					
Permanent	31.0	36.0	36.0	36.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	32.0	37.0	37.0	37.0	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Curry and Roosevelt counties.

		PERFORMANCE MEASURES				
		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<5%	3.8%	<5%	<3%	<3%
Output	Number of cases dismissed under the six-month rule	114	42	<30	<30	<30
* Efficiency	Average time from filing of petition to final disposition, in months	4	13	4	4	4
* Efficiency	Average attorney caseload	240	235	200	180	190
* Output	Number of cases prosecuted		3,888	2,120	3,888	3,890
* Output	Number of cases referred for screening	2,400	2,382	2,038	2,382	2,390

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	723.7	748.4	886.3	843.0	12.6
Other Transfers	157.2	22.7	0.0	0.0	-100.0
SOURCES TOTAL	880.9	771.1	886.3	843.0	9.3
USES					
Personal Services/Empl Benefit	662.5	677.6	796.7	753.4	11.2
Contractual Services	8.6	6.6	6.8	6.8	3.0
Other	207.7	86.9	82.8	82.8	-4.7
TOTAL USES	878.8	771.1	886.3	843.0	9.3
FTE					
Permanent	11.0	11.0	12.0	12.0	9.1
TOTAL FTE POSITIONS	11.0	11.0	12.0	12.0	9.1

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Quay, Harding and DeBaca counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Percent of cases dismissed under the six-month rule	1	0	<1%	<1%	<1%
* Efficiency	Average time from filing of petition to final disposition, in months	6	2	6	3	3
* Efficiency	Average attorney caseload	842	813	500	300	350
* Output	Number of cases prosecuted	1,027	1,220	1,349	1,200	1,200
* Output	Number of cases referred for screening	518	340	2,045	300	550

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,498.3	2,659.2	2,742.0	2,662.2	0.1
Other Transfers	1,081.1	84.3	91.5	91.5	8.5
Fed Program Revenues	58.7	56.6	68.6	68.6	21.2
Other Program Revenues	0.0	6.0	6.0	6.0	0.0
General Revenues	10.0	0.0	0.0	0.0	***
Fund Balance	0.0	1,500.0	351.4	351.4	-76.6
SOURCES TOTAL	3,648.1	4,306.1	3,259.5	3,179.7	-26.2
USES					
Personal Services/Empl Benefit	2,865.5	3,023.3	3,035.9	2,958.6	-2.1
Contractual Services	34.8	320.2	24.8	24.8	-92.3
Other	727.8	962.6	198.8	196.3	-79.6
Other Financing Uses	20.0	0.0	0.0	0.0	***
TOTAL USES	3,648.1	4,306.1	3,259.5	3,179.7	-26.2
FTE					
Permanent	48.0	49.0	50.0	49.0	0.0
Term	9.8	9.8	10.3	10.3	4.6
TOTAL FTE POSITIONS	57.8	58.8	60.3	59.3	0.8

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within San Juan county.

PERFORMANCE MEASURES						
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0	0	<.5%	<.5%	<.5%
* Efficiency	Average time from filing of petition to final disposition, in months	3	8	6	6	6
* Efficiency	Average attorney caseload	272	277	209	209	215
* Output	Number of cases prosecuted	3,685	4,064	3,590	3,590	3,880
* Output	Number of cases referred for screening	4,488	4,586	3,900	3,900	4,540

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,611.4	1,876.3	1,852.9	1,876.3	0.0
Other Transfers	88.1	102.4	35.0	35.0	-65.8
Fed Program Revenues	55.0	0.0	0.0	0.0	***
SOURCES TOTAL	1,754.5	1,978.7	1,887.9	1,911.3	-3.4
USES					
Personal Services/Empl Benefit	1,339.6	1,831.8	1,728.8	1,752.2	-4.3
Contractual Services	13.0	7.2	7.4	7.4	2.8
Other	225.6	139.7	151.7	151.7	8.6
TOTAL USES	1,578.2	1,978.7	1,887.9	1,911.3	-3.4
FTE					
Permanent	28.0	31.0	31.0	31.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	31.0	34.0	34.0	34.0	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<2%	<2%	<2%	<1.5%	<1.5%
Output	Number of cases dismissed under the six-month rule	45	52	<40	<40	<40
* Efficiency	Average time from filing of petition to final disposition, in months	9	9	8	7	7
* Efficiency	Average attorney caseload	665	514	500	450	300
* Output	Number of cases prosecuted	2,531	2,859	2,200	2,600	2,750
* Output	Number of cases referred for screening	4,654	3,601	4,100	4,100	4,130

		BUDGET SUMMARY (dollars in thousands)		FY07 – 2006-2007		Percent Incr (Decr)
		FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	2,052.2	2,100.1	2,286.7	2,110.8	0.5
	Other Transfers	191.3	79.4	79.4	79.4	0.0
	Fed Program Revenues	328.6	310.5	310.5	310.5	0.0
	SOURCES TOTAL	2,572.1	2,490.0	2,676.6	2,500.7	0.4
USES						
	Personal Services/Empl Benefit	2,305.3	2,245.3	2,417.0	2,251.2	0.3
	Contractual Services	176.4	5.6	5.8	5.8	3.6
	Other	834.5	239.1	253.8	243.7	1.9
	TOTAL USES	3,316.2	2,490.0	2,676.6	2,500.7	0.4
FTE						
	Permanent	35.0	35.0	37.0	35.0	0.0
	Term	8.5	8.5	8.5	8.5	0.0
	TOTAL FTE POSITIONS	43.5	43.5	45.5	43.5	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Lincoln and Otero counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0	<.5%	<.5%	<.5%	<.5%
* Efficiency	Average time from filing of petition to final disposition, in months	6	8	8	8	8
* Efficiency	Average attorney caseload	327	326	160	160	200
* Output	Number of cases prosecuted	4,157	2,794	4,300	4,300	4,300
* Output	Number of cases referred for screening	6,210	6,543	6,000	6,000	6,500

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,843.7	3,317.8	3,622.9	3,370.0	1.6
Other Program Revenues	333.5	177.5	147.7	147.7	-16.8
Fund Balance	65.1	45.0	29.3	29.3	-34.9
SOURCES TOTAL	3,242.3	3,540.3	3,799.9	3,547.0	0.2
USES					
Personal Services/Empl Benefit	2,745.9	3,190.7	3,377.6	3,184.6	-0.2
Contractual Services	58.0	67.3	67.5	67.5	0.3
Other	233.1	282.3	354.8	294.9	4.5
TOTAL USES	3,037.0	3,540.3	3,799.9	3,547.0	0.2
FTE					
Permanent	52.0	58.0	64.0	58.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	56.0	62.0	68.0	62.0	0.0

PROSECUTION

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Cibola, Sandoval and Valencia counties.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.02%	.05%	<.5%	<.2%	<.2%
Output	Number of cases dismissed under the six-month rule	2	22	<20	<17	<17
* Efficiency	Average time from filing of petition to final disposition, in months	12	11	9	9	9
* Efficiency	Average attorney caseload	285	255	231	190	190
* Output	Number of cases prosecuted	4,643	4,980	7,394	7,500	7,500
* Output	Number of cases referred for screening	6,167	6,280	8,642	8,685	8,685

STATUTORY AUTHORITY:

The Administrative Office of the District Attorneys (AODA) provides administrative support to 14 district attorney offices statewide pursuant to Sections 36-1-25 through 36-1-26 NMSA 1978. The office centralizes district attorney personnel, training, and victim notification functions, and develops a consolidated information technology plan. AODA also administers the state funding for the forensic evaluation program, which consists of eight children's safehouses throughout the state and the New Mexico Children's Safehouse Network Office.

MISSION:

The mission of the AODA is to improve the criminal justice system by promoting professionalism among New Mexico's prosecutors through education, information, liaison, and administrative and technical support and to achieve objectives that will benefit and improve the offices of the district attorneys.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,006.7	1,028.4	1,763.9	1,335.5	29.9
Other Transfers	93.5	0.0	77.9	77.9	***
Other Program Revenues	305.5	240.0	240.0	295.0	22.9
General Revenues	0.1	0.0	0.0	0.0	***
Extraord/Special	300.0	0.0	0.0	0.0	***
Fund Balance	38.4	20.0	20.0	20.0	0.0
SOURCES TOTAL	1,744.2	1,288.4	2,101.8	1,728.4	34.2
USES					
Personal Services/Empl Benefit	674.1	653.4	944.8	793.7	21.5
Contractual Services	19.1	15.5	15.7	15.7	1.3
Other	1,025.0	619.5	1,141.3	919.0	48.3
TOTAL USES	1,718.2	1,288.4	2,101.8	1,728.4	34.2
FTE					
Permanent	9.0	9.0	13.0	11.0	22.2
Term	2.0	2.0	1.0	1.0	-50.0
TOTAL FTE POSITIONS	11.0	11.0	14.0	12.0	9.1

BUDGET ISSUES:

The agency requested a base general fund increase of \$536 thousand, or 52.1 percent, over the FY06 operating level. The request includes \$427.8 thousand for computer automation items, including computer replacement, software licenses, and network management items for use by the district attorneys' offices statewide. The committee recommends \$239 thousand for necessary upgrades based on a one-fourth replacement schedule and encourages the district attorneys to continue to supplement this with transfers of grant funds to AODA.

As of July 2006 every district attorney office in the state, except the 2nd Judicial District office in Albuquerque, has been linked by a new unified case management system. AODA expects statewide implementation of the system by the end of FY06. When fully implemented, the new system will allow for staff at the 30 locations of the 14 district attorney offices statewide to better share prosecution data with one another, enhancing prosecutors' ability to perform their duties. Another significant benefit of using a single case management system is its single methodology for tracking key performance data, including attorney caseload and types and rates of case dismissals.

BASE EXPANSION:

The agency's request of \$199.5 thousand in expansion items includes \$84.1 thousand (1 FTE) for a special programs director and \$115.4 thousand (2 FTE) for additional information technology staff. The committee recommends \$98.4 thousand (2 FTE) in expansion to address the increasing workload demands on the agency's information technology staff resulting from the implementation of a new case management system for district attorneys statewide.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Special programs director (1 FTE)	0	84.1	0.0
2	Computer automation (2 FTE)	0	115.4	98.4
TOTAL			199.5	98.4

\$52.8 thousand of the recommended expansion is a term to perm FTE included in the FY06 base. \$45.6 thousand is for an additional perm FTE.

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safehouse network so that they may obtain and access the necessary resources in order to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Number of district attorney employees receiving training	980	755	800	800	800
Output	Total number of victim notification events and escapes reported	*	529	5,000	*	1,500

STATUTORY AUTHORITY:

Article V, Section I, of the New Mexico Constitution provides for the election of the attorney general for a term of four years and creates the position as part of the executive department. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board.

Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office. The attorney general serves as the head of the Department of Justice, the state's chief legal officer, legal counsel to state government, and consumer advocate. As the state's chief legal officer, the duties of the attorney general include prosecuting and defending cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal; prosecuting and defending all actions and proceedings brought by or against any state officer or head of a state department, board, or commission or any employee of the state acting in an official capacity; and issuing written opinions on any questions of law submitted by the Legislature, any member of the Legislature, the governor, state officials, or any district attorney.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	11,088.7	11,692.2	15,345.1	11,724.4	0.3
Other Transfers	1,550.0	500.0	0.0	1,750.0	250.0
Fed Program Revenues	1,423.7	1,466.4	1,624.4	1,526.8	4.1
Enterprise Program Rev	0.0	0.8	0.0	0.0	-100.0
SOURCES TOTAL	14,062.4	13,659.4	16,969.5	15,001.2	9.8
USES					
Personal Services/Empl Benefit	11,299.8	11,587.2	14,187.9	12,315.9	6.3
Contractual Services	611.7	388.6	618.7	591.4	52.2
Other	1,911.9	1,579.6	2,058.9	1,989.9	26.0
Other Financing Uses	104.0	104.0	104.0	104.0	0.0
TOTAL USES	13,927.4	13,659.4	16,969.5	15,001.2	9.8
FTE					
Permanent	162.0	162.0	177.0	170.0	4.9
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	163.0	163.0	178.0	171.0	4.9

BUDGET ISSUES:

The Attorney General requested a base general fund increase of \$1.6 million, or 14 percent, and an additional \$2 million in base expansion items. The Attorney General's request includes total replacement of settlement fund revenue with \$500 thousand from the general fund. In July 2005, the Attorney General reached a settlement agreement with the Pueblo of Pojoaque to pay the state \$24 million of funds owed to the state pursuant to the revenue sharing provisions of the 1997 gaming compact. Under the terms of the agreement, the Pueblo of Pojoaque will make three annual payments of \$1 million to the Attorney General's settlement fund beginning in mid-FY06 and will make quarterly payments of \$500 thousand to the settlement fund beginning in the first quarter of 2008 until the entire settlement amount is paid. In the last five fiscal years, the Attorney General has spent an average of \$1.6 million in settlement revenues through its operating budget and through special budget increase authority. In FY05 and FY06, the Attorney General used special budget increase authority of \$550 thousand and \$369 thousand in settlement revenue to fund initiatives within the Consumer Education and Protection Division. LFC recommends budgeting \$1.75 million in settlement revenue to fund agency operations for FY07.

The committee's recommended 0.3 percent general fund increase reflects vacancy factors in the Legal Services and Medicaid Fraud divisions of 5 percent and 1.5 percent, respectively. The Medicaid Fraud Division (MFD) reported \$1.6 million in Medicaid recoveries in FY05, an increase of 32 percent over FY04. As interagency cooperation between MFD and the Human Services Department, Department of Health, and Children, Youth and Families Department has improved, investigations of Medicaid fraud and abuse and neglect are expected to result in MFD continuing to meet or exceed the targeted amount of Medicaid recoveries.

BASE EXPANSION:

The committee recommends \$942.6 thousand in base expansion, including \$805.4 thousand (6 FTE) to partially fund the Attorney General's \$2 million in expansion requests. An additional \$137.2 thousand (2 FTE) in expansion not requested by the Attorney General is recommended for an attorney and an investigator to investigate public funds fraud and abuse. LFC recommends these staff work closely with the State Auditor and the district attorneys to investigate and prosecute white-collar criminal activity involving public funds to assure the public that state funds are being managed prudently and responsibly by state officials. The committee recommends \$72.4 thousand (1 FTE) to monitor and enforce the model tobacco escrow statute in the interest of protecting the \$35 million the state receives annually pursuant to the tobacco master settlement agreement. To address increasing workload of staff in the Consumer Education and Protection Division, who mediate disputes between businesses and consumers throughout the state, the committee recommends \$114.7 thousand (2 FTE). An additional \$ 125.9 thousand (2 FTE) are recommended to address the public's consumer protection needs in the Las Cruces area. The committee recommends \$72.4 thousand (1 FTE) for an additional attorney in the agency's Water, Environment and Utilities Division to assist in the recovery of natural resource damages. The committee also recommends an additional \$200 thousand in contractual services for this division, which is also responsible for monitoring, litigating and researching, and preparing opinions on issues including water, land, environmental crime, telecommunications, and utilities. The funding is intended to enable the division to continue to address these issues while the agency continues to meet other contractual obligations. Finally, the committee recommends \$220 thousand for agencywide computer and database upgrades. LFC recommends that these recommended expansion items be funded entirely by settlement funds.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers appropriation to the legal services program of the attorney general in the personal services and employee benefits category includes one hundred four thousand dollars (\$104,000) from the medicaid fraud division.

All revenue generated from antitrust cases and consumer protection settlements through the attorney general on behalf of the state, political subdivisions or private citizens shall revert to the general fund.

The other state funds appropriation to the legal services program of the attorney general in the personal services and employee benefits category includes one million seven hundred fifty thousand dollars (\$1,750,000) from settlement funds.

The other state funds appropriation to the legal services program of the attorney general in the personal services and employee benefits category includes one hundred thirty-seven thousand two hundred dollars (\$137,200) from settlement funds for the investigation of public funds fraud and abuse cases.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*01	Public fraud monitoring staff (2 FTE)	(Legal svcs)	0.0	137.2
02	Model tobacco escrow staff (2 FTE)	(Legal svcs)	129.8	72.4
03	Consumer protection staff (4 FTE)	(Legal svcs)	258.9	114.7
04	Las Cruces satellite office (6 FTE)	(Legal svcs)	421.7	125.9
05	Capital crimes & anti-terrorism staff (1 FTE)	(Legal svcs)	73.1	0.0
06	Environmental enforcement attorney (1 FTE)	(Legal svcs)	93.1	72.4
07	Criminal appeals division attorney (1 FTE)	(Legal svcs)	79.8	0.0
08	Contractual services for utility cases	(Legal svcs)	200.0	200.0
09	Computer & database upgrades	(Legal/MFD)	220.0	220.0
10	<u>5 percent cost of living increase</u>	<u>(Legal/MFD)</u>	<u>581.4</u>	<u>0.0</u>
TOTAL			2,057.8	942.6

*Not an agency request

LEGAL SERVICES

The purpose of the legal services program is to deliver quality opinions, counsel and representation to state government entities and to enforce state law on behalf of the public so that New Mexicans have an open, honest, efficient government and enjoy the protection of state law.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 - 2006-2007</u>				
	<u>FY05</u> 2004-2005 <u>Actuals</u>	<u>FY06</u> 2005-2006 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	10,664.9	11,225.4	14,873.0	11,284.8	0.5
Other Transfers	1,550.0	500.0	0.0	1,750.0	250.0
Fed Program Revenues	48.0	48.0	104.0	104.0	116.7
Enterprise Program Rev	0.0	0.8	0.0	0.0	-100.0
SOURCES TOTAL	12,262.9	11,774.2	14,977.0	13,138.8	11.6
USES					
Personal Services/Empl Benefit	9,956.9	10,085.8	12,644.3	10,862.6	7.7
Contractual Services	585.7	360.9	563.7	563.7	56.2
Other	1,585.3	1,327.5	1,769.0	1,712.5	29.0
TOTAL USES	12,127.9	11,774.2	14,977.0	13,138.8	11.6
FTE					
Permanent	141.0	141.0	156.0	149.0	5.7
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	142.0	142.0	157.0	150.0	5.6

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Percent of initial responses for attorney general opinions made within three days of request	77%	90%	80%	80%	95%
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	75%	*	90%	90%	90%
Outcome	Percent of investigations of Open Meetings Act, Inspection of Public Records Act, Governmental Conduct Act and Campaign Reporting Act, with complaints or referrals initiated within thirty days of referral	100%	78%	100%	100%	100%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	83%	75%	90%	90%	90%
Output	Number of crime victims receiving information and advocacy	685	291	636	636	640
Efficiency	Number of outreach presentations conducted throughout the state	17	12	17	17	19

MEDICAID FRAUD

The purpose of the medicaid fraud program is to investigate and prosecute medicaid provider fraud, recipient abuse and neglect in the medicaid program.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	423.8	466.8	472.1	439.6	-5.8
Fed Program Revenues	1,375.7	1,418.4	1,520.4	1,422.8	0.3
SOURCES TOTAL	1,799.5	1,885.2	1,992.5	1,862.4	-1.2
USES					
Personal Services/Empl Benefit	1,342.9	1,501.4	1,543.6	1,453.3	-3.2
Contractual Services	26.0	27.7	55.0	27.7	0.0
Other	326.6	252.1	289.9	277.4	10.0
Other Financing Uses	104.0	104.0	104.0	104.0	0.0
TOTAL USES	1,799.5	1,885.2	1,992.5	1,862.4	-1.2
FTE					
Permanent	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$7.14	\$12.04	\$4.5	\$4.5	\$9.5
Output	Number of program improvement recommendations forwarded to department of health and human services department	4	4	4	4	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	78%	75%	75%	75%	80%
Explanatory	Total medicaid recoveries, in thousands	\$1,223	\$1,616	\$1,700	\$1,700	\$1,700

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico State Constitution created the position of State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete, written report of each audit.

MISSION:

The State Auditor audits the financial affairs of New Mexico agencies annually to improve accountability and performance and to assure New Mexico citizens that funds are expended properly. In addition the State Auditor may initiate special audits to investigate reported or suspected fraud, waste and abuse related to the financial affairs of an agency.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,285.5	2,308.1	2,344.1	2,319.2	0.5
Other Program Revenues	480.1	403.4	400.0	400.0	-0.8
Fund Balance	0.0	178.3	200.0	200.0	12.2
SOURCES TOTAL	2,765.6	2,889.8	2,944.1	2,919.2	1.0
USES					
Personal Services/Empl Benefit	1,880.4	2,183.5	2,238.6	2,213.7	1.4
Contractual Services	117.8	237.9	237.9	237.9	0.0
Other	380.5	468.4	467.6	467.6	-0.2
TOTAL USES	2,378.7	2,889.8	2,944.1	2,919.2	1.0
FTE					
Permanent	30.0	30.0	30.0	30.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	31.0	31.0	0.0

BUDGET ISSUES:

The agency budget request of \$2.9 million is \$54 thousand higher than the FY06 budget of \$2.8 million, a 1.9 percent increase. The entire increase is to fund increased costs in the personal services and employee benefits category. Contractual services and other costs categories are held flat.

Technical adjustments have been made to the agency request for personal services and employee benefits in accordance with DFA instructions for FY07 projected salaries. The overall LFC recommendation is for a one percent increase over the FY06 operating budget.

The State Auditor has averaged over a 15 percent vacancy rate the last few years. Three audit positions are currently vacant and are being advertised. The State Auditor has reported to the committee that it is difficult to hire qualified auditors and as a result the state auditor has been spending more on contractual support for outside reviews of financial statement audits.

The audit staffing shortage is a factor in the State Auditor underperforming its objective of completing 75 percent of the statutorily required reviews of financial statement audit reports within 10 days -- FY05 actual performance was 34 percent.

The committee encourages the State Auditor to fill vacant audit positions and reclassify vacant administrative positions to audit positions if necessary to meet the needs of the office to carry out statutory responsibilities in a timely manner.

The recent financial scandal at the Office of the State Treasurer has focused attention on problems with oversight of state government. While the State Auditor has conducted numerous special audits in response to allegations of white collar crime, he is dependent on the police, local district attorneys or the Attorney General to carry criminal cases forward. Unfortunately, neither local district attorneys nor the Attorney General have prosecuted many cases.

Given these latest developments, the State Auditor may bring a proposal to the legislature in 2006 to add a prosecutor to 1st Judicial District Attorney for prosecuting white collar crimes.

STATE AUDITOR PROGRAM

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexico citizens that funds are expended properly.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of audits completed by regulatory due date	68%	61%	70%	70%	70%
Outcome	Percent of statutory reviews of audit reports completed within ten days	34%	34%	75%	75%	75%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	100%	100%	90%	100%	100%
* Output	Total audit fees generated	\$518,725	\$480,094	\$450,000	\$400,000	\$400,000
Output	Number of training sessions performed	21	23	16	16	16
Output	Number of working paper reviews of independent public accountants	21	42	42	42	42

STATUTORY AUTHORITY:

Sections 9-11-1 through 9-11-13 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-shared taxes, such as gross receipts, and distributes revenues to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle-related permits.

MISSION:

The mission of TRD is to administer and enforce New Mexico's tax and revenue laws and vehicle and driver licensing code in a manner warranting the highest degree of public confidence.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	56,506.9	56,744.2	58,692.3	57,257.3	0.9
Other Transfers	612.9	580.7	516.2	516.2	-11.1
Fed Program Revenues	861.7	963.2	1,201.6	1,201.6	24.8
Other Program Revenues	8,353.8	10,427.3	10,489.3	10,489.3	0.6
General Revenues	2,570.9	2,566.3	2,625.4	2,541.6	-1.0
Fund Balance	0.0	330.8	0.0	0.0	-100.0
SOURCES TOTAL	68,906.2	71,612.5	73,524.8	72,006.0	0.5
USES					
Personal Services/Empl Benefit	42,932.0	49,204.0	50,713.8	49,363.2	0.3
Contractual Services	2,985.2	5,898.7	4,623.6	4,623.6	-21.6
Other	18,962.3	16,509.8	18,187.4	18,019.2	9.1
Other Financing Uses	70.0	0.0	0.0	0.0	***
TOTAL USES	64,949.5	71,612.5	73,524.8	72,006.0	0.5
FTE					
Permanent	944.0	1,043.0	1,053.0	1,045.0	0.2
Term	31.0	31.0	36.0	36.0	16.1
Temporary	35.7	35.7	35.7	35.7	0.0
TOTAL FTE POSITIONS	1,010.7	1,109.7	1,124.7	1,116.7	0.6

BUDGET ISSUES:

The agency submitted a base budget request of \$57.2 million from the general fund, a \$484.6 thousand, or 0.9 percent, increase from the FY06 operating budget, primarily for the Property Tax Division. Adding six expansion requests totaling \$1.5 million, the FY07 general fund request is \$58.7 million. Including all other funds, the total agency request is \$73.5 million.

The agency also submitted information about two new initiatives but did not include funding for them in the FY07 request figures. Funding for the nonrecurring portions of these initiatives should be considered through the special appropriations process.

Over the past several years, the agency has received significant funding increases for the enhanced revenue collection initiative, an effort to improve compliance and collection. Much of the funding has gone to the Audit and Compliance Division (ACD) and the Tax Fraud Investigation Division (TFID) and for upgrades to information technology systems, especially the data warehouse and GenTax software project. The agency reports a strong return on this investment, and the department is expected to generate an additional \$7.5 million above the general fund baseline in FY06.

The Legislature in 2005 expanded the powers of TFID to investigate possible violations of state tax laws by employing certified law enforcement personnel. The department shifted 2 FTE into the division, one from ACD and another from the Revenue Processing Division (RPD). Auditors from the Motor Vehicle Division will report to the TFID director. In addition to its fraud detection work, TFID, nearly fully staffed, will serve as an internal audit and investigations office.

In the 2005 session, the Legislature authorized the Motor Vehicle Program to raise fees on transactions from 50 cents to \$2, bringing an additional \$2.8 million to the Motor Vehicle Division (MVD) for operational improvements. The division is in the process of hiring the 43 new FTE authorized for FY06 and has initiated an action plan to improve customer service and boost employee morale in the field offices. Once fully staffed, MVD will reconsider Saturday office hours at the busiest locations. In the first quarter performance report, the division notes shorter wait times at MVD offices equipped with the Q-matic tracking system, but, with an average wait of 27 minutes, MVD is far from its 15-minute goal.

TRD submitted a special appropriation request to centralize the issuance of drivers' licenses. By contracting with a centralized vendor, the department believes it can meet federal mandates, improve security at the field offices, and reduce customer wait times. The committee and full Legislature should review this request carefully, with particular consideration paid to its impact on the operational improvement effort.

TRD requested that funding for the Property Tax Program be restored to near the FY05 level. The committee recommends additional funding in the personal services and benefits category with the expectation that the program will lower its historical vacancy rate of more than 30 percent.

The Property Tax Program is charged with ensuring fair and equitable property valuations in New Mexico's 33 counties. The quality and accuracy of the property tax valuations can vary widely from one county to the next. This variance is significant because state capital outlay funds are distributed to school districts based on the property tax valuation data. With inconsistent or inaccurate data, funding for school districts might be inequitable.

TRD continues to work with the committee and the Department of Finance and Administration on its performance measures. Several changes to performance measures were approved in the interim to better track collection efforts in ACD. While these changes make year-to-year comparisons difficult, the new measures more accurately reflect program outputs and outcomes. MVD is reporting on several measures in the executive's performance and accountability contract that should be considered for the agency's quarterly report.

BASE EXPANSION:

The committee recommends an expansion of 5 FTE in the federal royalty audit unit, totaling \$215.6 thousand. The unit is supported by federal funds and the state and federal government share in the revenue generated by the audit activities.

While the need for temporary staff in the Revenue Processing Division is diminished by more taxpayers filing electronically, the division continues to report difficulty in hiring temporary staff during the personal income tax (PIT) filing season. In FY05, 30.3 percent of PIT and combined reporting system (CRS) returns were filed electronically, and LFC and the agency expect this percentage to increase. Nevertheless, the committee recognizes the difficulty in hiring temporary labor in the Santa Fe job market and recommends \$757.9 thousand in the contractual services category to outsource temporary staff work. The committee expects the additional funds to be offset by at least \$200 thousand in reduced temporary labor costs or vacancy savings. In addition, future budget requests for FTE should reflect the reduction in temporary positions.

As the division responsible for most of the agency's bulk mailing, RPD anticipates additional costs from U.S. Postal Service rate increases. The committee recommends \$301.4 thousand to meet these costs.

The committee recommends \$124.9 thousand for two new driving while intoxicated hearing officers one in Albuquerque and one in Farmington. The hearing officers are housed in the Office of the Secretary

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
2	DWI hearing officers	(ProgSup)	157.7	124.9
3	Regulation and licensing compliance (6 FTE)	(ACD)	315.0	0.0
4	Out-sourcing temporary staff work	(RPD)	757.9	757.9
5	Oil and gas severance desk audits (2 FTE)	(ACD)	131.5	0.0
7	Postage increase	(RPD)	301.4	301.4
8	Federal royalty audit (5 term FTE)	(ACD)	215.6	215.6
TOTAL			1,879.1	1,399.8

The agency submitted eight expansion requests on September 1; however, per Department of Finance and Administration, the agency did not incorporate the new initiatives, priority numbers 1 and 6, into the official FY07 agency request figures.

TAX ADMINISTRATION PROGRAM

The purpose of the tax administration program is to provide registration and licensure requirements for tax programs and to ensure the administration, collection and compliance of state taxes and fees that provide funding for support services for the general public through appropriations.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	24,878.2	25,967.0	27,399.3	26,387.0	1.6
Fed Program Revenues	861.7	963.2	1,201.6	1,201.6	24.8
Other Program Revenues	608.6	338.3	338.3	338.3	0.0
General Revenues	353.4	341.0	341.0	341.0	0.0
SOURCES TOTAL	26,701.9	27,609.5	29,280.2	28,267.9	2.4
USES					
Personal Services/Empl Benefit	18,776.3	21,363.6	22,106.7	21,163.6	-0.9
Contractual Services	277.2	743.5	1,174.4	1,174.4	58.0
Other	6,917.1	5,502.4	5,999.1	5,929.9	7.8
TOTAL USES	25,970.6	27,609.5	29,280.2	28,267.9	2.4
FTE					
Permanent	419.0	475.0	483.0	475.0	0.0
Term	17.0	17.0	22.0	22.0	29.4
Temporary	31.7	31.7	31.7	31.7	0.0
TOTAL FTE POSITIONS	467.7	523.7	536.7	528.7	1.0

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Outcome	Collections as a percent of collectable outstanding balances from June 30, 2006				10%	10%
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year				40%	40%
* Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted				80%	80%
Outcome	Collections as a percent of collectable audit assessments generated in prior fiscal years				10%	10%
Outcome	Revenue collections as a percent of audit assessments		42%	40%		
Outcome	Collections as a percent of collectable outstanding balance		-2.45%	10%		
Outcome	Amount of revenue assessed as a result of audits, in millions		\$34.5			
Outcome	Percent of audit assessments collected compared with the uncollected balance		42%			
* Output	Percent of electronically filed personal income tax and combined reporting system returns	17%	30.3	30%	30%	45%
Output	Number of field audits conducted for corporate income tax and combined reporting system taxes		327			
Output	Number of federal oil and gas audits conducted		14			
Output	Number of international fuel tax agreement and international rate program audits conducted		106			
Output	Number of electronically filed tax returns processed		585,887			
Efficiency	Average cost per audit		\$3,561			
Efficiency	Tax fraud convictions as a percent of cases prosecuted		100%	70%		
Explanatory	Average percent of auditor positions filled compared with approved full-time equivalent		86%			

MOTOR VEHICLE PROGRAM

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the motor vehicle code and federal regulations by conducting tests, investigations and audits.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	<u>FY05</u> 2004-2005 <u>Actuals</u>	<u>FY06</u> 2005-2006 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	11,638.2	11,914.9	11,905.6	11,884.7	-0.3
Other Program Revenues	7,450.5	9,612.9	9,880.9	9,880.9	2.8
Fund Balance	0.0	330.8	0.0	0.0	-100.0
SOURCES TOTAL	19,088.7	21,858.6	21,786.5	21,765.6	-0.4
USES					
Personal Services/Empl Benefit	10,769.0	12,894.8	12,900.2	12,887.3	-0.1
Contractual Services	1,188.2	2,901.4	1,870.0	1,870.0	-35.5
Other	5,052.7	6,062.4	7,016.3	7,008.3	15.6
TOTAL USES	17,009.9	21,858.6	21,786.5	21,765.6	-0.4
FTE					
Permanent	273.0	316.0	316.0	316.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
Temporary	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	281.0	324.0	324.0	324.0	0.0

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Percent of registered vehicles with liability insurance	82.5%	86%	86%	86%	87%
Outcome	Percent increase in kiosk transactions as a percentage of same-type transactions a field office agent could perform				7%	7%
* Efficiency	Average call center wait time to reach an agent, in minutes		4.39	3.75	3.75	3.75
* Efficiency	Average wait time in Q-Matic equipped offices, in minutes				15	15
Efficiency	Average wait time in six offices equipped with automated queuing system, in minutes	35	34	15		
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt		2.5		3	2.5
Efficiency	Average number of days to post a driving-while-intoxicated citation to drivers' records upon receipt	12	2.5			
Efficiency	Average number of days to post court action on driving-while-intoxicated citations to drivers' records upon receipt			5		

PROPERTY TAX PROGRAM

The purpose of property tax program is to administer the property tax code, to ensure the fair appraisal of property and to assess property taxes within the state.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,010.7	583.7	989.4	952.1	63.1
General Revenues	2,211.4	2,225.3	2,284.4	2,200.6	-1.1
SOURCES TOTAL	3,222.1	2,809.0	3,273.8	3,152.7	12.2
USES					
Personal Services/Empl Benefit	1,943.9	1,919.2	2,449.8	2,383.6	24.2
Contractual Services	100.5	356.2	126.3	126.3	-64.5
Other	527.7	533.6	697.7	642.8	20.5
TOTAL USES	2,572.1	2,809.0	3,273.8	3,152.7	12.2
FTE					
Permanent	44.0	44.0	44.0	44.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	50.0	50.0	50.0	50.0	0.0

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of delinquent accounts that are resolved	78%	89%	88%	88%	88%
Outcome	Percent of resolved accounts resulting from delinquent property tax sales		89%			
Outcome	Number of counties achieving an eighty-five percent minimum ratio of assessed value to sales price		33			
* Output	Number of appraisals and valuations for companies conducting business within the state subject to state assessment		509	510	510	510
Output	Number of appraisals and valuations for corporations conducting business within the state	500	509			

PROGRAM SUPPORT

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting and legal services in order to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	18,979.8	18,278.6	18,398.0	18,033.5	-1.3
Other Transfers	612.9	580.7	516.2	516.2	-11.1
Other Program Revenues	294.7	476.1	270.1	270.1	-43.3
General Revenues	6.1	0.0	0.0	0.0	***
SOURCES TOTAL	19,893.5	19,335.4	19,184.3	18,819.8	-2.7
USES					
Personal Services/Empl Benefit	11,442.8	13,026.4	13,257.1	12,928.7	-0.8
Contractual Services	1,419.2	1,897.6	1,452.9	1,452.9	-23.4
Other	6,464.8	4,411.4	4,474.3	4,438.2	0.6
Other Financing Uses	70.0	0.0	0.0	0.0	***
TOTAL USES	19,396.8	19,335.4	19,184.3	18,819.8	-2.7
FTE					
Permanent	208.0	208.0	210.0	210.0	1.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	212.0	212.0	214.0	214.0	0.9

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Outcome	Number of tax protest cases resolved	748	730	728	728	728
* Outcome	Percent of driving-while-intoxicated drivers' license revocations rescinded due to failure to hold hearings in ninety days		2.3%	5%	2%	2%
Outcome	Number of driving-while-intoxicated drivers' license revocations rescinded due to failure to hold hearings in ninety days		23			
Output	Number of electronically filed tax returns processed through the oil and gas administration and revenue database, by data lines		1,427,167			

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by Section 6-8-2 NMSA 1978 and is responsible for guiding the management of the land grant (LGPF), severance tax (STPF), and tobacco settlement permanent funds, and other funds entrusted to its care. SIC consists of nine members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, state investment officer, chief financial officer of a state institution of higher education, and three public members. The three public members and chief financial officer of a state institution of higher education are appointed by the governor with the consent of the Senate and serve staggered terms of five years. SIC formulates policy implemented by the state investment officer (SIO) and staff in the day-to-day investment functions of the investment office.

MISSION:

New Mexico's two endowment funds are assets that represent the depletion of the state's natural resources and are intended to provide permanent and continuing benefit for all New Mexicans, both present and future. SIC will optimize the funds to ensure that future generations receive the same benefits as current beneficiaries and professionally invest the funds as provided by law to generate the maximum benefits over time to prove a current revenue source for the state's general fund.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	25,328.0	28,987.6	29,226.5	28,957.9	-0.1
General Revenues	414.0	414.0	420.0	420.0	1.4
SOURCES TOTAL	25,742.0	29,401.6	29,646.5	29,377.9	-0.1
USES					
Personal Services/Empl Benefit	2,407.6	2,776.1	3,147.9	2,948.9	6.2
Contractual Services	20,481.2	25,975.3	25,716.3	25,716.0	-1.0
Other	579.5	650.2	782.3	713.0	9.7
TOTAL USES	23,468.3	29,401.6	29,646.5	29,377.9	-0.1
FTE					
Permanent	26.0	27.0	30.0	28.0	3.7
TOTAL FTE POSITIONS	26.0	27.0	30.0	28.0	3.7

BUDGET ISSUES:

The agency budget request of \$29.6 million represents a less than a 1 percent increase over the FY06 operating budget of \$29.4 million. The request includes an increase of \$371.8 thousand in personal services and employee benefits, including \$224.9 for three expansion positions: two for financial management and one for investments. Contractual services, a majority of which is investment manager fees, is projected to decline \$259 thousand over the FY06 operating level of \$25.9 million.

The recommendation funds the agency request for contractual services and provides for approximately 10 percent growth in other costs. The recommendation for personal services and employee benefits applies a 2 percent vacancy savings but provides \$99.9 thousand for a new investment portfolio manager for alternative investments. The total recommendation of \$29.3 million essentially holds the agency to a flat funding level compared with FY06, but provides ample growth over FY05 actual spending of \$23.5 million.

SIC's investment performance for the year ending June 30, 2005, was 8.9 percent for STPF and 9.7 percent for LGPF. STPF underperformed its fund benchmark return of 9.4 percent by 0.50 percentage points while LGPF beat its fund benchmark return of 9.3 percent by 0.40 percentage points. Looking at 10-year performance, STPF has averaged 8.3 percent return, essentially matching its benchmark return. The LGPF return of 8.7 percent beat the fund benchmark return of 8.1 percent by 0.6 percentage points.

Overall, SIC benefited from strong performance in the domestic and international equity areas the past fiscal year, offsetting below-average performance in the fixed income area, in particular high-yield debt. Private equity returns of older investments in the national program have benefited LGPF, while lower returns of newer investments (in particular in the New Mexico private equity program) have hurt STPF. SIC has improved the performance of the internally managed accounts this past year, but long-term performance of the internally managed large cap active and large cap index accounts continue to lag fund

benchmarks. Please see "Volume I, Legislating for Results: Policy and Performance Analysis" for more discussion of the investment performance of SIC.

Following passage of legislation in 2005 eliminating the legal list of investments and allowing the Prudent Investor Act to govern PERA, Educational Retirement Board, and SIC investment decisions, SIC has moved to expand its investments in alternative assets classes, targeted to make up 18 percent of the LFPF and 25 percent of the STPF funding allocations. During fall 2005, SIC invested \$700 million in 10 hedge funds, about 6 percent of their total portfolio of about \$12.5 billion. Private equity investment in funds as well as New Mexico companies represented about 4.4 percent of the total portfolio, or \$549 million, at June 30, 2005. Investment in real estate of approximately \$100 million represents less than 1 percent of the total portfolio.

In a committee hearing on SIC's private equity program, the difficulty of judging investment performance of private equity in the short term was discussed. Private equity returns often resemble a "J curve," with negative returns during the early years of the investment and positive returns in the out-years. The STPF national private equity program, which has been making investments since the 1980s, has an internal rate of return (IRR) of 30.3 percent, while the New Mexico program, with more recent investments in New Mexico funds, has a negative IRR of -12.5 percent. The committee makes the following recommendations to improve the usefulness of SIC's reporting on private equity:

- 1) SIC should consider changing the format of its quarterly performance reporting of private equity to break out each individual component of the private equity programs so that both the full SIC board and members of the public can better understand how SIC is performing.
- 2) Because initial negative returns are typical for private equity funds, SIC should examine how other pension funds and endowments deal with reporting private equity returns and perhaps develop a report that stratifies fund performance based on the age of the fund.
- 3) SIC has committed to invest over a billion dollars in approximately 115 separate national fund and 20 separate New Mexico funds. However, cash drawdowns of these commitments take multiple years as they are dependent on the individual funds finding worthy investments. SIC should consider developing performance metrics that will allow policymakers to judge whether or not investment managers are performing adequately in their attempts to find investments and consider developing criteria on when investments should be terminated in order to put SIC funds to better use elsewhere.

BASE EXPANSION:

SIC is requesting \$224.9 for three new investment-related positions. The recommendation provides \$99.9 thousand in funding for a new investment portfolio manager for alternative investments. The recommendation does not fund the request for two additional financial analysts for the investment accounting division. The committee is aware that SIC has struggled to maintain staffing in the investment accounting division, which has caused some delays in reporting investment performance. However, out of 27 SIC positions, 12 are administrative positions, excluding the receptionist and secretary. Reallocation and reclassification of existing positions to meet program needs as well as filling of vacancies should be completed before consideration of additional positions.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty-four million nine hundred and thirty-four thousand (\$24,934,000) to be used only for money manager fees.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Uniform Prudent Investments Expansion (3 FTE)	0	244.9	99.9
TOTAL			244.9	99.9

STATE INVESTMENT PROGRAM

The purpose of the state investment program is to provide investment management of the state's permanent funds for the citizens of New Mexico in order to maximize distributions to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	-170	-10	>25	>25	>25
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	0	-50	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	49	45	>49	>49	>49
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	73	75	>49	>49	>49
Outcome	One-year annualized portfolio performance, net of fees, versus a broad market index		560	>50 bps	>50 bps	>50 bps
Outcome	Five-year annualized portfolio performance, net of fees, versus a broad market index		70	>50 bps	>50 bps	>50 bps

STATUTORY AUTHORITY:

The Department of Finance and Administration (DFA) was created by Sections 9-6-1 through 9-6-15 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. In 2003, the Legislature passed and the governor signed the Assessment and Accountability Act, which proposed sweeping education reforms. Among its provisions, the act created the Office of Education Accountability (OEA) and placed it within DFA. OEA opened its doors on September 1, 2003. According to Section 9-6-15 NMSA 1978, the purpose of the OEA is to provide an independent evaluation of the Assessment and Accountability Act and the School Personnel Act; review decision-making policies of schools and school districts relating to the recruitment and retention of school employees; verify the accuracy of reports of public school, school district, and state performance; conduct studies of other states' efforts at assessment and accountability and other education reforms; and report its findings to the Legislative Education Study Committee and the Legislative Finance Committee.

MISSION:

The DFA mission is to provide fiscal and policy advice to the governor, to craft and recommend a budget to run the government, to help state agencies and local governments run more efficiently and effectively, to track the economy and deliver reliable revenue estimates, to finance and manage public infrastructure projects statewide, to closely track the improvement of public education and to deliver progress reports to policy-makers, and to work daily with agencies, schools, and universities to implement the governor's policy agenda.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	11,363.4	11,999.6	11,480.6	11,363.9	-5.3
Other Transfers	1,475.7	10,883.7	10,728.6	10,878.6	0.0
Fed Program Revenues	14,742.2	15,807.1	15,800.0	15,800.0	0.0
Other Program Revenues	0.0	130.0	0.0	0.0	-100.0
General Revenues	28,391.0	27,387.1	27,941.5	27,941.5	2.0
Fund Balance	200.0	842.1	0.0	0.0	-100.0
SOURCES TOTAL	56,172.3	67,049.6	65,950.7	65,984.0	-1.6
USES					
Personal Services/Empl Benefit	9,407.1	10,656.2	10,848.6	10,740.1	0.8
Contractual Services	2,076.6	4,496.2	3,309.1	3,466.1	-22.9
Other	33,755.2	38,742.2	40,290.4	38,775.2	0.1
Other Financing Uses	4,366.3	13,155.0	11,502.6	13,002.6	-1.2
TOTAL USES	49,605.2	67,049.6	65,950.7	65,984.0	-1.6
FTE					
Permanent	138.8	138.8	138.8	138.8	0.0
Term	20.0	21.0	22.0	21.0	0.0
TOTAL FTE POSITIONS	158.8	159.8	160.8	159.8	0.0

BUDGET ISSUES:

The Department of Finance and Administration (DFA) requested a \$519 thousand (4.3 percent) decrease in general fund appropriations for agency operations. The decrease is attributable to inclusion of several appropriations in Laws 2005, Chapter 34, in the FY06 operating budget and excluding them from the FY07 budget request. These appropriations included funding for rodeo programs (\$380 thousand), teen courts (\$52.3 thousand), and domestic violence programs (\$190 thousand). Continued funding for the domestic violence program was requested by the 2nd district attorney and is included in the LFC recommendation for that agency.

The DFA budget request for nonoperating appropriations includes a 24.7 percent increase in general fund support, primarily to make the special appropriation for weatherization (\$800 thousand) recurring and to increase the appropriation for fiscal agent fees (\$450 thousand).

The LFC recommendation for DFA FY07 operations decreases general fund support by \$635 thousand or 5.3 percent. This is \$116 thousand less than the amount requested by DFA, with the difference primarily attributable to holding the appropriation to the capital outlay unit flat. The FY07 LFC recommendation for the capital outlay unit is a flat budget at the FY06 level, reflecting the committee's concern that the unit established in 2004 has yet to accomplish its principal objectives of creating a centralized capital outlay planning and monitoring process and getting capital outlay projects into the field quickly.

The LFC FY07 budget recommendation includes two adjustments not included in the DFA request but consistent with DFA program plans for FY07. First, the executive intends to transfer funds from the Public Education Department (PED) and Children, Youth and Families Department (CYFD) to the DFA Office of Education and Accountability (OEA) for an evaluation of the pre-kindergarten program. Although the final cost of the evaluation has not been determined, the LFC recommendation includes \$150 thousand for this purpose. This transfer is contingent upon appropriations to PED and CYFD for this purpose. Second, the consensus forecasting group has determined it would like to expand the current natural gas subscription service to include forecasts for oil and would like to expand the contract with the Bureau of Business and Economic Research at the University of New Mexico by about \$18 thousand. The cost of the two contracts is shared between DFA, LFC, and the Taxation and Revenue Department. The LFC recommendation shifts salary savings from a vacant economist position in the Office of the Secretary to contractual services in the amount of \$7 thousand to cover the DFA share of these contract increases.

The LFC recommendation for DFA nonoperating appropriations increases general fund support 20.1 percent (\$829.7 thousand) for weatherization (\$800 thousand) and for adjustments to memberships, including the full cost of membership in the National Conference of State Legislatures (NCSL). Historically, appropriations for this membership have lagged one year from actual costs. This year, the NCSL contacted the Legislative Council Service with the updated membership amount.

DFA provided leadership on a wide range of legislative and executive initiatives last year. Generally, the agency made significant progress on the initiatives; however, some areas could be improved.

DFA has played a key role in the following initiatives: converting to partial accrual accounting, promoting a "responsibility for the accounting function" program, monitoring use of federal fiscal relief funds, recapturing savings from the Save Smart procurement program, monitoring outcomes from educational reforms including the pre-kindergarten program; implementing the SHARE statewide human resources and financial computer system, facilitating implementation of the executive performance and accountability review, and planning for biennial budgeting.

DFA is responsible for making the transition to the modified accrual basis of accounting for governmental funds, mandated in the General Appropriation Act of 2004. The Legislature provided for a transition period whereby the DFA could extend the period for expending a FY05 appropriation if there were likely to be unpaid costs and expenses covered by binding written obligations to third parties as of June 30, 2005, or if the purpose of the appropriation would not be satisfied by the goods and services delivered as of that date. To implement the transition provisions, DFA developed an OP-BUD 6 form that agencies completed to request that FY05 encumbrances be carried forward along with their appropriations into FY06. In all, DFA received 58 OP-BUD 6 requests, totaling \$11.2 million, of which 31 requests for a total of \$8.5 million were approved. The major agencies affected by this process were the Department of Health (which carried forward \$4.2 million in 12 requests), Energy, Minerals and Natural Resources (\$1.5 million in two requests), State Engineer (\$911 thousand in two requests), and Aging and Long-Term Services (\$799 thousand in four requests). Correct implementation of partial accrual accounting would require that encumbrances be carried forward only for accounts payable for services or goods delivered during the fiscal year of the appropriation. While many of the FY05 funds that were carried over from FY05 met that standard, some were for goods and services delivered in FY06, such as buying new vehicles or initiating professional services contracts with funds moved between categories by budget adjustment requests in late FY05. The Department of Health offered no explanation for \$3.9 million of general fund encumbrances that it rolled from FY05 to FY06; EMNRD provided no explanation for \$1.5 million that were rolled forward, yet both were approved by DFA. The committee recommends that the Legislature consider eliminating the transitional language in the 2006 General Appropriation Act as the transition should be complete by July 2006 or that the language be narrowed to include only encumbrances for goods and services delivered in FY06.

Annually, the state controller in DFA recognizes agencies that achieve standards set forth in the state "responsibility in public accounting function" regulations. The six standards in the regulation include timely completion of the annual audit, strong fiscal management and oversight, timely record keeping, effective and timely financial reporting, effective automated systems operation, and timely payments to vendors and employees. In FY05, only six state agencies met all six standards; DFA's own administration met none of the standards. The committee supports this program and encourages the state controller to continue to work with finance staff in state agencies to achieve all of the standards required by state regulations.

DFA is responsible for monitoring savings from the Save Smart program and capturing savings for credit to the general fund. According to a recent report by DFA, the Save Smart program generated a total \$12.5 million in savings to all state funds in FY05, including \$5.9 million to the general fund. DFA captured a portion of these savings by requiring 20 agencies to revert \$2.1 million to the general fund. Other agencies retained Save Smart savings following provisions in Laws 2005, Chapter 347, that allowed retention if savings were less than \$10 thousand, if they were needed to support other parts of the operating budget, or if they were accrued from a one-time purchase. Because the savings recapture plan was implemented after the conclusion of FY05, it could only recapture funds that would revert to the general fund regardless of the Save Smart program.

In "Moving New Mexico Forward: Further Along," the governor endorsed biennial budgets for small state agencies, tasking DFA with development of necessary statutory and procedural changes to implement the initiative. The legislature in 2005 passed House Bill 404 to establish a pilot biennial budgeting project for up to 35 small agencies and five designated agencies, providing a process to evaluate benefits of the pilot project. This bill was vetoed by the governor through inaction. The executive has yet to offer its own proposed biennial budgeting bill. The committee urges DFA to work with the Legislature to develop legislation and a biennial budgeting process acceptable to the Legislature and administration.

In 2003, the state of New Mexico received \$61.8 million in federal fiscal relief funds to stimulate the state economy. DFA is responsible for monitoring allocation and expenditure of these funds. The most recent DFA report on these funds indicates that state agencies have spent 79.5 percent of the \$30.9 million allotted them, whereas local governments have spent only 46.3 percent of their allocations (\$30.9 million). As of September 30, 2005, \$22.8 million remained unspent. The committee is concerned that it has taken two years to spend less than two-thirds of the federal appropriation. Further delay in spending these funds reduces the potential positive impact on the New Mexico economy. It should be noted that, after the governor announced a border emergency in 2005, \$1 million of federal fiscal relief funds were reallocated from the Rio Arriba regional water system, Portales water system, and other local water and wastewater projects to Luna, Hidalgo, Grant, and Dona Ana counties for law enforcement personnel, vehicles, and equipment.

In 2005, the executive convened a team of senior state administrators to develop a performance and accountability review. The resulting seven performance and accountability contracts set policy priorities for the administration, incorporating specific steps to achieve the priorities as well as performance measures to demonstrate improvement in quality of life in New Mexico as a result of implementing the policies. In general, the performance measures in the performance and accountability review are useful indicators; however, it would have been preferable to incorporate development of these measures into the performance budgeting process last summer. Executive agencies indicate concerns that they will now be required to track three sets of performance measures—performance budget measures, performance and accountability review measures, and any performance measures required for federal grants. It would be preferable to integrate the three sets of measures to as great a degree as possible.

During LFC hearings on the FY07 budget, the committee learned that several agencies are creating unauthorized exempt positions. The committee urges DFA to develop an approval process and monitoring process for these positions and to present that process for committee review.

During hearings last summer, the committee heard testimony on combating DWI from a wide range of state agencies, law enforcement officials and DWI treatment programs, and anti-DWI advocates. During LFC review of state agency programs, it became apparent that there is substantial duplication of programs. Both DFA and the New Mexico Department of Transportation (NMDOT) operate duplicative programs to disseminate funds to county DWI task forces and to operate the ignition interlock programs. DFA should consider working with NMDOT to consolidate these programs in one agency.

The Community Development, Local Government Assistance and Fiscal Oversight Program asked to reorganize its internal staff in FY07 whereby five term positions would be supported from the general fund and six permanent positions from other state funds. LFC anticipates that term positions shall be assigned to bureaus supported by other state funds and permanent positions will be supported by general fund.

BASE EXPANSION:

DFA incorporated several program expansions from the general fund into the base budget request, including addition of one term position in the capital outlay unit (\$68 thousand from the general fund), doubling the amount of funds for the water emergency fund (\$100 thousand from the general fund), increased funding for the fiscal agent contract (\$450 thousand from the general fund), and recurring funding for weatherization (\$800 thousand). Additionally, DFA requested to increase the amount of funds available for emergency appropriation by the Board of Finance by \$1.5 million from the general fund operating reserve and to cease using local

DWI grant fund revenues to support drug courts, instead appropriating \$1.5 million from the general fund directly to the courts. The only program expansion identified by DFA was \$45 thousand from the ignition interlock fund for one term position. In the future, the committee urges DFA to break out and provide justification for program expansions. The committee recommendation does not include funding for the general fund program expansions.

LFC treats addition of a term position for the ignition interlock program as a "reorganization" of an existing position in the Local Government Division (LGD). As such, no program expansion is required for this purpose but ignition interlock funds are included in the LFC FY07 base budget recommendation for the position.

With regard to the expansion request to double funds for the water emergency fund and for emergency appropriations, DFA has not demonstrated a need for these additional emergency funds. In FY06, the legislature increased funding available for emergencies by 50 percent to \$1.5 million. At this time, the Board of Finance has allocated just over \$200 thousand, or about 15 percent of this amount, suggesting there is no critical need for additional emergency funding. Moreover, as mentioned above, the administration identified \$1 million from federal fiscal relief funds for emergency appropriations at the border. As the federal fiscal relief funds continue to be available, there is no need to increase emergency funding at this time.

DFA provided no justification for increased funding for fiscal agent fees. It appears that less than \$800 thousand was spent for this purpose in FY05, suggesting the existing appropriation of \$1.05 million should be adequate in FY07.

RECOMMENDED LANGUAGE:

The general fund appropriation to the policy development, fiscal analysis, budget oversight and education accountability program of the department of finance and administration in the personal services and employee benefits, contractual services and other categories includes six hundred thirty-six thousand one hundred dollars (\$636,100) for the capital outlay unit.

The other state funds appropriation to the community development, local government assistance and fiscal oversight program of the department of finance and administration in the other financing uses category includes one million five hundred thousand dollars (\$1,500,000) from the local DWI grant fund for drug courts.

Upon certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds and upon review of the legislative finance committee, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of one million five hundred thousand dollars (\$1,500,000) in fiscal year 2007. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978, provided that, after the total amounts deposited in fiscal year 2007 exceed two hundred fifty thousand dollars (\$250,000), any additional repayments shall be transferred to the general fund.

BASE EXPANSION LISTING FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
---	Fiscal Agent Contract*	(Non-Op)	450.0	0.0
---	One Term FTE for Capital Outlay Unit*	(Pol Dvpt)	68.2	0.0
---	<u>Weatherization*</u>	<u>(Non-Op)</u>	<u>800.0</u>	<u>800.0</u>
TOTAL			1,318.2	800.0

* The department included this item in the base request. The LFC considers the item to be expansion and has extracted it from the base.

POLICY DEVELOPMENT, FISCAL ANALYSIS AND BUDGET OVERSIGHT

The purpose of the policy development, fiscal analysis, budget oversight and education accountability program is to provide professional, coordinated policy development and analysis and oversight to the governor, the legislature and state agencies so they can advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 - 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,756.2	4,444.9	3,944.4	3,844.2	-13.5
Other Transfers	54.6	0.0	0.0	150.0	***
SOURCES TOTAL	3,810.8	4,444.9	3,944.4	3,994.2	-10.1
USES					
Personal Services/Empl Benefit	2,912.8	3,381.5	3,386.0	3,293.3	-2.6
Contractual Services	124.0	856.6	265.7	422.7	-50.7
Other	334.9	206.8	292.7	278.2	34.5
TOTAL USES	3,371.7	4,444.9	3,944.4	3,994.2	-10.1
FTE					
Permanent	41.8	41.8	41.8	41.8	0.0
Term	0.0	0.0	1.0	0.0	***
TOTAL FTE POSITIONS	41.8	41.8	42.8	41.8	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Error rate for eighteen-month general fund revenue forecast	7%	N/A	2.75%	2.75%	2.75%
* Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30			80%	80%	90%
* Outcome	Average number of working days to process budget adjustment requests	7.8	5	5	5	5
Outcome	Yield achieved by private investment managers exceeding the Merrill one- to three-year government index			5 basis pts	5 basis pts	5 basis pts
Output	Average number of bids received at competitive bond sales				3	3
Output	Percent of public education department strategic plan education initiatives targets met				80%	90%
Output	Percent of school districts receiving performance assessments				50%	50%
Output	Number of reports published using information about education reform nationally and in other states to benchmark New Mexico's progress in raising student achievement, improving educator quality and other education reforms			2	2	2
Output	Percent of capital projects completed within a appropriation period				80%	90%
Efficiency	Percent of capital projects tracked electronically				90%	100%
Efficiency	Percent of capital outlay projects closed within the original reversion date				NA	100%
Quality	Percent of time the budget preparation and review system is operational			95%	95%	95%
Efficiency	Percent of budget adjustment requests accepted by the financial control division as correct				90%	90%
* Outcome	New Mexico bond rating				AAA	AAA

DEPARTMENT OF FINANCE AND ADMINISTRATION

341

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u> 9%	<u>FY07 Recomm</u> 9%
* Quality	Level of general fund reserves maintained as a percent of recurring appropriations					
* Output	Percent of key agencies reporting key performance data by specified deadlines			NA	100%	100%
Output	Minimum number of state agency budget training sessions			4	2	4
Output	Number of agencies monitored by a monthly budget monitoring and control system			5	5	5

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance and fiscal oversight program is to provide federal and state oversight assistance to counties, municipalities and special districts with planning, implementation and development of fiscal management so that entities can maintain strong, lasting communities.

BUDGET SUMMARY (dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,745.5	1,687.9	1,624.0	1,623.8	-3.8
Other Transfers	1,337.7	10,883.7	10,728.6	10,728.6	-1.4
Fed Program Revenues	14,742.2	15,807.1	15,800.0	15,800.0	0.0
Other Program Revenues	0.0	130.0	0.0	0.0	-100.0
General Revenues	28,391.0	27,387.1	27,941.5	27,941.5	2.0
Fund Balance	200.0	842.1	0.0	0.0	-100.0
SOURCES TOTAL	46,416.4	56,737.9	56,094.1	56,093.9	-1.1
USES					
Personal Services/Empl Benefit	2,562.4	2,936.3	2,977.1	2,977.6	1.4
Contractual Services	1,622.5	3,096.7	2,505.6	2,505.6	-19.1
Other	32,432.2	37,549.9	39,108.8	37,608.1	0.2
Other Financing Uses	4,366.3	13,155.0	11,502.6	13,002.6	-1.2
TOTAL USES	40,983.4	56,737.9	56,094.1	56,093.9	-1.1
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
Term	20.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	46.0	47.0	47.0	47.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	56%	66%	70%	NA	70%
* Output	Percent of capital outlay projects closed by the reversion date	74%	75%	65%	NA	75%
* Outcome	Number of alcohol-related fatalities in New Mexico	*	*	193	183	183
* Outcome	Number of alcohol-related fatal crashes in New Mexico			166	158	158
Output	Percent of local governments receiving training that express satisfaction in the presentation and subjects covered	*	*	85%		
Quality	Percent of local government officials expressing satisfaction in training received				85%	90%
Quality	Percent of interim budget, final budget and budget resolutions approved by statutory deadlines	100%	NA	100%	NA	100%
Output	Percent of New Mexico communities served with wireless enhanced E-911 service				90%	90%

FISCAL MANAGEMENT AND OVERSIGHT PROGRAM

The purpose of the fiscal management and oversight program is to provide for and promote financial accountability for public funds throughout state government and to provide state government agencies and the citizens of New Mexico with timely, factual and comprehensive information on the financial status and expenditures of the state.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,488.8	4,457.6	4,423.5	4,407.2	-1.1
Other Transfers	58.7	0.0	0.0	0.0	***
SOURCES TOTAL	4,547.5	4,457.6	4,423.5	4,407.2	-1.1
USES					
Personal Services/Empl Benefit	2,755.6	3,059.1	3,108.7	3,092.4	1.1
Contractual Services	301.3	471.5	481.8	481.8	2.2
Other	913.0	927.0	833.0	833.0	-10.1
TOTAL USES	3,969.9	4,457.6	4,423.5	4,407.2	-1.1
FTE					
Permanent	51.0	51.0	51.0	51.0	0.0
TOTAL FTE POSITIONS	51.0	51.0	51.0	51.0	0.0

PERFORMANCE MEASURES						
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Percent of time the central payroll system is operational	100%	100%			100%
* Quality	Percent of time the central accounting system is operational	100%	100%			100%
* Efficiency	Average number of business days required to process payments		1	4		2
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year				7 months	6 months
* Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards		9			50

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity; to administer the executive's exempt salary plan; and to review and approve professional services contracts.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,372.9	1,409.2	1,488.7	1,488.7	5.6
Other Transfers	24.7	0.0	0.0	0.0	***
SOURCES TOTAL	1,397.6	1,409.2	1,488.7	1,488.7	5.6
USES					
Personal Services/Empl Benefit	1,176.3	1,279.3	1,376.8	1,376.8	7.6
Contractual Services	28.8	71.4	56.0	56.0	-21.6
Other	75.1	58.5	55.9	55.9	-4.4
TOTAL USES	1,280.2	1,409.2	1,488.7	1,488.7	5.6
FTE					
Permanent	20.0	20.0	20.0	20.0	0.0
TOTAL FTE POSITIONS	20.0	20.0	20.0	20.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of department fund accounts reconciled within two months following the closing of each month	100%	75%	100%	NA	100%
Output	Percent of monthly reconciliations completed within fifteen days of receiving central accounting system reports, correcting entries made within fifteen days of receiving central accounting system reports and correcting entries made within fifteen days after completing the reconciliations			100%	NA	100%
Output	Percent of applicable contracts containing at least one performance measure in all newly issued contracts procured through the request for proposals process			100%	NA	100%
Output	Replacement and full implementation of the financial system				100%	100%
Quality	Number of "responsibility for the accounting function" standards achieved at the end of fiscal year		0	NA	NA	4

DFA NON-OPERATING APPROPRIATIONS

BUDGET SUMMARY
(Dollars in Thousands)
FY 2005 - 2007

	FY05 Actuals	FY06 Budgeted	FY07 Agency Request	FY07 LFC Recommen- dation	Pct increase (decrease)
SOURCES					
General fund transfers	\$3,929.6	\$4,135.8	\$5,495.7	\$4,965.5	20.1%
Other transfers	\$1,220.0	\$1,261.0	\$964.0	\$964.0	-23.6%
Federal program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Other program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
General revenues	\$7,918.9	\$7,040.2	\$9,851.5	\$7,814.0	11.0%
Fund balance	\$0.0	\$346.0	\$0.0	\$0.0	-100.0%
TOTAL REVENUE	\$13,068.5	\$12,783.0	\$16,311.2	\$13,743.5	7.5%
USES					
BOF emergency water fund	\$5.0	\$100.0	\$200.0	\$100.0	0.0%
BOF fiscal agent contract	\$651.7	\$1,050.0	\$1,500.0	\$1,050.0	0.0%
Membership and dues	\$571.8	\$604.4	\$626.2	\$634.1	4.9%
Citizens review board	\$478.8	\$600.0	\$600.0	\$600.0	0.0%
Youth mentoring program	\$830.1	\$893.3	\$893.3	\$893.3	0.0%
New Mexico Acequia Commission	\$10.6	\$30.0	\$30.0	\$30.0	0.0%
E-911 principal and interest	\$778.0	\$775.5	\$778.6	\$778.6	0.4%
Weatherization	\$0.0	\$0.0	\$800.0	\$800.0	100.0%
Law Enforcement Enhancement	\$7,809.4	\$6,781.8	\$9,846.9	\$7,809.4	0.0%
Food bank	\$400.0	\$400.0	\$400.0	\$400.0	0.0%
Ignition interlock devices fund*	\$40.5	\$899.9	\$0.0	\$0.0	-100.0%
State planning districts	\$374.2	\$524.2	\$524.2	\$524.2	0.0%
Leasehold community assistance	\$138.4	\$123.9	\$112.0	\$123.9	0.0%
TOTAL EXPENDITURES	\$12,088.5	\$12,783.0	\$16,311.2	\$13,743.5	7.5%

* Appropriation included in Local Government Division

STATUTORY AUTHORITY:

The Public School Insurance Authority (PSIA) was created by Sections 22-2-6.1 through 22-2-6.10 NMSA 1978 to provide comprehensive core insurance programs for the public schools, except those in the Albuquerque district, and other educational entities. PSIA is governed by an 11-member board. The mission of PSIA is carried out by agency staff and third-party administrators.

MISSION:

The mission of the agency is to provide an effective benefits package to educational employees and their family members so they can be protected from catastrophic financial losses due to medical problems, disability, and death. PSIA offers health, dental, and vision coverage, as well as life and disability insurance. PSIA also provides comprehensive property, liability, and workers' compensation programs to educational entities so they are protected against injury and financial loss.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	800.0	1,075.2	1,075.2	1,075.2	0.0
Other Program Revenues	242,069.7	260,921.3	296,117.3	288,617.3	10.6
General Revenues	7,102.0	4,352.4	4,851.4	4,851.4	11.5
Fund Balance	6,642.8	15,700.0	4,892.5	7,392.5	-52.9
SOURCES TOTAL	256,614.5	282,048.9	306,936.4	301,936.4	7.1
USES					
Personal Services/Empl Benefit	664.0	694.4	694.4	694.4	0.0
Contractual Services	244,429.5	280,076.3	304,963.8	299,963.8	7.1
Other	141.7	203.0	203.0	203.0	0.0
Other Financing Uses	800.0	1,075.2	1,075.2	1,075.2	0.0
TOTAL USES	246,035.2	282,048.9	306,936.4	301,936.4	7.1
FTE					
Permanent	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	10.0	10.0	0.0

BUDGET ISSUES:

PSIA's budget request for FY07 is \$306.9 million, a \$24.9 million, or 8.8 percent, increase over the FY06 operating budget. The majority of the requested increases are for the risk insurance program, \$16 million, and for medical and pharmacy claims, \$8.8 million. The LFC recommendation is \$301.9 million, a \$19.8 million, or 7.1 percent increase, over FY06.

The PSIA FY07 request for benefits reflects revised FY06 spending projections of \$221.6 million, \$15 million less than the FY06 operating budget of \$236 million. The 6 percent reduction in projected costs in FY06 is due to a lower health and pharmacy claims trends that started in FY04 and have continued. For example, FY05 costs of \$202.3 million were 6.6 percent less than the budget of \$215.4 million.

The LFC recommendation for Benefits Program expenditures is the agency request of \$245.6 million, a 10.8 percent increase over the revised FY06 spending projection of \$221.6. This percentage increase is slightly below the Segal Consulting projected cost increase of 13 percent in health plan premiums for 2006, but slightly higher than PSIA's actual cost increase between FY04 and FY05, which was 10 percent.

The LFC recommendation for Benefits Program revenues reflects an additional use of \$2.5 million in agency fund balance. This will hold premium increases to approximately 11.5 percent while providing a cash reserve of \$11.7 million (about 5 percent of projected FY06 claims) for a claims fluctuation reserve.

The LFC recommendation for the Risk Program of \$55.3 million represents a 25 percent increase over the FY06 operating budget of \$44.2 million. The Risk Program has had several years of double digit cost growth with actual spending exceeding budget projections since FY02. For example, in FY05 spending of \$42.8 million exceeded the original budget of \$35.1 million by \$7.6 million. This growth calls into doubt the likelihood that FY06 spending will only be \$44.2 million.

This cost growth has resulted in a decline in the actuarial position of the Risk Program. On June 30, 2005, the risk program faced an actuarial deficit of approximately \$10.7 million for funding projected claims, \$28.9 million in cash less \$39.7 million in projected claims. PSIA expects this actuarial shortfall to worsen in the near term. The LFC recommendation of \$55.3 million for the Risk Program will start to reduce the actuarial deficit while providing additional budget authority for increased growth in risk claims.

Recent history of the Risk Program trends show a reduction during the past two fiscal years in workers' compensation claims costs, but growth in liability and property claims costs. For example, property claims increased almost \$8 million, from \$4.3 million in FY04 to \$12.2 million in FY05.

A major problem area in property insurance is hail and water damage, which has been exacerbated by the poor condition of many school building structures and inadequately maintained roofs. PSIA increased property deductibles in FY03 and hopes that higher out-of-pocket expenses will encourage better building maintenance, but the committee recommends that PSIA increase those deductibles and adjust their insurance premium formula to further penalize districts with poor claims' histories.

PSIA has been working with the Public School Facilities Authority to address school infrastructure problems and to require five-year building maintenance plans. PSIA currently has the ability to deny claims based on failure to maintain facilities, but has rarely exercised this option.

Major areas of concern in liability insurance area are civil rights and discrimination and sexual molestation claims. PSIA believes that many of these incidents could be prevented by increasing training for employees and higher emphasis on risk management by school districts and the Public Education Department. The LFC recommendation funds the PSIA request for a \$250 thousand increase in loss prevention activities, including training.

BENEFITS PROGRAM

The purpose of the benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability or death.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Program Revenues	207,372.1	217,429.3	237,090.7	234,590.7	7.9
General Revenues	5,513.7	3,606.7	3,601.4	3,601.4	-0.1
Fund Balance	0.0	15,700.0	4,892.5	7,392.5	-52.9
SOURCES TOTAL	212,885.8	236,736.0	245,584.6	245,584.6	3.7
USES					
Contractual Services	201,906.5	236,198.3	245,047.0	245,047.0	3.7
Other Financing Uses	400.0	537.7	537.6	537.6	0.0
TOTAL USES	202,306.5	236,736.0	245,584.6	245,584.6	3.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Average number of days to resolve customer-service-claims-related inquiries and appeals	12	15	17	14	14
* Outcome	Percent of participants receiving recommended preventive care	45%	32%	70%	70%	70%
Output	Number of participants covered by triple option point-of-service plan	33,598				
Output	Number of participants covered by dual option point-of-service plan	12,590				
Output	Number of participants covered by health maintenance organization plan	12,426				
* Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	11%	-8%	</=3%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	-8%	-6.7%	</=3%	</=3%	</=3%
Quality	Percent of employees expressing satisfaction with group health benefits	N/A	83%	78%	86%	86%
Output	Number of participants covered by health plans	58,614	58,753	58,700	59,000	59,000

RISK PROGRAM

The purpose of the risk program is to provide economical and comprehensive property, liability and workers' compensation programs to educational entities so they are protected against injury and loss.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Program Revenues	34,697.6	43,492.0	59,026.6	54,026.6	24.2
General Revenues	1,587.0	745.7	1,250.0	1,250.0	67.6
Fund Balance	6,490.6	0.0	0.0	0.0	***
SOURCES TOTAL	42,775.2	44,237.7	60,276.6	55,276.6	25.0
USES					
Contractual Services	42,375.2	43,700.2	59,739.0	54,739.0	25.3
Other Financing Uses	400.0	537.5	537.6	537.6	0.0
TOTAL USES	42,775.2	44,237.7	60,276.6	55,276.6	25.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent variance of public property premium change between public school insurance authority and industry average	-2%	9%	</=8%	</=15%	</=15%
* Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	5.2%	2%	</=8%	</=8%	</=8%
* Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	-3.7%	10%	</=8%	</=8%	</=8%
Outcome	Number of workers' compensation claims in the area of ergonomics	355	284	355	284	284
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	97%	97%	98%	98%	98%
Output	Number of educational entities enrolled in the risk insurance program	129	148	135	148	148
Output	Number of loss prevention training seminars	72	79	72	85	85

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the benefit and risk programs, and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	800.0	1,075.2	1,075.2	1,075.2	0.0
General Revenues	1.3	0.0	0.0	0.0	***
Fund Balance	152.2	0.0	0.0	0.0	***
SOURCES TOTAL	953.5	1,075.2	1,075.2	1,075.2	0.0
USES					
Personal Services/Empl Benefit	664.0	694.4	694.4	694.4	0.0
Contractual Services	147.8	177.8	177.8	177.8	0.0
Other	141.7	203.0	203.0	203.0	0.0
TOTAL USES	953.5	1,075.2	1,075.2	1,075.2	0.0
FTE					
Permanent	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary dates	100%	100%	95%	95%	95%
Efficiency	Satisfaction rating of administrative services provided to all programs	96%	92%	80%	85%	85%
Outcome	Number of prior-year audit findings that recur	0	0	</=1	</=1	</=1

STATUTORY AUTHORITY:

The Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-16 NMSA 1978 to provide affordable health care for New Mexico public retirees and their dependents. RHCA is governed by a board of 11 members including the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from New Mexico public pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendents' association, and one member from the Association of Counties.

MISSION:

The Healthcare Benefits Administration Program seeks to provide an affordable, high-quality, comprehensive group health insurance benefit plan for present and future eligible retirees and their dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, voluntary life, and long-term care coverages.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10.0	10.0	10.0	10.0	0.0
Other Transfers	2,226.2	2,550.0	3,177.0	2,542.2	-0.3
Other Program Revenues	4,330.8	19,746.6	24,628.6	24,628.6	24.7
General Revenues	7,548.0	8,453.8	9,468.2	9,468.2	12.0
Extraord/Special	122,104.2	128,824.0	137,366.4	136,731.6	6.1
Fund Balance	934.0	0.0	0.0	0.0	***
SOURCES TOTAL	137,153.2	159,584.4	174,650.2	173,380.6	8.6
USES					
Personal Services/Empl Benefit	1,010.1	1,098.9	1,408.1	1,158.7	5.4
Contractual Services	133,471.0	155,189.1	168,995.5	168,995.5	8.9
Other	441.0	746.4	1,069.6	684.2	-8.3
Other Financing Uses	1,921.5	2,550.0	3,177.0	2,542.2	-0.3
TOTAL USES	136,843.6	159,584.4	174,650.2	173,380.6	8.6
FTE					
Permanent	22.0	22.0	25.0	23.0	4.5
TOTAL FTE POSITIONS	22.0	22.0	25.0	23.0	4.5

BUDGET ISSUES:

RHCA's FY07 budget request was \$174.6 million, a \$15.1 million or 9 percent increase over the FY06 operating budget of \$159.5 million. Major increases in the request included \$13.8 million for medical benefits, an 8.9 percent increase over FY06, and approximately \$250 thousand for costs related to a new headquarters building. The agency also requested \$87.2 thousand to hire three new customer support staff.

The committee recommendation for FY07 is \$173.4 million, an 8.6 percent increase over the FY06 budget. The recommendation funds RHCA's request for increased medical costs but does not fund approximately \$250 thousand in requested funds related to construction of a new headquarters facility.

The recommendation for personal services and benefits of \$1.1 million does not include \$197 thousand for three vacant information technology (IT) positions funded by the Legislature in FY05. The Chief Information Officer and the Department of Finance and Administration has not let RHCA fill the positions because they believe certain RHCA IT operations should be moved to other agencies as part of the IT consolidation initiative. In lieu of funding these positions, the recommendation fully funds RHCA's request for contract IT support. The recommendation provides \$34.4 thousand for a customer service position to meet enrollment growth.

With a current trust fund balance of \$157 million at June 30, 2005, RHCA's actuarial projections are that the fund will remain solvent for at least 25 years. The fund has benefited from strong investment returns the past few years as well as an average increase in medical expenses of only 8.8 percent the past three fiscal years. This is a large improvement over the situation at the end of FY03, when the trust fund balance had decreased to \$110 million (down from \$137 million at the end of FY00) because of large growth in health claims as well as investment losses.

However, future actuarial position is highly dependent on continued moderate growth in health costs, continued investment return on trust fund assets of 7.5 percent per year, a stable Medicare program, and a willingness to continue to increase premiums to retirees. RHCA's actuarial projection assumes it will receive a Medicare Part D subsidy of \$10 million in FY07 to continue the RHCA prescription drug benefit for Medicare-eligible members and that subsidy will inflate at a rate of 15 percent a year.

While the program was projected to remain solvent for at least 25 years without the Medicare Part D subsidy, the addition of this revenue source greatly increases the projected trust fund balance in the future. For example, the trust fund balance without the Medicare Part D subsidy was projected to be \$120 million at the end of FY25. This number, lower than the trust fund balance of \$157 million at the end of FY05, reflects higher projected expenditures for retiring baby boomers. However, addition of the Medicare Part D subsidy leads to a revised trust fund balance projection of \$633 million at the end of FY25. Again, these actuarial projections assume stable investment return and continued state and Medicare support of the RHCA program.

A number of universities and municipalities that currently fund retiree health care on a pay-as-you-go basis have expressed interest in joining the program because of increased healthcare costs and upcoming changes in accounting standards that will require disclosure in financial statement audits of cost estimates for future retiree health benefits. For example the city of Santa Fe recently joined at a cost of \$2.8 million (roughly the proportionate share of any excess credited to the retiree health trust fund if the city had joined the program at its inception in 1990). The University of New Mexico and New Mexico State University have also expressed in interest in joining at an estimated cost of \$15.6 million and \$6.7 million, respectively.

It has been a tumultuous 12 months since RHCA's November 2004 budget hearing. RHCA was forced by the administration to close its Santa Fe headquarters and Albuquerque satellite office and move into state-owned space at the old Metropolitan Court building in downtown Albuquerque in December 2004. Later press reports that the building had major fire code violations has led to a pending move into leased office space in northeast Albuquerque. In response to constituent and legislative concerns, RHCA has re-established a presence in Santa Fe with the opening of a satellite office in December 2005.

The RHCA board, with several new board members in place, settled the lawsuit with the administration over the legality of the line-item veto of a portion of RHCA's FY05 budget. Milton Sanchez, executive director for 13 years, was fired by the board in August 2005. His departure was followed by the resignations of the IT director and communications manager. Selection of a new executive director is expected in December 2005.

BASE EXPANSION:

RHCA requested \$87.2 thousand to hire three additional customer support staff: one secretary, one service representative, and one administrative staff support worker. According to RHCA the current support staff ratio is one service representative for 5,623 RHCA members. Industry standard is one service representative for every 3,300 members. The committee recommendation is to fund salary and benefits of \$34.4 thousand for one customer service representative. This new staff member, on top of a position funded by the Legislature in FY05 and contract support for temporary staffing in RHCA's FY07 budget, should meet program growth needs.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balance in the administrative division of the retiree health care authority remaining at the end of fiscal year 2007 shall revert to the benefits division.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Additional Support Staff (3 FTE)	0	87.2	34.4
TOTAL			87.2	34.4

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	4,330.8	19,746.6	24,628.6	24,628.6	24.7
General Revenues	7,548.0	8,453.8	9,468.2	9,468.2	12.0
Extraord/Special	122,104.2	128,824.0	137,366.4	136,731.6	6.1
Fund Balance	934.0	0.0	0.0	0.0	***
SOURCES TOTAL	134,917.0	157,024.4	171,463.2	170,828.4	8.8
USES					
Contractual Services	132,995.5	154,474.4	168,286.2	168,286.2	8.9
Other Financing Uses	1,921.5	2,550.0	3,177.0	2,542.2	-0.3
TOTAL USES	134,917.0	157,024.4	171,463.2	170,828.4	8.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Output	Minimum number of years of long-term actuarial solvency	17	25	15	15	15
* Outcome	Total revenue generated, in millions	130.4	134.0	144.8	161.9	161.9
Efficiency	Total revenue credited to the reserve fund, in millions	7.0	0		N/A	N/A
Efficiency	Total healthcare benefits program claims paid, in millions	103.5	139.5	152.1	171.1	171.1
* Efficiency	Average monthly per-participant claim cost, non-medicare eligible	390	420	497	482	482
* Output	Average monthly per-participant claim cost, medicare eligible	179	241	250	283	283
Outcome	Percent of participants satisfied with the healthcare benefits program	93%	89%	83%	83%	90%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	5%	4%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	10%	2%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	10%	10%	12%	8%	8%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	1	N/A	1	7	7
Efficiency	Percent of medical plan premium subsidy	50%	47%	51%	51%	51%
Explanatory	Number of retiree healthcare participants	36,439	34,079	34,166	35,190	35,190

SENIOR PRESCRIPTION DRUG PROGRAM

The purpose of the senior prescription drug program is to administer the senior prescription drug card program aimed at reducing prescription drug expenditures for covered participants.

BUDGET SUMMARY (dollars in thousands)						
FY07 - 2006-2007						
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	10.0	10.0	10.0	10.0	0.0	
SOURCES TOTAL	10.0	10.0	10.0	10.0	0.0	
USES						
Other	5.1	10.0	10.0	10.0	0.0	
TOTAL USES	5.1	10.0	10.0	10.0	0.0	
FTE						
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***	

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Output	Number of senior prescription drug program participants	3,742	4,454	5,400	4,477	5,400

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY (dollars in thousands)						
FY07 - 2006-2007						
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
Other Transfers	2,226.2	2,550.0	3,177.0	2,542.2	-0.3	
SOURCES TOTAL	2,226.2	2,550.0	3,177.0	2,542.2	-0.3	
USES						
Personal Services/Empl Benefit	1,010.1	1,098.9	1,408.1	1,158.7	5.4	
Contractual Services	475.5	714.7	709.3	709.3	-0.8	
Other	435.9	736.4	1,059.6	674.2	-8.4	
TOTAL USES	1,921.5	2,550.0	3,177.0	2,542.2	-0.3	
FTE						
Permanent	22.0	22.0	25.0	23.0	4.5	
TOTAL FTE POSITIONS	22.0	22.0	25.0	23.0	4.5	

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	0	1	2	1
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	100%	50%	100%	95%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	96%	N/A	96%	80%	80%

STATUTORY AUTHORITY:

Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978 the General Services Department (GSD) provides consolidated services to state agencies.

MISSION:

The mission of the General Services Department is to provide quality services to state agencies and local public bodies in a cost-efficient manner. These services include purchasing, printing, information systems, risk management, health benefits, property control, building maintenance, and transportation.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,011.8	11,312.5	17,314.4	11,312.3	0.0
Other Transfers	0.0	224.5	0.0	224.5	0.0
Fed Program Revenues	193.3	253.4	289.4	262.0	3.4
Other Program Revenues	206.2	265.2	339.9	267.0	0.7
Enterprise Program Rev	283,359.7	279,174.7	361,508.8	352,317.2	26.2
General Revenues	5,127.7	145.9	191.3	180.2	23.5
Extraord/Special	11,716.6	9,414.3	10,304.1	9,517.0	1.1
Fund Balance	23,778.1	29,449.9	137.6	3,654.3	-87.6
SOURCES TOTAL	335,393.4	330,240.4	390,085.5	377,734.5	14.4
USES					
Personal Services/Empl Benefit	25,347.1	27,286.7	32,074.9	26,830.6	-1.7
Contractual Services	35,457.5	39,543.3	45,108.1	41,363.3	4.6
Other	252,745.5	254,713.5	303,619.7	300,257.8	17.9
Other Financing Uses	8,622.7	8,696.9	9,282.8	9,282.8	6.7
TOTAL USES	322,172.8	330,240.4	390,085.5	377,734.5	14.4
FTE					
Permanent	524.0	522.0	545.0	518.0	-0.8
Term	6.0	6.0	7.0	6.0	0.0
TOTAL FTE POSITIONS	530.0	528.0	552.0	524.0	-0.8

BUDGET ISSUES:

The General Services Department (GSD) requested a \$59.8 million (18.1 percent) increase in the total budget in FY07 from the FY06 level, including a \$6 million (53.1 percent) increase in general fund support. The LFC recommendation includes a \$47.5 million (14.4 percent) increase in the total appropriation, with a flat general fund budget. In both the request and recommendation, the size of the increase is largely attributable to growth in the employee group health program, reflecting GSD's outreach to local governments, colleges, and other entities. The major differences between the request and recommendation include about \$1.7 million in program expansions and a few significant technical adjustments to the agency request. These are discussed in greater detail below.

Notably, the LFC recommendation does not appropriate fund balances in the major risk funds. There have been concerns expressed by GSD and by LFC members about the financial status of these funds. This proposal allows time for a more comprehensive evaluation of appropriate fund balances. In FY07, fund balance is appropriated only in the surety bond fund, as requested by GSD, and in the communications fund, reflecting rapid growth in that fund over the past two years. A section of the General Appropriation Act of 2006 is proposed whereby DFA would allocate the communications rate reductions resulting from appropriation of fund balance among general fund agencies.

The LFC recommendation increases funding for the Building Services Division, primarily for utilities and to restore some salary savings.

The committee is concerned that GSD is experiencing significant, lingering management problems in almost every division.

The Office of the Secretary has not developed a departmental strategic plan nor met with committee or Department of Finance and Administration (DFA) staff to update agency performance measures. This makes GSD the only key agency in state government that has not achieved this basic standard of strategic management as required by statute. The Office of the Secretary also missed deadlines for developing GSD rates to be incorporated into other agencies' FY07 budget requests. Timeliness of rate publication is critical to preparation of annual state budgets.

The Risk Management Division has experienced a 48 percent (\$53 million) increase in estimated outstanding liability and other risk losses in two years. The division has not explained the cause of the increased losses and has not devised a plan to prevent future growth in losses. Several agencies have complained about steep increases in liability assessments that appear to exceed the amounts required by agency exposure and experience. Cost-shifting among agencies could explain these increases.

Property Control Division (PCD) management practices have been costly to the state. The division sold La Villa Rivera building in 2002, expecting to save money by moving state agency tenants into renovated space in other state buildings. Since that time, the state has spent over \$5 million to rent La Villa Rivera while significant construction delays at other state buildings prevented relocation of its tenants. For example, the Villagra Building was scheduled for completion in February 2004, but is now projected to be completed in 2006. Additionally, in 2005, PCD relocated the Retiree Health Care Authority (RHCA) into a building that had not been inspected for fire code compliance. After the RHCA occupied the second floor of the building, fire inspectors found that the building's fire alarms and sprinklers were inoperable, jeopardizing the safety of retirees and RHCA staff. PCD relocated RHCA into a new building, leading to duplicated moving costs.

The Motor Pool Division is operating in violation of 10 statutes governing the division, according to audit findings each year since 1997, including requirements that the division hold titles to all state vehicles, register vehicles in the division's custody, control issuance of government license plates, establish and enforce a maintenance standard for state vehicles, and others. The division has developed a vehicle replacement schedule only in the past six months. Although a vehicle replacement charge is included in the vehicle lease fees charged to state agencies, GSD has not included vehicle replacement in annual budget requests in recent years.

In 2004, Aviation Services attempted to purchase a new plane using New Mexico Department of Transportation (NMDOT) funds—a proposal that was ultimately terminated after the attorney general indicated that it would not be legal. After the legislature appropriated funds for a new plane in 2005, GSD hired a pilot using NMDOT funds in violation of statutes governing both NMDOT and the Aviation Division.

The Information Systems Division (ISD) was audited by the federal government in 2005. The auditors found that ISD rates were weighted to overcharge federally supported programs and, according to the GSD budget submission, will require New Mexico to reimburse the federal grants for \$6.5 million for over-recovery of costs.

In the face of frequent negative media reports, the primary change made by GSD was to hire a public information officer rather than to enhance its programs or administrative staff to address the problems.

The committee recommendation for GSD corrects several mistakes in the agency budget request. The recommendation does not include appropriations for items that could not be explained by GSD staff, such as requests for a \$1.9 million increase in unemployment compensation funding and for \$315 thousand for maintenance contracts for printing equipment that GSD considered acquiring in FY05 but did not purchase. Similarly, GSD requested a 444 percent (\$1.4 million) increase in funding for state building utilities, inconsistent with the justification accompanying the request that indicates a 30 percent increase is required for natural gas and smaller increases for other utilities. The committee recommendation increases funding for utilities in state buildings by 9.1 percent, including a 30 percent increase in the cost of natural gas and smaller increases in other utilities, such as electricity, water, and garbage collection.

In many instances, GSD included substantial requests for funding with little or no explanation of the purpose of the appropriation. The LFC recommendation omitted these appropriations, with the intention that GSD will be provided sufficient budget adjustment authority to increase spending when sufficient revenues are available. This will allow the Legislature to have a clearer understanding of the purpose of these appropriations.

GSD has an exceptionally high vacancy rate, so the committee recommendation includes vacancy savings for every division with an average annual vacancy rate of 10 percent or more. The agencywide vacancy rate exceeds 20 percent, including 24 positions vacant since 2003 or longer. In program support, the recommendation also eliminates one public information officer position. This is an unauthorized exempt position that was not included in the FY06 appropriation and is less critical than filling vacant budget and accounting positions in program support.

GSD proposed in its base budget to reduce the number of permanent positions in ISD by 16 and to add nine positions to the Communications Division. Despite relinquishing the positions, GSD proposed to increase funding for personal services and benefits in ISD. The committee recommendation includes the changes in FTE and adjusts the budget to reflect the new staffing levels.

In the Transportation Services Program, the committee recommendation includes \$3 million for vehicle replacement. In past years, GSD has either not purchased replacement vehicles or appropriated funds for vehicle replacement through budget adjustment requests. Vehicle replacement is a component of the vehicle lease fees and GSD should be able to develop a systematic vehicle-replacement plan. LFC directs GSD to include a vehicle replacement plan and budget request in future budget submissions.

The committee notes that Section 15-9-4 NMSA 1978 requires the Aviation Services Division to pay for all costs of operating planes through fees charged to user departments. Consistent with this statute, the committee recommendation does not include general fund support for this division.

BASE EXPANSION:

GSD requested one program expansion for \$450 thousand from the general fund to pay for FY07 operating costs (utilities, security, janitorial, maintenance) at the old Metropolitan Court Building in Albuquerque. As mentioned above, GSD is relocating the only tenant in the building to a different location, leaving the 66,000 square foot building vacant. The committee recommendation does not include funding for this purpose; the committee urges GSD to find a suitable tenant for the building, who will be charged for these costs.

GSD indicates that the agency's FY07 budget request does not include two gubernatorial priorities, but the agency submitted two letters to the DFA cabinet secretary as tacit requests for program expansions. First, GSD indicated it will require \$1.4 million and 10 positions to implement self-administration of dental, vision, and flex plans. The agency projects a three- to four-year return on investment (ROI), though no detailed justification for the request or ROI estimate were provided. Second, GSD requested \$427 thousand and six positions to implement performance contracting, one of the first priorities put forward by the administration. Given the 33 percent vacancy rate in the Purchasing Division, it would be preferable to use existing positions to address this need.

GSD included three expansions in its base budget request. The Building Services Division requested 21 additional FTE for the PERA Building, four additional FTE for Simms Building security, and one additional FTE for "Albuquerque BSD individual." The committee recommendation does not include these expansions.

The committee recommendation supports one program expansion that was not included in the GSD request—transfer of one pilot position from NMDOT. In 2005, NMDOT hired a pilot into an unauthorized exempt position to fly the new state jet. Section 15-9-3 NMSA 1978 requires GSD provide for all operating costs of state aircraft.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the transportation services program of the general services department in the other category includes three million dollars (\$3,000,000) for replacement vehicles of which 75 percent shall be gas-electric hybrid vehicles or capable of operating on alternative fuel pursuant to the Alternative Fuel Acquisition Act.

The state budget division of the department of finance and administration shall reduce agency general fund appropriations set out in Section 4 of the General Appropriation Act of 2006 by three million five hundred sixteen thousand seven hundred dollars (\$3,516,700) to reflect general services department reductions for communications rates.

The internal services funds/interagency transfers appropriations to the information technology program of the general services department are contingent upon implementation of the recommendations of the rate study of the office of the chief information officer.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Albuquerque BSD Individual (1 FTE)	(BSD)	55.8	0.0
*	PERA building maintenance (21 FTE)	(BSD)	1,019.2	0.0
*	Simms building security (4 FTE)	(BSD)	192.8	0.0
**	Transfer pilot from DOT (1 FTE, OSF)	(TSD)	0.0	78.6
1	Old metropolitan court building operations	(PCD)	450.0	0.0
TOTAL			1,717.8	78.6

* The department included this item in the base request. The LFC considers the item to be expansion and has extracted it from the base.

** Committee initiated expansion.

COMMUNICATIONS

The purpose of the communications program is to provide quality communications services that are both timely and cost effective so that agencies can perform their missions in an effective and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

		FY07 - 2006-2007			
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Program Revenues	0.2	0.0	0.0	0.0	***
Enterprise Program Rev	23,680.1	14,212.5	18,471.5	14,330.7	0.8
General Revenues	95.8	0.0	0.0	0.0	***
Extraord/Special	19.7	0.0	0.0	0.0	***
Fund Balance	0.0	3,516.7	0.0	3,516.7	0.0
SOURCES TOTAL	23,795.8	17,729.2	18,471.5	17,847.4	0.7
USES					
Personal Services/Empl Benefit	4,105.5	4,286.3	5,028.6	4,490.9	4.8
Contractual Services	273.2	338.6	338.6	338.6	0.0
Other	15,013.4	12,096.9	12,096.9	12,010.5	-0.7
Other Financing Uses	886.8	1,007.4	1,007.4	1,007.4	0.0
TOTAL USES	20,278.9	17,729.2	18,471.5	17,847.4	0.7
FTE					
Permanent	70.0	70.0	79.0	79.0	12.9
TOTAL FTE POSITIONS	70.0	70.0	79.0	79.0	12.9

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Efficiency	Percent of individual communication services that break even, including sixty days of operational reserve		100%	75%	91%	91%

PROCUREMENT SERVICES

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so that agencies can perform their mission in an efficient and responsive manner.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,310.0	1,089.3	1,446.4	1,075.5	-1.3
Fed Program Revenues	193.3	253.4	289.4	262.0	3.4
Other Program Revenues	189.2	265.2	339.9	267.0	0.7
General Revenues	158.9	145.9	191.3	180.2	23.5
Extraord/Special	18.8	0.0	0.0	0.0	***
SOURCES TOTAL	1,870.2	1,753.8	2,267.0	1,784.7	1.8
USES					
Personal Services/Empl Benefit	1,308.8	1,329.2	1,842.4	1,364.6	2.7
Contractual Services	0.0	34.3	34.3	34.3	0.0
Other	301.2	201.7	201.7	197.2	-2.2
Other Financing Uses	209.3	188.6	188.6	188.6	0.0
TOTAL USES	1,819.3	1,753.8	2,267.0	1,784.7	1.8
FTE					
Permanent	25.0	23.0	25.0	23.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	31.0	29.0	31.0	29.0	0.0

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Percent increase in small business clients	110%	71.3%	10%	10%	50%
* Output	Total annual audited savings from the save smart New Mexico program in thousands		\$12,459	\$16,022	\$16,022	\$16,022
* Efficiency	Average cycle-completion times for construction projects, in days	57.3	47	80	80	50
Efficiency	Average cycle-completion times for small purchases, in days	20	30	15	15	15
Efficiency	Average cycle-completion times for tangible products and services, in days	56.8	59	45	45	45
Efficiency	Average cycle-completion times for information technology projects, in days	61.4	124	80	80	80
* Quality	Percent of customers satisfied with procurement services		N/A	85%	85%	95%

INFORMATION TECHNOLOGY

The purpose of the information technology program is to provide quality information processing services that are both timely and cost-effective so agencies can perform their missions efficiently and responsively.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>				Percent Incr (Decr)
		<u>FY05</u> 2004-2005 <u>Actuals</u>	<u>FY06</u> 2005-2006 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES						
	Enterprise Program Rev	21,043.6	20,021.4	21,003.2	19,049.4	-4.9
	General Revenues	1.8	0.0	0.0	0.0	***
	Extraord/Special	3,403.5	1,475.6	1,475.6	1,475.6	0.0
	Fund Balance	0.0	916.4	0.0	0.0	-100.0
	SOURCES TOTAL	24,448.9	22,413.4	22,478.8	20,525.0	-8.4
USES						
	Personal Services/Empl Benefit	8,626.2	9,425.7	9,491.1	8,306.0	-11.9
	Contractual Services	6,732.5	7,045.9	7,045.9	7,044.5	0.0
	Other	5,555.4	5,190.6	5,190.6	4,423.3	-14.8
	Other Financing Uses	644.6	751.2	751.2	751.2	0.0
	TOTAL USES	21,558.7	22,413.4	22,478.8	20,525.0	-8.4
FTE						
	Permanent	145.0	145.0	132.0	132.0	-9.0
	TOTAL FTE POSITIONS	145.0	145.0	132.0	132.0	-9.0

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Percent of information processing rates five percent lower than the average of the three lowest competitors		TBD	70%	70%	70%
* Efficiency	Percent of individual information processing services that break even, including sixty days of operating reserve	100%	76%	75%	70%	80%
Explanatory	Number of customers with human resources system services		20,768	20,000	20,000	20,000
Efficiency	Percent of individual printing services that break even, including sixty days of operating reserve	100%	100%	70%	70%	80%
* Outcome	Compliance with federal cost reimbursement rules	0%	0%	100%	100%	100%
Efficiency	Percent of individual communication services that break even, including sixty days of operating reserve	91%	100%	91%	91%	95%
* Quality	Customer satisfaction with information processing services	93.98%	N/A	75%	75%	90%
Quality	Customer satisfaction with client services	97.77%	78%	75%	75%	90%
Quality	Customer satisfaction with data network services	93.36%	83%	85%	85%	90%
Quality	Customer satisfaction with printing and graphics services		78%	85%	85%	85%
Quality	Customer satisfaction with human resources system services		81%	85%	85%	85%
* Quality	Percent of time automated systems are fully operational				NA	99%
* Quality	Error rate for e-mail transmissions				NA	0.5%

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability and workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so agencies can perform their missions efficiently and responsively.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Enterprise Program Rev	35,693.6	47,990.0	72,944.2	66,833.4	39.3
General Revenues	839.5	0.0	0.0	0.0	***
Extraord/Special	4,633.8	4,398.0	4,889.6	4,617.2	5.0
Fund Balance	23,084.9	18,787.8	137.6	137.6	-99.3
SOURCES TOTAL	64,251.8	71,175.8	77,971.4	71,588.2	0.6
USES					
Personal Services/Empl Benefit	2,951.7	2,960.2	3,426.3	3,198.2	8.0
Contractual Services	15,025.4	17,095.7	20,524.0	17,247.0	0.9
Other	38,530.2	46,069.6	48,430.7	45,552.6	-1.1
Other Financing Uses	5,200.8	5,050.3	5,590.4	5,590.4	10.7
TOTAL USES	61,708.1	71,175.8	77,971.4	71,588.2	0.6
FTE					
Permanent	51.0	51.0	50.0	51.0	0.0
Term	0.0	0.0	1.0	0.0	***
TOTAL FTE POSITIONS	51.0	51.0	51.0	51.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent decrease of state government workers' compensation claims	5%	37%	6%	6%	6%
* Quality	Percent of public property clients rating the risk management program's claims processing services as satisfactory or better	89.3%	N/A	85%	85%	95%
Output	Number of new liability claims					TBD
Output	Dollar value of new liability claims					TBD
* Output	Number of risk prevention programs offered in high-claim agencies to prevent future claims					8

EMPLOYEE GROUP HEALTH BENEFITS

The purpose of the employee group health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Enterprise Program Rev	194,736.8	193,541.6	243,678.4	243,678.4	25.9
General Revenues	3,820.5	0.0	0.0	0.0	***
Extraord/Special	1.6	0.0	0.0	0.0	***
Fund Balance	0.0	4,169.5	0.0	0.0	-100.0
SOURCES TOTAL	198,558.9	197,711.1	243,678.4	243,678.4	23.2
USES					
Contractual Services	13,249.4	14,875.0	16,526.0	16,526.0	11.1
Other	181,765.9	182,000.0	226,270.5	226,270.5	24.3
Other Financing Uses	836.1	836.1	881.9	881.9	5.5
TOTAL USES	195,851.4	197,711.1	243,678.4	243,678.4	23.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Efficiency	Percent change in state employee medical premium lower than industry average	<5%	12%	</=3%	</=3%	</=3%
* Efficiency	Percent of employees expressing satisfaction with the group health benefits		90%	80%	80%	90%
* Efficiency	Percent change in dental premium compared with the industry average	<7%	5%	</=3%	</=3%	</=3%
* Output	Number of state employees participating in state group health plan		19,151	NA	NA	20,000
Output	Percent of state employees earning less than \$25,000 who participate in state employee health plan					TBD

BUSINESS OFFICE SPACE MANAGEMENT AND MAINTENANCE SERVICES

The purpose of the business office space management and maintenance services program is to provide employees and the public with effective property management and maintenance so agencies can perform their missions efficiently and responsively.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,701.8	9,742.0	15,178.3	10,036.8	3.0
Other Transfers	0.0	224.5	0.0	224.5	0.0
General Revenues	9.4	0.0	0.0	0.0	***
Extraord/Special	97.2	151.0	61.0	61.0	-59.6
SOURCES TOTAL	9,808.4	10,117.5	15,239.3	10,322.3	2.0
USES					
Personal Services/Empl Benefit	4,611.5	5,263.4	7,679.0	5,408.6	2.8
Contractual Services	23.1	5.3	455.4	5.3	0.0
Other	4,706.6	4,533.0	6,789.1	4,592.6	1.3
Other Financing Uses	315.8	315.8	315.8	315.8	0.0
TOTAL USES	9,657.0	10,117.5	15,239.3	10,322.3	2.0
FTE					
Permanent	152.0	152.0	178.0	152.0	0.0
TOTAL FTE POSITIONS	152.0	152.0	178.0	152.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Quality	Percent of customers satisfied with custodial and maintenance services, as measured by an annual survey	95%	95%	90%	90%	95%
* Efficiency	Percent increase in average cost per square foot of both leased and owned office space in Santa Fe		1%	TBD	TBD	1%
* Explanatory Outcome	Percent of state controlled space occupied		90%	90%	90%	90%
	Average number of days to process lease requests	309.65	39	200	200	150
* Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$5.62	\$5.50	\$5.14	\$5.14	\$5.14
* Quality	Percent of customers satisfied with property control services		80%	80%	80%	95%
* Efficiency	Percent of property control capital projects on schedule within approved budget	92%	90%	90%	90%	90%

TRANSPORTATION SERVICES

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so agencies can perform their missions efficiently and responsively.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>				
		FY05	FY06	Agency	LFC	Percent
		2004-2005	2005-2006	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	0.0	481.2	689.7	200.0	-58.4
	Enterprise Program Rev	8,205.6	3,409.2	5,411.5	8,425.3	147.1
	General Revenues	201.8	0.0	0.0	0.0	***
	Fund Balance	693.2	2,059.5	0.0	0.0	-100.0
	SOURCES TOTAL	9,100.6	5,949.9	6,101.2	8,625.3	45.0
USES						
	Personal Services/Empl Benefit	1,388.4	1,572.6	1,694.3	1,644.5	4.6
	Contractual Services	4.3	23.8	34.9	18.6	-21.8
	Other	6,300.6	4,025.4	4,043.9	6,634.1	64.8
	Other Financing Uses	309.9	328.1	328.1	328.1	0.0
	TOTAL USES	8,003.2	5,949.9	6,101.2	8,625.3	45.0
FTE						
	Permanent	34.0	34.0	34.0	35.0	2.9
	TOTAL FTE POSITIONS	34.0	34.0	34.0	35.0	2.9

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Efficiency	Percent of long-term auto lease rates that are five percent lower than the average of the three lowest competitors		TBD	70%	70%	70%
* Efficiency	Percent of short-term auto lease rates that are five percent lower than the average of the three lowest competitors		TBD	70%	70%	70%
* Efficiency	Percent of aviation rates that are be five percent lower than the average of the three lowest competitors		TBD	70%	70%	70%
* Quality	Percent of customers satisfied with vehicle lease services	96.5%	81%	90%	90%	95%
* Efficiency	Percent of aircraft expenditures paid by enterprise revenues	95%	45%	64%	100%	100%
* Explanatory	Percent of short-term vehicle utilization	75%	79%	80%	80%	80%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	100%	94%	70%	70%	90%
Efficiency	Percent of individual aircraft services that break even, including sixty days of operating reserve	81%	39%	70%	70%	70%
Outcome	Number of accidents involving state-owned vehicles					TBD

PROGRAM SUPPORT

The purpose of the program support division is to manage the program performance process to demonstrate success.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Program Revenues	16.8	0.0	0.0	0.0	***
Extraord/Special	3,542.0	3,389.7	3,877.9	3,363.2	-0.8
SOURCES TOTAL	3,558.8	3,389.7	3,877.9	3,363.2	-0.8
USES					
Personal Services/Empl Benefit	2,355.0	2,449.3	2,913.2	2,417.8	-1.3
Contractual Services	149.6	124.7	149.0	149.0	19.5
Other	572.2	596.3	596.3	577.0	-3.2
Other Financing Uses	219.4	219.4	219.4	219.4	0.0
TOTAL USES	3,296.2	3,389.7	3,877.9	3,363.2	-0.8
FTE					
Permanent	47.0	47.0	47.0	46.0	-2.1
TOTAL FTE POSITIONS	47.0	47.0	47.0	46.0	-2.1

PERFORMANCE MEASURES						
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Quality	Average time to respond to legislative requests for information					2 days
* Efficiency	Dollar value of accounts receivable at thirty, sixty and ninety days		\$21,762,267	\$32,104,800	\$32,104,800	\$20,000,000
Efficiency	Percent of employee files that contain current performance appraisal development plans completed by the department's established focal period	N/A	N/A	99%	99%	99%
Quality	Percent of prior year audit findings resolved					70%
Output	Date general services department rates will be issued for development of budget		August			June 15
Output	Date strategic plan will be completed or updated					July 1

STATUTORY AUTHORITY:

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and selected state agencies. The agency is governed by a seven-member board composed of the superintendent of public instruction and state treasurer (both ex officio), one member elected by the New Mexico members of the American Association of Educational Retirees, one member elected by the members of the National Education Association New Mexico, one member elected by the New Mexico members of the American Association of University Professors, and two members appointed by the governor.

MISSION:

The agency's mission is to provide high quality services and secure retirement benefits to current and future retirees through pension administration functions and management of the fund's assets.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	15,602.1	20,474.4	27,765.6	24,756.6	20.9
SOURCES TOTAL	15,602.1	20,474.4	27,765.6	24,756.6	20.9
USES					
Personal Services/Empl Benefit	2,431.6	3,008.8	3,125.2	3,125.2	3.9
Contractual Services	12,405.9	16,781.7	23,915.9	20,915.9	24.6
Other	764.6	683.9	724.5	724.5	5.9
TOTAL USES	15,602.1	20,474.4	27,765.6	24,765.6	21.0
FTE					
Permanent	48.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	48.0	50.0	50.0	50.0	0.0

BUDGET ISSUES:

ERB's budget request for FY07 is \$27.7 million, a \$7.2 million, or 36 percent increase over the FY06 operating budget. The majority of the increase is in the contractual services area for investment manager fees, including \$6 million in management fees for approximately \$600 million in planned investments in new alternative asset classes, such as hedge funds, real estate, and private equity.

The recommendation of \$24.7 million funds the agency request for personal services and benefits and other costs but limits the requested increase in management fees for alternative assets to \$3 million. State Investment Council experience suggests that ERB might have difficulty investing \$600 million in alternative assets due to stricter due diligence requirements and competition with other pension and endowment funds to invest in superior performing funds.

Laws 2005, Chapter 273, will improve ERB actuarial solvency by increasing employer and employee contributions to the fund. The employer contribution will increase by 5.25 percent over seven years (a 0.75 percent increase per year), which will take the employer contribution from 8.65 percent currently to 13.9 percent in FY12. The employee contribution will increase by 0.075 percent per year over four years, which will take it from 7.6 percent currently to 7.9 percent by FY09.

It will take several years of contribution increases before ERB's actuarial position stabilizes. The June 30, 2005 ERB actuarial study reported a funding ratio (assets as a percentage of liabilities) of 70 percent, down from 91 percent in 2001. Generally, a funded ratio of at least 80 percent is considered satisfactory. The Governmental Accounting Standards Board (GASB) standard for the amortization period for the unfunded actuarial liability is 30 years. ERB's funding period is infinity.

Assuming actuarial and demographic assumptions hold, including investment return of 8 percent on pension assets, the contribution increases implemented by Laws 2005, Chapter 273, will bring the educational retirement fund within the 30-year GASB standard by FY11. The fund will meet the 80 percent target for funded ratio in FY19.

It should be noted that many investment professionals believe achieving 8 percent return the next few years will be difficult given the current market environment. Returns projections of 7 percent or 7.5 percent might be more appropriate: plugging these lower projected returns into ERB's actuarial study would increase the unfunded actuarial liability, currently \$3.1 billion, by several hundred million dollars.

ERB's investment return for the year ending June 30, 2005, was 9.86 percent. Five-year return was 1.34 percent and 10-year return was 8 percent (which met their actuarial target for investment return of 8 percent). ERB's returns have consistently lagged when compared with its fund benchmark return, mostly attributable to underperformance of equity managers compared with their peers. ERB has hired a new general investment consultant, New England Pension Consultants, which will complete an asset-liability study for ERB early in 2006. This study will suggest optimal investment strategies given ERB's liabilities as well as projected market conditions. The committee suggests that ERB review its current use of active equity managers given its higher fees and tepid performance compared to lower-fee index funds. Please see "Volume I, Legislating for Results: Policy and Performance Analysis" for more discussion on ERB investment and actuarial issues.

The committee continues to monitor the ERB's progress with its new pension system, the integrated retirement information system (IRIS). User acceptance testing is underway and target implementation for ERB internal use is January 2006. Web enablement, which will allow ERB members to access account information, is scheduled to be complete by June 2006. The agency has submitted an information technology appropriation request for \$750 thousand for contingencies and an independent post-implementation review.

In October, ERB received the results of study requested by House Joint Memorial 9 and Senate Joint Memorial 17 on the implications of moving to a defined contribution (DC) retirement plan for future educational retirees. The result of the study is that a defined benefit (DB) retirement plan is viewed as superior to a DC retirement plan because the benefit level is guaranteed regardless of the investment performance of the fund.

For example, the study reports that for a new hire at age 25, a DC plan would have to return at least 10 percent yearly during the employee's career to exceed the retirement the employee would receive from the current DB plan. The study did show, however, that a DC plan is superior for employees who will be only be with their employers for a few years.

One important assumption in the study is the necessity to continue funding the current DB (absent a change in the constitution) for members already in the plan. The lump-sum cost to pay the multi-year liability for the current members would be approximately \$2.5 billion. However, once that liability is paid, the state would save funds by moving to a DC plan because the state liability is limited only to the contribution to the employee DC account.

The study did not take a look at hybrid plans, which combine a DC investment account with a minimum retirement benefit (a DB feature). These plans would be more expensive than a DC plan but would offer better retirement security for employees.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement board in the contractual services category includes twenty-one million eight hundred thirty-eight thousand dollars (\$21,838,000) to be used only for investment manager fees.

The other state funds appropriation to the educational retirement board in the contractual services category includes five hundred twenty-five thousand dollars (\$525,000) for payment of custody services associated with the fiscal agent contract upon monthly assessments.

EDUCATIONAL RETIREMENT

The purpose of the educational retirement program is to provide secure retirement benefits to active and retired members so they can have a secure monthly benefit when their career is finished.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Average rate of return over a cumulative five-year period	1.8%	1.34%	8%	8%	8%
* Outcome	Funding period of unfunded actuarial accrued liability in years	Infinity	Infinity	<=30	<=30	<=30
Outcome	Average number of days to process refund requests	18	15	17	15	15
Outcome	Percent of member satisfaction with seminars and trainings	95%	95%	95%	95%	95%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	20	24	20	20	20
Output	Percent of retirement applications processed within sixty days	95%	95%	95%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	5,432	6,380	6,000	6,000	6,000
Output	Number of member workshops conducted	34	29	25	27	27
Output	Percent completion of the new pension systems	75%	75	100%	N/A	N/A
Quality	Percent of accurately computed retirements	99.5%	99.5%	99.5%	99.5%	99.5%

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission (NMSC) was created under Section 9-3-10 NMSA 1978 in 1994 as the Criminal and Juvenile Justice Coordinating Council. Laws 2003, Chapter 75, changed the agency name to the New Mexico Sentencing Commission. Section 9-3-13 NMSA 1978 created a sex offender management board within the commission.

Pursuant to 9-3-10 NMSA 1978, the commission's duties include advising the state government on policy matters related to criminal and juvenile justice; making recommendations to the Legislature concerning proposed changes to laws relating to the criminal and juvenile justice systems; and annually assessing, monitoring, and reporting to the Legislature the impact of any state or local sentencing standards or guidelines.

BUDGET SUMMARY (dollars in thousands)					
			FY07 – 2006-2007		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	606.8	606.8	686.8	869.7	43.3
SOURCES TOTAL	606.8	606.8	686.8	869.7	43.3
USES					
Personal Services/Empl Benefit	0.0	0.0	0.0	171.2	***
Contractual Services	600.8	600.8	680.8	653.7	8.8
Other	6.0	6.0	6.0	44.8	646.7
TOTAL USES	606.8	606.8	686.8	869.7	43.3
FTE					
Permanent	0.0	0.0	0.0	2.0	***
TOTAL FTE POSITIONS	0.0	0.0	0.0	2.0	***

BUDGET ISSUES:

NMSC is the current sponsoring agency for the Justice Information Sharing Council (JISC). The justice information sharing (JIS) project was funded by a National Governor's Association grant through the Administrative Office of the Courts. The grant expired at the end of FY05. NMSC states that FY07 funding is crucial to the continuation of the justice integration initiatives. The FY06 planned deliverables under the JIS project are rollout of consolidated offender query to courts and dispatchers; development of reporting function of the consolidated offender query; formation of a centralized database for 80 municipal courts; and completion of a data warehouse system for the Acoma, Laguna and Zuni pueblos.

BASE EXPANSION:

NMSC is requesting a base expansion for expanded research capabilities in FY07. First, the commission is requesting \$44.6 thousand to convert the senior staff attorney position from a part-time to a full-time position. Second, a \$23.7 thousand increase in the University of New Mexico contract to provide a 3 percent cost-of-living increase for staff for FY05, FY06 and FY07. NMSC reports that in FY05 and FY06 it had to absorb the cost-of-living increases for staff who are UNM employees due to the agency not receiving an appropriation increase. Finally, \$11.7 thousand to pay for an external audit of the agency. LFC recommends \$5 thousand for the external audit and \$7.9 thousand for a cost-of-living increase for staff in FY07 only. LFC notes cost-of-living increases for past fiscal years could set a precedent for funding salary increases outside of the appropriation process.

NMSC requested \$365 thousand from the Computer System Enhancement Fund for the JIS project. NMSC reports it will become the permanent sponsoring agency for the Justice Information Sharing Council (JISC) in FY08. LFC recommends \$250 thousand expansion to the agency's base budget in general fund for the JIS project.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
*	Justice Information Sharing Project (2 FTE)	(NMSC)	0.0	250.0
1	Expanded research capabilities	(NMSC)	80.0	12.9
TOTAL			80.0	262.9

*The department requested this item from the Computer System Enhancement Fund.

NEW MEXICO SENTENCING COMMISSION

The purpose of the New Mexico sentencing commission is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of criminal and juvenile justice bills analyzed for a legislative session		100%	100%	100%	100%
Output	Number of research projects completed	13	11	9	9	9
Output	Number of website hits per month	69,500	80,000	50,000	50,000	90,000

STATUTORY AUTHORITY:

The Public Defender Department (PDD) was established pursuant to Section 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment or death. The department sets the standards of indigence the courts use to determine which defendants are eligible for state-funded defenses.

MISSION:

The Public Defender Department mission is to provide all clients with high-quality legal representation that protects their liberty and constitutional rights. As New Mexico's indigent criminal defense advocate, the Public Defender Department is an equal participant in the development of a responsive and fair criminal justice process.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY07 – 2006-2007</u>				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	29,988.0	32,385.5	37,729.1	35,434.4	9.4
Fed Program Revenues	141.6	0.0	0.0	0.0	***
Other Program Revenues	155.4	150.0	150.0	150.0	0.0
Fund Balance	1,136.2	700.0	0.0	0.0	-100.0
SOURCES TOTAL	31,421.2	33,235.5	37,879.1	35,584.4	7.1
USES					
Personal Services/Empl Benefit	17,615.7	18,688.6	20,512.6	19,110.6	2.3
Contractual Services	8,686.1	9,625.3	11,839.3	10,986.3	14.1
Other	5,119.4	4,921.6	5,527.2	5,487.5	11.5
TOTAL USES	31,421.2	33,235.5	37,879.1	35,584.4	7.1
FTE					
Permanent	317.0	317.0	363.0	336.0	6.0
Term	0.0	4.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	317.0	321.0	363.0	336.0	4.7

BUDGET ISSUES:

The Public Defender Department (PDD) requested a general fund increase of \$6.2 million or 19.7 percent over the FY06 operating level, including \$1.7 million in base expansion items. The committee recommends a total general fund increase of \$3 million, or 9.4 percent, including \$325.2 thousand in base expansion items.

The LFC FY07 recommendation is developed from a FY06 operating level that includes \$1 million of FY05 special appropriations, \$550 thousand of FY06 appropriations related to Laws 2005, Chapter 284, and \$318.3 thousand of FY06 recurring appropriations in Laws 2005, Chapter 34 (D). The base recommendation for FY07 includes special appropriations of \$550 thousand for positions related to an increase in the number of judges, \$450 thousand for compensation increases for contract attorneys, and \$640 thousand for expert witness fees, \$166.3 thousand for contractual services in Gallup, \$95 thousand for a Native American program in Gallup and \$57 thousand for alternative sentencing services in McKinley and Cibola counties.

Last year the committee recommended the department spend down its remaining fund balances and the Legislature authorized the removal of general fund nonreverting language in the General Appropriation Act. Thus, for FY07 the committee recommendation using money from the general fund to replace fund balances budgeted in prior fiscal years. The general fund replacement accounts for \$700 thousand, or a 2 percent increase over the FY07 general fund recommendation.

The committee's FY07 base recommendation in the personal services and employee benefits category includes \$386.2 thousand to fund historically vacant attorney positions at salary range midpoints rather than at the minimum salary level. By funding these positions at a higher salary level, the committee expects to enhance the department's ability to recruit and retain quality attorneys at the entry and mid level. Last year the Legislature approved a 5 percent compensation increase for the department's entry- and mid-level attorneys for FY06. The recommended increases in personal services and employee benefits, along with the recommended expansion, also support initiatives in the executive's "Safer New Mexico" performance accountability contract, including PDD's role in reducing domestic violence and providing adequate services for victims, children, and batterers by increasing the number of batterers completing domestic violence treatment.

The committee recommendation includes \$10.7 million for contract attorney fees. By treating the compensation increases for contract attorneys in Laws 2005, Chapter 33, Section 5, and the increase to contract attorney fees in Gallup pursuant to Laws 2005, Chapter 34 (D), as recurring expenses, the recommended increase for FY07 is a 10 percent increase over the FY06 operating level. Each year the department enters into contractual services agreements with approximately 140 attorneys who represent indigent clients in those areas of the state where the department does not have a district office or has a conflict of interest. The increase to contract attorney fees is reasonably justified by the need to recruit and retain quality contract attorneys to fulfill the constitutional guarantee of quality indigent defense in areas not served by a public defender district office.

During the 2005 regular legislative session the Legislature established the Public Service Law Loan Repayment Act (Laws 2005, Chapter 83) establishing a fund for the purpose providing legal education loan repayment assistance to public service attorneys through a loan-for-service program. The law provides assistance to New Mexico attorneys employed by or declaring intent to be employed by PDD, a district attorney office, or a legal organization providing for indigent defense. Although the fund and the program were established last legislative session, the initiative was unfunded.

BASE EXPANSION:

PDD requested \$1.75 million for an additional 33 expansion FTE, including 20 attorneys, two legal secretaries, six investigators and five paralegal positions. The positions requested are based on a comparison of the department's current staffing level with the national standards for attorney caseload for indigent defense used by the Bureau of Justice Assistance of the U.S. Department of Justice and the American Bar Association (ABA) Standing Committee on Legal Aid and Indigent Defendants. According to the national standards adopted by these organizations, the annual caseload of a public defender attorney should not exceed the following: 150 felony cases, 400 misdemeanor cases (excluding traffic cases), 200 juvenile court cases, 200 mental commitment cases or 25 appeals cases. The current attorney staffing and caseload levels at PDD combine to fulfill 81 percent of the national standards for attorney caseload.

Last year the Legislature appropriated \$200 thousand for the Sentencing Commission to conduct a comprehensive workload study of the courts, district attorneys, and PDD, the results of which are not yet available. The committee welcomes this workload study to enhance its ability to evaluate further staff expansion in the future. For FY07 the committee recommends the expansion of 3 additional attorney FTE positions with 1 new attorney FTE to be assigned to the metropolitan division of the department's Albuquerque office, 1 to the district office in Aztec and 1 to the district office in Clovis. The committee also recommends an expansion of 1 additional investigator FTE each in Aztec and Albuquerque's metropolitan division and of 1 paralegal FTE in the Albuquerque metropolitan division. The recommended expansions, 6 FTE in total, reflect the need to move toward achieving the national standards for staffing indigent defense and address the immediate needs of the district offices identified by the department as having the most critical need for additional support for growing caseloads.

The department also requested and the committee recommends that the four term positions associated with the FY06 judgeship expansion be converted to permanent FTE funded by recurring appropriations from the general fund. The funding for these positions (two paralegals, one legal secretary and one attorney) is included in the base recommendation. The department's request for the necessary conversion of a term social worker FTE for an alternative sentencing program in McKinley and Cibola counties is also recommended.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	Public defender staffing (33 FTE)	1,753.6	325.2
2	Judgeship expansion FTE conversion (4 FTE)	0.0	0.0
3	McKinley-Cibola social wkr. conversion (1FTE)	0.0	0.0
TOTAL		1,753.6	325.2

Funding for the judgeship expansion FTE and the social worker in McKinley and Cibola county alternative sentencing program is included in the base request and recommendation. The expansion request is only for the conversion of term FTE to perm FTE.

CRIMINAL LEGAL SERVICES

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so that their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that also sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
*	Output	Number of alternative sentencing treatment placements for felony and juvenile clients	1,478	3,420	2,350	3,500
*	Output	Number of expert witness services approved by the department	2,946	3,420	3,400	3,400
*	Efficiency	Percent of cases in which application fees were collected	n/a	24.7%	40%	40%
*	Quality	Percent of felony cases resulting in a reduction of original formally filed charges	n/a	49%	60%	49%
*	Explanatory	Annual attorney full-time-equivalent turnover rate	n/a	10%	12%	10%

STATUTORY AUTHORITY:

The office of Governor is created under Article V, Section 1, of the New Mexico Constitution.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005	FY06 2005-2006	FY07 – 2006-2007		Percent
	Actuals	Budgeted	Agency Request	LFC Recommendation	Incr (Decr)
SOURCES					
General Fund Transfers	4,218.4	4,412.6	4,574.5	4,574.5	3.7
Other Transfers	0.0	36,628.8	0.0	0.0	-100.0
Fund Balance	0.0	31.9	0.0	0.0	-100.0
SOURCES TOTAL	4,218.4	41,073.3	4,574.5	4,574.5	-88.9
USES					
Personal Services/Empl Benefit	3,347.3	4,033.9	3,904.7	3,852.3	-4.5
Contractual Services	74.3	140.1	110.1	173.1	23.6
Other	535.3	31,899.3	559.7	549.1	-98.3
Other Financing Uses	0.0	5,000.0	0.0	0.0	-100.0
TOTAL USES	3,956.9	41,073.3	4,574.5	4,574.5	-88.9
FTE					
Permanent	45.3	45.3	45.3	45.3	0.0
Term	0.0	4.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	45.3	49.3	45.3	45.3	-8.1

BUDGET ISSUES:

The Office of the Governor requested a 3.7 percent general fund increase in FY07, primarily attributable to moving the salary of the homeland security advisor from the Department of Public Safety to the Office of the Governor. The LFC recommendation makes technical changes to reflect the final General Services Department rates; however, these adjustments are budgeted in contractual services to pay for a federal lobbying contract.

In FY05, savings from vacant positions allowed the Office of the Governor to make a budget adjustment to move \$200 thousand from personal services to contractual services and other costs. Even with this budget adjustment, the Office of the Governor reverted about \$150 thousand in personal services. The LFC recommendation includes full funding for personal services to give the Governor sufficient flexibility to address the needs of the state of New Mexico.

The FY07 budget request includes funding for a contract lobbyist in Washington D.C. at the historical level of \$50 thousand. Additionally, other state agencies contribute to this contract through a memorandum of understanding with expenditures coming from the professional services line item in their budgets. In all, the state spent about \$140 thousand per year for this purpose, according to the Department of Finance and Administration. While this amount does not appear to be excessive, processing the relatively small payments from various state agencies requires significant paperwork. The Legislative Finance Committee recommends that the executive consolidate this contract within the Office of the Governor. To this end, reductions from technical changes are budgeted under contractual services.

In the wake of controversy over the use of federal homeland security funds, the executive consolidated administration of the federal grants in the Department of Public Safety (DPS). Both the agency request and the LFC recommendation move term positions and other costs from federal grants to the DPS budget from the Office of the Governor. Only three homeland security positions remain in the Office of the Governor. LFC recommends further consolidation of homeland security operations in a single department. Committee and Legislative Council staffs are working with the current homeland security advisory on possible legislation.

The president's proposed FY05 federal budget would have eliminated funding for the Homeland Security Grant Program, through which New Mexico received \$25 million in the current federal fiscal year. While Congress has yet to take final action on the proposal, it appears likely the funding will continue but at about half the current level or less. This may be further diminished if funds are diverted for Hurricane Katrina relief and coastal reconstruction.

The Governor's Office of Victim Advocacy (OVA) opened in 2004. OVA provides oversight and advocacy to protect crime victims during judicial proceedings. OVA reports that, in FY05, it provided assistance in 188 cases and participated in 18 public

awareness events around New Mexico, as well as numerous trainings statewide. OVA was instrumental in the drafting and passage of legislation regarding restitution collection, clarification of the victim's right to notification and to speak at every hearing, and creation of the judiciary responsibility to enforce the victim's rights at every hearing. The FY07 request and LFC recommendation provides slightly less than \$300 thousand from the general fund for this purpose.

BASE EXPANSION:

The program expansion moves the salary of the homeland security advisor from DPS to the Office of the Governor. In FY06, the position was funded as a contract in DPS, which has reduced contractual services in FY07 accordingly. An existing position will be used for this purpose, so no new FTE will be required. The LFC recommendation includes this expansion.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division) (Exec Mgmt)	Agency Request	LFC Recommendation
1	<u>Move Homeland Security Advisor from DPS</u>		<u>87.7</u>	<u>87.7</u>
TOTAL			87.7	87.7

EXECUTIVE MANAGEMENT AND LEADERSHIP

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the citizens of the state and, more specifically, to the executive branch of government to allow for more efficient and effective operation of the agencies within that branch of government.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	12	25	25	25	25
Output	Number of days to answer or refer to the proper entity constituent requests for information	4	4	8	8	8
Output	Number of days to respond to requests for pardons	7	13	14	14	14
Output	Number of days to process extraditions	8	10	13	13	13
Output	Percent increase in victims receiving direct advocacy				17%	17%
Output	Number of victims receiving direct advocacy	73	188	220	257	257

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the office of Lieutenant Governor and established the person serving as lieutenant governor as president of the Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman.

MISSION:

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the New Mexico Senate; ombudsman; acting governor in cases when the governor is out of the state; member of the Border Authority, Community Development Council, Workforce Development Board, Rural Development Council, Financial Independence Task Force, Small Business Advocacy Council, and Governor's Finance Committee; and chair of the Board of Finance, Military Base Planning Commission, and Children's Cabinet. The lieutenant governor also seeks to improve the lives of New Mexico's children and to nurture small-business growth throughout New Mexico, particularly in the state's communities of need.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	631.1	625.2	625.2	622.3	-0.5
SOURCES TOTAL	631.1	625.2	625.2	622.3	-0.5
USES					
Personal Services/Empl Benefit	489.7	562.2	562.2	559.3	-0.5
Contractual Services	0.2	6.6	6.8	6.8	3.0
Other	79.2	56.4	56.2	56.2	-0.4
TOTAL USES	569.1	625.2	625.2	622.3	-0.5
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	7.0	7.0	0.0

BUDGET ISSUES:

The Lieutenant Governor requested a flat budget from the FY06 level. The LFC recommendation makes minor technical adjustments to the request to reflect General Services Department rates and other guidelines set by the Department of Finance and Administration.

STATE OMBUDSMAN

The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between the citizens of New Mexico and the agencies of state government, refer any complaints or special problems citizens may have to the proper entities and keep records of activities to make an annual report to the governor.

		PERFORMANCE MEASURES				
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Output	Number of children's cabinet meetings	6	6	6	6	6
Output	Number of tracking reports produced per month on constituent services activities	1	1	1	1	1
Output	Number of youth advisory council meetings	NA	4	4	4	4

STATUTORY AUTHORITY:

The Office of the Chief Information Officer (CIO) and the 13-member Information Technology Commission (ITC) are authorized pursuant to Section 15-1c1 through 15-1c-12 NMSA 1978.

MISSION:

CIO provides oversight of information technology (IT) projects by reviewing agency IT plans and approving agency IT procurements. CIO also serves as the chief information security officer for the state. CIO reviews agency IT appropriation requests and makes recommendations to ITC regarding allocation of resources and IT oversight. The purpose of ITC is to assess, inventory, and coordinate information system services and resources to ensure cost-effectiveness and efficiency. ITC also is charged with developing and maintaining a state strategic plan for information and communication management. Lastly, ITC is to promote data and expertise sharing among government entities.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	963.5	958.6	993.4	993.4	3.6
SOURCES TOTAL	963.5	958.6	993.4	993.4	3.6
USES					
Personal Services/Empl Benefit	746.9	886.0	826.2	826.2	-6.7
Contractual Services	6.0	10.7	10.7	10.7	0.0
Other	159.2	61.9	156.5	156.5	152.8
TOTAL USES	912.1	958.6	993.4	993.4	3.6
FTE					
Permanent	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	10.0	10.0	0.0

BUDGET ISSUES:

CIO's budget request of \$993.4 thousand is \$34.8 thousand higher than the FY06 operating budget of \$958.6 thousand, a 3.6 percent increase.

CIO's budget request reduces personal services and employee benefits below the FY06 operating budget by \$59.8 thousand, reflecting lower current IT consultant salaries and budgeting one vacancy at entry level. Contractual services are held flat at \$10.7 thousand. Other costs increase \$94.6 thousand, reflecting new cost of \$34.8 thousand in rent for office relocated to Albuquerque and \$28 thousand for in-state travel. The committee recommends the agency budget request.

CIO is requesting an IT appropriation of \$575 thousand for implementing an enterprise asset management system. The purpose of the project is to allow CIO to properly manage, track, and verify state IT assets.

CIO has enhanced project oversight by working with ITC to implement a new project oversight rule and project certification rule. Primary project oversight responsibility now resides with CIO. ITC has been streamlined from seven committees to two and now focuses on policy and IT standards. CIO has also improved the IT contract process by requiring that contracts contain a schedule of defined deliverables in the scope of work.

The quality and scope of CIO quarterly reports on IT project status have improved, but CIO needs to undertake more in-depth reviews of key projects since agencies self report on status of projects. The committee is also concerned that CIO review of agency architecture and project certification requests is insufficient. The committee believes the move of the CIO's office from Santa Fe to Albuquerque has had a negative impact on efficiency due to additional travel time to Santa Fe for agency visits and legislative meetings.

CIO has statutory responsibility to review General Services Department (GSD) IT and communication rates but has been relatively inactive in this area. CIO received \$150 thousand for a study of GSD rates yet to be finalized.

INFORMATION TECHNOLOGY MANAGEMENT

The purpose of the information technology management program is to provide information technology strategic planning, oversight and consulting services to New Mexico government agencies so they can provide improved services to New Mexico citizens.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Amount of savings in information technology (in millions)		\$5.0	\$5.0	\$5.0	\$5.0
* Outcome	Number of key information technology project reviews completed			36	36	36
Outcome	Percent of information technology plans with formal feedback	100%	100%	100%	100%	100%
Outcome	Percent of agencies in compliance with state information technology strategic plan	100%				
Outcome	Percent of information technology projects reviewed by staff	100%				
Output	Percent of single and multi-agency information technology projects that get formal architectural review		50%	50%	50%	50%

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for administration of the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA Board is responsible for administration of the following: Volunteer Firefighters Retirement Act (Sections 10-11A-1 through 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10-12B-1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), and Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978). PERA is governed by a 12-member board composed of the Secretary of State, the State Treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members of the association.

MISSION:

The mission of the agency is preserve, protect, and administer the retirement funds to meet current and future obligations to retirees.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Program Revenues	26,939.5	25,329.6	27,950.6	27,950.6	10.3
SOURCES TOTAL	26,939.5	25,329.6	27,950.6	27,950.6	10.3
USES					
Personal Services/Empl Benefit	4,579.0	4,757.4	4,908.7	4,908.7	3.2
Contractual Services	20,667.5	18,634.4	21,024.7	21,024.7	12.8
Other	1,693.0	1,937.8	2,017.2	2,017.2	4.1
TOTAL USES	26,939.5	25,329.6	27,950.6	27,950.6	10.3
FTE					
Permanent	84.0	86.0	88.0	88.0	2.3
Term	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	86.0	86.0	88.0	88.0	2.3

BUDGET ISSUES:

The agency budget request of \$27.9 million represents a 10.3 percent increase (\$2.6 million) over the FY06 operating budget of \$25.3 million. The major portion of the increase, \$2.1 million, reflects higher contractual services for investment manager fees.

PERA has implemented a new retirement information system (RIO) for internal operations and is working on online account access for PERA members. However, customer service has suffered due to PERA staff working on RIO implementation. Processing of retirements has not been a problem, but performance in responding to member requests for benefit estimates, service verifications, and service purchase cost calculations has been poor. PERA has a target of 45-60 days to respond to these requests, but response times of several months have been common.

The LFC recommendation is to fund the agency request, including the expansion request of \$90.6 thousand for two financial specialists. This recommendation is made with the expectation that PERA will improve the timeliness and quality of PERA customer service and meet growth in future projected retirement applications.

Over 85 percent of PERA's contractual services spending is for investment management fees, usually based on the size of assets under management as well as a performance component. The estimate for these fees tends to fluctuate as future investment allocation decisions and investment returns are difficult to predict at the time of budget submission. For example, the FY05 projection for investment manager fees was \$16.3 million, but actual fees came in at \$17.8 million due in part to better than expected investment returns. The FY07 estimate for these fees is \$18.5 million.

PERA's actuarial position remains strong. On June 30, 2004, PERA had an unfunded actuarial liability of \$682 million and an amortization period of 21 years across all its plans, which meets the Governmental Accounting Standards Board (GASB) 30-year standard for fund solvency. Also, on June 30, 2004, PERA had an overall funding ratio of 93 percent, which means that plan assets are 93 percent of projected liabilities. This ratio is much higher than the standard target funding ratio of 80 percent. Note that PERA expects their actuarial position as of June 30, 2005, to stabilize after four years of downward trends. This is due in

part to the strength of recent investment returns, as well as the fact that the PERA's actuarial estimates have fully taken into account the investment losses that occurred earlier this decade.

PERA's investment performance for the year ending June 30, 2005, was 9.8 percent, which exceeded its actuarial target of 8 percent as well as its fund benchmark return of 8.7 percent investment target by 1.2 percentage points. Ten-year returns average 10.3 percent, which exceeds the fund benchmark investment return of 8.8 percent by 1.5 percentage points and ranks PERA in the top 3 percent of all pension funds for investment return as measured by Callan Associates. Please see "Volume I, Legislating for Results: Policy and Performance Analysis" for more discussion on PERA investment and actuarial issues.

Following passage of legislation in 2005 eliminating the legal list of investments and allowing the Prudent Investor Act to govern PERA, Educational Retirement Board, and State Investment Council investment decisions, PERA has started to study investing in alternative asset classes, such as real estate, private equity, and hedge funds. PERA investment staff believe broadening their investments beyond equity and fixed income vehicles is essential for the fund to continue to earn at least 8 percent given pessimistic forecasts for future stock market performance.

PERA's board is concerned that a number of public safety staff such as district attorneys, public defenders, and juvenile corrections officers, continue to show interest in creating 20-year retirement plans. Legislation might be proposed in the upcoming session for these groups despite passage of a legislative memorial during the 2005 session supporting tabling any legislation proposing pension benefit enhancements through December 2006. Other legislation that might be considered during the 2006 session would seek to limit the ability of PERA retirees to return to work while still receiving a pension.

BASE EXPANSION:

PERA is requesting \$90.6 thousand in personal services and employee benefits and other costs to hire two new financial specialists for the benefit and claims bureau. These employees will assist with retirement processing and member requests for service credit verification, benefit estimates, and cost calculations for member purchases of service credit. Because of concerns about the decline in quality of PERA customer service recently, the LFC recommendation is to fund this expansion request.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the public employees' retirement association in the contractual services category includes eighteen million five hundred five thousand dollars (\$18,505,000) to be used only for investment manager fees.

The other state funds appropriation to the public employees' retirement association in the contractual services category includes one million two hundred fifty thousand dollars (\$1,250,000) for payment of custody services associated with the fiscal agent contract upon monthly assessments.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	<u>Two financial specialist positions</u>	0	90.6	90.6
TOTAL			90.6	90.6

PENSION ADMINISTRATION

The purpose of the pension administration program is to provide information, retirement benefits, and an actuarially sound fund to association members so they can receive the defined benefit they are entitled (based on age and service) when they retire from public service.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	220 b.p.	197 b.p.	>50 b.p.	>50 b.p.	>50 b.p.
* Outcome	Five-year annualized performance ranking in a national survey of fifty to sixty similar large public pension plans in the United States, as a percentile	87th	83rd	>49th	>49th	>49th
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	57	90	15-30	30-45	15-30
Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	21	N/A	30 or less	30 or less	30 or less
Quality	Percent of accurately computed retirements	98%	98%	98.5%	98.5%	98.5%

STATUTORY AUTHORITY:

The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act, Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

MISSION:

The mission of the Commission of Public Records is to preserve, protect, and facilitate access to public records held in trust for the citizens of New Mexico, ensure rules promulgated by state agencies are published as prescribed by law and made accessible, advocate the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,164.9	2,272.7	2,796.4	2,400.4	5.6
Fed Program Revenues	56.4	41.0	9.7	9.7	-76.3
Other Program Revenues	145.1	119.6	130.6	130.6	9.2
Fund Balance	0.0	29.1	61.4	61.4	111.0
SOURCES TOTAL	2,366.4	2,462.4	2,998.1	2,602.1	5.7
USES					
Personal Services/Empl Benefit	1,870.6	2,007.1	2,333.9	2,020.7	0.7
Contractual Services	51.2	36.4	41.0	39.9	9.6
Other	397.4	418.9	623.2	541.5	29.3
TOTAL USES	2,319.2	2,462.4	2,998.1	2,602.1	5.7
FTE					
Permanent	36.5	36.5	42.5	36.5	0.0
Term	1.7	1.7	2.0	2.0	17.6
TOTAL FTE POSITIONS	38.2	38.2	44.5	38.5	0.8

BUDGET ISSUES:

The Commission of Public Records requested a base general fund increase of \$260.1 thousand, or 11.4 percent above the FY06 operating level. The commission's total general fund request, including expansion, is \$2.8 million, or 23 percent above the FY06 operating level. The commission cites decreased federal funding of large project grants through the National Historical Publications and Records Commission (NHPRC) as the reason for decreases in budgeted federal revenues. The commission expects to receive only an administrative grant from NHPRC in FY07. The committee recommends a base general fund increase of \$112.9 thousand, or 5 percent. The recommendation for the personal services and employee benefits category is based on a 4 percent vacancy factor. The committee notes that the 32.3 percent increase in the other costs category is partially attributed to a \$44.4 thousand, or 124 percent, increase in property insurance costs. The commission's requested increase for this line item, based on rates set by the General Services Department (GSD), was a 247 percent increase. The committee recommends the commission work closely with GSD to determine the reasons for the significant increases in these rates. Other significant increases in this expenditure category include an increase of \$20 thousand, or 111 percent, in projected replacement costs for microfilm readers, processors, and duplicators, funded by the agency's revolving fund, and a \$39.5 thousand general fund increase in information technology equipment replacement resulting from changes to the information technology capital replacements threshold.

BASE EXPANSION:

The commission requested \$263.6 thousand in base expansion for additional FTE, including \$170.3 thousand for 4 additional FTE to staff a proposed electronic records project. The commission is included in an information technology special appropriation request to extend the enterprise content management (ECM) project. As part of the ECM project request, the commission has requested funding to assess the electronic records environment in state government. The committee does not recommend funding these permanent FTE without the authorization and necessary appropriations for the ECM project.

The commission also requested \$14.8 thousand (0.3 FTE) to increase historical records advisory board staff to full-time. The committee recommends the request of \$14.8 thousand.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Electronic records project staff (4 FTE)	(Records)	170.3	0.0
2	Historical records advisory board (0.3 FTE)	(Archival)	14.8	14.8
3	Administrative law (rules) analyst (1 FTE)	(Admin. Law)	46.3	0.0
4	<u>Administrative support (1 FTE)</u>	<u>(Historian)</u>	<u>32.2</u>	<u>0.0</u>
TOTAL			263.6	14.8

RECORDS, INFORMATION, AND ARCHIVAL MANAGEMENT

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for the benefit of government agencies, historical repositories and the public and to effectively create, preserve, protect and properly dispose of records and facilitate their use and understanding and protect the interests of the citizens of New Mexico.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Maximum number of days between rule effective date and online availability	32	31	36	35	35
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	99.9%	99%	98%	98%	99%
Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	n/a	n/a	n/a	75%	75%
* Outcome	Percent of state agencies with current records retention and disposition schedules	52%	52%	66%	n/a	70%
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	89%	96%	95%	95%	96%
Outcome	Percent of annual strategic action plan achieved or on schedule	63%	61%	75%	75%	80%
* Output	Number of consultations, research reports and educational activities provided by the state historian	n/a	n/a	150	325	300

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the office of the Secretary of State. The secretary of state may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The Secretary of State is the keeper of the great seal of the state of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the secretary of state who, with the governor and chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

MISSION:

The mission of the Office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government. It is also the mission of the Secretary of State to file and maintain records vital to the interests of commerce and industry.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,930.5	3,020.9	4,818.6	3,246.6	7.5
Fed Program Revenues	3,253.0	13,500.0	13,500.0	2,000.0	-85.2
Fund Balance	0.0	0.0	318.0	0.0	***
SOURCES TOTAL	6,183.5	16,520.9	18,636.6	5,246.6	-68.2
USES					
Personal Services/Empl Benefit	1,893.1	1,880.3	2,940.9	2,109.3	12.2
Contractual Services	2,479.0	4,585.1	4,972.2	1,085.1	-76.3
Other	1,811.4	10,055.5	10,580.5	2,052.2	-79.6
Other Financing Uses	0.0	0.0	143.0	0.0	***
TOTAL USES	6,183.5	16,520.9	18,636.6	5,246.6	-68.2
FTE					
Permanent	37.0	38.0	43.0	40.0	5.3
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	38.0	39.0	44.0	41.0	5.1

BUDGET ISSUES:

The agency requested a \$378.7 thousand, or 12.5 percent, base increase and an additional \$1.4 million in expansion items. The committee recommends a \$225.7 thousand, or 7.5 percent increase, including expansion, over the FY06 operating budget. While the agency has a historical vacancy rate of 16.3 percent, the committee's recommendation of a 5 percent vacancy savings rate provides flexibility for the agency to address staffing priorities.

In FY06 the Legislature required that the Secretary of State budget the remaining \$13.5 million in federal funds received for implementation of the Help America Vote Act (HAVA) of 2002. The committee now anticipates an expenditure of \$11.5 million of federal HAVA funds in FY06, primarily on the purchase of HAVA-compliant voting machines for the state's 33 counties. The remaining \$2 million will be expended in FY07, prior to the December 31, 2006, deadline for expenditure of these funds for the implementation of HAVA mandates.

During the interim, an Election Reform Task Force (ERTF) was formed to (1) review and monitor the provisions and implementation of a comprehensive, but unfunded, election reform package authorized by Laws 2005, Chapter 270 (Senate Bill 678 et al.); (2) review the Election Code to ensure that any obsolete language that conflicts with federal law was adequately addressed; and (3) recommend additional election reform legislation addressing any implementation problems or other unintended consequences of the new law for the 2006 legislative session. Among the ERTF's forthcoming recommendations is the repeal of a provision in the Election Code requiring the Secretary of State to print voter identification cards for use in primary elections, restricting this requirement to general elections, and a provision requiring the random recheck of voting machines in primary elections. LFC recommends a \$432.6 thousand special appropriation from the general fund for the implementation of election reform mandates in Laws 2005, Chapter 270, and an additional \$1 million from the appropriation contingency fund, contingent on the failure to repeal the provisions recommended for repeal by the ERTF.

BASE EXPANSION:

The agency requested five base expansion items: 5 FTE, contractual services for various elections consulting projects, data processing equipment for the voter registration and election management system (VREMS), and a 10 percent cost-of-living increase for agency employees.

The agency's FTE expansion requests are for \$88 thousand for one computer support specialist to staff a help desk from which to troubleshoot application, communications, and hardware issues for the VREMS, and \$381.5 thousand for four accountant and auditing positions to examine and analyze data entry in the financial reports submitted by candidates and lobbyists and to fulfill provisions of the Voter Action Act of 2003.

The agency requested \$510 thousand in base expansion for data processing equipment to maintain the VREMS. The committee recognizes the state's obligation to help maintain the VREMS and recommends \$39.2 thousand in expansion for equipment necessary for the maintenance of the system. The cost of other requested expansion includes \$300 thousand in contractual services for consulting on various elections projects and \$139.5 thousand for a 10 percent cost-of-living increase for agency employees.

Finally, the agency requested a \$250 thousand recurring special appropriation for additional computer specialist staff (3 FTE) to monitor and maintain the VREMS and the secretary of state knowledge base (SOSKB) system. The committee recommends \$143.8 thousand and 2 FTE as base expansion rather than addressing this through a one-time special appropriation.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	VREMS support help desk staff (1 FTE)	(Elections)	88.0	0.0
2	Accountant/auditors (4 FTE)	(Ethics)	381.5	0.0
3	Consulting for various projects	(Elections)	300.0	0.0
4	VREMS data processing equipment	(Elections)	510.0	39.2
5	Cost-of-living increase	(All)	139.5	0.0
6*	VREMS and SOS KB systems support (3 FTE)	(Info. sys.)	250.0	143.8
TOTAL			1,669.0	183.0

*The agency requested this expansion as a recurring special appropriation.

SECRETARY OF STATE

The purpose of the secretary of state program is to provide voter education and information on election law and government ethics to citizens, public officials, candidates and commercial and business entities so they can comply with state law.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of administrative errors	.4%	.4%	.4%	.4%	.3%
Outcome	Response time for user requests or complaints relating to registered voters, voting rights, financial disclosures, campaign finance, financial institution loans and general code of conduct issues, in hours	48	47	48	48	48
* Output	Number of newly registered voters	112,000	317,000	50,000	50,000	250,000
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	110,000	112,000	500,000	500,000	400,000
Output	Number of users electronically filing legal documents or receiving educational materials	578	890	275,000	275,000	150,000
Output	Number of users educated or advised on issues such as voting rights, electronic filing, ethics law, general code of conduct, campaign finance, financial disclosures and lobbying	12,000	*	10,000	10,000	10,000

STATUTORY AUTHORITY:

The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, created the State Personnel Office (SPO) and the State Personnel Board.

The Personnel Act requires the board to provide rule coverage in the following areas: classification plan; compensation plan; competitive entrance and promotion tests; exemption from testing for professional persons who possess recognized registration or certification by another agency; probationary period; employment lists of ranked job candidates; hours of work, holiday, and leave; disciplinary procedures and right of appeal to the board; rejection of applicants who fail to meet reasonable requirements; and emergency employment when no qualified applicants are available.

Under the Personnel Act, the SPO director shall supervise administrative and technical personnel activities; act as secretary to the board; establish, maintain, and publish annually a roster of all state employees with each employee's division, title, pay rate, and other pertinent data; report annually to the board; recommend to the board rules considered necessary or desirable to effectuate the act; and supervise all tests and prepare and submit to prospective agencies lists of persons passing them.

MISSION:

The purpose of the Personnel Act is to establish a system of personnel administration for New Mexico based solely on qualifications and ability to provide greater economy and efficiency in the management of state affairs.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,866.6	3,969.4	4,040.4	3,964.4	-0.1
Fund Balance	62.7	62.7	0.0	71.0	13.2
SOURCES TOTAL	3,929.3	4,032.1	4,040.4	4,035.4	0.1
USES					
Personal Services/Empl Benefit	3,483.0	3,667.4	3,667.4	3,667.4	0.0
Contractual Services	50.0	84.7	72.0	72.0	-15.0
Other	298.1	280.0	301.0	296.0	5.7
TOTAL USES	3,831.1	4,032.1	4,040.4	4,035.4	0.1
FTE					
Permanent	67.0	65.0	65.0	65.0	0.0
TOTAL FTE POSITIONS	67.0	65.0	65.0	65.0	0.0

BUDGET ISSUES:

The FY07 budget request submitted by SPO seeks a general fund increase of \$71 thousand, or 1.8 percent. The proposed budget does not sufficiently fund benefits costs, such as the GSD assessments for employee liability insurance (\$161.5 thousand), group health insurance (\$51.2 thousand), and workers' compensation (\$55.5 thousand) in addition to retirement (\$55.1 thousand). Nor, does it adequately fund certain operational costs, such as per diem, necessary for this agency to conduct its business. Benefits are understated by at least 32 percent.

Staff recommends funding personal services and employee benefits assuming a 3 percent vacancy rate. This is well below the agency's FY05 vacancy rate of 18.4 percent. However, the agency as it moved into FY06 had only two vacancies. These vacancies equate to a 3 percent vacancy rate. This will allow sufficient funding for SPO to maintain staffing at the highest level and adequately fund its program. The request provides for 65 authorized FTE.

SPO serves as a "process conduit," feeding lists of applicants and their rankings to agencies. SPO's performance standard is to produce employment lists within 15 days of an agency's request. SPO consistently meets the standard. Yet criticism continues regarding difficulties in the hiring process. SPO data shows the average time within state government to fill vacancies in FY05 was 113 workdays (5.2 months) from the date a position became vacant to the date a replacement was hired. Current hiring processes within agencies are cumbersome and time-consuming, creating significant adverse impact on employee morale in addition to budgetary and programmatic implications for state government.

Recruitment and selection is a shared responsibility between SPO and state agencies. The metric commonly used in both the public and private sectors is the number of days required to fill a position. This standard was initially recommended by the Hay Group in their December 2001 report to LFC and again last year by LFC as one SPO should use. In response, SPO began reporting this measure within its quarterly performance reporting. In addition, the executive's recently established performance and accountability contract for "managing state resources" establishes with SPO responsibility to "streamline human resource services to improve the consistency and efficiency of state agencies." The executive has established a goal of reducing the time to fill a vacancy to 90 days in FY07.

The FY05 data illustrates delays in hiring are occurring primarily at agency levels. Last year LFC recommended that consideration be given by SPO to the reactivation of a limited authorized agent program to delegate some recruitment functions to agencies. A pilot program that gives some agencies limited authority with SPO oversight has resulted in hiring applicants faster and more efficiently. The program is being expanded throughout state government and will be fully implemented by the end of FY07. Additionally, SPO is also evaluating the internal hiring practices and process of agencies in order to eliminate redundancies and improving the work flow.

The largest component and the foundation of a total compensation package is an employee's base pay. To maintain external competitiveness, the state of New Mexico has determined that mid-points for its salary ranges should be at 95 percent of the comparator market. SPO's performance measure for state employees' base salaries is to be at a compa-ratio of 95 percent of the board approved comparator market rate based on legislative authorization. Each year SPO studies salary market data by conducting, participating in and reviewing multiple salary surveys. These surveys serve as the basis for recommendations regarding adjustments to the pay plans in the state.

A compa-ratio is a measure that expresses current pay rates as a percentage of range midpoints. For an individual at the midpoint of the range the compa-ratio is 1.0, while someone at the minimum of the range might for example have a compa-ratio of .8 and someone at the maximum a ratio of 1.2. For FY05 the average state employee's pay was at a compa-ratio of 94 percent as compared to an FY04 level of 92.9 percent.

Total compensation for state employees is inclusive of both direct compensation or pay for time worked, as well as indirect compensation, which is inclusive of benefits, paid time off and other programs, such as retirement. The state of New Mexico provides a competitive employee benefit package that includes employer-paid medical insurance contributions, retirement contributions, and paid leave. The average base salary for a state employee in FY05 was approximately \$34 thousand. Coupled with the benefits paid by the state, the average total compensation of an employee is valued at \$54.2 thousand.

In 2004, legislation was passed that substantially raised the state's contribution level for employee health-care in both FY05 and again in FY06. These changes have had a significant impact on total compensation and the value of insurance benefits. In FY06 the value of all insurance benefits has increased to 13.8 percent of total compensation. Health insurance costs in FY06 surpass both paid leave benefits (8.8 percent) and retirement (10 percent) as the most expensive benefit. As health insurance costs escalate, the increasing cost burden to the state will make it progressively more difficult to maintain a competitive total compensation package. In FY02 an employee's base salary accounted for 64.69 percent of an employee's total compensation. Today base salary accounts for 61.51 percent of the employee's total compensation.

Collective bargaining for state employees was in effect until 1999. Laws 2003, Chapter 5 reinstated the Public Employee Bargaining Act (PEBA). This act re-established collective bargaining giving public employees the statutory right to bargain collectively over their terms and conditions of employment. The provisions of PEBA supersede other previously enacted legislation and regulations, except for the provisions of the Bateman Act, the Personnel Act, Sections 10-7-1 through 10-7-19 NMSA 1978 regarding compensation and working conditions, the Group Benefits Act, the Per Diem and Mileage Act, the Retiree Health Care Act, public employee retirement laws, and the Tort Claims Act.

Three labor organizations, the American Federation of State, County, and Municipal Employees (AFSCME), the Communication Workers of America (CWA), and the Fraternal Order of Police (FOP) have been certified as exclusive representatives for their respective bargaining units.

Negotiations on a successor master contract with CWA are still unresolved with the parties continuing to negotiate over compensation issues beyond the December 2004 contract expiration. The contract has been extended until negotiations are completed.

The state signed a contract with AFSCME, that will expire on December 31, 2008. Although the parties initially went into arbitration primarily over compensation issues, the parties eventually agreed to set aside the determination and reached a multi-year agreement that outlined compensation increases the executive would include within the annual budget request for the duration of the contract. This is similar in approach to other states that allow collective bargaining over compensation. This allows both the executive and the Legislature to consider, plan, and prioritize compensation increases in the out-years. Additionally, it allows for the negotiation process to be completed prior to consideration by the legislature of the compensation issues. In the past, both the budget development and the contract negotiation processes happened at the same time in the fall of each year.

Compensation increases negotiated in the AFSCME contract provide for adjustments to employee pay based upon comparisons. Over the three year period these increases if approved by the Legislature will cost the state \$58.5 million. The executive has chosen to use the AFSCME agreement as the model for compensation increases for all employees regardless of representation.

PEBA allows negotiations over terms and conditions of employment not precluded by federal or state law and over other items such as payroll deduction of membership dues and "fair share" fees. Because nonunion members of a bargaining unit are entitled to the same coverage and representation under a contract as a union member, the "fair share" percentage negotiated could be at or near 100 percent of union membership dues. A fair share percentage is based on federal and New Mexico case law identifying those allowed union expenditures that may be charged to all bargaining unit employees regardless of membership in the union. These usually include expenditures incurred by the union in negotiating the contract applicable to the bargaining unit, servicing such contract, and representing bargaining unit employees in grievance and disciplinary actions.

Current contracts with both CWA and AFSCME provide that employees who do not participate in either dues deduction or fair share will be terminated. A series of concerns have been raised over this provision. No procedures are in place either in statute, SPO regulation or within the labor contracts that establish a process for conducting such a discharge.

SPO has responded to LFC's repeated requests for improvement in the development of meaningful quarterly performance reports. These reports provide interesting information in tracking SPO's performance and that of state government. Better explanation and analysis of the significance and meaning of the data allow for the information to play a vital role in the decision-making process not only for SPO but for all levels of decision-makers and human resources managers within state government. The information that has been developed has been presented to agencies with the development of key strategies that focus on improvement.

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide a flexible system of merit-based opportunity, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public, so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.

		PERFORMANCE MEASURES				
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
*	Outcome	Average employee pay as a percent of board-approved comparator market, based on legislative authorization	92%	94%	95%	95%
	Outcome	Percent of managers and supervisors completing board-required training as a percent of total manager and supervisor category employees	90%	90%	90%	N/A
	Output	Percent of quality reviews (audits) performed in agencies in accordance with the quality assurance program	0%	0%	70%	70%
*	Output	Number of days to produce employment lists	15	12	15	15
	Quality	Percent of hiring officials satisfied with state personnel employment lists	90%	45%	NA	NA
	Output	Percent of agency-specific human resource audit exceptions corrected within six months of discovery	0%	0%	NA	NA
*	Outcome	Average days to fill a vacant position				90
	Outcome	Percent increase in proficiency among employees in manager classifications				15%
*	Outcome	Number of agencies with line authority				50

STATUTORY AUTHORITY:

The Public Employee Bargaining Act, Section 10-7E-1 through 10-7E-26 NMSA 1978, reinstated collective bargaining, which expired in 1999. The board consists of three members appointed by the governor.

MISSION:

The board's mission is to guarantee public employees the right to organize and bargain collectively with their employers, to promote harmonious and cooperative relationships between public employers and public employees, and to protect the public interest by ensuring, at all times, the orderly operation and functioning of the state and its political subdivisions.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	305.2	314.9	314.9	314.9	0.0
SOURCES TOTAL	305.2	314.9	314.9	314.9	0.0
USES					
Personal Services/Empl Benefit	192.1	205.1	231.1	231.1	12.7
Contractual Services	0.0	0.0	0.0	4.0	***
Other	57.0	109.8	83.8	79.8	-27.3
TOTAL USES	249.1	314.9	314.9	314.9	0.0
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

BASE EXPANSION:

The board overlooked the need to include monies in the FY07 budget request for auditing expenses. The \$4 thousand will pay for their first annual audit.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
<u>1</u>	<u>Audit expenses</u>	<u>(P73800)</u>	<u>0.0</u>	<u>4.0</u>
TOTAL			0.0	4.0

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

The purpose of the public employee labor relations board program is to assure that all state and local public employees have the right to organize and bargain collectively with their employers or to refrain from such activities.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Percent compliance with statutes, with particular attention to due process, equal protection, the Public Employee Bargaining Act and board rules		100%	100%	100%	100%
Outcome	Percent of decisions overturned on appeal		0%	4%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within 100 days of request for approval		71%	90%	99%	99%
Output	Percent of prohibited practice complaints decided within 180 days of filing		73%	90%	90%	90%
Output	Percent of petitions processed within 180 days of filing		75%	90%	90%	90%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration		40%	50%	50%	50%

STATUTORY AUTHORITY:

The office of the State Treasurer (STO) was established within the executive branch of government under Article V of the New Mexico Constitution. The principle statutory provisions governing the office of the State Treasurer are Sections 6-1-13, 6-6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

The agency's primary responsibility is the receipt and safekeeping of all state money. The State Treasurer is responsible for maintaining an accurate account of all public money received and disbursed, disbursing money on properly drawn warrants, maintaining custody of the state's land grant and severance tax permanent funds, making payment on the state's debt, projecting the state's cash flow needs, and investing public funds for the short term.

MISSION:

The mission of the agency is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions that involve state monies.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,426.4	3,447.3	3,786.5	3,723.8	8.0
Fed Program Revenues	13.9	25.4	25.4	25.4	0.0
SOURCES TOTAL	3,440.3	3,472.7	3,811.9	3,749.2	8.0
USES					
Personal Services/Empl Benefit	2,462.8	2,540.6	2,685.3	2,622.6	3.2
Contractual Services	135.4	174.6	249.6	249.6	43.0
Other	837.8	757.5	877.0	877.0	15.8
TOTAL USES	3,436.0	3,472.7	3,811.9	3,749.2	8.0
FTE					
Permanent	41.5	41.5	41.5	41.5	0.0
TOTAL FTE POSITIONS	41.5	41.5	41.5	41.5	0.0

BUDGET ISSUES:

For FY07, STO requested a 9.8 percent increase, or \$339.2 thousand over the total FY06 operating budget.

The personal services and employee benefits request is for growth of 5.7 percent, or \$144.7 thousand. STO has 41.5 authorized FTE. Last year the Legislature directed STO to fill several vacancies, and STO complied: vacancies fell from nine at the end of August 2004 to two and one-half at the end of August 2005. However, in an effort to reform the office, five employees were terminated in November 2005, and another employee resigned. The LFC personal services and employee benefits recommendation provides sufficient funding for all 41.5 authorized FTE with a 2.5 percent vacancy rate. The new State Treasurer has a significant challenge and opportunity to reprioritize staff duties. Additional resources appear needed at least in investments and account reconciliation; some administrative activities may be pared back. Also, modest funding for personal services and employee benefits should perhaps be reallocated to contractual services for investment advisory services.

The contractual services request, 43 percent higher than the FY06 budget, includes an additional \$76.2 thousand for SHARE project implementation and interfacing. STO currently uses the costly and archaic TRACS system to account and report cash receipts and disbursements for all state agencies. SHARE is scheduled to replace TRACS at the beginning of FY07.

STO's request for other uses of funds represents a 15.8 percent increase and is due primarily to a 62.2 percent increase in the cost of Information Systems Division services.

One key performance measure for STO is the overall rate of return received on the agency's investments relative to the overnight rate. On average, STO's general fund portfolio earned 14 basis points over the federal funds rate of 2.20 percent in FY05. This performance relative to the federal funds rate is lower than it has been in over five years.

STATE TREASURER

To provide a financial environment that maintains maximum accountability for receipt investment and disbursement of public funds to protect the financial interests of New Mexico citizens.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of investments with a return rate that exceeds the overnight rate	100%	100%	100%	100%	
Outcome	Percent of interest allocation amounts for interest account balances provided to state agencies within thirty days of closing from the department of finance and administration	100%	100%	100%	100%	
Output	Percent completion of the transfer of the warrant reconciliation process from the state treasurer's program to the fiscal agent bank	0	50%	75%		
Output	Percent of state agency depository accounts authorized in financial institutions	100%	100%	100%	100%	
Output	Percent of Cash Management Improvement Act audits performed to maximize cash flow	100%	100%	100%	100%	
* Output	Percent of cash-to-books reconciliation items processed and adjusted to the agency fund balance within thirty days of closing from the department of finance and administration	100%	95%	100%	100%	
Output	Percent of investments purchased exceeding the overnight rate of return				100%	
Output	Percent of total weighted average dollar value of portfolio's yield equal to or exceeding the total return on a one-year treasury bond				100%	
Output	Percent of interest allocated to state agencies within five days of treasury system close				97%	
Output	Percent of cash-to-books reconciling items resolved and agency fund balanced within thirty days of Treasury close				25%	
Output	Percent of treasury reports issued within two days of receipt of cash master from the department of finance and administration				100%	
Output	Percent of agency funds deposited in the bank and recorded in the treasury within twenty-four hours				100%	
Output	Percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statement				95%	
Output	Percent annual decrease in fraudulent warrants attributable to positive pay implementation				10%	

STATUTORY AUTHORITY:

The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with the duty of ensuring any person practicing architecture complies with the provisions of the Architecture Act. Approximately 2,020 architects are registered to practice in New Mexico.

MISSION:

The Board of Examiners for Architects is charged with safeguarding the life, health and property and promoting the public welfare by reviewing evidence of professional qualification of any person applying to practice architecture in this state.

		BUDGET SUMMARY (dollars in thousands)				
		<u>FY07 – 2006-2007</u>				
		FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES						
	Other Program Revenues	52.8	306.8	303.8	303.8	-1.0
	SOURCES TOTAL	52.8	306.8	303.8	303.8	-1.0
USES						
	Personal Services/Empl Benefit	180.5	225.7	225.5	225.5	-0.1
	Contractual Services	7.3	14.2	14.2	14.2	0.0
	Other	67.4	66.9	64.1	64.1	-4.2
	TOTAL USES	255.2	306.8	303.8	303.8	-1.0
FTE						
	Permanent	4.0	4.0	4.0	4.0	0.0
	TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

ARCHITECTURAL REGISTRATION

The purpose of the architectural registration program is to provide architectural registration to approved applicants so they can practice architecture.

		PERFORMANCE MEASURES				
		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
Output	Number of registration applications processed	1,898	2,020	2,020	2,020	2,020
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%	n/a	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver to the enforcement subcommittee	60	60	60	60	45

STATUTORY AUTHORITY:

The Sports Authority was created pursuant to the New Mexico Sports Authority Act, Sections 9-15B-1 through 9-15B-6 NMSA 1978, and is administratively attached to the Tourism Department.

MISSION:

The purpose of the Sports Authority is to boost tourism and economic development while giving more exposure to the state through sports. The goal is to recruit new events and retain existing ones in both professional and amateur sports.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	150.0	285.0	290.0	286.5	0.5
SOURCES TOTAL	150.0	285.0	290.0	286.5	0.5
USES					
Personal Services/Empl Benefit	24.3	211.4	211.4	211.4	0.0
Contractual Services	23.0	0.0	5.0	1.5	***
Other	34.3	73.6	73.6	73.6	0.0
TOTAL USES	81.6	285.0	290.0	286.5	0.5
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

BUDGET ISSUES:

The Sports Authority, created in the 2005 session, received a special appropriation of \$150 thousand for FY05. In its first full year of operation, the Sports Authority has had limited success in attracting large scale sporting events to the state. Nevertheless, the agency has been involved in several successful events, including the National Collegiate Equestrian Championships, the Cities of Gold Golf Classic, and national basketball association and major league baseball exhibition games. The agency plays a mediating and coordinating role among promoters, vendors, and facility operators. In addition, the agency is frequently called upon by recreational and local sports leagues, teams, and facilities to help them locate funding.

To attract larger sporting events, the agency needs the capacity to provide financial backing for investors and promoters considering New Mexico for events. The committee encourages the agency to develop an enterprise fund, non-profit foundation, or other funding mechanism to fully execute its mission.

The committee also encourages the agency to work with LFC staff and the Department of Finance and Administration to develop performance measures in accordance with the Accountability in Government Act.

STATUTORY AUTHORITY:

The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency operating in the capacity of a public "port authority" at our international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

MISSION:

The Border Authority works continuously with the local trade community, local government jurisdictions, and the federal border enforcement agencies in the United States and Mexico, promoting and marketing our ports of entry as an integral part of a border development partnership with Chihuahua.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	377.7	427.3	427.3	427.3	0.0
Fund Balance	6.0	0.0	0.0	0.0	***
SOURCES TOTAL	383.7	427.3	427.3	427.3	0.0
USES					
Personal Services/Empl Benefit	296.7	337.1	344.1	344.1	2.1
Contractual Services	12.8	22.8	22.8	22.8	0.0
Other	65.5	67.4	60.4	60.4	-10.4
TOTAL USES	375.0	427.3	427.3	427.3	0.0
FTE					
Permanent	4.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	4.0	5.0	5.0	5.0	0.0

BUDGET ISSUES:

The committee recommends full funding of the request but recognizes that a flat budget is a constraint on agency activities.

The Border Authority is the lead agency on the Santa Teresa rail relocation project. The 2005 federal highway bill (P.L. 109-59) included \$14 million for the development of the project, and the agency is working with Texas and Chihuahua on a tri-state committee to move the project forward. The purpose of the project is to relocate the interchange between the Union Pacific Railroad (UP), Burlington Northern Santa Fe (BNSF), and Ferromex from downtown El Paso to the Santa Teresa. The relocation would alleviate urban congestion in El Paso, allow UP to significantly increase traffic, and reduce environmental and safety impacts in Juarez.

The total cost to relocate the rail yard is estimated to be \$300 million -- \$200 million for U.S. improvements and \$95 million for Mexican improvements. Private sector investments will be needed, and UP has agreed to begin negotiating on their level of contribution

BORDER DEVELOPMENT

The purpose of the border development program is to encourage and foster development of the state by developing port facilities and infrastructure at international ports of entry to attract new industries and businesses to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	2.817%	2.822%	3.1%	3.1%	3.1%
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%	90%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	140	150	120	120	150
Explanatory	Commercial and non-commercial vehicular port traffic at New Mexico ports	664,528	623,855	675,000	685,000	685,000

STATUTORY AUTHORITY:

The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. This act separated the Travel and Tourism Division from the former Economic Development and Tourism Department and formed a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

MISSION:

The mission of the Tourism Department is to market New Mexico as an enchanting visitor destination to the world.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8,370.2	8,174.6	8,224.5	8,231.3	0.7
Other Transfers	1,118.2	860.4	1,210.8	1,115.0	29.6
Fed Program Revenues	0.0	0.0	49.7	0.0	***
Enterprise Program Rev	3,998.5	4,212.1	4,392.5	4,268.1	1.3
SOURCES TOTAL	13,486.9	13,247.1	13,877.5	13,614.4	2.8
USES					
Personal Services/Empl Benefit	3,904.6	3,752.2	3,857.8	3,792.0	1.1
Contractual Services	1,295.4	1,420.0	1,502.9	1,452.9	2.3
Other	8,198.3	8,074.9	8,516.8	8,369.5	3.6
Other Financing Uses	50.0	0.0	0.0	0.0	***
TOTAL USES	13,448.3	13,247.1	13,877.5	13,614.4	2.8
FTE					
Permanent	74.5	74.5	80.5	76.5	2.7
Term	0.0	0.0	3.0	0.0	***
TOTAL FTE POSITIONS	74.5	74.5	83.5	76.5	2.7

BUDGET ISSUES:

LFC made technical adjustments to the agency request for personal services and employee benefits in accordance with Department of Finance and Administration instructions for FY07 projected salaries. In addition, as submitted by the agency, the committee did not assume vacancy savings. However, the agency's request included funding for several term FTE. The committee recommendation for personal services and employee benefits does not include funding for these unauthorized positions.

The state awarded more than \$3 million in contracts to two international firms for the statewide branding project, more properly labeled a statewide marketing effort. Edelman and M & C Saatchi will design the Internet campaign and print advertising campaign, respectively. The long-standing contract with Rick Johnson expired in 2005, and the new marketing firms will take over in 2006. The Tourism Department will remain the lead agency for the state's marketing; however, the statewide coordinating effort will be run out of the Governor's Office. The new contracts and campaign should be monitored closely as funds are transferred from various agencies to the Governor's Office for the coordinated project.

The committee recommends shifting 1 FTE from the "New Mexico Magazine" Program to the Marketing Program to better meet workload needs. The long-time vacant position at the magazine can be better used in the marketing program, where several unauthorized FTE are already working. The agency indicates that several program measures do not accurately reflect agency outputs. The committee looks forward to working with the agency during the interim to develop more precise or meaningful measures.

Circulation rates of "New Mexico Magazine" continue to be flat, and the agency plans to redesign the magazine based on a new readership survey in hopes of boosting circulation and revenue from the purchase of ancillary products.

The 29.6 percent increase in other transfers is for funding of the new Off-Highway Vehicle Program promoting off-road recreation as a tourism draw. The 1.3 percent increase in enterprise program revenue is accounted for by the department's recognition of tourism enterprise revenue in the Marketing Program.

BASE EXPANSION:

The agency requested two expansion items for FY07. Its first priority is a conversion of two term positions to permanent positions in the Marketing Program. Because the term positions were not authorized by the Legislature, this request would be more correctly stated as an expansion of two FTE. The committee does not recommend this expansion. However, the committee does recommend moving a long-time vacant position from the "New Mexico Magazine" program to Marketing.

Tourism also requested 3 FTE for the Off-Highway Vehicle Program, created in the 2005 session. The program is funded by the trails safety fund user fees, and the agency requested a \$250 thousand transfer for the FTE and other costs. While LFC recognizes potential growth in this program in future years, the committee recommends funding of 1 FTE and other costs in the initial program year. The committee should monitor the performance of the program with the established measures.

The agency submitted one item in the base request that the committee considers expansion. The Scenic Byways Program was transferred to the Tourism Department from the Department of Transportation by a memorandum of agreement. Federal funds supported the work of 1 FTE; however, there will be no federal funds in FY07. The committee recognizes the value of this program and recommends 1 FTE to be supported by the general fund in the Outreach Program.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Transfer of scenic byways program (1 FTE)	(Outreach)	49.7	59.6
1	Term to perm conversion (2 FTE)	(Marketing)	67.8	0.0
2	Off highway vehicle program (3 FTE)	(OffHgyVeh)	250.0	157.4
TOTAL			367.5	217.0

* The agency included this item in the base request. The LFC considers this to be expansion and has extracted it from the base.

MARKETING

The purpose of the marketing program is to create and maintain "an image" or "brand" for the state of New Mexico and influence in-state, domestic and international markets to directly affect the positive growth and development of New Mexico as a top tourism destination so that New Mexico may increase its tourism market share.

BUDGET SUMMARY (dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,933.4	4,801.6	4,801.6	4,838.3	0.8
Other Transfers	160.0	0.0	0.0	0.0	***
Enterprise Program Rev	53.6	0.0	60.0	60.0	***
SOURCES TOTAL	5,147.0	4,801.6	4,861.6	4,898.3	2.0
USES					
Personal Services/Empl Benefit	1,443.6	1,251.6	1,251.6	1,307.6	4.5
Contractual Services	168.0	125.0	125.0	125.0	0.0
Other	3,485.4	3,425.0	3,485.0	3,465.7	1.2
Other Financing Uses	50.0	0.0	0.0	0.0	***
TOTAL USES	5,147.0	4,801.6	4,861.6	4,898.3	2.0
FTE					
Permanent	34.5	34.5	36.5	35.5	2.9
Term	0.0	0.0	3.0	0.0	***
TOTAL FTE POSITIONS	34.5	34.5	39.5	35.5	2.9

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	New Mexico's domestic tourism market share	1.2%		1.15%	1%	1.15%
* Output	Print advertising conversion rate	14.1%	11.8%	40%	20%	20%
* Output	Broadcast conversion rate	19.6%	23.2%	30%	30%	30%
Explanatory	Number of visits to visitor information centers	897,089	992,862	950,000	1,000,000	1,000,000
Explanatory	Website hits	2,111,071	170,407,198			
Explanatory	Unique website visitor sessions		2,585,119	3,000,000	3,100,000	3,100,000

PROMOTION

The purpose of the promotion program is to produce and provide collateral, editorial and special events for the consumer and trades so that they may increase their awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	521.4	520.9	595.9	516.6	-0.8
SOURCES TOTAL	521.4	520.9	595.9	516.6	-0.8
USES					
Personal Services/Empl Benefit	253.5	260.3	260.3	181.0	-30.5
Contractual Services	24.5	75.0	150.0	150.0	100.0
Other	231.5	185.6	185.6	185.6	0.0
TOTAL USES	509.5	520.9	595.9	516.6	-0.8
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of inquiries planning to visit within the next twelve months	55.7%	70%			
* Output	Number of events increasing awareness of New Mexico as a visitor destination			115	130	130

OUTREACH

The purpose of the outreach program is to provide constituent services for communities, regions and other entities so that they may identify their needs and assistance can be provided to locate resources to fill those needs whether internal or external to the organization.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,252.3	1,251.7	1,251.7	1,303.7	4.2
Fed Program Revenues	0.0	0.0	49.7	0.0	***
SOURCES TOTAL	1,252.3	1,251.7	1,301.4	1,303.7	4.2
USES					
Personal Services/Empl Benefit	129.9	141.1	190.8	193.5	37.1
Contractual Services	12.1	20.0	20.0	20.0	0.0
Other	1,101.9	1,090.6	1,090.6	1,090.2	0.0
TOTAL USES	1,243.9	1,251.7	1,301.4	1,303.7	4.2
FTE					
Permanent	2.0	2.0	3.0	3.0	50.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	3.0	50.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of outreach activities to communities	277				
* Output	Number of partnered cooperative advertising applications received	27	27	25	25	25

NEW MEXICO MAGAZINE

The purpose of the New Mexico magazine program is to produce a monthly magazine and ancillary products for a state and global audience so that the audience can learn about New Mexico from a cultural, historical and educational perspective.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Enterprise Program Rev	3,944.9	4,212.1	4,332.5	4,208.1	-0.1
SOURCES TOTAL	3,944.9	4,212.1	4,332.5	4,208.1	-0.1
USES					
Personal Services/Empl Benefit	989.7	1,072.4	1,019.5	1,020.1	-4.9
Contractual Services	855.2	932.9	910.9	910.9	-2.4
Other	2,100.0	2,206.8	2,402.1	2,277.1	3.2
TOTAL USES	3,944.9	4,212.1	4,332.5	4,208.1	-0.1
FTE					
Permanent	18.0	18.0	18.0	17.0	-5.6
TOTAL FTE POSITIONS	18.0	18.0	18.0	17.0	-5.6

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Circulation rate	113,333	106,758	115,000	118,000	118,000
* Output	Ancillary product revenue, in dollars	\$253,965	\$260,747	\$275,000	\$275,000	\$275,000

NEW MEXICO CLEAN AND BEAUTIFUL

The purpose of the New Mexico clean and beautiful program is to reduce litter to the maximum practical extent and raise overall litter awareness statewide. New Mexico clean and beautiful provides funding to incorporated municipalities, counties, and tribal governments in order to reduce litter by involving the public during local community and statewide events, programs and projects.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	958.2	860.4	960.8	957.6	11.3
SOURCES TOTAL	958.2	860.4	960.8	957.6	11.3
USES					
Personal Services/Empl Benefit	118.0	120.4	127.8	124.6	3.5
Contractual Services	150.0	150.0	150.0	150.0	0.0
Other	690.2	590.0	683.0	683.0	15.8
TOTAL USES	958.2	860.4	960.8	957.6	11.3
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Pounds of litter removed	5,372,304	1,930,000	5,500,000	5,500,000	5,500,000
Output	Dollar value of grants awarded to communities			\$600,000	\$600,000	\$600,000
Output	Number of New Mexico clean and beautiful and community participants and volunteers in spring cleanup - great American cleanup	40/17,979	64/17,500			
Output	Number of New Mexico clean and beautiful community participants and/or volunteers in fall cleanup-trek for trash	31/5,498	48/5,799			
Output	Number of grants awarded to communities	68		72		72

OFF-HIGHWAY VEHICLE

The purpose of the off-highway vehicle program is to support fulfillment of the obligations of the Off-Highway Motor Vehicle Act; identify, develop and promote new off highway vehicle trails; promote off-highway vehicle safety rules and regulations; and market New Mexico's off highway vehicle trails as part of the state's tourism attractions.

BUDGET SUMMARY (dollars in thousands)					
		FY07 - 2006-2007			
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	0.0	0.0	250.0	157.4	***
SOURCES TOTAL	0.0	0.0	250.0	157.4	***
USES					
Personal Services/Empl Benefit	0.0	0.0	101.4	58.8	***
Contractual Services	0.0	0.0	55.0	5.0	***
Other	0.0	0.0	93.6	93.6	***
TOTAL USES	0.0	0.0	250.0	157.4	***
FTE					
Permanent	0.0	0.0	3.0	1.0	***
TOTAL FTE POSITIONS	0.0	0.0	3.0	1.0	***

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Number of off-highway vehicle trails developed				3	3
Output	Number of off-highway vehicle staging areas developed				3	3
Output	Percent of board approved grants awarded				95%	95%

PROGRAM SUPPORT

The purpose of program support is to provide administrative assistance to support the department's programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.

BUDGET SUMMARY (dollars in thousands)					
		FY07 - 2006-2007			
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,663.1	1,600.4	1,575.3	1,572.7	-1.7
SOURCES TOTAL	1,663.1	1,600.4	1,575.3	1,572.7	-1.7
USES					
Personal Services/Empl Benefit	969.9	906.4	906.4	906.4	0.0
Contractual Services	85.6	117.1	92.0	92.0	-21.4
Other	589.3	576.9	576.9	574.3	-0.5
TOTAL USES	1,644.8	1,600.4	1,575.3	1,572.7	-1.7
FTE					
Permanent	14.0	14.0	14.0	14.0	0.0
TOTAL FTE POSITIONS	14.0	14.0	14.0	14.0	0.0

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-47 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

MISSION:

The mission of the Economic Development Department is to provide programs and policies that help lead the state in a direction that produces an overall benefit for the citizens of New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,514.3	6,379.4	6,485.4	6,443.8	1.0
Extraord/Special	4.1	0.0	0.0	0.0	***
Fund Balance	6,841.6	0.0	0.0	0.0	***
SOURCES TOTAL	13,360.0	6,379.4	6,485.4	6,443.8	1.0
USES					
Personal Services/Empl Benefit	4,158.6	4,145.7	4,370.8	4,181.5	0.9
Contractual Services	3,181.0	902.5	826.1	1,066.0	18.1
Other	1,342.4	1,331.2	1,288.5	1,196.3	-10.1
TOTAL USES	8,682.0	6,379.4	6,485.4	6,443.8	1.0
FTE					
Permanent	65.0	66.0	68.0	68.0	3.0
Term	2.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	67.0	68.0	68.0	68.0	0.0

BUDGET ISSUES:

The Department of Finance and Administration (DFA) adjusted the agency's FY06 operating budget to include \$171 thousand for a new Office of International Trade funded in Laws 2005, Chapter 34 (Senate Bill 190). The agency did not recognize this funding in its FY06 operating budget and submitted an FY07 request of \$6.2 million, a 3 percent reduction from the DFA revised base of \$6.4 million. The agency requested four expansion items, totaling \$277 thousand, bringing the total general fund request to nearly \$6.5 million, a 2 percent increase over the revised FY06 operating budget.

The agency assumed no vacancy savings, despite a vacancy rate of 6 percent as of September 1, 2005. The committee recommendation assumes an overall vacancy savings of 4.3 percent. The agency indicates it has re-organized selected staff to meet different program needs, including a shift of 1 FTE from the Office of the Secretary to the Economic Development Division. Two term positions budgeted in FY06 and used in the Technology and Space Commercialization program were not requested for FY07.

The committee notes a trend in increased funding requests, particularly in the personal services and employee benefits category, in the administrative functions of the department, putting a strain on program resources. The committee recommendation holds funding closer to the FY06 operating budget in the personal services and employee benefits category of Program Support and adds funding into program functions.

Laws 2005, Chapter 57, created a new division of international trade within the department and renamed the Trade with Mexico Division the Mexican Affairs Division (Sections 9-15-30 through 9-15-31 NMSA 1978). Instead of a new division, the agency established an Office of International Trade within the Economic Development Division. One FTE was moved into the new office, and the agency requested an expansion for a new division director.

The agency has turned over business recruitment to the Economic Development Partnership (EDP), a nonprofit organization created in the 2003 session. Business retention and job growth are also the functions of the Economic Development Division.

Laws 2005, Chapter 33, Section 5, provided \$1 million for EDP, contingent on it securing \$100 thousand in private funding. The partnership met the private funding requirement primarily through in-kind contributions. The agency did not request funding for a contract with EDP, preferring to request a special appropriation. The committee, however, views this funding as recurring and recommends \$150 thousand in contractual services in Program Support for the contract with the partnership.

In addition to the partnership, the agency manages several projects funded through special appropriations not reflected in the FY07 budget request. Capital outlay funding for the X-Prize Cup, an annual competition promoting personal spaceflight, totals \$9 million, much of which has not been spent. Another \$11.1 million has been appropriated for the development of the Southwest Regional Spaceport near Upham, west of White Sands Missile Range. And another \$10 million was appropriated to the New Mexico Finance Authority (NMFA) to partner with banks to finance higher risk economic development projects identified by the department for job creation potential. NMFA is seeking private partners for the project, and the committee will monitor this effort carefully, particularly as additional funds are sought.

In sum, the committee recommendation is a 1 percent increase over the revised FY06 budget. Most of the increase is in contractual services to fund recurring items not requested by the agency. Vacancy savings in Program Support and the Economic Development Division allow for expansions requested by the agency for a general counsel position and a new director of the Office of International Trade. The committee also notes the agency recognized a special appropriation for the Office of Military Base Planning and Support in the FY06 base budget but did not request funding for the office in FY07.

The agency's quarterly performance report indicated that the agency met most of its goals for FY05. The Economic Development Partnership, which failed to meet its FY04 performance targets, exceeded the reduced targets for FY05. While the number of jobs created by the partnership was up significantly, the committee notes that the agency fails to distinguish between potential future jobs and actual jobs created. In addition, it is difficult to attribute job creation and growth to the efforts of the partnership and the agency, obfuscating performance evaluation. The Film Office continues to surpass its performance targets by large margins as New Mexico's film and media industry grows, and the committee recommends an increase in the FY07 performance targets. LFC will continue to work with the agency and the Department of Finance and Administration to refine existing measures and create more meaningful ones, including those already listed in the governor's "Performance and Accountability Contract."

BASE EXPANSION:

The committee recommends four expansion items. Two of these were not requested by the agency but the committee views the projects as recurring: \$150 thousand to continue funding for municipal Mainstreet programs appropriated during the 2005 session to the Economic Development Division, and \$150 thousand in Program Support for a contract with the Economic Development Partnership (EDP), to partly replace special appropriations used to fund EDP for the past three years.

The committee also recommends funding two expansions requested by the agency: a division director for the Office of International Trade and a general counsel in the Office of the Secretary. The agency received \$171 thousand in the 2005 session to fund the new office, and the agency requested 2 FTE for the office, including the expansion request for the director. Of the \$2.6 million committee recommendation for the Economic Development Division, \$219 thousand is for the Office of International Trade.

The committee also recognizes the need for in-house legal counsel due to the agency's increased role in developing the spaceport and in supporting the activities of the Border Authority. LFC recommends the expansion request for a general counsel in the Office of the Secretary.

RECOMMENDED LANGUAGE:

The general fund appropriation to the economic development division of the economic development department includes one hundred fifty thousand dollars (\$150,000) in contractual services for municipal mainstreet programs.

The general fund appropriation to program support of the economic development department includes one hundred fifty thousand dollars (\$150,000) in contractual services for the economic development corporation, commonly known as the economic development partnership.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Economic development partnership	(ProgSup)	0.0	150.0
*	Mainstreet programs	(EconDev)	0.0	150.0
1	Office of international trade dir. (1 FTE)	(OIT)	87.1	87.1
2	General counsel (1 FTE)	(ProgSup)	89.9	89.9
3	Gov's council on film and media industries	(Film)	70.0	0.0
4	<u>Gov's cup film festival and film makers prog.</u>	<u>(Film)</u>	<u>30.0</u>	<u>0.0</u>
TOTAL			277.0	477.0

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist the communities in preparing their role in the new economy, focusing on high-quality job creation and improved infrastructure so New Mexicans can increase their wealth and improve their quality of life.

**BUDGET SUMMARY
(dollars in thousands)**

		<u>FY07 - 2006-2007</u>			
	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,599.1	2,527.6	2,498.8	2,579.8	2.1
Extraord/Special	0.1	0.0	0.0	0.0	***
SOURCES TOTAL	2,599.2	2,527.6	2,498.8	2,579.8	2.1
USES					
Personal Services/Empl Benefit	1,383.5	1,383.7	1,437.7	1,374.2	-0.7
Contractual Services	637.3	494.7	473.5	623.5	26.0
Other	575.8	649.2	587.6	582.1	-10.3
TOTAL USES	2,596.6	2,527.6	2,498.8	2,579.8	2.1
FTE					
Permanent	21.0	21.0	23.0	23.0	9.5
TOTAL FTE POSITIONS	21.0	21.0	23.0	23.0	9.5

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of communities certified through the community certification initiative	6	20	15	15	25
* Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	42	34	40	40	42
* Outcome	Total number of rural jobs created	1,698	2,043	1,600	1,600	1,800
* Outcome	Number of jobs created through the economic development partnership		1,594	1,000	1,000	1,200
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico			18		18
Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership			1,550		1,550
Output	Total number of rural and urban jobs created			3,550		3,550
Output	Number of leads created through the economic development partnership		271	360		360
Output	Number of prospects created through the economic development partnership		55	90		90
Output	Number of visits created through the economic development partnership		30	30		30
Output	Number of locates through the economic development partnership		4	7		7

FILM

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of the New Mexico film industry.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	663.5	801.8	817.8	717.8	-10.5
Fund Balance	100.0	0.0	0.0	0.0	***
SOURCES TOTAL	763.5	801.8	817.8	717.8	-10.5
USES					
Personal Services/Empl Benefit	477.5	522.1	532.8	532.8	2.0
Contractual Services	135.2	140.1	100.0	70.0	-50.0
Other	133.7	139.6	185.0	115.0	-17.6
TOTAL USES	746.4	801.8	817.8	717.8	-10.5
FTE					
Permanent	8.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	8.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of media industry worker days	40,087	99,695	48,500	48,500	75,000
* Outcome	Economic impact of media industry productions in New Mexico, in millions		\$271.7	\$73.5	\$73.5	\$140.0
* Outcome	Number of films and media projects principally photographed in New Mexico			58	58	65

MEXICAN AFFAIRS

The purpose of the Mexican affairs program is to produce new high-paying employment opportunities for New Mexicans so they can increase their wealth and improve their quality of life.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	458.9	314.9	310.5	310.1	-1.5
Fund Balance	100.0	0.0	0.0	0.0	***
SOURCES TOTAL	558.9	314.9	310.5	310.1	-1.5
USES					
Personal Services/Empl Benefit	277.5	128.9	188.4	188.4	46.2
Contractual Services	124.6	82.0	30.5	30.5	-62.8
Other	137.6	104.0	91.6	91.2	-12.3
TOTAL USES	539.7	314.9	310.5	310.1	-1.5
FTE					
Permanent	4.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	4.0	3.0	3.0	3.0	0.0

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	350	\$253	\$350	\$350	\$350
Outcome	Total number of export-related jobs impacted by the trade with Mexico program	1300	>5000	250	250	
Outcome	Number of jobs created by the programs of the office of Mexican affairs			250	250	250

TECHNOLOGY AND SPACE COMMERCIALIZATION

The purpose of the technology and space commercialization program is to increase the start-up, relocation and growth of technology-based business in New Mexico to give New Mexico citizens the opportunity for high-paying jobs.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	932.6	715.5	649.8	647.2	-9.5
Fund Balance	5,750.0	0.0	0.0	0.0	***
SOURCES TOTAL	6,682.6	715.5	649.8	647.2	-9.5
USES					
Personal Services/Empl Benefit	579.6	593.3	525.1	525.1	-11.5
Contractual Services	1,278.3	0.0	0.0	0.0	***
Other	198.2	122.2	124.7	122.1	-0.1
TOTAL USES	2,056.1	715.5	649.8	647.2	-9.5
FTE					
Permanent	9.0	8.0	8.0	8.0	0.0
Term	2.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	11.0	10.0	8.0	8.0	-20.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Ranking of New Mexico in technology intensiveness according to the state science and technology institute index			22	12	12
Output	Number of jobs created by aerospace and aviation companies			150	150	150
Output	Number of technology-based jobs created		475			
Output	Number of current and previous New Mexico 9000 customers that become ISO 9000 certified	6		6		
Output	Number of high-technology jobs created as a result of the technology commercialization program	549				

PROGRAM SUPPORT

The purpose of program support is to provide central direction to agency management processes, and fiscal support to agency programs to ensure consistency, continuity, and legal compliance.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,860.2	2,019.6	2,208.5	2,188.9	8.4
Extraord/Special	4.0	0.0	0.0	0.0	***
Fund Balance	891.6	0.0	0.0	0.0	***
SOURCES TOTAL	2,755.8	2,019.6	2,208.5	2,188.9	8.4
USES					
Personal Services/Empl Benefit	1,440.5	1,517.7	1,686.8	1,561.0	2.9
Contractual Services	1,005.6	185.7	222.1	342.0	84.2
Other	297.1	316.2	299.6	285.9	-9.6
TOTAL USES	2,743.2	2,019.6	2,208.5	2,188.9	8.4
FTE					
Permanent	23.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	23.0	24.0	24.0	24.0	0.0

STATUTORY AUTHORITY:

The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, 60-3A-1 through 60-8A-19, and 60-2B-1 through 60-2B-14 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with the responsibility to enforce and administer laws, rules, regulations, and codes, relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, and alcohol. Through executive orders and legislative mandates, the department has gained the responsibility of licensing and enforcement for 29 professional boards and commissions.

MISSION:

The mission of the department is to balance public health, safety and welfare, with business and economic development.

RLD consists of five programs. The Construction Industries and Manufactured Housing divisions are combined into one program, as are the Financial Industries and Securities Industries divisions. The remaining programs are classified in the same manner as the department's divisions: Program Support, Boards and Commissions and Alcohol and Gaming.

The Program Support Division provides centralized administration and leadership, financial management, information systems support, and human resources support for the entire department. The Boards and Commissions Program comprises 29 professional boards and commissions whose purpose is to provide licensing, administration, compliance, and regulatory services for their respective professions. The Alcohol and Gaming Program administers and determines eligibility of liquor license applicants, monitors and enforces statutes and regulations on the sale, service, and public consumption of alcoholic beverages, and tracks the operations of the alcohol-server training program. The Alcohol and Gaming Program was formerly responsible for enforcement of the Bingo Act which is now the responsibility of the Gaming Control Board. The Financial Institutions and Securities Program and Construction Industries and Manufactured Housing Program provide code compliance oversight; issue licenses, permits, and citations; perform inspections; administer examinations; process complaints; and enforce laws, rules, and regulations for their respective industries. The Financial Institutions and Securities Program is also charged with the promotion of investor protection and confidence to maximize capital formation and ensure financial infrastructure exists to support economic development.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	13,027.5	13,148.6	15,403.2	13,653.7	3.8
Other Transfers	662.5	820.1	967.3	1,106.6	34.9
Fed Program Revenues	180.0	109.0	105.0	105.0	-3.7
Other Program Revenues	5,537.0	6,679.7	6,877.9	6,768.6	1.3
Fund Balance	267.8	433.0	792.9	687.3	58.7
SOURCES TOTAL	19,674.8	21,190.4	24,146.3	22,321.2	5.3
USES					
Personal Services/Empl Benefit	14,795.0	16,042.5	16,949.5	16,130.8	0.6
Contractual Services	598.8	973.8	1,420.2	1,140.9	17.2
Other	3,420.8	3,500.0	4,809.3	4,082.2	16.6
Other Financing Uses	662.5	674.1	967.3	967.3	43.5
TOTAL USES	19,477.1	21,190.4	24,146.3	22,321.2	5.3
FTE					
Permanent	275.2	283.5	297.5	285.5	0.7
Term	1.0	1.0	5.0	4.0	300.0
TOTAL FTE POSITIONS	276.2	284.5	302.5	289.5	1.8

BUDGET ISSUES:

Primary increases recommended for RLD are in the other costs category and are for increased gas costs, estimated at \$2.35/gallon, previously unbudgeted technology maintenance fees and services, and General Services Department rate increases.

RLD gave 18 percent of the department in-band pay increases within the last year. A majority of these increases are 11.9 percent or greater due to the combined effects of a 10 percent in-band pay increase and the 1.75 FY06 compensation package. These increases resulted in limited ability for the department to fill vacancies. The increases in pay also resulted in higher overhead costs for the boards and commissions. The boards and commissions did not participate in the decision-making that resulted in the overhead increase.

The Construction Industries and Manufactured Housing Program and has a historic vacancy rate of over 5 percent. The vacancies are primarily in the Construction Industries Division (CID). Accordingly, LFC recommends a 2 percent vacancy rate for CID and encourages CID to use personal services and employee benefits funds for their appropriated purposes. CID and the Manufactured Housing Division; each are requesting 2 term expansion FTE, while each division has already created the position without authorization and has hired individuals to fill the positions. In addition to circumventing the legislative process regarding hiring unauthorized FTE, during FY05 the program decreased its personal services and employee benefits budget with a \$128 thousand general fund budget adjustment and reverted over \$40 thousand from personal services and employee benefits, resulting in a net \$168 thousand in unused funding in that category.

The LFC recommendation includes \$108 thousand in other transfers, public school capital outlay funds, for 2 CID building inspectors. During the 2005 legislative session, up to 1 percent of public school capital outlay funds were designated to be used by CID, the fire marshal and local government for costs attributable to public school capital outlay projects workload. \$100 thousand in public school capital outlay funds are also recommended in the Program Support program to fund the division's IT request to complete the purchase of "KIVA" handheld inspection devices.

The Financial Institutions Division has requested funding to increase the salaries of financial institution inspector from the entry level approved by the State Personnel Office to mid-range. The division, however, has had a high vacancy rate and made a budget reduction from personal services and employee benefits during FY05. The committee recommends that unused funds and funds removed from personal services and employee benefits could be used to hire inspectors at a competitive rate.

A "team" approach to managing and administering the department's 29 boards and commissions with the goal of streamlining processes within the division was initiated during FY05. The team re-organization has caused the individual boards' budgets to fluctuate a great deal between FY04 and the FY07 request. While seemingly a beneficial management approach, the division has maintained high levels of vacancies and has been subject to a rapid series of personnel reorganizations. Many boards do not have any of the support personnel that they had a year ago. The department would like to further consolidate the boards and commissions into one budget and into increasingly shared management. This proposal would likely result in reduced transparency and reduced involvement by boards in their own management. The overhead transparency is already limited as the boards do not have access to an explanation or the formula used to determine charges.

The primary FY07 increases requested for the boards and commissions are to fund the increased overhead charge determined by the department and the Real Estate Commission education and training fund. The education and training fund was created during the 2005 legislative session with all fund balances above \$250 thousand in the Real Estate Commission fund balance.

RLD requested the first budget ever for the Naproopathy Board: a total of \$5.4 thousand in program revenues. The board was not assessed an overhead fee, as all other boards under the management of the Boards and Commissions Program were.

The Athletics Commission has not had a director, the only FTE assigned to the board, for months and the department asserts that the governor will be appointing an individual with a \$50 thousand annual salary. The board has a serious shortfall in revenues to cover the expenditures requested and thus RLD requested \$100 thousand from the general fund. LFC does not support this request and encourages the board to live within its means until revenues materialize.

RLD submitted FY05 performance measures results, however the committee suggests the department review the measures with the Department of Finance and Administration and LFC during FY06 to revise and improve the measures used, and the mechanisms employed to determine results. Measures such as "average number of hours to respond to telephone complaints" are not logged to verify outcomes. Results submitted by the department are rather a reflection of department policy (the requirement that calls be returned within 24 hours). LFC urges the department to document and track measures so that the outcomes are verifiable and can be used as indicators of need for changes in policy, management, and funding.

BASE EXPANSION:

RLD requested 14 permanent and four term expansion positions. Of these requests, LFC recommends two permanent and three term expansions (one of which was requested by RLD as a permanent expansion). Limited increases have been recommended due to the program requesting the expansion having a high rate of vacancies or having already funded the request through unauthorized expansions or because the expansion was not consistent with LFC priorities.

CID's request for two term "KIVA" remote inspection system support positions is recommended by the committee. The funding of these positions should allow the department to increase the level of service provided for building inspections and decrease the time required to provide division services. The committee encourages CID to track the productivity and service improvements resulting from this expansion.

The committee recommends a portion of the Securities Industries Division's expansion request for securities investigation and prosecution FTE; the recommended expansion includes one attorney and one criminal investigator. The committee recommends that the positions be located in Santa Fe, rather than Albuquerque as the division requests, to save on rental costs. This division has had minimal vacancies and demonstrates a greater demand for the professionals based upon increased felony charges in security fraud and increasing numbers of pending investigations. The division plans to increase investment advisor and securities salesman licenses by \$5, from \$40 to \$45 dollars, with an expected increase in revenues to the general fund of more than \$330 thousand. The fee increase is within the administratively adjustable range permitted statutorily. Contingency language making the expansion of 2 FTE for division dependent on the proposed fee increase is recommended by the committee.

The expansion for a computer support FTE, funded by the Medical Examiners Board, is recommended to correspond with the recommended transfer out of funds from the regulatory board. The position is recommended as a term, rather than the requested permanent status due to the nature of the funding source. The independent Medical Examiners Board proposes to work with RLD to employ the department's License 2000 software, used by all RLD boards and commissions.

RECOMMENDED LANGUAGE:

The general fund appropriations to the financial institutions and securities program of the regulation and licensing department include ninety-nine thousand four hundred dollars (\$99,400.00) in the personal services and employee benefits category, eighteen thousand two hundred dollars (\$18,200.00) in the other costs category and two associated permanent FTE contingent upon the five dollar increase of investment advisor and security salesman license fees.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
a1	Permit system administrators (2 term FTE)	(CID/MHD)	54.7	54.7
a2	Business operations specialists (2 term FTE)	(CID/MHD)	63.1	0.0
b1	Financial examiner salary range increases	(FID/SID)	38.9	0.0
b2	Securities investing/prosecution (4 perm FTE)	(FID/SID)	231.9	117.6
b3	Change funding source for PR coordinator	(FID/SID)	77.4	0.0
c1	Prosecution attorney, paralegal (2 perm FTE)	(Alcohol)	308.4	0.0
d1	Information technology support (2 perm FTE)	(Prog. Supp)	84.4	40.0
d2	Board technology purchases	(Prog. Supp)	5.5	5.5
e1	Chiropractic board staff (0.8 perm FTE)	(Boards)	29.7	0.0
e2	Counselors board help desk (1 perm FTE)	(Boards)	35.1	0.0
e3	Dental board support staff (1 perm FTE)	(Boards)	35.1	0.0
e4	Massage therapy staff (1 perm FTE)	(Boards)	36.6	0.0
e5	Osteopathic board staff (0.2 perm FTE)	(Boards)	6.6	0.0
e6	PI/polygraphers security guard training	(Boards)	30.0	0.0
e7	Social workers board help desk (1 perm FTE)	(Boards)	35.1	0.0
TOTAL			1,072.5	217.8

CONSTRUCTION INDUSTRIES AND MANUFACTURED HOUSING

The purpose of the construction industries and manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to general construction and manufactured housing standards to industry professionals.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,465.1	7,465.6	8,410.0	7,656.8	2.6
Other Transfers	0.0	0.0	0.0	108.4	***
Fed Program Revenues	180.0	109.0	105.0	105.0	-3.7
Other Program Revenues	69.9	100.0	100.0	100.0	0.0
SOURCES TOTAL	7,715.0	7,674.6	8,615.0	7,970.2	3.9
USES					
Personal Services/Empl Benefit	6,128.0	6,541.5	6,748.2	6,512.2	-0.4
Contractual Services	54.1	57.9	81.2	60.3	4.1
Other	1,509.3	1,075.2	1,785.6	1,397.7	30.0
TOTAL USES	7,691.4	7,674.6	8,615.0	7,970.2	3.9
FTE					
Permanent	115.7	118.0	117.0	117.0	-0.8
Term	1.0	1.0	5.0	3.0	200.0
TOTAL FTE POSITIONS	116.7	119.0	122.0	120.0	0.8

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	98%	100%	90%	90%	90%
Outcome	Percent of permitted manufactured housing projects inspected		100%	90%	90%	100%
* Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project		85%	80%	80%	80%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction					10

FINANCIAL INSTITUTIONS AND SECURITIES

The purpose of the financial institutions and securities program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; promote investor protection and confidence so that capital formation is maximized and a secure financial infrastructure is available to support economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,637.9	2,697.1	3,135.6	2,855.6	5.9
Other Program Revenues	67.1	370.0	120.0	197.4	-46.6
Fund Balance	139.6	83.8	244.3	244.3	191.5
SOURCES TOTAL	2,844.6	3,150.9	3,499.9	3,297.3	4.6
USES					
Personal Services/Empl Benefit	2,329.4	2,540.6	2,775.1	2,657.8	4.6
Contractual Services	77.8	240.1	205.8	205.8	-14.3
Other	372.9	370.2	519.0	433.7	17.2
TOTAL USES	2,780.1	3,150.9	3,499.9	3,297.3	4.6
FTE					
Permanent	41.0	41.0	45.0	43.0	4.9
TOTAL FTE POSITIONS	41.0	41.0	45.0	43.0	4.9

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application		91%	93%	90%	93%
Outcome	Percent of all mutual fund filings processed within ten business days		100%	90%	90%	90%
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of examination departure		77%	90%	90%	90%
Output	Average number of days to resolve a financial institution's complaint					25
Output	Average number of days to resolve a securities complaint					365

ALCOHOL AND GAMING

The purpose of the alcohol program is to regulate the sale, service and public consumption of alcoholic beverages in cooperation with the department of public safety and to enforce the Liquor Control Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	848.5	855.7	1,165.8	856.6	0.1
SOURCES TOTAL	848.5	855.7	1,165.8	856.6	0.1
USES					
Personal Services/Empl Benefit	735.1	782.6	900.4	806.4	3.0
Contractual Services	0.1	11.2	181.8	1.8	-83.9
Other	96.7	61.9	83.6	48.4	-21.8
TOTAL USES	831.9	855.7	1,165.8	856.6	0.1
FTE					
Permanent	15.0	15.0	17.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	17.0	15.0	0.0

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
Outcome	Number of days to process a license application that requires a hearing		120	120	120	120
* Outcome	Number of days to issue new or transfer liquor licenses		125	125	125	125
* Output	Number of days to resolve an administrative citation		46	46	46	46

PROGRAM SUPPORT

The purpose of the program support program is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

BUDGET SUMMARY (dollars in thousands)					
FY07 - 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,076.0	2,130.2	2,591.8	2,284.7	7.3
Other Transfers	662.5	820.1	967.3	998.2	21.7
Other Program Revenues	0.0	0.0	80.0	40.0	***
SOURCES TOTAL	2,738.5	2,950.3	3,639.1	3,322.9	12.6
USES					
Personal Services/Empl Benefit	2,163.1	2,295.9	2,418.7	2,297.0	0.0
Contractual Services	183.8	223.8	317.5	316.1	41.2
Other	303.3	430.6	902.9	709.8	64.8
TOTAL USES	2,650.2	2,950.3	3,639.1	3,322.9	12.6
FTE					
Permanent	33.5	34.7	37.7	35.7	2.9
Term	0.0	0.0	0.0	1.0	***
TOTAL FTE POSITIONS	33.5	34.7	37.7	36.7	5.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of prior-year audit findings resolved		100%	100%	100%	100%
Outcome	Percent of agency performance measures achieved					90%
Output	Percent of payment vouchers submitted to and approved by the department of finance and administration within seven days of receipt from vendor		90%	90%	90%	95%
Output	Percent of information service support tasks completed within the timeframe requested		100%	90%	90%	90%
Quality	Percent of accurate payroll entries and personnel information into human resource management system			99%	90%	99%
Quality	Percent of customers satisfied with information service internal support services		100%			90%
Outcome	Percent of information service support tasks completed within timeframe requested				90%	90%

BOARDS AND COMMISSIONSBUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	0.0	100.0	0.0	***
Other Program Revenues	5,400.0	6,209.7	6,577.9	6,431.2	3.6
Fund Balance	128.2	349.2	548.6	443.0	26.9
SOURCES TOTAL	5,528.2	6,558.9	7,226.5	6,874.2	4.8
USES					
Personal Services/Empl Benefit	3,439.4	3,881.9	4,107.1	3,857.4	-0.6
Contractual Services	283.0	440.8	633.9	556.9	26.3
Other	1,138.6	1,562.1	1,518.2	1,492.6	-4.4
Other Financing Uses	662.5	674.1	967.3	967.3	43.5
TOTAL USES	5,523.5	6,558.9	7,226.5	6,874.2	4.8
FTE					
Permanent	70.0	74.8	80.8	74.8	0.0
TOTAL FTE POSITIONS	70.0	74.8	80.8	74.8	0.0

PUBLIC ACCOUNTANCY BOARD

The purpose of the public accountancy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Output	Average number of days to review and investigate a complaint		30	30	30	30
Outcome	Percent of complaints reviewed and processed annually			85%	90%	90%
Outcome	Percent of complaints processed and adjudicated annually			90%	90%	90%

ACUPUNCTURE AND ORIENTAL MEDICINE BOARD

The purpose of the acupuncture and oriental medicine board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of phone calls returned within twenty-four hours		100%	90%	85%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24

ATHLETIC COMMISSION

The purpose of the athletic commission program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	85%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Efficiency	Percent of complaints processed and adjudicated annually		98%	100%	100%	100%

ATHLETIC TRAINERS BOARD

The purpose of the athletic trainers board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	85%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	85%	85%	90%

BARBERS AND COSMETOLOGY BOARD

The purpose of the barbers and cosmetology board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	85%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	85%	85%	90%

CHIROPRACTIC EXAMINERS BOARD

The purpose of the chiropractic examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	98%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	90%	90%

COUNSELING AND THERAPY BOARD

The purpose of the counseling and therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	100%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	90%	90%

DENTAL HEALTH CARE BOARD

The purpose of the dental health care board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	100%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	90%	90%

INTERIOR DESIGN BOARD

The purpose of the interior design board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	100%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

LANDSCAPE ARCHITECTS BOARD

The purpose of the landscape architects board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

MASSAGE THERAPY BOARD

The purpose of the therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

NURSING HOME ADMINISTRATORS BOARD

The purpose of the nursing home administrators board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

NUTRITION AND DIETETICS PRACTICE BOARD

The purpose of the nutrition and dietetics practice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

OCCUPATIONAL THERAPY PRACTICE BOARD

The purpose of the occupational therapy practice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

OPTOMETRY BOARD

The purpose of the optometry board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

OSTEOPATHIC MEDICAL EXAMINERS BOARD

The purpose of the osteopathic medical examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Outcome	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

PHARMACY BOARD

The purpose of the pharmacy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		5	5	5	5
* Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

PHYSICAL THERAPY BOARD

The purpose of the physical therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

PODIATRY BOARD

The purpose of the podiatry board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

PRIVATE INVESTIGATORS AND POLYGRAPHERS BOARD

The purpose of the private investigators and polygraphers board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

PSYCHOLOGIST EXAMINERS BOARD

The purpose of the psychologist examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		100%	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

REAL ESTATE APPRAISERS BOARD

The purpose of the real estate appraisers board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%
Outcome	Percent of complaints processed and adjudicated annually				85%	90%

REAL ESTATE COMMISSION

The purpose of the real estate commission program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

RESPIRATORY CARE BOARD

The purpose of the respiratory care board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

SOCIAL WORK EXAMINERS BOARD

The purpose of the social work examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		100%	5	5	5
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

SPEECH LANGUAGE PATHOLOGY, AUDIOLOGY AND HEARING AID DISPENSING PRACTICE BOARD

The purpose of the speech language pathology, audiology and hearing aid dispensing practices board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Average number of days to process a completed application and issue a license		100%	5	5	5
Outcome	Percent of complaints processed and adjudicated annually			90%	85%	90%
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

THANATOPRACTICE BOARD

The purpose of the thanatopractice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of days to process a completed application and issue a license		100%	5	5	5
Outcome	Percent of complaints processed and adjudicated annually			90%	85%	90%
Efficiency	Average number of hours to respond to telephone complaints		24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours		100%	90%	98%	90%
Output	Average number of days to review and investigate a complaint		30	30	30	30
Output	Percent of complaints reviewed and processed annually		100%	90%	85%	90%

STATUTORY AUTHORITY:

Article XI, Section 1, of the New Mexico Constitution created the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. PRC is composed of five elected members.

MISSION:

PRC is responsible for chartering and regulating business corporations; regulating public utilities, including electric, natural gas, and water companies; regulating transportation companies, including common and contract carriers; regulating transmission and pipeline companies, including telephone, telegraph, and information transmission companies; and regulating insurance companies.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	13,463.3	10,279.1	11,933.3	10,508.3	2.2
Other Transfers	4,716.0	4,903.7	5,175.6	4,909.0	0.1
Fed Program Revenues	580.6	648.8	742.2	690.6	6.4
Other Program Revenues	2.2	0.0	0.0	0.0	***
General Revenues	2.8	0.0	0.0	0.0	***
Extraord/Special	15.4	0.0	0.0	0.0	***
Fund Balance	10,338.9	15,719.7	16,926.3	16,002.8	1.8
SOURCES TOTAL	29,119.2	31,551.3	34,777.4	32,110.7	1.8
USES					
Personal Services/Empl Benefit	14,358.9	15,743.8	17,772.1	15,882.1	0.9
Contractual Services	690.4	952.6	1,369.3	1,155.3	21.3
Other	11,646.8	14,519.9	15,161.0	14,768.3	1.7
Other Financing Uses	479.0	335.0	475.0	305.0	-9.0
TOTAL USES	27,175.1	31,551.3	34,777.4	32,110.7	1.8
FTE					
Permanent	267.0	269.0	286.0	273.0	1.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	268.0	270.0	287.0	274.0	1.5

BUDGET ISSUES:

The committee recommends technical adjustments to the agency's request for personal services and employee benefits for FY07. The agency's request did not assume any vacancy savings, despite a vacancy rate of 13.7 percent as of September 1, 2005. The committee recommendation includes a vacancy rate of 5.1 percent. Several positions have been vacant for more than two years; the agency should delete positions no longer needed.

The agency requested several expansions in the policy and regulation program, totaling 14 FTE, as shown in the expansion table. The Policy and Regulation Program request includes increases in contractual services relative to its FY06 operating budget. While the committee recognizes additional costs in contractual audit fees, it recommends only slight increases over FY06. The committee recommends two expansions, totaling 2 FTE, to help meet legislative mandates passed in the 2005 session: (1) an economist in the utility division to review energy efficiency programs in the utility industry; and (2) a detective and criminal investigator to verify proof of incidental insurance by carriers now subject to hold such policies.

The State Fire Marshal's Office (SFO) in the Public Safety Program requested an additional \$84 thousand for contract inspectors to conduct audits around the state. The committee considers this an expansion request and has removed it from the base. In October 2003 the committee audited the use of fire protection funds and recommended the state fire marshal conduct an assessment to establish fire districts' needs to improve their Insurance Service Office (ISO) class to 8B or better and to justify increased funding from the fire protection fund. SFO received a special appropriation of \$250 thousand in the 2004 legislative session to conduct this needs assessment; it has yet to be completed.

Despite a 15 percent vacancy rate in the Public Safety Program, the committee did not take vacancy savings and only made technical adjustments to the personal services and employee benefits request.

The committee conducted an audit of the Insurance Division in 2005. Several of the findings noted inefficiencies in the information technology systems, including the complaints and the premium tax collection databases. The division recognizes these operating weaknesses and is in the process of upgrading its tax collection database (IDEAL) and improving inputs into the consumer complaint database.

The committee's audit also recommended the division use a more market-based approach to rate regulation. A flex-rate model would allow rates to fluctuate in a set range without the approval by the superintendent. Such a system would reduce staff time spent on rate analysis and ultimately benefit the consumer. The division indicates it is supportive of a flex-rate system with certain provisions.

In line with the audit findings, the committee recommends 2 of the 3 FTE expansions requested by the division. A market research analyst will enable the division to assess rate and policy changes. A computer systems analyst will improve the division's implementation and maintenance of the IDEAL system, thus reducing contract maintenance costs. The committee finds, however, that an additional insurance policy and claims clerk is not warranted due to the high vacancy rate in the division.

BASE EXPANSION:

The Policy and Regulation Program submitted eight expansion requests, totaling 15 FTE. The agency's first priority is 3 FTE in the Utility Bureau to comply with the Efficient Use of Energy Act (Sections 62-17-1 through 62-17-11 NMSA 1978). The committee recognizes the extra workload brought by this legislation and recommends an expansion of one economist.

Second in priority for PRC is an expansion of 3 FTE in the Transportation Division to comply with legislation requiring incidental carriers (e.g., river rafting or hunting guides) to show proof of insurance to PRC. The committee recommends an expansion of one detective and criminal investigator to fulfill these duties. The committee does not recommend the other expansion items in the Policy and Regulation Program.

The agency requested an expansion of 3 FTE in the Insurance Division (agency priority No. 5). The committee finds sufficient need in the division for an additional 2 FTE: a market research analyst and a computer systems analyst. Due to the high vacancy rate in the division, an additional insurance policy and claims clerk is not warranted.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the policy and regulation program of the public regulation commission include twelve thousand five hundred dollars (\$12,500) from the patient's compensation fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include seven hundred eighty thousand six hundred dollars (\$780,600) from agents' surcharge fees and five million four hundred thirteen thousand eight hundred dollars (\$5,413,800) from the insurance operating fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include one million nine hundred three thousand seven hundred dollars (\$1,903,700) for the office of the state fire marshal from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include one million two hundred eleven thousand six hundred dollars (\$1,211,600) for the fire fighter training academy from the fire protection fund.

The internal service funds/interagency transfers appropriations to program support of the public regulation commission include two hundred thirty-two thousand three hundred dollars (\$232,300) from the fire protection fund, sixty-seven thousand two hundred dollars (\$67,200) from the insurance fraud fund, twenty thousand dollars (\$20,000) from the reproduction fund, and thirty-seven thousand eight hundred dollars (\$37,800) from the title insurance maintenance fund.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Conference call telephone	(Insurance)	16.4	0.0
*	Contract inspectors for fire safety audits	(SFMO)	84.0	0.0
*	Contract maintenance for system software	(Insurance)	120.0	50.0
*	Facility upgrades and renovations	(SFFA)	50.0	50.0
*	IT maintenance for hardware	(Insurance)	82.5	0.0
*	Replacement computers and parts	(Insurance)	67.1	0.0
*	UNM contract for legal services	(Insurance)	50.0	50.0
1	Uty. investment in energy efficiency (3 FTE)	(Pol. & Reg)	241.8	54.1
2	Incidental carrier proof of insurance (3 FTE)	(Pol. & Reg)	152.0	47.7
3	General counsel researcher (1 FTE)	(Pol. & Reg)	89.9	0.0
4	Legal compliance assistance (1 FTE)	(Pol. & Reg)	90.9	0.0
5	Insurance promotion (3 FTE)	(Insurance)	164.3	83.7
6	Tribal liaison (1 FTE)	(Pol. & Reg)	93.9	0.0
7	Cooperative compliance officer (1 FTE)	(Pol. & Reg)	47.5	0.0
8	Telecommunications rate analysts (2 FTE)	(Pol. & Reg)	119.4	0.0
9	Exempt administrative secretaries (3 FTE)	(Pol. & Reg)	188.2	0.0
TOTAL			1,657.9	335.5

* The agency included these items in the base request. The LFC considers these items to be expansion and has extracted them from the base.

POLICY AND REGULATION

The purpose of the policy and regulation program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provisions of adequate and reliable services at fair, just and reasonable rates so that the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	7,195.7	7,407.5	8,933.0	7,665.5	3.5
Other Transfers	199.0	12.5	12.5	12.5	0.0
Other Program Revenues	2.2	0.0	0.0	0.0	***
SOURCES TOTAL	7,396.9	7,420.0	8,945.5	7,678.0	3.5
USES					
Personal Services/Empl Benefit	5,639.7	5,954.2	7,267.7	6,075.2	2.0
Contractual Services	149.9	148.6	220.5	170.5	14.7
Other	1,103.0	1,317.2	1,457.3	1,432.3	8.7
TOTAL USES	6,892.6	7,420.0	8,945.5	7,678.0	3.5
FTE					
Permanent	84.7	85.7	99.7	87.7	2.3
TOTAL FTE POSITIONS	84.7	85.7	99.7	87.7	2.3

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Average commercial electric rate comparison between major New Mexico utilities and selected regional utilities		-4.9%	+ or - 5%	+or- 5%	+ or - 5%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution	1,819.9		1,800		1,800
* Output	Number of formal complaints processed by the transportation division	76	82	65	65	70
* Output	Number of docketed cases completed		223	130	223	223
* Efficiency	Average number of days for a rate case to reach final order		184.9	240	<240	210
* Efficiency	Percent of cases processed in less than the statutory time allowance	92%	100%	100%	100%	100%

PUBLIC SAFETY

The purpose of the public safety program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire and pipeline hazards and other risks as assigned to the public regulation commission.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	326.2	0.0	0.0	0.0	***
Other Transfers	2,879.7	3,479.3	3,913.6	3,758.6	8.0
Fed Program Revenues	580.6	648.8	742.2	690.6	6.4
Extraord/Special	12.3	0.0	0.0	0.0	***
SOURCES TOTAL	3,798.8	4,128.1	4,655.8	4,449.2	7.8
USES					
Personal Services/Empl Benefit	2,145.3	2,452.4	2,721.3	2,661.2	8.5
Contractual Services	120.7	212.9	336.9	252.9	18.8
Other	1,151.9	1,462.8	1,597.6	1,535.1	4.9
TOTAL USES	3,417.9	4,128.1	4,655.8	4,449.2	7.8
FTE					
Permanent	47.3	47.3	47.3	47.3	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	48.3	48.3	48.3	48.3	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u> 67%	<u>FY06 Budget</u> 75%	<u>FY07 Request</u> 75%	<u>FY07 Recomm</u> 75%
Outcome	Percent of fire departments' insurance service office (ISO) ratings of nine or ten that have been reviewed by survey or audit					
* Output	Number of inspection and audit hours performed by the state fire marshal's office and pipeline safety bureau	20,250	48,774	25,302	25,302	30,000
* Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	97,866	77,440	137,982	137,982	137,982
* Output	Number of personnel completing training through the state firefighter training academy	3,529	3,493	3,722	3,700	3,700
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal		50%	50%	50%	50%
Quality	Pass rate for state certification exams administered by the state firefighter academy	85%	75%	85%	75%	85%

INSURANCE POLICY

The purpose of the insurance policy program is to assure easy public access to reliable insurance products that meet consumers' needs, are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,660.1	0.0	0.0	0.0	***
Other Transfers	1,089.3	1,057.5	872.5	780.6	-26.2
General Revenues	2.8	0.0	0.0	0.0	***
Fund Balance	1,537.7	5,130.7	6,337.3	5,413.8	5.5
SOURCES TOTAL	6,289.9	6,188.2	7,209.8	6,194.4	0.1
USES					
Personal Services/Empl Benefit	4,260.1	4,887.8	5,185.5	4,725.3	-3.3
Contractual Services	373.5	215.5	433.2	353.2	63.9
Other	1,072.8	974.9	1,341.1	1,035.9	6.3
Other Financing Uses	180.0	110.0	250.0	80.0	-27.3
TOTAL USES	5,886.4	6,188.2	7,209.8	6,194.4	0.1
FTE					
Permanent	83.0	84.0	87.0	86.0	2.4
TOTAL FTE POSITIONS	83.0	84.0	87.0	86.0	2.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees		100%	90%		
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training		64.8%	60%	60%	60%
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing		100%	90%	90%	95%
* Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent		100%	80%	80%	90%
Output	Percent of producer applications, appointments and renewals processed within ten business days		40%	75%	75%	75%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum		100%	100%	100%	100%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period		100%	90%	90%	90%
Output	Percent of form and rate filings processed within ninety days		100%	90%	90%	95%
Output	Number of managed healthcare outreach presentations conducted annually		128	52	52	70
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure with sixty days		78%	80%	80%	80%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	2,281.3	2,871.6	3,000.3	2,842.8	-1.0
Other Transfers	548.0	354.4	377.0	357.3	0.8
Extraord/Special	3.1	0.0	0.0	0.0	***
SOURCES TOTAL	2,832.4	3,226.0	3,377.3	3,200.1	-0.8
USES					
Personal Services/Empl Benefit	2,313.8	2,449.4	2,597.6	2,420.4	-1.2
Contractual Services	40.6	75.6	78.7	78.7	4.1
Other	571.6	701.0	701.0	701.0	0.0
TOTAL USES	2,926.0	3,226.0	3,377.3	3,200.1	-0.8
FTE					
Permanent	52.0	52.0	52.0	52.0	0.0
TOTAL FTE POSITIONS	52.0	52.0	52.0	52.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	90%	100%	100%		100%
Outcome	Percent reduction of information systems division costs and services for the agency	21%		5%		
Outcome	Percent of total outstanding corporation bureau corporate revocations processed	80%	100%	100%		
Outcome	Opinion of previous fiscal year independent agency audit	Unqualified		Unqual.	Unqual.	Unqual.
Output	Number of prior-year audit findings eliminated	10		8		8
Output	Percent of corporate certificates issued within statutory deadlines	100%	100%	100%	100%	100%
Efficiency	Percent of fully functional applications systems	95%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Medical Practice Act, Sections 61-6-1 through 61-6-35 NMSA 1978, establishes the Medical Board. The nine members of the board are appointed by the governor to staggered four-year terms.

MISSION:

The mission of the board of medical examiners is to protect the public from the improper, unprofessional, incompetent, and unlawful practice of medicine by implementing and enforcing the laws and regulations controlling the granting and use of the privilege to practice medicine.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	1,107.8	1,086.5	1,201.3	1,201.3	10.6
Fund Balance	0.0	149.0	187.3	153.4	3.0
SOURCES TOTAL	1,107.8	1,235.5	1,388.6	1,354.7	9.6
USES					
Personal Services/Empl Benefit	617.5	685.4	793.4	793.4	15.8
Contractual Services	227.0	238.2	275.1	248.2	4.2
Other	262.6	271.9	280.1	273.1	0.4
Other Financing Uses	0.0	40.0	40.0	40.0	0.0
TOTAL USES	1,107.1	1,235.5	1,388.6	1,354.7	9.6
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	12.0	12.0	12.0	12.0	0.0

BUDGET ISSUES:

Processing time for renewal of physician and physician assistant licenses has decreased from an average of five days to less than 24 hours due to implementation of "License 2000," an online registration system. Approximately 81 percent of physicians and 85 percent of physician assistants have renewed their licenses on line, saving the agency data entry, mailing, and copying expense.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to medical doctors, physician assistants, and anesthesiologist assistants to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES						
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Output	Number of consumers provided with information through written license verification and website access.	690,599	956,245	690,600	1,000,000	1,000,000
* Output	Number of tri-annual physician licenses issued or renewed	1,668	2,787	2,088	4,000	4,000
* Output	Number of biennial physician assistant licenses issued or renewed	201	411	375	450	450
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	4	13	12	13	13
Output	Number of complaints resolved within 12 months	91	105	115	115	115
Output	Number of participants in monitored treatment program	46	41	45	52	52
Outcome	Percent of participants who relapse	20%	6%	20%	10%	10%
Outcome	Number of days to issue a physician license	90	80	85	80	80

STATUTORY AUTHORITY:

The Nursing Practice Act, sections 61-3-1 through 61-3-31 NMSA 1978 establishes the seven-member Board of Nursing to regulate nursing schools and practice.

MISSION:

The mission of the Board of Nursing is to regulate nursing practice, nursing education, medication aide practice and education and hemodialysis technician practice and education in the interest of public health, safety and welfare.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	19.7	38.9	0.0	0.0	-100.0
Other Program Revenues	1,299.0	965.1	1,167.4	1,130.5	17.1
General Revenues	138.8	115.5	138.8	138.8	20.2
Fund Balance	0.0	77.3	0.0	0.0	-100.0
SOURCES TOTAL	1,457.5	1,196.8	1,306.2	1,269.3	6.1
USES					
Personal Services/Empl Benefit	661.1	776.1	851.0	817.1	5.3
Contractual Services	125.6	36.0	59.5	56.5	56.9
Other	313.2	344.7	395.7	395.7	14.8
Other Financing Uses	0.0	40.0	0.0	0.0	-100.0
TOTAL USES	1,099.9	1,196.8	1,306.2	1,269.3	6.1
FTE					
Permanent	13.0	14.0	15.0	15.0	7.1
TOTAL FTE POSITIONS	13.0	14.0	15.0	15.0	7.1

BASE EXPANSION:

The board is requesting an expansion of 1 FTE for a receptionist. Increased volume of activity due to increased licensure activity through the addition of disciplines to be licensed has increased the workload sufficiently that existing staff can no longer handle the increased volume of walk-in and phone traffic.

Additionally, the board is requesting an expansion in contractual services of \$25 thousand to contract for a part-time investigator to assist in handling the increased volume of complaints. Complaints requiring investigation have increased by 75 percent over the past year.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Receptionist FTE	(P67700)	23.3	21.3
2	<u>Contract for part time investigator</u>	<u>(P67700)</u>	<u>25.0</u>	<u>25.0</u>
TOTAL			48.3	46.3

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs, so they can provide competent and professional healthcare services to consumers.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of licenses issued	11,586	11,099	11,000	11,000	11,000
Outcome	Percent of programs in full compliance	92%	95%	95%	95%	95%
Quality	Number of public information announcements	2	3	3	3	
Efficiency	Number of months to resolution of disciplinary matter	7.2	6	6	6	6
Output	Number of rule reviews	2	1	2	2	2
Efficiency	Number of days to issue a nurse license	12.7	11.8	14	14	14

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in and governed by Sections 16-6-1 through 16-6-22 NMSA 1978.

MISSION:

The mission of the State Fair is to professionally organize, operate, and maintain a year-round entertainment facility and to promote the New Mexico State Fair.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	0.0	1,300.0	697.0	697.0	-46.4
Enterprise Program Rev	12,967.3	13,307.3	13,730.0	13,730.0	3.2
Fund Balance	783.9	0.0	0.0	0.0	***
SOURCES TOTAL	13,751.2	14,607.3	14,427.0	14,427.0	-1.2
USES					
Personal Services/Empl Benefit	5,953.7	6,017.4	6,353.0	6,353.0	5.6
Contractual Services	3,713.7	3,489.8	3,746.5	3,746.5	7.4
Other	3,920.7	5,100.1	4,327.5	4,327.5	-15.1
TOTAL USES	13,588.1	14,607.3	14,427.0	14,427.0	-1.2
FTE					
Permanent	65.0	59.0	59.0	59.0	0.0
Term	20.0	18.0	18.0	18.0	0.0
TOTAL FTE POSITIONS	85.0	77.0	77.0	77.0	0.0

BUDGET ISSUES:

For FY07, the State Fair budget request reflects an overall decrease of \$180.3 thousand or 1.2 percent, primarily in other transfers. In FY06 the agency budgeted \$1.3 million from other transfers. In FY07 the agency is requesting \$697 thousand from parimutuel tax revenue to be used to pay back bond principal and interest payments rather than to support operations. The agency is also requesting \$603 thousand in the capital budget for infrastructure building repairs and construction from parimutuel revenues. The committee recommends the agency request using \$697 thousand from parimutuel revenues for debt service on negotiable bonds. Enterprise program revenue reflects an increase of \$472.7 thousand based on projected other service revenues: youth hall rentals, fees, sponsor in-kind donations, parking fees, and a minimal increase in admissions. The increase will fund projected costs for temporary employees in FY07, based on actual costs in FY04 and FY05, and professional services contracts for entertainment costs during the fair.

The State Fair Commission and management are in the process of developing a five-year plan that will address the future direction of the fair. The need to identify a plan to sustain and expand attendance and generate additional revenue is critical, especially with outside competition from the Journal Pavilion, Native American casinos and other year round entertainment venues that impact operational revenues. The consistent decline in paid attendance since 1998 supports the commission's efforts to develop a plan that recognizes the changing environment in which it operates. The paid attendance in 2005 was 476,083, a decrease of 14.4 percent from 2001 and 5.4 percent decrease from 2004. Although the paid attendance dropped, projected revenue from the 2005 State Fair annual event generated a net income from operations of approximately \$1 million.

The committee supports new initiatives to expand the use of the fair, such as the African American performing arts program for children. The performing arts center is not part of the State Fair's capital outlay five year plan and is currently funded through severance tax bonds and capital outlay general fund revenues. The available funding is sufficient to begin the design phase and additional funds will be needed to begin the construction phase and fund recurring operational costs. The fair management would support an appropriation from the general fund to expand this program in FY07. The committee recommends the State Fair Commission bring this request to the Legislature in 2006, as well as other significant initiatives that will begin revitalization of the Fair's future operations.

Financial Management. The annual audit of the State Fair's finances for FY05 reported improved financial practices and resolved FY04 audit conditions. Two audit findings that are included in the audit need immediate attention:

Actual expenditures exceed budgeted expenditures at the level of budgetary authority for personal services and employee benefits, contractual services, and other costs.

Receipts submitted for reimbursement are unsupported.

Fair managers have agreed with the audit findings and have made changes to address them.

The agency submitted a five-year Capital Infrastructure Improvement Plan, FY07-FY11. The total request over five years is \$82.2 million. For 2006 the No.1 priority is a request for \$25 million for grandstand renovation and administration building.

In FY05 the New Mexico Finance Authority sold series 2004 capital improvement bonds in the amount of \$5.5 million to be used for capital improvements on the Expo New Mexico facilities. The agency has expended \$1.6 million for various projects including renovation of the Indian village, new sprinkler systems, construction of a horseman kitchen, and building code upgrades for numerous fair buildings. A majority of the remaining balance of approximately \$3.9 million is currently in the request- for-proposal process. These funds are to be used for capital improvements and accounted for and reported separately from operating funds.

Recommended Language: The other transfers appropriation to the State Fair budget includes six hundred ninety seven thousand dollars (\$697,000) from parimutuel revenues in the other costs category for capital improvements at the state fairgrounds and for debt service on negotiable bonds issued for the capital improvements.

STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	77%	N/A	85%	87%	87%
Output	Percent of counties represented through exhibits at the annual state fair	100%	100%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	523,765	503,175	600,000	650,000	650,000
* Output	Percent of surveyed attendees at the annual state fair event rating that the state fair has improved		N/A	40%	44%	44%

STATUTORY AUTHORITY:

The Engineering and Surveying Act, Section 61-23-1 through 61-23-32 NMSA 1978, established a 10-member State Board of Registration for Professional Engineers and Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. Approximately 7,078 engineers and surveyors currently are licensed to practice in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	383.9	358.0	347.7	347.7	-2.9
Fund Balance	115.2	189.9	226.1	226.1	19.1
SOURCES TOTAL	499.1	547.9	573.8	573.8	4.7
USES					
Personal Services/Empl Benefit	261.8	284.5	293.0	293.0	3.0
Contractual Services	58.7	69.8	68.7	68.7	-1.6
Other	178.6	193.6	212.1	212.1	9.6
TOTAL USES	499.1	547.9	573.8	573.8	4.7
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	7.0	7.0	0.0

BUDGET ISSUES:

The board has not budgeted for implementation of online renewal software, "License 2000," available through the Regulation and Licensing Department. Implementation would increase the efficiency and effectiveness of the agency's operation and ability to better serve their clientele.

The board will be considering a fee increase at its November 2005 meeting. This will increase revenue by 32.6 percent. The budget has seen a 47 percent growth within the past three years, largely as a result of personal services and benefits increases and increases in rent. As a result, the fund balances have been slowly depleted. If the fee increase is not approved, the fund balance will drop to \$47.8 thousand at the end of FY07. This would represent 8 percent of their proposed budget. By raising fees, the fund balance is projected to increase to \$113.3 thousand by the end of FY07. This represents 28 percent of the proposed budget. The last fee increase by the board was in 1992.

REGULATION AND LICENSING

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%	100%
Output	Number of examinations administered	491	492	520	490	520
Output	Number of licenses or certifications issued	592	606	600	600	600
Output	Number of complaints processed	32	55	58	58	58

STATUTORY AUTHORITY:

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establish the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal.

The board consists of four members appointed by the governor and confirmed by the Senate, and the chairman of the State Racing Commission. The statute requires a member from the public, a member with a law enforcement background, a lawyer, and a certified public accountant.

MISSION:

The mission of the Gaming Control Board is to protect the public interest and to maximize gaming tax revenue by ensuring the integrity of gaming in the state of New Mexico.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,030.0	5,859.9	6,388.1	6,033.5	3.0
Extraord/Special	602.0	0.0	0.0	0.0	***
SOURCES TOTAL	5,632.0	5,859.9	6,388.1	6,033.5	3.0
USES					
Personal Services/Empl Benefit	3,471.9	3,801.8	3,990.3	3,841.1	1.0
Contractual Services	1,042.7	737.3	733.6	733.6	-0.5
Other	1,066.4	1,320.8	1,664.2	1,458.8	10.4
TOTAL USES	5,581.0	5,859.9	6,388.1	6,033.5	3.0
FTE					
Permanent	59.0	59.0	63.0	61.0	3.4
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	59.5	59.5	63.5	61.5	3.4

BUDGET ISSUES:

GCB requested a total general fund increase of \$528.2 thousand, or 9 percent over the FY06 operating level. The request includes \$513.6 thousand in expansion items. The committee recommendation of \$6 million is an increase 3 percent over the FY06 operating level.

During the 2005 regular legislative session, the Legislature approved an increase in the number of allowable hours for gaming machine operations at racetrack gaming facilities from 12 to 18 hours per day (Laws 2005, Chapter 350). LFC staff analysis estimates the increase will increase gaming tax collections by \$8.1 million. The Legislature also approved the transfer of regulatory authority of bingo and raffle activity pursuant to the Bingo and Raffle Act to GCB (Laws 2005, Chapter 349).

During the interim, GCB and the State Racing Commission (NMRC) were instructed by the governor to explore the possibility of merging the two agencies in the interest of achieving greater efficiency and effectiveness in the regulation of the state's gaming and racing industries. The governor appointed an advisory board consisting of GCB and NMRC members and staff, industry representatives, and legislators to determine an organizational structure of a combined gaming and racing regulatory agency. Among the proposals presented by GCB and NMRC, the average, estimated single-year savings of consolidation is \$470 thousand.

Also during the interim, the Attorney General reached an agreement with Pojoaque Pueblo for back payment of \$24 million in gaming revenue owed the state pursuant to the 1997 gaming compact. Pojoaque Pueblo is the last of 12 tribes and pueblos to settle with the state after the Attorney General filed suit against them in 2000 for refusing to honor the revenue-sharing provisions of the 1997 gaming compact. The agreement opens the possibility of the pueblo opening gaming and racing at Santa Fe Downs with approval from GCB and NMRC.

While no tribal or pueblo casino currently operates class II gaming machines in the state, the state gaming representative continues to monitor the potential impact of tribal and pueblo acquisition of class II gaming machines. Class II gaming machines are electronic bingo or lotto machines similar in look and feel to regular casino-style (class III) gaming machines but not subject to revenue-sharing agreements in the tribal-state gaming compact. Should tribal casinos decide to replace class III with class II machines, the tribes and pueblos would not be required to pay the 8 percent of revenue related to class III machines. As federal authorities consider stricter regulation of class II gaming, the state gaming representative contends the impact of class II gaming to the state's share of tribal gaming revenue depends on the outcome of these deliberations and on the popularity of such machines at tribal and pueblo casinos.

BASE EXPANSION:

In FY05 the impact of tribal revenue sharing and tribal gaming regulatory fees to the general fund was \$41.2 million. The recommended expansion of \$218 thousand includes \$79.8 thousand in personal services and employee benefits for an additional accountant-auditor and an office clerk to assist the state gaming representative in monitoring compliance of the tribal-state gaming compacts. The remaining \$138.2 thousand is recommended for appropriation to the other costs category to support tribal gaming monitoring, including \$132.6 thousand for a fingerprinting database system.

When the Legislature considered and passed legislation transferring the regulatory authority of the Bingo and Raffle Act to GCB during the 2005 legislative session, GCB provided fiscal impact analysis indicating that the agency could absorb the additional workload of administering the Bingo and Raffle Act without additional resources.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Tribal gaming compliance (2 FTE)	(Tribal)	218.7	218.0
2	Bingo and raffle regulation (2 FTE)	(Audit)	294.9	0.0
TOTAL			513.6	218.0

GAMING CONTROL

The purpose of the gaming control program is to strictly regulate gaming activities and to promote responsible gaming to the citizens of New Mexico so they can have confidence in the board's administration of gambling laws and feel assured the state has honest and competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Output	Percent decrease in repeat violations by licensed gaming operators	98%	99.6%	75%	75%	80%
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited financial statements received from the tribe		10%	10%	10%	10%
* Outcome	Ratio of revenue generated to general funds expended		22:1	20:1	20:1	21:1
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The primary functions of the State Racing Commission as defined in Sections 60-1-1 through 60-1-26 NMSA 1978 are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,899.8	2,003.4	2,246.8	2,116.1	5.6
Extraord/Special	29.1	0.0	0.0	0.0	***
SOURCES TOTAL	1,928.9	2,003.4	2,246.8	2,116.1	5.6
USES					
Personal Services/Empl Benefit	1,086.7	1,119.2	1,070.5	1,070.5	-4.4
Contractual Services	475.7	630.4	867.8	750.0	19.0
Other	388.5	253.8	308.5	295.6	16.5
TOTAL USES	1,950.9	2,003.4	2,246.8	2,116.1	5.6
FTE					
Permanent	16.3	17.3	17.3	17.3	0.0
Term	0.6	0.6	0.6	0.6	0.0
Temporary	1.8	1.8	1.8	1.8	0.0
TOTAL FTE POSITIONS	18.7	19.7	19.7	19.7	0.0

BUDGET ISSUES:

The State Racing Commission (NMRC) requested a flat base general fund appropriation of \$2 million and base expansion of \$237.4 thousand, bringing the total request to \$2.2 million or 12.1 percent over the FY06 operating level. The committee recommendation of a 5.6 percent increase to the operating budget reflects a 6.4 percent vacancy factor and includes \$119.6 thousand in expansion. The recommendation accounts for anticipated growth, recognizing that NMRC plans to add 12 days of live racing in 2007, which brings the total number of live racing days to 316.

In FY05 NMRC overspent its operating budget by \$22 thousand due to incorrect revenue projections. The committee encourages NMRC to work more closely with LFC staff and State Budget Division staff to avoid further deficiencies.

Horseracing purses continue to grow with help from increased gaming at racetrack facilities. According to the Gaming Control Board (GCB), horseracing purses increased by 18.5 percent in FY05. As purse size increases, racetracks are able to attract a higher caliber of competitive horseracing to the state. The committee will continue to monitor the growth of horseracing purses and will review the possibility of placing a cap on them in the future.

During the interim, the governor directed the chairpersons of both NMRC and GCB to cooperate on a comprehensive review of the agencies and to explore the possibility of consolidating the two agencies. The governor cites the recent opening of Zia Park and the prospect of increased tribal gaming as a reason to study the effectiveness of the two agencies. The governor also appointed an advisory committee consisting of NMRC and GCB members, legislators, and representatives from the racing industry, the New Mexico Horseman's Association, nonprofit and fraternal organizations, and the bingo and raffle industry. As of fall 2005 the advisory board had not yet adopted a final report from which to make its recommendations to the agencies on the viability of consolidation.

BASE EXPANSION:

NMRC requested a \$237.4 thousand expansion in contractual services for conducting approximately 30 percent more equine and human drug tests at the state's race meets. The committee acknowledges the importance of ensuring the integrity and safety of the state's horseracing industry by performing drug tests on horses and the people involved in the industry and recommends \$119.6 thousand in expansion for this purpose. The recommended expansion accounts for workload increases related to growth in the number of race days in recent years.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank	(Division)	Agency Request	LFC Recom- mendation
1	Equine and human sample testing	237.4	119.6
TOTAL		237.4	119.6

HORSERACING REGULATION

The purpose of the horseracing regulation program is to provide regulation in an equitable manner to New Mexico's parimutuel horseracing industry to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	.9	1.1	.8	.9	.8
Output	Total amount collected from parimutuel revenues, in millions	1.191	1.172	1.191	1.25	1.25
* Efficiency	Average regulatory cost per live race day at each racetrack	3982	4000	4000	4000	4000
Efficiency	Average number of days to close investigation cases	30	30	30	30	30
Output	Number of audit exceptions noted on annual financial statement	4	0	0	0	0

STATUTORY AUTHORITY:

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978. Approximately 1,100 veterinarians are registered to practice in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	197.2	240.7	258.5	258.5	7.4
Fund Balance	40.0	30.3	14.8	13.4	-55.8
SOURCES TOTAL	237.2	271.0	273.3	271.9	0.3
USES					
Personal Services/Empl Benefit	129.6	140.3	142.3	140.9	0.4
Contractual Services	57.4	73.2	80.9	80.9	10.5
Other	44.8	57.5	50.1	50.1	-12.9
TOTAL USES	231.8	271.0	273.3	271.9	0.3
FTE					
Permanent	2.0	3.0	3.0	3.0	0.0
Term	1.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

VETERINARY LICENSING AND REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management in order to protect the public.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Percent of New Mexico registered veterinary technicians employed in state		95%	95%	95%	95%
Outcome	Percent of New Mexico licensed veterinarians employed in the state		57%	60%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action		85%	90%	90%	90%
Outcome	Percent of complaints resolved through adjudication		15%	10%	10%	10%
Output	Number of facilities inspected annually		119	144	144	144
Outcome	Percent of inspected facilities requiring a plan of correction		60%	50%	40%	40%
Outcome	Percent of facilities requiring adjudication to meet minimum standards		2%	5%	5%	5%
Output	Number of months to resolution of disciplinary matter		6.5	6	6	6
Outcome	Percent of facilities in full compliance	70%	40%	60%	75%	75%
* Output	Number of veterinarian licenses issued annually	63	59	60	60	60
Output	Number of facility licenses issued annually	38	19	25	10	10
Output	Number of registered veterinary technicians licenses issued annually	9	9	9	18	18
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually		7	5	5	5
Outcome	Attrition rate of all licensees annually		8%	5%	5%	5%

STATUTORY AUTHORITY:

The Cumbres and Toltec Scenic Railroad Compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1974 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was ratified by Congress and approved by the president on October 24, 1974. The commission comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

MISSION:

The mission of the Cumbres and Toltec Scenic Railroad Commission is to preserve and develop the Cumbres and Toltec Scenic Railroad, a historical 19th century railroad "museum on wheels," for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY (dollars in thousands)					
			FY07 – 2006-2007		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	800.0	100.0	700.0	100.0	0.0
SOURCES TOTAL	800.0	100.0	700.0	100.0	0.0
USES					
Other Financing Uses	800.0	100.0	700.0	100.0	0.0
TOTAL USES	800.0	100.0	700.0	100.0	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

BUDGET ISSUES:

The commission is requesting a FY06 supplemental general fund appropriation of \$870 thousand and \$700 thousand from the general fund in FY07. The agency indicates that these funds are required because increased gasoline prices have resulted in a shortfall in anticipated ridership. Additionally, commission is seeking \$2 million in capital outlay appropriations for track repairs (\$1.35 million) and locomotive restoration (\$650 thousand).

The 2005 season was a good news/bad news situation for the commission. The good news was that ridership and enterprise revenues increased more than 10 percent over the 2004 level to about 32,700 and \$2.15 million respectively. The bad news was that ballooning gasoline prices appear to have caused the commission to fall 26 percent short of its projected ridership and revenues of 45,000 and \$2.9 million. Fare revenues tracked inversely to changes in fuel prices in 2005. During the first nine weeks of the 2005 summer season, train revenues exceeded the 2004 levels by an average \$23 thousand per week, or more than \$200 thousand. If this rate of ridership had continued throughout the summer, railroad revenues in 2005 would have exceeded 2004 by almost \$500 thousand. According to the American Automobile Association, gasoline prices in New Mexico increased from an average \$2.18 per gallon for regular unleaded in June 2005 to almost \$3 per gallon on September 1. The increase was particularly steep in August, when fuel prices rose 40 cents. Corresponding with the steep increase in gas prices, railroad revenues slowed at the end of the season. During the last 11 weeks of the season, 2005 revenues exceeded 2004 revenues by a cumulative \$12.5 thousand, or only about \$1 thousand per week.

Due to the shortfall in enterprise revenues, the commission cut expenditures and laid off its entire staff after October except for those responsible for locomotive repair and renovation, who will be supported by an appropriation from the New Mexico Legislature in 2005.

In recent years, the cost of railroad operations and capital has fallen heavily on New Mexico with comparably little support coming from Colorado. The interstate compact says the two states will "jointly acquire, own and make provision for the operation of the Cumbres and Toltec scenic railroad." Prior to 2001, the railroad operated with minimal government subsidies; however, since that time, revenues fell sharply and significant operating and capital subsidies were needed due to factors such as neglecting track and engine maintenance, the nationwide drop in tourism following the terrorist attacks in 2001 and closure of the railroad by the U.S. Forest Service in 2002 due to fire hazards. Over the past three years, New Mexico provided the commission

with \$1.6 million from the general fund for operations and \$1.37 million for capital outlay. By contrast, Colorado has contributed \$75 thousand for operating support during this period and \$685 thousand for capital.

Prospects for increased support from Colorado are not good. In 1992, Colorado voters passed the TABOR (Taxpayer Bill of Rights) Amendment, which restricts annual growth in state government spending to the sum of the percentage increase in state population plus percentage increase in inflation. Colorado officials indicate the TABOR Amendment intensified competition among state entities for constrained revenues, resulting in reduced prospects for state support for the railroad. On November 1, 2005, Coloradans will vote on Amendment C to temporarily lift spending limits imposed on the state by the TABOR Amendment, with polls showing the ballot measure leading by a slim margin. However, regardless of the outcome of that election, Colorado state officials have indicated to railroad management that the railroad is near the end of a long queue of state government capital needs, including millions needed for public schools and postsecondary education. Commission officials indicate it is unlikely the railroad will receive substantial funding (in excess of \$10 thousand per year) from Colorado in the next year or two.

With enterprise revenues not meeting projections and minimal prospects of financial assistance from Colorado, the commission is considering restructuring routes to shorten trips and make round trips by train (i.e. Chama-Cumbres Pass-Chama or Chama-Ossier-Chama). This is the most scenic portion of the railroad and would eliminate the cost of a bus shuttle (about \$250 thousand per year). However, the committee is concerned about frequent turnover of the commission executive director, as well as the lack of an operating budget and weekly updates of expenditures by the contractor that operates the train. This information is critical to effective control of railroad finances.

The committee recommendation includes funding at the FY06 level. The committee notes that fuel prices might decline to the June 2005 levels by 2006. The committee recommends that the commission try to generate sufficient enterprise revenues to pay all operating costs and that the railroad restructure routes to generate maximum revenues at minimum costs. The state of New Mexico should not further subsidize train operations in Colorado. Any appropriations from the Legislature to the commission should be used only to operate the portion of the train route between Chama and Ossier or for capital facilities below Ossier.

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2007, including but not limited to ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use toward operating expenses of the railroad.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission is to provide railroad excursions into the scenic San Juan mountains.

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
Outcome	Total number of passengers	14,500	29,657	45,000	NA	45,000
Output	Revenue generated from ticket sales, in millions		\$1.931	\$2.750	\$2.900	\$2.900

STATUTORY AUTHORITY:

The Department of Cultural Affairs (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 9-4A-18 NMSA 1978). The new law elevated the agency to cabinet status and elevated the individual museums in the Museum of New Mexico to division status, placing them on equal footing with other museums and facilities within the DCA.

In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); and, Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act).

MISSION:

DCA preserves and fosters New Mexico's diverse cultural, scientific, and artistic heritage and expression for present and future generations, enhancing the quality of life and economic well-being of the state.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	26,331.0	27,096.9	26,650.4	26,987.9	-0.4
Other Transfers	0.0	286.5	288.5	288.5	0.7
Fed Program Revenues	2,070.8	3,168.7	3,498.6	3,498.6	10.4
Other Program Revenues	2,756.6	3,320.0	3,752.2	3,752.2	13.0
Enterprise Program Rev	1,907.4	2,696.3	2,591.7	2,591.7	-3.9
General Revenues	246.5	768.6	855.5	855.5	11.3
SOURCES TOTAL	33,312.3	37,337.0	37,636.9	37,974.4	1.7
USES					
Personal Services/Empl Benefit	21,456.9	26,652.1	26,439.0	26,776.5	0.5
Contractual Services	6,094.6	3,814.4	3,997.5	3,997.5	4.8
Other	6,463.3	6,870.5	7,200.4	7,200.4	4.8
Other Financing Uses	74.2	0.0	0.0	0.0	***
TOTAL USES	34,089.0	37,337.0	37,636.9	37,974.4	1.7
FTE					
Permanent	420.0	429.4	429.4	435.4	1.4
Term	108.5	117.1	117.1	117.1	0.0
Temporary	12.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	540.5	558.5	558.5	564.5	1.1

BUDGET ISSUES:

The FY06 operating budget was adjusted to include the following four programs totaling \$446.5 thousand appropriated in Laws 2005, Chapter 34, (Senate Bill 190): \$47.5 thousand for a full-time equivalent position at Coronado State Monument; \$19 thousand to expand museum outreach services; \$190 thousand for a youth dance program; and \$190 thousand for youth literacy. On September 1, the agency submitted a flat general fund budget request for FY07, excluding any funding for the twenty-six items funded through appropriations from Senate Bill 190. The committee recommends the agency request in FY07 and three base expansion items.

Subsequent to the statutory submission deadline, the department submitted an addendum to its expansion programs. These program expansions totaled \$3.5 million. The Legislative Finance Committee is very concerned with the addendum process and with executive departments submitting unrealistic budgets that do not reflect their needs to operate in an effective and efficient manner. In its initial request, the DCA did not request additional funds for existing facilities that will open in FY06 or FY07. For example, the New Mexico History Museum is scheduled to open in 2007, the Camino Real monument is opening in November 2005, and expansion of the Lincoln monument and Taylor properties will occur in FY2006.

The LFC recommendation increases general fund support for DCA by \$337.5 thousand. The base recommendation is at the FY07 agency request. The committee recommends three base expansion items and 6 FTE. The recommendation will fund staff needed for the new State History Museum, to address the FY04 financial audit findings and to support the Coronado State Monument. The department also requested a FY06 supplemental appropriation for seven governor exempt temporary unauthorized positions at a cost of \$529.1 thousand. The committee does not recommend the request. The agency should not employ staff or create positions if its current operating budget funding level is not sufficient to support the expenditures. Also, program funds should not be diverted into personal services and employee benefits to fund unauthorized positions. This only jeopardizes the successful operation of the program and diverts the initial appropriation, requiring the agency to request supplemental appropriation from the legislature to restore the program funding level for the current year and recurring funding for the next fiscal year.

The committee is recommending \$300 thousand in special appropriations for expenditures in FY06 and FY07 for the seven state monuments, including Lincoln, Camino Real, and the John Paul Taylor Home. The committee understands that the agency will be accepting a gift to the state worth several million dollars of restored historic properties at Lincoln monument in January 2006. These properties will significantly enhance the state's investment in Lincoln Monument, officially recognized as a national treasure and a driving force in the local economy of the region. The Camino Real monument will be opening in 2005 and is expected to attract over 12,000 visitors, increasing cultural tourism to this area of the state and impacting local economic development. The agency is also beginning the restoration planning for the Taylor monument.

DCA set out to measure the economic and social value of culture in our state. The 2004 report showed that New Mexico's cultural treasures -- museums, visual and performing arts, libraries, art galleries, historic buildings, arts councils, archaeological sites, films, literature, and community festivals -- stimulate deep and broad economic and social development within our communities. Their research indicated that cultural activities are an economically sound investment. Cultural activities attract tourists and create ancillary facilities such as restaurants, hotels, and the services needed to support them. Cultural facilities and events enhance property values, tax revenues, and profitability for communities.

As an industry, cultural activities in New Mexico generated more than \$2.5 billion in direct economic impact in 2003. Cultural organizations employed more than 32,000 people in 2003, paid more than \$500 million in payroll, and generated \$141 million in state government tax revenues and \$42 million in local government revenues. In addition, cultural tourism generated \$600 million in 2003, equal to 20 percent of the revenues in the tourism industry, New Mexico's largest private sector employer.

The department's museums have a relationship with foundations, private, nonprofits organizations that support the museums' programs, collections, and exhibits. Foundations do not support any of the operational costs of DCA, including staff salaries and building maintenance and repairs. Typical activities are: fundraising, membership drives, gift shops, restaurants, capital and endowment campaigns, and acquisitions of works of art for museum collections. The financial information of each foundation is provided annually to DCA through a financial audit separate from the department's annual financial audit. The State Auditor requested that foundation financial audits be part of the agency annual audit; the foundations disagreed and discussions are currently being held with all parties to resolve this issue for the FY05 audit submission.

Capital Outlay. The DCA capital improvements plan for fiscal years 2007-2011 indicate a funding need of \$64.5 million. The plan includes the following major projects:

*Statewide Americans with Disabilities Act(ADA) compliance and facility repairs are the department No. 1 ranking in four of the five years at a cost of \$7.6 million. ADA funding will alleviate life, safety, and code violations that continue to exist at the facilities.

*Phase II of the Archaeology Center follows the 2005 legislative appropriation of \$3 million to plan, design and construct a New Mexico Archaeology Center to serve as a repository for more than 11 million items. The funding will be matched with \$2.3 million of privately raised money, and the federal Bureau of Land Management is offering 65 acres in Santa Fe County for the center with room for expansion.

* The Farm and Ranch Museum has 10 projects requested in the five-year plan at a total cost of \$4.7 million. The projects range from landscape and design, main gallery design to construction of a new building for exhibit area expansion.

*The Coronado, Fort Selden, Bosque Redondo, and Taylor monuments request funding for exhibit upgrades, visitor center planning, and design and building construction.

A report by LFC performance audit staff indicated the state's museums continually strive to increase the quality of their exhibits and collections, to broaden their education programs and to attract larger and more diverse audiences to their institutions. An increase in public interest and higher standards placed on the museums and monuments has made it more difficult for the older museums in Santa Fe and historic monuments statewide, to carry out their mission and to compete with other institutions. The problem is in large part due to the current needs for space for museum programs, activities, and storage of collections.

As the Legislature appropriates capital funds to address these problems, DCA raises a concern that it is not feasible to expect the department to complete the construction of a new building or expand facilities for exhibits and not have the resources to hire additional staff, forcing it absorb additional operational costs from within their current operation budget. Although the department raises the concern, it has not requested additional staff or funding of operational costs as a program expansion in its operating budget request.

The New Mexico History Museum, adjacent to the Palace of the Governors, is scheduled to open in a new building in 2007, this is a major capital project for DCA, estimated to cost \$24 million. The new 96,000-square-foot facility will present exhibitions, programs, and stories that span the early history of indigenous people, Spanish colonization, the Mexican Period, and travel and commerce on the Santa Fe Trail. The department did not request base expansion for additional staff or operational costs. LFC is recommending 4 FTE to provide support for the new History Museum in 2007.

The annual financial audit of DCA for FY04 identified many problematic financial practices including the following:

- *Accounting procedures resulted in incorrect account balances resulting in over- and under-statement of assets, liabilities, revenue, and expenditures.

- *Cash balances were not reconciled in a timely manner.

- *The department did not maintain the capital asset listing for additions and deletions during the course of the year.

- *Depreciation schedules for capital assets and deleted items could not be provided.

- *The capital assets reconciliation to general ledger was not performed, a task required to reconcile capital outlay expense to additions per the capital assets listings.

- *DCA could not provide documentation regarding payments or receipts to and from other state agencies.

- *DCA did not make timely payments on bond and notes payable during the course of the fiscal year and remained in default as of June 30, 2004.

DCA management generally agreed with the audit findings and indicated changes would be made to correct them, however; in some instances, the department reported that accounting staff turnover, lack of experience, and management oversight disrupted sound accounting practices. New management staff in the Administrative Services Division indicate that these findings are being addressed.

In 2004, DCA reorganized the department along program organizational lines and submitted its FY07 budget request reflecting five program areas: Museums and Monuments, Library Services, Arts, Preservation, and Program Support. Museums outside of Santa Fe employ staff to provide financial support. The museums in Santa Fe do not have staff assigned for budget and financial control. These museums currently use museum services personnel who volunteer to provide this support. The program function established for the Museum Services Division does not include this responsibility. The committee recommends the department review each of the affected museums, identify a vacant position within each museum, and reclassify that position to a financial position. This will give each museum the resources needed for financial stability and accountability. The Administrative Services Division should work with each museum to ensure implementation.

BASE EXPANSION:

DCA did not request base expansion items with its FY07 budget request. As mentioned previously the department submitted a list of hardship issues and expansion requests to DFA. The department did not submit a revised budget request and no formal request was forwarded to LFC by DFA. The committee is concerned that this process does not provide the committee with the timely information it requires to evaluate the needs of the department. Nevertheless, aware the New Mexico History Museum will require additional staff and operational costs, the committee recommends \$230 thousand and 4 FTE to begin staffing the museum. The committee also requests that the department provide monthly progress and financial reports on the status of the project and a projection of operational costs needed to support the museum.

The LFC recommendation includes \$60 thousand and 1 FTE to administer fixed assets to address FY04 audit findings. The department needs to ensure the position is filled with a qualified accountant who will implement proper accounting procedures dealing with fixed assets and establish policies that will provide accountability and correct financial deficiencies. In addition, the committee recommends \$47.5 thousand for 1 FTE for the Coronado State Monument.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balance in the cultural affairs department remaining at the end of fiscal year 2007 from appropriations made from the general fund shall not revert.

The internal services funds/interagency transfers appropriations to the preservation program of the cultural affairs department include one million dollars (\$1,000,000) from the department of transportation for archaeological studies related to highway projects.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	ASD Finance Management	(Program)	0.0	60.0
*	Coronado State Monument	(Mus. & Monu)	0.0	47.5
*	<u>New Mexico State History Museum</u>	<u>(Mus. & Monu)</u>	<u>0.0</u>	<u>230.0</u>
TOTAL			0.0	337.5

MUSEUMS AND MONUMENTS

The purpose of the museums and monuments program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history, and science of New Mexico and cultural traditions worldwide.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	<u>FY05</u>	<u>FY06</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
	<u>2004-2005</u>	<u>2005-2006</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	18,224.1	18,392.6	17,946.1	18,223.6	-0.9
Other Transfers	0.0	157.1	192.7	192.7	22.7
Fed Program Revenues	31.2	93.8	82.3	82.3	-12.3
Other Program Revenues	2,551.0	3,174.1	3,428.0	3,428.0	8.0
General Revenues	206.8	738.0	825.5	825.5	11.9
SOURCES TOTAL	21,013.1	22,555.6	22,474.6	22,752.1	0.9
USES					
Personal Services/Empl Benefit	12,671.4	16,284.9	16,109.7	16,387.2	0.6
Contractual Services	4,579.1	1,460.9	1,183.0	1,183.0	-19.0
Other	3,586.8	4,809.8	5,181.9	5,181.9	7.7
TOTAL USES	20,837.3	22,555.6	22,474.6	22,752.1	0.9
FTE					
Permanent	308.8	299.2	299.2	304.2	1.7
Term	47.5	51.6	52.6	52.6	1.9
Temporary	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	360.3	354.8	355.8	360.8	1.7

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of museum collections, excluding archaeological collections, housed in areas that meet museum standards for adequate environmental and storage conditions	68%	68%	68%		
Output	Number of cubic feet of museum archaeological collections stored in the Halpin building.	110	8,500	8,784		
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs			800,000	825,097	825,097
Output	Total attendance to museum exhibitions, performances, films, and other presenting programs	808,457	886,812	897,500		
* Output	Number of participants to off-site educational, outreach and special events related to museum missions				64,632	64,632
Output	Number of participants at on-site educational, outreach, and special events related to museum missions	330,666	319,934	324,485	325,112	325,112
Outcome	Percent of participants attending off-site education, outreach, and special events occurring in communities outside Santa Fe, Albuquerque, and Las Cruces	53%	57%	60%		

PRESERVATION

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	1,207.9	804.5	804.5	804.5	0.0
Other Transfers	0.0	129.4	95.8	95.8	-26.0
Fed Program Revenues	567.8	1,041.8	1,316.2	1,316.2	26.3
Other Program Revenues	203.3	127.7	2.7	2.7	-97.9
Enterprise Program Rev	1,907.4	2,696.3	2,591.7	2,591.7	-3.9
General Revenues	4.6	0.0	0.0	0.0	***
SOURCES TOTAL	3,891.0	4,799.7	4,810.9	4,810.9	0.2
USES					
Personal Services/Empl Benefit	3,724.5	4,001.8	3,953.6	3,953.6	-1.2
Contractual Services	297.2	258.4	312.0	312.0	20.7
Other	356.4	539.5	545.3	545.3	1.1
TOTAL USES	4,378.1	4,799.7	4,810.9	4,810.9	0.2
FTE					
Permanent	37.0	36.0	36.0	36.0	0.0
Term	41.5	40.5	39.5	39.5	-2.5
Temporary	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	84.5	82.5	81.5	81.5	-1.2

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u> 56%	<u>FY07 Recomm</u> 56%
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces					
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	48%	56%	56%		
* Output	Total number of new structures preserved annually utilize preservation tax credits	31	39	45	45	45

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,808.3	3,483.1	3,483.1	3,483.1	0.0
Fed Program Revenues	1,241.5	1,404.3	1,404.3	1,404.3	0.0
Other Program Revenues	2.1	0.0	0.0	0.0	***
General Revenues	34.5	30.0	30.0	30.0	0.0
SOURCES TOTAL	5,086.4	4,917.4	4,917.4	4,917.4	0.0
USES					
Personal Services/Empl Benefit	2,820.0	2,804.9	2,814.2	2,814.2	0.3
Contractual Services	1,002.8	846.9	882.2	882.2	4.2
Other	1,311.2	1,265.6	1,221.0	1,221.0	-3.5
Other Financing Uses	70.0	0.0	0.0	0.0	***
TOTAL USES	5,204.0	4,917.4	4,917.4	4,917.4	0.0
FTE					
Permanent	46.0	42.0	42.0	42.0	0.0
Term	19.5	19.5	19.5	19.5	0.0
TOTAL FTE POSITIONS	65.5	61.5	61.5	61.5	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u> 75%	<u>FY07 Recomm</u> 75%
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces					
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	78%	59%	75%		
* Output	Total number of library materials catalogued in systemwide access to libraries in state agencies and keystone library automation system online databases, available through the internet	918,149	949,800	935,000	950,000	950,000

PROGRAM SUPPORT

The purpose of the program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	<u>FY05</u> 2004-2005 <u>Actuals</u>	<u>FY06</u> 2005-2006 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	1,571.0	3,167.3	3,167.3	3,227.3	1.9
Fed Program Revenues	0.0	72.2	89.2	89.2	23.5
Other Program Revenues	0.0	18.0	321.5	321.5	1,686.1
SOURCES TOTAL	1,571.0	3,257.5	3,578.0	3,638.0	11.7
USES					
Personal Services/Empl Benefit	1,481.2	2,819.5	2,811.4	2,871.4	1.8
Contractual Services	44.1	273.1	595.2	595.2	117.9
Other	91.8	164.9	171.4	171.4	3.9
Other Financing Uses	4.2	0.0	0.0	0.0	***
TOTAL USES	1,621.3	3,257.5	3,578.0	3,638.0	11.7
FTE					
Permanent	28.2	41.7	41.7	42.7	2.4
Term	0.0	1.0	1.0	1.0	0.0
Temporary	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	30.2	44.7	44.7	45.7	2.2

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt	8,557	9,660	8,700		
* Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues				15%	15%
* Outcome	Percent of performance measures' targets in the General Appropriation Act, that were met excluding this measure	46%	67%	75%	80%	80%

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,519.7	1,249.4	1,249.4	1,249.4	0.0
Fed Program Revenues	230.3	556.6	606.6	606.6	9.0
Other Program Revenues	0.2	0.2	0.0	0.0	-100.0
General Revenues	0.6	0.6	0.0	0.0	-100.0
SOURCES TOTAL	1,750.8	1,806.8	1,856.0	1,856.0	2.7
USES					
Personal Services/Empl Benefit	759.8	741.0	750.1	750.1	1.2
Contractual Services	171.4	975.1	1,025.1	1,025.1	5.1
Other	1,117.1	90.7	80.8	80.8	-10.9
TOTAL USES	2,048.3	1,806.8	1,856.0	1,856.0	2.7
FTE					
Permanent	0.0	10.5	10.5	10.5	0.0
Term	0.0	4.5	4.5	4.5	0.0
TOTAL FTE POSITIONS	0.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces				36%	36%
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	42%	31%	46%		
* Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations				1,800,000	1,800,000
Output	Attendance at new programs partially funded by New Mexico arts, provided by arts organizations statewide	2,338,729	2,656,721	1,800,000		

STATUTORY AUTHORITY:

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, overseeing the New Mexico meat inspection program, and promoting greater economy, service and efficiency in the administration of laws relating to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle or sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

MISSION:

The primary responsibility of the New Mexico Livestock Board is to protect the livestock industry from loss of livestock by theft or straying, to help control the spread of dangerous diseases of livestock, and to provide meat inspection service that assures consumers they are being provided a clean, wholesome and safe product.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	941.0	897.3	1,875.2	934.5	4.1
Other Transfers	23.0	0.0	0.0	0.0	***
Fed Program Revenues	577.3	541.0	832.0	764.6	41.3
Other Program Revenues	3,704.9	4,066.9	4,234.8	4,003.3	-1.6
SOURCES TOTAL	5,246.2	5,505.2	6,942.0	5,702.4	3.6
USES					
Personal Services/Empl Benefit	3,765.3	4,021.2	5,175.6	4,138.6	2.9
Contractual Services	238.6	276.7	293.2	253.5	-8.4
Other	1,242.3	1,207.3	1,473.2	1,310.3	8.5
TOTAL USES	5,246.2	5,505.2	6,942.0	5,702.4	3.6
FTE					
Permanent	82.0	84.0	95.0	86.0	2.4
TOTAL FTE POSITIONS	82.0	84.0	95.0	86.0	2.4

BUDGET ISSUES:

The New Mexico Livestock Board has recently changed financial officers for the second time within a year and a number of fiscal concerns have arisen. The board is having difficulty maintaining control over expenditures and concerns raised by LFC have not led to any significant changes. Overall, program expenses for FY05 were within appropriations, however a year-end review noted overspending in two of three categories within each program. Further, and of greater concern, are a number of findings in the agency's FY04 audit that reflect material weaknesses in internal financial controls.

In addition, the agency budget request for personal services and employee benefits indicates the agency payroll system is not reconciled with the Table of Organizational Listing. Once reconciled, the differences for individual employees were significant and the agency consequently requested \$103 thousand more in personal services and employee benefits. Further, the board has expended considerable funds to support FEMA efforts in Louisiana, as well as other federally-initiated animal health responsibilities. This is causing concern regarding the ability of the board to meet expenses late in the fiscal year should the reimbursements be delayed. Currently, the board does not voucher through the Department of Finance and Administration (DFA), and does not have independent oversight controls in place. The committee recommends the agency begin conducting payroll and expenditure vouchering through DFA immediately to provide independent oversight and guidance to the agency.

The board in August 2004 approved an increase in brand registration fees and meat-processor application fees to offset projected fund balance deficits in FY07 through FY10. Brand registration is underway and revenues are on track to meet projections. Mill levy collections in FY06 are down considerably and continue to be a challenge as livestock owners persist in under-reporting ownership and county assessors remain unfocused on the importance of collecting these fees. At present, the board's operating fund appears to be stable well past FY10.

Recognizing the significant impact of "mad cow" disease and other animal diseases on New Mexico ranchers, the Legislatures in 2004 and 2005 appropriated \$1.1 million to develop an identification and inspection program that will meet the immediate needs of the state and be adaptable in the future to meet national identification requirements. Included in the agency FY06 operating budget is \$250 thousand to fund 2 FTE and expenses associated with initial implementation of the program. The nonrecurring portion of the appropriation is being used to purchase computer equipment to convert the board's data and reporting systems and implement an electronic animal tracking system. Additional support to fund ongoing costs will not be determined until full operation begins, however existing resources will be sufficient through FY07.

BASE EXPANSION:

The agency requested \$1.1 million in expansion for FY07 with \$977 thousand from the general fund and an 11 FTE expansion. This expansion includes \$601 thousand for salary increases for livestock and meat inspectors to bring compensation to the salary range midpoint. While supportive of the efforts of the agency's enforcement personnel, the committee recommends the agency work with the State Personnel Office (SPO) on developing a thoughtful compensation request that addresses recruitment and retention issues and compa-ratio data, and includes assessment and evaluation of comparable market salaries.

Further, the agency requested an information technology position to support the animal identification program, six new livestock inspectors, and four meat and compliance officers. The meat inspection program, by agreement with the federal government, is required to have an inspector on site at all time when a plant is slaughtering animals. One of the 4 FTE requested is to staff a new plant in Mountainair.

The committee recommends the expansion of the information technology support position (\$79.1) and one additional meat inspector (\$37.5). Although supportive of agency efforts, the committee does not support the remainder of the expansion request.

RECOMMENDED LANGUAGE:

Beginning in fiscal year 2007, the New Mexico livestock board shall submit vouchers to the department of finance and administration and shall not be granted no vouchering status for fiscal year 2007.

The general fund appropriation to the New Mexico livestock board for its meat inspection program, including administrative costs, is contingent upon a dollar-for-dollar match of federal funds for that program.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Salary increases for livestock inspectors	(LI)	554.4	0.0
2	Salary increases for meat inspectors	(MI)	46.4	0.0
3	Information technology support (1FTE)	(LI)	82.5	79.1
4	Livestock inspector (6 FTE)	(LI)	236.2	0.0
5	<u>Meat inspector (4 FTE)</u>	<u>(MI)</u>	<u>163.0</u>	<u>37.5</u>
TOTAL			1,082.5	116.6

ADMINISTRATION

The purpose of the administration program is to provide administrative and logistical services to employees.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	72.2	73.5	73.5	73.5	0.0
Other Transfers	23.0	0.0	0.0	0.0	***
Fed Program Revenues	73.9	73.9	85.1	85.1	15.2
Other Program Revenues	391.8	502.8	537.0	481.9	-4.2
SOURCES TOTAL	560.9	650.2	695.6	640.5	-1.5
USES					
Personal Services/Empl Benefit	421.8	486.6	499.1	464.0	-4.6
Contractual Services	20.8	17.0	33.1	32.9	93.5
Other	118.3	146.6	163.4	143.6	-2.0
TOTAL USES	560.9	650.2	695.6	640.5	-1.5
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
Output	Number of payment vouchers processed	3,287	3,100	3,000	3,000	3,200
Efficiency	Percent of vouchers processed within 10 business days	90%	95%	90%	90%	95%

LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous diseases of livestock.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	406.7	356.7	1,229.9	356.7	0.0
Fed Program Revenues	61.8	0.0	131.2	131.2	***
Other Program Revenues	3,277.4	3,507.6	3,583.1	3,473.8	-1.0
SOURCES TOTAL	3,745.9	3,864.3	4,944.2	3,961.7	2.5
USES					
Personal Services/Empl Benefit	2,601.1	2,688.8	3,581.0	2,776.2	3.3
Contractual Services	192.5	251.2	251.3	211.7	-15.7
Other	952.3	924.3	1,111.9	973.8	5.4
TOTAL USES	3,745.9	3,864.3	4,944.2	3,961.7	2.5
FTE					
Permanent	56.2	58.2	65.2	59.2	1.7
TOTAL FTE POSITIONS	56.2	58.2	65.2	59.2	1.7

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Average percentage of investigation findings completed within one month	48%	50%	50%	50%	50%
* Output	Number of road stops per month	31	87	40	30	75
* Outcome	Number of livestock thefts reported per 1000 head inspected	1.0	1.9	1.0	1.0	1.0

MEAT INSPECTION

The purpose of the meat inspection program is to provide meat inspection service to meat processors and slaughterers to assure consumers of clean, wholesome and safe products.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	462.1	467.1	571.8	504.3	8.0
Fed Program Revenues	441.6	467.1	615.7	548.3	17.4
Other Program Revenues	35.7	56.5	114.7	47.6	-15.8
SOURCES TOTAL	939.4	990.7	1,302.2	1,100.2	11.1
USES					
Personal Services/Empl Benefit	742.4	845.8	1,095.5	898.4	6.2
Contractual Services	25.3	8.5	8.8	8.9	4.7
Other	171.7	136.4	197.9	192.9	41.4
TOTAL USES	939.4	990.7	1,302.2	1,100.2	11.1
FTE					
Permanent	17.8	17.8	21.8	18.8	5.6
TOTAL FTE POSITIONS	17.8	17.8	21.8	18.8	5.6

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of inspections where violations are found	5%	3%	2%	2%	3%
* Outcome	Number of violations resolved within one day	187	350	210	240	250
* Output	Number of compliance visits made to approved establishments		9,500	7,500	7,500	8,000

STATUTORY AUTHORITY:

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department conducts research on game and nongame species of wildlife and wildlife habitat; maintains animal propagation facilities for reestablishment of threatened species; operates fish hatcheries; stocks New Mexico waters with hatchery-bred fish from state and out-of-state sources; acquires, manages, and disposes of department-owned property; promulgates and enforces hunting, trapping, and fishing regulations; works with state and federal agencies concerning habitat manipulation affecting wildlife populations; assists private landowners in improving wildlife habitat; develops wildlife education programs; and provides public information on wildlife needs, recreational opportunities, and department programs.

The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Sport Hunting and Fishing, which regulates all hunting and fishing activities statewide; Conservation Services, which is responsible for habitat management, biological support, and land acquisition; Depredation Services which oversees depredation complaints as well as the implementation of intervention options for dealing with animals causing property damage; and Program Support which provides agency wide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for administration of the department.

MISSION:

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by utilizing a flexible management system that provides for their protection, propagation, regulation, conservation and use as public recreation and food supply.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005	FY06 2005-2006	<u>FY07 – 2006-2007</u>		Percent
	Actuals	Budgeted	Agency	LFC	Incr
			Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	179.6	181.9	181.9	181.9	0.0
Other Transfers	0.0	100.0	5.0	5.0	-95.0
Fed Program Revenues	6,434.6	10,431.1	11,175.3	11,125.7	6.7
Other Program Revenues	119.7	107.5	108.5	108.5	0.9
Enterprise Program Rev	16,945.0	16,532.0	20,139.1	19,759.4	19.5
General Revenues	428.6	208.2	384.4	384.4	84.6
Extraord/Special	160.8	109.0	131.0	131.0	20.2
Fund Balance	2,383.1	4,504.0	1,592.6	1,231.5	-72.7
SOURCES TOTAL	26,651.4	32,173.7	33,717.8	32,927.4	2.3
USES					
Personal Services/Empl Benefit	14,952.5	17,884.9	18,304.3	17,818.9	-0.4
Contractual Services	2,084.7	3,061.8	3,199.5	2,944.5	-3.8
Other	8,178.8	10,912.0	11,899.0	11,849.0	8.6
Other Financing Uses	130.8	315.0	315.0	315.0	0.0
TOTAL USES	25,346.8	32,173.7	33,717.8	32,927.4	2.3
FTE					
Permanent	266.0	283.0	283.0	283.0	0.0
Term	12.0	12.0	12.0	12.0	0.0
Temporary	9.5	4.5	4.5	4.5	0.0
TOTAL FTE POSITIONS	287.5	299.5	299.5	299.5	0.0

BUDGET ISSUES:

The department's FY07 request of \$33.7 million represents a \$1.54 million, or 4.7 percent increase over FY06. For FY07 this reflects a general fund request of \$182 thousand, with the remainder of operating funds being derived from program revenues (\$20.7 million), federal funds (\$11.1 million), and fund balances (\$1.6 million).

As detailed in the FY07 budget request, with the exception of a minimal portion of general fund support, the agency is fully funded from fees, penalties, income from department-owned property, and federal revenues.

Revenue to the game protection fund is generated from the sale of hunting and fishing licenses, special hunt fees, income from property owned by the department, and interest on balances in the fund. One dollar of each hunting and fishing license fee is reserved for capital projects approved by the State Game Commission. Other revenues are received from the purchase of a habitat stamp required to hunt and fish on federal property, the annual auction of one permit to hunt Rocky Mountain or desert bighorn sheep, federal funds from federal excise taxes, and depredation fees assessed with each license to capitalize the big game depredation fund. These revenues are administered through six dedicated special revenue funds: the Sikes Act (habitat improvement stamp); share with wildlife; bighorn sheep enhancement; deer enhancement; elk enhancement; and big game depredation damage. Most recently, the Legislature in 2005 authorized the establishment of two additional special revenue funds: habitat management and Gould's turkey enhancement. General fund appropriations, while small, have augmented game protection fund revenue in carrying out the Conservation Services Division's responsibilities for public education and the conservation of nongame wildlife species.

All funds received are deposited into the game protection fund, which serves as the agency's bank account. Income to the fund is nonexistent between the months of October and April, requiring the department to maintain a minimum of \$6 million in the fund at all times to make certain the agency is able to operate over this period of time. Since FY01, the game protection fund has provided over \$21.5 million to complete several capital projects, including \$5.38 million in new projects appropriated during the 2005 session. Projects recently financed by game protection fund appropriations include the construction of the warm water hatchery at Santa Rosa, purchase of Eagle Nest Lake, construction at Red River hatchery, Eagle Nest dam repair, clean up at the Terrero Mine site, and engineering and construction costs associated with work on dams and spillways owned by the State Game Commission.

In 2004 the agency projected the fund would be depleted by FY07, without requiring a license fee increase, which was approved by the Legislature in 2005. At current sales levels, the changes proposed in this bill are projected to generate an additional \$4.5 million in annual license sales revenue for the department and will allow the agency to continue operating at current levels. However, even with increased revenue from license fees, the game protection fund cannot continue to finance nonrecurring costs and sustain services at current levels over the long term.

Additionally, the department is positioned to begin budgeting some \$250 thousand of habitat management fund revenue that should begin accruing with the 2006-2007 license year. This revenue will be generated through an annual \$3 habitat management stamp that each hunter, angler or Gaining Access Into Nature (GAIN) project permit holder will be required to purchase and is anticipated to generate between \$750 thousand and \$900 thousand annually.

The department received a 2005 capital appropriation of \$4 million from the general fund for the acquisition of property and habitat improvement and is presently coordinating this initiative with the state departments of Agriculture and Energy, Minerals and Natural Resources. Initial planning efforts are being directed to four general areas: natural land protection, wildlife protection, working farm and ranch conservation, and local government related activities. The department, as well as its partner agencies, is aware of committee interest in this project and that related performance oversight and fiscal accountability criteria will be subject to committee review.

In addition to the habitat improvement appropriation, a 2005 capital appropriation of \$4.3 million from the game protection fund was made for dam repairs at Lake Roberts, the warm water hatchery at Santa Rosa, and archery ranges. However, the 2005 capital appropriation required the appropriation to be generated from fee increases, thus decreasing the level of funds available to sustain operations. It may not be prudent to utilize the fund for additional capital outlay projects.

The department continues to work to address staffing issues, and the agency has made substantial progress in addressing vacancies among conservation officers. The agency's expansion request of eight conservation officers was approved during the last session and, by December 2005, the 70 authorized conservation officer positions will be filled. The committee recognizes the unique responsibilities and hazards associated with conservation officer duties, and urges the department to maintain full staffing levels. At the suggestion of the committee and pursuant to language in the general appropriations act, the agency is presently working with the State Personnel Office to refine a compensation plan that takes into account employee capabilities and proficiencies.

Depredation complaints remain a concern, as both complaints and resources dedicated to resolving them continually increase. The department recently received State Game Commission approval to make significant changes to the process used to allocate elk hunting opportunity on private land. Defining a clear objective of the previous landowner signup system (LOSS) proved troublesome in recent years, as landowners chose to reject offers of physical measures to resolve depredation issues and instead demanded additional tags while at the same time demanding financial compensation for damage to property. The new private land use system (PLUS) makes a clear distinction between allocation of hunting opportunity and actions taken to resolve damage complaints. The PLUS system requires landowners to select one option, either to participate and benefit from elk management or to work with the agency to resolve damage problems, but not both. The commission also changed the requirements regarding distribution of hunting opportunities on private land to make the process more equitable and to develop a system centered on private lands' contribution to the continued well-being of the state's wildlife resources.

Program performance for FY05 was generally good with measured activities either meeting or exceeding target levels. The one notable exception was within the Wildlife Depredation and Nuisance Abatement Program, wherein the percentage of depredation complaints resolved within the mandated one year timeframe was a measured outcome. For FY05, 267 complaints were filed at various intervals from July 1, 2004, to June 30, 2005. Of these complaints, 197 were resolved within one year of filing, yielding a 74 percent resolution rate as of June 20, 2005.

While the committee recognizes that the department is taking steps to address depredation-related issues, it is concerned that a single measurement does not accurately measure program performance and recommends development of more significant measures to better reflect depredation program activities. The committee recommends that a measurement indicating the total number of acres monitored, compared with the total acres depredated be included in the department's performance measurement criteria.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriations to the sport hunting and fishing program of the department of game and fish include one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operation. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 from this appropriation shall revert to the game protection fund.

SPORT HUNTING AND FISHING

The purpose of the sport hunting and fishing program is to provide a statewide system for hunting activities as well as self-sustaining and hatchery-supported fisheries taking into account hunter safety, quality hunts, high-demand areas, guides and outfitters, quotas and assuring local and financial interests receive consideration.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Fed Program Revenues	4,334.5	5,595.2	6,779.8	6,730.2	20.3
Enterprise Program Rev	9,821.1	9,500.0	10,744.8	10,526.6	10.8
Fund Balance	628.8	2,349.6	0.0	0.0	-100.0
SOURCES TOTAL	14,784.4	17,444.8	17,524.6	17,256.8	-1.1
USES					
Personal Services/Empl Benefit	9,613.5	11,525.6	11,753.5	11,485.7	-0.3
Contractual Services	903.0	792.2	789.6	789.6	-0.3
Other	3,982.0	4,812.0	4,666.5	4,666.5	-3.0
Other Financing Uses	61.5	315.0	315.0	315.0	0.0
TOTAL USES	14,560.0	17,444.8	17,524.6	17,256.8	-1.1
FTE					
Permanent	177.0	189.0	189.0	189.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
Temporary	8.5	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	187.5	195.0	195.0	195.0	0.0

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Angler opportunity and success	77%	78.5%	80%	80%	80%
* Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	185,707	182,782	160,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84.6%	83.9%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	312,625	477,665	400,000	400,000	400,000

CONSERVATION SERVICES

he purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	179.6	181.9	181.9	181.9	0.0
Other Transfers	0.0	100.0	5.0	5.0	-95.0
Fed Program Revenues	1,990.3	4,349.9	3,843.8	3,843.8	-11.6
Other Program Revenues	7.1	5.0	5.5	5.5	10.0
Enterprise Program Rev	2,120.1	1,671.8	2,405.9	2,405.9	43.9
General Revenues	100.1	52.0	93.8	93.8	80.4
Fund Balance	1,147.4	553.6	1,492.6	1,131.5	104.4
SOURCES TOTAL	5,544.6	6,914.2	8,028.5	7,667.4	10.9
USES					
Personal Services/Empl Benefit	1,980.4	2,252.7	2,271.1	2,160.0	-4.1
Contractual Services	713.0	1,314.6	1,367.6	1,167.6	-11.2
Other	1,929.5	3,346.9	4,389.8	4,339.8	29.7
Other Financing Uses	69.3	0.0	0.0	0.0	***
TOTAL USES	4,692.2	6,914.2	8,028.5	7,667.4	10.9
FTE					
Permanent	30.0	32.0	32.0	32.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
Temporary	1.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	39.0	40.5	40.5	40.5	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of habitat improvement projects completed in cooperation with private, state and federal entities	83	129	N/A	N/A	N/A
* Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	42	49	35	35	35
Output	Number of consultations provided to public and private entities to determine potential impacts of habitat and wildlife resources	*	503	N/A	N/A	N/A
* Outcome	Number of wildlife areas opened for access under the gaining access into nature project	N/A	N/A	2	2	2
* Outcome	Number of acres of wildlife habitat conserved, enhanced, or positively affected statewide	N/A	N/A	100,000	100,000	100,000

WILDLIFE DEPREDAATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of and precluded from property damage, annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Fed Program Revenues	18.6	0.0	0.0	0.0	***
Enterprise Program Rev	932.9	960.2	948.2	941.1	-2.0
General Revenues	37.6	0.0	25.0	25.0	***
Fund Balance	125.0	0.0	100.0	100.0	***
SOURCES TOTAL	1,114.1	960.2	1,073.2	1,066.1	11.0
USES					
Personal Services/Empl Benefit	247.4	281.4	279.3	272.2	-3.3
Contractual Services	64.5	179.7	179.7	179.7	0.0
Other	584.8	499.1	614.2	614.2	23.1
TOTAL USES	896.7	960.2	1,073.2	1,066.1	11.0
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	73%	74%	95%	95%	95%

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Fed Program Revenues	91.2	486.0	551.7	551.7	13.5
Other Program Revenues	112.6	102.5	103.0	103.0	0.5
Enterprise Program Rev	4,070.9	4,400.0	6,040.2	5,885.8	33.8
General Revenues	290.9	156.2	265.6	265.6	70.0
Extraord/Special	160.8	109.0	131.0	131.0	20.2
Fund Balance	481.9	1,600.8	0.0	0.0	-100.0
SOURCES TOTAL	5,208.3	6,854.5	7,091.5	6,937.1	1.2
USES					
Personal Services/Empl Benefit	3,111.2	3,825.2	4,000.4	3,901.0	2.0
Contractual Services	404.2	775.3	862.6	807.6	4.2
Other	1,682.5	2,254.0	2,228.5	2,228.5	-1.1
TOTAL USES	5,197.9	6,854.5	7,091.5	6,937.1	1.2
FTE					
Permanent	54.0	57.0	57.0	57.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	56.0	59.0	59.0	59.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of contacts made to increase department diversity	N/A	N/A	N/A	5,000	5,000
* Output	Percent of vacancies filled within one hundred eighty days of occurrence	N/A	N/A	N/A	90%	90%
* Quality	Percent error rate in processing special hunt applications	N/A	N/A	N/A	<1%	<1%
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	N/A	N/A	N/A	95%	95%

STATUTORY AUTHORITY:

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

MISSION:

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	19,993.8	20,869.5	23,659.7	21,188.7	1.5
Other Transfers	5,616.3	4,286.7	5,920.0	6,252.6	45.9
Fed Program Revenues	14,391.9	21,524.8	17,945.8	17,945.4	-16.6
Other Program Revenues	5,838.0	5,606.9	5,751.2	5,751.2	2.6
General Revenues	3,956.1	4,806.5	6,655.0	6,655.0	38.5
Extraord/Special	3,395.1	1,480.0	20.0	20.0	-98.6
Fund Balance	873.6	2,189.3	2,643.1	2,643.1	20.7
SOURCES TOTAL	54,064.8	60,763.7	62,594.8	60,456.0	-0.5
USES					
Personal Services/Empl Benefit	23,779.5	25,565.3	27,087.3	25,731.6	0.7
Contractual Services	4,076.4	10,308.7	10,680.2	10,552.7	2.4
Other	9,299.2	17,844.2	16,595.6	15,940.0	-10.7
Other Financing Uses	2,573.5	7,045.5	8,231.7	8,231.7	16.8
TOTAL USES	39,728.6	60,763.7	62,594.8	60,456.0	-0.5
FTE					
Permanent	413.0	414.0	432.0	421.0	1.7
Term	38.0	39.0	39.0	45.0	15.4
Temporary	48.0	48.0	50.0	48.0	0.0
TOTAL FTE POSITIONS	499.0	501.0	521.0	514.0	2.6

BUDGET ISSUES:

For FY07, the agency requested a base budget of \$62.6 million, a \$2.8 million general fund increase over FY06. Included in the agency's request is an increase of \$1.5 million in personal services and employee benefits to fund the expansion of 18 FTE in the State Parks and Healthy Forests programs. Assuming a 3 percent vacancy saving rate over the agency's request, the committee recommends \$60.5 million for FY07. This includes expansion funding for 7 permanent FTE in the State Parks and Healthy Forests programs, 6 term FTE in the Oil and Gas Conservation program, and represents a 1.5 percent general fund increase over FY06. Although the total recommendation is below FY06, this is attributed to a decrease in federal funds, primarily in the healthy forests program.

The State Parks program comprises approximately 50 percent of the agency base budget. Parks will continue to pursue an active infrastructure improvement and growth agenda. Laws 2004, Chapter 114, Section 5, Subsections 55 and 56, respectively, appropriated \$1.7 million for new park development and park expansions, and \$1.8 million for the development and operation of the new Mesilla Valley Bosque State Park. Laws 2005, Chapter 114, Section 5, Subsections 54 and 55 extended the funding through fiscal year 2006 for the same purpose.

At present, the \$1.7 million appropriation has been allocated as follows: land purchase at Leasburg Dam (bid date October 2005), \$258 thousand; City of Rocks land purchase (acquisition closed in November 2005), \$150 thousand; Cerrillos Hills land acquisition (bid date May 2006), \$100 thousand; Blackwater Draw interpretive materials (bid date April 2006), \$100 thousand; and Vietnam Veterans Memorial projects (bid dates December 2005 to June 2006), \$1.1 million.

Land acquisition at Living Desert Zoo and Gardens State Park should close by December 31, 2005; a feasibility study for the Cerrillos Hills/Galisteo Basin State Park is underway and should be completed by January 2006; the agency has identified a suitable site in Cerrillos for potential purchase as a visitor center location and is initiating contact with the landowner. Agency specialists are also working with staff at the Blackwater Draw site on a project to upgrade interpretive and educational signage and related materials.

With respect to the \$1.8 million appropriation for the development and operation of the Mesilla Valley Bosque State Park, the agency has assembled close to 400 acres using a combination of fee purchases from private landowners, conservation easements with private landowners, a joint powers agreement with New Mexico Department of Game and Fish, and a lease with the International Boundary and Water Commission. The park is projected to encompass some 1,000 acres, with the balance of the acreage acquired through additional purchase and leases.

To date, the Mesilla Valley appropriation has been allocated to purchase of the Harris Farms' conservation easement (acquisition closed in October 2005), \$558 thousand; access road construction (to begin in December 2005), \$200 thousand; and visitor center, interpretive exhibits, and trails construction (beginning in May 2006), \$1.3 million.

The committee recognizes that these projects continue to develop and recommends that funding be extended through fiscal year 2007 for the same purposes.

The State Parks program request also includes \$2.5 million in federal grant funds from the land and water conservation fund. This represents \$1.9 million increase over FY06 and the funds will be applied to lake access and infrastructure projects at various state parks.

Agency performance across all programs for FY05 met or exceeded all targets, however the committee notes many performance measures are not relevant to agency operations and many targets have been established at levels that do not set high expectations for performance. Discussions with the agency in the interim resulted in the development of several new measures that more accurately reflect agency performance relating to meaningful activities and performance levels.

BASE EXPANSION:

The agency requested \$141.2 thousand and 3 FTE in the healthy forests program. The positions are foresters assigned to three areas: wildland fires, wildland/urban interface fire prevention, and fire-related forest health issues. The committee recommends the request.

The agency also requested 15 FTE in the state parks program for four instructional coordinators to initiate educational programming for children in association with state schools and teachers, and 11 FTE, consisting of natural science coordinators, instructional coordinators, and forest and conservation workers. Given current fiscal needs statewide, the committee recommends \$171.2 and 4 FTE for the following facilities: Fenton Lake, El Vado Lake, Eagle Nest Lake, and Clayton Lake.

Although included in the agency's request, the committee considers six positions in the Oil and Gas Conservation program to be expansion and has extracted them from the base. However, the committee understands the need for additional personnel in the oil and gas conservation program and supports expansion of the program by 6 term FTE to be funded by \$332.8 thousand in transfers from the oil reclamation fund.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Term environmental compliance staff (6 FTE)	(Oil Gas)	0.0	332.8
1	Health and wildland-urban interface (3 FTE)	(Forests)	141.2	141.2
2	Heritage education and protection (4 FTE)	(Parks)	358.0	0.0
3	3-person to 4-person parks (11 FTE)	(Parks)	505.6	171.2
TOTAL			1,004.8	645.2

* The department included this item in the base request. The committee considers the item to be expansion and has extracted it from the base.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

The purpose of the renewable energy and energy efficiency program is to develop and implement clean energy programs in order to decrease per capita energy consumption, utilize New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY (dollars in thousands)					
	FY07 - 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	645.2	773.1	922.1	797.0	3.1
Other Transfers	224.9	481.6	58.0	58.0	-88.0
Fed Program Revenues	1,821.9	1,040.0	369.7	369.7	-64.5
Fund Balance	0.0	481.6	115.6	115.6	-76.0
SOURCES TOTAL	2,692.0	2,776.3	1,465.4	1,340.3	-51.7
USES					
Personal Services/Empl Benefit	854.5	927.6	1,013.9	888.8	-4.2
Contractual Services	831.9	1,256.9	185.6	185.6	-85.2
Other	173.2	110.2	150.3	150.3	36.4
Other Financing Uses	100.0	481.6	115.6	115.6	-76.0
TOTAL USES	1,959.6	2,776.3	1,465.4	1,340.3	-51.7
FTE					
Permanent	9.0	9.0	9.0	9.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
Temporary	0.0	0.0	2.0	0.0	***
TOTAL FTE POSITIONS	11.0	11.0	13.0	11.0	0.0

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Explanatory	Annual utility costs for state-owned buildings in dollars	14,133,075	17,146,000	12,371,850	13,023,000	13,023,000
* Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies			10%	15%	15%
* Outcome	Percent reduction in energy use in public facilities receiving Energy, Minerals, and Natural Resources Department funding for efficiency retrofit projects			5%	10%	10%
Outcome	Percent increase in alternative fuels consumption of gasoline-equivalent gallons by state entities	19%	17%			
Output	Energy savings, in millions, of British thermal units, in state facilities	57,700	49,306			
Output	Number of renewable energy initiatives assisted		15			
Outcome	Energy savings, percent of total building energy consumption, in percent of British thermal units per square foot in public facilities receiving state-funded efficiency retrofit projects			5%		
Output	Number of new state facilities, including public schools and institutions of higher education, certified to the U.S. green building council's leadership in energy and environmental design standards			2		

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

(dollars in thousands)					
	FY07 - 2006-2007				
	FY05	FY06	Agency	LFC	Percent
	2004-2005	2005-2006	Request	Recommendation	Incr
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	3,292.5	3,027.4	3,298.6	3,184.9	5.2
Other Transfers	742.1	449.8	392.4	392.2	-12.8
Fed Program Revenues	5,362.8	9,761.8	3,906.6	3,906.2	-60.0
Other Program Revenues	536.2	610.0	530.3	530.3	-13.1
General Revenues	0.6	0.0	0.0	0.0	***
Extraord/Special	2.7	0.0	0.0	0.0	***
Fund Balance	22.4	57.7	44.4	44.4	-23.1
SOURCES TOTAL	9,959.3	13,906.7	8,172.3	8,058.0	-42.1
USES					
Personal Services/Empl Benefit	3,554.8	3,644.7	3,813.1	3,698.8	1.5
Contractual Services	798.3	1,798.2	812.7	812.7	-54.8
Other	1,707.5	8,014.0	3,154.1	3,154.1	-60.6
Other Financing Uses	369.1	449.8	392.4	392.4	-12.8
TOTAL USES	6,429.7	13,906.7	8,172.3	8,058.0	-42.1
FTE					
Permanent	54.0	54.0	57.0	57.0	5.6
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	65.0	65.0	68.0	68.0	4.6

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of fire and insect vulnerability assessments and number of implemented mitigation programs in high-risk communities			47 of 217		
* Output	Number of nonfederal wildland firefighters provided technical fire training appropriate to their incident command system			500	500	500
Output	Number of acres restored	16,829	12,251			
Output	Number of seedlings delivered through conservation	191,918	195,477			
Outcome	Percent of at-risk communities assisted in mitigating and protecting their communities from the effects of catastrophic wildfire				25%	25%
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries				15%	15%

STATE PARKS

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8,772.6	9,547.7	11,710.9	10,098.7	5.8
Other Transfers	3,110.1	2,518.7	2,499.6	2,499.6	-0.8
Fed Program Revenues	2,278.9	5,893.8	7,709.7	7,709.7	30.8
Other Program Revenues	4,408.9	4,223.0	4,137.8	4,137.8	-2.0
General Revenues	3,955.0	3,850.0	3,855.0	3,855.0	1.3
Extraord/Special	341.3	0.0	20.0	20.0	***
Fund Balance	851.2	1,650.0	1,700.0	1,700.0	3.0
SOURCES TOTAL	23,718.0	27,638.2	31,633.0	30,020.8	8.6
USES					
Personal Services/Empl Benefit	10,834.2	11,853.9	12,686.6	11,857.5	0.0
Contractual Services	228.4	4,737.2	4,774.5	4,647.0	-1.9
Other	6,108.0	8,534.4	11,672.3	11,016.7	29.1
Other Financing Uses	190.0	2,512.7	2,499.6	2,499.6	-0.5
TOTAL USES	17,360.6	27,638.2	31,633.0	30,020.8	8.6
FTE					
Permanent	228.0	229.0	244.0	233.0	1.7
Term	5.0	6.0	6.0	6.0	0.0
Temporary	48.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	281.0	283.0	298.0	287.0	1.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Explanatory	Number of visitors to state parks	3,842,433	4,202,900	4,000,000	4,000,000	4,000,000
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.81	\$0.86	\$0.86	\$0.83	\$0.83
* Output	Number of interpretive programs available to park visitors	2,515	2,571	2,500	2,500	2,500
* Outcome	Percent completion of new parks and park expansion projects receiving appropriations			45%	45%	45%
Output	Number of park management plans completed per year		4			
Output	Number of visitors participating in interpretive programs, including displays at visitor centers and self-guided tours	193,054				
Outcome	Percent of visitors participating in interpretive programs, including active programs and passive programs through displays at visitor centers		4.2%			
Outcome	Percent of registered boats in New Mexico inspected		20.4%			
Explanatory	Number of boating accidents per thousand visitors		0.011			
Output	Number of boat safety inspections conducted	5,495				
Explanatory	Acquire land to expand two existing state parks and open one new state park					
Explanatory	Percent of general fund to total funds	37.3%	52.0%			
Outcome	Percent satisfaction of interpretive programs to program participants				75%	75%

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	381.5	389.6	393.6	328.9	-15.6
Other Transfers	663.4	783.1	0.0	0.0	-100.0
Fed Program Revenues	2,576.0	2,528.4	3,590.9	3,590.9	42.0
Other Program Revenues	761.7	773.9	783.1	783.1	1.2
Fund Balance	0.0	0.0	783.1	783.1	***
SOURCES TOTAL	4,382.6	4,475.0	5,550.7	5,486.0	22.6
USES					
Personal Services/Empl Benefit	2,013.2	2,183.3	2,157.8	2,093.1	-4.1
Contractual Services	595.6	1,206.0	2,242.3	2,242.3	85.9
Other	274.9	311.8	367.5	367.5	17.9
Other Financing Uses	657.0	773.9	783.1	783.1	1.2
TOTAL USES	3,540.7	4,475.0	5,550.7	5,486.0	22.6
FTE					
Permanent	16.0	16.0	16.0	16.0	0.0
Term	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	31.0	31.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Explanatory	Number of abandoned mine hazards safeguarded	78	126	120		
Output	Number of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	282	278	300		
Output	Number of abandoned mine reclamation projects completed, as specified in the abandoned mine land federal grant	6	5	6		
Outcome	Percent of known health, safety and environmental hazards abated annually at abandoned mines				100%	100%
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation				96%	96%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations				100%	100%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional and dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,140.9	4,037.7	4,160.5	3,702.1	-8.3
Other Transfers	825.8	2.8	2,920.0	3,252.8	116,071.4
Fed Program Revenues	434.7	316.3	363.7	363.7	15.0
Other Program Revenues	131.2	0.0	300.0	300.0	***
General Revenues	0.0	1,000.0	2,800.0	2,800.0	180.0
Extraord/Special	2,995.2	1,480.0	0.0	0.0	-100.0
SOURCES TOTAL	8,527.8	6,836.8	10,544.2	10,418.6	52.4
USES					
Personal Services/Empl Benefit	3,611.6	3,719.5	4,186.2	4,060.6	9.2
Contractual Services	1,618.0	1,280.9	2,634.0	2,634.0	105.6
Other	669.4	531.4	805.5	805.5	51.6
Other Financing Uses	116.1	1,305.0	2,918.5	2,918.5	123.6
TOTAL USES	6,015.1	6,836.8	10,544.2	10,418.6	52.4
FTE					
Permanent	63.0	61.0	61.0	61.0	0.0
Term	2.0	2.0	2.0	8.0	300.0
TOTAL FTE POSITIONS	65.0	63.0	63.0	69.0	9.5

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Number of orphan wells plugged	86	52	60		
* Outcome	Percent of inventoried orphaned wells plugged annually	29.3%	38%	30%	25%	25%
* Output	Number of inspections of oil and gas wells and associated facilities	23,636		24,750	21,750	21,750
Efficiency	Percent of remediation plans for major releases approved within sixty days after notification			75%		
Outcome	Percent reduction in number of spills caused by infrastructure failures		6%	5%		
Efficiency	Percent of applications for administrative orders reviewed within thirty days		83%	80%		
Outcome	Percent reduction in number of well operators who miss filing deadlines for production reports		65%			
Output	Number of formal notices of violation issued			84		
Outcome	Percentage of violations resolved in ninety days			95%		
* Explanatory	Number of inventoried orphaned wells statewide				21,700	21,700
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer impact activities				12	12

PROGRAM LEADERSHIP AND SUPPORT

The purpose of program leadership and support is to provide leadership, set policy and provide support for every division in achieving goals.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,761.1	3,094.0	3,174.0	3,077.1	-0.5
Other Transfers	50.0	50.7	50.0	50.0	-1.4
Fed Program Revenues	1,917.6	1,984.5	2,005.2	2,005.2	1.0
General Revenues	0.5	1.5	0.0	0.0	-100.0
Extraord/Special	55.9	0.0	0.0	0.0	***
SOURCES TOTAL	4,785.1	5,130.7	5,229.2	5,132.3	0.0
USES					
Personal Services/Empl Benefit	2,911.2	3,236.3	3,229.7	3,132.8	-3.2
Contractual Services	4.2	29.5	31.1	31.1	5.4
Other	366.2	342.4	445.9	445.9	30.2
Other Financing Uses	1,141.3	1,522.5	1,522.5	1,522.5	0.0
TOTAL USES	4,422.9	5,130.7	5,229.2	5,132.3	0.0
FTE					
Permanent	43.0	45.0	45.0	45.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	46.0	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
Outcome	Percent of prior-year financial audit findings resolved		100%	95%	100%	100%
Output	Number of waste isolation pilot plant related emergency responder and shipment inspection trainings and practice exercises conducted			40	40	40
Output	Number of waste isolation pilot plant, United States department of energy, compliance project management plan training courses and practical exercises conducted	47	40			
Outcome	Percent of time local area computer network is available		95%	95%	95%	95%
Outcome	Percent of all hire packets reviewed for compliance within five working days of receipt		95%	90%		
Outcome	Percent of field locations undergoing physical asset inventories				Pending	

STATUTORY AUTHORITY:

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The corps is administratively attached to the New Mexico Energy, Minerals and Natural Resources Department (EMNRD).

MISSION:

To promote the education, success and well-being of the youth of New Mexico through the conservation and enhancement of the state's natural resources and lasting community benefits.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Revenues	2,519.0	2,402.0	2,505.9	2,505.9	4.3
Fund Balance	1,013.1	0.0	500.0	500.0	***
SOURCES TOTAL	3,532.1	2,402.0	3,005.9	3,005.9	25.1
USES					
Personal Services/Empl Benefit	127.6	128.3	166.7	166.7	29.9
Contractual Services	1,032.0	2,175.9	2,710.7	2,710.7	24.6
Other	46.9	47.8	78.5	78.5	64.2
Other Financing Uses	50.0	50.0	50.0	50.0	0.0
TOTAL USES	1,256.5	2,402.0	3,005.9	3,005.9	25.1
FTE					
Permanent	2.0	2.0	3.0	3.0	50.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	3.0	50.0

BUDGET ISSUES:

The primary focus of the Youth Conservation Corps (YCC) is to promote youth employment, values, training, and tuition. It is a 2 FTE program primarily funded with government gross receipt tax revenues and fund balances from the youth conservation corps fund.

For FY07 the program requested a base budget of \$3 million, a \$600 thousand increase over FY06. With the exception of \$50 thousand to fund a 1 FTE expansion request, the increase is budgeted in contractual services where it will be used to finance various statewide corps projects.

The Energy, Minerals and Natural Resources Department under an agreement with the Youth Conservation Corps Commission assesses an annual administrative fee of \$50 thousand to provide administrative support to the agency. This fee is included in the agency's request.

The Youth Conservation Corps Act allows corps members to receive, as additional compensation, a \$500 cash bonus or a \$1.5 thousand educational tuition voucher. To be eligible, participating youth must have 12 months of service in a 48-month period. Corps members may use the tuition voucher at a New Mexico institution of higher learning. For FY06 the program has authorized some \$2 million to fund 29 projects in 18 New Mexico counties. The program anticipates a modest expansion of activities in FY07.

BASE EXPANSION:

The program requested \$50.4 thousand in base expansion to fund 1 FTE. The requested program change is to add an instructional coordinator to develop and implement a system to monitor, evaluate, and advance the educational levels of YCC members. Job responsibilities will also include ensuring available education programs meet the Public Education Department's curriculum standards and coordinating communication among educational entities to allow corps members to earn credit towards graduation for skills learned during YCC service. The committee recognizes the value of this process and supports the 1 FTE expansion.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division) (YCC)	Agency Request	LFC Recommendation
1	Staff instructional coordinator (1FTE)		50.4	50.4
TOTAL			50.4	50.4

YOUTH CONVERSATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans from the ages of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	41	35	40	40	40
* Outcome	Percent of projects completed during the year		100%	90%	95%	95%
* Output	Number of youth employed annually	618	583	500	625	625
Outcome	Percent of grant awards used toward wages for corps members	74%				
Outcome	Percent of training hours to total hours provided to corps members	18%				
* Output	Number of cash bonuses and tuition vouchers awarded	16	16	15	18	18

STATUTORY AUTHORITY:

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 through 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department.

		BUDGET SUMMARY (dollars in thousands)		<u>FY07 – 2006-2007</u>		
		FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	0.0	47.5	0.0	0.0	-100.0
	SOURCES TOTAL	0.0	47.5	0.0	0.0	-100.0
USES						
	TOTAL USES	0.0	0.0	0.0	0.0	***
FTE						
	Permanent	0.0	1.0	0.0	0.0	-100.0
	TOTAL FTE POSITIONS	0.0	1.0	0.0	0.0	-100.0

BUDGET ISSUES:

The Legislature in 2005 appropriated \$47.5 thousand for the Intertribal Ceremonial Office in Laws 2005, Chapter 34 (Senate Bill 190), contingent on passage of House Bill 481. This enabling legislation set up an intertribal ceremonial fund, which has yet to be established by the Department of Finance and Administration, and authorized the governor to appoint an executive director and seven-member board. The Tourism Department is unclear about its responsibility and authority for the Intertribal Ceremonial Office and did not request funding for it for FY07. The committee did not hold a budget hearing and the new office was not discussed during the Tourism Department's hearing before LFC.

STATUTORY AUTHORITY:

The Commissioner of Public Lands is an elective office created by the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-22 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the Commissioner of Public Lands through the State Land Office (SLO). Each acre of land is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage. The agency is divided into four divisions: Commercial Resources, Surface Resources, Mineral Resources, and Office of Administrative Management.

Activities of SLO include leasing state trust lands for mineral, oil and gas development, and agricultural uses; processing and collecting rentals and royalties from the lease of trust lands, including related audit and collection efforts; identifying trust lands with commercial and residential potential and planning or overseeing planning of those lands; leasing and exchanging land for commercial, industrial, and recreation uses; and issuing rights of way to various interests.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	516.8	445.0	472.6	472.6	6.2
General Revenues	10,506.4	12,493.2	12,445.0	12,445.0	-0.4
SOURCES TOTAL	11,023.2	12,938.2	12,917.6	12,917.6	-0.2
USES					
Personal Services/Empl Benefit	8,452.0	9,432.5	9,425.8	9,425.8	-0.1
Contractual Services	289.9	309.2	413.5	413.5	33.7
Other	1,693.5	2,677.5	2,561.2	2,561.2	-4.3
Other Financing Uses	587.8	519.0	517.1	517.1	-0.4
TOTAL USES	11,023.2	12,938.2	12,917.6	12,917.6	-0.2
FTE					
Permanent	155.0	155.0	155.0	155.0	0.0
TOTAL FTE POSITIONS	155.0	155.0	155.0	155.0	0.0

BUDGET ISSUES:

Royalty income received by the State Land Office (SLO) from nonrenewable resources, such as potash, coal, sand and gravel, and oil and gas royalties, as well as land sale proceeds, accrues to the land grant permanent fund. Revenues from renewable resources, such as commercial leasing, agricultural leases, rights-of-way, and interest on earnings and bonuses, are paid into the maintenance fund that pays SLO's operating and special projects expenses. Revenue earned over and above operating costs is distributed monthly to trust beneficiaries. The committee considers SLO to be a "general fund" agency because changes in agency revenue and expenditures directly affect general fund revenues. In FY05 the agency distributed \$51million from the maintenance fund directly to beneficiaries and \$320.8 million in royalties to the land grant permanent fund.

The agency's FY07 request of \$12.9 million reflects general and other program revenue appropriations, with no general fund requirement. For FY07 the agency budget remains flat relative to FY06 with modest increases in personal services related to compensation and increased healthcare costs and contractual services that have been offset by reductions in other costs.

Revenues for FY05 continued to be strong at \$386 million, 27.8 percent above FY04 income levels. The oil and gas sector continues to perform well in FY05 as noted by a 26.4 percent growth in royalties. This growth was enhanced by an increase in oil and gas bonuses of \$16 million. SLO reports that the level of bonus payments is volatile and reflects such factors as industry confidence, long-term pricing, and the projected value of land parcels, which has increased as a result of extraordinary oil prices. Grazing income remains consistent with recent five-year trends, increasing slightly in FY05.

SLO conducts audits of state royalty payers to ensure they are in compliance with the terms of their state lease agreement and to verify that beneficiaries are receiving accurate royalty revenue entitlements from SLO lease agreements. As a result of these audits, SLO identified and collected \$16.2 million from royalty payers in FY05 and \$150 thousand so far in FY06. The agency is presently in the closing stages of one major audit and is currently engaged in two continuing audits, with at least one additional

audit to be initiated during FY06. The agency anticipates additional, yet-to-be-determined, royalty revenues will be realized in FY07 as result of the audit process

RECOMMENDED LANGUAGE:

The commissioner of public lands is authorized to hold in suspense amounts received pursuant to agreements entered into for the sale of state royalty interests that, as a result of the sale, became eligible for tax credits under Section 29 of the internal revenue code, above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balance, as is necessary to repurchase the royalty interests pursuant to the agreements.

This language was included in the 2005 General Appropriation Act and for FY07 continues the authorization for SLO to buy back royalty interests previously sold in order to take advantage of federal tax credits.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support our public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Total trust revenue generated, in millions	\$278.6	\$385.9	\$240.1	\$300.9	\$300.9
* Output	Percent of total trust revenue generated allocated to beneficiaries				96%	96%
Outcome	Bonus income per leased acre from oil and gas activities		\$199.21	\$106.29	\$160.66	\$160.66
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions		\$16.1	\$5.0	\$4.0	\$5.0
* Output	Average income per acre from oil, natural gas and mineral activities		\$120.91	\$74.90	\$95.04	\$95.04
* Output	Average income per acre from agriculture leasing activities		\$0.91	\$.93	\$.92	\$.92
* Output	Average income per acre from commercial leasing activities		\$16.80	\$19.32	\$19.32	\$19.32
Output	Number of lease and attachment documents imaged		93,000	600,000	900,000	900,000

STATUTORY AUTHORITY:

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are interrelated, companion agencies. Pursuant to Section 72-2-1 through 72-2-17 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members, eight of whom are appointed by the governor. The ninth member is the state engineer who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

Agency functions include water rights application and disposition; administrative hearings; water rights adjudication; computer database abstraction, imaging, and population; water delivery via interstate compacts; water metering; water conservation; acequia and community ditch improvement; and collaboration with federal agencies and New Mexico water users to meet the requirements of the Endangered Species Act.

MISSION:

To actively protect and manage the water resources of New Mexico for beneficial uses by its people and in accordance with law.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	17,237.4	19,395.8	21,483.9	21,094.2	8.8
Other Transfers	26,857.0	14,591.7	10,456.4	10,456.6	-28.3
Other Program Revenues	19,165.1	6,826.5	7,764.9	7,764.9	13.7
Fund Balance	35,434.8	5,023.9	6,443.8	6,444.0	28.3
SOURCES TOTAL	98,694.3	45,837.9	46,149.0	45,759.7	-0.2
USES					
Personal Services/Empl Benefit	19,210.8	18,558.9	18,928.1	20,681.9	11.4
Contractual Services	12,808.7	6,757.1	6,990.5	5,220.6	-22.7
Other	27,346.3	4,749.1	4,865.3	4,491.9	-5.4
Other Financing Uses	21,620.8	15,772.8	15,365.1	15,365.3	-2.6
TOTAL USES	80,986.6	45,837.9	46,149.0	45,759.7	-0.2
FTE					
Permanent	211.0	297.0	303.0	331.0	11.4
Term	0.0	0.0	4.0	0.0	***
TOTAL FTE POSITIONS	211.0	297.0	307.0	331.0	11.4

BUDGET ISSUES:

For the second year in a row, the agency's FY07 request assumes a vacancy savings of approximately 10 percent to meet the governor's directive to submit a flat budget. Analysis indicates this will require holding 26 to 30 positions vacant for the entire year. A more realistic vacancy rate assumption would be approximately 3 percent, achievable in an agency where turnover is relatively high because of high private sector demand for its employees. The committee recommends using a 3 percent vacancy rate.

The agency received a FY06 appropriation of \$2 million to convert 38 term positions to permanent, and funding has been included in the agency base. Although not requested by the agency, the FY07 recommendation includes \$1.4 million in general funds to convert an additional 34 term positions to permanent. All permanent positions will now be considered to be fully funded by recurring revenues.

The agency administers the Irrigation Works Construction Fund (IWCF) and the Improvement of the Rio Grande Income Fund (IRGIF) with revenue generated from trust lands. At the requested level of expenditure, fund balances projected by OSE for the

end of FY06 will be \$5.5 million for IWCF and \$935 thousand cash balance for IRGIF. When distributions to the funds are included, IWCF should have sufficient fund balance to support anticipated expenditures through FY10 with IRGIF funds limited to income only for the near future. Any additional appropriations from these funds will reduce the balances accordingly.

The agency maintains a large number of contracts funded with trust fund revenue to support day-to-day operations. This is particularly apparent in the adjudication and litigation program where, for FY07, the agency included a \$1.7 million base request for a large number of existing contracts for private legal and adjudication services. The agency indicates the 25 attorneys on staff cannot keep up with the workload, although it further acknowledges that few staff attorneys are actually involved in litigation, therein raising concerns that staff attorneys do not litigate ongoing issues because they lack the requisite knowledge or expertise. For FY06, the Legislature reduced funding for litigation contracts by \$810 thousand in an effort to reduce trust fund expenditures. For FY07 a similar approach appears warranted and the committee recommends the agency take steps to significantly reduce legal services contracts and use existing staff to conduct the litigation activities of the agency.

Expenditures in the lower Pecos River Basin continue to escalate as the Interstate Stream Commission continues to obtain land and associated water rights in the Lower Pecos River Basin under the state's land and water rights acquisition program. The acquisition program is one component of a long-term consensus plan devised by the Lower Pecos River Basin Committee as a means of ensuring that New Mexico meets its interstate delivery obligation to the State of Texas under the Pecos River Compact and the U.S. Supreme Court decree. The Legislature in 2005 appropriated \$12.5 million for FY06 property acquisition and during the 2006 legislative session the agency will pursue a \$18 million capital request to address the minimum implementation requirements of the settlement in FY07.

In an additional component of the consensus plan, ISC is requesting a \$1.5 million base budget appropriation to contract for the operational costs, such as drilling and transmission facilities, to pump Roswell Basin groundwater to the Pecos River to increase water supplies. This represents a \$600 thousand increase over the FY06 funding level of \$900 thousand.

At present ISC holds a credit of 17,200 acre-feet in its water deliveries to Texas and, in the long term, intends to accrue up to 115,000 acre-feet. Although sympathetic to ISC efforts, the committee urges the agency to concentrate on minimum delivery requirements for the duration of FY07.

BASE EXPANSION:

The agency requested \$2.2 million in expansion requests for the following areas: compliance with interstate compacts, planning and communications, Aztec hydro-survey, Eagle Nest Dam, and water infrastructure investment. This expansion included funding and related support costs for seven full-time employees, four part-time employees, and a contractual services expansion of \$850 thousand in the interstate stream compact compliance and water development program for maintenance activities related to property the agency anticipates it will acquire in the lower Pecos River Basin. While sympathetic to the requests, given the current fiscal need statewide, the committee does not support the expansion.

Although not requested by the agency, in recognition of the valuable service provided by the full-time employees of OSE who continue to serve year after year as term employees, the committee supports the continued conversion of term positions to permanent status and recommends \$1.4 million to convert an additional 34 positions from term to permanent status.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program:

The internal services funds/interagency transfers appropriation to the water resource allocation program of the state engineer includes one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of the Rio Grande income fund and four hundred twenty-nine thousand eight hundred dollars (\$429,800) from the irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal services funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include four million eight hundred sixty-three thousand seven hundred dollars (\$4,863,700) from the irrigation works construction fund. Of this amount two million two hundred ninety-three thousand three hundred dollars (\$2,293,300) is in the contractual services category and two million five hundred seventy thousand four hundred dollars (\$2,570,400) is in the other category.

The internal services funds/interagency transfers appropriation to the interstate stream compact compliance and water development program of the state engineer in the contractual service category includes seven hundred eighty-seven thousand four hundred dollars (\$787,400) from the improvement of the Rio Grande income fund

The internal services funds/interagency transfers appropriation to the interstate stream compact compliance and water development program of the state engineer includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operation. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 from this appropriation shall revert to the game protection fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement dated April 2003, which expires February 29, 2013, is appropriated to the state engineer for the conservation and recovery of the listed species in the middle Rio Grande basin, including the optimizing of middle Rio Grande conservancy district operations.

For the Irrigation Works Construction Fund:

The appropriations to the irrigation works construction program of the state engineer include (1) one million nine hundred thousand dollars (\$1,900,000) to match seventeen and one-half percent of the cost of work undertaken by the United States army corps of engineers pursuant to the Federal Water Resources Development Act of 1986, provided that no amount of this appropriation shall be expended for any project unless the appropriate acequia system or community ditch has agreed to provide seven and one-half percent of the cost from any source other than the irrigation works construction fund or improvement of the Rio Grande income fund and provided that no more than two hundred fifty thousand dollars (\$250,000) shall be appropriated to one acequia per fiscal year; (2) two hundred fifty thousand dollars (\$250,000) for planning, design, supervision of construction and construction of approved acequia improvement projects in cooperation with the United States department of agriculture, United States department of the interior, United States department of the army or other engineers; and (3) two hundred fifty thousand dollars (\$250,000) for the construction, improvement, repair and protection from floods of dams, reservoirs, ditches, flumes and appurtenances of community ditches in the state, provided that not more than sixty thousand dollars (\$60,000) of this appropriation shall be used for any one community ditch. The state engineer may enter into cooperative agreements with the owners or commissioners of ditch associations to ensure that the work is done in the most efficient and economical manner and may contract with the federal government or any of its agencies or instrumentalities that provide matching funds or assistance. No state funds other than loans may be used to meet the association's twenty percent share of the total cost of the project.

The appropriations to the irrigation works construction program of the state engineer include grants, in such amount as determined by the interstate stream commission, for construction, improvement, repair and protection from floods of dams, reservoirs, ditches, flumes and appurtenances of community ditches in the state on Indian land, whether pueblo or reservation.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequias, irrigation and conservancy districts. The interstate stream commission's authority also includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

None of the money appropriated to the state engineer for operating or trust purposes shall be expended for primary clearing of vegetation in a phreatophyte removal project, except insofar as is required to meet the terms of the Pecos river compact between Texas and New Mexico. However, this prohibition shall not apply to removal of vegetation incidental to the construction, operation or maintenance for flood control or carriage of water or both.

The general fund and other state funds appropriations to the state engineer in the contractual services category are contingent upon the state engineer including performance measures in its contracts to increase contract oversight and accountability. The appropriations are further contingent on the preparation and presentation of a report on contractors' purposes and performance compliance to the legislative finance committee prior to October 1, 2006.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	FY07 term to perm conversion (34 FTE)	(various)	0.0	1,400.0
1	Compliance with interstate compacts (2 FTE)	(ISC)	990.7	0.0
2	Planning and communications (1 FTE)	(ISC)	51.0	0.0
3	Hydro-survey staff for Aztec (1 FTE)	(Litigation)	44.9	0.0
4	Eagle Nest Dam caretaker (1 FTE)	(ISC)	82.3	0.0
5	Water infrastructure team (2 FTE, 4 PTE)	(Support)	1,000.0	0.0
TOTAL			2,168.9	1,400.0

* Although not requested by the agency, the committee recommends the conversion of 34 existing term FTEs to permanent status.

IRRIGATION WORKS CONSTRUCTION

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>FY07 - 2006-2007</u> <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Transfers	7,050.8	3,466.5	1,871.3	1,871.3	-46.0
Other Program Revenues	1,369.3	0.0	0.0	0.0	***
Fund Balance	6,553.3	3,931.3	5,508.8	5,509.0	40.1
SOURCES TOTAL	14,973.4	7,397.8	7,380.1	7,380.3	-0.2
USES					
Other Financing Uses	6,553.3	7,397.8	7,380.1	7,380.3	-0.2
TOTAL USES	6,553.3	7,397.8	7,380.1	7,380.3	-0.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

DEBT SERVICE FUND

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>FY07 - 2006-2007</u> <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Transfers	269.7	270.0	270.0	270.0	0.0
SOURCES TOTAL	269.7	270.0	270.0	270.0	0.0
USES					
Other	269.9	270.0	270.0	270.0	0.0
TOTAL USES	269.9	270.0	270.0	270.0	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

HYDROGRAPHIC INCOME

BUDGET SUMMARY (dollars in thousands)					
	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Program Revenues	7,129.3	6,150.0	7,050.0	7,050.0	14.6
SOURCES TOTAL	7,129.3	6,150.0	7,050.0	7,050.0	14.6
USES					
Other Financing Uses	9,225.5	6,150.0	7,050.0	7,050.0	14.6
TOTAL USES	9,225.5	6,150.0	7,050.0	7,050.0	14.6
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

IMPROVEMENT OF THE RIO GRANDE

BUDGET SUMMARY (dollars in thousands)					
	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	1,905.0	1,132.4	0.0	0.0	-100.0
Other Program Revenues	35.0	0.0	0.0	0.0	***
Fund Balance	5,842.0	1,092.6	935.0	935.0	-14.4
SOURCES TOTAL	7,782.0	2,225.0	935.0	935.0	-58.0
USES					
Other Financing Uses	5,842.0	2,225.0	935.0	935.0	-58.0
TOTAL USES	5,842.0	2,225.0	935.0	935.0	-58.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state to any person so they can maintain their quality of life. Also, to provide safety inspections of all non-federal dams within the state, to owners and operators of such dams, so they can operate the dam safely.

BUDGET SUMMARY (dollars in thousands)					
	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,879.9	8,192.8	8,112.0	9,330.9	13.9
Other Transfers	3,870.4	600.0	0.0	577.4	-3.8
Other Program Revenues	482.6	461.6	500.0	500.0	8.3
Fund Balance	2,817.7	0.0	0.0	0.0	***
SOURCES TOTAL	14,050.6	9,254.4	8,612.0	10,408.3	12.5
USES					
Personal Services/Empl Benefit	8,846.0	7,935.6	7,770.3	9,100.1	14.7
Contractual Services	875.2	483.6	21.9	450.0	-6.9
Other	1,361.3	835.2	819.8	858.2	2.8
TOTAL USES	11,082.5	9,254.4	8,612.0	10,408.3	12.5
FTE					
Permanent	111.0	136.0	135.0	162.0	19.1
TOTAL FTE POSITIONS	111.0	136.0	135.0	162.0	19.1

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Average number of unprotested new and pending applications processed per month	58	81	75	80	80
* Output	Average number of protested and aggrieved applications processed per month	8.4	10	12	12	12
* Explanatory	Number of unprotested and unaggrieved water right applications backlogged	864	733	600	600	600
* Explanatory	Number of protested and aggrieved water rights backlogged	247	285	175	198	198
* Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	36.3%	44.6%	50%	54%	54%

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOPMENT

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico, so they can have maximum sustained beneficial use of available water resources.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	4,223.9	3,094.4	4,218.4	3,606.0	16.5
Other Transfers	10,682.2	6,863.8	6,056.1	5,651.1	-17.7
Other Program Revenues	10,148.8	214.9	214.9	214.9	0.0
Fund Balance	18,813.1	0.0	0.0	0.0	***
SOURCES TOTAL	43,868.0	10,173.1	10,489.4	9,472.0	-6.9
USES					
Personal Services/Empl Benefit	3,486.1	3,081.9	3,454.2	3,825.7	24.1
Contractual Services	10,042.5	4,298.8	4,235.7	3,080.7	-28.3
Other	24,671.8	2,792.4	2,799.5	2,565.6	-8.1
TOTAL USES	38,200.4	10,173.1	10,489.4	9,472.0	-6.9
FTE					
Permanent	23.0	45.0	49.0	53.0	17.8
TOTAL FTE POSITIONS	23.0	45.0	49.0	53.0	17.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Pecos river compact accumulated delivery credit or deficit, in acre-feet	8,900	8,900	0	0	0
* Outcome	Rio Grande river compact accumulated delivery credit or deficit, in acre-feet	1000	35,600	0	0	0
Explanatory	Cumulative number of regional water plans completed and accepted by Interstate Stream Commission	12	14	0	0	0

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,460.9	4,872.6	4,917.5	4,921.3	1.0
Other Transfers	2,093.9	1,841.0	1,841.0	1,673.2	-9.1
Fund Balance	1,383.7	0.0	0.0	0.0	***
SOURCES TOTAL	6,938.5	6,713.6	6,758.5	6,594.5	-1.8
USES					
Personal Services/Empl Benefit	4,389.3	4,644.3	4,600.0	4,751.2	2.3
Contractual Services	1,721.0	1,720.0	1,720.0	1,470.0	-14.5
Other	460.4	349.3	438.5	373.3	6.9
TOTAL USES	6,570.7	6,713.6	6,758.5	6,594.5	-1.8
FTE					
Permanent	49.0	75.0	76.0	75.0	0.0
TOTAL FTE POSITIONS	49.0	75.0	76.0	75.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of offers to defendants in adjudications	2,447	2,551	2,200	1800	1800
* Outcome	Percent of all water rights that have judicial determinations	34%	36%	30%	40%	40%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to agency programs so they may be successful in reaching their goals and objectives.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,672.7	3,236.0	4,236.0	3,236.0	0.0
Other Transfers	985.0	418.0	418.0	413.6	-1.1
Other Program Revenues	0.1	0.0	0.0	0.0	***
Fund Balance	25.0	0.0	0.0	0.0	***
SOURCES TOTAL	3,682.8	3,654.0	4,654.0	3,649.6	-0.1
USES					
Personal Services/Empl Benefit	2,489.4	2,897.1	3,103.6	3,004.9	3.7
Contractual Services	170.0	254.7	1,012.9	219.9	-13.7
Other	582.9	502.2	537.5	424.8	-15.4
TOTAL USES	3,242.3	3,654.0	4,654.0	3,649.6	-0.1
FTE					
Permanent	28.0	41.0	43.0	41.0	0.0
Term	0.0	0.0	4.0	0.0	***
TOTAL FTE POSITIONS	28.0	41.0	47.0	41.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Percent of department contracts that include performance measures	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Organic Commodity Act, Sections 76-22-1 through 76-21-22 NMSA 1978, created the New Mexico Organic Commodity Commission to regulate and promote organic agriculture in New Mexico. The enabling act also created a five-member commission, which appoints the executive director. Under state and federal authority, the agency provides an organic certification program to New Mexico businesses, protects the public interest regarding organic labeling claims made in the marketplace, and promotes organic agriculture through public education and marketing assistance.

MISSION:

The New Mexico Organic Commodity Commission provides certification services and marketing assistance for organic producers, processors and retailers and information, education and marketplace protection for consumers. The goal of the commission is to be an effective advocate for organic production in New Mexico, to make the certification process accessible and to rigorously ensure the truthfulness of organic claims.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	276.7	280.1	280.1	280.1	0.0
Fed Program Revenues	36.6	32.0	30.0	30.0	-6.3
Other Program Revenues	37.6	63.5	52.3	56.0	-11.8
SOURCES TOTAL	350.9	375.6	362.4	366.1	-2.5
USES					
Personal Services/Empl Benefit	201.2	212.7	206.7	205.8	-3.2
Contractual Services	22.7	7.5	42.1	42.9	472.0
Other	95.1	155.4	113.6	117.4	-24.5
TOTAL USES	319.0	375.6	362.4	366.1	-2.5
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

BUDGET ISSUES:

The commission budget is 77 percent from the general fund. Other revenues are generated from annual application fees for registered (\$50) and certified (\$12) organic farmers, annual assessments of one-half of 1 percent on organic sales, the sale of organic certification manuals, and advertisements in the agency newsletter. A small amount of federal funds are received to reimburse organic producers for a portion of their registration fees, however these funds are expected to terminate in the near future. The agency does not charge additional fees for inspections or residue testing. The committee recommends the agency implement inspection and testing fees to cover a greater share of oversight activities.

The commission, in FY04, received International Organization for Standardization certification, allowing it to certify producers to international standards. A number of peanut producers in the southeast part of the state have been certified and expectations are high that increased revenues will be generated soon. Because revenues, however, are not received until late spring, the agency cautiously requested a reduced budget for FY07. The addition of these producers has also greatly impacted agency performance regarding organic market growth. The agency reports these producers will generate approximately \$6.6 million in FY05 of a statewide total of \$10.5 million. By comparison, the FY05 organic market in the state was \$3.5 million. As a result of the added production, the agency reports an increase in the organic market of 198 percent for FY05 but expects this to move to a more constant growth of 7 percent to 10 percent annually.

The agency currently has its third director in the last 18 months. The lack of stable leadership has had a negative impact on agency effectiveness. While the agency's mission within agriculture in New Mexico is important to both the state and its citizens, the full benefit of its activities are not being realized. The committee recommends the executive consider placing the commission under the administrative control of the New Mexico Department of Agriculture, where more consistent leadership and direction would be available as well as improved fiscal oversight.

NEW MEXICO ORGANIC

The purpose of the New Mexico organic program is to provide consumers of organic products in New Mexico with credible assurance about the veracity of organic claims made and to enhance the development of local economies tied to agriculture, through rigorous regulatory oversight of the organic industry in New Mexico and through ongoing educational and market assistance projects.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	7.7%	198%	10%	10%	10%
* Output	Number of residue tests performed		0	20	20	20
Output	Number of certified organic businesses	120	120	120	120	125
Output	Number of spot-checks performed	6	18	20	20	20
Output	Number of attendees at the annual organic farming conference	431				
Output	Number of client requests for assistance	643	684	400	400	600

STATUTORY AUTHORITY:

The Commission on the Status of Women is authorized under Sections 28-3-1 through 28-3-11 NMSA 1978. The commission is composed of 15 members appointed by the governor and is a clearinghouse for all women's issues, including discrimination, education, training, health, housing, and recognition of achievement. The commission sponsors numerous conferences and training seminars and oversees the Governor's Award for Outstanding New Mexico Women, the New Mexico Women's Hall of Fame, and the TeamWorks-Transforming Women's Lives program through the Temporary Assistance for Needy Families (TANF) block grant.

MISSION:

The mission of the Commission on the Status of Women is to increase awareness of the rights, responsibilities, and interests of women and girls in New Mexico and to preserve women's history and contributions to the state.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	464.8	472.1	472.1	472.1	0.0
Other Transfers	1,372.3	1,440.0	1,440.0	1,440.0	0.0
Other Program Revenues	47.8	53.7	103.7	103.7	93.1
SOURCES TOTAL	1,884.9	1,965.8	2,015.8	2,015.8	2.5
USES					
Personal Services/Empl Benefit	509.0	454.1	671.5	666.0	46.7
Contractual Services	759.5	1,020.9	860.7	860.7	-15.7
Other	602.9	490.8	483.6	489.1	-0.3
TOTAL USES	1,871.4	1,965.8	2,015.8	2,015.8	2.5
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
Term	2.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	9.0	14.0	14.0	14.0	0.0

BUDGET ISSUES:

The commission has decided to continue Year of the New Mexico Girl activities because of the positive feedback from the Year of the New Mexico Girl conference held in FY05. The commission surveyed girls ages 13 to 18 and tailored the conference around the issues noted in the survey, ranging from career goals to preventing violence. The commission plans to host another conference in FY07 and will work with the National Association of Commissions for Women to host another conference in FY08, bringing girls from other states to experience the conference. It should be noted the commission informally requested an expansion for the Year of the New Mexico Girl conference. With an expansion of \$28 thousand from the general fund, the commission could increase attendance from 248 girls to 350 girls and keep the conference free for the attendees. Additionally, the commission informally requested an expansion to host five town hall conferences for girls who may not be able to travel to Albuquerque for the annual Year of the New Mexico Girl conference. The town halls would focus on issues such as higher education, body image, healthy self-esteem, substance abuse and violence. The commission estimates they would be able to reach an additional 300 girls for a cost of \$18 thousand from the general fund. The expansion items are not recommended because the commission did not formally request the funding; however, the committee recommends the full Legislature consider the request.

With regard to TANF funding, the TeamWorks program was able to meet the targets in its FY05 contract with the Human Services Department, such as placing 365 clients in paid jobs, serving 1,139 new clients, and seeing 71 percent of their clients retain employment for six months or longer. Therefore, the committee recommends \$1.44 million for continuation of the TeamWorks program.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfer appropriation to the commission on the status of women includes one million four hundred forty thousand dollars (\$1,440,000) for the teamworks program directed toward workforce development for adult women on temporary assistance for needy families from the federal block grant funding to New Mexico.

Revenue collected for ticket sales in excess of expenses for conferences, awards programs, seminars and summits shall not revert.

The other state funds appropriation to the commission on the status of women includes fifty thousand dollars (\$50,000) from the women in transition fund to host the year of the New Mexico girl conference and associated expenses and fifty-three thousand seven hundred dollars (\$53,700) from the commission on the status of women conference fund to host the governor's award for outstanding New Mexico women, the pioneer award, the trailblazer award and various conference booths.

STATUS OF WOMEN

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of paid employment teamworks placements	435	365	300	300	315
* Outcome	Percent of teamworks participants employed at nine months after initial employment placement	73%	63%	70%	70%	70%
* Output	Number of temporary assistance for needy families clients served through the teamworks program	896	1,139	1,000	1,000	1,000
Outcome	Percent of teamworks employment placements at \$7.00 per hour	56%	45%	35%	35%	45%
Output	Number of teamworks 12-week classes conducted	20	18	18	18	18
Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.88	\$7.43	\$7.50	\$7.50	\$7.50
Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.44	\$6.40	\$6.50	\$6.50	\$6.50
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	100	180	100	100	150
Output	Number of major publications distributed annually	1	1	1	1	1
Output	Number of award programs conducted annually	3	1	1	1	1
Output	Number of workforce conferences or trainings sponsored	3	20	8	8	10
Output	Number of informational conferences conducted	3	3	2	2	2
Outcome	Number of information fairs		2	1	1	2
Outcome	Number of completed surveys or questionnaires		2,200	500	500	750
Outcome	Number of workshops on women, divorce and finances		12	12	12	12
Outcome	Number of follow-up activities for the year of the New Mexico girl			1	1	1

STATUTORY AUTHORITY:

The Office of African American Affairs was established pursuant to African American Affairs Act, Sections 28-21-1 to 28-21.4 NMSA 1978. The agency is attached administratively to the Human Services Department.

MISSION:

The agency's mission is to study, identify and provide solutions to issues relevant to African-Americans to ensure recognition of the accomplishments and contributions made by African-Americans in New Mexico and the United States and act as an advocate for African-American citizens in New Mexico.

BUDGET SUMMARY (dollars in thousands)						
			<u>FY07 – 2006-2007</u>			
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	330.5	422.6	434.1	409.1	-3.2	
SOURCES TOTAL	330.5	422.6	434.1	409.1	-3.2	
USES						
Personal Services/Empl Benefit	132.9	227.4	188.1	267.4	17.6	
Contractual Services	107.4	107.4	130.6	36.2	-66.3	
Other	90.2	87.8	115.4	105.5	20.2	
TOTAL USES	330.5	422.6	434.1	409.1	-3.2	
FTE						
Permanent	2.0	3.0	3.0	5.0	66.7	
TOTAL FTE POSITIONS	2.0	3.0	3.0	5.0	66.7	

BUDGET ISSUES:

The Office of African American Affairs requested a general fund budget increase of \$11.5 thousand, or 2.7 percent.

The LFC recommendation for the office was reduced by \$25 thousand. This reduction reflects \$25 thousand that the office transfers to Division of Vocational Rehabilitation (DVR) for research and assistance. Administratively, the office would be relieved of having to contract with DVR. In turn, DVR's budget has been increased by a corresponding \$25 thousand.

The office would like to convert \$57.9 thousand in contractual services previously used to provide community outreach services to hire 2 new FTE to provide those same services. The committee recommends this revenue neutral expansion with 2 additional FTE. Overall, the committee recommends the budget as requested, with a few minor technical corrections.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency</u> <u>Rank</u>		<u>(Division)</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>
1	Increase Salary and Benefits & add 2 new FTE	(P69200)	0.0	57.9
2	Reduce contract budget and transfer to DVR	(P69200)	0.0	-25.0
3	Reduce contract budget for new FTE	(P69200)	0.0	-57.9
TOTAL			0.0	-25.0

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African-Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Number of educational regional conferences	4	4	5	5	5
Output	Number of New Mexican African-Americans recognized per year, statewide, for their achievements	20	20	25	25	25
Output	Number of African-American organizations and churches statewide to be included in a database	269	375	375	375	375
Output	Number of town hall meetings conducted per year	7	7	7	7	7
Output	Number of churches, organizations and counties receiving information	10	375	375	375	375
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	2	4	5	5	5

STATUTORY AUTHORITY:

Sections 28-11B-1 through 28-11B-4 NMSA 1978 created the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing, three members are exofficio and four are appointed by the governor without regard for party affiliation. Statutory duties of the commission comprise identifying the needs of deaf and hard-of-hearing persons and advocating for their needs; providing educational assistance to state agencies and ensuring agency compliance with regulations pertaining to deafness pursuant to the federal Americans with Disabilities Act; providing continuing education services for deaf and hard-of-hearing persons; and assisting in the establishment of a statewide referral service.

MISSION:

Statutory duties of the commission comprise identifying the needs of deaf and hard-of-hearing persons and advocating for their needs; providing educational assistance to state agencies and ensuring agency compliance with regulations pertaining to deafness pursuant to the federal Americans with Disabilities Act; providing continuing education services for deaf and hard-of-hearing persons; and assisting in the establishment of a statewide referral service.

	BUDGET SUMMARY (dollars in thousands)				
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	821.1	3,000.0	3,400.0	3,780.2	26.0
Fund Balance	0.0	601.7	740.9	0.0	-100.0
SOURCES TOTAL	821.1	3,601.7	4,140.9	3,780.2	5.0
USES					
Personal Services/Empl Benefit	422.2	642.8	751.6	684.2	6.4
Contractual Services	102.6	2,464.1	2,730.0	2,650.0	7.5
Other	225.8	348.3	659.3	271.0	-22.2
Other Financing Uses	0.0	146.5	0.0	175.0	19.5
TOTAL USES	750.6	3,601.7	4,140.9	3,780.2	5.0
FTE					
Permanent	11.0	11.0	12.0	13.0	18.2
Term	1.0	2.0	2.0	0.0	-100.0
TOTAL FTE POSITIONS	12.0	13.0	14.0	13.0	0.0

BUDGET ISSUES:

Section 63-9F-12 NMSA 1978 transferred the telecommunications access fund and responsibility for administering the Telecommunications Access Act from the General Services Department directly to the commission. In addition, commission operating expenses may now be paid with revenues from the fund. The annual fund revenue for 2005 is near \$3.8 million and is derived from a telecommunications relay service surcharge charged to the customer's telephone bill. The total fund balance is in excess of \$7.5 million.

The commission has developed a strategic plan that includes a variety of action items designed to expand advocacy and services to the deaf and hard-of-hearing community. The committee recommendation recognizes the increased sense of direction of the commission and supports the efforts anticipated in the plan. The personal services and employee benefits category is fully funded even though the commission consistently has two to three vacancies. The recommendation for the contractual services category allows modest growth after increasing \$2.4 million in FY06. It is important for the commission to evaluate and report results of the expanded contracts and services.

The committee notes significant growth in revenue from the telecommunications relay service surcharge, which has risen with telephone usage. The annual revenue was \$3.8 million for FY05 and the fund balance has risen to near \$8 million. The committee recommends the entire Legislature consider having this surcharge deposited directly in the general fund with the commission being funded from the general fund in the fashion of other state entities, including advocacy agencies.

BASE EXPANSION:

The committee does not recommend the expansion item for an additional FTE. If a position proves critical for the Las Cruces satellite office, the committee anticipates that with two to three vacant positions and full funding for the personal services and employee benefit category, resources will be available to meet the need.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes one hundred seventy-five thousand dollars (\$175,000) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide deaf and hard-of-hearing rehabilitation services.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	1 FTE for Las Cruces expansion	(P69300)	43.4	0.0
TOTAL			43.4	0.0

DEAF AND HARD OF HEARING

The purpose of the deaf and hard-of-hearing program is to provide advocacy, outreach, referral, education and oversee the New Mexico telecommunications relay network for the deaf and hard-of-hearing citizens, government agencies, institutions, businesses and hearing individuals affiliated with those who have a hearing loss so they may become more aware of accessibility and services available and have equal access to telecommunications services.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of workshops and training sessions conducted	15	9	15	15	16
Output	Number of outreach events coordinated	12	6	0	0	
* Output	Number of information and outreach clients served	4,072	3,998	5,000	7,500	7,500
Output	Number of review and audits of the New Mexico telephone relay service conducted	12	12	0	0	
Outcome	Percent of employee files that contain performance appraisal completed and submitted within state personnel guidelines	100%	100%			
Output	Average number of relay calls per month	22,993	23,000			
* Output	Hours provided by the sign language interpreter referral service			30,000	40,000	40,000
* Output	Number of sign language interpreting mentors			8	16	16

STATUTORY AUTHORITY:

The Martin Luther King, Jr. Commission is authorized under Sections 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

MISSION:

The mission of the Martin Luther King, Jr. State Commission is to promote Martin Luther King, Jr.'s principles and philosophy to the people of New Mexico and to improve interracial cooperation and reduce youth conflicts in our communities.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	232.1	257.3	279.0	279.0	8.4
SOURCES TOTAL	232.1	257.3	279.0	279.0	8.4
USES					
Personal Services/Empl Benefit	123.0	133.8	130.7	130.7	-2.3
Contractual Services	16.2	13.8	39.0	39.0	182.6
Other	95.2	109.7	109.3	109.3	-0.4
TOTAL USES	234.4	257.3	279.0	279.0	8.4
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

MARTIN LUTHER KING, JR. COMMISSION

The purpose of the Martin Luther King, Jr. Commission is to promote Martin Luther King, Jr.'s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

		PERFORMANCE MEASURES				
		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Percent of program objectives achieved	100%	100%	100%	100%	100%
Output	Number of annual statewide youth conferences using Dr. King's principles of nonviolence	1	1	1	1	1
Output	Number of statewide holiday commemorative programs supported	13	13	14	14	14
Output	Number of youth anti-violence workshops conducted	5	9	9	9	9

STATUTORY AUTHORITY:

The Commission for the Blind was created by Sections 28-7-15 through 28-7-23 NMSA 1978. The commission consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society. The commission provides career training in blindness skills and, of most importance, fosters the belief that blindness is not a barrier to employment or a full, meaningful life.

MISSION:

The Commission for the Blind strategic plan states the agency mission is to encourage and enable blind citizens to achieve vocational, economic and social equality. The commission accomplishes this by removing limitations and erasing stereotypes long imposed by the blind upon themselves as well as by the public.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,537.1	1,570.9	1,770.9	1,574.3	0.2
Fed Program Revenues	5,517.9	5,367.8	5,401.8	5,413.6	0.9
Other Program Revenues	364.6	200.0	300.0	300.0	50.0
Enterprise Program Rev	921.9	987.8	976.9	976.9	-1.1
General Revenues	3.5	15.0	15.0	15.0	0.0
SOURCES TOTAL	8,345.0	8,141.5	8,464.6	8,279.8	1.7
USES					
Personal Services/Empl Benefit	4,375.2	4,573.5	4,696.6	4,696.6	2.7
Contractual Services	198.7	207.4	207.4	207.4	0.0
Other	3,219.5	3,360.6	3,560.6	3,375.8	0.5
TOTAL USES	7,793.4	8,141.5	8,464.6	8,279.8	1.7
FTE					
Permanent	105.5	106.5	106.5	106.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	106.5	107.5	107.5	107.5	0.0

BUDGET ISSUES:

Federal funding is the primary revenue source for the commission, providing 66 percent of the total revenue under a variety of general fund matching requirements. The commission request calls for no base increase in FY07 (but the committee does recommend a general fund increase of \$3.4 thousand to help with higher energy costs). With an aging population and the prevalence of diabetes in New Mexico, demand for service is expected to grow over the next few years.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balances in the commission for the blind remaining at the end of the fiscal year 2006 from appropriations made from the general fund shall not revert.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
<u>1</u>	<u>Funds for students in transition to work</u>	<u>(P69500)</u>	<u>200.0</u>	<u>0.0</u>
TOTAL			200.0	0.0

BLIND SERVICES

The purpose of the of the blind services program is to assist blind or visually impaired citizens of New Mexico to achieve economic and social equality, so they can have independence based on their personal interests and abilities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of quality employment opportunities for blind or visually impaired consumers	45	37	35	34	36
* Output	Number of blind or visually impaired consumers trained in the skills of blindness to enable them to live independently in their homes and communities	580	560	400	500	600
* Outcome	Average employment wage for the blind or visually impaired person	\$11.08	\$17.24	\$11.00	\$12.00	\$12.00
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	33	34	30	30	30

STATUTORY AUTHORITY:

Section 9-21-1 through 9-21-16 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the Governor.

MISSION:

The mission of the Indian Affairs Department is to lead and improve the quality of life for all New Mexico Indian citizens by affecting policy that strengthens tribal-state relation.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,229.9	2,570.9	2,380.9	2,405.9	-6.4
Other Transfers	656.0	0.0	0.0	0.0	***
SOURCES TOTAL	2,885.9	2,570.9	2,380.9	2,405.9	-6.4
USES					
Personal Services/Empl Benefit	579.2	926.3	1,012.9	1,012.9	9.3
Contractual Services	500.7	362.8	276.2	276.2	-23.9
Other	1,108.4	1,281.8	1,091.8	1,116.8	-12.9
TOTAL USES	2,188.3	2,570.9	2,380.9	2,405.9	-6.4
FTE					
Permanent	12.0	13.0	13.0	13.0	0.0
TOTAL FTE POSITIONS	12.0	13.0	13.0	13.0	0.0

BUDGET ISSUES:

The Indian Affairs Department (IAD) FY07 request includes approximately \$117 thousand in personal services/employee benefits for the secretary formerly budgeted in contractual services. This approximately accounts for the FY07 increase in personal services and employee benefits and the reduction in contractual services from FY06 to FY07. The personal services and employee benefits are fully funded even though the agency traditionally has at least two vacancies. The contractual services category continues to include funds for the Albuquerque Indian Center for activities associated with counseling, homeless care management, employment, and training. The other expenditure category contains the following: Cochiti Youth program, \$44 thousand; Isleta youth program, \$40 thousand; Jemez Visitors Center, \$34 thousand; Jicarilla Apache Historic Preservation Program, \$42.5 thousand; Navajo Nation Emergency Management Services, \$300 thousand; Navajo Nation Shiprock Uranium workers, \$40 thousand; Santa Fe Indian School Learning Center, \$217 thousand; Southwest Indian Polytechnic Institute curriculum development, \$40 thousand; youth leadership initiative, \$75 thousand; Youth sports and wellness, \$50 thousand, and tribal leadership, \$68 thousand. The amounts may differ somewhat from previous years but are consistent with the prior year's billing. IAD is working with the programs through a quarterly reporting process to ensure adequate progress and the scope of work is consistent with the original legislative intent.

IAD currently monitors about 600 capital projects and has 2.5 FTE assigned to what is described as a Capital Outlay Unit that administers the projects. The unit is composed of a capital outlay manager, an accountant, and half-time general counsel. The counsel advises on legal issues surrounding the joint powers agreements related to capital projects. The Legislature in 2005 appropriated \$19 million for an additional 148 projects. For the prior year, 158 projects were funded at a far lower total of \$13.3 million. There has been concern that the Navajo Nation has not expended its appropriations due to bureaucratic issues and difficulty in finding project start-up funds. These and other related issues were addressed at an August workshop attended by IAD. Continual monitoring of projects by the capital unit will determine if some barriers have been reduced.

INDIAN AFFAIRS

The purpose of the Indian affairs program is to serve as the coordinating agency for intergovernmental and interagency programs concerning tribal governments and the state.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date		36%	100%	100%	100%
Outcome	Number of audit findings	0		0	0	0
* Output	Number of capital projects over fifty thousand dollars completed and closed	4	69	70	40	40
* Output	Number of capital outlay process training sessions conducted for tribes		8	4	4	5
* Output	Percent of grants and service contracts with more than two performance measures			100%	100%	100%
* Output	Number of capital outlay projects under fifty thousand dollars completed and closed				30	30

STATUTORY AUTHORITY:

Sections 28-4-4 through 28-4-9 NMSA 1978 created the Agency on Aging to establish and maintain comprehensive statewide programs to meet the social needs of the state's aged population and to oversee the distribution of federal funds authorized by the federal Older Americans Act. Sections 9-23-1 through 9-23-12 NMSA 1978 elevated the agency to a cabinet-level department, the Aging and Long-Term Services Department (ALTSD). This legislation expanded the department substantially, moving the home- and community-based Medicaid waiver program for the disabled and elderly (D&E waiver), the Medicaid personal care option (PCO) program, and the program of all inclusive care for the elderly (PACE) from the Human Services Department (HSD); the traumatic brain injury program from the Department of Health (DOH); and the adult protective services program from the Children, Youth and Families Department (CYFD). Finally, the legislation calls for the secretary of ALTSD to provide long-term care and related services plan for all populations and possible additions to ALTSD. The plan addresses the future of the long-term services population, as well as issues related to access, financing, quality of care, housing, and transportation. The plan uses practices from other states and identifies 10 policy priority areas, with objectives, strategies, and projected outcomes for each. The policy areas are increased services for the elderly and disabled populations, independence through consumer-based services, workforce development, interagency collaboration, a focus on home- and community-based services, improved financing mechanisms and access, zero-tolerance for abuse, neglect, and fraud, development of ALTSD infrastructure, and meaningful quality of life.

MISSION:

The mission of the Aging and Long-Term Services Department is to address autonomy, health, economic well-being, community involvement, and personal responsibility to achieve the highest quality of life for older persons, adults with disabilities and their families.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	23,467.4	36,310.8	40,429.8	39,015.3	7.4
Other Transfers	3,943.8	6,530.1	6,619.3	6,619.3	1.4
Fed Program Revenues	9,068.4	10,922.2	10,236.0	10,236.0	-6.3
Other Program Revenues	108.0	0.0	0.0	0.0	***
General Revenues	0.3	0.0	0.0	0.0	***
SOURCES TOTAL	36,587.9	53,763.1	57,285.1	55,870.6	3.9
USES					
Personal Services/Empl Benefit	4,746.6	11,861.8	15,084.7	14,172.1	19.5
Contractual Services	2,533.0	7,511.4	5,423.6	5,398.2	-28.1
Other	28,295.2	34,109.3	34,618.7	35,085.5	2.9
Other Financing Uses	280.6	280.6	2,158.1	1,214.8	332.9
TOTAL USES	35,855.4	53,763.1	57,285.1	55,870.6	3.9
FTE					
Permanent	40.0	219.0	260.0	246.0	12.3
Term	19.0	28.0	34.0	34.0	21.4
TOTAL FTE POSITIONS	59.0	247.0	294.0	280.0	13.4

BUDGET ISSUES:

In FY07, ALTSD is composed of five programs. The Consumer and Elder Rights Program, which administers the long-term care ombudsman program and provides health insurance and benefits counseling and legal services; the Aging Network Program, which administers the federal Older Americans' Act and encompasses the functions of the former Older Worker and Community Involvement programs; the Long-Term Services Program, which encompasses the home- and community-based long-term care programs; Adult Protective Services; and Program Support, which provides clerical, recordkeeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

The 7.4 percent general fund increase in ALTSD's budget recommendation is largely due to a base increase as well as an expansion request for the Adult Protective Services program (APS) and the traumatic brain injury (TBI) waiver. Although transferred during the current fiscal year and funded slightly above the agreement between CYFD and ALTSD, the department indicates a need for program infrastructure, as well as additional staff, as detailed in expansion issues. When APS was transferred from CYFD to ALTSD, the departments agreed that 17 percent of the Protective Services program at CYFD should transfer to ALTSD; however, CYFD did not transfer funding for General Services Department (GSD) services, unemployment insurance, or audit fees. For FY06, CYFD agreed to pay the APS portion of these items for ALTSD because the costs were already charged against CYFD. Again in FY07, CYFD is charged these costs because GSD does not separate APS from CYFD. Additionally, it appears CYFD neglected to transfer any overtime costs for APS field staff and information technology replacement funding. Finally, when APS transferred, the departments agreed on a 9 percent vacancy rate for both protective services programs. The actual vacancy rate for APS is approximately 13 percent. Because ALTSD will need to pay these costs in FY07, the committee recommends a base increase equal to 17 percent of the CYFD request for these rates, or a total of \$393 thousand. This is in addition to \$75 thousand to begin a four-year replacement cycle of APS computers and approximately \$240 thousand to help lower the high vacancy rate.

The seemingly large decrease in the agency's federal funds request is mostly attributable to a decrease in federal grants in the Long-Term Services program. The Real Choice Grant, a multi-year grant through the federal Centers for Medicaid and Medicare Services for the development and management of the Aging and Disabilities Resource Center, is the final year of funding; therefore ALTSD has significantly decreased the federal funds in FY07, primarily in contractual services.

The committee recommends a 3 percent vacancy savings for personal services and employee benefits, with the exception of APS, which is calculated at 5 percent. This is compared with a historic rate of over 18 percent. The agency attributes the abnormally high vacancy rate to a forced vacancy savings in the APS program, based on the agreed-upon transfer from CYFD. The recommendation includes \$595 thousand to administer the Medicaid waiver for the disabled and elderly, which currently serves 2,024 clients with 7,112 on the waiting list, at a general fund cost of \$5 thousand per client. The direct services portion of the waiver funding, approximately \$16.3 million, is housed at HSD and includes funding to serve an average of 100 more clients per month than in FY06. The committee also recommends \$500 thousand for the GOLD mentoring program from the Temporary Assistance for Needy Families block grant. Additionally, the committee recommends continuing the \$1.7 million increase to the Aging Network program, because the funding went directly to area agencies on aging to enhance local operations, as well as \$622.6 thousand to fund recurring items originally funded in Laws 2005, Chapter 34 (Senate Bill 190).

BASE EXPANSION:

The agency requested expansion items totaling \$3.2 million with 47 additional FTE, six of which are term positions. As shown in the table, the items requested are listed in order of preference by the agency and committee recommendations not requested by ALTSD.

ALTSD's first request is to develop a solid infrastructure on which to build APS, including 7 additional permanent FTE and additional contractual services. Because CYFD and ALTSD share information technology systems for their respective protective services programs, the committee realizes the need for ALTSD to house an expert on systems already in place and recommends one computer systems consultant to interact with CYFD on two systems: family automated client tracking system (FACTS) and statewide centralized intake (SCI). Because CYFD will only provide support services for three years, ALTSD must create sufficient staff to cover the gap. Therefore, the committee also recommends one support staff to assist the attorney with APS legal services, such as pleadings, scheduling hearings, traveling to and from the courthouse, developing a tracking system for APS cases, and working with court staff. The committee also recommends \$60 thousand in contractual services to contract with CYFD to assist with clerical functions. As CYFD begins to hand over responsibility for these functions at the end of the three-year transition, it is the committee's intention that this funding stay with ALTSD. Finally, for infrastructure purposes, the committee believes it is prudent to assist with APS legal services statewide and recommends \$25 thousand to contract with local attorneys in areas where there are gaps in services, as opposed to fully funding a second lawyer.

With regard to the 26 APS field offices in five regions, data indicates a large disparity in caseload. In 2003 and 2004, the statewide average caseload per social worker was 89 cases per year. In Bernalillo County in 2004, the average caseload was 116 per social worker; in Curry County, the average caseload is 103 per social worker; and in Chaves County the average caseload is 119 per social worker. Additionally, the department currently leases 12 vehicles for all APS staff. Because of the discrepancy in caseload and the need for more vehicles in the field, the committee recommends an expansion of three additional social workers and funding for five additional vehicle leases to be placed in the most needed districts, as determined by the agency.

Finally, for APS, the Legislature in 2005 increased the APS budget by \$555 thousand for operating expenses. It was the intent of the department that \$200 thousand be spent on additional staff for APS. ALTSD has, in FY06, received approval to move \$200 thousand via a budget adjustment request into personal services and employee benefits to create 4 FTE to support APS. The committee recognizes the recurring funding was requested in the base and recommends continuation of this support in FY07.

The APS expansion recommendation of 9 permanent FTE, additional contractual services and five additional vehicle leases will cost \$307.4 thousand from the general fund.

When ALTSD began administering the D&E waiver program in the Long-Term Services Program, the screening and intake function was contracted out for \$525 thousand from the general fund annually. ALTSD decided to bring this function, the Long-Term Care (LTC) Link, in-house, integrated with the Aging and Disability Resource Center, and has transferred funding from contractual services to personal services and employee benefits in FY06 and is requesting 19 FTE for continuation of the LTC Link. Because the agency is not requesting an overall increase in funds, the committee recommends the positions and funding in the base at \$923.9 thousand, of which \$462 thousand is from the general fund.

Additionally, with regard to the Aging and Disability Resource Center, ALTSD requested 3 term FTE as midlevel managers to coordinate staff training efforts and information technology systems. These positions are fully funded with a multi-year federal Aging and Disability Resource Center grant, were created in FY06, and do not represent an increase in funding. The committee recommends the expansion of 3 term FTE.

Laws 2005, Chapter 243, created the traumatic brain injury waiver to be administered by ALTSD, in cooperation with HSD. The bill requires ALTSD to provide Medicaid waiver services to persons with brain injuries with emphasis on long-term disability services provided through home- and community-based programs and includes a \$2 million appropriation from the general fund for FY05-FY06. While the committee realizes the nature of a waiver indicates recurring funding, it should be noted ALTSD does not intend to create the program until the state receives approval for the self-directed waiver from the Centers for Medicaid and Medicare Services. Because the implementation date of the self-directed waiver is uncertain, the committee includes 2 FTE and \$1 million from the general fund and an additional \$1 million from the appropriation contingency fund, accessible when the department has created the infrastructure to manage the new waiver.

The Legislature in 2005 appropriated \$300 thousand from the general fund and 5 permanent FTE for the creation of a zero-tolerance team to work against abuse, neglect, and exploitation of seniors. The team was placed in the Long-Term Services Program, as recommended by the executive. While the department has requested \$360 thousand for the Long-Term Services Program in FY07, it indicates the program is more closely aligned with the Consumer and Elder Rights Program functions, as stated in the program purpose statement. The committee recommends moving the team to the Consumer and Elder Rights Program with a recommended increase of \$316.5 thousand from the general fund with 5 permanent FTE and a corresponding reduction in the Long-Term Services Program.

Finally, the committee is recommending \$200 thousand from the general fund for the gap program. Previously, the gap program was funded through HSD and paid for home modifications for persons with disabilities, emphasizing access and egress. In addition, the funding allows basic assistance with routine living functions in the gap between a positive eligibility determination and the start of in-home services. The purpose of the program is to allow disabled persons to continue living independently in their homes, thereby minimizing the need for nursing or home-care services. Because this function is more closely aligned with D&E waiver and personal-care option services, both of which are administered by ALTSD, the committee recommends funding and administration transfer to ALTSD.

RECOMMENDED LANGUAGE:

One million dollars (\$1,000,000) is appropriated from the appropriation contingency fund to the state board of finance for disbursement to the aging and long-term services department. Disbursement is contingent upon certification by the aging and long-term services department to the state board of finance that the traumatic brain injury waiver has been implemented and has exceeded the growth assumed within the fiscal year 2007 appropriation. The aging and long-term services department shall present to the secretary of the department of finance and administration justification for requesting disbursement of funds from this appropriation.

The general fund appropriation to the aging network program of the aging and long-term services department in the other category to supplement the federal Older Americans Act shall be contracted to the designated area agencies on aging.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	TBI waiver program (4 perm FTE)	(LTS)	2,157.5	1,050.0
1	Building APS infrastructure (7 perm FTE)	(APS)	526.1	182.0
2	APS regional expansion (10 perm FTE)	(APS)	470.3	125.4
3	APS/ASD authorized positions (4 perm FTE)	(APS)	0.0	0.0
4	Position conversion - ADRC (16 perm, 3 term)	(LTS)	0.0	0.0
5	ADRC positions (3 term FTE)	(LTS)	0.0	0.0
6	Transfer zero-tolerance team (5 perm FTE)	(C&ER)	0.0	316.5
7	<u>Gap program</u>	<u>(LTS)</u>	<u>0.0</u>	<u>200.0</u>
TOTAL			3,153.9	1,873.9

*The department included this item in the base request. LFC considers the item to be expansion and has extracted it from the base.

CONSUMER AND ELDER RIGHTS

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and persons with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality service.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 - 2006-2007</u>					
	<u>FY05</u> 2004-2005 <u>Actuals</u>	<u>FY06</u> 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	708.3	635.2	693.9	961.4	51.4
Fed Program Revenues	936.3	1,148.9	1,118.9	1,118.9	-2.6
Other Program Revenues	39.2	0.0	0.0	0.0	***
SOURCES TOTAL	1,683.8	1,784.1	1,812.8	2,080.3	16.6
USES					
Personal Services/Empl Benefit	1,056.4	1,248.0	1,285.7	1,512.3	21.2
Contractual Services	40.3	88.1	88.1	88.1	0.0
Other	580.7	448.0	439.0	479.9	7.1
TOTAL USES	1,677.4	1,784.1	1,812.8	2,080.3	16.6
FTE					
Permanent	10.0	10.0	10.0	15.0	50.0
Term	10.0	10.0	12.0	12.0	20.0
TOTAL FTE POSITIONS	20.0	20.0	22.0	27.0	35.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of long-term care complaints resolved	64.8%				
* Output	Number of client contacts to assist on health, insurance, prescriptions and other programs	30,120	34,360	30,100	35,000	35,000
* Output	Number of clients who receive assistance to access low- or no-cost prescription drugs through MEDBANK and brownbag events	8,241	4,437	5,000	5,200	5,200
Output	Number of long-term care complaints identified and investigated during the state fiscal year	9,089				
Output	Number of volunteers trained in the state fiscal year to provide health insurance and benefits assistance	113	951	80	150	150
Output	Number of outreach events providing prescription education	18	37	21	30	30
* Output	Number of resident contacts by ombudsmen		82,757	3,990	83,000	83,000
Output	Number of hours of legal representation provided including legal advice and education	16,008	16,643	17,000	17,200	17,200

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education, and work experience to older individuals so they can enter or re-enter the work force and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	19,342.0	21,040.0	21,040.0	21,650.2	2.9
Other Transfers	462.3	325.6	325.6	325.6	0.0
Fed Program Revenues	7,508.4	7,783.7	7,783.7	7,783.7	0.0
SOURCES TOTAL	27,312.7	29,149.3	29,149.3	29,759.5	2.1
USES					
Personal Services/Empl Benefit	184.9	191.3	213.7	201.9	5.5
Other	26,970.4	28,677.4	28,655.0	29,277.0	2.1
Other Financing Uses	280.6	280.6	280.6	280.6	0.0
TOTAL USES	27,435.9	29,149.3	29,149.3	29,759.5	2.1
FTE					
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of individuals participating in the state older worker program obtaining unsubsidized permanent employment	14%				
* Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	23%	11.59%	23%	16%	16%
* Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	26%	30.18%	25%	32%	32%
* Outcome	Percent of individuals aged sixty and over served through community services	42%	38%	44%	40%	40%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted		94.1%	84%	94%	94%

AGING AND LONG-TERM SERVICES DEPARTMENT

624

Output	Number of individuals enrolled in the state older worker program	147				
Output	Number of individuals enrolled in the federal older worker program	129	68	97	80	80
Output	Annual number of mentors	55	47	47	40	40
Output	Annual number of clients placed in meaningful employment	437	613	300	300	350
Output	Annual number of clients mentored	1,703	2,031	1,200	1,200	1,500
* Output	Unduplicated number of persons served through community services	131,346	117,511	140,000	120,000	120,000
* Output	Number of adult daycare service hours provided	189,062	186,529	191,100	187,500	187,500
* Output	Number of hours of respite care provided	160,394	146,782	123,375	147,000	147,000
Output	Number of one-way trips provided for access to community services	825,541	810,009	850,000	810,000	810,000
Output	Unduplicated number of persons receiving congregate meals	33,047	30,780	33,075	30,000	30,000
Output	Number of congregate and home-delivered meals served to eligible participants	3,416,342	3,469,011	3,450,000	3,500,000	3,500,000
Output	Number of senior centers providing meals	212	212	212	212	212
Output	Number of homemaker hours provided	143,910	105,867	130,000	120,000	120,000
Output	Number of participants in local and national senior olympic games	2,769	5,349	2,800	5,400	5,400
Output	Number of children served through the foster grandparent program	2,583	2,253	2,500	2,300	2,300
Output	Number of volunteer hours provided by retired and senior volunteers	1,237,324	1,476,236	1,350,000	1,480,000	1,480,000
Output	Number of home-bound clients served through the senior companion program	1,548	1,597	1,550	1,600	1,600
Output	Unduplicated number of persons receiving home-delivered meals	14,081	14,733	13,125	15,000	15,000

LONG-TERM SERVICES

The purpose of the long-term services program is to administer home- and community-based long-term service programs that support individuals in the least restrictive environment possible.

BUDGET SUMMARY (dollars in thousands)

	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,575.1	1,848.2	3,908.2	2,601.1	40.7
Other Transfers	3,172.3	2,880.7	2,969.9	2,969.9	3.1
Fed Program Revenues	0.0	1,350.9	644.7	644.7	-52.3
Other Program Revenues	68.8	0.0	0.0	0.0	***
SOURCES TOTAL	4,816.2	6,079.8	7,522.8	6,215.7	2.2
USES					
Personal Services/Empl Benefit	1,164.8	1,208.1	2,667.2	2,153.4	78.2
Contractual Services	2,366.7	4,646.5	2,428.7	2,428.7	-47.7
Other	362.7	225.2	549.4	699.4	210.6
Other Financing Uses	0.0	0.0	1,877.5	934.2	***
TOTAL USES	3,894.2	6,079.8	7,522.8	6,215.7	2.2
FTE					
Permanent	0.0	15.0	35.0	28.0	86.7
Term	0.0	9.0	13.0	13.0	44.4
TOTAL FTE POSITIONS	0.0	24.0	48.0	41.0	70.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of total personal-care option cases that are consumer directed		4.99%	4%	6%	6%
* Outcome	Percent of disabled and elderly Medicaid waiver clients who receive services within ninety days of eligibility determination		98.4%	100%	100%	100%
Output	Number of traumatic brain injury compliance reviews performed annually		10	10	10	10

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	10,995.9	12,857.7	11,962.8	8.8
Other Transfers	0.0	3,149.4	3,149.4	3,149.4	0.0
SOURCES TOTAL	0.0	14,145.3	16,007.1	15,112.2	6.8
USES					
Personal Services/Empl Benefit	0.0	7,030.6	8,541.8	7,967.8	13.3
Contractual Services	0.0	2,680.2	2,771.2	2,745.8	2.4
Other	0.0	4,434.5	4,694.1	4,398.6	-0.8
TOTAL USES	0.0	14,145.3	16,007.1	15,112.2	6.8
FTE					
Permanent	0.0	164.0	185.0	173.0	5.5
TOTAL FTE POSITIONS	0.0	164.0	185.0	173.0	5.5

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of adults with repeat maltreatment	12.8%	11.1%	10.8%	9.5%	9.5%
Outcome	Percent of investigated cases closed within thirty-five days				53%	60%
Output	Number of clients receiving services				1,275	1,275

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,842.0	1,791.5	1,930.0	1,839.8	2.7
Other Transfers	309.2	174.4	174.4	174.4	0.0
Fed Program Revenues	623.7	638.7	688.7	688.7	7.8
General Revenues	0.3	0.0	0.0	0.0	***
SOURCES TOTAL	2,775.2	2,604.6	2,793.1	2,702.9	3.8
USES					
Personal Services/Empl Benefit	2,340.5	2,183.8	2,376.3	2,336.7	7.0
Contractual Services	126.0	96.6	135.6	135.6	40.4
Other	381.4	324.2	281.2	230.6	-28.9
TOTAL USES	2,847.9	2,604.6	2,793.1	2,702.9	3.8
FTE					
Permanent	30.0	30.0	30.0	30.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of contractors assessed with no significant findings	100%	100%	85%	100%	100%
Output	Number of attendees at annual conference on aging	1,873	1,700	1,680	1,700	1,700
Output	Number of contractors monitored or assessed	89	108	80	95	95
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,143	1,103	1,150	1,150	1,150

STATUTORY AUTHORITY:

The Human Services Department was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs related to providing medical and financial assistance for eligible populations and child support collection activities. The agency consists of four divisions: Administrative Services, Child Support Enforcement, Medical Assistance, and Income Support.

Additional authority and definition of responsibilities are found in the Public Assistance Act (Sections 27-2-1 through 27-2-47 NMSA 1078) for the Income Support, Medical Assistance, and Child Support Enforcement divisions.

MISSION:

The Human Services Department strategic plan states the agency mission is to assist New Mexicans in improving their well being and moving toward self-sufficiency by planning, leading, and coordinating an integrated network of public and private support.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	544,265.8	626,232.8	658,292.7	673,102.0	7.5
Other Transfers	80,844.8	90,935.0	98,944.0	101,239.0	11.3
Fed Program Revenues	2,355,082.3	2,390,880.5	2,455,084.4	2,497,459.2	4.5
Other Program Revenues	49,071.6	54,979.3	58,440.0	60,679.9	10.4
SOURCES TOTAL	3,029,264.5	3,163,027.6	3,270,761.0	3,332,480.1	5.4
USES					
Personal Services/Empl Benefit	73,174.5	70,635.7	86,334.4	81,020.8	14.7
Contractual Services	65,046.8	72,913.0	73,014.7	70,819.0	-2.9
Other	2,771,319.5	2,906,242.9	3,006,086.8	3,073,544.2	5.8
Other Financing Uses	114,985.1	113,236.0	105,325.1	107,096.1	-5.4
TOTAL USES	3,024,525.9	3,163,027.6	3,270,761.0	3,332,480.1	5.4
FTE					
Permanent	1,683.0	1,667.0	1,843.0	1,754.0	5.2
Term	12.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	1,695.0	1,667.0	1,843.0	1,754.0	5.2

BUDGET ISSUES:

The FY07 committee recommendation for the Human Services Department (HSD) totals \$3.33 billion, up 5.4 percent over FY06. The general fund recommendation is \$673.1 million, an increase of \$46.9 million over the FY06 total of \$626.2 million. This includes a total of \$2.2 million from the general fund for expansion items.

Again the largest increase is in the Medicaid program, with total expenditures for FY07 rising to \$2.7 billion from \$2.5 billion and general fund requirements to \$603.8 million from \$558.3 million. This is a general fund increase of \$45.5 million, or 8.1 percent. This general fund recommendation is augmented by \$1.3 million from the tobacco resettlement funds included in the other state funds revenue category. This compares to a FY06 increase from FY05 of over 15 percent. However, for FY07 the federal medical assistance percentage declined only 0.82 percent rather than the 2.38 percent experienced in FY06. This modest decline in FY07 created an additional state requirement of only about \$20 million compared with the almost \$60 million requirement in FY06. Based on the October 2005 HSD Medicaid projection, the total FY07 expenditure level is \$2.62 billion and the recommendation fully funds Medicaid at this level. A summation of the Medical Assistance Division requirement from the general fund is in Volume III.

The state coverage insurance program grows from an estimated \$20.4 million to \$24.8 million, requiring \$4.9 million from the general fund, up approximately \$1 million from FY06. The recommendation includes increasing the number of University of New Mexico Hospital participants to 5,000.

The request does not include any optional direct provider increases, however, the recommendation adds \$5 million for this purpose that will allow an approximate 1 percent increase. The committee recognizes a need to increase provider rates after several years of

no or small increases and then a reduction of rates in FY05. The committee recommends the entire Legislature consider additional increases based on the availability of funds.

The recommendation also includes \$4.2 million to support a change back to 12 month eligibility recertification from the recently introduced 6 month recertification. This change is also a priority item for the Health and Human Services Committee. The Human Services Department projection assumes a low enrollment and utilization growth rate of under 2 percent and a price increase under 1 percent. The \$4.2 million recommendation funds the estimated 5,000 client enrollment increase expected to occur with this recertification change. Even with the \$4.2 million the committee acknowledges low overall enrollment is a key element to maintaining revenues at the recommended level. The sharper-than-expected drop in enrollment following the shift from 12 month eligibility recertification to 6-month in July 2005 led HSD to additional outreach. The result of this effort will be a factor in achieving the moderate projected growth. Likewise, success in containing growth in an environment of medical cost escalation is key to the HSD projection. The committee recognizes these as primary risk factors in the recommendation.

The Medical Assistance Division (MAD) administrative program recommendation totals \$49.9 million, compared with the agency request of \$51.6 million. The agency base request included 12 additional FTE, 139 rather than the authorized 127. The 127 FTE is the net number after transfer of 4 information technology FTE to Program Support for internal reorganization. Reduction of the extra 12 FTE resulted in a technical adjustment that lowered the base request personal services and employee benefits category by \$590 thousand making the difference between the committee recommendation and the adjusted base request only \$15 thousand. The agency request from the general fund totaled \$9.4 million compared with the committee recommendation of \$8.3 million. The principal difference is in the other transfers category, \$905 thousand in the request compared with \$1.4 million in the recommendation. This difference is for anticipated Medicaid program funds derived from the revenue maximization contract. HSD has not included any of these funds in the FY07 request. In addition, the general fund recommendation includes \$312.5 thousand to match with federal funds to maximize the graduate medical education and indirect medical education payments.

The Income Support Division (ISD) has a total request of \$561.8 million, including \$47.3 million from the general fund, and the committee recommendation totals \$556.3 million, including \$43.2 million from the general fund. All except \$1 million of the difference from the general fund is in the ISD administrative expenses.

A chart in Volume III shows the temporary assistance for needy families (TANF) budget for FY05 and FY06, the FY07 HSD request, and the FY07 committee recommendation. The committee recommendation for TANF totals \$149.9 million and includes \$32.8 million from the general fund for the required maintenance of effort and \$117.1 of federal funds. This recurring revenue level supports what might be considered mandatory expenditures, including administration of \$10.8 million, total cash assistance of \$68.6 million, work contracts of \$9.8 million, child care subsidies of \$32.2 million, and maintenance of effort in other agencies of \$21.2 million, leaving \$12.3 million to distribute over the other programs. The focus must be on funding activities that enhance work training because cash assistance typically ends after a maximum of 60 months and the clients must be employment ready.

In addition, the committee recommends \$7.3 million for general assistance, \$1 million less than the agency request. Funding for this program, entirely supplied by the general fund, has doubled since 2003. General assistance essentially provides a safety net for disabled adults ineligible for federally supported programs, generally low-income persons without children. The general assistance program grew to this level without an adequate HSD prior-year appropriation request for this purpose. The result is a supplemental request of \$2.4 million even though general assistance is not an entitlement program. The committee recognizes the importance of general assistance but, because it is not an entitlement program requests that HSD provide a more complete explanation regarding the unfunded program expansion, including a description of regulatory changes that might have contributed to the cost escalation. An example is the change to allowing payments prior to denial of federal benefits. The committee expects that in the future such program growth be accompanied with an expansion request and a subsequent appropriation for the purpose. Program growth has moderated in recent months and the committee recommendation is adequate at current enrollment levels. Future program growth beyond the appropriation level needs to be accompanied by additional legislative input.

It is anticipated that the food stamp program will continue to increase with the recommendation at \$342.1 million federal funds, up from \$297.5 million in FY06. This increase accounts for most of the overall increase in the ISD recommendation.

The administrative portion of the ISD FY07 budget request totals \$61.6 million, including \$26.4 million from the general fund, and the committee recommendation totals \$57.8 million, with \$23.2 million from the general fund. The principal difference is in the personal services and employee benefits category for expansion positions. The committee recommendation is for \$2.1 million and 45 FTE compared with the request of \$5.1 million and 102 FTE. ISD provides eligibility services for all HSD programs, including food stamps and Medicaid in addition to TANF. The continuing increase in food stamp and Medicaid caseload at a 50 percent federal match for

administrative costs compared with TANF caseload that has a 100 percent federal match. This creates a greater requirement from the general fund for the ISD administrative match. For example, in FY06 the TANF cost allocation for ISD administration was 20 percent but for FY07 it declined to 14 percent. This change accounted for \$1.5 million of the increase from the general fund for ISD.

The committee recommendation for Child Support Enforcement (CSED) totals \$28.7 million, up 1.5 percent over FY06. The recommendation includes a general fund increase to \$5.9 million from the FY06 level of \$5.8 million, a 2.5 percent increase. The reduction in contractual services is a result of a lower estimated cost for the privately operated customer service call center. In addition, most of the agency information technology functions are now consolidated in program support, moving these costs out of CSED. The committee recommendation includes \$850 thousand for an additional 17 FTE to fulfill a variety of functions mostly in response to office expansions into Los Lunas, Socorro and Alamogordo. These changes are designed to provide more responsive customer service.

While no final congressional action has taken place, there are indications federal matching funds will be reduced for child support enforcement programs nationwide as early as federal fiscal year 2007. If this takes place it will negatively impact the FY07 CSED budget, possibly requiring service reductions or supplemental funding.

The Program Support base request was \$41.3 million and the committee recommendation totals \$40.3 million. Approximately \$23 million and 66 FTE were transferred to Program Support from other HSD programs in response to legislation authorizing certain agencies to create a consolidated information technology division. Included in the Program Support expenditures are \$5.8 million for General Services Department information technology charges, that compare with \$5.5 million for those charges in FY06. These charges were distributed over the other divisions prior to FY06. This program has a total of 41 vacant positions out of the 233 authorized, for a vacancy rate of 18 percent. Again, the committee encourages HSD to develop a human resource function to deal with this issue, not only for Program Support but for the entire agency.

BASE EXPANSION:

Medical Assistance Division. Including the 13 unauthorized positions in the agency base request and the 12 in base expansions, MAD requested a total of 25 additional positions. The program has 18 vacant positions out of the 127 authorized, for a vacancy rate of 11 percent. This compares with 25 vacant out of 131 FTE, or 19 percent, for the prior year, a marked improvement. The expansion recommendation includes 17 additional FTE and \$1.7 million. Even with the relatively high continuing vacancy factors, the committee recommends the expansion positions in recognition of the additional programs related to MAD. These include the State Coverage Insurance program, recurring staff work for the Behavioral Health Collaborative and Insure New Mexico and school-based health programs among others. The committee does not make specific recommendations regarding the distribution of the FTE among programs.

Income Support Division. From the 923 FTE level in FY06, a total of 22 additional FTE were recommended with 12 to facilitate with disability waiver program eligibility issues. The prior-year 25 additional FTE were added for 47 over a two-year period. In August 2005 ISD had 83 vacant positions with 40 in eligibility worker positions. Even with these increases over the past two years and with the vacant positions, the committee recommends 45 additional FTE and \$2.1 million for this purpose. With the additional FTE recommended for FY07 the three-year total becomes 92. During the period from September 2001 until June 2005, the Medicaid, food stamp, and TANF caseload increase was near 20 percent; the 92 FTE increase represents an 18 percent in ISD eligibility personnel. While this does not take into account extra duties such as State Coverage Insurance applicants, the new positions approach parity between workload and FTE increase. The committee anticipates the 45 FTE will allow for higher quality service and employee satisfaction. The high vacancy factor remains a concern and the committee encourages HSD to implement a human resources strategic plan that will fill the new positions expeditiously and minimize employee turnover. The committee requests performance measures for these FTE to establish the impact on customer service and employee satisfaction.

Also, the committee recommends \$700 thousand from the general fund as an expansion for elderly food stamp recipients. This will increase the minimum food stamp award for the elderly from \$10 per month to \$20 per month.

Child Support Enforcement Division. An additional 17 FTE and \$850 thousand are recommended as an expansion to facilitate staffing at new offices in Los Lunas, Socorro and Alamogordo. The committee requests performance measures for these offices to establish their value and to validate the need for continuing expansion.

Program Support. The committee recommends an additional 8 FTE and \$25 thousand as expansion for program support. The information technology division continues to bring former contracts in-house at a considerable savings and requires additional FTE to facilitate this process. The higher program caseload creates additional hearings and administrative requirements in program support. In addition, the committee anticipates human resource strategic planning to originate in program support to address staffing issues in all HSD programs. The committee does not recommend the distribution of the FTE but leaves it to the discretion of the agency.

RECOMMENDED LANGUAGE:

The appropriations to the income support program of the human services department include ten million seven hundred ninety-five thousand two hundred dollars (\$10,795,200) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the human services department include eleven million five hundred fifty-four thousand eight hundred dollars (\$11,554,800) from the general fund and fifty-seven million thirty-four thousand six hundred dollars (\$57,034,600) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including education grants, clothing allowances, wage subsidies, one-time diversion payments and state-funded payments to aliens.

The appropriations to the income support program of the human services department include twelve million five hundred twenty thousand dollars (\$12,520,000) from the federal temporary assistance for needy families block grant for support services, including nine million eight hundred thousand dollars (\$9,800,000) for job training and placement, seven hundred twenty thousand dollars (\$720,000) for employment-related costs, eight hundred thousand dollars (\$800,000) for transportation services, four hundred thousand dollars for (\$400,000) for a family-strengthening and fatherhood program and eight hundred thousand dollars (\$800,000) for a substance abuse program.

The appropriations to the income support program of the human services department include thirty-six million seven hundred fifty-nine thousand three hundred dollars (\$36,759,300) from the temporary assistance for needy families block grant for transfers to other agencies, including thirty-two million two hundred nineteen thousand three hundred dollars (\$32,219,300) to the children, youth and families department for childcare programs, two million six hundred thousand dollars (\$2,600,000) to the children, youth and families department for domestic violence programs, one million four hundred forty thousand (\$1,440,000) to the commission on the status of women for the teamworks program, and five hundred thousand dollars (\$500,000) to the aging and long-term services department for the gold mentor program.

The appropriations to the income support program of the human services department include five million six hundred sixty-five thousand five hundred dollars (\$5,665,500) from the general fund and one million six hundred thousand dollars (\$1,600,000) other state funds for general assistance. These funds cannot be used for any other purpose.

The appropriations to the income support division of the human services department include two hundred eighteen thousand dollars (\$218,000) from the general fund for the Navajo sovereign temporary assistance for needy families program.

The appropriations to the income support division of the human services department include thirty-two thousand dollars (\$32,000) from the general fund for the Zuni sovereign temporary assistance for needy families program.

The human services department shall provide the department of finance and administration and the legislative finance committee quarterly reports on the expenditures of the federal temporary assistance for needy families block grant and the state maintenance-of-effort expenditures.

The appropriations to the medical assistance program of the human services department include sixteen million three hundred thousand dollars (\$16,300,000) from the general fund to provide direct services for the disabled and elderly program and serve 100 additional clients over the average number served per month for fiscal year 2006. The funds may not be used for any other purpose.

The other state funds appropriation to the medical assistance program of the human services department include one million three hundred thousand dollars (\$1,300,000) from the tobacco settlement program fund for breast and cervical cancer treatment for uninsured women under age sixty-five identified through the centers for disease control national early detection program. These funds may not be used for any other purpose.

HUMAN SERVICES DEPARTMENT

630

The general fund appropriation to the medical assistance program of the human services department includes three hundred twelve thousand five hundred dollars (\$312,500) to match with federal funds to maximize the graduate medical education and indirect medical education payments through medicaid.

The university of New Mexico hospital state coverage insurance program is authorized to expand up to five thousand (5,000) participants.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Admin positions (14 FTE)	(Program Su)	-153.4	25.0
2	Case worker relation positions (35)	(CSED)	1,784.7	850.0
3	Admin and mgt analyst positions (24)	(MAD)	2,538.6	1,680.0
4	Eligibility worker related positions (102)	(ISD)	5,107.8	2,109.4
5	<u>Elderly food stamp supplement</u>	<u>(ISD)</u>	<u>700.0</u>	<u>700.0</u>
TOTAL			9,977.7	5,364.4

MEDICAL ASSISTANCE PROGRAM

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.

BUDGET SUMMARY (dollars in thousands)

		FY07 - 2006-2007				
		FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	490,962.1	566,604.2	592,523.2	612,110.9	8.0
	Other Transfers	80,844.8	90,935.0	98,944.0	101,239.0	11.3
	Fed Program Revenues	1,896,203.6	1,883,411.8	1,898,472.7	1,943,560.8	3.2
	Other Program Revenues	40,716.3	45,996.9	47,959.4	50,200.0	9.1
	SOURCES TOTAL	2,508,726.8	2,586,947.9	2,637,899.3	2,707,110.7	4.6
USES						
	Personal Services/Empl Benefit	7,685.1	7,898.1	9,131.7	8,588.0	8.7
	Contractual Services	24,372.0	25,683.7	26,556.9	25,627.7	-0.2
	Other	2,405,124.1	2,477,879.1	2,532,355.9	2,603,209.2	5.1
	Other Financing Uses	66,807.0	75,487.0	69,854.8	69,685.8	-7.7
	TOTAL USES	2,503,988.2	2,586,947.9	2,637,899.3	2,707,110.7	4.6
FTE						
	Permanent	127.0	127.0	151.0	144.0	13.4
	TOTAL FTE POSITIONS	127.0	127.0	151.0	144.0	13.4

PERFORMANCE MEASURES

			<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
*	Outcome	Percent of children enrolled in medicaid managed care who have a dental exam within the performance measure year	85%	77%	90%	50%	92%
*	Outcome	Percent of readmissions to the same level of care or higher for individuals in managed care discharged from residential treatment centers			15%	18%	12%
*	Outcome	Number of children receiving services in the medicaid school-based services program			16,000	16,000	16,500
*	Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services	52%	45%	80%	75%	85%
	Outcome	Percent of adolescents in medicaid managed care receiving well-care visits	42%		50%	48%	52%

HUMAN SERVICES DEPARTMENT

630

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of age appropriate women enrolled in medicaid managed care receiving breast cancer screens	63%		70%	66%	75%
* Outcome	Percent of age appropriate women enrolled in medicaid managed care receiving cervical cancer screens	77%		71%	71%	75%

INCOME SUPPORT PROGRAM

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency.

BUDGET SUMMARY (dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	37,962.0	41,199.8	47,338.6	43,204.3	4.9
Fed Program Revenues	419,145.4	464,217.1	511,668.8	510,324.7	9.9
Other Program Revenues	2,405.4	2,217.7	2,818.7	2,818.0	27.1
SOURCES TOTAL	459,512.8	507,634.6	561,826.0	556,347.0	9.6
USES					
Personal Services/Empl Benefit	37,525.2	33,397.6	43,667.3	40,838.8	22.3
Contractual Services	24,838.7	21,990.2	26,112.4	24,171.9	9.9
Other	349,082.7	414,637.8	456,626.0	453,976.0	9.5
Other Financing Uses	48,066.2	37,609.0	35,420.3	37,360.3	-0.7
TOTAL USES	459,512.8	507,634.6	561,826.0	556,347.0	9.6
FTE					
Permanent	924.0	936.0	1,038.0	981.0	4.8
Term	12.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	936.0	936.0	1,038.0	981.0	4.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months		N/A	70%	65%	75%
* Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements			50%	50%	60%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements				70%	80%
* Outcome	Percent of food-stamp eligible children participating in the program		N/A	90%	90%	93%
* Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days		N/A	96%	96%	98%
* Outcome	Percent of temporary assistance for needy families clients phased into the interagency state workforce consolidation effort		N/A	100%	100%	100%
* Outcome	Number of temporary assistance for needy families clients who receive a job		N/A	9,250	9,250	9,500

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children to ensure that all court orders for support payments are being met to maximize child support collections and to reduce public assistance rolls.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	5,340.1	5,823.5	6,349.6	5,966.7	2.5
Fed Program Revenues	18,143.2	17,726.2	18,747.4	18,004.3	1.6
Other Program Revenues	3,849.4	4,688.7	4,688.7	4,688.7	0.0
SOURCES TOTAL	27,332.7	28,238.4	29,785.7	28,659.7	1.5
USES					
Personal Services/Empl Benefit	15,514.7	15,534.8	18,031.0	17,198.0	10.7
Contractual Services	6,096.7	8,239.7	7,429.7	7,429.7	-9.8
Other	5,721.3	4,463.9	4,325.0	4,032.0	-9.7
TOTAL USES	27,332.7	28,238.4	29,785.7	28,659.7	1.5
FTE					
Permanent	364.0	371.0	404.0	388.0	4.6
TOTAL FTE POSITIONS	364.0	371.0	404.0	388.0	4.6

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections			58%	58%	65%
* Outcome	Amount of child support collected, in millions of dollars	80.7	83.7	88.0	88.0	95.0
* Outcome	Percent of current support owed that is collected	51.8%	52%	58%	58%	65%
* Outcome	Percent of cases with support orders	51.5%	58.2%	57%	57%	65%
* Outcome	Percent of children born out of wedlock with voluntary paternity acknowledgment	60%	66%	57%	57%	75%
* Outcome	Percent of children with court-ordered medical support covered by private health insurance			30%	30%	37%

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,001.6	12,605.3	12,081.3	11,820.1	-6.2
Fed Program Revenues	21,590.1	25,525.4	26,195.5	25,569.4	0.2
Other Program Revenues	2,100.5	2,076.0	2,973.2	2,973.2	43.2
SOURCES TOTAL	33,692.2	40,206.7	41,250.0	40,362.7	0.4
USES					
Personal Services/Empl Benefit	12,449.5	13,805.2	15,504.4	14,396.0	4.3
Contractual Services	9,739.4	16,999.4	12,915.7	13,589.7	-20.1
Other	11,391.4	9,262.1	12,779.9	12,327.0	33.1
Other Financing Uses	111.9	140.0	50.0	50.0	-64.3
TOTAL USES	33,692.2	40,206.7	41,250.0	40,362.7	0.4
FTE					
Permanent	268.0	233.0	250.0	241.0	3.4
TOTAL FTE POSITIONS	268.0	233.0	250.0	241.0	3.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of fund reconciliations completed thirty days after receipt of accurate monthly reports from the department of finance and administration, human services joint accounting system and the state treasurer's office		N/A	100%	100%	100%
* Outcome	Percent of invoices paid within thirty days of receipt of the invoice		N/A	100%	100%	100%
Outcome	Percent of prior-year audit finding resolved in the current fiscal year		N/A	100%	100%	100%
* Outcome	Number of office of inspector general claims over thirty-six months old		N/A	0	0	0
* Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation		N/A	90%	90%	95%

STATUTORY AUTHORITY:

The Labor Department was created in 1987 by Section 9-18-1 through 9-19-16 NMSA 1978. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1933 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

MISSION:

The New Mexico Department of Labor's mission is to provide unemployment insurance, workforce development, and labor market services that meet the needs of job seekers and employers and to monitor and evaluate compliance with labor law, including nonpayment of wages, unlawful discrimination, child labor, apprentices, and wage rates for public works projects.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	841.6	841.0	5,111.5	3,213.3	282.1
Other Transfers	3,852.9	2,854.2	5,964.5	6,656.0	133.2
Fed Program Revenues	27,370.3	29,526.8	25,235.0	25,234.4	-14.5
Other Program Revenues	1,374.5	1,875.2	2,111.4	2,111.4	12.6
SOURCES TOTAL	33,439.3	35,097.2	38,422.4	37,215.1	6.0
USES					
Personal Services/Empl Benefit	24,943.5	24,948.3	28,927.9	28,002.7	12.2
Contractual Services	1,617.4	2,024.5	2,494.2	2,419.2	19.5
Other	6,878.4	8,044.1	7,000.3	6,793.2	-15.6
Other Financing Uses	0.0	80.3	0.0	0.0	-100.0
TOTAL USES	33,439.3	35,097.2	38,422.4	37,215.1	6.0
FTE					
Permanent	507.0	516.0	516.0	505.0	-2.1
Term	39.0	51.0	112.5	112.5	120.6
Temporary	1.0	3.0	1.0	1.0	-66.7
TOTAL FTE POSITIONS	547.0	570.0	629.5	618.5	8.5

BUDGET ISSUES:

The Labor Department requested a 500 percent, or \$4.2 million increase, from the general fund for FY07. Diminishing Reed Act funds, which have not been reauthorized by Congress, account for the significant request for general fund dollars. Additionally, in FY05, the Office of Workforce Training and Development (OWTD) was carved out of Department of Labor (DOL) along with the Workforce Investment Act (WIA) and the associated rapid response funds. DOL compensated for the lost workforce funds with additional Reed Act funds as well as funding from a worker's compensation fund balance transfer.

The alternative to increased funding from the general fund would be to scale back operations, laying off employees and closing field offices. The most recent audit by Deloitte and Touche reported that the department would implement austerity measures to control spending in FY05. Under these austerity measures, only those expenditures determined to be essential to the operations of the department were incurred, including personnel actions, procurements, and capital outlay. While considering the FY07 budget request, the LFC used the austere FY05 expenditures to build the recommendation for FY07. Knowing that change is a long-term project and only takes place through action, LFC recommendation seeks to control expenditure growth to minimize the federal-to-general-fund shift taking place in the agency. Controlling expenditures now can only help ease the projected increased funding need from the general fund in FY08.

The committee recommends a reduction of \$1.2 million in operating expenses primarily in salary and benefits and other cost categories. First, the department requested salaries and benefits based on varying division vacancy rates but an average of 4.5 percent; the LFC is recommending a vacancy rate of 7.9 percent. Vacancies in the first quarter of FY06 ranged from a low of 7 percent to as high as 17 percent in some divisions. The committee notes 11 permanent positions have been vacant for a year or more and recommends deletion. Eliminating 11 positions is almost equivalent to the increased vacancy factor. The overall expenditure savings in the Program Support Division of \$526 thousand reduced the interest and penalty revenue that was then used to relieve the increased general fund request in the Operations and Compliance divisions. The executive recommended the transfer of worker's compensation fund balance to DOL in FY05 and FY06; LFC recommends the continued transfer of \$691

thousand for FY07. The committee also recognizes information technology efficiencies in the unemployment insurance claims system (UICS) and SHARE, the statewide human resources and financial accounting systems, in the reduced FTE recommendation. The UICS system improvements will help improve compliance and unemployment operations and the new SHARE accounting system should streamline accounting, procurement, budgeting, and human resources. The LFC measures reduce the need for increased funding from the general fund from over 500 percent to 285 percent.

DOL has worked hard to get the UICS system enhancements for processing unemployment applications and re-certifications back on track after development costs of \$14 million yielded a non-functional system. NMDOL came to an agreement with the original contractor for completing the system and the agency plans to begin the testing phase in fall 2005. Complicating the project development, the Office of Inspector General (OIG) of the US Department of Labor, recently disallowed the use of rapid response funds for the UI re-engineering project and requires the return of \$1.6 million. DOL is negotiating with the federal auditors to see if Reed Act funds can be used to refund the \$1.6 million. In the event the negotiations with the OIG are not favorable, DOL has notified LFC of a possible need for FY06 supplemental funding appropriation from the general fund.

The Legislature also appropriated \$12 million of Reed Act funds for a new UI tax system. Work has not yet started on this project and may need to be extended. A tri-agency filing enhancement is nearing completion and will be tested in the fall of 2005. DOL, New Mexico Taxation and Revenue Department (NMTRD), and Workers' Compensation Administration (WCA) are working together to improve the online filing system for employers to register and file quarterly taxes and reports.

Sixty percent of the FY05 performance measure targets were met or exceeded. The department reported that the measure of the number of individuals served by labor market services who found employment was not met because the department can not measure the number of customers who use the self-serve Internet option for DOL services; if counted, the measure may have been met. The measure of the average number of days for completion of a discrimination investigation and determination was not met due to high caseloads resulting from the austerity measures. The committee recommends implementing a system for vetting the reported discrimination claims and only investigating those with merit. Additionally, the department could shift or reclassify FTE from Administrative Services to the Human Rights Division to increase the number of investigators.

DOL reports the 2.1 percent job growth rate for FY05 places New Mexico 11th among the states. The Farmington metropolitan statistical area (MSA) is the fastest growing in the state with 1,600 new jobs and 3.4 percent growth. The four largest growth industries are construction, government, health services, and professional business services. The seasonally adjusted unemployment rate has remained unchanged at 5.7 percent for over a year while the national unemployment rate is 5 percent.

BASE EXPANSION:

DOL requested an expansion in the Operations Division for the Temporary Assistance for Needy Families (TANF) NM Works program of \$3.2 million and 58 term positions funded by the TANF program. DOL currently performs services through an intergovernmental agency service agreement with the Workforce Connection of Central New Mexico (WCCNM) to provide one stop services in the central region of the state. These services include TANF, Food Stamp and transportation program case management, employability training activities, job development, screening and assessments. The service area includes Bernalillo, Sandoval, Tarrant and Valencia counties. The committee supports this expansion and encourages NMDOL to develop cost-allocation methods for administrative indirect expenses that can be claimed to the Food Stamp and transportation programs to help alleviate some of the lost WIA funding. The committee also recommends greater coordination with OWTD and WCCNM to maximize the 15 percent administration claim allowable under the TANF program. The Human Services Department, OWTD, DOL and WCCNM need to examine the coordinated use of indirect expenditures to maximize the TANF funding and minimize the impact to the general fund.

A second program expansion request of \$76 thousand and 2 term FTE is in the Labor and Industrial section of the Compliance Division and would be funded through projected increased revenue collection in the labor and enforcement fund. The expansion positions will help enforce the Public Works Minimum Wage Act, the Apprenticeship Training Act, and the various other 50 state labor laws. The committee supports this general-fund-neutral request because it will help aid the enforcement of N.M. labor laws.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Temporary Assistance for Needy Families	(P75100)	3,222.8	3,222.8
2	<u>Labor enforcement fund projects (2 FTE)</u>	<u>(P75600)</u>	<u>76.1</u>	<u>76.1</u>
TOTAL			3,298.9	3,298.9

COMPLIANCE

The purpose of the compliance program is to monitor and evaluate compliance with labor law, including nonpayment of wages, unlawful discrimination, child labor, apprentices and wage rates for public works projects.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
	FY05 2004-2005	FY06 2005-2006	Agency Request	LFC Recommendation	Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>			
SOURCES					
General Fund Transfers	841.6	841.0	2,014.1	1,022.6	21.6
Other Transfers	1,324.4	691.5	0.0	691.5	0.0
Fed Program Revenues	224.8	246.0	290.0	290.0	17.9
Other Program Revenues	373.7	737.0	755.9	955.9	29.7
SOURCES TOTAL	2,764.5	2,515.5	3,060.0	2,960.0	17.7
USES					
Personal Services/Empl Benefit	1,925.4	1,880.5	2,183.7	2,183.7	16.1
Contractual Services	28.5	15.6	8.9	8.9	-42.9
Other	810.6	618.4	867.4	767.4	24.1
Other Financing Uses	0.0	1.0	0.0	0.0	-100.0
TOTAL USES	2,764.5	2,515.5	3,060.0	2,960.0	17.7
FTE					
Permanent	17.0	41.0	41.0	41.0	0.0
Term	0.0	0.0	2.0	2.0	***
TOTAL FTE POSITIONS	17.0	41.0	43.0	43.0	4.9

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of targeted public works inspections completed	1,638	1,429	1,775	1,775	1,775
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	94%	95%	95%	70%	95%
* Efficiency	Number of backlogged human rights commission hearings pending	0	5	20	15	10
* Efficiency	Percent of discrimination cases settled through alternative dispute resolution	73%	77%	75%	77%	77%
* Efficiency	Average number of days for completion of discrimination investigations and determinations.	163	157	145	155	150
* Output	Annual collections of apprentice contributions for public works projects	\$433,507	\$484,128	\$850,000	\$380,000	\$500,000

OPERATIONS

The purpose of the operations program is to provide workforce development and labor market services that meet the needs of job seekers and employers.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>			
		<u>FY05</u>	<u>FY06</u>	<u>Agency</u>	<u>Percent</u>
		<u>2004-2005</u>	<u>2005-2006</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	0.0	0.0	2,430.5	1,523.8 ***
	Other Transfers	2,136.0	1,688.0	5,274.6	5,274.6 212.5
	Fed Program Revenues	10,408.1	11,142.7	8,504.6	8,504.0 -23.7
	Other Program Revenues	0.0	0.0	0.0	324.6 ***
	SOURCES TOTAL	12,544.1	12,830.7	16,209.7	15,627.0 21.8
USES					
	Personal Services/Empl Benefit	9,278.3	9,191.2	12,371.7	11,789.0 28.3
	Contractual Services	172.4	248.1	636.2	636.2 156.4
	Other	3,093.4	3,370.0	3,201.8	3,201.8 -5.0
	Other Financing Uses	0.0	21.4	0.0	0.0 -100.0
	TOTAL USES	12,544.1	12,830.7	16,209.7	15,627.0 21.8
FTE					
	Permanent	201.0	184.0	184.0	177.0 -3.8
	Term	30.0	39.0	98.5	98.5 152.6
	Temporary	1.0	3.0	1.0	1.0 -66.7
	TOTAL FTE POSITIONS	232.0	226.0	283.5	276.5 22.3

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving the program		*			
Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program		*			
* Outcome	Number of individuals served by labor market services who found employment	51,935	35,522	52,000	54,000	54,000
* Outcome	Percent of status determinations for newly established employers made within ninety days of the quarter's end	84%	81%	90%	90%	90%
Outcome	Average hourly wage of the welfare-to-work participants placed in jobs	*	*			
* Explanatory	Number of persons served by the labor market services program	367,901	338,928	172,000	370,000	370,000

SUPPORT

The purpose of the support program is to provide overall leadership, direction and administrative support to each agency program to achieve their programmatic goals.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	392.5	474.7	689.9	689.9	45.3
Fed Program Revenues	7,373.3	8,091.7	7,914.2	7,914.2	-2.2
Other Program Revenues	1,000.8	1,138.2	1,355.5	830.9	-27.0
SOURCES TOTAL	8,766.6	9,704.6	9,959.6	9,435.0	-2.8
USES					
Personal Services/Empl Benefit	6,187.0	6,535.1	6,696.0	6,353.5	-2.8
Contractual Services	992.9	1,067.3	1,497.6	1,422.6	33.3
Other	1,586.7	2,047.9	1,766.0	1,658.9	-19.0
Other Financing Uses	0.0	54.3	0.0	0.0	-100.0
TOTAL USES	8,766.6	9,704.6	9,959.6	9,435.0	-2.8
FTE					
Permanent	107.0	111.0	111.0	107.0	-3.6
Term	5.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	112.0	118.0	118.0	114.0	-3.4

PERFORMANCE MEASURES

	<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome Error rate for forecasting employment data		0.1%	*/-2%	+/-2%	+/-1%

UNEMPLOYMENT ADMINISTRATION

The purpose of the unemployment administration program is to provide payment of unemployment insurance benefits to qualified individuals who have lost their jobs through no fault of their own so that they may maintain economic stability and continue their livelihood while seeking employment and collect unemployment taxes from employers

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	666.9	666.9	***
Fed Program Revenues	9,364.1	10,046.4	8,526.2	8,526.2	-15.1
SOURCES TOTAL	9,364.1	10,046.4	9,193.1	9,193.1	-8.5
USES					
Personal Services/Empl Benefit	7,552.8	7,341.5	7,676.5	7,676.5	4.6
Contractual Services	423.6	693.5	351.5	351.5	-49.3
Other	1,387.7	2,007.8	1,165.1	1,165.1	-42.0
Other Financing Uses	0.0	3.6	0.0	0.0	-100.0
TOTAL USES	9,364.1	10,046.4	9,193.1	9,193.1	-8.5
FTE					
Permanent	182.0	180.0	180.0	180.0	0.0
Term	4.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	186.0	185.0	185.0	185.0	0.0

STATUTORY AUTHORITY:

The Workers' Compensation Administration (WCA) administers the Workers' Compensation Act (Sections 52-1-1 through Sections 52-1-70 and Sections 52-5-1 to 52-5-22 NMSA 1978) Occupational Disease Disablement Law (Sections 52-3-1 to 52-3-60 NMSA 1978), and Health Care Provider Law (Sections 52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

MISSION:

The mission of the Workers' Compensation Administration is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Program Revenues	10,208.9	10,562.4	10,253.9	10,506.7	-0.5
SOURCES TOTAL	10,208.9	10,562.4	10,253.9	10,506.7	-0.5
USES					
Personal Services/Empl Benefit	7,055.8	7,616.0	7,746.2	7,357.4	-3.4
Contractual Services	180.1	992.3	430.9	430.9	-56.6
Other	1,880.5	1,954.1	2,076.8	2,026.9	3.7
Other Financing Uses	1,324.0	0.0	0.0	691.5	***
TOTAL USES	10,440.4	10,562.4	10,253.9	10,506.7	-0.5
FTE					
Permanent	132.0	134.0	134.0	134.0	0.0
TOTAL FTE POSITIONS	132.0	134.0	134.0	134.0	0.0

BUDGET ISSUES:

The Workers' Compensation Administration requested a 2.9 percent, or \$308 thousand, decrease from the FY06 operating budget. Although the overall funding request decreased, WCA requested a \$130 thousand increase in personal services and employee benefits, of which \$65 thousand was a result of providing an in-band pay increase (not budgeted) to 10 employees and \$98 thousand was for a temporary employee, overtime, and leave balances.

The Department of Labor received funding from the workers' compensation fund in FY05 and FY06. WCA decreased contractual services by \$691 thousand in the base FY07 request in anticipation of DOL's request for additional funds from the general fund instead of from the workers' compensation fund. This decrease, netted against expenditure increases of \$383 thousand in other categories, accounts for the overall \$308 thousand decrease in the WCA budget request. However, LFC recommends a continued transfer of WCA funds to DOL because of the significant balances in the fund (expected to reach almost over \$10 million in FY07) and because of the significant need at DOL to replace lost federal funds.

Considering a 6 percent vacancy rate over the last 12 months, the LFC recommendation provides for a 3 percent vacancy savings rate. Furthermore, LFC recommends that if in-band pay increases are going to be provided to a substantial number of employees, the agency should continue to fund these items with vacancy savings.

The agency started administering the uninsured employers' fund in FY05. The fund is available to pay workers' compensation benefits to employees of uninsured employers. The fund's source of revenue is an assessment to employers of 30 cents per employee per quarter in addition to the normal quarterly \$4 fee for the workers' compensation fund. The Taxation and Revenue Department (NMTRD) collects the workers' compensation fees and receives a 5 percent administrative fee for this service, or approximately \$494 thousand per year. WCA believes many employers are failing to pay the workers compensation fees and is working with DOL and NMTRD to identify employers not in compliance with the law. The FY06 operating budget contains \$650 thousand for the uninsured employers' fund and WCA requested \$800 thousand for FY07. WCA projects the caseload to continue to increase as more clients learn of this new safety net. WCA estimates current liabilities exceed available funding by approximately \$1.2 million.

To address the solvency of the uninsured employers' fund, WCA will cap the liability per claim to protect the fund from a catastrophic employee claim. LFC recommends WCA provide a quarterly report on the unfunded liability in the uninsured employers' fund and the caseload.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to arbitrate and administer the workers' compensation system to maintain a balance between workers' prompt receipt of statutory benefits and reasonable costs for employers.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of first reports of injury processed	40,827	40,921	40,500	40,500	40,500
* Outcome	Percent of formal claims resolved without trial	84.7 %	80.1%	85 %	85 %	85%
* Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	2,665	3,636	3,500	3,956	3,900
Outcome	Number of employers who have received education or outreach from the workers' compensation administration			10,000	13,500	13,500
Output	Number of employers who had a work place safety visit or consultation		6,387	5,000	5,000	6,000
Outcome	Percent of past due fees collected					75%
Output	Number of serious injuries and illnesses caused by workplace conditions					4,882

STATUTORY AUTHORITY:

The Workforce Development Act was established under Section 50-14-1 through 50-14-16 NMSA 1978 and the federal Workforce Investment Act of 1998. The Office of Workforce Training and Development (OWTD) serves as the grant recipient and administrative entity for workforce funds and programs under the Workforce Investment Act (WIA), develops a comprehensive, statewide plan for the workforce system and one-stop centers, develops a performance-based system of accountability for state workforce partners, monitors the state's job training programs, and provides technical assistance to local workforce development boards.

MISSION:

The mission of the Office of Workforce Training and Development is to create, maintain, and evaluate a workforce development system that connects business with current and future job seekers to enhance the overall wealth and well being of New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	700.0	800.0	1,075.0	930.0	16.3
Other Transfers	0.0	6,968.6	13,077.6	11,193.6	60.6
Fed Program Revenues	20,145.2	22,773.1	24,078.3	24,078.3	5.7
SOURCES TOTAL	20,845.2	30,541.7	38,230.9	36,201.9	18.5
USES					
Personal Services/Empl Benefit	1,606.8	2,011.8	2,705.7	2,710.8	34.7
Contractual Services	180.2	350.0	465.0	360.0	2.9
Other	18,959.8	28,176.9	35,053.2	33,124.1	17.6
Other Financing Uses	0.0	3.0	7.0	7.0	133.3
TOTAL USES	20,746.8	30,541.7	38,230.9	36,201.9	18.5
FTE					
Permanent	35.0	37.0	45.0	40.0	8.1
Term	2.0	0.0	0.0	5.0	***
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	46.0	46.0	21.1

BUDGET ISSUES:

The FY07 budget request by Office of Workforce Training and Development (OWTD) is its first request as a new agency. OWTD was created to improve the efficiency, management, and oversight responsibilities of the Workforce Investment Act (WIA). Before the transfer, NMDOL both operated one-stop services and provided program oversight, creating a potential conflict of interest. The transfer also sought to improve other workforce programs managed through the Economic Development, Finance and Administration, Public Education, Human Services departments and other agencies.

The transfer of the WIA program to OWTD involved \$22 million in federal funds, 38 FTE, and \$700 thousand from the general fund for at-risk youth programs across the state. WIA dollars, which flow through OWTD to the four local boards and the state board, have steadily declined from \$37.8 million in FY01 to \$18 million in FY06.

With the creation of OWTD, the department identified the following six programs: At-Risk Youth, Workforce Investment Act Local Board, TANF New Mexico Works, Disability Navigator Grant, Base Realignment and Closure (BRAC), Individual Development Account (IDA), and Operations. The committee recommends the consolidation of the programs and recommends the agency use organizational accounting codes to track activities and capture costs rather than with programs.

Similar to the NMDOL structure, OWTD continues with an administrative and programmatic allocation of the WIA program. OWTD created the Operations Program (OP) that provides the administrative oversight, compliance, local board support, information technology, and human resources of OWTD. OWTD requested all FTE in the operations program, however, the funding for the FTE was spread among the other programs. The committee recommends the consolidation of all salary and benefit category appropriations in the operations program. In FY06, the Human Services Department (HSD) assigned 2 FTE to OWTD to help administer and audit the NM TANF Works program. LFC recommends the transfer of the 2 FTE and the associated funds from the general fund from HSD to OWTD.

The bulk of WIA funds are allocated to the WIA Local Board Program (WLBP) which is tasked with coordinating the local workforce development boards development of One-Stop Centers (OSC) throughout the state. OWTD hopes to have two comprehensive OSCs in each of the four local workforce development areas by the end of FY07; and has requested supplemental FY06 funding to help with the co-location efforts.

The state funded At-Risk Youth Program (ARYP) provides basic life skills and job training services to youth most at risk of dropping out of school and not becoming a part of the workforce. Less educated youth who do not find meaningful employment have been shown to experience social problems such as crime, drug or alcohol abuse, teen pregnancy, or welfare dependency in greater numbers.

The Disability Program Navigator Program (DPNP) helps people with disabilities improve their ability to gain, return to, or retain employment. Fear of losing cash assistance and health benefits can often discourage people with disabilities from working. OWTD helps disabled individuals understand how employment may impact their benefits. Eight disability program navigators have been trained and staff the four local workforce development areas and act as a point of entry for persons with disabilities to OSC.

The TANF Program (TANF) helps people transition from welfare to work through the NM TANF Works Program. NM TANF Works helps recipients address the barriers associated with work activities much in the same manner as WIA. In bringing TANF and WIA together through OWTD at the one-stop centers, it is hoped that services and efficiency will be improved. The committee recommended changes to the TANF workforce program to coincide with the recommendations in HSD, Commission on the Status of Women, and the Gold Mentor program at the Aging and Long Term Services Department. The LFC recommendation is discussed further under expansion items.

OWTD shall provide staff support and administrative services to the individual development account (IDA) advisory committee as set forth in Sections 58-30-1 through 58-30-12 NMSA 1978. OWTD is charged with ensuring that the act is followed, monitoring all IDA programs and program administrators to ensure that owners' accounts and reserve funds are operated according to federal law, and reporting IDA activity each November to the governor and interim legislative committee. The accounts by statute can be used for post-secondary or vocational education, home purchases or improvements, business startup or expansions, or to purchase a vehicle to obtain or retain employment. The account holder must complete a financial education program and complete a savings plan. If the requirements are met, then deposits will be matched 1-to-1 and deposited into an interest bearing account. To qualify as an account holder, a person must earn an income less than 200 percent of the federal poverty level (FPL), be at least age eighteen and a citizen or legal resident of the United States or if in foster care, at least age 16.

OWTD has made great strides in pulling together all aspects of the executive order. Nevertheless, LFC notes a few areas of concern. With respect to vacancies, all base request FTE are federally funded and when OWTD keeps positions vacant fewer federal funds come to New Mexico. The LFC recommendation did not include a vacancy factor and encourages OWTD to promptly fill all federally funded positions. Also of concern are the new measures proposed to evaluate performance. OWTD was created to improve service delivery, to provide a seamless system for improved skill training, to supply businesses with skilled workers, and to support the governor's vision of economic success by helping to increase wages attracting business with a skilled workforce. Few of the new performance measures are measuring what OWTD has been charged with accomplishing. The At-Risk Youth Program performance measures, for example, do not measure increased skill levels, higher wage job placement, or how many at-risk youth as a percentage of all at-risk youth are being served. The number of participants in the disability, BRAC, and IDA programs also do not measure meaningful higher wage job placements. The Operations Program should measure the success of one-stop centers providing improved service and a seamless delivery system. The committee encourages OWTD to continue working with the National Committee of State Legislatures (NCSL), HSD, Welfare Reform Oversight Committee (WROC), and Department of Finance and Administration (DFA) on improving the performance measures.

BASE EXPANSION:

OWTD requested two expansion positions in the Operations Program for statistical FTE to be funded from the general fund. Additionally, OWTD was mandated to oversee the Individual Development Accounts (IDA) program and report annually to the Legislature and the executive. Funding for these expansion positions from the general fund is necessary because federal regulation precludes the use of WIA funds for non-WIA functions, such as performance measure reporting and IDA activity. LFC recommends 1 FTE to gather data and report on both General Appropriations Act and IDA activity.

OWTD requested a program expansion for the TANF NM Works program. OWTD and HSD were not in agreement on their budget requests for the NM TANF Works program. LFC recommends that OWTD work more closely with HSD on the requested TANF funding in the future. The LFC recommendation includes additional TANF funding sufficient to reconcile to that which HSD requested. Additionally, to coincide with the LFC recommendation in other agencies, the committee recommends the Commission on the Status of Women (CSW) and Gold Mentor appropriations continue to be made separately.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	OWTD statistical Unit	(P02000)	166.3	80.0
2	TANF Works statewide expansion	(P02400)	4,409.0	2,831.4
3	<u>TANF Gold Mentor/CSW Expansion</u>	<u>(P02400)</u>	<u>1,700.0</u>	<u>0.0</u>
TOTAL			6,275.3	2,911.4

OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT

The purpose of the office of workforce training and development program is to administer, oversee, and coordinate the provision of workforce development services that meet the needs of job seekers and employers and to provide resources to job training entities so that they may train and re-train individuals seeking work or improved employment opportunities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of all local workforce investment act boards monitored a minimum of once a year to ensure compliance with all federal and state fiscal and program requirements	*	100%	100%	100%	
* Outcome	Number of program audit findings		*	*	0	0
Outcome	Percent of at-risk youth program participants placed in a part-time work activity		100%	100%	100%	
Outcome	Percent of at-risk youth programs monitored a minimum of once a year to ensure compliance with state fiscal and program requirements		100%	100%	100%	
* Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services		74.2%	78.0%	78.0%	78%
* Outcome	Percent of youth receiving workforce development services who have entered employment within one quarter of leaving the program		*	70.0%	70.0%	70%
* Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program		*	85.0%	86.0%	86%
* Outcome	Total number of individuals in the adult, dislocated worker and youth programs receiving services through the federal workforce investment act		8,440	8,800	8,800	8,800
Outcome	Number of participants employed in disability navigator grant program		249	264	280	
Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months		*	70.0%	70.0%	
Outcome	Number of participants placed in employment in base realignment and closure program		*	*	*	
Outcome	Development of individual development account strategic plan to be completed by June 30, 2007		*	*	Completed	

OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT

635

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of temporary assistance for needy families recipients meeting federal work participation requirements		*	50.0%	50.0%	
* Outcome	Percent of at-risk youth program participants who maintain employment for six months or more					75%
* Outcome	Percent of total at-risk youth population receiving services under the program					25%
* Outcome	Percent of individuals in the adult, dislocated worker and youth programs who have received an earnings increase within six months of participating in a program					75%
Output	Total number of at-risk youth receiving services under the program		533	583	600	
Output	Number of participants served in the disability navigator grant program		867	919	974	
Output	Number of participants served in the base realignment and closure program		*	1,500	2,000	
Output	Number of temporary assistance for needy families mandatory population receiving service at the one-stop delivery sites for all regions		*	*	9,300	
Output	Number of temporary assistance for needy families customers achieving success through employment		*	*	5,500	
Output	Number of temporary assistance for needy families customers participating in temporary assistance for needy families work training placements and activities		*	*	18,000	
* Output	Percent of at-risk youth in the program who experience an increase in skill level					75%

STATUTORY AUTHORITY:

The Division of Vocational Rehabilitation (DVR) is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. DVR is a division within the Public Education Department. The statute requires DVR to provide vocational education to disabled individuals. Vocational education services include guidance and counseling, vocational instruction, training for vocational education instructors, transportation, and training material and equipment.

MISSION:

The DVR strategic plan defines as its mission to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,570.5	5,799.4	6,199.5	5,854.0	0.9
Other Transfers	528.2	1,149.9	733.5	1,324.9	15.2
Fed Program Revenues	32,485.2	36,839.3	36,014.4	35,439.7	-3.8
Other Program Revenues	73.8	175.7	0.0	0.0	-100.0
Fund Balance	0.0	55.3	55.0	55.0	-0.5
SOURCES TOTAL	38,657.7	44,019.6	43,002.4	42,673.6	-3.1
USES					
Personal Services/Empl Benefit	16,299.5	17,234.1	17,091.6	16,662.1	-3.3
Contractual Services	726.2	1,231.9	1,322.6	1,291.1	4.8
Other	21,245.4	25,551.2	24,527.7	24,720.4	-3.3
Other Financing Uses	49.7	2.4	60.5	0.0	-100.0
TOTAL USES	38,320.8	44,019.6	43,002.4	42,673.6	-3.1
FTE					
Permanent	281.0	286.0	286.0	286.0	0.0
Term	35.5	35.5	26.0	26.0	-26.8
TOTAL FTE POSITIONS	316.5	321.5	312.0	312.0	-3.0

BUDGET ISSUES:

The Independent Living Services program was separated from Rehabilitation Services program to form two programs. Currently, Independent Living is operated solely by private contractors. The general fund recommendation of \$5.9 million for the combined programs is an increase of \$55 thousand, or 0.9 percent. Total Rehabilitation Services revenue of \$29.9 million includes \$23.6 million of federal funds at various matching rates. The basic support federal grant is at the favorable mix of 78.7 percent federal funds to 21.3 percent general fund monies. Federal funds have decreased due to expiration of small grants for specialized programs. Replacement general fund was not required. These funds were expended in the other category explaining the decrease. A vacancy rate of only 3 percent was applied to recognize that basic services must be available at all times through temporary employees.

The Independent Living Services program receives 20 percent of the entire DVR general fund appropriation, \$1.2 million, and it is not eligible for matching federal funds. Performance measures related to Independent Living should be more meaningful and target quality of life issues rather than only outputs. The committee notes this for the second consecutive year without changes in measures.

The Disability Determination Services program is 100 percent federally funded and provides eligibility services for Social Security disability benefits.

RECOMMENDED LANGUAGE:

The internal services funds/interagency agency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes one hundred seventy-five thousand dollars (\$175,000) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

Any unexpended or unencumbered balance in the division of vocational rehabilitation remaining at the end of fiscal year 2007 from the general fund shall not revert.

REHABILITATION SERVICES

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so that they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,570.5	5,799.4	4,989.5	4,644.0	-19.9
Other Transfers	528.2	1,149.9	733.5	1,324.9	15.2
Fed Program Revenues	22,180.1	25,584.0	24,174.0	23,599.0	-7.8
Other Program Revenues	73.8	175.7	0.0	0.0	-100.0
Fund Balance	0.0	55.3	55.0	55.0	-0.5
SOURCES TOTAL	28,352.6	32,764.3	29,952.0	29,622.9	-9.6
USES					
Personal Services/Empl Benefit	11,330.0	11,909.2	11,596.5	11,167.0	-6.2
Contractual Services	439.7	997.4	931.5	900.0	-9.8
Other	16,367.2	19,855.3	17,424.0	17,555.9	-11.6
Other Financing Uses	49.7	2.4	0.0	0.0	-100.0
TOTAL USES	28,186.6	32,764.3	29,952.0	29,622.9	-9.6
FTE					
Permanent	184.0	186.0	186.0	186.0	0.0
Term	35.5	35.5	26.0	26.0	-26.8
TOTAL FTE POSITIONS	219.5	221.5	212.0	212.0	-4.3

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,518	1,672	1,695	1,695	1,750
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	N/A	59%	55.8%	55.8%	65%
* Outcome	The percent of persons achieving suitable employment outcomes competitively employed or self employed and earning at least minimum wage	N/A	98%	72.6%	72.6%	95%
* Outcome	Percent of persons achieving suitable employment outcomes who are competitively employed or self employed, earning at least minimum wage and individuals with significant disabilities	N/A	93%	62.4%	62.4%	95%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	1,210.0	1,210.0	***
Fed Program Revenues	0.0	0.0	249.7	250.0	***
SOURCES TOTAL	0.0	0.0	1,459.7	1,460.0	***
USES					
Other	0.0	0.0	1,399.2	1,460.0	***
Other Financing Uses	0.0	0.0	60.5	0.0	***
TOTAL USES	0.0	0.0	1,459.7	1,460.0	***
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of independent living plans developed			N/A	355	400
* Output	Number of individuals served for independent living			N/A	558	600

DISABILITY DETERMINATION SERVICES

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so that they may receive benefits.

BUDGET SUMMARY (dollars in thousands)					
<u>FY07 – 2006-2007</u>					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Fed Program Revenues	10,305.1	11,255.3	11,590.7	11,590.7	3.0
SOURCES TOTAL	10,305.1	11,255.3	11,590.7	11,590.7	3.0
USES					
Personal Services/Empl Benefit	4,969.5	5,324.9	5,495.1	5,495.1	3.2
Contractual Services	286.5	234.5	391.1	391.1	66.8
Other	4,878.2	5,695.9	5,704.5	5,704.5	0.2
TOTAL USES	10,134.2	11,255.3	11,590.7	11,590.7	3.0
FTE					
Permanent	97.0	100.0	100.0	100.0	0.0
TOTAL FTE POSITIONS	97.0	100.0	100.0	100.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Efficiency	Number of days for completing an initial disability claim	N/A	80	80	80	75
* Quality	Percent of disability determinations completed accurately	461	94.5%	97.5%	97.5%	98.5%

STATUTORY AUTHORITY:

Sections 28-10-1 through 28-10-8 NMSA 1978 created the Governor's Commission on Disability. The commission consists of 15 members: nine members appointed by the governor and the secretaries of the Children, Youth and Families, Human Services, Aging and Long-Term Services, and Labor departments, director of the Division of Vocational Rehabilitation of the Public Education Department, and the director of Behavioral Health Services Division of the Department of Health.

MISSION:

The strategic plan of the Governor's Commission on Disability states its mission is to ensure that all people, regardless of disability, can participate fully in mainstream society. The mission is accomplished by addressing barriers, physical, programmatic or attitudinal, that may keep a person with a disability from enjoying what society has to offer.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	566.7	586.0	704.2	564.9	-3.6
Other Transfers	235.8	169.0	169.0	169.0	0.0
Fund Balance	47.8	30.0	0.0	70.0	133.3
SOURCES TOTAL	850.3	785.0	873.2	803.9	2.4
USES					
Personal Services/Empl Benefit	453.7	488.7	550.4	496.3	1.6
Contractual Services	49.8	42.5	64.7	59.7	40.5
Other	266.8	253.8	258.1	247.9	-2.3
TOTAL USES	770.3	785.0	873.2	803.9	2.4
FTE					
Permanent	7.5	7.5	9.0	7.5	0.0
Term	0.5	0.5	0.0	0.5	0.0
TOTAL FTE POSITIONS	8.0	8.0	9.0	8.0	0.0

BUDGET ISSUES:

The committee recommends a budget increase of 2.4 percent over the FY06 operating budget. The recommendation fully funds the agency in the personal service and employee benefit category. An expansion request to address reasonable accommodation issues for existing employees is funded in the contractual services category as part of the base budget because such services are already offered but at a lower level.

BASE EXPANSION:

The expansion request for an additional FTE to advise the State Personnel Office (SPO) is not included. The committee anticipates such services should already be provided by SPO as part of its continuing recruitment process and an additional FTE at a separate agency would be redundant. The committee does encourage the commission to work closely on these matters in conjunction with the Division of Vocational Rehabilitation, Commission for the Blind, and Commission for Deaf and Hard-of-Hearing Persons to facilitate equitable and fair hiring practices.

The commission's original budget request submission did not include performance measures. It is incumbent on the commission to include measures related to increased statewide disability employment if additional FTE for this purpose is an agency goal. National data indicates disability employment is on the wane, down as much as 3 percent from 2001 to 2004. Benchmark data for New Mexico needs to be produced and compared with national statistics. In the face of reductions, the commission should add measures focused on enhancement of employment for disabled persons in the 20 to 64 age group that add value to the SPO effort.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division) (INFO&ADY)	Agency Request	LFC Recom- mendation
1	<u>FTE to assist in state disability hiring</u>		<u>88.2</u>	<u>0.0</u>
TOTAL			88.2	0.0

INFORMATION AND ADVOCACY

The purpose of the information and advocacy program is to provide needed information on disability case law analysis, building code comparisons, awareness of technologies, dispelling of stereotypes, training on the legislative process, and population estimates to New Mexico individuals with disabilities and decision-makers, so they can improve the economic, health and social status of New Mexico individuals with disabilities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Number of persons able to live independently outside of nursing homes as a result of the gap program	40	62	40	40	50
* Output	Number of persons seeking technical assistance on disability issues	5,500	4,400	6,500	4,600	6,700
* Output	Number of architectural plans reviewed and sites inspected	187	300	220	220	230
Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that increased quality of life issues for New Mexicans with disabilities are being addressed	24	36	24	24	30

STATUTORY AUTHORITY:

The Developmental Disabilities Planning Council (DDPC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities (Section 28-16A NMSA 1978). The council is composed of no fewer than 18 members; at least half people with developmental disabilities or their parents, immediate relatives, or legal guardians. DDPC also staffs the 18-member Brain Injury Advisory Council, which makes recommendations concerning case management, community support systems, long-term care, employment, emergency medical services, rehabilitation and prevention, and coordination of state services for people with brain injuries (Section 24-20-3 NMSA 1978). Laws 2003, Chapter 280, transferred the Office of Guardianship from the Attorney General to DDPC and the agency is responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978).

MISSION:

The New Mexico Developmental Disabilities Planning Council will engage in advocacy, capacity building, and systemic change activities to contribute to a culturally competent and coordinated system of community services, individualized supports, and other forms of assistance that are individual and family-centered and directed, and to enable individuals with disabilities to exercise self-determination, be independent, productive and integrated and included in all facets of community life.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,813.7	3,059.4	3,346.1	3,153.5	3.1
Other Transfers	21.6	30.0	30.0	30.0	0.0
Fed Program Revenues	516.0	523.3	517.7	517.7	-1.1
General Revenues	1.5	0.0	0.0	0.0	***
SOURCES TOTAL	3,352.8	3,612.7	3,893.8	3,701.2	2.4
USES					
Personal Services/Empl Benefit	541.0	683.7	741.4	714.9	4.6
Contractual Services	2,016.8	2,420.8	2,504.7	2,421.8	0.0
Other	485.0	508.2	647.7	564.5	11.1
TOTAL USES	3,042.8	3,612.7	3,893.8	3,701.2	2.4
FTE					
Permanent	10.0	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	10.0	13.5	13.5	13.5	0.0

BUDGET ISSUES:

In FY07, the agency requested an additional program, Consumer Services, to house the existing Information Center for New Mexicans with Disabilities and Babynet and the Advocacy Resource Center. The programs were split out of the Developmental Disabilities Planning Council Program to ensure greater accountability for these programs, as well as to prevent commingling of federal funds specific to the Developmental Disabilities Planning Council.

The Office of Guardianship is working to make the guardianship system more transparent. In FY05, the office was unable to provide items such as the number of clients served and cost per client, largely due to a dispute with a provider. This dispute and the performance of the provider translated into a negative impact on performance, as eight of the 10 complaints received by DDPC in FY05 were against this provider. The agency was provided with an attorney in FY06 to deal with this issue and DDPC is no longer contracting with the provider for guardianship services. The FY07 recommendation includes funding corporate guardians, for those who have no family members who are willing to become guardians, for 555 clients at a cost of \$3.6 thousand per client and treatment guardians, for those with mental illnesses, for 350 clients at a cost of \$222 per client.

In August 2003, the governor's performance review suggested implementing a statewide 2-1-1 network in New Mexico and called for the elimination of 30 percent of the existing health and human services toll-free phone lines by FY08. The Legislature placed DDPC in charge of the implementation. The network was funded in FY06 through a \$9.5 thousand appropriation from Laws 2005, Chapter 34 (Senate Bill 190), as well as \$70 thousand negotiated from other health and human services agencies. DDPC indicates \$50 thousand is going toward a term position to organize the project, DDPC funding is going toward mileage and per diem for the commission and training, and the remaining \$9.5 thousand from Laws 2005, Chapter 34 (Senate Bill 190),

and \$20 thousand from the Commission for Deaf and Hard of Hearing Persons will not be used in FY06. DDPC is coordinating with other health and human services agencies to find a more appropriate place to house the system. It will likely be the Aging and Long-Term Services Department and integrated with the existing Aging and Disabilities Resource Center. The FY07 request does not include funding for the 2-1-1 network, although the agency is looking into separate legislation of \$419 thousand.

The committee recommends \$130 thousand for the continuation of the Advocacy Resource Center; an additional \$40.7 thousand to fully fund personal services and employee benefits; \$28 thousand to fund the Information Center for New Mexicans with Disabilities and Babynet, due to loss of federal grants and other agency participation; \$54.2 thousand to replace federal funds previously used for administration in the Developmental Disabilities Planning Council Program; and \$13.2 thousand to update training materials used by the Brain Injury Advisory Council and create a documentary on brain injury issues.

BASE EXPANSION:

DDPC requested two expansion items for the Consumer Services Program: a disability accessible van to meet the governor's initiative to increase the employment of persons with disabilities and funding for an internship with a University of New Mexico doctoral student to provide 20 hours a week of assistance to developmentally disabled state employees. The committee recommends requesting the van through the capital outlay process and does not recommend funding for the internship at this time.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	Center for self-advocacy	77.3	0.0
TOTAL		77.3	0.0

CONSUMER SERVICES

The purpose of the consumer services program is to provide training, information and referral for individuals with disabilities and their family members so they can live more independent and self-directed lives.

BUDGET SUMMARY (dollars in thousands)

	FY07 - 2006-2007				Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	52.0	182.0	287.4	209.7	15.2
Other Transfers	21.6	30.0	30.0	30.0	0.0
Fed Program Revenues	10.0	10.0	0.0	0.0	-100.0
SOURCES TOTAL	83.6	222.0	317.4	239.7	8.0
USES					
Personal Services/Empl Benefit	0.0	75.7	75.7	75.7	0.0
Contractual Services	0.0	6.7	6.7	6.7	0.0
Other	83.6	139.6	235.0	157.3	12.7
TOTAL USES	83.6	222.0	317.4	239.7	8.0
FTE					
Permanent	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	0.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings				85%	85%
* Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests				80%	80%
* Output	Number of client contacts to assist on health, housing, transportation, education, child care, Medicaid services and other programs				3,500	3,500
Output	Number of individuals trained on self-advocacy and disability-related issues				75	75
Output	Number of trainings conducted annually on self-advocacy and disability-related issues				6	6

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities to and for persons with developmental disabilities so that they realize their dreams and potentials and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 – 2006-2007</u>		<u>Percent Incr (Decr)</u>
SOURCES				<u>Agency Request</u>	<u>LFC Recommendation</u>	
	General Fund Transfers	263.7	276.3	341.3	310.8	12.5
	Fed Program Revenues	506.0	513.3	517.7	517.7	0.9
	SOURCES TOTAL	769.7	789.6	859.0	828.5	4.9
USES						
	Personal Services/Empl Benefit	349.2	334.8	374.4	348.7	4.2
	Contractual Services	161.1	171.7	169.6	168.1	-2.1
	Other	332.6	283.1	315.0	311.7	10.1
	TOTAL USES	842.9	789.6	859.0	828.5	4.9
FTE						
	Permanent	6.5	6.5	6.5	6.5	0.0
	TOTAL FTE POSITIONS	6.5	6.5	6.5	6.5	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	60%	90%	80%		
* Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	55	68	44	44	50
* Output	Number of monitoring site visits conducted	50	45	42	36	40
* Output	Number of persons with developmental disabilities, their family members or guardians and others involved in services for persons with developmental disabilities served by the agency in the federally mandated areas	8,000	7,500	8,000	4,000	8,000

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the utilization and implementation of programs provided through the aging and long-term services department's brain injury services fund so that they may align with the needs as identified by the brain injury community.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005	FY06 2005-2006	FY07 – 2006-2007		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Incr (Decr)</u>
SOURCES					
General Fund Transfers	106.2	106.7	131.0	120.6	13.0
General Revenues	1.5	0.0	0.0	0.0	***
SOURCES TOTAL	107.7	106.7	131.0	120.6	13.0
USES					
Personal Services/Empl Benefit	53.8	55.2	55.9	55.8	1.1
Contractual Services	19.6	18.4	30.4	20.7	12.5
Other	32.7	33.1	44.7	44.1	33.2
TOTAL USES	106.1	106.7	131.0	120.6	13.0
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	93%	90%	80%	80%	85%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to file, investigate and resolve complaints about guardianship services provided by contractors in order to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 – 2006-2007</u>		Percent Incr <u>(Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,391.8	2,494.4	2,586.4	2,512.4	0.7
SOURCES TOTAL	2,391.8	2,494.4	2,586.4	2,512.4	0.7
USES					
Personal Services/Empl Benefit	138.0	218.0	235.4	234.7	7.7
Contractual Services	1,836.1	2,224.0	2,298.0	2,226.3	0.1
Other	36.1	52.4	53.0	51.4	-1.9
TOTAL USES	2,010.2	2,494.4	2,586.4	2,512.4	0.7
FTE					
Permanent	2.5	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	2.5	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of wards and their families satisfied with services			80%		
Outcome	Percent of complaints resolved to the satisfaction of the complainant		55%	75%		
* Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit				75%	75%
Outcome	Percent of complaints determined to be justified	100%	80%			
Output	Number of complaints received annually	3	10	35		
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey				80%	80%
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey				80%	80%

STATUTORY AUTHORITY:

The Miners' Hospital of New Mexico was created as a state institution by Article XIV, Section 1, of the New Mexico Constitution and its purpose, powers, and duties are detailed in Sections 23-3-1 through 23-3-3 NMSA 1978. The hospital, licensed for 33 acute-care beds, 49 long-term care beds, an emergency room, and intensive care unit, is required to provide healthcare to New Mexico resident miners who may become sick, injured, or disabled as a result of their occupation. In addition, it provides services on a reimbursement basis to residents of northeastern New Mexico. As the population of miners has declined, the regional service has gained importance.

MISSION:

The mission of the Miners' Colfax Medical Center, an agency of the state of New Mexico, is to be the leader in healthcare, providing quality acute care, long-term care and related services to the beneficiaries of the Miners' Trust Fund of New Mexico and the people of the region.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	8,812.3	9,036.5	9,000.0	8,833.2	-2.2
Fed Program Revenues	521.5	261.2	259.7	247.3	-5.3
Enterprise Program Rev	15,173.4	12,366.5	13,118.8	12,871.7	4.1
SOURCES TOTAL	24,507.2	21,664.2	22,378.5	21,952.2	1.3
USES					
Personal Services/Empl Benefit	10,189.5	10,111.4	10,787.2	10,487.1	3.7
Contractual Services	2,957.4	2,896.0	3,054.0	3,049.0	5.3
Other	4,308.7	4,138.6	4,037.3	3,999.5	-3.4
Other Financing Uses	3,637.5	4,518.3	4,500.0	4,416.6	-2.2
TOTAL USES	21,093.0	21,664.2	22,378.5	21,952.2	1.3
FTE					
Permanent	211.5	211.5	211.5	211.5	0.0
Term	13.5	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	225.0	225.0	225.0	225.0	0.0

BUDGET ISSUES:

The hospital receives revenue from the miners' trust fund for care and treatment of miners and from the income invested by the State Investment Council on deposit with the State Treasurer. The hospital is a beneficiary of a portion of the land grant permanent fund, with earnings derived from trust lands assigned to the hospital by the Ferguson Act of 1898 and the New Mexico Enabling Act of 1910. Earnings and distributions from these sources are deposited in the trust fund. The distribution in FY05 was \$3.6 million. In addition, the fund earned \$5.8 million and the cash balance, as of June 30, 2005, is \$14.4 million. For FY06 and FY07, income and cash balances may grow at a greater rate than in recent years, due to higher anticipated gas and oil receipts. This is more than sufficient to meet the \$4.4 million recommended for transfers to the operating fund from the miners' trust fund. Although the cash balances seem high, the agency uses cash balances to fund capital outlay projects. Currently, the acute care center is not in compliance with the Americans with Disabilities Act. It is estimated construction of a new facility will cost \$18 million. For FY07, the hospital is requesting reauthorization of \$5 million and an additional \$2.1 million for the construction of a new acute care center. In addition, the hospital is requesting \$2.2 million for specialized medical equipment. Finally, the hospital received a loan from the New Mexico Finance Authority, approved by the Legislature in 2003 and the Board of Finance, for \$10 million for the new center, for which debt service will be paid from the trust fund distribution not used for agency operations.

The committee recommends all vacancies budgeted at a minimum level and maintains the agency request for 5 percent vacancy savings. The agency was modest in their requested increase, the trust fund balance is growing faster than agency spending, and the agency needs more money for nurses and increasing healthcare inflationary costs. Because of this, the recommendation nearly funds the agency request in the other categories.

A portion of the \$375.7 thousand increase in personal services and employee benefits can be attributed to a compensation increase provided by the Legislature in FY06. With the 2 percent in addition to the compensation package, employees making \$8.50 and under received a 10 percent raise and employees making over \$8.50 received a 3 percent raise. Even with this increase, the hospital continues to contract with a nursing pool, to provide services on an as-needed basis, because of the difficulty retaining professional staff. The recommendation continues funding for this initiative, however, the committee again recommends the agency work with the State Personnel Office to address staffing needs and improve recruitment and retention. Additionally, an investment in medical software packages that facilitate nursing functions may be prudent in the face of continued employee shortages.

HEALTHCARE

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of billed revenue collected	75%	78%	78%	78%	80%
* Output	Number of patient days at the long-term care facility	8,608	9,243	9,000	9,000	9,000
Output	Number of admissions to the acute care facility	1,720	1,697	1,500	1,500	1,500
Output	Number of discharges from the acute care facility	1,725	1,701	1,500	1,500	1,500
Output	Number of visits to the black lung clinic	106	110	130	115	115
Output	Number of admissions to the long-term care facility	42	53	35	35	35
Output	Number of visits to the outreach clinic	283	376	450	450	450
Output	Number of specialty clinic visits	629	635	500	500	550
Output	Number of surgeries performed	601	621	600	600	600
Outcome	Percent of budgeted revenue collected	100%	107%	100%	100%	100%
Outcome	Average patient length of stay, in days, for the acute care facility	3.7	3.8	4	4	4
Outcome	Infection rates following treatment per 1,000 patient days		1.8%	<1%	<2.5%	<2%
Outcome	Patient fall rates per 1,000 patient days		.67%	.52%	.52%	.52%
* Output	Number of outpatient visits	16,278	15,200	18,000	16,000	16,000
* Output	Number of outreach clinics conducted	18	18	24	18	18
* Output	Number of emergency room visits	5,075	5,170	5,000	5,000	5,000
* Output	Number of patient days at the acute care facility	6,286	6,681	6,300	6,300	6,300

STATUTORY AUTHORITY:

The Department of Health (DOH) was created by Sections 9-7-1 through 9-7-15 NMSA 1978 to serve the citizens of New Mexico through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates public health offices in all but one county throughout the state, seven treatment centers, and the state scientific laboratory. During FY06, the department has downsized to eight programs: Public Health; Epidemiology and Response; Laboratory Services; Behavioral Health Services; Facilities Management; Developmental Disabilities Support; Health Certification, Licensing and Oversight; and Administration. This combines the Public Health Division into one program and realigns the programs under the new secretary.

Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, pharmaceutical services, community-based services for the developmentally disabled, and licensing and oversight of hospitals, nursing homes, other healthcare facilities and other community programs.

In addition to providing other services, the Facilities Management program operates the Southern New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute at Las Vegas, New Mexico Veterans' Home in Truth or Consequences, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Facility and Turquoise Lodge for chemical dependency treatment, both in Albuquerque. The Developmental Disabilities Support program operates the Los Lunas community program.

MISSION:

The mission of the New Mexico Department of Health is to promote health and sound health policy, prevent disease and disability, improve health services systems, and assure that essential public health functions and safety net services are available to New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	258,705.4	273,432.8	282,514.6	276,759.5	1.2
Other Transfers	71,106.5	47,833.2	73,232.7	72,301.6	51.2
Fed Program Revenues	108,636.5	123,898.5	125,096.5	123,891.9	0.0
Other Program Revenues	40,512.1	64,162.3	43,130.2	52,156.6	-18.7
Fund Balance	3,050.0	0.0	0.0	0.0	***
SOURCES TOTAL	482,010.5	509,326.8	523,974.0	525,109.6	3.1
USES					
Personal Services/Empl Benefit	181,202.6	187,619.5	194,833.4	188,554.7	0.5
Contractual Services	134,851.3	150,709.2	145,949.3	147,702.1	-2.0
Other	107,074.8	103,814.4	117,362.5	116,094.5	11.8
Other Financing Uses	59,522.1	67,183.7	65,828.8	72,758.3	8.3
TOTAL USES	482,650.8	509,326.8	523,974.0	525,109.6	3.1
FTE					
Permanent	2,570.5	2,575.5	2,587.5	2,573.5	-0.1
Term	1,367.2	1,424.0	1,583.0	1,488.0	4.5
Temporary	31.0	15.0	28.0	14.0	-6.7
TOTAL FTE POSITIONS	3,968.7	4,014.5	4,198.5	4,075.5	1.5

BUDGET ISSUES:

DOH restructured in FY06, moving FTE and funding into an eight program structure; therefore, items have shifted in the FY07 request, such as moving FTE related to the Jackson lawsuit into two programs, moving all facilities into one program, and separating behavioral health services from the facilities. DOH submitted a FY07 request for a general fund increase of \$7.6 million. DOH attributes the requested increase to school-based health centers, hepatitis C treatment, statewide facility receiverships, youth suicide prevention, and newborn screening.

LFC recommends a total expenditure of \$525.1 million, with \$276.8 million from the general fund. This is an increase of \$3.3 million from the general fund, or 1.2 percent. Highlights of the overall general fund recommendation include funding school-based health centers at \$2 million, fully funding the hepatitis C collaborative health services project, incorporating various items previously funded in Laws 2005, Chapter 34, (Senate Bill 190) at a cost of just under \$1 million, increasing home- and community-based services to the developmentally disabled under a Medicaid waiver (the so-called DD waiver) by \$5 million, and eliminating the medically fragile Medicaid waiver waiting list of 75 people, at a cost of \$729.5 thousand to the general fund. The increase in other program revenue over the agency request can be attributed to increased tobacco settlement revenue, funded in FY07 at \$9.2 million. Additionally, the recommendation allows for compliance with both the Lewis and Jackson lawsuits concerning the developmentally disabled.

The agency vacancy rate has averaged around 10 percent, partly due to decentralized personnel practices and funding constraints. The agency budget request assumes a vacancy rate of 3.8 percent. LFC recommends an overall vacancy rate of 3.4 percent.

The recommendation deletes 122.5 FTE from the request because the FTE were not requested as expansion or justified in the department's budget submission.

Lewis and Jackson Lawsuits. The Legislature in 2004 appropriated \$4.4 million to increase direct developmental disabilities (DD) services for compliance with the Lewis lawsuit - \$4 million in the base operating budget and \$400 thousand from a special appropriation. Based on this funding, DOH offered 322 new DD waiver slots. This funding is included in the FY07 recommendation.

The committee recommends \$1.8 million to support the Jackson compliance team with administration and disengagement.

HIV/AIDS. Of significant concern is the large decrease (\$204.5 thousand) in the operating transfers out category of the Public Health program, where the HIV/AIDS Medicaid waiver is funded. DOH indicates successes in the program have allowed HIV/AIDS patients to live longer. Because the waiver is meant for end-of-life care, and only 12 people are currently on the waiver, DOH believes \$100 thousand is sufficient to adequately fund this program. The difference of \$204.5 thousand has been redistributed in the other costs category to help deflect some of the increasing drug costs for this program and other services.

Fort Bayard Medical Center. DOH has a short-term contract in place with Geo Care to operate Fort Bayard Medical Center (FBMC) and provide a new building. DOH intends to have a second contract in place for the management of FBMC at a new location within six to eight months. It should be noted DOH requested funding for FBMC as it has in prior years. The total recommendation for FBMC for FY07 is approximately \$20.8 million. It is the hope of the committee that the contract for FBMC will be equal to or less than this amount and encourages the department to maintain this level of funding so future costs of running the facility will not escalate dramatically over the years.

Other State Funds. After the discovery of an enormous budget shortfall in FY05, the department worked to increase other state funds over the budgeted amounts to help remedy the shortfall. This was primarily accomplished by reestablishing Medicaid rates with the Human Services Department to leverage a greater federal match and properly budgeting land grant permanent fund rent and royalty distributions. The department has been successful, as other state funds have increased 12.3 percent from FY03 to the FY07 request.

BASE EXPANSION:

DOH included many items in the base request that LFC considers to be expansion and has extracted from the base. DOH is requesting new positions as indicated in Table 3, as well as additional program funding.

In FY07, DOH requested 183.5 FTE over the FY06 operating budget level; however, the department did not formally request an expansion for these FTE and did not justify many of these positions. The committee does not recommend funding for 122.5 of these FTE. Because DOH has finally filled the deputy secretary for finance and administration position, it is possible the committee will begin to get better information on the need for these FTE. The committee encourages the department to create and implement personnel practices that allow for identification of new FTE in future budget requests and proper justification of those FTE. Further, the committee recommends the deputy secretary reconcile the departmental FTE with the Table of Organizational Listing to ensure exact vacancy rates and, overall, a more accurate picture of the department's employees.

Under this umbrella of improperly requested positions are 42 term FTE related DD waiver and Jackson lawsuit. In the joint stipulation for disengagement (JSD) for this lawsuit, the state agreed to place a certain number of nurses, social and community service coordinators, psychiatric technicians, health and safety engineers, and training specialists throughout the state to ensure the criteria of the lawsuit are being met. To more quickly comply with the JSD, DOH in FY05 hired most of the required FTE, which are now requested as 11 FTE in the Health Certification, Licensing and Oversight program and 31 FTE in the Developmental Disabilities Support program. To support the state in resolving the Jackson lawsuit, the committee recommends the FTE, as well as \$516.5 thousand for the Health Certification, Licensing and Oversight program and \$1.3 million for the Developmental Disabilities Support Program to fund the FTE.

This administration has made a push to improve the quality of services to the clients of the Los Lunas Community program (LLCP). The department's first step is to correct current staff compensation inequities and misclassifications, as well as to create 39 new psychiatric technician positions at the facility. The department indicates this plan will support retention of qualified staff, provide adequate staff to serve LLCP clients and supplement crisis service needs, reduce overtime costs at the facility, and enable LLCP to enroll new clients and generate new revenue. While the committee supports improving services, it cautions the department on creating a large number of positions without filling existing vacancies within this program and dealing with pay inequities first. It should also be noted, to date, the new positions have not been approved by the Department of Finance and Administration (DFA). Because the program has existing vacancies and the approval of these positions at DFA is uncertain, the committee only recommends funding for 10 FTE.

When the department reorganized in FY06, the Health Certification, Licensing and Oversight program realized additional federal dollars and increased licensure fees. With this additional revenue, the program requests an increase of 17 FTE for its zero-tolerance team to reduce the abuse, neglect and exploitation of DOH-licensed facility residents. The committee recommends 9 term FTE, primarily health and safety engineers, to allow the program to visit each licensed facility twice per year.

Three appropriations from Laws 2005, Chapter 34 (Senate Bill 190), were classified as recurring by DFA and included in the department's FY06 operating budget. The committee recommends two of the recurring appropriations in FY07, as well as other items from Laws 2005, Chapter 34 (Senate Bill 190). With regard to the recurring appropriations, the committee includes \$76 thousand to continue case management for medically fragile children and \$520 thousand, the original Laws 2005, Chapter 34 (Senate Bill 190), appropriation, to continue youth suicide prevention efforts. Additionally, the committee recommends fully funding the public health and social services delivery program for low-income and indigent residents in Bernalillo County by including an additional \$150 thousand, an additional \$50 thousand for Rural Primary Health Care Centers, \$100 thousand to continue hepatitis C work with primary care clinics and the New Mexico Corrections Department to develop a model of training and service delivery using telemedicine, and \$85 thousand, also the original Laws 2005, Chapter 34 (Senate Bill 190), appropriation, to continue screening tests for newborn infants for detection of congenital diseases.

The committee recommends including three items funded as nonrecurring special appropriations in FY06. The first is \$2 million for school-based health centers (SBHC). DOH indicates, by the end of FY07, there will be 60 centers across the state that will provide approximately 9,000 students with medical and behavioral health services. Additionally, the committee recommends fully funding the hepatitis C collaborative health services project Extension for Community Healthcare Outcomes (ECHO) with the mission of developing the capacity to safely and effectively treat hepatitis C in all areas of New Mexico and to monitor outcomes, by including an additional \$500 thousand. Finally, the committee recommends \$500 thousand for receiverships. DOH taking over the management of a facility either because of facilities mismanaging operations, finances, or both, or as a result of findings from the zero-tolerance initiative is known as a receivership. Historically, receivership funding has been funded with special appropriations because of the variant nature of receiverships. Because of this administration's increased awareness of abuse and neglect in facilities and a commitment to quality of care, the cost of receiverships increased \$334.5 thousand from FY04 to FY05, indicating an increased need in funding.

The department requested one official expansion of \$1.5 million for the Family Infant Toddler (FIT) program to provide early intervention services to developmentally delayed children, children with established conditions, children at risk for biological or medical reasons or at risk for environmental reasons from birth to three years old. The average number of children served has increased by 16 percent for each year for the last five years, with an accompanying 12 percent budget increase. The request also includes a provider rate increase with a 9 percent budget increase. The committee recommends \$1.2 million for this expansion to continue services at the high rate of growth. The department predicts growth will slow in the future. The committee does not recommend provider rate increases with this expansion, as it is unfair to increase one provider rate without determining statewide provider needs and recommends the full Legislature consider provider rate increases on a broader level.

Per Section 6-4-9 NMSA 1978, beginning in FY07, funding from the tobacco settlement revenue fund will be distributed to the tobacco settlement program fund, rather than the general fund. Based on the change in the funding stream, this funding will come out of other program revenue. For DOH, the committee accepts a slightly modified recommendation of the Tobacco Settlement Revenue Oversight Committee's proposal for the use of the tobacco master settlement agreement funding for DOH. The committee recommends an additional \$1.7 million from other program revenue to fund smoking cessation and prevention programs, of which \$500 thousand is for Native American smoking cessation and prevention programs and to study the impact of tribal sales on the economy. Funding levels for diabetes and HIV/AIDS services from this funding stream will remain the same.

Finally, to further support the needs of the developmentally disabled in the state, the committee recommends an additional \$5 million to move approximately 304 people off of the waiting list and into DD waiver slots.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public health program of the department of health in the contractual services category includes two million eight hundred twenty-two thousand seven hundred eight dollars (\$2,822,708) for contracts related to the County Maternal and Child Health Plan Act; and one million dollars (\$1,000,000) for the hepatitis C collaborative health services project.

The general fund appropriation to the public health program of the department of health in the other category includes three hundred thousand dollars (\$300,000) to review and monitor a public health and social service delivery program for low-income and indigent residents in Bernalillo county.

The other state funds appropriation to the public health program of the department of health includes seven million two hundred fifteen thousand eight hundred dollars (\$7,215,800) from the tobacco settlement program fund for smoking cessation and prevention programs; five hundred thousand dollars (\$500,000) from the tobacco settlement program fund for native American smoking cessation and prevention programs and to study the impact of tribal sales on the economy; one million dollars (\$1,000,000) from the tobacco settlement program fund for diabetes prevention and control services; and four hundred seventy thousand dollars (\$470,000) from the tobacco settlement program fund for HIV/AIDS prevention, services and medicine.

The general fund appropriation to the epidemiology and response program of the department of health in the other category includes an additional two hundred thousand dollars (\$200,000) for regional emergency medical services programs.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes seventy million, six hundred eighty-nine thousand, one hundred dollars (\$70,689,100) for direct Medicaid waiver services in local communities; including one million nine hundred ninety-two thousand, six hundred dollars (\$1,992,600) for medically fragile services and sixty-eight thousand, six hundred ninety-six thousand, five hundred dollars (\$68,696,500) for developmental disabilities services.

Contingent upon certification from the secretary of the human services department and the secretary of the department of health to the department of finance and administration and review by the legislative finance committee that the funding in the developmental disabilities support program of the department of health in the other financing uses category for additional developmental disabilities Medicaid waiver services in local communities has been exhausted and the department is able to move additional clients off of the developmental disabilities Medicaid waiver waiting list and in to services to comply with the Lewis and Jackson lawsuits, five million dollars (\$5,000,000) is appropriated to the department of health from the appropriation contingency fund.

Contingent upon the secretary of the department of health submitting an increase in services plan to enhance direct mental health and substance abuse treatment and prevention services in schools and communities that integrates the funding with existing programs, indicates the program purpose, number served, how the program will reduce the prevalence of mental illness in the state, and the desired outcomes to the secretary of the department and finance and administration, with review by the legislative finance committee, two million dollars (\$2,000,000) is appropriated from the appropriation contingency fund to the behavioral health services program of the department of health in the contractual services category. Further, the plan must include outcome-based performance measures.

The general fund appropriation to the health certification, licensing and oversight program of the department of health in the contractual services category includes five hundred thousand dollars (\$500,000) for receivership services.

The general fund appropriation to the department of health in the contractual services category in all programs is contingent upon the department including performance measures in its outcome-based contracts to increase oversight and accountability.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Additional admin FTE (3.0 perm, 2.0 term)	(Admin)	430.8	0.0
*	Additional BHSD FTE (8.0 term)	(BHSD)	347.9	0.0
*	Additional DHI FTE (1.0 term)	(HCL&O)	69.0	0.0
*	Additional E&R FTE (1.0 perm, 8.5 term)	(E&R)	457.8	0.0
*	Additional LS FTE (3.0 perm, 9.0 term)	(LS)	543.8	0.0
*	Additional PH FTE (3.0 perm, 26.5 term)	(PH)	1,528.1	0.0
*	DDS FTE (1.0 perm, 2.0 term, 2.0 temp)	(DDS)	200.5	0.0
*	Facilities FTE(2.0 perm, 1.0 term, 12.0 temp)	(FM)	404.0	0.0
*	Hepatitis C (including NMCD program)	(PH)	500.0	600.0
*	Jackson disengagement FTE (42.0)	(DDS/HCL&O)	1,826.9	1,790.3
*	Los Lunas community FTE (39.0 term)	(DDS)	1,380.8	347.0
*	Newborn screening	(LS)	80.8	85.0
*	Receiverships	(HCL&O)	500.0	500.0
*	School-based health centers	(PH)	2,000.0	2,000.0
*	Youth suicide prevention	(PH)	494.0	520.0
*	Zero-tolerance team (17.0 term FTE)	(HCL&O)	716.6	377.9
1	Family infant toddler program	(DDS)	1,500.0	1,200.0
2	Smoking cessation and prevention	(PH)	0.0	1,715.8
3	Additional DD waiver funding	(DDS)	0.0	5,000.0
4	Bernalillo county low-income/indigent program	(PH)	0.0	150.0
5	Medically fragile case management	(DDS)	0.0	76.0
6	<u>Rural primary health care centers</u>	<u>(PH)</u>	<u>0.0</u>	<u>50.0</u>
TOTAL			12,981.0	14,412.0

*The department included these items in the base request. LFC considers the items to be expansion and has extracted the items from the base.

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce disparities and ensure timely access to quality, culturally competent health care.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 – 2006-2007</u>				
	<u>FY05</u> <u>2004-2005</u> <u>Actuals</u>	<u>FY06</u> <u>2005-2006</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	62,805.8	70,428.9	73,933.8	66,285.3	-5.9
Other Transfers	5,198.9	4,247.8	4,621.3	4,583.5	7.9
Fed Program Revenues	63,126.8	66,494.5	68,274.8	67,909.3	2.1
Other Program Revenues	17,934.2	17,114.8	18,811.5	27,997.3	63.6
SOURCES TOTAL	149,065.7	158,286.0	165,641.4	166,775.4	5.4
USES					
Personal Services/Empl Benefit	45,012.2	47,266.2	47,329.5	47,164.2	-0.2
Contractual Services	40,361.9	43,639.8	43,692.1	45,583.9	4.5
Other	66,623.5	66,575.5	74,019.8	73,427.3	10.3
Other Financing Uses	566.2	804.5	600.0	600.0	-25.4
TOTAL USES	152,563.8	158,286.0	165,641.4	166,775.4	5.4
FTE					
Permanent	362.5	362.5	366.5	363.5	0.3
Term	607.5	607.5	624.0	597.5	-1.6
TOTAL FTE POSITIONS	970.0	970.0	990.5	961.0	-0.9

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of preschoolers fully immunized	75%	83.5%	90%	92%	92%
* Outcome	Percent of adolescents fully immunized		90%	92%	95%	95%
* Outcome	Number of births per one thousand females ages fifteen to seventeen	37.8	35.6	30	25	25
* Outcome	Number of HIV/AIDS deaths in New Mexico	18	14	12	10	10
Outcome	Percent of persons with HIV/AIDS in department of health programs who are satisfied with services				85%	85%
Outcome	Percent of women, infants and children program participants three to four years of age who are not overweight		89%	90%	95%	95%
* Outcome	Percent of adolescents, grades nine through twelve, who are overweight or obese		20% est		18%	18%
* Outcome	Youth suicide rate among fifteen to nineteen year olds per one hundred thousand		23.6	10	5	5
Outcome	Youth suicide rate among twenty to twenty-four year olds per one hundred thousand		28.6	16	10	10
Outcome	Percent of youth reporting they have considered suicide		20.7%		17%	17%
Outcome	Percent of youth reporting they have attempted suicide		14.5%		0%	0%
* Outcome	Percent of schools with school-based health centers that have decreased teen birth, suicide and obesity rates					2%
Outcome	Tobacco use by adults		20.3%	20%	18%	18%
* Outcome	Tobacco use by adolescents		30.1%		20%	20%
Outcome	Rate of 4:3:1:3:3 immunization coverage among children ages nineteen to thirty-five months			83%		
Outcome	Teenage birth rate per one thousand population for females age fifteen through seventeen compared with the national average of 24.7	37.8	35.6			
Outcome	Percent of New Mexico children ages nineteen to thirty-five months whose immunizations are up-to-date	75.2%	83.5%			
Outcome	Rate of body mass index for adults	20.3%	20.8%			
Outcome	Number of births to females ages fifteen to seventeen recorded per quarter		1,509			
Outcome	Percent of primary care centers reporting performance data on clinical indicators in the contract year	95%	100%			
Outcome	Suicide rate for youth ages fifteen to twenty-four	18.9	16.1			
Output	Number of teens ages fifteen to seventeen receiving services in clinics funded by the family planning program		12,503	16,000	20,000	20,000
Output	Number of HIV/AIDS prevention education encounters		8,000	9,000	10,000	10,000
Output	Number enrolled in syringe exchange programs		8,536	12,000	15,000	15,000
Output	Number of HIV/AIDS counseling sessions for high-risk individuals		4,777	6,000	7,500	7,500
* Output	Number of hepatitis C clients treated by the extension for community healthcare outcomes project			2,500	5,000	5,000
* Output	Number of clients referred and screened for hepatitis C through the public health system			8,000	10,000	10,000
Output	Number of persons eligible for the women, infants and children program who are receiving services	59,324	60,791	63,500	64,500	64,500
* Output	Number of operating school-based health centers	13	34	60	68	68

DEPARTMENT OF HEALTH

665

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of youth served at school-based health centers	6,511	7,000	9,000	11,000	11,000
Output	Number of visits to school-based health centers	18,875	30,937	40,000	50,000	50,000
Output	Number of calls to the agency-funded youth response hotline				4,500	4,500
Output	Number of telehealth encounters in school-based health centers					25
Output	Percent of people with diabetes who have seen a healthcare provider in the past year	91.3%	94.4%			
Output	Number of adolescents ages fifteen to seventeen receiving agency-funded family planning services	10,601	12,503			
Output	Number of children receiving full immunizations in public health offices		8,689			
Output	Number of doses of childhood vaccines distributed	825,000	870,365			
Output	Number of community health councils with priorities that include obesity, diabetes, and promoting physical activity and healthy food choices	11	15			
Output	The numbers of clients receiving nursing and clinical services at the local public health offices	89,656	98,558			
Output	Number of students receiving behavioral health services in school-based health centers	3,760	6,006			
Output	Number of students receiving services at school-based health centers	25,693	30,937			
Output	Number of medical encounters at community-based primary care centers	550,000	593,780			
Output	Number of dental encounters at community-based primary care centers	105,000	112,020			
Explanatory	National ranking of New Mexico children who are fully immunized		15 th	10 th	5 th	5 th
Explanatory	National ranking of New Mexico's teen birth rate per one thousand females ages fifteen to seventeen		47 th est	40 th	35 th	35 th
Explanatory	National ranking of New Mexico's Hispanic teen birth rate per one thousand females ages fifteen to nineteen		13 th	11 th	10 th	10 th
Explanatory	Percent of eligible persons with HIV/AIDS who receive agency-funded medical care and services		100%	100%	100%	100%
Explanatory	New Mexico ranking for suicide in youths ages fifteen to twenty-four		47 th	41 st	36 th	36 th
* Explanatory	Per capita consumption of tobacco products		45 packs	42 packs	39 packs	39 packs
Quality	Number of persons at risk for hepatitis C who are receiving agency-funded prevention services		8,600	10,000	13,500	13,500
Quality	Number of adults with diabetes who are in disease management services or programs		48,971	49,350	49,960	49,960
Quality	Number of participants in diabetes prevention educational programs		9,641	18,700	20,700	20,700
Quality	Number of school-based health centers that implement youth suicide screening and prevention plans			15	68	68

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to maintain and enhance a statewide system of population-based surveillance, vital records and health statistics, emergency medical services, bioterrorism and health emergency management, and injury prevention so information on the health of New Mexicans is readily available, to identify and respond to threats to the health of the public, to assure safe environments for New Mexicans, to ensure the provision of emergency medical services and to provide vital records to the public.

BUDGET SUMMARY
(dollars in thousands)

		FY07 – 2006-2007			
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	9,174.6	9,675.7	9,675.7	9,704.7	0.3
Other Transfers	412.3	1,496.8	459.5	459.5	-69.3
Fed Program Revenues	14,234.9	15,592.5	14,525.9	14,243.6	-8.7
Other Program Revenues	460.8	643.4	544.7	498.8	-22.5
SOURCES TOTAL	24,282.6	27,408.4	25,205.8	24,906.6	-9.1
USES					
Personal Services/Empl Benefit	10,097.3	11,138.9	11,477.6	11,038.6	-0.9
Contractual Services	8,428.5	9,724.1	7,937.1	7,937.1	-18.4
Other	6,642.7	6,527.3	5,791.1	5,930.9	-9.1
Other Financing Uses	0.0	18.1	0.0	0.0	-100.0
TOTAL USES	25,168.5	27,408.4	25,205.8	24,906.6	-9.1
FTE					
Permanent	53.0	56.0	56.0	55.0	-1.8
Term	92.7	157.5	153.0	144.5	-8.3
TOTAL FTE POSITIONS	145.7	213.5	209.0	199.5	-6.6

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Number of notifiable conditions monitored by the epidemiology and response division		104	113	113	113
* Outcome	Percent of urgent calls received by the epidemiology and response division for which response activities are initiated within fifteen minutes of report			95%	100%	100%
Outcome	Percent of individuals living in rural areas served by a comprehensive emergency medical services response within fifteen minutes	79%	77%			
Outcome	Percent of agency programs that use this type of data in decisions related to policy and program development, evaluation and resource allocation		31.3%			
* Output	Number of health professionals on the volunteer health professional emergency registry		1,000	2,000	3,000	3,000
Output	Percent of deaths registered with the web-based statewide death registration system			75%	90%	90%
Output	Percent of counties testing health emergency preparedness plans and response systems that involve multiple levels of government	70%	91%			
Efficiency	Percent of birth certificates issued within seven days of receipt of completed record, application and fees		68%	70%	72%	72%
Efficiency	Percent of death certificates issued within seven days of receipt of completed record, application and fees			60%	62%	62%
Efficiency	Percent of birth certificates issued within three weeks after receipt of completed request and fees	91.2%	84.3%			
Quality	Percent of surveillance sites reporting notifiable conditions				20%	20%
Quality	Percent of customers satisfied with vital records services			75%	80%	80%
Quality	Percent of births registered with the web-based statewide birth registration system				75%	75%
Quality	Percent of department of health databases that have procedures in place that ensure data quality		63%			

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and science policy for tax-supported public health, environmental and toxicology programs in the state of New Mexico in order to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,386.8	5,748.9	5,829.7	5,748.5	0.0
Fed Program Revenues	1,952.1	2,108.3	2,005.0	1,677.2	-20.4
Other Program Revenues	3,430.0	3,370.5	4,424.5	4,311.0	27.9
Fund Balance	200.0	0.0	0.0	0.0	***
SOURCES TOTAL	10,968.9	11,227.7	12,259.2	11,736.7	4.5
USES					
Personal Services/Empl Benefit	5,860.6	6,415.0	6,941.8	6,429.4	0.2
Contractual Services	528.5	587.4	1,357.4	1,442.4	145.6
Other	4,599.1	4,225.3	3,960.0	3,864.9	-8.5
TOTAL USES	10,988.2	11,227.7	12,259.2	11,736.7	4.5
FTE					
Permanent	83.0	77.0	80.0	77.0	0.0
Term	46.0	43.0	55.0	46.0	7.0
TOTAL FTE POSITIONS	129.0	120.0	135.0	123.0	2.5

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses analyzed within specified turnaround times	98.1%	96.9%	97%	98%	98%
Outcome	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within three days of receipt		13.0%			
Outcome	Percent of environmental (air, water and soil) sample analyzed within specified turnaround times	99.8%	99.8%	99%	99%	99%
* Outcome	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within seven business days		35%	80%	90%	90%
Output	Dollar amount of returned or wasted drugs and vaccines per fiscal year	26,000	32,816			
Efficiency	Percent of samples submitted to the scientific laboratory analyzed within standard holding times	98.1%	97.1%			
Quality	Average proficiency test scores for public health laboratory certification		95%	95%	95%	95%
Quality	Average proficiency test scores for environmental laboratory certification		97%	97%	97%	97%
Output	Number of laboratory tests performed per year		500,000	520,000	540,000	540,000

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so that the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

FY07 – 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	39,752.7	39,946.5	40,036.5	39,844.2	-0.3
Other Transfers	1,292.6	42.0	42.0	42.0	0.0
Fed Program Revenues	16,587.6	27,129.5	27,129.5	26,969.5	-0.6
SOURCES TOTAL	57,632.9	67,118.0	67,208.0	66,855.7	-0.4
USES					
Personal Services/Empl Benefit	2,293.9	2,799.6	2,974.3	2,628.2	-6.1
Contractual Services	52,863.6	62,789.2	56,123.7	56,123.7	-10.6
Other	505.7	253.5	6,650.6	6,644.4	2,521.1
Other Financing Uses	1,838.4	1,275.7	1,459.4	1,459.4	14.4
TOTAL USES	57,501.6	67,118.0	67,208.0	66,855.7	-0.4
FTE					
Permanent	25.0	6.0	25.0	25.0	316.7
Term	21.0	40.0	27.0	19.0	-52.5
TOTAL FTE POSITIONS	46.0	46.0	52.0	44.0	-4.3

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on three or more domains on the addiction severity index			Estbaseline	Pending	
* Outcome	Suicide rate among adults twenty years and older		23.7	22.7	21.7	21.7
Outcome	Number of individuals with mental illness and substance abuse disorders who are homeless			Estbaseline	Pending	
Outcome	Percent of program participants between the ages of twelve to seventeen who perceive drug use as harmful		76%	79%	82%	82%
Outcome	Percent of adults receiving community-based substance abuse services who experience diminishing severity of problems after treatment	78%	76%			
Outcome	Rate of drug overdose deaths for Rio Arriba and Santa Fe counties	39.9; 13.7	42.1; 12.9			
* Output	Number of adults with serious mental illness in competitive employment of their choice			Estbaseline	Pending	
* Output	Number of individuals with mental illness and substance abuse disorders with decent, safe, affordable housing			Estbaseline	Pending	
Output	Number of individuals served annually in substance abuse and mental health programs			Estbaseline	Pending	
Output	Number of parental participations in substance abuse prevention programs		15,907	16,702	17,500	17,500
Output	Number of active clients provided agency substance abuse treatment services during the fiscal year	8,771	7,927			
Efficiency	Percent of adults registered in regional care coordination plans discharged from psychiatric inpatient care who receive follow-up care within seven days	80%	71%			

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Efficiency	Percent of newly registered adults with urgent behavioral health treatment needs who have first face-to-face meeting with a community-based behavioral health professional within twenty-four hours of request for services	80%	91.4%			
Explanatory	Number of behavioral health practitioners in rural and frontier areas			Estbaseline	Pending	
Quality	Percent of adults presenting with psychiatric issues who are screened for substance abuse		66%	75%	85%	85%
Quality	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days and thirty days			80%	90%	90%
* Quality	Number of customers and families reporting satisfaction with services			Estbaseline	Pending	
Quality	Number of behavioral health practitioners trained and utilizing evidence-based and promising practices that support recovery and resiliency			Estbaseline	Pending	
* Quality	Number of driving-while-intoxicated arrests and convictions among persons receiving substance abuse treatment services			Estbaseline	Pending	

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health care services including mental health, substance abuse, nursing home and rehabilitation programs in both facility and community-based settings and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 – 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	44,537.2	43,041.8	43,018.0	41,893.3	-2.7
Other Transfers	41,689.5	18,828.4	43,099.2	43,099.2	128.9
Fed Program Revenues	3,327.6	3,248.5	3,308.3	3,308.3	1.8
Other Program Revenues	14,837.1	38,849.6	15,618.5	15,618.5	-59.8
Fund Balance	600.0	0.0	0.0	0.0	***
SOURCES TOTAL	104,991.4	103,968.3	105,044.0	103,919.3	0.0
USES					
Personal Services/Empl Benefit	81,395.3	83,047.9	83,449.1	82,534.7	-0.6
Contractual Services	4,162.9	4,864.3	5,155.5	5,155.5	6.0
Other	17,498.9	16,045.3	16,429.6	16,219.3	1.1
Other Financing Uses	0.0	10.8	9.8	9.8	-9.3
TOTAL USES	103,057.1	103,968.3	105,044.0	103,919.3	0.0
FTE					
Permanent	1,687.0	1,606.0	1,700.0	1,698.0	5.7
Term	239.5	431.5	241.5	240.5	-44.3
Temporary	16.0	0.0	13.0	1.0	***
TOTAL FTE POSITIONS	1,942.5	2,037.5	1,954.5	1,939.5	-4.8

		PERFORMANCE MEASURES				
		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of substantiated cases of abuse, neglect and exploitation per one hundred residents in agency-operated long-term care programs confirmed by the division of health improvement		10	8	6	6
Output	Average length of stay at sequoyah adolescent treatment center		220	210	200	200
Output	Average length of stay at New Mexico veterans' home		403	384	365	365
Output	Average length of stay at New Mexico rehabilitation center			15	13	13
Output	Average length of stay at turquoise lodge		16.9	17	17	17
Output	Average length of stay at the New Mexico behavioral health institute at Las Vegas		11	10	9	9
* Output	Average length of stay at fort bayard medical center		580.96	565	550	550
Quality	Percent of residents satisfied with treatment and services provided				90%	90%
Quality	Percent of families satisfied with treatment and services provided				90%	90%
Quality	Rate of abuse, neglect, and exploitation per one hundred patients in agency-operated long-term care facilities as confirmed by the division of health improvement	1.5%	1.5%	<1.5%		
Quality	Status of fort bayard medical center efforts to acquire accreditation by the joint commission on accreditation of healthcare organizations	Postponed	No			

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and supports in order to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities, children with or at risk for developmental delay or disability, and their families.

		BUDGET SUMMARY (dollars in thousands)				
		<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 – 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	84,297.1	93,175.3	97,527.2	101,881.4	9.3
	Other Transfers	17,696.8	19,535.4	19,478.2	18,793.7	-3.8
	Fed Program Revenues	3,689.5	3,359.6	3,383.0	3,383.0	0.7
	Other Program Revenues	2,451.3	2,396.1	1,703.0	1,703.0	-28.9
	Fund Balance	2,000.0	0.0	0.0	0.0	***
	SOURCES TOTAL	110,134.7	118,466.4	122,091.4	125,761.1	6.2
USES						
	Personal Services/Empl Benefit	19,576.2	19,960.5	22,861.5	20,182.5	1.1
	Contractual Services	26,454.4	26,922.8	28,991.9	28,767.9	6.9
	Other	6,683.8	6,623.5	6,478.4	6,121.6	-7.6
	Other Financing Uses	57,117.5	64,959.6	63,759.6	70,689.1	8.8
	TOTAL USES	109,831.9	118,466.4	122,091.4	125,761.1	6.2
FTE						
	Permanent	162.0	275.0	166.0	165.0	-40.0
	Term	262.0	47.0	337.0	306.0	551.1
	Temporary	15.0	15.0	15.0	13.0	-13.3
	TOTAL FTE POSITIONS	439.0	337.0	518.0	484.0	43.6

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of adults receiving developmental disabilities day services engaged in community-integrated employment		36%	40%	45%	45%
* Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services		99.2%	99%+	99%+	99%+
* Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development		93%	94%	95%	95%
Outcome	Percent of families who report, as an outcome of receiving early intervention services, an increased capacity to address their child's special needs	96.7%	99.2%			
Outcome	Rate of abuse, neglect and exploitation per one hundred clients in community-based long-term care programs as confirmed by the division of health improvement	11.8%	12%			
Outcome	Number of customers or registrants requesting and actively waiting for admission to the developmental disabilities medicaid waiver program on the measurement date	3,549	3,349			
Output	Number of motions submitted to the court demonstrating compliance with a desired outcome of the plan of action for the Jackson joint stipulation on disengagement		1			
* Efficiency	Percent of developmental disabilities Medicaid waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation		93%	94%	95%	95%
* Efficiency	Percent of developmental disabilities Medicaid waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination		99%	99%+	99%+	99%+
Efficiency	Number of days between eligibility determination and service initiation for developmental disabilities medicaid waiver clients			98		
Efficiency	Percent of developmental disabilities Medicaid waiver applicants determined eligible within ninety days of a service slot becoming available		93%			
Efficiency	Percent of individuals who have been allocated that have an individual service plan in place within ninety days of being determined eligible		99%			
Explanatory	Number of desired outcomes of plan of action for Jackson joint stipulation on disengagement remaining for disengagement from Jackson lawsuit		26	13	9	9
Explanatory	Percent of individuals participating in long-term services division programs who report that services helped them maintain or increase independence in areas such as daily living, work and functional skills	86%	89%			
Quality	Number of oral health providers trained to serve people with developmental disabilities		25	45	65	65
Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence		89%	93%	95%	95%

HEALTH CERTIFICATION, LICENSING AND OVERSIGHT

The purpose of the health certification, licensing and oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality health care and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

		FY07 – 2006-2007				
		FY05	FY06	Agency	LFC	Percent
		2004-2005	2005-2006	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	4,597.1	4,471.0	5,249.0	4,457.1	-0.3
	Other Transfers	3,790.4	2,747.3	4,597.0	4,597.0	67.3
	Fed Program Revenues	1,087.6	1,679.9	1,870.0	1,801.0	7.2
	Other Program Revenues	1,226.1	1,269.0	1,609.8	1,609.8	26.9
	Fund Balance	250.0	0.0	0.0	0.0	***
	SOURCES TOTAL	10,951.2	10,167.2	13,325.8	12,464.9	22.6
USES						
	Personal Services/Empl Benefit	7,493.1	8,014.2	10,308.8	9,480.8	18.3
	Contractual Services	706.0	297.0	807.0	807.0	171.7
	Other	2,654.9	1,741.0	2,210.0	2,177.1	25.0
	Other Financing Uses	0.0	115.0	0.0	0.0	-100.0
	TOTAL USES	10,854.0	10,167.2	13,325.8	12,464.9	22.6
FTE						
	Permanent	58.0	60.0	58.0	58.0	-3.3
	Term	75.0	78.0	121.0	112.0	43.6
	TOTAL FTE POSITIONS	133.0	138.0	179.0	170.0	23.2

PERFORMANCE MEASURES

		FY04	FY05	FY06	FY07	FY07
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Number of long-term services, developmental disabilities Medicaid provider agencies that receive unannounced on-site reviews		24	36	41	41
* Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities		181	190	200	200
Output	Number of regulatory compliance surveys conducted by the division of health improvement for community-based programs		54	70	85	85
Output	Number of days between receipt of complete licensure application packet to process completion			90 days	45 days	45 days
* Output	Number of quality management reviews as a result of disproportionate substantiated findings of abuse, neglect and exploitation				5%	5%
Output	Number of reviews of behavioral health services regional care coordinators conducted by the division of health improvement	5	5			
* Efficiency	Number of community-based program incident investigations completed		3,620	4,140	4,300	4,300
Efficiency	Percent of community-based program incident investigations completed by the division of health improvement incident management bureau within forty-five days	93%	91.25%			

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Explanatory	Number of applicants screened for caregiver criminal history check	19,808	20,060	26,662	33,282	33,282
Quality	Percent expansion of the division of health improvement's website		70%			
* Quality	Number of providers that receive a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation				5%	5%
Outcome	Number of long-term services, developmental disabilities waiver, supported-living providers receiving unannounced, on-site health and safety reviews	24	31			

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so that the department achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 – 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	8,154.1	6,944.7	7,244.7	6,945.0	0.0
Other Transfers	1,026.0	935.5	935.5	726.7	-22.3
Fed Program Revenues	4,630.4	4,285.7	4,600.0	4,600.0	7.3
Other Program Revenues	172.6	518.9	418.2	418.2	-19.4
SOURCES TOTAL	13,983.1	12,684.8	13,198.4	12,689.9	0.0
USES					
Personal Services/Empl Benefit	9,474.0	8,977.2	9,490.8	9,096.3	1.3
Contractual Services	1,345.5	1,884.6	1,884.6	1,884.6	0.0
Other	1,866.2	1,823.0	1,823.0	1,709.0	-6.3
TOTAL USES	12,685.7	12,684.8	13,198.4	12,689.9	0.0
FTE					
Permanent	140.0	133.0	136.0	132.0	-0.8
Term	23.5	19.5	24.5	22.5	15.4
TOTAL FTE POSITIONS	163.5	152.5	160.5	154.5	1.3

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent capital project funds expended over a five-year period		1.8%	8%	16%	16%
Outcome	Percent of warrants issued within thirty days from the date of acceptance of goods and services by agency divisions and facilities	67.2%	69%			
* Output	Number of repeat audit findings		2	1	1/less	0
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services		69%	80%	85%	85%
Efficiency	Percent of total federal funds drawn down	63%	70.4%			

STATUTORY AUTHORITY:

The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, ground- and surface-water quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

MISSION:

The mission of the NMED is to provide the highest quality of life throughout the state by promoting a safe, clean, and productive environment.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,758.8	13,527.4	15,672.3	13,476.2	-0.4
Other Transfers	18,189.6	21,556.0	22,770.2	20,894.7	-3.1
Fed Program Revenues	18,059.7	26,934.8	22,471.4	22,869.7	-15.1
Other Program Revenues	11,750.8	12,728.9	15,375.6	14,939.8	17.4
General Revenues	17,597.7	18,446.1	18,811.7	18,811.7	2.0
Fund Balance	1,828.1	8,958.7	9,573.6	2,664.7	-70.3
SOURCES TOTAL	82,184.7	102,151.9	104,674.8	93,656.8	-8.3
USES					
Personal Services/Empl Benefit	37,248.6	40,176.6	43,005.5	40,473.9	0.7
Contractual Services	6,925.2	19,734.1	16,144.3	12,862.2	-34.8
Other	18,736.7	20,857.5	23,222.7	19,754.5	-5.3
Other Financing Uses	18,403.5	21,383.7	22,302.3	20,566.2	-3.8
TOTAL USES	81,314.0	102,151.9	104,674.8	93,656.8	-8.3
FTE					
Permanent	281.0	281.0	279.0	278.0	-1.1
Term	362.5	366.5	412.0	390.0	6.4
TOTAL FTE POSITIONS	643.5	647.5	691.0	668.0	3.2

BUDGET ISSUES:

NMED requested a flat total base budget that included a \$4.8 million reduction in federal funding mostly offset by a \$1.9 million increase in program revenues and a \$2.1 million, or a 15 percent, increase in general fund support. The total LFC recommendation for NMED is about \$8.5 million below the FY06 level. The major reductions include the loss of federal funds (reflecting completion of one nonrecurring federal remediation grant) and decrease in fund balances budgeted from dedicated NMED funds (\$6.3 million). Aside from these two reductions, the NMED budget would grow more than 2 percent in FY07. The LFC recommendation includes a small general fund reduction due to increased fee revenues authorized by legislation enacted in 2005 and from applying a vacancy rate.

NMED proposed appropriations of fund balances in certain funds that would potentially deplete the funds by the end of FY07 or in FY08. By using nonrecurring fund balances to fund substantial portions of recurring operating costs, NMED could face a difficult situation in a year or so whereby they would either require significant increases in general fund support or would face program reductions. The LFC recommendation makes adjustments to appropriations from five funds to address declining fund balances; of those, only two have significant adjustments. In the corrective action fund (CAF), NMED requested \$7.7 million of fund balance in FY07, which, when combined with the FY06 fund balance appropriation, would draw down the fund balance about \$13 million in two years. If expenditures and revenues continue at this pace, by FY08, NMED would either have to cut program costs or seek general fund support of \$1 million to \$2 million to maintain a positive fund balance. By FY09, this need could climb to \$7 million. Similarly, NMED asked to budget \$480 thousand fund balance from the hazardous waste fund (HWF). The fund balance budgeted in HWF in FY06 exceeds the amount available at the end of FY05. It appears that no fund balance is available for FY07. The LFC recommendation includes \$2 million from fund balance from the CAF and no fund balance from the HWF.

The Legislature passed bills that allow NMED to increase some dedicated revenues to allow more program costs to be paid by user fees rather than general fund. The general fund appropriation to the Field Operation program is reduced by \$160 thousand, reflecting a fee increase for food inspections implemented in FY06.

In FY07, NMED requested that no vacancy savings be budgeted. The actual vacancy rate is in excess of 9 percent. The LFC recommendation includes vacancy rates of 5 percent to 8 percent for each program, depending on actual vacancies. One position vacant since 2003 is deleted. Another unidentified new position in Program Support is not funded. These reductions are allocated to each funding source according to detailed information provided by NMED. Where possible, revenues from other funds were substituted for general fund. It appears that vacancy savings budgeted in the past were not excessive. In FY05, NMED gave reclassification and in-pay band adjustments to nearly 20 percent of agency personnel outside the budget process at a cost exceeding \$300 thousand, funded from salary savings that year. Even so, there was a significant reversion in the personal services and employee benefits category.

In the FY06 operating budget, NMED increased its total appropriation \$7.8 million in federal funds and added 21.5 unauthorized positions. Most of the federal grant funds were finalized prior to conclusion of the 2005 legislative session, such that the funds should have been incorporated into FY06 budget deliberations. By failing to provide timely information to the Legislature, NMED created the impression it was hiding federal appropriations to garner additional general funds. NMED should provide timely information to the Legislature prior to conclusion of the legislative session. Significant expansions of staff should be subject to legislative approval.

Included in the NMED base budget request are 12.5 federally funded term positions and three term positions supported from other state funds including: six positions in the Carlsbad field office that are supported by the U.S. Department of Energy to conduct environmental surveillance and oversight of the Waste Isolation Pilot Project; three positions to conduct oversight of the work plans at the Los Alamos and Sandia national laboratories; six positions for the surface water quality program; and one-half of a position for superfund oversight. The LFC recommendation includes these positions.

BASE EXPANSION:

NMED requested nine program expansions for 23 additional term positions at a cost of \$2.7 million, of which \$786.7 thousand would come from the general fund. The agency priorities generally implement governor's priority programs.

The first program expansion requests \$347.1 thousand and 5 FTE to implement the governor's innovative water fund and for water projects paid for by federal fiscal relief funds. At this time, \$22.8 million of the federal fiscal relief funds remain unspent. Though most of these funds have been allocated, the federal grants give the administration sufficient flexibility to use these federal funds for this purpose if it is a priority. The second through fourth expansion requests would use general fund to monies pay for programs to combat greenhouse gases, protect water resources, and address indoor air quality—all programs that can be funded from other sources.

LFC recommends \$608 thousand from federal funds for five environmental specialists to oversee implementation of the Los Alamos National Laboratory clean-up plan and \$260 thousand also from federal funds for three compliance enforcement staff.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Implement governor's water projects (5 FTE)	(Prog Supp)	347.1	0.0
2	Combat climate change (5 FTE)	(Env Prot)	430.2	0.0
3	Protect water resources (2 FTE)	(Env Prot)	176.9	0.0
4	Indoor air quality – schools	(Prog Supp)	150.0	0.0
5	Food training officer (1 FTE)	(Field Ops)	88.1	0.0
6	High risk radioactive inspections (2 FTE)	(Field Ops)	146.0	0.0
7	OSHA compliance (1 FTE)	(Env Prot)	100.0	0.0
8	Compliance enforcement, federal funds (3 FTE)	(Field Ops)	260.0	260.0
9	<u>LANL clean-up oversight, federal funds (5 FTE)</u>	<u>(Water)</u>	<u>608.6</u>	<u>608.6</u>
TOTAL			2,306.9	868.6

WATER QUALITY

The purpose of the water quality program is to protect the quality of New Mexico's ground- and surface-water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife and to ensure that hazardous waste generation, storage, treatment and disposal is conducted in a manner protective of public health and environmental quality.

BUDGET SUMMARY
(dollars in thousands)

		FY07 – 2006-2007				
		FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	3,608.0	3,469.7	3,475.8	3,470.0	0.0
	Other Transfers	3,709.3	4,145.2	4,523.9	3,929.5	-5.2
	Fed Program Revenues	8,044.0	16,042.5	10,440.3	10,888.6	-32.1
	Other Program Revenues	0.0	0.0	608.6	0.0	***
	SOURCES TOTAL	15,361.3	23,657.4	19,048.6	18,288.1	-22.7
USES						
	Personal Services/Empl Benefit	11,122.9	12,295.0	12,887.8	12,326.1	0.3
	Contractual Services	2,509.3	9,278.4	4,048.5	4,048.5	-56.4
	Other	1,722.5	2,084.0	2,112.3	1,913.5	-8.2
	TOTAL USES	15,354.7	23,657.4	19,048.6	18,288.1	-22.7
FTE						
	Permanent	46.0	45.0	45.0	45.0	0.0
	Term	138.5	138.5	157.0	157.0	13.4
	TOTAL FTE POSITIONS	184.5	183.5	202.0	202.0	10.1

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u> 200
* Outcome	Number of impaired stream miles restored to beneficial use					
Outcome	Percent of permitted facilities that have successfully prevented groundwater pollution		75%	70%	70%	75%
Outcome	Percent of groundwater discharge permits issued within the time allowed by statute or regulation		76.5%	40%		
* Output	Percent of groundwater discharge permitted facilities receiving annual field inspections		54.3%	60%	60%	60%
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations		54.3%	60%	60%	60%
* Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters				160	160
Output	Percent of inspections that are first-time inspections for hazardous waste notifiers, generators and transporters		68%	20%	20%	20%
* Efficiency	Percent of department of energy generator site audits for the waste isolation pilot project on which agency action will be taken within forty-five days.		78%	80%	80%	80%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired		1,369/1,064	1,500/10K	1,500/10K	1,500/10K
* Output	Number of nonpoint source pollution impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality		219	220	220	220
Output	Percent of cases in which Sandia national laboratories and Los Alamos national laboratory are notified of agency action on document submittals within the timeframes specified in the executed consent orders				90%	90%

FIELD OPERATIONS

The purpose of the field operations program is to protect public health and the environment through specific programs that provide regulatory oversight over food service and food processing facilities, regulation of on-site treatment and disposal of liquid wastes, regulation of public swimming pools and baths; regulation of medical radiation and radiological technologist certification, compliance with the Safe Drinking Water Act; application of the mosquito abatement regulation, oversight of implementation of consent orders at Sandia and Los Alamos national laboratories, oversight of waste isolation pilot plant transportation; and, education and public outreach about radon in homes and public buildings.

BUDGET SUMMARY
(dollars in thousands)

<u>FY07 - 2006-2007</u>					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	5,955.6	5,494.0	5,997.7	5,413.2	-1.5
Other Transfers	5,009.1	6,252.9	6,432.9	6,100.9	-2.4
Fed Program Revenues	3,283.0	3,942.3	4,652.1	4,652.1	18.0
SOURCES TOTAL	14,247.7	15,689.2	17,082.7	16,166.2	3.0
USES					
Personal Services/Empl Benefit	9,325.6	9,666.1	10,519.7	10,122.0	4.7
Contractual Services	2,615.8	3,328.2	3,372.6	3,372.6	1.3
Other	2,278.2	2,694.9	3,190.4	2,671.6	-0.9
TOTAL USES	14,219.6	15,689.2	17,082.7	16,166.2	3.0
FTE					
Permanent	111.0	111.0	111.0	111.0	0.0
Term	62.0	63.0	69.0	66.0	4.8
TOTAL FTE POSITIONS	173.0	174.0	180.0	177.0	1.7

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Efficiency	Percent of new septic tanks inspections completed	82%	72%	80%	80%	85%
* Efficiency	Percent of public drinking water systems inspected within one week of notification of system problems that may impact public health		100%	80%	80%	95%
* Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	100%	87%	75%	75%	95%
* Output	Percent of annual commercial food establishment inspections completed		100%	100%	100%	100%
Output	Percent of sanitary surveys completed within three years for community water systems and within five years for noncommunity water systems		68.5%	75%		
* Output	Percent of license inspections and radiation-producing machine inspections completed within nuclear regulatory commission and food and drug administration guidelines		70%	100%	100%	100%
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days		100%	100%		
Output	Percent of radioactive material licensees and x-ray registrants receiving a notice of violation that come into compliance following receipt of technical assistance from the bureau			95%		
* Outcome	Percent of public water systems that comply with acute maximum contaminant levels			90%	90%	95%

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to ensure that New Mexicans breathe healthy air, prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources, and ensure every employee safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,776.5	2,476.9	2,979.3	2,500.2	0.9
Other Transfers	6,967.1	8,038.0	8,823.0	8,038.8	0.0
Fed Program Revenues	3,478.6	3,697.8	3,692.1	3,642.1	-1.5
SOURCES TOTAL	13,222.2	14,212.7	15,494.4	14,181.1	-0.2
USES					
Personal Services/Empl Benefit	10,624.2	11,471.0	11,941.3	11,178.4	-2.6
Contractual Services	273.9	433.3	714.0	714.0	64.8
Other	2,269.4	2,308.4	2,839.1	2,288.7	-0.9
TOTAL USES	13,167.5	14,212.7	15,494.4	14,181.1	-0.2
FTE					
Permanent	66.0	66.0	66.0	66.0	0.0
Term	123.0	123.0	136.0	123.0	0.0
TOTAL FTE POSITIONS	189.0	189.0	202.0	189.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of landfills meeting groundwater monitoring requirements	88%	80%	93%	93%	93%
* Outcome	Percent of confirmed releases from leaking storage tank sites undergoing assessment or corrective action	63.3%	59.5%	50%	55%	55%
* Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections			95%	95%	95%
* Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters			3.25/169 KM	3.25/172 KM	3.25/172 KM
Efficiency	Percent of payments made within sixty days from the corrective action fund after the submission of the payment application and proper documentation			100%		
Output	Percent of worker health and safety complaints responded to within five days				95%	95%
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations		88%	80%	80%	80%
Outcome	Percent increase in tons of materials recycled by state agencies			10%	10%	10%
* Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations			75%	75%	75%
* Outcome	Number of days per year in which the air quality index exceeds one hundred, exclusive of natural events such as high winds and wildfires				< /=8	< /=8

DEPARTMENT OF ENVIRONMENT

667

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Annual percent reduction in greenhouse gas emissions				1%	1%
* Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action				550	550
Output	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies				15%	15%
* Outcome	Number of serious injuries and illnesses caused by workplace conditions	5,285	4,953	4,895	4,882	4,882
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	.71	.66	.64	.62	.62

PROGRAM SUPPORT

The purpose of the program support division is to provide overall leadership, administrative, legal and information management support to allow programs to operate in the most knowledgeable, efficient and cost-effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY (dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,418.7	2,086.8	3,219.5	2,092.8	0.3
Other Transfers	2,504.1	3,119.9	2,990.4	2,825.5	-9.4
Fed Program Revenues	3,254.1	3,252.2	3,686.9	3,686.9	13.4
SOURCES TOTAL	8,176.9	8,458.9	9,896.8	8,605.2	1.7
USES					
Personal Services/Empl Benefit	6,175.9	6,744.5	7,656.7	6,847.4	1.5
Contractual Services	970.7	694.2	1,009.2	727.1	4.7
Other	1,023.1	1,020.2	1,230.9	1,030.7	1.0
TOTAL USES	8,169.7	8,458.9	9,896.8	8,605.2	1.7
FTE					
Permanent	58.0	59.0	57.0	56.0	-5.1
Term	39.0	42.0	50.0	44.0	4.8
TOTAL FTE POSITIONS	97.0	101.0	107.0	100.0	-1.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of prior-year significant audit findings resolved			100%		
Efficiency	Average number of days to process a payment voucher from the date the invoice is received until the date payment is made			10 days		
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt		88%	95%		95%
Efficiency	Percent of clients contacted within two weeks of assignment of case		100%	90%		
Output	Percent of total scheduled time the network is available to department users		99%	99%		99%
Output	Percent of total scheduled time mission critical servers are available to department users		99%	99%		

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Quality	Percent customer satisfaction with the construction bureau's technical assistance and engineering services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys		97%	100%	100%	100%
Quality	Percent customer satisfaction with the construction bureau's administrative and financial services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys		97%	100%		100%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation			90%	90%	90%
* Quality	Number of responsibility for the accounting function standards achieved at the end of fiscal year					4

STATUTORY AUTHORITY:

The Office of Natural Resources Trustee was created by Sections 75-7-1 through 75-7-5 NMSA 1978.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 – 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	145.8	234.2	234.2	230.7	-1.5
Other Program Revenues	192.3	144.8	155.8	155.8	7.6
SOURCES TOTAL	338.1	379.0	390.0	386.5	2.0
USES					
Personal Services/Empl Benefit	297.9	303.0	310.2	310.2	2.4
Contractual Services	4.0	24.6	24.6	24.6	0.0
Other	36.2	51.4	55.2	51.7	0.6
TOTAL USES	338.1	379.0	390.0	386.5	2.0
FTE					
Permanent	3.8	3.8	3.8	3.8	0.0
TOTAL FTE POSITIONS	3.8	3.8	3.8	3.8	0.0

BUDGET ISSUES:

The Office of the Natural Resources Trustee (ONRT) has received most of its appropriation for operating expenses from the general fund. It can also access some revenue from the nonreverting natural resources trustee fund through interest and cost-recovery awards. During the settlement process, cost-recovery monies are negotiated with the responsible party to compensate for the time and expense the state has incurred while investigating, assessing and collecting damages. Cost-recovery awards are generally low as they comprise the actual amount expended for a small staff. ONRT finds it difficult to project the amount of money collected or spent on restoration due to the unpredictable timeframe of the settlement process. This fund had a balance of \$750.6 thousand at the end of FY05. It is projected to have a balance of \$435.2 thousand at the end of FY06 and a balance of \$279.4 million at the end of FY07.

The agency received an additional \$500 thousand in federal tax relief funding that is being used to develop a strategic plan for the identification of potential sites and the development of assessment and restoration activities. In FY05, the agency expended \$235.2 thousand from this fund on the Sandia and Los Alamos National Lab assessments (\$21.9 thousand), the Phelps Dodge mine sites (\$167.4 thousand) and the statewide natural resource development strategy (\$45.9 thousand). The balance is encumbered for FY06 on the Sandia and Los Alamos National Lab assessments (\$24.7 thousand), the statewide natural resource development strategy (\$65.6 thousand), the development of a natural resource development oil spill formula (\$125 thousand) and the Burlington Northern Santa Fe (BNSF) railway sites (\$20.8 thousand).

NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources or resource services injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Number of acres of habitat restoration.	0	360	500	500	500
Output	Percent of cases in settlement or settled and restoration planned, in progress or completed.		125%	75%		
Outcome	Number of acre-feet of water conserved through restoration.	*	1600	500	500	500

STATUTORY AUTHORITY:

The New Mexico Health Policy Commission (HPC) is composed of eight members appointed to three-year terms by the governor and confirmed by the Senate in accordance with Sections 9-7-11.1 through 9-7-11.3 NMSA 1978. The commission administers the health information system, which collects, analyzes, and disseminates health-related information, the Health Information Alliance, which is a cooperative effort of the state, national laboratories, and private entities interested in gathering, sharing, and evaluating health information.

MISSION:

The mission of the New Mexico Health Policy Commission is to empower consumers and develop equitable public and private partnerships to facilitate and improve healthcare access in New Mexico. Through the provision of neutral forum, HPC will provide research, guidance and recommendations on health policy and planning issues to the executive and legislative branches of state government, healthcare consumers, and healthcare industry.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,407.7	1,367.2	1,367.2	1,341.5	-1.9
Other Transfers	15.2	0.0	0.0	0.0	***
Other Program Revenues	0.1	1.0	1.0	1.0	0.0
SOURCES TOTAL	1,423.0	1,368.2	1,368.2	1,342.5	-1.9
USES					
Personal Services/Empl Benefit	705.9	889.9	889.9	848.2	-4.7
Contractual Services	24.6	210.3	210.3	196.7	-6.5
Other	389.9	268.0	268.0	297.6	11.0
TOTAL USES	1,120.4	1,368.2	1,368.2	1,342.5	-1.9
FTE					
Permanent	17.0	17.0	17.0	16.0	-5.9
TOTAL FTE POSITIONS	17.0	17.0	17.0	16.0	-5.9

BUDGET ISSUES:

Based on a historical vacancy rate of over 35 percent, the committee recommends 5 percent vacancy savings applied to personal services and employee benefits. Additionally the committee recommends the deletion of one full-time-equivalent position due to vacancy for two years. The committee recommends reallocating this funding to the other costs category to fully fund in-house printing costs and information technology expenses.

In reviewing the agency's strategic plan, it does not appear to have been updated since FY04. The agency should regularly update the plan to include achievements for FY04 and FY05, as well as targets for FY06 and FY07. Further, the committee recommends the agency increase efforts to collaborate and share data with sister agencies, such as the Department of Health (DOH) and the Human Services Department (HSD). While one of the agency's performance measures indicates 22 reports were produced in FY05, the agency's website reflects only three reports, all of which are from 2005. The agency does not appear to have produced any reports in 2004. Based on this information, the committee recommends the full Legislature request a report from the commission on their significant activities and contributions to health policy in New Mexico over the last five years. The committee further recommends the full Legislature consider consolidating the commission into DOH's Office of Policy and Multicultural Health or a division within HSD to save on overhead costs or enacting a sunset clause for this commission.

HEALTH INFORMATION AND POLICY ANALYSIS

The purpose of the health information and policy analysis program is to provide relevant and current health related data, information and comprehensive analysis to consumers, state health agencies, the Legislature, and the private health sector so they can obtain or provide improved healthcare access in New Mexico.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of health-related bills analyzed during the legislative session	108	208	150	200	200
Outcome	Percent of consumers who have found the managed-care performance rating information for all managed-care organizations to be useful information when selecting healthcare plans			80%		
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports			80%	60%	80%
Outcome	Percent of satisfied users of information presented through mini-posters as part of the health policy commission poster project			80%		
Outcome	Number of task forces convened to facilitate recommendations for health-related strategies	1	2			
Outcome	Percent of bills analyzed and returned to the Legislature within twenty-four hours	87%	73%	92%		
Outcome	Percent of purchasing documents and vouchers processed within one week of receipt	85%	80%			
Output	Number of formal collaborative partnerships, forums or workgroups that analyze the need for health professionals in the state to assist in identifying the gaps and options for reducing the shortages; determine feasible solutions for financing health care to meet the needs of citizens of the state; and review the state's health policy and develop methods for monitoring its development and implementation	3	5	7		
Output	Number of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems	20	22	10	8	
Output	Percent of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems				60%	95%

STATUTORY AUTHORITY:

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the functions of the Veterans' Services Department. The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Approving, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

MISSION:

The Veterans' Services Department carries out the mandates of the Legislature and the governor; disseminates information regarding all laws beneficial to veterans, their spouses and children; assists veterans and their dependents in the preparation and initiation of claims by reason of military service; and assists veterans, their widows or widowers, and their children in establishing the privileges to which they are entitled.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,232.8	2,305.4	2,257.9	2,352.9	2.1
Fed Program Revenues	504.7	261.2	459.7	459.7	76.0
Other Program Revenues	25.9	24.0	26.0	26.0	8.3
Fund Balance	23.0	11.2	30.8	30.8	175.0
SOURCES TOTAL	2,786.4	2,601.8	2,774.4	2,869.4	10.3
USES					
Personal Services/Empl Benefit	1,499.8	1,746.5	1,726.5	1,726.5	-1.1
Contractual Services	718.1	513.9	689.9	784.9	52.7
Other	446.9	341.4	358.0	358.0	4.9
TOTAL USES	2,664.8	2,601.8	2,774.4	2,869.4	10.3
FTE					
Permanent	33.0	35.0	33.0	35.0	0.0
Term	2.0	0.0	2.0	0.0	***
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

BUDGET ISSUES:

The agency was elevated to department status in 2004. New Mexico is one of 19 states to have an agency providing veterans' services at the cabinet level. The former Veterans' Service Commission has been replaced with a five-member advisory board.

The agency budget request of \$2.77 million is \$172.6 thousand higher than the FY06 operating budget of \$2.6 million, a 6.6 percent increase. General fund request is flat at \$2.25 million. The major increase in the budget is \$198.5 thousand in federal funds for the per-diem homeless veterans' program in Albuquerque. The federal grant was made to the department, which in turn contracted with the Veteran's Integration Center to provide transitional housing for 30 homeless veterans through FY07. This operator replaces the previous contractor, El Paisano.

The agency is planning to request \$200 thousand during the 2006 legislative session to supplement the federal funding for the homeless program to expand services and outreach. Because the contract with the Veteran's Integration Center is fairly new, the committee has requested additional details on how the additional \$200 thousand, as well as other department funds, would be used to enhance efforts to serve homeless veterans.

The committee recommendation is the request level plus \$47.5 thousand for services to homeless veterans and \$47.5 thousand for Native American outreach program, both initiatives funded by Laws 2005, Chapter 34. The current plan for the outreach program is to provide veteran service field officer training for representatives of each New Mexico pueblo and tribe, extending veteran's outreach beyond the current field offices in 17 cities to more rural areas.

While the agency has developed and reported data for new performance measures, performance is difficult to judge because the agency has changed the criteria used to report results for measures. For example, the agency had a FY05 target for number of fiduciary transactions of 36,000 but reported actual transactions of 74,764. As the original target was based on FY04 reported fiduciary transactions of 36,000, this growth in FY05 transactions is questionable and probably is due to a change in how the agency measures results. The committee encourages the department to work with staff and the Department of Finance and Administration to standardize criteria for reporting performance measure results.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Native American outreach	0	0.0	47.5
*	Services to homeless veterans	0	0.0	47.5
TOTAL			0.0	95.0

VETERANS' SERVICES

The purpose of the veterans' services program is to provide information and assistance to veterans and their eligible dependents to obtain benefits to which they are entitled in order to improve their quality of life.

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Outcome	Percent of New Mexico veterans impacted by department programs		16.23%	20%	25%	25%
* Output	Number of veterans served by field officers	32,742	29,243	42,000	42,000	42,000
Output	Number of referrals from veteran service officers to contract veterans organizations	12,132	7,535	17,000	10,000	10,000
Output	Number of fiduciary transactions from trustee banks to meet clients' living expenses	36,000	74,764	36,000	75,000	75,000
Output	Number of educational programs reviewed, approved and audited	207	1968	250	1975	1975
* Output	Number of homeless veterans provided shelter for a period of two weeks or more	72	840	90	500	500
* Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions		152	165	170	170
Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	4,934	9,774	3,000	3,500	3,500

STATUTORY AUTHORITY:

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Section 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies

MISSION:

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	149,989.1	145,375.1	159,324.3	158,965.3	9.3
Other Transfers	46,095.6	46,525.6	44,758.7	44,758.7	-3.8
Fed Program Revenues	138,847.1	136,941.5	134,874.0	138,669.4	1.3
Other Program Revenues	3,906.9	3,534.6	3,873.1	3,873.1	9.6
Fund Balance	3,556.2	0.0	0.0	0.0	***
SOURCES TOTAL	342,394.9	332,376.8	342,830.1	346,266.5	4.2
USES					
Personal Services/Empl Benefit	106,167.9	103,539.7	107,940.6	104,880.3	1.3
Contractual Services	47,994.5	54,868.5	58,577.5	58,604.9	6.8
Other	169,169.3	173,134.0	175,456.0	181,925.3	5.1
Other Financing Uses	907.0	834.6	856.0	856.0	2.6
TOTAL USES	324,238.7	332,376.8	342,830.1	346,266.5	4.2
FTE					
Permanent	1,990.0	1,973.8	1,993.1	1,990.1	0.8
Term	81.5	91.3	64.0	64.0	-29.9
Temporary	5.5	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	2,077.0	2,065.1	2,057.1	2,054.1	-0.5

BUDGET ISSUES:

The Children, Youth and Families Department (CYFD) is composed of four divisions: the Juvenile Justice Division (JJD), the Protective Service Division (PSD), the Family Services Division (FSD), and the Program Support Division.

The FY07 base budget recommendation includes an increase from the general fund of \$13.6 million, or a 9.3 percent increase. The increases are \$10.5 million in PSD, \$3.4 million in JJD, \$412 thousand in FSD, and a decrease of \$743 thousand in program support.

For FY07, LFC recommends a general fund increase of \$13.6 million, or 9.3 percent. The LFC recommendation includes \$8.7 million additional funds for the foster-care program in PSD to replace federal funds, properly fund the caseload increase, fund the settlement of the Joseph A consent decree and increase the foster care subsidy. The recommendation provides more funds for community-based services in JJD, as well as \$200 thousand for gang intervention programming and \$300 thousand for vocational training in the secured facilities. The LFC recommendation funds pre-kindergarten at \$8 million; however, the appropriation is to the Public Education Department (PED) with sufficient budget adjustment authority to transfer half to CYFD and a small portion to the Department of Finance and Administration (DFA) for evaluation.

CYFD spent 32.7 percent (almost one third) of the FY05 budget on personal services and employee benefits. CYFD spends more on salaries and benefits than it does on direct services, such as childcare and foster-care subsidies. The agency budget request included an agency vacancy rate of approximately 6 percent with slight variations among the programs; however, the agency's historical vacancy rate exceeds 10.5 percent with variations of 8 percent to 12 percent among the divisions. The LFC recommendation contains vacancy factors of 8 percent for program support, FSD, and JJD, as well as the elimination of three positions that have been vacant for a year or more. PSD is recommended with a 4 percent vacancy rate and encouraged to fill the numerous vacant positions.

The Juvenile Justice recommendation includes \$1.4 million additional general fund to properly fund medical costs. JJD had not adequately funded medical services in the detention facilities. Often, no medical staff or services were available for juveniles in detention. JJD recently consolidated a number of medical contracts into one and awarded the contract to Wexford. JJD's difficulties in providing medical and behavioral health services contributed to an American Civil Liberties Union (ACLU) inquiry and lawsuit threat. Other than safety issues at the New Mexico Boy's School in Springer, the ACLU petition mentions inadequate medical, behavioral health, and community-based services. The LFC recommendation seeks to help properly fund the deficient areas.

The move toward community-based services was scheduled for completion at the end of FY05 but was thwarted somewhat when efforts to close Camp Sierra Blanca (CSB) were overturned by the governor. The planned closure of CSB would have freed \$1.5 million that was scheduled to fund the second phase of the community-based programming change. JJD has experienced a 62 percent reduction in the juvenile detention population since 2000. In late October, CYFD reported a secure detention population of 243 juveniles, or less than 60 percent of capacity. Juveniles who previously might have been placed in detention are now being treated in the community and the juveniles who remain in detention are those who have committed more serious offenses or who are better served in a detention facility than outside. The LFC recommendation includes \$1.5 million in additional funding for community-based programming to further the transition.

The dynamic shift in the detention population has left excess capacity in the system, with 168 empty beds; the cost per juvenile in detention has increased dramatically. CYFD seeks to reduce capacity in the system, which, in turn, will reduce the cost per commitment. CYFD proposes to shift the Boys' School to the Corrections Department for a DWI detainment and treatment facility. At the time of this writing, the transition plans were being developed. The LFC recommendation does not factor the transition cost of the Boys' School into the base recommendation; however, LFC stands poised to aid JJD once a plan has been developed.

The agency requested \$2.7 million increase in personal services and employee benefits, primarily due to a vacancy factor of 6 percent and an expected overtime need of \$1.7 million. Historically, JJD has experienced a vacancy factor of 13 percent to 16 percent. JJD has worked hard to reduce the vacancy factor and, in July, YDDC had a staff vacancy of 8 percent and the New Mexico Boys' School had a rate of 9 percent. Additionally, JJD implemented constant recruitment and held two job fairs in the last four months. The LFC recommendation includes an 8 percent vacancy factor.

JJD transferred the La Placitas, Carlsbad, and Life Options reintegration centers to PSD to be used for transitional foster care. Included in the transfer is 42.5 FTE; JJD is eliminating an additional 10 term FTE for a total staff reduction of 52.5 FTE in FY07. This reduction is on top of a transfer in FY06 of 6 FTE to Family Services and 5 FTE to Protective Services.

Protective Services Program. PSD programs for children include services for victims of abuse or neglect or those at risk of abuse and neglect, family preservation, permanency planning, independent living arrangements, and placement services for those removed from families or caretakers. The LFC recommendation includes \$10.5 million to replace decreasing federal funds, a growing foster care caseload, and recurring expenses associated with the settlement of the Joseph A consent decree.

The federal fund decrease is in the foster care Medicaid Targeted Case Management (TCM) program. The federal Center for Medicare and Medicaid Services (CMS) has increased its audit efforts in TCM. CYFD conducted a self audit and found a number of cases similar to those in other states where CMS disallowed costs. CYFD has taken steps to ensure all foster care TCM cases in New Mexico meet the standards of a CMS audit, and in doing so, identified the need for \$3.7 million from the general fund. Offsetting the TCM federal fund decrease is an increase in other Medicaid federal funds of \$1.2 million. CYFD is transferring the former JJD reintegration centers (La Placitas, Life Options, and Carlsbad) to PSD to serve as transitional centers for older foster-care clients; this shift will qualify clients for Medicaid Title XIX funding. The net decrease in Medicaid funding is \$2.5 million. Adding to the reduction in Medicaid TCM, the inspector general of the federal Health and Human Services Department audited the Foster Care and Adoption Assistance Program (Title IV-E) and forced a change in the cost-allocation of staff and training costs. The revision to the cost allocation process will shift \$2.4 million to the general fund. The LFC recommendation includes \$4.8 million to replace lost federal funds.

The foster-care caseload has been increasing over the last few years. In FY04 the caseload increased 13 percent from FY03, and the FY05 caseload increased 16.8 percent over FY04. One driving factor in the caseload increase is the growing methamphetamine use in New Mexico. The rapidly growing caseload has outpaced the growth of families adopting foster children; therefore, more foster children are in the state's custody than ever before. The LFC supports the division in its efforts to attract and retain foster families. The LFC recommendation contains an additional \$750 thousand from the general fund to be

matched 3:1 with federal funds for a total of \$3 million to increase the foster-care rate subsidy which hasn't seen an increase since 1994. The additional foster subsidy should provide for an estimated of \$100 to \$125 per month per foster child.

The settlement of Joseph A lawsuit, regarding the length of time clients were in the foster-care system with a lack of permanency planning, increased recurring expenditure costs. The expenditures include \$343 thousand for a neutral third party, \$240 thousand for home studies, and \$1.6 million for increased subsidies for harder-to-place children with special needs.

LFC supports PSD in protecting New Mexico's children from harm. The recommendation supports this division's effort to reduce the historical vacancy factor by recommending a vacancy factor of only 4 percent and, in doing so, LFC encourages the division to implement a new recruitment strategy. Attracting qualified staff is a systemic problem in this field and CYFD needs to take an active role with the State Personnel Office (SPO), DFA, and LFC to develop a comprehensive plan to improve the attractiveness of this personnel category.

Family Services Program. FSD provides a wide array of services to children and families including child care, pre-kindergarten, home visiting, domestic violence, and behavioral health and related community services for children, adolescents, and families. FSD requested an increase of \$2.9 million from the general fund, a 7.5 percent increase from FY06. The increase is primarily in contractual services for the pre-kindergarten pilot program. CYFD added a request for a \$2.5 million nonrecurring appropriation to the base request for the pre-kindergarten program. The Legislature in 2005, appropriated \$4.9 million to DFA for PED and CYFD to split evenly. Both appropriations, having been made to DFA, are not included in the FY06 CYFD operating budget and therefore appear as significant growth.

The purpose of the pre-kindergarten program is to further the readiness of 4 year olds to learn before entering an instructional environment. It is believed that programs for 4 year old children should have a positive effect on intellectual, emotional, social, and physical development. Classes began August 1, 2005, and CYFD contracted with National Institute for Early Education Research (NIEER) at Rutgers University to help evaluate the program, but as of yet no data is available to evaluate the program's success. Eligible providers will be reimbursed \$2,278.81 per child for 540 hours of direct services in communities where the highest percentage of public elementary schools are designated as Title I schools and are not meeting the proficiency component required for calculating adequate yearly progress (AYP). The LFC recommendation continues to fund pre-kindergarten as a pilot program and increases the funding to an \$8 million recurring appropriation to PED with budget adjustment transfer authority to CYFD.

CYFD is also piloting a newborn home visiting program funded by general fund which was redirected from the childcare program in the first half of FY06. A portion of the pilot was funded with \$250 thousand from the general fund to be matched with State Children's Health Insurance Program (SCHIP) Medicaid funding; however, CYFD has not been successful at securing the Medicaid match, possibly because the model was not medically based. CYFD might seek committee action to remove the SCHIP restriction so that additional pilot sites can be launched. CYFD entered into an memorandum of understanding (MOU) with Department of Health (DOH) to use existing infrastructure for the pilot in Santa Fe and Las Cruces. An independent evaluation of the program called into question the outcomes projected from CYFD's universal but less intensive home-visiting program. A study of the CYFD home-visiting model by the National Conference of State Legislatures (NCSL) recommended a more targeted, intensive, and professionally staffed program. Since the evaluation, CYFD has shifted the pilot to a more intensive medical model. CYFD will partner with the Las Alamos National Laboratory Foundation (LANLF) to pilot the First Born Program modeled after a program currently operating in Grant County. The First Born Program will provide home visits once a week up to three years of age beginning with prenatal care for the parents. The staff conducting the visits will be composed of a team to include a nurse and other paraprofessionals. The LFC recommendation continues to fund the home-visiting pilot at \$500 thousand without the SCHIP restriction; however, the funding is contingent on quarterly reporting to LFC on the progress of securing a Medicaid match.

FY07 funding for the childcare program remains at \$75.3 million with eligibility limited to those earning less than 150 percent of the federal poverty level. The average cost per childcare slot is \$3,160.19. Wrap-around services for a 4 year old client include a half day of child care (\$1,580.10) and another half day of pre-kindergarten (\$2,278.81) for a total average cost of \$3,858.91. While the 4 year old client is in pre-kindergarten, the childcare program could potentially save \$1,580.10 per child, or \$1.2 million if all 768 pre-kindergarten children were also childcare clients.

BASE EXPANSION:

CYFD did not submit expansion or program changes with the September 1 budget submission.

CYFD requested four program expansions on a letter submitted to LFC on October 6. The agency requested additional funding from the general fund for the growing foster-care and adoption caseload, for a foster-care rate increase, for 17 child protective services FTE, and for additional funding to expand the home-visiting pilot program.

Because of the foster-care caseload growth, the agency request of \$1.6 million from the general fund is supported in the LFC recommendation. As the foster-care caseload has increased, the need for more foster families and adoptions is greater than ever. The agency request for \$507 thousand to be matched 3:1 with federal funds for a total of \$2 million to increase the monthly subsidy by \$100 per month paid per child. The LFC recommended \$750 thousand from the general fund and to be match with \$2.2 million for a total of \$3 million for the foster rate increase..

The agency requested 17 new Protective Services Division FTE. LFC does not support this request. PSD has historically operated with a vacancy of 12 percent. In the base recommendation funds a lower vacancy rate of 4 percent. The base LFC recommendation for PSD, LFC applied a vacancy factor less than the historical rate to allow the division flexibility in its staffing decisions. The agency also requested additional funding to expand the home-visiting pilot program. The pilot has been off to a rocky start and the agency recently proposed taking the pilot in a new direction more in line with the intent of the legislation. The LFC supports continued funding for the pilot; however, there is insufficient data to support an expansion of the program.

RECOMMENDED LANGUAGE:

The general fund appropriation to the juvenile justice program of the children, youth and families department in the other category includes two hundred thousand (\$200,000) for gang intervention, three hundred thousand dollars (\$300,000) for a vocational training program in the secure facilities, and one million five hundred thousand (\$1,500,000) in the contractual services category to provide more community-based programming. The federal fund appropriation to the juvenile justice program includes \$50 thousand to continue disproportional minority studies by the juvenile justice advisory committee.

The general fund appropriation to the family services program of the children, youth and families department in the contractual services category includes five hundred thousand (\$500,000) for a first born pilot home visiting program contingent on quarterly reporting to the LFC on progress securing medicaid funding and one million four hundred thirty-one thousand dollars (1,431,000) in the contractual services category to continue programs appropriated in Laws of 2005 chapter 34.

The general fund appropriation to the protective services program of the children, youth and families department in the other category includes seven hundred fifty thousand (\$750,000) to be matched with federal funds to increase the foster care rate subsidy paid to foster families.

BASE EXPANSION LISTING
FY07 - 2006-2007

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Foster care and adoptions caseload	(PSD)	1,664.6	1,664.6
2	Foster care rate increase	(PSD)	507.3	750.0
3	Child protective services (17 perm-FTE)	(PSD)	805.2	0.0
4	<u>Home visiting</u>	<u>(FSD)</u>	<u>500.0</u>	<u>0.0</u>
TOTAL			3,477.1	2,414.6

JUVENILE JUSTICE

The purpose of the juvenile justice program is to provide rehabilitative services to youth committed to the department, including but not limited to medical, educational, mental health and other services, early intervention and prevention, detention and screening and probation and parole supervision aimed at keeping youth from committing additional delinquent acts.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	FY07 - 2006-2007		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	53,767.4	53,803.1	57,564.6	57,206.9	6.3
Other Transfers	1,490.2	1,588.4	2,204.5	2,204.5	38.8
Other Program Revenues	1,394.8	1,149.2	1,394.8	1,394.8	21.4
SOURCES TOTAL	56,652.4	56,540.7	61,163.9	60,806.2	7.5
USES					
Personal Services/Empl Benefit	40,514.5	40,646.5	43,335.0	41,014.5	0.9
Contractual Services	7,377.7	9,080.1	10,250.6	11,750.6	29.4
Other	7,927.3	6,760.5	7,578.3	8,041.1	18.9
Other Financing Uses	0.0	53.6	0.0	0.0	-100.0
TOTAL USES	55,819.6	56,540.7	61,163.9	60,806.2	7.5
FTE					
Permanent	755.0	866.5	843.3	843.3	-2.7
Term	16.5	29.3	0.0	0.0	-100.0
Temporary	3.5	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	775.0	895.8	843.3	843.3	-5.9

PERFORMANCE MEASURES

		FY04 Actual	FY05 Actual	FY06 Budget	FY07 Request	FY07 Recomm
* Output	Percent of clients who complete formal probation	83%	80%	83%	83%	83%
* Outcome	Percent of youth confined over ninety days who show an increase in reading, math or language arts scores between children, youth and families department facility admission and discharge			70%	70%	70%
* Output	Percent of re-adjudicated clients	7.6%	5.9%	4%	7.6%	5%
* Outcome	Percent of clients recommitted to a children, youth and families department facility	16.7%	16.5%	11.5%	7.6%	11.5%
* Outcome	Percent of clients receiving functional family therapy and multi-systemic therapy who have not committed a subsequent juvenile offense			65%	65%	65%
* Output	Percent of clients earning education credits while in facility schools		0	75%	76%	75%
* Output	Number of children in community corrections programs			800	800	800

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect, and provide family preservation, treatment and legal services to vulnerable children and their families to ensure their safety and well being.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	46,095.3	42,049.2	50,080.7	52,566.8	25.0
Other Transfers	8,327.8	8,146.9	5,474.6	5,474.6	-32.8
Fed Program Revenues	43,151.6	43,169.4	40,630.3	44,425.7	2.9
Other Program Revenues	1,352.4	1,259.5	1,352.4	1,352.4	7.4
Fund Balance	1,667.7	0.0	0.0	0.0	***
SOURCES TOTAL	100,594.8	94,625.0	97,538.0	103,819.5	9.7
USES					
Personal Services/Empl Benefit	45,980.5	42,336.2	43,743.3	43,472.0	2.7
Contractual Services	9,597.1	8,864.0	9,473.1	9,473.1	6.9
Other	41,266.8	43,216.8	44,113.6	50,666.4	17.2
Other Financing Uses	190.8	208.0	208.0	208.0	0.0
TOTAL USES	97,035.2	94,625.0	97,538.0	103,819.5	9.7
FTE					
Permanent	921.7	791.0	833.5	833.5	5.4
Term	6.0	0.0	0.0	0.0	***
Temporary	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	929.7	791.0	833.5	833.5	5.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of children with repeat maltreatment	11.1%	7.3%	7.5%	7.5%	7.5%
* Outcome	Percent of children adopted within twenty-four months from entry into foster care	43.8%	34.6%	40%	35%	35%
* Output	Percent of children maltreated while in foster care	1.09%	.76%	.57%	.90%	.90%
* Output	Percent of children determined to be maltreated within six month of a prior determination			7.5%	7.5%	7.5%
* Output	Percent of children committed to a juvenile facility who were the subjects of an accepted report of maltreatment within five years of a commitment			65%	65%	65%
* Output	Number of children in foster care for twelve months with no more than two placements	2,187	2,234	2,100	2,100	2,100
Outcome	Percent of children in foster care for twelve months with no more than two placements	84%	85.6%	80%	80%	80%

FAMILY SERVICES

The purpose of the family services program is to provide behavioral health, quality child care and nutrition services to children so they can enhance physical, social and emotional growth and development and can access quality care.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	40,540.7	39,752.8	42,000.5	40,165.2	1.0
Other Transfers	34,735.6	35,914.0	35,914.0	35,914.0	0.0
Fed Program Revenues	90,721.5	89,088.6	89,557.7	89,557.7	0.5
Other Program Revenues	1,159.7	1,125.9	1,125.9	1,125.9	0.0
Fund Balance	1,888.5	0.0	0.0	0.0	***
SOURCES TOTAL	169,046.0	165,881.3	168,598.1	166,762.8	0.5
USES					
Personal Services/Empl Benefit	9,651.4	9,969.9	10,452.9	10,259.5	2.9
Contractual Services	29,462.3	35,107.1	36,998.1	35,675.5	1.6
Other	116,164.7	120,231.3	120,499.1	120,179.8	0.0
Other Financing Uses	716.2	573.0	648.0	648.0	13.1
TOTAL USES	155,994.6	165,881.3	168,598.1	166,762.8	0.5
FTE					
Permanent	143.3	146.3	148.3	146.3	0.0
Term	59.0	62.0	64.0	64.0	3.2
TOTAL FTE POSITIONS	202.3	208.3	212.3	210.3	1.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of children in families receiving behavioral health services who experience an improved level of functioning at discharge	51.1%	47.9%	60%	60%	60%
* Outcome	Percent of family providers participating in the child-and-adult care food program		67%	85%	82%	82%
* Outcome	Percent of movement through levels one through five of aim high		15.9%	25%	20%	20%
* Outcome	Percent of children receiving state subsidy in aim high programs of levels two, three, four and five and with national accreditation	11%	13.9%	13%	13%	15%
* Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills		59.3%%	65%	65%	65%
* Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment		77.5%	85%	85%	85%
* Output	Number of adult victim witnesses receiving domestic violence services	3,628	5,683	5,700	5,700	5,700
Output	Percent of slots using nontraditional child care	31.3%	33.1%	34.0%	34.0%	34.0%
Output	Number of slots using nontraditional child care	7,480	8,297	8,300	8,300	8,300

PROGRAM SUPPORT

The purpose of the program support program is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.

BUDGET SUMMARY (dollars in thousands)					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,585.7	9,770.0	9,678.5	9,026.4	-7.6
Other Transfers	1,542.0	876.3	1,165.6	1,165.6	33.0
Fed Program Revenues	4,974.0	4,683.5	4,686.0	4,686.0	0.1
SOURCES TOTAL	16,101.7	15,329.8	15,530.1	14,878.0	-2.9
USES					
Personal Services/Empl Benefit	10,021.5	10,587.1	10,409.4	10,134.3	-4.3
Contractual Services	1,557.4	1,817.3	1,855.7	1,705.7	-6.1
Other	3,810.4	2,925.4	3,265.0	3,038.0	3.8
TOTAL USES	15,389.3	15,329.8	15,530.1	14,878.0	-2.9
FTE					
Permanent	170.0	170.0	168.0	167.0	-1.8
TOTAL FTE POSITIONS	170.0	170.0	168.0	167.0	-1.8

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Turnover rate for social workers		12.1%	20%	19%	15%
* Output	Turnover rate for juvenile correctional officers	15.1%	18.9%	11.9%	11.9%	11.9%
Outcome	Percent of vendor payments made and established within prescribed timeframes	100%	99%	99%	100%	100%
Quality	Percent of employee files that contain performance appraisals development plans completed and submitted within state personnel guidelines	99%	59%	95%	95%	95%

STATUTORY AUTHORITY:

The Department of Military Affairs (DMA) operates pursuant to Article I, Section 8, of the Constitution of the United States and Article XVIII, Sections 1 and 2, of the Constitution of New Mexico. The department is established and governed by the New Mexico Military Code (Chapter 20 NMSA 1978). Although the governor is commander in chief of the state military forces, the adjutant general directs DMA and is appointed by the governor to a five-year term.

MISSION:

The department's primary mission is to provide the necessary infrastructure to support the Army and Air National Guard, State Defense Force, Civil Air Patrol, and the New Mexico Youth Challenge Academy.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,289.7	5,300.2	5,300.2	5,300.2	0.0
Other Transfers	111.5	30.0	0.0	0.0	-100.0
Fed Program Revenues	7,237.5	8,313.1	8,645.6	8,500.8	2.3
Other Program Revenues	39.8	47.1	39.1	39.1	-17.0
Extraord/Special	183.3	9.0	21.0	21.0	133.3
SOURCES TOTAL	12,861.8	13,699.4	14,005.9	13,861.1	1.2
USES					
Personal Services/Empl Benefit	6,175.7	6,962.4	7,130.6	6,666.4	-4.3
Contractual Services	891.3	1,174.2	1,427.4	1,427.4	21.6
Other	4,437.4	5,562.8	5,447.9	5,767.3	3.7
TOTAL USES	11,504.4	13,699.4	14,005.9	13,861.1	1.2
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	89.0	104.0	118.0	118.0	13.5
TOTAL FTE POSITIONS	121.0	136.0	150.0	150.0	10.3

BUDGET ISSUES:

DMA, under its National Guard Support Program, manages 155 facilities throughout the state valued at over \$131 million. The facilities comprise 1.5 million square feet of building space and some 26,000 acres of property. The budget for maintenance and repair of the facilities was decreased by \$206 thousand, or 52 percent, in FY04. In FY04, DMA used temporary federal support to fund the maintenance and repair of facilities. The FY05 operating budget for maintenance and repair was \$20 thousand. The Legislature in 2005 approved a special appropriation of \$675 thousand for FY05 and FY06 to renovate armories statewide. The LFC recommendation for maintenance and repair at \$576.9 thousand brings funding to a level over those prior to FY04. LFC recommends that DMA develop a formal building master plan and a formal building maintenance plan. DMA should also report the national guard's "facility maintenance index," the ratio of repair cost to replacement cost.

The performance measure "percent of strength of the New Mexico national guard" had an FY05 actual of 90 percent. This is a great improvement over DMA's FY04 actual of 78 percent. This performance measure is impacted by the deployment of the National Guard. In FY05, approximately a third of the New Mexico National Guard was activated for duty in Iraq, Afghanistan, homeland defense and other areas. DMA reports intense competition with the private sector and other branches of the military is making it more difficult for them to recruit and retain qualified members.

BASE EXPANSION:

DMA has 6 FTE in the National Guard Support Program and 8 FTE in the Crisis Response Program that are not authorized under the General Appropriation Act in FY06 but were included in its FY07 base budget request. Five out of the 6 unauthorized FTE in the National Guard Support Program are 100 percent federally funded positions that DMA created based on availability of federal funds. The remaining unauthorized FTE in the National Guard Support Program is supported by 100 percent general funds. This office and administrative support position is for family support of the National Guard members for FY05. DMA reports the position was created as a state-funded position upon the recommendation of the executive. Five out of the 8 unauthorized FTE in the Crisis Response Program are five cadre positions approved by the State Personnel Office for recruitment and retention purposes. The three other unauthorized positions in the Crisis Response Program are necessary for

compliance with the New Mexico Youth Challenge contract. The FTE in the Crisis Response Program are supported 40 percent state and 60 percent federal funding; however, due to the budget being capped at \$2.8 million, the added FTE do not result in additional impact to the general fund. The LFC considers these FTE to be an expansion and has extracted them from the base. The committee recommends the expansion for all 14 FTE to support the goals and mission of DMA.

RECOMMENDED LANGUAGE:

The general fund appropriation to the national guard support program of the department of military affairs in the personal services and employee benefits category includes funding for the adjutant general position not to exceed range thirty-four in the governor's exempt plan and funding for the deputy adjutant general position not to exceed range thirty-two in the governor's exempt plan.

The general fund appropriation to the national guard support program of the department of military affairs in the other category includes twenty-five thousand dollars (\$25,000) for expenditures for the employee support of guard and reserve program.

BASE EXPANSION LISTING FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Term FTE Not Authorized Under GAA (6 FTEs)	(NGS)	0.0	259.6
*	Term FTE Not Authorized Under GAA (8 FTEs)	(CR)	0.0	290.8
TOTAL			0.0	550.4

*The department included this item in the base request. LFC considers the item to be an expansion and has extracted it from the base.

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard military and civilian activities so they can maintain a high degree of readiness to respond to state and federal missions.

BUDGET SUMMARY (dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,042.8	4,065.9	4,065.9	4,065.9	0.0
Fed Program Revenues	5,454.3	6,633.1	6,965.6	6,879.8	3.7
Other Program Revenues	39.8	47.1	39.1	39.1	-17.0
Extraord/Special	181.5	9.0	21.0	21.0	133.3
SOURCES TOTAL	9,718.4	10,755.1	11,091.6	11,005.8	2.3
USES					
Personal Services/Empl Benefit	4,318.6	5,116.9	4,958.6	4,750.3	-7.2
Contractual Services	241.8	594.2	777.4	777.4	30.8
Other	3,962.7	5,044.0	5,355.6	5,478.1	8.6
TOTAL USES	8,523.1	10,755.1	11,091.6	11,005.8	2.3
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
Term	50.0	65.0	71.0	71.0	9.2
TOTAL FTE POSITIONS	81.0	96.0	102.0	102.0	6.3

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Rate of attrition of the New Mexico army national guard	15%	24%	14%	14%	14%
* Outcome	Percent of strength of the New Mexico national guard	78%	90%	90%	85%	85%
* Output	Number of major environmental compliance findings from inspections	7	68	7	25	25

CRISIS RESPONSE

The purpose of the crisis response program is to provide resources and a highly trained and experienced force to protect the public and improve the quality of life for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,246.9	1,234.3	1,234.3	1,234.3	0.0
Other Transfers	111.5	30.0	0.0	0.0	-100.0
Fed Program Revenues	1,783.2	1,680.0	1,680.0	1,621.0	-3.5
Extraord/Special	1.8	0.0	0.0	0.0	***
SOURCES TOTAL	3,143.4	2,944.3	2,914.3	2,855.3	-3.0
USES					
Personal Services/Empl Benefit	1,857.1	1,845.5	2,172.0	1,916.1	3.8
Contractual Services	649.5	580.0	650.0	650.0	12.1
Other	474.7	518.8	92.3	289.2	-44.3
TOTAL USES	2,981.3	2,944.3	2,914.3	2,855.3	-3.0
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
Term	39.0	39.0	47.0	47.0	20.5
TOTAL FTE POSITIONS	40.0	40.0	48.0	48.0	20.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of cadets successfully graduating from the Youth Challenge Academy	99%	107%	90%	90%	100%

STATUTORY AUTHORITY:

The statutory authority and responsibilities of the Parole Board are outlined in the Parole Board Act (Section 31-21-22 through 31-21-26 NMSA 1978) and the Probation and Parole Act (Sections 31-21-3 through 31-21-19 NMSA 1978). Although the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency charged with the responsibility of paroling adults incarcerated within the Corrections Department.

MISSION:

The Parole Board grants, denies, or revokes parole, conducts investigations, summons witnesses, and adopts rules and regulations for the effective discharge of the duties of the board. Besides conducting parole release and revocation hearings and reviewing parolee discharge plans, the Parole Board also provides recommendations to the governor on applications for executive clemency.

BUDGET SUMMARY (dollars in thousands)					
			FY07 – 2006-2007		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	359.7	370.5	456.8	431.9	16.6
SOURCES TOTAL	359.7	370.5	456.8	431.9	16.6
USES					
Personal Services/Empl Benefit	258.5	266.8	298.0	297.3	11.4
Contractual Services	5.4	6.4	6.6	6.6	3.1
Other	94.2	97.3	152.2	128.0	31.6
TOTAL USES	358.1	370.5	456.8	431.9	16.6
FTE					
Permanent	5.0	5.0	6.0	6.0	20.0
TOTAL FTE POSITIONS	5.0	5.0	6.0	6.0	20.0

BUDGET ISSUES:

The Parole Board estimates a shortfall of \$17.1 thousand in per diem and mileage for FY06. The shortfall stems from the Governor's Office directing the board to stop the practice of waiving the statutory provision that the parolee be granted a quorum of two on a panel of three parole board members. The waiver allowed parole hearings to be conducted by a single board member. Another frequent practice was "administrative" reviews in which no hearing was held, but one or sometimes two board members would simply review the files and set conditions of release based on written information. The Parole Board staff reports this was largely instituted because not enough board members were available to conduct hearings in distant locations, such as Hobbs. The Governor's Office directed the board that hearings would be held by a minimum of two board members and "administrative" reviews would be conducted in only certain cases.

BASE EXPANSION:

The Parole Board requested 1 additional FTE for an information and record clerk position. The board reports the information and record clerk will assist with the records processing, scheduling, certificate processing, recidivism monitoring, and implantation. The committee supports the expansion of \$30.8 thousand to fund a records and information clerk solely based on it being fiscally prudent to process parole certificates in a timely manner. Parole Board staff issued and processed 2,476 parole certificates in FY05. At the end of August 2005, there were 242 parole certificates waiting to be processed. Inmates in correctional facilities cannot be released until they receive their parole certificate. Between January and September 2005, the average number per day of in-house parolees waiting on issuance of a parole certificate was 17. In FY04, the average cost per day for an inmate was \$81.83. LFC staff estimates in FY05 the Corrections Department incurred the cost of \$507.8 thousand due to in-house parolees waiting on parole certificates for release.

The Parole Board is seeking an information technology request of \$7.9 thousand for video conferencing equipment through the Chief Information Officer. The board is moving to parole hearings by video conferencing due to increases in the cost of gas, difficulty in arranging for two Parole Board members per hearing for a quorum, and the rural locations of correctional facilities. The committee recommends \$1 thousand for cost of installation and \$7.9 thousand for video conferencing equipment as an expansion of the Parole Board's base budget.

RECOMMENDED LANGUAGE:

The general fund appropriation to the adult parole board in the personal services and employee benefits category includes thirty thousand eight hundred dollars (\$30,800) for one permanent full-time-equivalent position to assist with parole certificate and record processing.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Video conferencing equipment	(APB)	0	8.9
<u>1</u>	<u>Information and record clerk (1 FTE)</u>	<u>(APB)</u>	<u>30.8</u>	<u>30.8</u>
TOTAL			30.8	39.7

*The Adult Parole Board had this as an information technology request through the Chief Information Officer. LFC recommends the item to be an expansion to the base budget.

ADULT PAROLE

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		<u>FY04 Actual</u> 1 update	<u>FY05 Actual</u> 1 update	<u>FY06 Budget</u> 1 update	<u>FY07 Request</u> 1 update	<u>FY07 Recomm</u> 1 update
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated					
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	15	20	14	14	14
* Efficiency	Percent of revocation hearings held within 30 days of a parolee's return to the corrections department	97.7%	96.9%	90%	90%	90%
* Efficiency	Percent of initial parole hearings held a minimum of 30 days prior to the inmates projected release date	94.2%	90.5%	90%	90%	90%

STATUTORY AUTHORITY:

Sections 32A-7-1 through 32 A-7-9 NMSA1978 provide for the creation of the Juvenile Parole Board. The board is administratively attached to the Children, Youth and Families Department (CYFD); however, the board's powers are exclusive and its budget is separate from CYFD.

MISSION:

The mission of the Juvenile Parole Board is to grant, deny, or revoke parole for children through a fair and impartial hearing and to assure that incarcerated youth have received rehabilitative services through the juvenile justice system administered by CYFD.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY07 – 2006-2007</u>				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	368.2	380.0	388.9	388.9	2.3
SOURCES TOTAL	368.2	380.0	388.9	388.9	2.3
USES					
Personal Services/Empl Benefit	316.2	331.9	335.6	335.6	1.1
Contractual Services	6.0	5.4	5.6	5.6	3.7
Other	45.2	42.7	47.7	47.7	11.7
TOTAL USES	367.4	380.0	388.9	388.9	2.3
FTE					
Permanent	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

The board must work with CYFD to ensure consistency in juvenile justice goals and policies. Currently, CYFD is redirecting the focus of New Mexico's juvenile justice system to a community-based monitoring and treatment approach and this requires strong communication and coordination among the agencies. This new focus has resulted in fewer children being held in facilities.

The decline in the number of youths in custody has had a dynamic effect on the board. Although the detention center population has decreased at CYFD, the remaining population is "harder" than in the past. Fewer juveniles with minor offenses are in detention because they have been provided with front-end services. A "harder" population means more juveniles do not meet the requirements for parole and are "timed out" of detention rather than being paroled.

In FY04 the Children's Code was changed to address "timed out" juveniles. Juveniles who served their whole sentence and were scheduled for release from detention (in other words, those who were not rehabilitated) are now required to serve 90 days on parole. The change was an attempt to address those "hard" juveniles who served their time and were released into the community without any further rehabilitative effort or supervision.

The FY04 change to the Children's Code lacked an enforcement mechanism. The new 90 day parolees quickly figured out that there were no legal consequences if they did not obey the conditions of parole.

In FY05 the Children's Code was revised to add an enforcement mechanism to the 90-day parolees. Starting in FY07, 90-day parolees can be recommitted to the detention center for parole violations. The recommitment can be up to six months. The Juvenile Parole Board expects the recidivism rate to decrease.

The board has also found that these "harder" juveniles require more intensive reviews for parole eligibility. The board is now reviewing juveniles every 90 days instead of every 180 days. Some juveniles will come up for review four times during their detention.

JUVENILE PAROLE BOARD

To provide fair and impartial hearings through reviews to incarcerated youth so they can mainstream into society as law-abiding citizens.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Percent of increase in the number of parole hearings	258	-7%	10%	10%	5%
Output	Percent of total residents placed on the hearing agenda by juvenile parole board staff	37%	44%	40%	40%	40%
Output	Percent of facilities' population paroled	291	78%	60%	30%	30%
Outcome	Percent of residents paroled who successfully complete the conditions of their parole	141	44%	60%	60%	60%

STATUTORY AUTHORITY:

The purpose of the Corrections Department Act, as outlined in Sections 9-3-1 through 9-3-12 NMSA 1978, is to create a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

MISSION:

The mission of the New Mexico Corrections Department is to provide a balanced approach to corrections from incarceration to community-based supervision with training, education, programs, and services that provide opportunities for offenders to transition to communities.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	207,567.3	212,904.4	233,278.2	232,017.3	9.0
Other Transfers	4,011.4	1,750.8	660.6	660.6	-62.3
Fed Program Revenues	852.2	1,723.0	45.0	45.0	-97.4
Other Program Revenues	3,675.6	3,464.1	3,542.7	3,542.7	2.3
Enterprise Program Rev	4,530.7	5,718.5	5,643.5	5,643.5	-1.3
General Revenues	9,699.8	10,285.3	9,466.4	10,369.1	0.8
Extraord/Special	112.6	0.0	0.0	0.0	***
Fund Balance	0.0	581.1	1,021.0	1,021.0	75.7
SOURCES TOTAL	230,449.6	236,427.2	253,657.4	253,299.2	7.1
USES					
Personal Services/Empl Benefit	107,063.5	109,824.8	115,007.6	113,274.0	3.1
Contractual Services	29,369.2	32,752.5	36,212.2	35,462.2	8.3
Other	88,978.7	92,441.2	101,026.2	103,151.5	11.6
Other Financing Uses	1,403.9	1,408.7	1,411.5	1,411.5	0.2
TOTAL USES	226,815.4	236,427.2	253,657.4	253,299.2	7.1
FTE					
Permanent	2,273.5	2,273.5	2,293.5	2,306.5	1.5
Term	46.5	50.5	30.0	30.0	-40.6
TOTAL FTE POSITIONS	2,320.0	2,324.0	2,323.5	2,336.5	0.5

BUDGET ISSUES:

The LFC recommendation supports a \$19.1 million increase in general fund revenue over the FY06 appropriation. The recommendation includes reducing the FY07 budget request for the medical contract by \$750 thousand, food contract by \$600 thousand, and transportation pool by \$93.2 thousand. The LFC recommendation provides adequate funding for inmate population growth without contingency language. The recommendation includes \$2.9 million to operate the Camino Nuevo facility. The recommendation supports an increase of 314 additional inmate beds in FY07. Of these beds, 22 are for the geriatric unit at the Central New Mexico Correctional Facility, 121 are for out-of-system male inmate beds, 76 are for the housing of male inmates in out-of-state prisons to be determined by the Corrections Department, 20 are for female inmate beds at the New Mexico Women's Correctional Facility, and 75 are for level one and two female inmate beds at Camino Nuevo. The recommendation does not address overcrowding of level one and two male inmates. Additional costs will be incurred by NMCD if the Springer facility, currently a juvenile facility, is taken over by the department. Also, general revenue was increased by \$902.7 thousand in the Inmate Management and Control program to reflect the projected revenues from the state trust land income in FY07.

In FY05, the department averaged an overall vacancy rate of 9.4 percent. The LFC recommendation supports a vacancy rate of 5.1 percent for the Corrections Department in FY07. The department applied a 5 percent vacancy savings rate for all programs with the exception of Corrections Industries and Community Corrections/Vendor Run programs. The department reports no vacancy savings was applied to the Corrections Industries program due to it receiving no general fund and the Community Corrections/Vendor Run program due to it being funded by the community corrections fund. The LFC recommendation increased the vacancy savings for Program Support and Inmate Programming programs to 8 percent and made technical adjustments to all programs. Two FTE positions vacant since 2003 were deleted from the Inmate Management and Control

program. Also, due to loss in federal revenues from the residential substance abuse treatment (RSAT) and violent offenders incarceration, truth-in-sentencing (VOI-TIS) grants, temporary FTEs decreased by 9.5 in Inmate Programming and 14 in Community Offender Management.

The New Mexico Sentencing Commission (NMSC) plans to sponsor a bill in the 2006 legislative session that would amend sections of law regarding how earned meritorious deductions are awarded to state inmates. The changes would pertain only to nonviolent offenders. NMSC estimates the passing of this proposed legislation will free up to an additional 81 beds in FY07. The LFC recommendation is based on the passing of this legislation and the addition of 81 available beds. LFC recommends contingency language to add \$1.7 million from the general fund operating reserve if proposed legislation regarding earned meritorious deductions fails to pass in the 2007 legislative session.

BASE EXPANSION:

NMCD requested an expansion of \$162.9 thousand to hire staff to maintain and monitor Camino Nuevo, a proposed new women's facility in Albuquerque (formerly a high-security juvenile facility). The additional staff are two plant managers, a compliance monitor, and an in-house probation and parole officer. From December 2004 to August 2005, the department experienced an increase of 11.6 percent in female inmates. As of October 31, 2005, the New Mexico Women's Correctional Facility in Grants was 39 inmates over capacity. The Corrections Department plans to open the Camino Nuevo facility in spring 2006 for level one and two female inmates. LFC recommends the expansion request for staff necessary to maintain and monitor the Camino Nuevo facility.

NMCD requested an expansion of \$415.9 thousand to convert eight federally funded term positions to general fund permanent positions for the Addiction Services Bureau. The federal funding from the RSAT program has ended and the VOI-TIS grant ends in September 2006. The expansion to the base is to convert 7 RSAT and 1 VOI-TIS term FTE to general fund perm FTE. The department reports the positions are essential to the driving while intoxicated and addiction services programs. LFC recommends the conversion of 8 term FTE to general fund perm FTE to continue support for treatment programs for inmates.

NMCD requested an expansion at no cost to convert 2 term FTE to perm FTE educator positions in the Success for Offenders After Release (SOAR) program. The department reports it is difficult to attract and keep highly qualified individuals with the term positions. The Corrections Department states it is critical to the success of the SOAR program, which assists in reducing recidivism, to have the most qualified applicants. LFC recommends the conversion of 2 term FTE to perm FTE educator positions to ensure the quality of the SOAR program.

NMCD requested an expansion at no cost to convert a classification officer from a term FTE to a perm FTE. The department reports the term classification officer position was established in 1993 funded by the subsistence from a work release program. However, in the last several years the revenue from the subsistence has been decreasing and the term position has been supported by general fund. LFC recommends the expansion.

NMCD requested an expansion of \$238.7 thousand for the salary and benefits of 5 FTE probation and parole officers. In the past these positions were funded by VOI-TIS grant for violent and sex offender programs. The VOI-TIS grant will end at the end of September 2006. The probation and parole officers are assigned as re-entry coordinators within the prison facilities to execute discharge planning. The Corrections Department states the five probation and parole officer positions are critical to maintaining the department's re-entry initiative and successful transition to the community. LFC recommends the expansion.

NMCD requested an expansion of \$100 thousand to fund the contract between Peanut Butter and Jelly and the department's Education Bureau. The department states without the additional funding it is unable to provide the Peanut Butter and Jelly case management services and parenting programs to the female inmates at the New Mexico Women's Correctional Facility. The Peanut Butter and Jelly program is an essential component of the Project POWER program in assisting incarcerated mothers to successfully return to their families upon release from prison. LFC recommends the expansion.

As of August 2, 2005, there were 13,405 individuals on parole or probation in New Mexico. Between July 2004 and August 2005 the number of adults on probation or parole in New Mexico increased by 1,751, or 15 percent. The performance measure for average standard caseload per probation and parole officer has a target of 92 for FY06 and currently the average standard caseload is 106. LFC recommends an expansion of 15 FTE for probation and parole officers.

RECOMMENDED LANGUAGE:

The general fund appropriations to the inmate management and control program of the corrections department include thirty-three million eighty-two thousand six hundred dollars (\$33,082,600) for medical services, a comprehensive medical contract and other health-related expenses.

The general fund appropriations to the inmate and control program of the corrections department include sixty-four million nine hundred eighty-four thousand three hundred dollars (\$64,984,300) to be used only for housing inmates in privately operated facilities.

The general fund appropriations to the inmate programming program of the corrections department include one million four hundred fifty thousand dollars (\$1,450,000) to provide residential treatment, mental health, substance abuse, parenting and reintegration services for women under the supervision of the probation and parole division and their children as appropriate.

The general fund appropriations to the community offender management program of the corrections department include three hundred fifty thousand dollars (\$350,000) for the residential evaluation and treatment center at Fort Stanton as a sentencing alternative to incarceration for selected nonviolent prisoners and parole violators.

The general fund appropriations to the community offender management program of the corrections department include four hundred fifty-two thousand five hundred dollars (\$452,500) to continue treatment services for drug court.

No more than one million dollars (\$1,000,000) of the general fund appropriations to the community offender management program of the corrections department shall be used for detention costs for parole violators.

The appropriations for the community corrections vendor-run program of the corrections department are appropriated to the community corrections grant fund.

If a bill of the second session of the forty-seventh legislature allowing a thirty-day good behavior sentence reduction for technical parole violators is not enacted, one million seven hundred thousand eight hundred dollars (\$1,700,800) is appropriated from the general fund operating reserve to the corrections department.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Probation and parole officers (15 FTE)	(COM)	0.0	900.0
1	Camino Nuevo FTE (4 FTE)	(IM&C)	162.9	162.9
2	Conversion of 7 RSAT & 1 VOI-TIS	(IP)	415.9	415.9
3	Success for offenders after release program	(IP)	0.0	0.0
4	Classification officer (1 FTE) term to perm	(IM&C)	0.0	0.0
5	VOI-TIS (5 FTE)	(COM)	238.7	238.7
6	<u>Peanut Butter and Jelly/Project POWER Program</u>	<u>(IP)</u>	<u>100.0</u>	<u>100.0</u>
TOTAL			917.5	1,817.5

*The department did not request this item as an expansion to the base.

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence to the extent possible within budgetary resources.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	168,105.1	172,509.6	191,360.0	189,838.2	10.0
Other Transfers	1,958.8	1,253.5	226.0	226.0	-82.0
Fed Program Revenues	193.0	0.0	0.0	0.0	***
Other Program Revenues	2,441.2	2,318.3	2,337.1	2,337.1	0.8
General Revenues	8,356.3	9,035.8	8,129.9	9,032.6	0.0
Extraord/Special	40.5	0.0	0.0	0.0	***
SOURCES TOTAL	181,094.9	185,117.2	202,053.0	201,433.9	8.8
USES					
Personal Services/Empl Benefit	78,248.4	78,743.2	83,990.4	82,049.4	4.2
Contractual Services	28,488.4	31,349.6	34,749.9	33,999.9	8.5
Other	73,302.2	75,024.4	83,312.8	85,384.6	13.8
TOTAL USES	180,039.0	185,117.2	202,053.0	201,433.9	8.8
FTE					
Permanent	1,679.0	1,683.0	1,685.0	1,683.0	0.0
Term	18.0	18.0	24.0	24.0	33.3
TOTAL FTE POSITIONS	1,697.0	1,701.0	1,709.0	1,707.0	0.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent turnover of correctional officers	11.80%	10.80%	15%	15%	15%
* Outcome	Percent of female offenders successfully released in accordance with their scheduled release dates	N/A	84.88%	95%	95%	95%
Output	Percent of inmates testing positive in monthly drug tests within department facilities	1.33%	2.19%	*	*	*
* Output	Percent of inmates testing positive or refusing the random monthly drug test	*	*	<=5%	<=5%	<=5%
* Output	Graduation rate of correctional officer cadets from the corrections department training academy	79%	83.25%	78%	78%	78%
* Output	Number of cadets entering corrections department training academy	215	206	200	200	200
Output	Percent of monthly participants in the residential program for women dually diagnosed with mental illness and substance abuse compared with available beds	61.43%	83.68%	*	*	*
* Output	Percent of participants in the residential program for women dually diagnosed with mental illness and substance abuse issues and women dually diagnosed who have children	*	*	85%	85%	85%
* Efficiency	Daily cost per inmate, in dollars	\$81.83	N/A	\$88.27		\$88.27

INMATE PROGRAMMING

The purpose of the inmate programming program is to provide motivated inmates the opportunity to participate in appropriate programs and services so they have less propensity toward violence while incarcerated and the opportunity to acquire living skills and links to community support systems that can assist them on release.

BUDGET SUMMARY
(dollars in thousands)

FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	9,754.6	9,574.9	9,932.4	9,641.4	0.7
Other Transfers	503.1	284.3	208.3	208.3	-26.7
Fed Program Revenues	383.7	677.8	45.0	45.0	-93.4
Other Program Revenues	10.5	5.5	5.5	5.5	0.0
Extraord/Special	5.3	0.0	0.0	0.0	***
SOURCES TOTAL	10,657.2	10,542.5	10,191.2	9,900.2	-6.1
USES					
Personal Services/Empl Benefit	7,134.6	7,526.5	7,275.2	6,984.2	-7.2
Contractual Services	605.4	937.2	837.8	837.8	-10.6
Other	2,543.7	2,078.8	2,078.2	2,078.2	0.0
TOTAL USES	10,283.7	10,542.5	10,191.2	9,900.2	-6.1
FTE					
Permanent	129.5	125.5	135.5	135.5	8.0
Term	10.5	14.5	2.0	2.0	-86.2
TOTAL FTE POSITIONS	140.0	140.0	137.5	137.5	-1.8

PERFORMANCE MEASURES

		<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Request</u>	<u>FY07</u> <u>Recomm</u>
* Outcome	Recidivism rate of the success for offenders after release program by thirty-six months	N/A	38.4%	40%	40%	40%
* Output	Number of inmates who successfully complete general equivalency diploma	143	252	143	175	175
Output	Average number of inmates enrolled in cognitive education, pre-release planning and literacy skills	N/A	2,281	*	*	*
* Output	Average number of inmates enrolled in cognitive education, pre-release planning and literacy skills per year	*	*	700	700	700
* Output	Percentage of reception diagnostic center intake inmates who receive substance abuse screening	N/A	100%	99%	99%	99%
Output	Number of inmates enrolled in adult basic education	1,685	1,397	1,350	*	*
* Output	Annual number of inmates enrolled in adult basic education	*	*	*	1,650	1,650
* Output	Number of inmates enrolled into the success for offenders after release program	N/A	835	500	500	500

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates in order to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Enterprise Program Rev	4,530.7	5,718.5	5,643.5	5,643.5	-1.3
General Revenues	39.6	20.8	25.0	25.0	20.2
Extraord/Special	9.2	0.0	0.0	0.0	***
Fund Balance	0.0	481.1	475.3	475.3	-1.2
SOURCES TOTAL	4,579.5	6,220.4	6,143.8	6,143.8	-1.2
USES					
Personal Services/Empl Benefit	1,905.7	2,048.9	2,012.7	2,012.7	-1.8
Contractual Services	11.6	27.1	20.6	20.6	-24.0
Other	2,468.6	4,044.4	4,010.5	4,010.5	-0.8
Other Financing Uses	100.0	100.0	100.0	100.0	0.0
TOTAL USES	4,485.9	6,220.4	6,143.8	6,143.8	-1.2
FTE					
Permanent	33.0	33.0	33.0	33.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	37.0	37.0	37.0	37.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Profit and loss ratio	-6.0% loss	2.1% profit	break even	break even	break even
* Outcome	Percent of inmates employed	6.12%	5.81%	7.40%	7.40%	7.40%
* Outcome	Percent of eligible inmates employed	*	*	*	10%	10%

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole with emphasis on high-risk offenders to better ensure the probability of them becoming law-abiding citizens to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	19,532.5	20,390.6	21,004.6	21,757.2	6.7
Other Transfers	1,334.0	0.0	0.0	0.0	***
Fed Program Revenues	275.5	1,045.2	0.0	0.0	-100.0
Other Program Revenues	1,142.6	1,073.0	1,127.6	1,127.6	5.1
Extraord/Special	1.6	0.0	0.0	0.0	***
SOURCES TOTAL	22,286.2	22,508.8	22,132.2	22,884.8	1.7
USES					
Personal Services/Empl Benefit	14,396.7	14,903.1	15,139.8	15,831.8	6.2
Contractual Services	107.9	142.9	80.4	80.4	-43.7
Other	6,225.9	7,462.8	6,912.0	6,972.6	-6.6
TOTAL USES	20,730.5	22,508.8	22,132.2	22,884.8	1.7
FTE					
Permanent	323.0	322.0	329.0	344.0	6.8
Term	14.0	14.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	337.0	336.0	329.0	344.0	2.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of out-of-office contacts with offenders on maximum supervision on regular caseloads	N/A	58.61%	*	*	*
* Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	*	*	90%	90%	90%
Quality	Number of regular caseloads of probation and parole officers	92	98	*	*	*
* Quality	Average standard caseload per probation and parole officer	*	*	92	92	92
Quality	Average number of special program caseloads per probation and parole officer	31	34	*	*	*
* Quality	Average specialized program caseload per probation and parole officer	*	*	30	30	30
Quality	Average number of intensive supervision program caseloads per probation and parole officer	22	22	*	*	*
* Quality	Average intensive supervision program caseload per probation and parole officer	*	*	20	20	20

COMMUNITY CORRECTIONS/VENDOR RUN

The purpose of the community corrections/vendor run program is to provide selected offenders on probation and parole with residential and nonresidential service settings and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration without undue risk to the public.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY05 2004-2005 Actuals</u>	<u>FY06 2005-2006 Budgeted</u>	<u>FY07 - 2006-2007</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,667.2	3,708.3	3,711.1	3,705.7	-0.1
Other Program Revenues	5.4	50.6	20.0	20.0	-60.5
Fund Balance	0.0	100.0	545.7	545.7	445.7
SOURCES TOTAL	3,672.6	3,858.9	4,276.8	4,271.4	10.7
USES					
Personal Services/Empl Benefit	100.6	788.4	760.5	755.1	-4.2
Contractual Services	70.0	92.8	92.8	92.8	0.0
Other	3,056.4	2,897.7	3,423.5	3,423.5	18.1
Other Financing Uses	0.0	80.0	0.0	0.0	-100.0
TOTAL USES	3,227.1	3,858.9	4,276.8	4,271.4	10.7
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of successful completions per year from male residential treatment center at Fort Stanton	N/A	116	74	74	74
* Output	Number of terminations per year from male residential treatment center at Fort Stanton	N/A	28	10	10	10
* Output	Number of transfers or other noncompletions per year from male residential treatment center at Fort Stanton	N/A	3	12	12	12

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>FY07 - 2006-2007</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,507.9	6,721.0	7,270.1	7,074.8	5.3
Other Transfers	215.4	213.0	226.3	226.3	6.2
Other Program Revenues	76.0	16.7	52.5	52.5	214.4
General Revenues	1,303.9	1,228.7	1,311.5	1,311.5	6.7
Extraord/Special	55.9	0.0	0.0	0.0	***
SOURCES TOTAL	8,159.1	8,179.4	8,860.4	8,665.1	5.9
USES					
Personal Services/Empl Benefit	5,277.4	5,814.7	5,829.0	5,640.8	-3.0
Contractual Services	85.9	202.9	430.7	430.7	112.3
Other	1,382.0	933.1	1,289.2	1,282.1	37.4
Other Financing Uses	1,303.9	1,228.7	1,311.5	1,311.5	6.7
TOTAL USES	8,049.2	8,179.4	8,860.4	8,665.1	5.9
FTE					
Permanent	92.0	93.0	94.0	94.0	1.1
TOTAL FTE POSITIONS	92.0	93.0	94.0	94.0	1.1

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of prisoners who were reincarcerated within twelve months after being released from the New Mexico corrections department prison system into community supervision or were discharged	N/A	26.40%	35%	35%	35%
* Outcome	Percent of prisoners who were reincarcerated within twenty-four months after being released from the New Mexico corrections department prison system into community supervision or were discharged	N/A	42.12%	45%	45%	45%
* Outcome	Percent of prisoners who were reincarcerated within thirty-six months after being released from the New Mexico corrections department prison system into community supervision or were discharged	N/A	N/A	55%	55%	55%
Outcome	Number of inmates placed into the sanctioned parole violator program, instead of going to prison	N/A	229	229		229
Quality	Percent of employee files that contain performance appraisal development plans completed and submitted within the evaluation period	N/A	93%	95%	95%	95%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission was created by Section 31-22-4 NMSA 1978 to provide a mechanism for compensating crime victims or their dependents for death or bodily injury resulting from violent crimes. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified by law. The commission board consists of five gubernatorial appointees and operates under the Crime Victims Reparation Act (Section 31-22-1 through 31-22-24 NMSA 1978). The authority to administer the federal Victims of Crime Act grant and the S.T.O.P. Violence Against Women Act grant is through executive orders.

MISSION:

The mission of the Crime Victim Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

BUDGET SUMMARY (dollars in thousands)					
FY07 – 2006-2007					
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,726.3	1,759.1	2,077.8	2,076.5	18.0
Fed Program Revenues	3,927.0	4,868.2	4,625.2	4,625.2	-5.0
Other Program Revenues	436.2	425.0	450.0	450.0	5.9
Extraord/Special	100.0	0.0	0.0	0.0	***
SOURCES TOTAL	6,189.5	7,052.3	7,153.0	7,151.7	1.4
USES					
Personal Services/Empl Benefit	899.0	963.6	967.8	967.2	0.4
Contractual Services	204.1	224.4	233.7	233.7	4.1
Other	4,554.6	4,958.4	5,003.9	5,003.2	0.9
Other Financing Uses	493.7	905.9	947.6	947.6	4.6
TOTAL USES	6,151.4	7,052.3	7,153.0	7,151.7	1.4
FTE					
Permanent	15.0	15.0	15.0	15.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	19.0	19.0	0.0

BUDGET ISSUES:

The federal Victims of Crime Act (VOCA) compensation grant is formula based. The Crime Victims Reparation Commission (CVRC) is required to submit the total amount paid to victims with nonfederal funds during the prior federal fiscal year. This amount is then multiplied by 60 percent to determine the amount New Mexico will receive from the VOCA compensation grant the next federal fiscal year.

In FY05, CVRC had a large payout in general and restitution funds, resulting in a large federal VOCA compensation grant in FY06. In FY06, CVRC will submit a certification of a lower payout on nonfederal funds which will result in a lower federal VOCA compensation grant in FY07. This requires CVRC to increase their general fund request in order to maintain the current level of services to crime victims. Therefore, the CVRC's general fund request for FY07 increased by \$311.5 thousand in care and support to make payments to victims.

LFC recommends the commission consider more meaningful performance measures on benefits to victims of crime. CVRC currently tracks victim claims processed by the crime and total payout amounts. This data could be used as performance measures, such as the average amount of victim claims processed, number of victim claims processed, and number of victim claims processed involving driving while intoxicated, domestic violence, child sexual abuse, homicides, etc.

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,726.3	1,759.1	2,077.8	2,076.5	18.0
Other Program Revenues	436.2	425.0	450.0	450.0	5.9
Extraord/Special	100.0	0.0	0.0	0.0	***
SOURCES TOTAL	2,262.5	2,184.1	2,527.8	2,526.5	15.7
USES					
Personal Services/Empl Benefit	703.7	744.4	748.6	748.0	0.5
Contractual Services	190.5	205.5	205.7	205.7	0.1
Other	1,330.2	1,234.2	1,573.5	1,572.8	27.4
TOTAL USES	2,224.4	2,184.1	2,527.8	2,526.5	15.7
FTE					
Permanent	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
Outcome	Percent increase in number of reparation applications received		0%	2%	2%	2%
Output	Number of formal regional trainings conducted annually	7	9	8	8	8
Output	Number of formal internal staff trainings conducted annually	4	6	6	6	6
* Efficiency	Average number of days to process applications	183	143	<150	<120	<120
Efficiency	Percent of payment vouchers for care and support sent to the department of finance administration within two working days of the receipt of payment list	94%	96%	90%	90%	90%

FEDERAL GRANT ADMINISTRATION

The purpose of the federal grant administration program is to provide funding and training to nonprofit victim providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Fed Program Revenues	3,927.0	4,868.2	4,625.2	4,625.2	-5.0
SOURCES TOTAL	3,927.0	4,868.2	4,625.2	4,625.2	-5.0
USES					
Personal Services/Empl Benefit	195.3	219.2	219.2	219.2	0.0
Contractual Services	13.6	18.9	28.0	28.0	48.1
Other	3,224.4	3,724.2	3,430.4	3,430.4	-7.9
Other Financing Uses	493.7	905.9	947.6	947.6	4.6
TOTAL USES	3,927.0	4,868.2	4,625.2	4,625.2	-5.0
FTE					
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percentage increase in number of services provided to victims of crime by grant subrecipients		2%	2%	2%	2%
Output	Number of training workshops conducted for subrecipients	7	10	8	8	8
Output	Number of statewide training conferences held for service providers and victim advocates	2	2	1	1	1
Efficiency	Percent of site visits conducted		32%	30%	30%	30%
Efficiency	Percent of subrecipients that receive compliance monitoring via desk audits	83%	86%	80%	80%	80%
Efficiency	Number of working days to complete payment voucher after completion of drawdown	3	3	5	4	4

STATUTORY AUTHORITY:

The Department of Public Safety (DPS) was created as a cabinet department in 1987. The reorganization sections are in the Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978. The act incorporated the following law enforcement entities under a single organization: the New Mexico State Police, Law Enforcement Academy, Alcoholic Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. The Motor Transportation Division was formerly a part of the Taxation and Revenue Department and was transferred to DPS on July 1, 1998. Creating a cabinet department was intended to provide overall coordination and access for all law enforcement functions in the state.

MISSION:

The mission of the Department of Public Safety is to provide the best and most efficient law enforcement, support, and emergency services available to protect and secure the people of New Mexico in their lives, homes, and communities. DPS's areas of focus are driving while intoxicated (DWI), drug crime, violent crime, traffic safety, and emergency preparedness.

BUDGET SUMMARY (dollars in thousands)					
			FY07 – 2006-2007		
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	73,501.5	74,387.0	76,449.4	78,781.1	5.9
Other Transfers	10,453.8	12,033.5	11,805.0	10,634.1	-11.6
Fed Program Revenues	33,222.1	95,375.0	39,861.0	40,991.9	-57.0
Other Program Revenues	1,946.6	3,291.0	1,982.3	1,982.3	-39.8
General Revenues	1,080.4	1,706.0	1,553.9	1,543.9	-9.5
Extraord/Special	461.1	590.0	590.0	590.0	0.0
Fund Balance	228.1	420.5	300.0	300.0	-28.7
SOURCES TOTAL	120,893.6	187,803.0	132,541.6	134,823.3	-28.2
USES					
Personal Services/Empl Benefit	67,759.6	77,667.3	76,302.0	75,676.6	-2.6
Contractual Services	2,882.4	3,820.7	3,248.4	3,664.2	-4.1
Other	31,385.0	106,275.0	52,951.2	55,482.5	-47.8
Other Financing Uses	9,060.4	40.0	40.0	0.0	-100.0
TOTAL USES	111,087.4	187,803.0	132,541.6	134,823.3	-28.2
FTE					
Permanent	1,178.0	1,186.0	1,191.0	1,191.0	0.4
Term	100.0	104.0	121.0	121.0	16.3
Temporary	31.5	31.1	31.1	31.1	0.0
TOTAL FTE POSITIONS	1,309.5	1,321.1	1,343.1	1,343.1	1.7

BUDGET ISSUES:

The LFC recommendation supports a \$4.3 million increase in general fund revenue over the FY06 appropriation. The department reports, due to trying to adhere as much as possible to the executive request for a flat budget, it did not ask for sufficient funding for various operating expenses. LFC recommends a \$796.3 thousand increase for gas for the Law Enforcement Program (LEP) based on the DFA and LFC-approved gas rate for FY07 of \$2.35 a gallon; \$635 thousand increase in telecommunications in LEP for computer-aided dispatch satellite fees; and \$385.8 thousand increase in Program Support for software licenses and equipment maintenance contracts. LFC recommends a \$1.7 million increase in personal services and employee benefits in LEP to bring the budgeted vacancy savings rate of 9.4 percent to 5 percent. Technical adjustments in all programs reduce personal services and employee benefits by \$186.4 thousand. Also, the overtime in LEP program is reduced by \$2 million based on the actual expenditures over the past three fiscal years.

DPS proposed increases in the base budget for the following in FY07: \$525 thousand from the appropriation contingency fund because an increase in the fees paid for criminal background checks failed to pass in the 2005 legislative session; \$1.3 million for the General Service Department rate increase for insurance; and \$251.7 thousand for a 0.8 percent salary increase for State Police officers appropriated in Senate Bill 190. The LFC recommendation supports these increases. Also, LFC recommends support for legislation increasing fees paid for criminal background checks.

In November 2005, DPS submitted a budget adjustment request for \$1.1 million from the federal forfeiture assets fund to purchase a variety of equipment. LFC recommends increasing federal revenue by \$1.1 million for FY07 in the Law Enforcement Program in the other costs category under equipment/machinery.

The DPS FY07 budget request showed a transfer of \$9 million in road fund monies from the Department of Transportation (DOT) to the Motor Transportation Division. However, DOT's budget request for FY07 showed \$7.9 million in road fund transferring to DPS, the same as FY06. LFC does not recommend an increase in the road fund transfer. Instead, LFC recommends an increase in general fund revenue of \$1.1 million to achieve the \$9 million budgeted by DPS. Also, LFC recommends the full Legislature consider a one-time general fund appropriation to replace the road fund monies due to revenue shortfalls related to rising gasoline prices.

Law Enforcement Program data submitted with the department's key quarterly measure report reflected reduced levels of activity. Between the first quarter of FY05 and FY06 the number of underage drinking operations was down 280, the number of sobriety checkpoints was down 32, number of saturation patrols was down seven, and patrol hours performed by officers was down 11,603.

BASE EXPANSION:

DPS submitted a program expansion request to convert 11 positions under the contractual services category to the personal services and employee benefits category as term positions. Nine record clerk positions will be funded \$259.7 thousand by photostat fees and two fingerprint specialist positions will be funded \$88.8 thousand by fingerprint fees. The expansion requires no additional funds for the agency because funding will be reallocated from the contractual services to personal services and employee benefits category. The department reports the expansion request is to maintain compliance with the Internal Revenue Services' internal code section 3121(d)(2) regarding the definition of employee versus independent contractor. LFC recommends the expansion request to convert 11 contractual positions to term positions.

DPS received \$300 thousand from the Department of Finance Administration appropriated in Laws 2005, Chapter 34, as nonrecurring general fund to establish a hotline for citizens to call and report suspected intoxicated drivers. DPS has established the hotline in the State Police district office in Albuquerque and is in the process of hiring five FTE to operate the Drunk Busters Hotline. DPS is requesting an expansion request of \$250 thousand to continue the Drunk Busters Hotline. LFC recommends the expansion request for the Drunk Busters Hotline.

On November 16, 2004, KRQE-TV reported that DPS spent \$311.7 thousand over a two-year period to pay five state police officers on administrative leave pending disciplinary action. DPS has a standard conduct policy, but it did not include the steps for disciplinary hearings in the policy. To ensure policies are reviewed and updated as needed, DPS signed a contract with the Commission on Accreditation Law Enforcement Agencies (CALEA) Inc. in May 2004. The original fee of the accreditation is \$13.5 thousand. CALEA has a three-year time limit on the accreditation contract. If DPS has not achieved accreditation within the time limit, it will cost the department \$4,725 to extend the contract annually. As of September 9, 2005, seven policies had been approved and 31 others were in the process of review. The department's goal is to be accredited by November 2006. LFC recommends \$30 thousand to Program Support in the contractual services category to assist in the CALEA accreditation.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriations to the law enforcement program of the department of public safety include seven million eight hundred ninety-four thousand dollars (\$7,894,000) for the motor transportation division from the state road fund. Any unexpected or unencumbered balance in the department of public safety remaining at the end of fiscal year 2006 made from appropriations from the state road fund shall revert to the state road fund.

The general fund appropriation to the program support program of the department of public safety in the contractual services category includes thirty thousand dollars (\$30,000) for professional services for fiscal year 2007 only to assist in the review of departmental policies.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
*	Contractual Services for CALEA	(PS)	0.0	30.0
1	Drunk Busters Hotline (5 Perm FTE)	(LEP)	250.0	250.0
2	Record Clerks & Fingerprint Spec (11 Term FTE)	(PS)	0.0	0.0
TOTAL			250.0	280.0

*The department did not request this item as an expansion to the base.

LAW ENFORCEMENT

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	60,743.7	62,042.5	63,369.9	65,291.7	5.2
Other Transfers	9,703.2	11,176.1	11,479.8	10,308.9	-7.8
Fed Program Revenues	4,690.0	5,525.2	5,165.2	6,265.2	13.4
Other Program Revenues	1,132.8	929.3	1,125.4	1,125.4	21.1
General Revenues	945.5	1,558.2	1,399.2	1,399.2	-10.2
Extraord/Special	461.1	590.0	590.0	590.0	0.0
Fund Balance	228.1	420.5	270.0	270.0	-35.8
SOURCES TOTAL	77,904.4	82,241.8	83,399.5	85,250.4	3.7
USES					
Personal Services/Empl Benefit	57,440.6	63,640.9	64,141.4	63,501.0	-0.2
Contractual Services	1,455.1	1,877.1	1,820.6	1,820.6	-3.0
Other	16,869.0	16,683.8	17,397.5	19,928.8	19.4
Other Financing Uses	0.0	40.0	40.0	0.0	-100.0
TOTAL USES	75,764.7	82,241.8	83,399.5	85,250.4	3.7
FTE					
Permanent	997.0	1,024.0	1,028.0	1,028.0	0.4
Term	57.0	58.0	58.0	58.0	0.0
Temporary	31.5	31.1	31.1	31.1	0.0
TOTAL FTE POSITIONS	1,085.5	1,113.1	1,117.1	1,117.1	0.4

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of traffic deaths in New Mexico per year	521	469	446	423	423
* Outcome	Number of serious commercial motor vehicle crashes in New Mexico per year	806	971	900	900	900
* Outcome	Number of illegal-drug-related deaths in New Mexico per year	N/A	279	250	250	250
* Outcome	Number of driving-while-intoxicated fatalities in New Mexico per year	217	146	193	183	183
* Outcome	Number of driving-while-intoxicated crashes in New Mexico per year	N/A	tbd	3,157	2,999	2,999
Outcome	Number of driving-while-intoxicated injury crashes in New Mexico per year	N/A	tbs	1,549	1,472	1,472
* Output	Number of driving-while-intoxicated arrests per year	4,314	3,879	3,849	3,656	3,656
* Output	Number of first time driving-while-intoxicated arrests per year	2,619	2,405	2,426	2,083	2,083
* Output	Number of repeat driving-while-intoxicated arrests per year	1,695	1,474	1,423	1,573	1,573
* Output	Number of drug arrests by New Mexico state police per year	N/A	892	937	984	984
* Output	Pounds of narcotics seized by motor transportation division per year	N/A	51,770	52,805	53,861	53,861
Output	Number of dismantled methamphetamine laboratories per year	83	71	70	70	70
Output	Change in sex offender absconder rate from December to January of each year	N/A	30%	5%	0%	0%
Output	Estimated number of gang members per year	N/A	7,558	5,760	5,184	5,184
Output	Number of non-traffic citations issued for a minor in possession of alcohol per year		122	200	250	250
Output	Number of administrative citations issued for selling or giving alcohol to a minor per year		28	60	75	75
Output	Number of sobriety checkpoints per year	246	216	273	278	278
Output	Percent of commissioned law enforcement officers trained in domestic violence	37.7%	43.5%	45%	45%	60%
Output	Percent of commissioned law enforcement officers trained in crimes against children	37.3%	43.5%	45%	45%	60%

PROGRAM SUPPORT

The purpose of program support is to provide quality protection for the citizens of New Mexico through the business of information technology, forensic science, criminal records and financial management and administrative support to the participants in the criminal justice community.

BUDGET SUMMARY
(dollars in thousands)

FY07 - 2006-2007					
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	11,641.7	11,266.7	12,001.7	12,402.1	10.1
Other Transfers	613.0	640.4	115.4	115.4	-82.0
Fed Program Revenues	8,253.9	11,200.6	6,721.5	6,721.5	-40.0
Other Program Revenues	764.7	2,361.7	856.9	856.9	-63.7
General Revenues	132.9	137.8	144.7	144.7	5.0
Fund Balance	0.0	0.0	30.0	30.0	***
SOURCES TOTAL	21,406.2	25,607.2	19,870.2	20,270.6	-20.8
USES					
Personal Services/Empl Benefit	8,823.5	11,768.3	10,243.9	10,228.5	-13.1
Contractual Services	1,301.3	1,018.6	714.8	1,130.6	11.0
Other	8,341.4	12,820.3	8,911.5	8,911.5	-30.5
Other Financing Uses	15.6	0.0	0.0	0.0	***
TOTAL USES	18,481.8	25,607.2	19,870.2	20,270.6	-20.8
FTE					
Permanent	181.0	155.0	155.0	155.0	0.0
Term	43.0	21.0	32.0	32.0	52.4
TOTAL FTE POSITIONS	224.0	176.0	187.0	187.0	6.3

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Outcome	Percent of crime laboratory compliance with american society of crime laboratory director's standards	100%	100%	100%	100%	100%
* Outcome	Percent of deoxyribonucleic acid cases completed within seventy days from submission	48%	83%	90%	100%	100%
* Outcome	Percent of applicants criminal background checks completed with twenty-eight days of submission		100%	100%	100%	100%
* Outcome	Percent of criminal fingerprint cards completed within thirty-five days of submission		100%	100%	100%	100%
* Outcome	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99%	99.9%	99%	99.9%
Outcome	Percent compliance with new international standards organization 17025 standards for testing laboratories	25%	25%	50%	99%	99%
Outcome	Number of crime laboratory training seminars provided for law enforcement agencies per year	3	3	5	10	10
Outcome	Percent of prior-year audit findings resolved	33%	75%	90%	100%	100%
Output	Number of unprocessed firearms cases	17	64	50	40	40
Output	Number of grants management bureau compliance site visits made to each grantee per year	37	27	35	40	40
Output	Number of days turn-around time on all case work for the latent prints, chemistry and firearms sections of the crime laboratory	49	76	75	70	70
Output	Average number of days for the grants management bureau to process sub-grantee reimbursements, from the date request is received to approval and processed for payment	60	32.1	30	30	30
Output	Percent of total help desk calls resolved within twenty-four hours		99.5%	97%	97%	99%
Output	Number of backlogged cases reduced in the chemistry section	400	259	175	100	100

EMERGENCY MANAGEMENT AND HOMELAND SECURITY

The purpose of the emergency management and homeland security support program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexico including all agencies, branches and levels of government for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 - 2006-2007</u>				
		FY05	FY06	Agency	LFC	Percent
		2004-2005	2005-2006	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,116.1	1,077.8	1,077.8	1,087.3	0.9
	Other Transfers	137.6	217.0	209.8	209.8	-3.3
	Fed Program Revenues	20,278.2	78,649.2	27,974.3	28,005.2	-64.4
	Other Program Revenues	49.1	0.0	0.0	0.0	***
	General Revenues	2.0	10.0	10.0	0.0	-100.0
	SOURCES TOTAL	21,583.0	79,954.0	29,271.9	29,302.3	-63.4
USES						
	Personal Services/Empl Benefit	1,495.5	2,258.1	1,916.7	1,947.1	-13.8
	Contractual Services	126.0	925.0	713.0	713.0	-22.9
	Other	6,174.6	76,770.9	26,642.2	26,642.2	-65.3
	Other Financing Uses	9,044.8	0.0	0.0	0.0	***
	TOTAL USES	16,840.9	79,954.0	29,271.9	29,302.3	-63.4
FTE						
	Permanent	0.0	7.0	8.0	8.0	14.3
	Term	0.0	25.0	31.0	31.0	24.0
	TOTAL FTE POSITIONS	0.0	32.0	39.0	39.0	21.9

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent compliance with fifty-four emergency management accreditation program standards endorsed by federal emergency management act	54%	95%	90%	95%	95%
* Outcome	Percent increase in emergency management and homeland security training hours per year	2%	2%	2%	2%	5%
Outcome	Percent of filed superfund amendment and reauthorization act title three and tier two reports compiled in the computer-aided management for emergency operations databases	98%	100%	100%	100%	100%
Outcome	Percent of specialized tactical teams with required communications equipment	25%	25%	100%	100%	100%
Outcome	Percent of federal bureau of investigation certified bomb response teams with required equipment and response capacity	90%	75%	100%	100%	100%
Outcome	Percent of identified command-level responders trained in national incident management system		36%	40%	75%	75%
* Output	Number of students trained in national incident management system awareness per year	2,400	5,640	6,200	6,200	6,200
Output	Number of emergency and disaster exercises conducted per year	15	16	16	16	16

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 NMSA 1978 codify the laws pertaining to the New Mexico Department of Transportation (NMDOT), State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico, establishes the State Highway Commission. A constitutional amendment approved in November 2002 changed the name to the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

MISSION:

The department and the commission maintain responsibility for creating a comprehensive program of design, construction, and maintenance of the state's highway system. The department's mission is to use its personnel and technical and financial resources to facilitate a high-quality state transportation network.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Fed Program Revenues	198,807.1	315,491.7	392,928.6	381,848.6	21.0
Other Program Revenues	424,162.8	407,984.3	410,359.6	407,589.6	-0.1
Fund Balance	2,892.3	0.0	1,940.0	1,940.0	***
SOURCES TOTAL	625,862.2	723,476.0	805,228.2	791,378.2	9.4
USES					
Personal Services/Empl Benefit	122,607.8	129,291.8	139,804.0	133,684.7	3.4
Contractual Services	124,751.4	296,428.6	360,612.5	356,410.4	20.2
Other	258,567.5	289,861.6	296,917.7	293,389.1	1.2
Other Financing Uses	7,894.0	7,894.0	7,894.0	7,894.0	0.0
TOTAL USES	513,820.7	723,476.0	805,228.2	791,378.2	9.4
FTE					
Permanent	2,598.0	2,598.0	2,598.0	2,598.0	0.0
Term	25.0	25.0	25.0	25.0	0.0
Temporary	50.5	50.5	50.5	50.5	0.0
TOTAL FTE POSITIONS	2,673.5	2,673.5	2,673.5	2,673.5	0.0

BUDGET ISSUES:

The New Mexico Department of Transportation (NMDOT) budget request for FY07 represents an 11.3 percent increase over the FY06 operating budget with no vacancy savings being applied. This budget increase is largely due to a 21 percent increase in federal program revenues. The committee recommends a budget increase of 9.4 percent with a vacancy factor of 5 percent.

In August 2005 the New Mexico Department of Transportation (NMDOT) projected that the FY06 unrestricted revenue growth from the state road fund would be \$6.3 million less than original budget projections for FY06. This is due to the unexpected increase in fuel prices and decline in gas tax revenue. NMDOT projects gasoline prices to remain high throughout FY06 with a slight moderation in FY07. Unrestricted fund growth in FY07 is forecast at \$2.8 million, or 0.7 percent.

In FY06 the Legislature appropriated \$18.2 million for the state construction program. The intent of this program was to fund 100 percent of construction projects throughout the state that did not qualify for federal funding under either the Governor Richardson's Investment Partnership (GRIP) or the Statewide Transportation Improvement Plan (STIP). Typically, these projects are found in rural New Mexico. The department has recently identified the following projects under this funding for FY06 that do not meet these criteria: \$1.2 million on the new statewide accounting system (SHARE), \$1 million on the statewide litter program, and another \$3 million on landscaping for the Big I project in Albuquerque. Additionally, some of the remaining projects that are identified require federal matching monies to complete the project. Language included in the General Appropriation Act specifically states that the 18.2 million was for the state construction program.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed by President Bush on August 10, 2005. This bill authorizes funding for federal fiscal years (FFYs) 2004-2009. The funding for FY04 was not affected and a limited impact is seen in FY05.

Over this five year period, New Mexico will receive \$1.77 billion in highway funding, representing a total increase of 30.3 percent over the SAFETEA-21 levels. The approximately 82.2 million additional dollars will largely fund projects chosen by the state and listed in the STIP. Additionally, \$100 million has been designated for transit programs in New Mexico, a 100 percent increase over TEA-21 levels.

During the 2003 special session, the Legislature increased transportation-related taxes and fees to support the state road fund and authorized \$1.585 billion of bonds issuance, over an eight-year period, to fund 37 transportation projects, including a commuter rail in the Interstate 25 corridor.

There is concern that inflationary pressures associated with oil supply combined with national shortages of both steel and concrete will increase project costs, delay construction, and require the use of other STIP funds to supplement GRIP projects. The department estimates that due to these factors GRIP may be under funded by \$161.4 million. If correct, NMDOT will be forced to reschedule projects within STIP to absorb these increased costs and complete GRIP. This could mean the rescheduling of almost a full year of STIP.

Through November 2005 NMDOT had designed and awarded for construction 26 GRIP projects valued at \$323 million. This represents approximately 24 percent of the total GRIP program. Eighty-four projects are under contract for design with an additional seventy projects being designed in-house. The department is scheduled to have spent \$677 million by the end of FY07. This latest projection is \$30 million less than originally projected. This slippage in project scheduling is a concern especially with more than 50 percent of the remaining projects scheduled to be awarded in the next few months. In FY05 only 32 percent of projects awarded were within the year they had been scheduled.

Throughout the state a myriad of mainly local road projects do not qualify for federal monies or inclusion on the STIP. These roads are largely not part of the state road system under the maintenance of NMDOT. As a result, these projects do not get attention due to the lack of any identifiable funding source. The department in early summer 2005 requested county, tribal, and municipal governments to report and prioritize projects within their jurisdictions. These totaled in excess of \$3 billion. The department has taken each entity's top priority with an associated cost of \$637 million and is developing an approach that will: prioritize the scheduling and financing of these projects in phases and will further require local entity cost sharing. The department expects a major portion of the financing will be from state capital outlay monies.

Concern exists that this activity, labeled by the NMDOT as GRIP II, while a noble effort to address statewide transportation needs, might enlarge the scope of responsibility of the department and dilute resources required to fulfill the department's mission. The department is hard-pressed to maintain existing roads as is evidenced by the decline in the number of improved pavement surface lane miles for FY05. As maintenance costs continue to escalate and gas tax revenues decline due to decreased consumption, the department can ill afford to expand its scope of responsibility.

Maintenance costs for FY05 accelerated due to heavy snows and rain, which resulted in approximately \$1.9 million in emergency repairs, cleanup, patching, and snow and ice removal. New Mexico roads are costly to maintain at an average cost of \$25.5 thousand per centerline mile. Some major factors contributing to these high costs are the remote areas and the cost of mobilization of materials and equipment.

The state has 277 bridges considered structurally deficient. This is a decrease from a high of 281 deficient bridges reported in FY04. Funding levels for bridge maintenance are at an all-time high with many bridges scheduled for replacement within various STIP and GRIP projects.

GRIP legislation provided for reconstruction and improvement of the Interstate 25 (I25) corridor from Belen to Santa Fe to accommodate public transportation elements including commuter rail. In a joint partnership between the department and the Mid-Region Council of Governments (MRCOG), NMDOT is approaching commuter rail in two phases: Belen to Bernalillo, estimated completion in January 2006; Bernalillo to Santa Fe, estimated completion date in late 2008. GRIP projections initially identified \$75 million for phase one activities and the initial planning of phase two. Another \$75 million has been secured through SAFETEA-LU for phase two operations.

In phase one the department purchased 10 bi-level passenger rail cars (\$22.9 million) and four locomotives (\$9.6 million). Station costs are estimated at \$16 million for seven stations with some of the costs of the Bernalillo station to be paid by Sandoval County. It is expected that the Bernalillo to Albuquerque route will open in January 2006 with the Belen to Albuquerque segment opening as late as March 2006 due to issues with construction of the train stations.

Track access was negotiated with Burlington Northern Santa Fe Railroad with the state agreeing to purchase all track between Belen, New Mexico and Trinidad, Colorado for \$75 million. This purchase is one of, if not the largest, property acquisitions in state history, and was done without public and legislative overview or input. The NMDOT has responded to LFC questions regarding indemnification, environmental liabilities, maintenance, and statutory authority to make such a purchase. Commuter rail expenditures for phase one with this purchase total approximately \$125 million. According to the department, it expects to expend over \$393 million for commuter rail. It is clear that the original \$122.5 million identified within GRIP for improvements to the I-25 corridor will be insufficient to accommodate these both I-25 and commuter rail program. NMDOT has shifted STIP monies to meet GRIP project expenditures so that GRIP funds may be used for commuter rail expenditures.

Ridership levels between Belen and Bernalillo are of some concern. With the limited number of available trains during rush hour, these trains should be at or near capacity. However, ridership levels outside of rush hour are unknown at this time and caution should be exercised in scheduling so that trains are not running empty throughout the day. A major concern exists that needed improvements to the Albuquerque metropolitan area bus system and the establishment of a shuttle service between stations and work sites might not be in place by January 2006 when the commuter rail is initiated. The inability of commuters to get to work sites within a reasonable period of time will result in many losing confidence in the system and reverting to more reliable forms of transportation.

The recent surge in retail gasoline prices has served as an impetus for dramatically increasing use of Park and Ride. Park and Ride ridership levels are at an all-time high. Park and Ride's ridership has more than doubled on the Albuquerque to Santa Fe route this fiscal year. The Espanola routes continue to experience ridership issues. This has resulted in departmental reviews of schedules and passenger levels. Buses have been canceled on certain routes and added to other routes as consumers increase.

The cost per passenger to NMDOT has declined 7 percent over the past two years, largely due to the increase in riders. In FY04 the cost to the state per rider was \$14.98, and in FY05 this was reduced to \$13.93. The department should continue to consider maximizing its expenditures at routes where participation merits the investment and seek alternative measures for other routes. Analysis should include a discussion of costs versus benefits, including the impact of reduced traffic congestion. Additionally, all alternatives must be considered. Van pools for certain markets might be more practical and affordable to address commuters' needs than park-and-ride buses.

PROGRAMS AND INFRASTRUCTURE

The purpose of the programs and infrastructure program is to provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Fed Program Revenues	187,028.9	303,713.5	381,141.8	370,501.8	22.0
Other Program Revenues	184,588.3	142,171.0	131,134.6	135,397.3	-4.8
Fund Balance	2,892.3	0.0	1,940.0	1,940.0	***
SOURCES TOTAL	374,509.5	445,884.5	514,216.4	507,839.1	13.9
USES					
Personal Services/Empl Benefit	48,779.0	21,745.2	23,765.5	22,753.3	4.6
Contractual Services	83,036.7	243,187.1	306,547.7	302,938.4	24.6
Other	186,446.0	180,952.2	183,903.2	182,147.4	0.7
TOTAL USES	318,261.7	445,884.5	514,216.4	507,839.1	13.9
FTE					
Permanent	388.0	388.0	388.0	388.0	0.0
Term	12.0	12.0	12.0	12.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	401.0	401.0	401.0	401.0	0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Quality	Ride quality index for new construction	4.2	4.3	>=4.7	>=4.7	>=4.3
Output	Number of airport improvement projects around the state	50	50	*	*	
Outcome	Fiscal year total dollar amount of airport projects completed, in millions	\$16.5	\$27	*	*	
Outcome	Five-year aviation capital improvement funding compared with needs	38%	32%	*	*	
* Output	Annual rural public transportation ridership	600,000	654,000	*		700,000
Output	Number of welfare to work transportation ridership	101,381	196,000	*	*	
* Output	Revenue dollars per passenger on park and ride		*	\$1.60	\$1.60	\$1.60
* Explanatory	Annual number of riders on park and ride		*	175,000	200,000	200,000
* Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo		*	*	85%	85%
Outcome	Number of combined systemwide miles in deficient condition	3,206	2,612	*	*	
* Quality	Percent of final cost over bid amount	4.67%	6.2%	4.0%	4.0%	4.0%
* Explanatory	Percent of programmed projects let according to schedule	60	*	65	85	85
Explanatory	Time in calendar days between the date of physical completion of a project and the date of final payment notification	277	309	*	*	
* Outcome	Percent of front-occupant seat belt use by the public	88.5%	89.2%	92%	92%	92%
Outcome	Number of head-on crashes per one hundred million vehicle miles traveled	2.71	2.64	*	*	
Outcome	Number of alcohol-involved fatalities per one hundred million vehicle miles traveled	0.88	.93	*	*	
* Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	2.09	2.64	.55	.55	.55

TRANSPORTATION AND HIGHWAY OPERATIONS

The purpose of the transportation and highway operations program is to maintain and provide improvements to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007					Percent Incr (Decr)
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
Fed Program Revenues	10,401.1	10,401.1	10,401.1	10,401.1		0.0
Other Program Revenues	188,674.7	214,673.3	225,007.3	218,988.1		2.0
SOURCES TOTAL	199,075.8	225,074.4	235,408.4	229,389.2		1.9
USES						
Personal Services/Empl Benefit	48,187.7	83,946.3	89,457.9	85,253.6		1.6
Contractual Services	40,696.4	49,826.0	50,692.3	50,692.3		1.7
Other	57,839.1	91,302.1	95,258.2	93,443.3		2.3
TOTAL USES	146,723.2	225,074.4	235,408.4	229,389.2		1.9
FTE						
Permanent	1,921.0	1,921.0	1,921.0	1,921.0		0.0
Term	5.0	5.0	5.0	5.0		0.0
Temporary	48.2	48.2	48.2	48.2		0.0
TOTAL FTE POSITIONS	1,974.2	1,974.2	1,974.2	1,974.2		0.0

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Number of statewide improved pavement surface miles	5,361	3,700	5,000	5,000	5,000
* Efficiency	Maintenance expenditures per lane mile of combined systemwide miles	\$6,864	\$6,888	*	\$5,250	\$5,250
Outcome	Number of non-interstate miles rated good	5,762	7,282	*	*	*
Outcome	Number of interstate miles rated good	850	938	*	*	*
Quality	Customer satisfaction levels at rest areas	85%	88%	*	*	*
* Outcome	Number of combined systemwide miles in deficient condition	3,206	2,612	<=2,500	<=2,500	<=2,500

PROGRAM SUPPORT

The purpose of the program support program is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007					Percent Incr (Decr)
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
Fed Program Revenues	1,377.1	1,377.1	1,385.7	945.7		-31.3
Other Program Revenues	50,899.8	51,140.0	54,217.7	53,204.2		4.0
SOURCES TOTAL	52,276.9	52,517.1	55,603.4	54,149.9		3.1
USES						
Personal Services/Empl Benefit	25,641.1	23,600.3	26,580.6	25,677.8		8.8
Contractual Services	1,018.3	3,415.5	3,372.5	2,779.7		-18.6
Other	14,282.4	17,607.3	17,756.3	17,798.4		1.1
Other Financing Uses	7,894.0	7,894.0	7,894.0	7,894.0		0.0
TOTAL USES	48,835.8	52,517.1	55,603.4	54,149.9		3.1
FTE						
Permanent	289.0	289.0	289.0	289.0		0.0
Term	8.0	8.0	8.0	8.0		0.0
Temporary	1.3	1.3	1.3	1.3		0.0
TOTAL FTE POSITIONS	298.3	298.3	298.3	298.3		0.0

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Quality	Number of external audit findings	2	*	*	*	
Quality	Percent of prior-year audit findings resolved	90%	*	*	*	
Outcome	Number of workers' compensation claims	139	*	*	*	
Efficiency	Percent of payments made in less than thirty days, to exceed	98.9%	99%	*	*	
* Outcome	Percent of vacancy rate in all programs		11.6%	5%	8.5%	7.5%

STATUTORY AUTHORITY:

Article XII, Section I, of the New Mexico Constitution states a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 of the state statutes.

Passage of an amendment to Article 12, Section 6, created a cabinet department headed by a secretary of public education and created an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

MISSION:

To create and maintain a customer-focused organization that provides leadership, technical assistance, and quality assurance to improve performance for all students and close the achievement gap.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	11,493.3	11,761.7	12,001.7	11,282.2	-4.1
Other Transfers	2,504.0	0.0	0.0	0.0	***
Fed Program Revenues	13,957.6	17,040.4	19,343.7	19,242.9	12.9
Other Program Revenues	664.7	675.3	735.3	735.3	8.9
General Revenues	17.7	0.0	0.0	0.0	***
SOURCES TOTAL	28,637.3	29,477.4	32,080.7	31,260.4	6.0
USES					
Personal Services/Emp/ Benefit	14,649.3	17,680.4	17,900.7	17,080.4	-3.4
Contractual Services	7,502.2	9,075.6	10,910.6	10,910.6	20.2
Other	5,624.4	2,432.9	3,269.4	3,269.4	34.4
Other Financing Uses	0.0	288.5	0.0	0.0	-100.0
TOTAL USES	27,775.9	29,477.4	32,080.7	31,260.4	6.0
FTE					
Permanent	177.8	197.2	200.2	200.2	1.5
Term	91.0	98.0	100.0	100.0	2.0
Temporary	0.2	2.6	5.6	2.6	0.0
TOTAL FTE POSITIONS	269.0	297.8	305.8	302.8	1.7

BUDGET ISSUES:

For FY07, the agency requested a 7 percent, or \$2.4 million, increase in base funding. All but a small portion of the increase is from federal funds and primarily for increased expenditures in contractual services and other costs. The general fund request remains flat. For personal services and employee benefits, the agency applied a vacancy rate of 5.8 percent; however analysis indicates the rate is closer to 4.7 percent. The committee recommendation includes a vacancy rate of 5 percent.

The department continues to struggle with a high vacancy rate, currently 11 percent, down from 17.8 percent in August 2005. Of significant concern is the extraordinary number of education administrator positions vacant within the agency, currently 35 positions. The primary duties assigned to these positions are to provide direct assistance to schools. Given the rising number of schools identified as in need of improvement, it is vital these positions be filled. An administrative license is required for individuals to qualify for these positions. With the implementation of the three-tier career ladder for teachers and the proposed minimum salaries for principals, the department is having difficulty recruiting and retaining staff for these positions at current salary levels. The committee recommends the department review the need for licensed personnel for all education administrator positions and work with the State Personnel Office to make changes and reclassify positions as needed to increase salaries to a competitive level.

Year-end financial reports for FY05 indicate the department transferred \$499 thousand from personal services and employee benefits into contractual services and other costs. The majority of this transfer was to other costs where the department reports it was used to meet year-end obligations; however, expenditure reports note extensive purchases in computer equipment,

furniture and office supplies. This level of expenditure might indicate the department spent the money to avoid year-end reversion. Of the \$4.2 million expended in other costs, \$2.9 million was expended in the last month of the fiscal year.

The agency request and the Table of Organizational Listing differ significantly on the salaries for a number of employees, with an overall agency difference of \$212.3 thousand. The agency reports that many of these employees received in-band pay increases or were reclassified and approvals were not finalized prior to submitting the budget request. In addition, the state personnel office reports 16 unauthorized positions are currently filled within the department. The committee is concerned that these personnel actions will dilute personal services and employee benefits appropriations, hampering the department's ability to lower the number of vacant positions.

The agency has worked with LFC and DFA to develop more applicable performance measures, prepare meaningful targets, and refine performance reporting. For FY07, the department has submitted almost entirely new measures focused on measuring critical agency outcomes. These measures focus more on activities within the different bureaus rather than the department as a whole, which gives a more accurate picture of agency performance. The department is staffed with two deputy secretaries and seven assistant secretaries leading to a natural division of programs that would allow for more specific data to be collected and allow the secretary to better manage for results. The committee continues to urge the agency to develop multiple programs with performance measures specific to each program's responsibilities.

In response to department and school district difficulties in meeting accountability data requirements and the inability of stakeholders to use data effectively, PED is in the final stage of development of a new chart of accounts and a data warehouse. The chart of accounts is designed to provide consistency and accuracy in data analysis to allow conclusions to be drawn between public investment and associated gains or losses in achievement. The department has finalized agreements for development and implementation of a data warehouse. This data repository, when implemented, is expected to provide more accurate and consistent data, however, data reliability will continue to be a function of the quality of data input. High-quality training of district staff is a significant portion of the project and must be intensive and continuous to assure data quality is guaranteed. The department initially estimated the overall cost of the project, including start-up and customization, to be approximately \$20 million, a figure that has not changed. The department estimates recurring costs beginning in FY08 to be approximately \$1.3 million. The committee supports the agency's efforts to implement these efforts.

BASE EXPANSION:

The department requested 3 permanent FTE for program expansion. These include a behavior health specialist for the School and Family Support Bureau, a truancy coordinator to implement provisions of the Compulsory School Attendance Act, and a physical education consultant to provide technical assistance in the construct of a quality physical education curriculum. The committee, recognizing the importance of these programs in increasing student achievement, recommends these expansion positions.

The department in its base request included 5 FTE not authorized in Laws 2005, Chapter 33. These positions were extracted from the base request and included as expansion. These positions include three governor exempt, temporary positions--deputy secretary, scheduler for the secretary, and public information officer--and two term positions--education administrator for the reading first program funded with federal funds and an office administrative support position for background checks funded with other state funds. The committee recommends the expansion of the education administrator and the office administrative support positions; however, it does not recommend the remainder of the expansion positions.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public education department for the Family and Youth Resource Act shall fund family and youth services pursuant to the Family and Youth Resources Act.

BASE EXPANSION LISTING
FY07 - 2006-2007

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
*	Deputy secretary (1 FTE)	0	0.0	0.0
*	Public information officer (1 FTE)	0	83.0	0.0
*	Scheduler - secretary's office (1 FTE)	0	72.9	0.0
**	Ed administrator - reading first (1 FTE)	0	66.0	66.0
**	Office admin support - licensure (1 FTE)	0	32.0	32.0
1	Behavioral health specialist (1 FTE)	0	80.0	80.0
2	Truancy coordinator (1 FTE)	0	80.0	80.0
3	Physical education consultant (1 FTE)	0	80.0	80.0
TOTAL			493.9	338.0

* Unauthorized temporary positions included in the base request.

** Unauthorized term positions included in the base request.

FISCAL YEAR 2006 MEASURES

The purpose of the public education department is to provide a public education to all students. The secretary of education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication, and fiscal responsibility.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of fiscal year 2005 appropriated education reform initiatives completed on time and within budget		71%	100%		
Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers		84%	80%		
Outcome	Percent of customers (districts and schools) interacting with the public education department that report satisfaction with their telephone communications with the department		82%	100%		
Outcome	Percent of criterion reference tests required by No Child Left Behind Act and New Mexico state statute developed and ready for distribution to school districts		100%	100%		
Outcome	Percent of fiscal year 2003 audit findings resolved and not repeated in the fiscal year 2004 audit		20%	15%		
Outcome	Percent of fiscal year 2004 audit findings resolved and not repeated in the fiscal year 2005 audit			100%		
Outcome	Completion of fiscal corrective action plan in fiscal year 2005		74%	90%		

FISCAL YEAR 2007 MEASURES

The purpose of the public education department is to provide a public education to all students. The secretary of education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication, and fiscal responsibility.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of fiscal year 2007 appropriations that require a request for proposal or grant application sent to school districts by September 30, 2006				100%	100%
Outcome	Percent of customers interacting with the public education department that report satisfaction with their telephone communications with the department				100%	100%
* Outcome	Percent of No Child Left Behind Act adequate yearly progress designations publicly reported by August 1				100%	100%
* Outcome	Percent of fiscal year 2004 audit findings resolved and not repeated in the fiscal year 2005 audit				100%	100%
* Outcome	Percent of completion of fiscal corrective action plan				100%	100%
* Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended				90%	90%
Outcome	Average processing time for school district budget adjustment requests, in days				7	7
Outcome	Percent of public education department contracts issued within sixty days of appropriation availability				100%	100%
* Outcome	Percent of compliance with the agreed-upon audit schedule for the public education department internal audit section				100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value				2%	2%
* Outcome	Percent completion of the data warehouse project				50%	50%

STATUTORY AUTHORITY:

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of a Regional Education Cooperative (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services may include technical assistance, staff development, cooperative purchasing, fiscal management, administration of federal programs, and additional services as may be determined to be appropriate by the regional education coordinating council.

MISSION:

To provide education related services, technical assistance, staff development, cooperative purchasing, fiscal management, administration of federal programs, and additional services as may be determined to be appropriate by the regional education coordinating council to all participating school districts and state-supported institutions.

BUDGET ISSUES:

The Public Education Department (PED) is authorized to approve the existence and operation on an REC. Regional education cooperatives are classified as individual state agencies administratively attached to PED and are exempt from the provisions of the State Personnel Act. An REC is governed by a Regional Education Coordinating Council (RECC) composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative.

The Regional Education Cooperatives do not receive direct general fund appropriations. They derive operating revenue from school districts as federal flow through funds and state general fund for ancillary related services.

REGIONAL EDUCATIONAL COOPERATIVES

Cooperative	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative #3 (Raton)	\$1,889.9	\$1,745.6	\$3,635.5
Northeast Regional Education Cooperative #4 (Las Vegas)	\$0.0	\$2,124.1	\$2,124.1
Central Regional Education Cooperative #5 (Albuquerque)	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$111.0	\$1,649.0	\$1,760.0
Lea Regional Education Cooperative #7 (Hobbs)	\$0.0	\$3,301.0	\$3,301.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative #9 (Ruidoso)	\$3,010.0	\$4,750.0	\$7,760.0
Southwest Regional Cooperative #10 (T or C)	\$150.0	\$3,500.0	\$3,650.0
TOTAL	\$8,482.4	\$22,034.5	\$30,516.9

STATUTORY AUTHORITY:

The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, the authority is responsible for providing assistance and oversight in administering the grant assistance, deficiencies correction, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council. The director may employ two deputies and, subject to budgetary constraints and approval of the council, may employ or contract with such technical and administrative personnel necessary to carry out the statutory provisions.

MISSION:

The mission of PSFA is to support quality public education by encouraging and assisting school districts with the prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning and to involve active community participation in the educational process and to assist policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY07 – 2006-2007</u>		Percent Incr (Decr)
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	4,191.2	5,313.1	5,692.5	5,692.5	7.1
SOURCES TOTAL	4,191.2	5,313.1	5,692.5	5,692.5	7.1
USES					
Personal Services/Empl Benefit	2,901.2	3,782.1	3,942.0	3,942.0	4.2
Contractual Services	250.3	255.0	255.0	255.0	0.0
Other	1,039.8	1,276.0	1,495.5	1,495.5	17.2
TOTAL USES	4,191.2	5,313.1	5,692.5	5,692.5	7.1
FTE					
Permanent	46.0	55.0	55.0	55.0	0.0
TOTAL FTE POSITIONS	46.0	55.0	55.0	55.0	0.0

BUDGET ISSUES:

The authority's revenue source for its core administrative functions is derived from balances in the public school capital outlay fund pursuant to the Public School Capital Outlay Act. According to Section 22-24-4 NMSA 1978, field management expenses are limited to an amount not to exceed 5 percent of the average annual grant assistance authorized from the public school capital outlay fund during the three previous fiscal years. The average allocation for the last three years of grant assistance totaled \$208 million for FY06 and is projected to total \$197 million for FY07. PSFA currently operates at 2.6 percent of the allowed allocation for project oversight. The PSFA FY07 request provides \$1.5 million for core administrative functions and \$4.1 million for field oversight expenses.

The FY06 operating budget includes \$590.6 thousand and 9 FTE included in Laws 2005, Chapter 33, but the item was vetoed by the governor. The FY06 operating budget submitted by the agency was approved by the Department of Finance and Administration. The committee recommends the agency appear before PSCOC and request a budget adjustment to their FY06 operating budget. The committee also recommends the five vacant positions not yet approved by PSCOC be prioritized to address the workload need in the field for construction oversight. The committee recommends the agency report to the Department of Finance and Administration and the Legislative Finance Committee on the prioritized positions and classification of each position and responsibilities.

The PSFA FY07 request includes \$320 thousand for the operating costs of a statewide facility information management system (FIMS). The web-based system will manage facilities operation and maintenance for all statewide school districts and would include three primary components: (1) automated work-order management (2) preventive maintenance scheduling, and (3) utility management. The system would be used by district maintenance personnel and would give PSFA the ability to centrally monitor district maintenance operations and costs while collecting data for reporting to policymakers in the Legislature, PSCOC, Public School Capital Outlay Task Force, Energy, Minerals and Natural Resources Department, and Public Education Department (PED). PSFA reports that manual work-order processing does not allow best practices for maximizing benefits of maintenance,

utility and other ongoing operational costs. The expense incurred from insufficient maintenance systems is reduced facility life span and resulting increases in capital outlay funding requests. PSFA reported to the Public School Capital Outlay Task Force that approximately 50 percent of the deficiencies correction work identified were a direct or indirect result of deferred maintenance.

The Legislature supported the initiative to develop a standardized capital planning process to fairly evaluate the relative priority of every school facility need in the state. This would optimize the allocation of limited resources and assure that public school students throughout New Mexico have the facilities needed to provide an adequate learning environment.

PSCOC implemented a new standards-based process for prioritizing and funding public school capital needs. The database includes all 89 school districts, approximately 800 public school buildings, and 65,000 separate and distinct systems in those buildings. Based on weighted categories, the New Mexico condition index system ranks every facility in terms of relative need, from greatest to least. Each need on the ranked list includes the estimated cost of repair or replacement. In 2004, the total cost of repair or replacement for all facilities needs in New Mexico was \$2.4 billion dollars.

PUBLIC SCHOOL FACILITIES AUTHORITY

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts to ensure correct and prudent planning, building and maintenance using state funds and to ensure adequacy of all facilities in accordance with public education department approved educational programs.

PERFORMANCE MEASURES

		<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY07</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent compliance with reviewing and taking final actions on plans submitted for approval for school construction			85%	85%	85%
Outcome	Percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors			85%	85%	85%
Outcome	Percent of projects meeting all contingencies completed within the specified period of awards			75%	75%	75%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council			45	45	45
* Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year					

STATUTORY AUTHORITY:

Laws 2005, Chapter 289, abolished the Commission on Higher Education and created a cabinet-level agency, the Higher Education Department (HED). An advisory board was also created. The new agency has similar functions as the previous commission as well as additional responsibilities.

Pursuant to 21-1-26 NMSA 1978, the department determines an adequate level of funding for institutions of higher education and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Post-secondary Educational Planning Act, Post-secondary Education Articulation Act, Student Loan Act, Education Trust Act, graduate program approval, and proprietary school licensing. Additionally, the department recommends institutional capital project priorities and administers state-supported financial aid programs. Finally, the department administers the adult basic education program.

The department receives the state appropriations for financial aid and allocates funds to institutions, verifies aid eligibility for financial aid disbursement, coordinates selection of loan-for-service recipients, and collects payments for students defaulting on loan-for-service obligations. The department receives a direct appropriation for 17 grant and loan-for-service programs, including lottery scholarships, work-study assistance, Vietnam veterans assistance, New Mexico scholarships, state student incentive grants, and Western Interstate Commission for Higher Education loans for service. In addition, the department coordinates tuition waivers regarding reciprocity agreements and residency status.

In its additional responsibilities, the department is directed to cooperate with colleges and universities to create a statewide public agenda for higher education needs and goals, study enrollment capacity needs, develop a statement of statewide educational needs, and analyze the financial impacts of proposed new degree programs.

MISSION:

The mission of the New Mexico Higher Education Department is to administer a coordinated statewide system of public post-secondary education with governance shared between the department and the governing boards of the colleges and universities.

BUDGET SUMMARY (dollars in thousands)					
	FY07 – 2006-2007				
	FY05 2004-2005 Actuals	FY06 2005-2006 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	32,410.0	34,658.6	36,853.4	45,752.4	32.0
Other Transfers	30,003.8	30,846.5	32,547.5	33,383.0	8.2
Fed Program Revenues	7,812.6	7,121.3	4,986.2	4,986.2	-30.0
Other Program Revenues	997.1	30.0	30.0	52.0	73.3
General Revenues	100.0	100.0	100.0	100.0	0.0
Fund Balance	314.0	631.6	420.2	5,184.2	720.8
SOURCES TOTAL	71,637.5	73,388.0	74,937.3	89,457.8	21.9
USES					
Personal Services/Empl Benefit	1,951.3	2,714.2	2,920.5	2,717.3	0.1
Contractual Services	453.1	543.3	466.5	466.5	-14.1
Other	55,743.9	58,688.2	58,610.6	64,495.6	9.9
Other Financing Uses	12,146.7	11,442.3	12,939.7	21,778.4	90.3
TOTAL USES	70,295.0	73,388.0	74,937.3	89,457.8	21.9
FTE					
Permanent	24.0	28.0	32.5	29.5	5.4
Term	10.5	9.5	5.5	5.5	-42.1
TOTAL FTE POSITIONS	34.5	37.5	38.0	35.0	-6.7

BUDGET ISSUES:

The committee recommendation is \$89.5 million of total sources and uses, or almost 22 percent above the FY06 budget for the agency as a whole. The total general fund recommendation for the department is \$45.8 million, an increase of almost \$11.1 million over the FY06 level. This general fund increase is driven by several components including: 1) a three-quarter percent increase, or \$5.7 million, in the employer contribution to the educational retirement fund to be transferred in fiscal year 2007 to

the educational retirement board to provide for the 2008 cost of the employer share of contribution increases for higher education employees; 2) a lump sum recommendation for special projects expansion in the amount of \$3.2 million as relates to Laws 2005, Chapter 34, (Senate Bill 190); 3) a \$1 million increase in funding for nursing programs and 4) a lump sum amount of \$400 thousand for public, post-secondary institutions to establish dental hygiene programs.

In addition, the committee recommendation funds virtually all of the FY07 request for the agency operating budget, an increase of just over \$200 thousand from FY06, as well as a staff expansion for a total FY07 increase in the agency operating budget of \$271 thousand to \$2.4 million. Further, the committee recommendation provides an expansion of \$300 thousand for a newly established, but unfunded, student financial aid program as well as a shift of \$187 thousand from the Public Education Department budget to HED for the teacher loan-for-service program, while continuing the FY06 HED appropriation for this program. Note there is no net general fund cost due to the shift in the program. The decrease in federal funds in the agency budget reflects the loss of the Gaining Early Awareness and Readiness for Undergraduates Program (GEAR UP) grant.

In line with investing in capacity for the new cabinet agency, the agency recommendation does not assume vacancy savings, despite an average vacancy rate of 22 percent for FY05. The budget recommendation includes only small technical adjustments in the personal services and employee benefits category. The recommendation reflects the HED reduction of 4 term FTE in FY07, due to the loss of the federal GEAR UP grant which focused on encouraging low-income middle school students to plan for college. HED requested a general fund special appropriation in FY07 for this program.

With respect to other programs administered by HED, the committee recommendation maintains the \$5.7 million appropriation for adult basic education, \$914 thousand for New Mexico Mathematics, Engineering and Science Achievement, and \$600 thousand for high skills training at two-year colleges. Based on an LFC review of nursing education, HED is directed to target nonformula funding for nursing past approaches that have performed well, as well as the implementation of new and innovative programs to increase enrollment and accelerate matriculation. As well, HED should annually report appropriate performance measures on nursing education outcomes across institutions and across programs for appropriate data-based decision-making and funding.

For the student financial aid program, the committee recommendation includes an expansion of \$300 thousand for a new student financial aid program established, but not funded, by the legislature in 2005. The Public Service Law Loan Repayment program was created by Laws 2005, Chapter 83, (Senate Bill 258) to assist qualifying public service attorneys in the district attorneys' offices, the public defender's office and legal aid offices with assistance to pay back law school debt. Based on the HED request, the recommendation shifts funding for the teacher loan-for-service program from the Public Education Department to HED. While the shift increases the HED appropriation significantly, the total funding for the initiative remains at the FY06 level. The committee recommendation includes \$39.2 thousand, or a 12 percent increase, for the nursing loan-for-service program to provide students with financial aid to address the state's nursing shortage, with an accompanying reduction for the dentistry loan-for-service program. The committee recommendation incorporates the Department of Finance and Administration designation of nursing educators program in Laws 2005, Chapter 34, (Senate Bill 190) as recurring. The committee recommendation funds the cost of lottery tuition scholarships from that fund at the level of \$37.8 million in FY07 but requires the use of fund balance as revenues are projected to be only about \$33 million in FY07. HED has a request for a special appropriation of \$50 million to fund the College Affordability Act, an endowment fund for need-based student financial aid created by the legislature in 2005.

BASE EXPANSION:

The committee recommendation funds one permanent expansion position from the general fund, to be filled by an individual with both fiscal and programmatic expertise, to rotate among the needs of academic programs, financial oversight, and preschool through college (P-20) initiatives. As well, the committee recommendation funds the HED request for a 0.5 permanent FTE expansion for a clerical specialist to address the needs of the Education Trust Board (ETB); however, this position would be supported with ETB revenues, not general funds.

The committee continues to be concerned about HED capacity to meet its workload. The agency did not submit the higher education funding request and priorities by the deadline of November 1 as required by 9-25-9 NMSA 1978. As well, as of this writing, the agency has yet to report on recruitment, enrollment, retention, and graduation rates for Native American and Hispanic students, a report due September 1.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2007 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the policy development and institution financial oversight program includes three million dollars (\$3,000,000) for the program development enhancement fund for higher education institutions to address the state's nursing shortage. In allocating these funds, the higher education department is directed to consider past performance and implementation of new and innovative programs to increase enrollment and accelerate matriculation. Further, the higher education department should annually report appropriate performance measures on outcomes across institutions and across programs designed to address the nursing shortage.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes five million seven hundred eight thousand one hundred dollars (\$5,708,100) to provide a three-quarter percent increase in the employer contribution to the educational retirement fund to be transferred in fiscal year 2007 to the educational retirement board to provide for the 2008 cost of the employer share of contribution increase for higher education employees.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes three million two hundred twenty-eight one hundred dollars (\$3,228,100) for special projects expansion. For general fund monies provided for special projects expansion, the higher education department shall develop performance criteria and outcomes and report on financial accountability to ensure efficient funding allocation.

By September 1, 2007, the higher education department shall report time series data to the office of the governor, public education department, department of finance and administration and legislative finance committee on performance measures and targets for recruitment, enrollment, retention and graduation rates for Native American and Hispanic students. The higher education department shall provide an action plan by institution to achieve targeted results.

**BASE EXPANSION LISTING
FY07 - 2006-2007**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
0	ABE english as second language	(Policy Dev)	1,000.0	0.0
0	ABE formula funding	(Policy Dev)	497.5	0.0
0	Ed. Trust bd. - Clerical Specialist - 0.5 FTE	(Policy Dev)	22.0	22.0
0	Nurse educators student financial aid program	(St Fin Aid)	66.5	66.5
0	Public service law loan repayment program	(St Fin Aid)	0.0	300.0
0	Rent of office space	(Policy Dev)	34.0	0.0
1	Academic programs, sr. policy analyst	(Policy Dev)	79.8	0.0
2	Financial aide accounting specialist	(Policy Dev)	53.2	0.0
3	Financial analyst	(Policy Dev)	59.9	68.9
4	<u>P-20 program officer</u>	<u>(Policy Dev)</u>	<u>53.2</u>	<u>0.0</u>
TOTAL			1,866.1	457.4

POLICY DEVELOPMENT AND INSTITUTIONAL FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the commission's statutory authority for the higher education partners, to ensure both the efficient use of state resources and progress in implementing the public agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY07 - 2006-2007				
	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10,165.4	11,328.5	13,336.8	21,935.8	93.6
Other Transfers	1,641.3	323.5	323.5	323.0	-0.2
Fed Program Revenues	7,284.6	6,634.6	4,416.3	4,416.3	-33.4
Other Program Revenues	181.2	30.0	30.0	52.0	73.3
SOURCES TOTAL	19,272.5	18,316.6	18,106.6	26,727.1	45.9
USES					
Personal Services/Empl Benefit	1,951.3	2,714.2	2,920.5	2,717.3	0.1
Contractual Services	453.1	543.3	466.5	466.5	-14.1
Other	4,820.7	3,716.9	1,879.9	1,864.9	-49.8
Other Financing Uses	12,046.7	11,342.2	12,839.7	21,678.4	91.1
TOTAL USES	19,271.8	18,316.6	18,106.6	26,727.1	45.9
FTE					
Permanent	24.0	28.0	32.5	29.5	5.4
Term	10.5	9.5	5.5	5.5	-42.1
TOTAL FTE POSITIONS	34.5	37.5	38.0	35.0	-6.7

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	65%	77%	90%	80%	90%
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	0	70	100	78	120
Output	Number of students enrolled in dual credit programs	4920	N/A	5,100	5,250	7,575
* Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	11.8%	12.4%	14%	16.0%	16.0%
Output	Percent of capital projects evaluations and audits performed to insure institutional accountability and responsibility			50%		60%

STUDENT FINANCIAL AID

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so that all New Mexicans can benefit from post secondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY05 2004-2005 <u>Actuals</u>	FY06 2005-2006 <u>Budgeted</u>	Agency <u>Request</u>	FY07 - 2006-2007 <u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	22,244.6	23,330.1	23,516.6	23,816.6	2.1
Other Transfers	28,362.5	30,523.0	32,224.0	33,060.0	8.3
Fed Program Revenues	528.0	486.7	569.9	569.9	17.1
Other Program Revenues	815.9	0.0	0.0	0.0	***
General Revenues	100.0	100.0	100.0	100.0	0.0
Fund Balance	314.0	631.6	420.2	5,184.2	720.8
SOURCES TOTAL	52,365.0	55,071.4	56,830.7	62,730.7	13.9
USES					
Other	50,923.2	54,971.3	56,730.7	62,630.7	13.9
Other Financing Uses	100.0	100.1	100.0	100.0	-0.1
TOTAL USES	51,023.2	55,071.4	56,830.7	62,730.7	13.9
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY04 <u>Actual</u>	FY05 <u>Actual</u>	FY06 <u>Budget</u>	FY07 <u>Request</u>	FY07 <u>Recomm</u>
* Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	1,738	1,800	3,000	2,000	2,500
* Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	60%	65%	80%	67%	75%
* Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	62%	65%	70%	67%	70%
* Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	75%	78%	80%	80%	85%
* Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	54%	58%	65%	62%	65%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	99%	100%	100%	100%	100%
* Outcome	Percent of state funds for need-based aid relative to Pell grant aid			Not defined	Not defined	

STUDENT FINANCIAL AID BUDGET DETAIL
(Dollars in Thousands)

	FY05	FY06	CHE FY07	LFC FY07	LFC	LFC
	Actual ©(d)	Budget (e)	Request	REC	\$ inc/dec	% inc/dec
Student Incentive Grant						
general fund	11,502.2	12,052.2	12,052.2	12,052.2	0.0	0.0%
fund balance	7.7	7.7	7.7	7.7	0.0	0.0%
general revenues	100.0	100.0	100.0	100.0	0.0	0.0%
federal funds	415.7	322.8	406.0	406.0	83.2	25.8%
total	12,025.6	12,482.7	12,565.9	12,565.9	83.2	0.7%
Nursing Student Loan (a)						
general fund	321.8	321.8	361.0	361.0	39.2	12.2%
fund balance	26.4	26.4	26.4	26.4	0.0	0.0%
total	348.2	348.2	387.4	387.4	39.2	11.3%
Medical Student Loan Prog.						
general fund	236.4	236.4	236.4	236.4	0.0	0.0%
fund balance	13.2	13.2	13.2	13.2	0.0	0.0%
total	249.6	249.6	249.6	249.6	0.0	0.0%
Osteopathic Student Loan						
general fund	0.0	0.0	0.0	0.0	0.0	
fund balance	0.0	24.0	0.0	0.0	(24.0)	-100.0%
total	0.0	24.0	0.0	0.0	(24.0)	-100.0%
Work-Study						
general fund	5,189.6	5,739.6	5,739.6	5,739.6	0.0	0.0%
fund balance	6.6	7.2	7.2	7.2	0.0	0.0%
total	5,196.2	5,746.8	5,746.8	5,746.8	0.0	0.0%
Student Choice						
general fund	1,004.7	1,004.7	1,004.7	1,004.7	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	1,004.7	1,004.7	1,004.7	1,004.7	0.0	0.0%
Vietnam Veterans Scholarship						
general fund	91.6	91.6	91.6	91.6	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	91.6	91.6	91.6	91.6	0.0	0.0%
Graduate Scholarship						
general fund	618.8	618.8	618.8	618.8	0.0	0.0%
fund balance	7.9	8.6	8.6	8.6	0.0	0.0%
total	626.7	627.4	627.4	627.4	0.0	0.0%
NM Scholars						
general fund	998.0	998.0	998.0	998.0	0.0	0.0%
fund balance	167.0	0.9	0.0	0.0	(0.9)	-100.0%
total	1,165.0	998.9	998.0	998.0	(0.9)	-0.1%
Minority Doctoral Assistance						
general fund	129.7	129.7	129.7	129.7	0.0	0.0%
fund balance	2.2	2.2	2.2	2.2	0.0	0.0%
total	131.9	131.9	131.9	131.9	0.0	0.0%
Teacher Loan-for-Service						
general fund	0.0	35.0	221.5	221.5	186.5	532.9%
fund balance	0.0	315.4	128.9	128.9	(186.5)	-59.1%
total	0.0	350.4	350.4	350.4	0.0	0.0%
Allied Health						
general fund	135.0	135.0	135.0	135.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	135.0	135.0	135.0	135.0	0.0	0.0%
Health Professional Loan Repayment						
general fund	416.7	416.7	416.7	416.7	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
federal funds	112.3	163.9	163.9	163.9	0.0	0.0%
total	529.0	580.6	580.6	580.6	0.0	0.0%
Legislative Endowment Fund						
other program revenues	24.8	0.0	24.0	24.0	24.0	
fund balance	0.0	24.0	0.0	0.0	(24.0)	-100.0%
total	24.8	24.0	24.0	24.0	0.0	0.0%
WICHE Loan-for-Service						
general fund	1,550.1	1,434.1	1,434.1	1,434.1	0.0	0.0%
fund balance	83.0	226.0	226.0	226.0	0.0	0.0%
total	1,633.1	1,660.1	1,660.1	1,660.1	0.0	0.0%
Lottery Scholarship (b) (f)						
other program revenues	28,337.7	30,498.9	32,200.0	33,036.0	2,537.1	8.3%
fund balance	0.0	0.0	0.0	4,764.0	4,764.0	
total	28,337.7	30,498.9	32,200.0	37,800.0	7,301.1	23.9%
Dentistry Loan for Service						
general fund	50.0	50.0	10.8	10.8	(39.2)	-78.4%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	50.0	50.0	10.8	10.8	(39.2)	-78.4%
Nurse Educators Fund (a)						
general fund		66.5	66.5	66.5	0.0	0.0%
total		66.5	66.5	66.5	0.0	0.0
Public Service Law Loan Repayment						
general fund		0.0	0.0	300.0	300.0	
total		0.0	0.0	300.0	300.0	
HED Add. Other Program Revenues	815.9					
GRAND TOTAL	52,365.0	55,071.3	56,830.7	62,730.7	7,659.4	13.9%
GF GRAND TOTAL	22,244.6	23,330.1	23,516.6	23,816.6	486.5	2.1%

Notes to Student Financial Aid Budget Detail:

- (a) FY07 HED request for Nursing Student Loan for Service program reduced to show Nurse Educators Fund separately.
 (b) FY05 Lottery: HED expenditures of \$28,338.5 v. DFA CAS reporting \$28,337.7, including BAR of \$3.2 million; difference=0.8
 © FY05 General Fund ties to LFC, other categories updated to reflect HED reporting.
 (d) FY05 Actual revised to reflect HED reporting of unreconciled \$815.9 of additional other program revenues
 (e) FY06 budget ties to LFC reports.
 (f) FY07 lottery revenues projected to be insufficient to address expenditures for scholarships.

HIGHER EDUCATION FY07 RECURRING FUNDING SUMMARY
(dollars in thousands)

FY06 Operating Budget: \$706,440.0605

Workload with Updates:

four-year net workload
two-year net workload
Taos Branch phase-in
Ruidoso Branch phase-in
tuition waiver changes
HSC base adj.
miscellaneous adj.

Tuition Credit

Add. workload lump sum due to HED form. error

Formula Issues - Expansion Items:

ERB Cost, FY07 & FY08 (Two years of second increment)

Two-year school science cluster

Plus Inflationary Factors:

Library Inflation

Utilities Inflation

Group Insurance and Other Fringes Inflation (b)

Risk Insurance Inflation

Compensation:

faculty
non-faculty
compensation total

SB 190 (Laws of 2005, Chapter 34) :

Net Special Projects Expansion

Special Projects:

UNM HSC Base Expansion --- Medical I&G

Replace UNM HSC Funding with Tobacco Distribution

UNM Mock Trials Program

Incentive Funds:

Program Development Enhancement Fund for nursing

Workforce Development Fund

Technology Enhancement Fund

Higher Education Performance Fund

Faculty Endowment Fund (NR)

Special Schools:

NM School for the Deaf Three-Tier Teacher

Student Financial Aid:

Teacher Loan for Service

Public Service Law Loan Repayment

Net Other Financial Aid Programs

College Affordability Act

Other:

HED Operating

High Skills

Dental Hygiene Programs

HED Adult Basic Education

NM MESA

Technical adjustment

Change from FY06

Grand Total Higher Education

HED REQ - Received on Dec. 2, due Nov. 1 (a)		LFC REC
	3,728.8	3,728.8
		5,254.1
		(1,649.3)
		165.1
		281.8
		0.0
		(322.9)
		0.0
@ 2.0%	(3,938.2)	@ 2.0% (3,938.2)
		3,000.0
		11,416.2
	581.8	
@ 8.5%	880.1	
@ 20%	7,212.7	
@ 18.5/14.7%	9,794.4	
@ 4.0%		@ 4.5% 14,250.6
@ 4.0%		@ 4.5% 19,998.0
	30,443.2	34,248.6
		11,541.6
		(3,340.0)
		1,000.0
		(4,400.0)
		60.0
		1,000.0 1,000.0
		see CHE High Skills
	see nonrecurring	see nonrecurring
		see nonrecurring
		12.5
	186.5	486.5
	186.5	186.5
	0.0	300.0
	0.0	0.0
	see nonrecurring	see nonrecurring
	302.2	271.1
		0.0
		400.0
	1,500.0	0.0
		0.0
		(11.5)
	\$50,691.5	\$58,815.6
	\$757,131.6	\$765,255.7

(a) Delineation between recurring and non-recurring for certain elements of HED recommendation are not readily evident, such as career vo-tech centers, performance-based funding and alignment of high school competencies and college placement.

(b) Group health insurance in HED request includes dental.

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)						
Agency/Institution/Program	FY04 (2003-2004)	FY05 (2004-2005)	FY06 BUDGET (incl. SB 190 recurring op. bud.)	FY07 (2006-2007)		
	ACTUAL	ACTUAL		HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change Percent Change
UNM						
I&G	150,360.1	152,328.9	160,639.6		160,940.9	301.3 0.2%
Athletics	2,662.0	2,684.1	2,703.8		2,703.8	0.0 0.0%
Educational Television	1,263.4	1,278.7	1,292.5		1,292.5	0.0 0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0 0.0%
Gallup	7,532.9	8,459.9	8,692.6		8,649.8	-42.9 -0.5%
Gallup Extended Services	0.0	0.0	0.0		0.0	0.0 0.0%
Nursing Expansion	34.9	34.9	35.8		35.8	0.0 0.0%
Los Alamos	2,106.3	2,191.9	2,326.5		2,275.7	-50.8 -2.2%
Los Alamos Extended Services	0.0	0.0	0.0		0.0	0.0 0.0%
Valencia	4,090.3	4,412.7	4,521.1		4,470.5	-50.6 -1.1%
Valencia Extended Services	0.0	0.0	0.0		0.0	0.0 0.0%
Taos	1,380.8	1,941.8	1,822.7		1,934.5	111.8 6.1%
Judicial Selection	74.2	75.8	73.9		73.9	0.0 0.0%
Judicial Education Center	288.7	93.3	161.7		161.7	0.0 0.0%
Spanish Resource Center	110.1	110.3	106.4		106.4	0.0 0.0%
Southwest Research Center	1,309.6	1,261.1	1,483.8		1,483.8	0.0 0.0%
Substance Abuse Program	160.2	154.4	150.4		150.4	0.0 0.0%
Native American Intervention	200.6	193.6	189.5		189.5	0.0 0.0%
Resource Geographic Info Sys	134.9	130.6	127.8		127.8	0.0 0.0%
Natural Heritage Program	82.8	80.1	77.6		77.6	0.0 0.0%
Southwest Indian Law Clinic	126.6	122.8	120.5		120.5	0.0 0.0%
BBER-Census & Pop. Analysis	53.6	252.0	243.0		243.0	0.0 0.0%
New Mexico Historical Review	86.1	83.5	81.5		81.5	0.0 0.0%
Ibero-American Ed. Consortium	173.3	168.2	164.9		164.9	0.0 0.0%
Youth Educ. Recreation Prog.	147.5	142.2	139.5		139.5	0.0 0.0%
Advanced Materials Research	71.2	68.0	65.4		65.4	0.0 0.0%
Mfg. Engineering Prog.	413.5	649.2	628.3		628.3	0.0 0.0%
Office of Intl. Tech. Coop.	0.0	0.0	0.0		0.0	0.0 0.0%
Hispanic Student Center	128.8	124.8	121.5		121.5	0.0 0.0%
Wildlife Law Education	76.8	74.0	71.5		71.5	0.0 0.0%
Women's Career Development	22.7	22.6	22.5		22.5	0.0 0.0%
Youth Leadership Development	78.7	75.0	72.7		72.7	0.0 0.0%
Morrissey Hall Research	47.1	55.2	55.9		55.9	0.0 0.0%
Disabled Student Services	235.7	227.8	222.2		222.2	0.0 0.0%
Minority Engr. Math & Science	0.0	0.0	0.0		0.0	0.0 0.0%
Min. Grad Recruit & Retention	172.9	166.6	162.1		162.1	0.0 0.0%
Graduate Research Dev. Fund	94.8	90.1	86.5		86.5	0.0 0.0%
Community Based Education	437.7	422.8	413.1		413.1	0.0 0.0%
Corrine Wolfe Children's Law Center	50.0	68.2	65.5		65.5	0.0 0.0%
Mock Trials Program	25.0	23.8	22.8		82.8	60.0 263.2%
ENLACE	0.0	0.0	95.0		95.0	0.0 0.0%
Pre-college minority student math/science	0.0	0.0	171.0		171.0	0.0 0.0%
Special Projects Expansion	0.0	0.0	0.0		1,768.0	1,768.0 0.0%
UNM Total	174,233.9	178,268.9	187,431.1		189,527.9	2,096.8 1.1%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY04 (2003-2004)	FY05 (2004-2005)		FY07 (2006-2007)			
			FY06 BUDGET (incl. SB 190 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Agency/Institution/Program	ACTUAL	ACTUAL					
Health Sciences Center							
Medical School I & G	44,240.6	45,399.9	46,797.6		47,474.7	677.1	1.4%
Cancer Center	2,675.2	2,692.9	2,711.6		2,711.6	0.0	0.0%
Office of Medical Investigator	3,258.2	3,310.0	3,367.7		3,367.7	0.0	0.0%
EMS Academy	771.3	790.1	806.9		806.9	0.0	0.0%
Children's Psychiatric Hospital	5,187.8	5,451.1	5,724.1		5,724.1	0.0	0.0%
Hemophilia Program	528.2	534.6	540.1		540.1	0.0	0.0%
Carrie Tingley Hospital	3,883.6	4,024.8	4,201.4		4,201.4	0.0	0.0%
Out-of-County Indigent	1,242.3	1,242.4	1,242.4		1,242.4	0.0	0.0%
Specialized Perinatal Care	433.7	442.3	554.3		554.3	0.0	0.0%
Newborn Intensive Care	3,033.7	3,106.9	3,180.9		3,180.9	0.0	0.0%
Pediatric Oncology	588.6	592.4	779.1		379.1	-400.0	-51.3%
Young Children's Health Center	231.7	254.6	269.0		269.0	0.0	0.0%
Pediatric Pulmonary Program	178.1	181.0	184.4		184.4	0.0	0.0%
Health Resources Registry	0.0	0.0	0.0		0.0	0.0	
Area Health Education Centers	226.2	227.1	227.6		177.6	-50.0	-22.0%
Grief Intervention Program	157.0	160.3	164.5		164.5	0.0	0.0%
Pediatric Dysmorphology	138.5	141.2	143.6		143.6	0.0	0.0%
Locum Tenens	428.0	460.4	498.9		498.9	0.0	0.0%
Center for Disaster Medicine	98.8	100.4	101.8		101.8	0.0	0.0%
Poison Control Center	1,414.7	1,431.0	1,454.4		1,004.4	-450.0	-30.9%
Fetal Alcohol Study	163.9	165.7	168.0		168.0	0.0	0.0%
Telemedicine	423.5	428.7	436.1		286.1	-150.0	-34.4%
Nurse Mid-wifery	320.5	377.4	377.4		377.4	0.0	0.0%
Nursing Expansion	1,388.9	1,418.2	1,418.2		1,418.2	0.0	0.0%
Lung/Tobacco-rel. Res. & Clinical	1,000.0	1,000.0	1,000.0		0.0	-1,000.0	-100.0%
Genomics, Biocomp, & Env. Health	1,500.0	1,528.9	1,552.9		52.9	-1,500.0	-96.6%
Los Pasos Program	50.0	51.0	52.0		2.0	-50.0	-96.2%
Trauma Specialty Education	400.0	408.2	408.2		8.2	-400.0	-98.0%
Pediatrics Specialty Education	400.0	408.1	408.1		8.1	-400.0	-98.0%
Native American Health Center	0.0	300.0	300.0		300.0	0.0	0.0%
Children's Cancer Camp	0.0	100.0	100.0		100.0	0.0	0.0%
Oncology	0.0	100.0	100.0		100.0	0.0	0.0%
BS/MD Community Partnership Physician	0.0	0.0	0.0		0.0	0.0	
Donated Dental Services	0.0	0.0	25.0		25.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		883.5	883.5	
Health Sciences Total	74,362.9	76,829.7	79,296.3		76,456.9	-2,839.4	-3.6%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
Agency/Institution/Program	FY04 (2003-2004)	FY05 (2004-2005)	FY06 BUDGET (incl. SB 190 recurring op. bud.)	FY07 (2006-2007)			
	ACTUAL	ACTUAL		HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
NMSU							
I&G	92,728.9	98,016.4	103,674.0		103,157.1	-517.0	-0.5%
Athletics	2,800.7	2,951.3	2,978.3		2,978.3	0.0	0.0%
Educational Television	1,123.1	1,141.5	1,159.6		1,159.6	0.0	0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0	
Alamogordo	5,359.8	5,358.8	5,579.6		5,527.9	-51.7	-0.9%
Nursing Expansion	27.9	28.4	28.9		28.9	0.0	0.0%
Carlsbad	3,017.4	3,317.8	3,629.0		3,406.6	-222.4	-6.1%
Nursing Expansion	34.9	35.7	36.0		36.0	0.0	0.0%
Dona Ana	12,139.1	13,160.5	14,360.2		15,525.6	1,165.4	8.1%
Nursing Expansion	104.8	105.3	107.4		107.4	0.0	0.0%
Grants	2,561.2	2,632.2	2,764.3		2,757.1	-7.2	-0.3%
Department of Agriculture	8,469.4	8,581.3	8,676.6		8,676.6	0.0	0.0%
Agricultural Experiment Station	12,093.4	12,753.2	13,228.4		13,228.4	0.0	0.0%
Cooperative Extension Service	9,521.1	9,725.1	10,096.0		10,096.0	0.0	0.0%
Water Resources Research	455.9	438.0	426.6		426.6	0.0	0.0%
Coordination of Mexico Prog.	98.0	93.7	90.7		90.7	0.0	0.0%
Indian Resources Development	380.2	383.4	371.4		371.4	0.0	0.0%
Mfg. Sector Development Program	405.1	391.7	384.0		384.0	0.0	0.0%
Waste Mgmt. Ed./Res. Cons.	506.5	512.3	497.7		497.7	0.0	0.0%
Alliance for Underrep. Students	372.6	358.3	348.1		348.1	0.0	0.0%
Campus Security	91.4	92.7	89.3		89.3	0.0	0.0%
Carlsbad Mfg. Sector Development	377.5	361.8	350.3		350.3	0.0	0.0%
Nursing Expansion	419.2	425.7	432.6		432.6	0.0	0.0%
Arrowhead Center for Business Dev.	0.0	75.0	72.0		72.0	0.0	0.0%
Viticulturist	0.0	75.0	72.0		72.0	0.0	0.0%
Water Quality, Irrigation and Water Policy	0.0	0.0	0.0		0.0	0.0	
Family Strengthening/Parenting Classes	0.0	0.0	47.5		47.5	0.0	0.0%
Aerospace Engineering	0.0	0.0	152.0		152.0	0.0	0.0%
Math and Science Skills Disadv. Students	0.0	0.0	28.5		28.5	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		1,843.0	1,843.0	
NMSU Total	153,088.0	161,015.2	169,681.1		171,891.2	2,210.1	1.3%
NMHU							
I&G	21,672.3	23,423.3	23,833.1		25,918.0	2,084.9	8.7%
Athletics	1,354.0	1,364.1	1,375.1		1,375.1	0.0	0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0	
Visiting Scientist	18.6	17.9	17.5		17.5	0.0	0.0%
Upward Bound	106.1	100.8	96.8		96.8	0.0	0.0%
Advanced Placement	301.8	289.8	281.3		281.3	0.0	0.0%
Native American Rec. & Ret.	45.6	43.8	42.6		42.6	0.0	0.0%
Diverse Populations Study	224.5	215.3	210.1		210.1	0.0	0.0%
Spanish Program	0.0	300.0	288.0		288.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		691.6	691.6	
NMHU Total	23,723.1	25,755.0	26,144.6		28,921.1	2,776.5	10.6%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
Agency/Institution/Program	FY04 (2003-2004)	FY05 (2004-2005)	FY06 BUDGET (incl. SB 190 recurring op. bud.)	FY07 (2006-2007)			
	ACTUAL	ACTUAL		HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
WNMU							
I&G	13,266.7	14,063.1	14,707.1		14,571.9	-135.1	-0.9%
Athletics	1,272.7	1,519.5	1,529.5		1,529.5	0.0	0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0	
Child Development Center	598.7	577.5	564.1		564.1	0.0	0.0%
NAFTA	16.2	15.3	14.7		14.7	0.0	0.0%
Instructional Television	121.4	122.1	123.2		123.2	0.0	0.0%
Nursing Expansion	141.9	142.7	145.0		145.0	0.0	0.0%
Web-based Teacher Licensure	0.0	0.0	213.8		213.8	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		384.8	384.8	
WNMU Total	15,417.6	16,440.2	17,297.4		17,547.0	249.6	1.4%
ENMU							
I&G	20,886.0	21,617.5	22,006.9		23,139.8	1,132.9	5.1%
Athletics	1,626.7	1,638.0	1,650.5		1,650.5	0.0	0.0%
Educational Television	1,016.0	1,032.7	1,049.1		1,049.1	0.0	0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0	
Roswell	10,475.8	11,982.4	12,864.3		13,472.0	607.7	4.7%
Nursing Expansion	69.9	71.0	72.5		72.5	0.0	0.0%
Extended Serv. Instr.-Roswell	0.0	0.0	0.0		0.0	0.0	
Ruidoso	777.2	758.2	769.2		889.1	119.9	15.6%
Center for Teaching Excellence	271.6	260.9	253.2		253.2	0.0	0.0%
Blackwater Draw Site & Mus.	92.8	89.9	88.1		88.1	0.0	0.0%
Airframe Mechanics	74.9	72.7	70.8		70.8	0.0	0.0%
Job Trng for Physically & Ment.	25.0	23.8	22.8		22.8	0.0	0.0%
Assessment Project	137.7	133.3	130.1		130.1	0.0	0.0%
Nursing Expansion	41.9	42.0	42.0		42.0	0.0	0.0%
Social Work	150.0	152.8	149.4		149.4	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		731.5	731.5	
ENMU Total	35,645.6	37,875.2	39,169.0		41,760.9	2,591.9	6.6%
NMIMT							
I&G	22,020.0	22,889.0	24,180.6		24,654.1	473.5	2.0%
Athletics	157.2	159.8	162.5		162.5	0.0	0.0%
Extended Services Inst.	0.0	0.0	0.0		0.0	0.0	
Geophysical Research Center	872.6	885.0	863.8		863.8	0.0	0.0%
Bureau of Mines	3,832.0	3,889.5	3,788.7		3,788.7	0.0	0.0%
Petroleum Recovery Research	1,926.2	1,936.5	1,872.7		1,872.7	0.0	0.0%
Bureau of Mine Inspection	290.1	294.7	286.6		286.6	0.0	0.0%
Energetic Materials Center	779.0	790.8	761.2		761.2	0.0	0.0%
Science Fair/Science Olympiad	114.7	320.3	308.5		308.5	0.0	0.0%
Homeland Security	241.7	245.2	238.5		238.5	0.0	0.0%
Cave & Karst Research	338.8	326.5	317.3		317.3	0.0	0.0%
Institute for Complex Additive Sys Ana	530.3	535.6	523.2		523.2	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		1,249.3	1,249.3	
NMIMT Total	31,102.6	32,272.8	33,303.5		35,026.2	1,722.8	5.2%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
Agency/Institution/Program	FY04 (2003-2004)	FY05 (2004-2005)	FY06 BUDGET (incl. SB 190 recurring op. bud.)	FY07 (2006-2007)			
	ACTUAL	ACTUAL		HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
NNMC							
I&G	7,921.4	8,183.7	8,230.2		8,112.3	-117.9	-1.4%
Extended Services Instruction	0.0	0.0	0.0		0.0	0.0	
Northern Pueblo's Institute	58.0	56.0	54.6		54.6	0.0	0.0%
Nursing Expansion	27.9	28.5	29.2		29.2	0.0	0.0%
Teacher Education	0.0	0.0	0.0		0.0	0.0	
Special Projects Expansion	0.0	0.0	0.0		548.2	548.2	
NNMC Total	8,007.3	8,268.2	8,314.0		8,744.3	430.3	5.2%
SFCC							
I&G	7,941.9	9,122.7	9,482.0		8,781.3	-700.6	-7.4%
Small Business Devlpt. Centers	3,399.7	3,273.2	3,187.8		3,187.8	0.0	0.0%
Working To Learn	0.0	0.0	0.0		0.0	0.0	
Sign Language Services	21.2	20.5	21.3		21.3	0.0	0.0%
Nursing Expansion	34.9	35.6	36.3		36.3	0.0	0.0%
SFCC Total	11,397.7	12,452.0	12,727.4		12,026.7	-700.6	-5.5%
ATVI							
I&G	40,917.5	44,071.3	48,914.0		49,540.8	626.8	1.3%
ATVI Total	40,917.5	44,071.3	48,914.0		49,540.8	626.8	1.3%
LCC							
I&G	6,162.7	6,663.3	7,167.1		7,310.7	143.6	2.0%
Nursing Expansion	34.9	36.1	36.1		36.1	0.0	0.0%
LVT Total	6,197.6	6,699.4	7,203.2		7,346.8	143.6	2.0%
MCC							
I&G	2,238.2	2,326.5	2,406.9		2,391.4	-15.5	-0.6%
Extended Services Instruction	0.0	0.0	0.0		0.0	0.0	
MTC Total	2,238.2	2,326.5	2,406.9		2,391.4	-15.5	-0.6%
NMJC							
I&G	7,615.3	7,874.5	7,186.2		6,648.1	-538.2	-7.5%
Extended Services Instruction	0.0	0.0	0.0		0.0	0.0	
Athletics	34.5	35.9	38.7		38.7	0.0	0.0%
Nursing Expansion	69.9	72.7	81.8		81.8	0.0	0.0%
NMJC Total	7,719.7	7,983.1	7,306.7		6,768.6	-538.2	-7.4%
SJC							
I&G	15,640.1	18,440.1	19,417.3		18,471.6	-945.7	-4.9%
Extended Services Instruction	0.0	0.0	0.0		0.0	0.0	
Dental Hygiene	200.1	196.5	195.6		195.6	0.0	0.0%
Nursing Expansion	334.7	339.3	351.8		351.8	0.0	0.0%
Oil and Gas Job Training Program	100.0	96.5	100.9		100.9	0.0	0.0%
SJC Total	16,274.9	19,072.4	20,065.6		19,119.9	-945.7	-4.7%
CCC							
I&G	9,208.4	9,425.3	10,155.9		9,897.2	-258.7	-2.5%
Extended Services Instruction	0.0	0.0	0.0		0.0	0.0	
Nursing Expansion	69.9	70.6	72.0		72.0	0.0	0.0%
CCC Total	9,278.3	9,495.9	10,227.9		9,969.2	-258.7	-2.5%
Four-Year/Two-Year Total	609,604.7	638,825.8	669,488.6		677,038.9	7,550.3	1.1%
NMMI							
I&G	0.0	0.0	0.0		0.0	0.0	
Special Projects Expansion	0.0	0.0	0.0		213.8	213.8	
NMMI Total	0.0	0.0	0.0		213.8	213.8	
NMSBVI							
I&G	11.5	11.5	164.6		153.1	-11.5	-7.0%
NMSBVI Total	11.5	11.5	164.6		153.1	-11.5	-7.0%
NM School for the Deaf							
I&G	3,393.3	658.1	2,128.3		2,140.8	12.5	0.6%
School for the Deaf Total	3,393.3	658.1	2,128.3		2,140.8	12.5	0.6%
Special School GF Total	3,404.8	669.6	2,292.9		2,507.7	214.8	9.4%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
Agency/Institution/Program	FY04 (2003-2004)	FY05 (2004-2005)	FY06 BUDGET (incl. SB 190 recurring op. bud.)	FY07 (2006-2007)			
	ACTUAL	ACTUAL		HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Higher Education Department							
Operating	1,681.5	1,726.0	2,129.1		8,108.3	5,979.2	280.8%
Adult Basic Education	5,000.0	5,123.7	5,685.0		5,685.0	0.0	0.0%
Student Financial Aid	22,202.7	22,194.6	23,213.6		23,739.3	525.7	2.3%
High Skills	300.0	600.0	600.0		600.0	0.0	0.0%
Nursing	2,000.0	0.0	0.0		0.0	0.0	
NM MESA, Inc.	753.9	715.8	914.4		914.4	0.0	0.0%
Contract to Train Dentists in NM	50.0	50.0	50.0		10.8	-39.2	-78.4%
Program Development Enhancement Fund	0.0	2,000.0	2,000.0		3,000.0	1,000.0	50.0%
Workforce Training Fund	0.0	0.0	0.0		0.0	0.0	
Technology Enhancement Fund	0.0	0.0	0.0		0.0	0.0	
Dental Hygiene Program	0.0	0.0	0.0		400.0	400.0	
Nurse Educators Fund	0.0	0.0	66.5		66.5	0.0	0.0%
Special Projects Expansion	0.0	0.0	0.0		3,228.1	3,228.1	
HED Total	31,988.1	32,410.1	34,658.6		45,752.4	11,093.8	32.0%
COMPENSATION (a)					39,956.7	39,956.7	
HIGHER EDUCATION TOTAL	644,997.6	671,905.5	706,440.1		765,255.7	58,815.6	8.3%

STATUTORY AUTHORITY:

Article XII, Section 11, of the New Mexico Constitution established the state educational institutions and the control and management of each institution by a board of regents. Most statutory provisions related to post-secondary education can be found in Sections 21-1-1 through 21-29-6 NMSA 1978.

BUDGET ISSUES:

The committee recommends a total of \$765.3 million of recurring general fund for FY07 for higher education, including the higher education department and including a 4.5 percent total compensation increase for faculty and staff. This recommendation represents an increase of \$58.8 million, or 8.3 percent, from the FY06 operating budget.

The Higher Education Department (HED) submitted an incomplete budget request to the Legislature via e-mails on November 30 and December 2, despite the statutory requirement in 9-25-9 NMSA 1978 that the agency submit a "comprehensive funding request" by November 1. The budget request also did not conform to the guidelines issued by the Department of Finance and Administration.

In a November 30, 2005 e-mail to the LFC director, the HED Secretary noted the agency would request: 4 percent across-the-board compensation increases, a 2 percent tuition credit, 18.5 percent for group health insurance inflation, 14.7 percent for workers compensation and unemployment inflation, 20 percent for utility inflation, and 8.5 percent for library inflation. Funding amounts for these percentage increases were not included. The HED legislative priorities list as submitted on November 30, 2005, contained discussion and specific funding amounts largely for initiatives, including \$50 million for the College Affordability Act, \$10 million for performance funding, and \$30 million of general fund monies for capital renewal and deferred maintenance. As well, the legislative priorities list contained discussion and specific funding amounts for numerous initiatives of the Higher Education Department as reflected through expansions to its operating budget. On December 2, 2005, LFC received another e-mail from HED staff that contained requested funding for total categorical spending increases for higher education and the cost of a technical adjustment to the funding formula for the equitable funding of science courses offered by two-year institutions. On December 5, HED e-mailed LFC with revisions due to formula errors, followed by an additional funding request on December 7, 2005. The HED budget request did not include specific funding levels for institutions and institutional line items, such as research and public service projects, or for special schools.

The committee recommendation invests in New Mexico's future through a higher education funding package that prioritizes education. The recommendation provides for financial aid needs of students and calls for keeping tuition low for students and their families, assuming an increase of 2 percent. The recommendation fully funds workload, including funding for the phase-in of branch campuses. The committee recommendation invests in faculty and staff salary needs through a significant compensation increase, funds the FY07 and FY08 cost of the second and third increments of the increase in the employer contribution share of educational retirement, and funds endowed chairs at the state's universities and community colleges. The committee's recommendation for higher education funding continues the state's commitment but continues the call for accountability and performance improvements.

The base-plus-incentive funding model begins with the current appropriation, recognizes increases or decreases in workload driven by enrollment changes and the mix of courses offered, adjusts for compensation increases, and recognizes changes in fixed costs such as utilities, library acquisitions, and health insurance and risk management premiums. This model is similar to the public school funding formula that acknowledges basic costs to "open the doors." Formula-generated transfers (building renewal and replacement, equipment renewal and replacement, 3 percent scholarships, etc.) are added, then revenue credits (land and permanent fund, mill levy, tuition credit, etc.) are subtracted, and the resulting product is the recommended general fund appropriation for workload.

The incentive component of the formula recognizes institutional success in meeting the needs of students and the state through several incentive funds. There are five incentive funds: program development enhancement fund, performance fund, work force skills development fund, faculty endowment fund, and technology enhancement fund. A formula enhancement task force was created in late 2005 to revisit the current formula.

The committee recommends continuation of the base-plus-incentive funding model adopted for FY04. The following are major elements of the recommendation for FY07.

The committee recommendation fully funds the incremental cost of workload in FY07. Workload also includes the incremental step of phase-in funding of \$164.1 thousand in FY06 for the conversion of the instructional center in Taos to a branch campus of

the University of New Mexico (UNM). Pursuant to Laws 2005, Chapter 40 (House Bill 405), which extended branch campus status to the Ruidoso instructional center of Eastern New Mexico University (ENMU), the first year of funding for the Ruidoso conversion at 40 percent of full funding is also included in the committee's workload recommendation. Finally, workload includes a negative \$245.3 thousand of equipment renewal and replacement adjustments for the UNM Health Sciences Center consistent with formula methodology.

In determining workload, the department compares the latest data on student credit hour enrollment for academic year 2004-2005 with comparable data for academic year 2003-2004 (summer, fall, and spring) and calculates the percentage change. The methodology is the same for both four-year and two-year institutions. The department also compares instructional base dollars funded in absolute amounts and the percentage change. If an institution exceeds a 3 percent change in either student credit hours or base dollars, it qualifies for additional workload funding in FY07. If an institution declines by 5 percent or more only in student credit hours, it loses funding in FY06. (The base dollar comparison is not a consideration when calculating declines.) If an institution falls within the enrollment or base dollar band, it does not receive a workload adjustment directly attributed to students but may receive workload for facilities.

The incremental general fund cost of workload of \$6.7 million declined substantially for FY07, when compared with \$24.2 million in FY06 and \$23.6 million in FY05. The relatively low amount of FY07 workload is principally driven by two factors: slowing enrollment growth and sizeable revenue credits. Student credit hour enrollment grew only 2.1 percent in academic year 2004-2005, compared with 5.1 percent in the prior year. All sectors showed significant declines. Revenue credits were about one-third of total expenditures, and formula transfers and revenue credits were particularly strong for two-year colleges.

Only two universities posted full-time-equivalent enrollment growth above the 3 percent band threshold: Eastern New Mexico University and New Mexico Highlands University. These two institutions account for just over 40 percent of the gross workload adjustment for the year. Colleges showing full-time-equivalent enrollment growth above the 3 percent band threshold are ENMU Roswell, ENMU Ruidoso, NMSU Dona Ana, Albuquerque Technical Vocational Institute, Luna Community College, Mesalands Community College, and New Mexico Junior College. Other institutions receiving workload increases for either student services or facilities, but not exhibiting levels of student enrollment growth above the threshold, are UNM for physical plant and utilities, NMSU Alamogordo for utilities, and UNM Gallup for physical plant and utilities.

To plan for the future, the recent fluctuations in the general fund workload cost need to be better understood. As well, a November 2005 survey by the LFC, Council of University Presidents and the New Mexico Association of Community Colleges provides an indication that workload costs may be relatively low again in FY08. Based on preliminary enrollment data, institutions showing full-time-equivalent enrollment growth above the 3 percent band threshold in fall 2005 are Luna Community College, Mesalands Community College, Northern New Mexico College, NMSU Dona Ana, Santa Fe Community College, and UNM Taos. Of key interest, no four-year institution posted enrollment growth in fall 2005 above the 3 percent threshold. In contrast, several institutions exhibited fall 2005 enrollment losses greater than the 5 percent threshold, indicating potential for workload funding reductions. These institutions are New Mexico Highlands University, Western New Mexico University, Clovis Community College, New Mexico Junior College, San Juan College, UNM Valencia, and UNM Los Alamos. To more fully address impacts on general fund cost, one would need to consider the type and level of course, the associated enrollment changes, and the FY07 workload funding amount for each institution.

Another factor posing uncertainty for future institutional funding is the potential closure of Cannon Air Force Base, which would impact enrollments at ENMU and Clovis Community College (CCC). During the interim, CCC reported a summer 2005 enrollment decline of 27.7 percent relative to summer 2004 based on the uncertainty sparked by the potential closure announcement. As originally announced, if a closure occurred, a three-year phase-in was anticipated. ENMU estimated a total loss of potentially 300 to 560 students, or approximately 8 percent to 15 percent of enrollment. CCC estimated an impact of \$3.4 million in tuition, fees, and state appropriations in FY09. Recent press reports indicate an Air Force evaluation team may develop a recommendation for the base's future mission by early to mid-2006. If a new mission is not formulated, the base could close by December 31, 2009.

The recommendation continues current building renewal and replacement (BR&R) funding at 40 percent of full cost to allow institutions to address the maintenance of aging buildings. If BR&R were to be fully funded, the funding would provide 3 percent of the replacement cost of eligible facilities on an annual basis. The BR&R formula offsets the general fund by available land grant permanent fund distributions to institutions. Legislation enacted in 2004 expanded the BR&R formula to the facilities of the agricultural research centers of NMSU. The legislature in 2005 extended the 40 percent BR&R factor to the New Mexico School for the Deaf. As well, the 40 percent factor was applied to the New Mexico School for the Blind and Visually Impaired (from 3

percent); the technical correction from 43 percent to 40 percent is included in the committee recommendation at a net reduction of \$11.5 thousand in FY07.

As recipients of land grant permanent fund (LGPF) distributions, higher education institutions use those funds to offset the general fund requirement for building renewal and replacement appropriations. For the University of New Mexico, receipts of LGPF income exceed the formula-generated requirement for BR&R in FY07. In determining the total general fund need for institutions, one-third of the excess from the institution's general fund need is deducted, while the institution would retain the two-thirds to supplement operating expenditures during the fiscal year.

The equipment renewal and replacement (ER&R) factor is designed to provide resources for the periodic replacement of unrestricted instruction and general equipment, currently funded at 46.5 percent of the value required to replace all equipment using 5- and 12-year depreciated life cycles.

In recent years, the Legislature provided a lump-sum appropriation for higher education salary increases to CHE for distribution to the institutions, leaving salary and total compensation increases at the discretion of the board of regents of each institution.

For the last few years, the commission and institutions have considered faculty salary increases a top priority. In FY01, the Legislature funded a 3 percent compensation increase for both faculty and staff, then in FY02 funded a 7 percent increase for faculty and 6.5 percent increase for staff. In FY04, the Legislature funded a 3 percent increase for faculty and a 2.5 percent increase for staff. In FY05, the Legislature funded a 2 percent salary increase for faculty and staff, with a 2 percent total compensation increase funded in FY06.

In FY06, most institutions awarded average salary increases to faculty and staff in excess of 2 percent. UNM-Valencia and New Mexico Junior College provided the largest increase, specifically 5 percent. Most institutions awarded staff salaries at the same rate as faculty.

The annual review of compensation levels of four-year post-secondary institutional faculty in relation to their peers in other states was not prepared by HED this year. Based on the American Association of University Professors (AAUP) faculty salary survey, an analysis by the Council of University Presidents notes the highest salaries at public, four-year post-secondary institutions in New Mexico are about 7 percent below the averages for peer institutions in other states.

Corresponding information for community college salaries was compiled by the New Mexico Association of Community Colleges (NMACC) from an annual survey of faculty salaries in the mountain states region. The latest NMACC survey indicates average salaries at New Mexico community colleges have trended upward over the last five years, from an average of \$37,259 in 2000-01 to \$42,458 in 2004-05. Further, salaries in 2004-05 were higher when compared as a percentage of the mountain states average; New Mexico salaries were at 90.7 percent of the mountain states average in 2000-01, but up to 92.1 percent in 2004-05. (The regional comparison excludes the Maricopa system serving the Phoenix metropolitan area). New Mexico community college average faculty salaries ranged from \$35,289 to \$52,527 in 2004-05.

The committee recommends a 4.5 percent increase in direct compensation for both faculty and staff at a general fund cost of \$34.2 million. Further, the committee recommendation provides an incremental \$12.5 thousand for the additional cost of the three-tier teacher licensure impacts at the New Mexico School for the Deaf.

The Education Retirement Board (ERB) plan is a cost-sharing, multiple-employer plan established and administered to provide retirement, disability, and death benefits for all certified teachers and other employees of the state of New Mexico educational institutions, junior colleges, and technical-vocational institutions. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, and state agencies providing an educational program, who are employed more than twenty-five percent of the time, are generally required to be members.

Faculty and professionals initially employed after July 1, 1991, with one out of 15 institutions of higher education may elect to participate in the plan or an alternate retirement plan administered by ERB. The election must be made within ninety days of employment and is irrevocable. Participation in an alternative plan may be of interest to the employee due to the portability of the plan for individuals moving from one institution to an institution in another state. TIAA-CREF and the Variable Annuity Life Insurance Company (VALIC) are the designated providers for the alternative retirement plan, and the alternative retirement plan is a defined contribution plan.

Laws 2005, Chapter 273 (Senate Bill 181), authorized seven years of 0.75 percent increases in the employer contribution, effectively increasing the employer contribution from 8.65 percent in FY05 (prior to the increase) to 13.90 percent in FY12 (an increase of 5.25 percent over seven years). The committee recommendation includes \$5.7 million for the employer cost for higher education employees in FY07 to be distributed similarly to the compensation package. In addition, the recommendation accelerates the FY08 increase with an additional \$5.7 million to the Higher Education Department to be transferred to ERB.

The inflationary factors of the higher education funding formula are designed to recognize changes in fixed costs, such as utilities, library acquisitions, and health insurance and risk management premiums. The committee does not recommend funding for inflationary factors in FY07 because the HED request for these factors was late and incomplete.

In the 2005 special legislative session on energy costs, the Legislature provided an additional appropriation of \$3.5 million to HED for heating costs of public, post-secondary educational institutions. The funding is provided by HED on a draw-down basis. By the 2006 legislative session, HED was asked by LFC to provide a report on the extent of funding draw-downs and to revisit and report on its methodology and estimate of utility costs for the current fiscal year. Note that institutional investments and management practices to constrain utility costs in recent years have not been quantified or inventoried.

Laws 2005, Chapter 34 (Senate Bill 190), provided \$13 million in general fund appropriations to higher education for approximately 120 special projects outside of the funding formula and the typical funding structure for higher education. Funding amounts varied widely, but average funding per project was \$110 thousand. These projects were classified as recurring by LFC, funded from recurring revenue, and designated as recurring in the LFC "Post-Session Review." In late fall 2005, DFA classified \$1.4 million of these projects as recurring and included these projects in the FY06 operating budget. Legislative priorities for higher education are not consistently evident in the DFA recurring designation.

Clearly, funding prioritization within the needs of higher education is needed, and the discipline provided by the funding formula should be the mechanism for funding the state's higher education budget. For example, funding for new academic programs is not provided until student credit hours are generated within the two-year formula funding lag. If start-up or expansion funding is provided, as a policy matter, those funds should be designated as nonrecurring until formula funding is generated. Start-up funding for programs with sufficiently urgent workforce needs could be funded through the program development enhancement fund. However, there may be concerns that the current mechanisms might not sufficiently address or prioritize funding needs. The committee recommends the formula enhancement task force revisit the process for identifying, prioritizing, and funding research and public service projects, in particular.

As reflected by the projects identified in Chapter 34, the committee recommendation includes block grants for special project expansions. Institutions are encouraged to prioritize education and health care, build on existing programs, avoid duplication, provide equity, address recruitment and retention issues, particularly for minorities, consider workforce shortage needs for nurses and teachers, provide for leadership initiatives and athletics programs for students, and provide funding for agriculture and technology research, economic development and small business development activities. Further, in using this funding, institutions are encouraged to report to HED performance criteria and outcomes along with financial accountability to ensure efficient funding allocation. The total amount of this component of the committee recommendation in FY07 is \$11.5 million, over and above the DFA recurring designation of \$1.4 million in FY06.

The committee recommendation considers the needs of the UNM Health Sciences Center (HSC) in other areas as well. The committee includes an expansion of \$1 million to address mandatory expenditures related to the instructional mission over the last several years. HSC has experienced significant increases in utility and library costs, liability insurance, and compliance costs. Finally, based on the recommendations of the interim Tobacco Settlement Oversight Committee, the general fund appropriations to HSC are reduced by \$4.4 million with a corresponding increase in distributions to HSC from the tobacco settlement program fund.

RECOMMENDED LANGUAGE:

On approval of the commission on higher education, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this section with the exception of the policy development and institutional financial oversight program of the department of higher education whose other state funds exceed amounts specified. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

Except as otherwise provided, any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall not revert to the general fund.

The general fund appropriation to the New Mexico institute of mining and technology for the bureau of mines includes one hundred thousand dollars (\$100,000) from federal Mineral Lands Leasing Act receipts.

In reviewing institutional operating budgets, the department of higher education shall ensure funds appropriated for nursing programs at public, post-secondary institutions are directed to that purpose.

For general fund monies provided for special projects expansion, the higher education department shall develop performance criteria and outcomes and report on financial accountability to ensure efficient funding allocation.

The other state funds appropriation to the university of New Mexico health sciences center includes four million four hundred thousand dollars (\$4,400,000) from the tobacco settlement fund for the following: one million dollars (\$1,000,000) for research and clinical care programs in lung and tobacco-related illnesses; one million five hundred thousand dollars (\$1,500,000) for research in genomics, biocomputing and environmental health; four hundred fifty thousand dollars (\$450,000) for the poison control center; four hundred thousand dollars (\$400,000) for the pediatric oncology program; one hundred fifty thousand dollars (\$150,000) for the telemedicine program; fifty thousand dollars (\$50,000) for the los pasos program; fifty thousand dollars (\$50,000) for area health education centers; four hundred thousand dollars (\$400,000) for specialty education in trauma; and four hundred thousand dollars (\$400,000) for specialty education in pediatrics. These funds may not be used for any other purpose.

Thirty-nine million nine hundred fifty-six thousand seven hundred dollars (\$39,956,700) is appropriated from the general fund to the department of higher education for expenditure in fiscal year 2007 to provide faculty and staff of four- and two-year post-secondary educational institutions with a four and one-half percent compensation increase and includes five million seven hundred eight thousand one hundred dollars (\$5,708,100) to provide a three-quarter percent increase in the employer contribution to the educational retirement fund. The compensation increase shall be effective the first full pay period after July 1, 2006.

UNM MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of first-time freshmen from New Mexico who are Native American	122	161	184	203.625	203.625
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76.2%	75.2%	76%	76.5%	76.5%
* Output	Number of post-baccalaureate degrees awarded	1,250	1,296	1,300	1,325	1,325
Output	Number of degrees awarded using extended services	145	212	170	190	190
* Outcome	Amount of external dollars for research and public service, in millions	\$96.6	\$103.3	\$114.4	\$116.7	\$116.7
* Output	Number of undergraduate transfer students from two-year colleges	1,516	1,611	1,590	1,610	1,610
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	42.5%	40%	42.5%	44%	44%

UNM GALLUP BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	40.9%	42.1%	42%	42.2%	42.2%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	11.05%	9.2%	12.52%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	59.35%	60.11%	55%	56%	60%
Outcome	Percent of Hispanic students enrolled	9.85%	8.73%	10%	10%	10%
Outcome	Percent of Hispanic graduates	9.56%	11.54%	11%	11%	11%
Output	Number of students enrolled in the adult basic education program	676	718	685	730	730
* Output	Number of students enrolled in the area vocational schools program	448	439.5	452	453	453
Efficiency	Percent of programs having stable or increasing enrollments	85%	90%	55%	60%	60%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	82%	81.5%	79.87%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.48%	72.5%	76%	N/A	76%

UNM LOS ALAMOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	58.5%	53%	65%	65%	65%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	8.8%	63.63%	12.04%	64%	64%
* Outcome	Percent of graduates placed in jobs in New Mexico	52.08%	31.1%	65%	65%	65%
Outcome	Percent of Asian graduates	4%	0.0%	5%	5%	5%
Output	Number of students enrolled the adult basic education program	390	462	480	485	485
* Output	Number of students enrolled in the small business development center program	396	533	580	282	282
Efficiency	Percent of programs having stable or increasing enrollments	73%	54.54%	77%	77%	77%
* Outcome	Percent of first-time, full-time, degree- seeking students enrolled in a given fall term who persist to the following spring term	73%	82.26%	73.61%	75%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75%	51.1%	75.5%	52%	52%
Outcome	Percent of white students enrolled	50%	44.4%	53%	53%	53%

UNM VALENCIA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	60.5%	60%	55%	56%	60%
Outcome	Percent of a cohort of full-time, first-time degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.45%	11.8%	10.12%	12%	12%
* Outcome	Percent of graduates placed in jobs in New Mexico	71.11%	65%	68%	68%	68%
Outcome	Percent of Native Americans enrolled	3.80%	4.75%	4.75%	4.75%	4.75%
Outcome	Percent of Native American graduates	3.05%	3.5%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	872	923	1,150	950	950
Output	Number of students enrolled in the community services program	1,460	3,018	1,400	3,350	3,350
Efficiency	Percent of programs having stable or increasing enrollments	81%	73%	74%	75%	75%
* Outcome	Percent of first-time, full-time, degree- seeking students enrolled in a given fall term who persist to the following spring term	76%	72%	72.4%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.22%	79%	82.5%	82.5%	82.5%

UNM TAOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	55.3%	57%	57%	58%	58%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.89%	19%	9.3%	20%	20%
* Outcome	Percent of graduates placed in jobs in New Mexico	66.18%	69.44%	64%	65%	70%
Outcome	Percent of males enrolled	33.61%	28.2%	34%	34%	34%
Outcome	Percent of male graduates	16.38%	13.24%	23%	21%	21%
Output	Number of students enrolled in the adult basic education program	211	237	163	100	100
* Output	Number of students enrolled in the concurrent enrollment program	457	482	494	400	400
Efficiency	Percent of programs having stable or increasing enrollments	57%	50%	52%	52%	52%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	59.09%	77.0%	74.65%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	79.42%	80.6%	80%	N/A	82%

UNM HEALTH SCIENCES CENTER

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Output	Number of degrees awarded using extended university courses	26	19	25	25	25
Output	University of New Mexico hospital inpatient readmission rate	10.5	10	12	12	12
* Outcome	University of New Mexico inpatient satisfaction rate	76.8	76.1	78.1	79.1	79.1
* Output	Number of university of New Mexico patients participating in cancer research and treatment center clinical trials	171	177	215	185	185
Outcome	Pass rate on licensure test by college of nursing students	90.3	90.8	90	90	90
Outcome	Number of health science center technology commercialization activities	38	93	95	83	83
* Output	Number of post-baccalaureate degrees awarded	239	253	275	275	275
* Outcome	External dollars for research and public service, in millions	\$209.7	\$218.4	\$236.0	\$240.7	\$240.7
* Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	98	98	99	99	99
Outcome	Percent of medical students who secured one of their top three choices in the residency program	77	100	85	84	84
Outcome	Medical student satisfaction rates on national standardized survey	81.0	90.8	87.1	89.3	89.3
Output	Number of university of New Mexico hospital clinic visits	334,843	344,999	372,031	362,806	362,806
Output	Number of university of New Mexico hospital inpatient discharges	21,844	22,349	23,022	23,166	23,166
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	65%	65%	67%	70%	70%

NMSU MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of first-time, Native American freshmen enrolled	85	75	116	116	116
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	71.7%	73.3%	75%	75%	75%
Output	Number of degree programs offered via distance education	13	16	21	27	27
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	92%	84%	75%	91%	91%
* Outcome	External dollars for research and creative activity, in millions	\$165.9	\$160.7	\$175.8	\$185	\$185
* Output	Number of teacher preparation programs available at New Mexico community college sites	3	4	5	5	5

HIGHER EDUCATION

952 -977

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Number of undergraduate transfer students from two-year colleges	872	926	1,028	1,028	1,028
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	42.7%	43.2%	52%	50%	50%

NMSU ALAMOGORDO BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.2%	47.1%	43%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	11.3%	13.1%	12%	14.4%	14.4%
* Outcome	Percent of graduates placed in jobs in New Mexico	59.01%	59.65%	56%	60%	60%
Outcome	Percent of Hispanic students enrolled	22.9%	25.2%	23.5%	24%	26%
Outcome	Percent of Native Americans graduates	2.1%	3.4%	2.90%	2.95%	2.95%
Output	Number of students enrolled in the adult basic education program	908	787.7	800	830	830
* Output	Number of students enrolled in the small business development center program	959	916	1,000	1,000	1,000
Efficiency	Percent of programs having stable or increasing enrollments	50%	83.3%	55%	75%	75%
* Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	75.6%	77.6%	77.2%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	74.78%	74.7%	75.5%	75%	75%

NMSU CARLSBAD BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	52.4%	52.1%	55%	55%	55%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred percent of normal time to completion	4.2%	N/A	7%	N/A	7%
* Outcome	Percent of graduates placed in jobs in New Mexico	82.11%	79.4%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	36.40%	37.69%	39.00%	39%	39%
Outcome	Percent of Hispanic graduates	32.70%	37.2%	39.00%	39%	39%

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Number of students enrolled in the contract training program	110	226	225	225	300
Output	Number of students enrolled in the area vocational school program	42	46	80	80	80
Efficiency	Percent of programs having stable or increasing enrollments	75%	71%	75%	75%	75%
* Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	69.8%	73.7%	71.53%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83.16%	82.3%	83%	N/A	84%

NMSU DONA ANA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	39.5%	44.1%	39%	41%	41%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	10%	9.7%	12.5%	14.6%	14.6%
* Outcome	Percent of graduates placed in jobs in New Mexico	73.38%	77.4%	66%	66%	77%
Outcome	Percent of males enrolled	44.5%	43.9%	47%	47%	47%
Outcome	Percent of Hispanic graduates	57.4%	59.3%	56%	57%	60%
Output	Number of students enrolled in the contract training program	972	1,224	1,200	1,300	1,300
* Output	Number of students enrolled in the adult basic education program	4,960	4,902	4,900	5,100	5,100
Efficiency	Percent of programs having stable or increasing enrollments	83.3%	90%	84%	85%	85%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.9%	76.7%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83%	81.4%	84%	84%	84%

NMSU GRANTS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	44.94%	45.42%	46%	46%	46%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.21%	11.77%	10.09%	12%	12%
* Outcome	Percent of graduate students placed in jobs in New Mexico	77.69%	78.81%	68%	79%	79%
Outcome	Percent of Hispanic students enrolled	27.7%	33.4%	29%	32%	32%
Outcome	Percent of Native American graduates	41.3%	45.7%	36%	36%	46%
Output	Number of students enrolled in the adult basic education program	309	363	400	375	375
* Output	Number of students enrolled in the community services program	1,131	1,190	1,180	1,180	1,180
Efficiency	Percent of programs having stable or increasing enrollments	74%	72%	70%	70%	70%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.31%	75%	72.49%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83.84%	83.9%	84%	84%	84%

NMHU MAIN

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of Native American students enrolled	7.6%	6.5%	8%	8%	8%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	57.3%	45%	53%	57%	57%
Output	Number of students enrolled in extended services	991	1,329	1,300	1,300	1,300
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	89.5%	93%	93%	93%	93%
* Outcome	Percent of total funds generated by grants and contracts	29%	30%	31%	23%	23%
* Output	Number of undergraduate transfer students from two-year colleges	131	242	250	275	275
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	NA	18%	24%	28%	28%

WNMU MAIN

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of entering first-time, full-time freshmen who are Native American	14	6	9	10	10
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	48.7%	53.2%	54%	54%	54%
Output	Number of courses available through instructional television and online via the internet	68	107	115	115	115
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	5%	5%	3%-5%	3%-5%	3%-5%
* Output	Number of graduates receiving teacher licensure	142	171	150	155	155
* Outcome	External dollars to be used for programs to promote student success, in millions	\$3	\$3.6	\$3.7	\$4	\$4
* Output	Number of undergraduate transfer students from two-year colleges	120	144	150	160	160
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	21.7%	20.9%	23%	23%	23%

ENMU MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of Hispanic first-year students enrolled	193	163	210	220	220
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	60.2%	59.2%	62%	62.5%	62.5%
Output	Number of internet-based courses offered	44	55	65	75	75
* Efficiency	Ratio of full-time-equivalent students to full-time equivalent instruction and general staff	6.1:1	5.7:1	6.2:1	6.2:1	6.2:1
* Outcome	External dollars supporting research and student success, in millions	\$8.29	\$8.3	\$8.6	\$8.65	\$8.65
* Output	Number of undergraduate transfer students from two-year colleges	331	356	360	370	370
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	31.2%	32.1%	32%	32.5%	32.5%

ENMU ROSWELL BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	57.5%	59.3%	61%	61%	61%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	5.58%	12.11%	8.72%	12.5%	12.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	83.51%	78.7%	75%	75.5%	75.5%
Outcome	Percent of Hispanic students enrolled	46.27%	46%	46%	46.5%	46.5%
Outcome	Percent of Hispanic student graduates	32.16%	25%	26%	25.5%	25.5%
Output	Number of students enrolled in adult basic education	548	662	550	600	600
Output	Number of students enrolled in the contract training program	1,539	2,245	1,750	1,950	1,950
* Efficiency	Percent of programs having stable or increasing enrollments	89.47%	82.93%	80%	80.5%	80.5%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.5%	73.01%	75.88%	75.88%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.11%	83.6%	76%	75.5%	85%

ENMU RUIDOSO BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	63.8%	58.5%	N/A	59%	61%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	14.6%	15.2%	N/A	17.4%	17.4%
* Outcome	Percent of graduates placed in jobs in New Mexico	74.3%	69.1%	N/A	64.5%	66%
Outcome	Percent of Hispanic students enrolled	20.3%	20.9%	N/A	22%	22%
Outcome	Percent of Hispanic student graduates	26.4%	26.3%	N/A	23%	28%
Output	Number of students enrolled in adult basic education	227	302	N/A	350	350
Output	Number of students enrolled in the contract training program	166	358	N/A	460	460
* Efficiency	Percent of programs having stable or increasing enrollments	87%	80%	N/A	81%	81%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.5%	53.2%	N/A	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.9%	78.6%	N/A	83%	83%

NMIMT MAIN

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	64	88	60	60	60
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	73%	70%	75%	75%	75%
Output	Number of students enrolled in distance education courses	164	276	297	300	300
* Output	Number of students registered in master of science teaching program	34	130	132	150	150
* Outcome	External dollars for research and creative activity, in millions	\$71	\$62	\$64	\$71	\$71
* Output	Number of undergraduate transfer students from two-year colleges	36	30	40	40	40
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	42%	39%	42%	50%	50%

NNMC MAIN

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	69%	65%	71%	71%	71%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	15.8%	12%	17.24%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	71.98%	69.1%	70%	70%	70%
Outcome	Percent of Native Americans enrolled population	7.6%	9.3%	9.3%	9.3%	9.3%
Outcome	Percent of Native American graduates	7.5%	7%	7%	7%	7%
* Output	Number of students enrolled in the adult basic education program	337	324	400	300	300
Output	Number of students enrolled in the concurrent enrollment program	276	244	300	300	300
Efficiency	Percent of programs having stable or increasing enrollments	48%	64%	69%	60%	69%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	78%	81%	66.2%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.05%	73.5%	86.5%	80%	80%

SFCC MAIN

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	39.3%	41.4%	45%	45%	45%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	5.6%	7.6%	8.98%	9%	9%
* Outcome	Percent of graduates placed in jobs in New Mexico	71.04%	77.3%	77%	78%	78%
Outcome	Percent of Hispanic students enrolled	36.8%	36.1%	42%	43%	43%
Outcome	Percent of Hispanic graduates	50.8%	42.6%	46%	47%	47%
Output	Number of students enrolled in the adult basic education program	2,227	2,252.7	2,300	2,300	2,300
* Output	Number of students enrolled in the contract training program	1,544	1,916	2,000	2,900	2,900
Efficiency	Percent of programs having stable or increasing enrollments	72.9%	77.8%	74%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	70.7%	79.8%	71.78%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.96%	80%	78%	78%	80%

TECHNICAL-VOCATIONAL INSTITUTE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	43.8%	43.8%	44%	44.2%	44.2%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	6.3%	7.5%	7.28%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	77.97%	86.4%	82%	83.5%	83.5%
Outcome	Percent of Hispanic students enrolled	40%	40.4%	40.2%	40.3%	40.3%
Outcome	Percent of Hispanic graduates	37%	35.6%	37.2%	37.2%	37.2%
* Output	Number of students enrolled in distance education program	2,354	2,828	2,400	2,600	2,600
Output	Number of students enrolled in concurrent enrollment program	477	581	500	550	550
Efficiency	Percent of programs having stable or increasing enrollments	84.4%	81%	85%	85%	85%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	83.1%	79%	79.3%	81.3%	81.3%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.3%	86.4%	83%	83.5%	84%

LUNA COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	54%	71%	73%	54%	71%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	18%	24%	19.8%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	87.68%	92%	50%	93%	93%
Outcome	Percent of white students enrolled	16%	15%	20%	16%	16%
Outcome	Percent of male graduates	27%	25%	38%	25%	25%
Output	Number of students enrolled in the health education center program	2,433	3,244	2,588	2,500	2,500
* Output	Number of students enrolled in the small business development center program	240	243	324	350	350
Efficiency	Percent of programs having stable or increasing enrollments	76%	73%	75%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	76%	84%	66.3%	68.2%	84%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	92.75%	96%	92.8%	96%	96%

MESALANDS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	39.8%	41.6%	40.2%	42.1%	42.1%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.3%	14.8%	13.35%	15.8%	15.8%
* Outcome	Percent of graduates placed in jobs in New Mexico	53.1%	58.7%	54.3%	59.2%	59.2%
Outcome	Percent of Hispanic students enrolled	26.1%	34.3%	39.1%	37.5%	37.5%
Outcome	Percent of female graduates	39.4%	47.9%	35.1%	41.4%	41.4%
Output	Number of students enrolled in the adult basic education program	422	389.7	426	390	390
* Output	Number of students enrolled in the small business development center program	62	58.3	61	75	75
Efficiency	Percent of programs having stable or increasing enrollments	77.8%	77.8%	78%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	85.3%	68%	67.4%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	56.26%	65.1%	57%	65.6%	65.6%

NEW MEXICO JUNIOR COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	62.6%	62.1%	65%	65%	65%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	17.38%	29.58%	18.24%	19.09%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	65.43%	69.7%	62%	66%	66%
Outcome	Percent of Hispanic students enrolled	33.7%	34.3%	34%	34%	34%
Outcome	Percent of Hispanic graduates	33.98%	37.6%	34%	34%	34%
Output	Number of students enrolled in the area vocational school program	162	162	170	180	180
* Output	Number of students enrolled in distance education program	2,332	2,332	2,400	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	71.1%	87.5%	82%	82%	82%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.64%	44.03%	73.11%	72.08%	72.08%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	71.01%	77.1%	71.50%	77.9%	77.9%

SJC MAIN

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	59.5%	65.4%	55%	66%	66%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	11.30%	14.2%	12.71%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	60.48%	64.8%	65%	65%	65%
Outcome	Percent of Native Americans enrolled	29.60%	29.9%	27.00%	27%	27%
Outcome	Percent of Native American graduates	24.3%	23.5%	26%	26%	26%
Output	Number of students enrolled in the community services program	2,602	2,602	2,720	2,720	2,720
* Output	Number of students enrolled in the service learning program	362	362	360	375	375
Efficiency	Percent of programs having stable or increasing enrollments	84.9%	84.2%	85%	85%	85%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81.90%	74%	81.95%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	64.58%	69.4%	65%	70%	70%

CLOVIS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	47.41%	54%	44%	55%	55%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	16.75%	8%	18.97%	20%	20%
* Outcome	Percent of graduates placed in jobs in New Mexico	62.69%	80%	59%	81%	81%
Outcome	Percent of Hispanic students enrolled	27.35%	26.2%	30%	28%	28%
Outcome	Percent of Hispanic graduates	23.67%	26%	24%	27%	27%
Output	Number of students enrolled in the distance education program	862	1,032	700	1,050	1,050
* Output	Number of students enrolled in the concurrent enrollment program	409	442	400	450	450
Efficiency	Percent of programs having stable or increasing enrollments	76.5%	79%	77.5%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	67.56%	64.1%	70.04%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73.07%	84%	73.5%	85%	85%

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute is to provide a college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Output	Percent of full-time equivalent capacity enrolled each fall term	*	95%	95%	95%	95%
* Outcome	American college testing composite scores for graduating high school seniors	*	22.4	21.4	21.5	21.5
Outcome	Collegiate assessment of academic proficiency writing scores for graduating college sophomores	*	NA	63	*	*
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	*	60	60	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	*	58	61.5	62	62
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	*	63	58	59	59
* Quality	Number of faculty development events	*	90	65	70	70
* Efficiency	Percent of cadets on scholarships or financial assistance	*	74%	67%	68%	68%
Efficiency	Total annual cost of attendance	*	\$8,048	\$8,216	\$8,400	\$8,400

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and the work force and to lead independent, productive lives.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of students achieving at least seventy percent of annual individualized education	94%	95%	80%		95%
Output	Number of students served at main campus	52	60	60		60
* Quality	Number of staff proficient in Braille on main campus	48	52	52		52
* Efficiency	Number of students per teacher at main campus	5:1	5:1	5:1		5:1
* Outcome	Percent of students achieving at least seventy percent of annual individualized education program goals in the early childhood program	83%	72%	80%		80%
Output	Number of students served through the early childhood program	364	470	210		500
Quality	Number of staff proficient in Braille within early childhood program	33	20	20		20
Efficiency	Number of students per teacher in the early childhood program	3:1	3:1	6:1		6:1
* Output	Number of students served through outreach programs	115	134	165		200
Quality	Number of staff proficient in Braille in outreach programs	9	10	8		10
Quality	Percent of parents' and districts' rating of overall quality of services based on annual survey			75%	80%	80%
Output	Number of students served through a full continuum of services					
Outcome	Number of training opportunities within the state using a diverse service delivery model			2	2	2
Outcome	Number of contacts with outside agencies			50	50	50
Efficiency	Number of interactions and communications among departments and programs			25	25	25

NEW MEXICO SCHOOL FOR THE DEAF

The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of students in grades three to twelve demonstrating academic improvement across curriculum domains	54%	60%	75%		75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	95%	90%	75%		75%
* Outcome	Rate of transition to post-secondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	100%	100%	90%		90%

HIGHER EDUCATION

952 -977

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	80%	80%	75%		80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	91%	90%	90%		90%
* Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies	6	*	*	*	*
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	100%	100%	90%		100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	N/A	90%		100%
Outcome	Number of children per year referred to the step*hi program by age six months identified through newborn hearing screening	13	11	15		15
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three to six month developmental progress	100%	100%	75%		100%
Outcome	Percent of level 1 beginning licensed teachers assigned a mentor.	*	*	*	*	*

PUBLIC SCHOOL SUPPORT FUNDING SUMMARY FY07
(dollars in thousands)

	FY05 APPROPRIATION	FY06 APPROPRIATION	FY07 PSS REQUEST	FY07 LFC RECOMMENDATION
PROGRAM COST	\$ 1,802,906.6	\$ 1,903,074.6	\$ 2,027,662.3	\$ 2,027,662.3
Adjustment for Over projection of FY04 Cash Balance Credit	\$ (11,600.0)	\$ -	\$ -	\$ -
ADJUSTED PROGRAM COST	\$ 1,791,306.6			
ENROLLMENT GROWTH	\$ 5,200.0	\$ 14,700.0	\$ 16,508.9	\$ 16,508.9
FIXED COSTS	\$ 1,900.0	\$ 2,100.0	\$ 3,169.6	\$ 3,169.6
INSURANCE COSTS	\$ 19,000.0	\$ 16,300.0	\$ 27,421.8	\$ 24,250.0
COMPENSATION				
Teachers	\$ 19,276.0	\$ 6,252.5	\$ 56,730.4	\$ 50,262.9
Instructional Staff	\$ 3,531.1	\$ 2,381.9	\$ 11,578.2	\$ 8,683.6
Other Certified and Non-certified Staff	\$ 7,991.7	\$ 5,372.7	\$ 21,400.6	\$ 20,514.6
Annualize FY04	\$ 25,830.5	\$ -	\$ -	\$ -
Minimum Salaries - Three-tiered Licensure Structure	\$ -	\$ -	\$ -	\$ -
Levels 2 & 3 to \$35,000 in FY 05	\$ 8,638.7	\$ -	\$ -	\$ -
Levels 2 & 3 to \$40,000 in FY 06	\$ -	\$ 51,800.0	\$ -	\$ -
Levels 3 to \$45,000 in FY07	\$ -	\$ -	\$ 15,677.5	\$ 7,496.9
Increased ERB Contribution (.75% as per statute)	\$ -	\$ 11,780.6	\$ 12,838.0	\$ 13,229.5
Full-day Kindergarten (TANF Replacement in FY06)	\$ 9,600.0	\$ 4,000.0	\$ -	\$ -
Student Assessment CRTs/School District Costs	\$ 1,800.0	\$ 2,000.0	\$ -	\$ -
Elementary Fine Arts (Year 4)	\$ 4,000.0	\$ 6,000.0	\$ 4,800.0	\$ 4,800.0
Additional Educational Assistant comp. (5% above general compensation)	\$ 5,000.0	\$ 1,900.0	\$ -	\$ 3,749.1
PROGRAM COST	\$ 1,903,074.6	\$ 2,027,662.3	\$ 2,197,787.3	\$ 2,180,327.4
Dollar Increase Over Previous Year Appropriation		\$ 124,587.7	\$ 170,125.0	\$ 152,665.1
Percent Increase		6.5%	8.4%	7.5%
LESS PROJECTED CREDITS (from school district cash balances)	\$ (61,000.0)	\$ (58,600.0)	\$ (57,600.0)	\$ (57,600.0)
LESS PROJECTED CREDITS (from driver's license fees)	\$ (1,700.0)	\$ (1,300.0)	\$ (850.0)	\$ (850.0)
STATE EQUALIZATION GUARANTEE	\$ 1,840,374.6	\$ 1,967,762.3	\$ 2,139,337.3	\$ 2,121,877.4
Dollar Increase Over Previous Year Appropriation		\$ 127,387.7	\$ 171,575.0	\$ 154,115.1
Percent Increase		6.9%	8.7%	7.8%

CATEGORICAL PUBLIC SCHOOL SUPPORT				
TRANSPORTATION				
Operational	\$ 84,717.8	\$ 87,678.7	\$ 92,445.9	\$ 91,595.1
School Owned Bus Replacements	\$ 342.6	\$ 176.4	\$ 542.5	\$ 180.9
Rental Fees	\$ 12,336.0	\$ 11,296.5	\$ 10,616.2	\$ 10,616.2
Compensation	\$ 840.4	\$ 501.5	\$ 1,661.1	\$ 1,868.8
Increased ERB Contribution (.75% of employer salary)	\$ -	\$ 300.9	\$ 262.0	\$ 325.5
TOTAL TRANSPORTATION	\$ 98,236.8	\$ 99,954.0	\$ 105,527.7	\$ 104,586.5
SUPPLEMENTAL DISTRIBUTIONS				
Out-of-State Tuition	\$ 495.0	\$ 380.0	\$ 370.0	\$ 370.0
Emergency Supplemental	\$ 2,600.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0
INSTRUCTIONAL MATERIAL FUND	\$ 26,600.0	\$ 30,500.0	\$ 36,125.0	\$ 35,500.0
EDUCATIONAL TECHNOLOGY FUND	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0
INCENTIVES FOR SCHOOL IMPROVEMENT	\$ 1,600.0	\$ 1,600.0	\$ 2,000.0	\$ 1,600.0
SCHOOLS IN NEED OF IMPROVEMENT FUND		Federal Funds	Federal Funds	
			\$ 10,429.2	\$ 2,100.0
TOTAL CATEGORICAL	\$ 134,531.8	\$ 139,434.0	\$ 161,451.9	\$ 151,156.5
TOTAL PUBLIC SCHOOL SUPPORT	\$ 1,974,906.4	\$ 2,107,196.3	\$ 2,300,789.2	\$ 2,273,033.9
Dollar Increase Over Previous Year Appropriation		\$ 132,289.9	\$ 193,592.9	\$ 165,837.6
Percent Increase		6.7%	9.2%	7.9%

RELATED APPROPRIATIONS/RECURRING				
Public Education Department	\$ 11,493.3	\$ 11,761.7	\$ 12,041.7	\$ 11,282.2
Accelerated ERB employer contribution for FY08	\$ -	\$ -	\$ -	\$ 13,555.0
Advanced placement classes	\$ -	\$ 190.0	\$ -	\$ -
Apprenticeship Assistance	\$ 650.0	\$ 650.0	\$ 750.0	\$ 650.0
Beginning Teacher Induction/Mentorship	\$ 900.0	\$ 900.0	\$ 900.0	\$ 900.0
Breakfast for Elementary School Students	\$ -	\$ 475.0	\$ 4,200.0	\$ -
Charter School Stimulus Fund	\$ 200.0	\$ -	\$ -	\$ -
Core Curriculum Framework	\$ 381.6	\$ 381.6	\$ -	\$ -
Domestic Violence recognition/training program	\$ -	\$ 50.0	\$ -	\$ -
Elementary Physical Education	\$ -	\$ 1,425.0	\$ 7,800.0	\$ -
Family and Youth Resource Act/Family and Youth Services	\$ 1,800.0	\$ 1,500.0	\$ 1,500.0	\$ 1,500.0
Food to Schools	\$ -	\$ -	\$ 500.0	\$ -
GRADS	\$ -	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0
Indian Education Act	\$ 2,500.0	\$ 2,500.0	\$ 2,500.0	\$ 2,000.0
Kindergarten Plus (for High-Poverty and Native American population schools)	\$ 100.0	\$ 400.0	\$ 400.0	\$ 900.0
NCA Accrediation	\$ -	\$ -	\$ 1,440.0	\$ -
NM GOVERNMENT EDUCATION FUND		\$ 47.5	\$ -	\$ -
Obesity programs	\$ -	\$ 475.0	\$ -	\$ -
Parental Training and Involvement Initiatives	\$ -	\$ 44.7	\$ 1,000.0	\$ -
Pre-Kindergarten	\$ -	\$ -	\$ 10,000.0	\$ 8,000.0
Teacher Loan for Service (to CHE)	\$ 386.5	\$ 186.5	\$ -	\$ -
Truancy Prevention	\$ -	\$ 475.0	\$ -	\$ -
TOTAL RELATED APPROPRIATIONS RECURRING	\$ 18,411.4	\$ 22,462.0	\$ 44,031.7	\$ 39,787.2
GRAND TOTAL	\$ 1,993,317.8	\$ 2,129,658.3	\$ 2,344,820.9	\$ 2,312,821.1
Dollar Increase Over Previous Year Appropriation		\$ 136,340.5	\$ 215,162.6	\$ 183,162.8
Percent Increase		6.8%	10.1%	8.6%

PUBLIC SCHOOL SUPPORT FUNDING SUMMARY FY07
(dollars in thousands)

Section 5: Special Nonrecurring Appropriations to PED				
ADS upgrade to meet NCLB requirements	\$ 500.0	\$ -	\$ 500.0	\$ -
Adult GED Initiative	\$ 200.0	\$ -	\$ -	\$ -
Advanced Placement expansion to Non-traditional	\$ -	\$ -	\$ 2,000.0	\$ -
After School Obesity Programs	\$ -	\$ -	\$ 400.0	\$ -
Assessment and Test Development (for FY05, FY06, FY07, FY08)	\$ -	\$ 7,000.0	\$ 6,600.0	\$ -
Bullying Prevention	\$ 350.0	\$ -	\$ -	\$ -
Center for NM Border Educator Leadership	\$ -	\$ -	\$ -	\$ -
Charter School Expanded Services	\$ 475.0	\$ -	\$ -	\$ -
CHARTER SCHOOL STIMULUS FUND	\$ -	\$ 1,000.0	\$ -	\$ -
Curriculum and Film Integration	\$ -	\$ -	\$ 250.0	\$ -
Cyber Academy	\$ -	\$ -	\$ 750.0	\$ -
Dance Activity Program/In-school or Residency	\$ 100.0	\$ -	\$ -	\$ -
Dropout Prevention Program	\$ 200.0	\$ -	\$ 1,000.0	\$ -
Early Literacy Initiative	\$ -	\$ -	\$ 1,200.0	\$ -
Education Support (1 FTE)	\$ 113.6	\$ -	\$ -	\$ -
Educator Preparation: Three-tiered Licensure Support (includes 1 FTE)	\$ 47.6	\$ -	\$ -	\$ -
EMERGENCY CONTINGENCY FUND	\$ -	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0
Family School Readiness (Even Start)	\$ 200.0	\$ -	\$ -	\$ -
Governor's Commission on Teaching	\$ 50.0	\$ -	\$ -	\$ -
Indian Education (1 FTE)	\$ 113.6	\$ -	\$ -	\$ -
Information Technology Education Reform Support (1FTE)	\$ 113.6	\$ -	\$ -	\$ -
Information Technology Infrastructure Upgrade and Network	\$ 200.0	\$ -	\$ -	\$ -
INSTRUCTIONAL MATERIAL FUND	\$ 1,500.0	\$ -	\$ -	\$ -
Instructional Materials Standards Review	\$ -	\$ -	\$ 225.0	\$ -
Magnet Career Academy	\$ 200.0	\$ -	\$ -	\$ -
Math Standards-based Education Technology	\$ 200.0	\$ -	\$ 4,000.0	\$ -
Mexican/US Border Education Collaborative	\$ -	\$ -	\$ 50.0	\$ -
Middle College Dropout Initiative	\$ 100.0	\$ -	\$ -	\$ -
P-20 Alignment of Exit Exams and College Entrance Exams	\$ -	\$ -	\$ 1,000.0	\$ -
Parental Training and Involvement Initiatives	\$ -	\$ -	\$ 500.0	\$ -
Pre-kindergarten Start-up	\$ -	\$ -	\$ 1,500.0	\$ -
Pre-kindergarten Pilot Program	\$ -	\$ 4,000.0	\$ -	\$ -
Professional Development - Summer Reading and Math Institutes FY06-09	\$ -	\$ -	\$ 3,000.0	\$ -
PROFESSIONAL DEVELOPMENT FUND	\$ 2,400.0	\$ 2,400.0	\$ 2,400.0	\$ -
Professional Development Management System	\$ -	\$ -	\$ 1,000.0	\$ -
Prueba de Espanol para la Certificacion (alternate version)	\$ -	\$ 100.0	\$ -	\$ -
Public School Funding Formula Study (to LCS)	\$ -	\$ -	\$ -	\$ -
PUBLIC SCHOOL SUPPORT RESERVE FUND	\$ -	\$ -	\$ -	\$ -
REC General Fund Operating Base	\$ -	\$ -	\$ 1,800.0	\$ -
Rural Ed Initiatives	\$ 300.0	\$ -	\$ -	\$ -
Rural Education (1 FTE)	\$ 113.6	\$ -	\$ -	\$ -
Rural Education /Community Revitalization FY06 - 08	\$ -	\$ -	\$ 1,500.0	\$ -
Rural School Advanced Placement Acceleration Program	\$ 100.0	\$ -	\$ -	\$ -
School District and PED Quality Assurance and District Interface (1FTE)	\$ 113.6	\$ -	\$ -	\$ -
SCHOOL LIBRARY MATERIAL FUND	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0	\$ -
Schools Outreach (to DFA)	\$ -	\$ 250.0	\$ -	\$ -
Small and Rural District Operations	\$ -	\$ -	\$ -	\$ -
Start-up School Based Health Clinics (to DOH)	\$ -	\$ 2,000.0	\$ -	\$ -
State Student Identification Number System (FY05 maintenance)	\$ 93.0	\$ 40.0	\$ 40.0	\$ -
Student Assessment	\$ 385.5	\$ -	\$ -	\$ -
Student Assessment Criterion Reference Testing - State-level costs	\$ 350.0	\$ -	\$ -	\$ -
Study of Status of Indian Education in NM	\$ -	\$ -	\$ 500.0	\$ -
Teacher Licensure Evaluation System (1 FTE)	\$ 140.0	\$ -	\$ -	\$ -
Three-tiered Licensure Evaluation System Implementation	\$ 1,000.0	\$ 400.0	\$ -	\$ -
Truancy Initiative	\$ 500.0	\$ -	\$ -	\$ -
Uniform Public School Chart of Accounts	\$ 1,800.0	\$ 600.0	\$ 500.0	\$ -
Vocational High School Model	\$ 225.0	\$ -	\$ -	\$ -
Total Nonrecurring to PED	\$ 13,184.1	\$ 23,790.0	\$ 36,715.0	\$ 5,000.0

STATUTORY AUTHORITY:

Article XII, Section 1, of the New Mexico Constitution states a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor and increased the amount of funding distributed to public schools and all beneficiaries of income from state trust land.

MISSION:

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all children of school age in the state.

BUDGET ISSUES:

Public schools receive operational revenue from the general fund, federal funds, other state funds, local revenue, and cash balances.

PED uses the state equalization guarantee (SEG), also known as the "funding formula," to distribute money to public schools. About 90 percent of a school district's operational revenue is derived through the formula. The formula, designed to distribute operational funds to school districts objectively, is enrollment-driven with weighted factors for school and district size, teacher qualifications, students' special needs, and other circumstances. Membership weighted for such factors generates a program unit. The Public Education Department (PED) divides the annual SEG appropriation by the total number of statewide units to determine the unit value. Funds are then distributed to districts by multiplying the unit value by the number of units generated by the district. School districts may spend formula dollars according to local priorities; however, they must comply with statutory requirements and relevant PED directives.

In determining a district's SEG, the state takes credit for 75 percent of three revenue sources: a 0.5 local mill levy, federal forest funds, and the operational portion of federal impact aid funds, all of which remain at the district. The state does not take credit for impact aid funds designated for special education or for students living on Indian lands. Prior to changes made as a result of provisions contained in Laws 2005, Chapter 291, school districts were required to budget 20 percent of the remaining revenue for capital outlay; however, districts may now budget the remaining 25 percent for operational purposes.

The request for program costs was \$2.197 billion, which includes a 6 percent compensation increase for teachers, principals, educational assistants, and other instructional staff and a 4 percent increase for all other employees. Recognizing the importance of education to the health and welfare of New Mexico, the committee recommends \$2.180 billion for program costs, an increase of \$152.7 million, or 7.5 percent, over FY06. Included in the recommendation is an average 4.5 percent compensation increase for all public school employees. Additionally, funding is provided to implement both the next phase of the three-tier teacher career ladder and an additional 5 percent pay increase for educational assistants. The recommendation also includes funding for the final year of implementation of the elementary fine arts program.

The committee recommendation includes a total of \$58.5 million in credits: \$48.1 million from impact aid, \$8.9 million from the 0.5 local mill levy, \$600 thousand from federal forest funds, and \$850 thousand from drivers' license fees. Public schools are required to offer an elective classroom driver safety education course and receive \$3 from each driver's license for this purpose. The department reports the current option for an eight-year driver's license is reducing these revenues by as much as \$450 thousand annually. The recommendation for credits is \$1.5 million below FY06 as a result of reductions in federal impact aid and drivers' license fees; however, the committee recommends reviewing this figure during the session as better estimates are received. Adjusted for credits, the SEG recommendation is \$2.122 billion, for a 7.8 percent increase.

Specific recommendations are as follows:

Enrollment growth. Fiscal year 2007 funding is based on FY06 enrollment except for those districts with membership growth greater than 1 percent. These districts receive 1.5 units per member for enrollment growth over 1 percent. The committee recommendation includes funding to meet projected growth for FY07. The increase amounts to \$16.5 million and represents 5,216 units.

Fixed costs. The committee recommends the request for increases in fixed costs of \$3.2 million. This is based on a consumer price index of 2 percent. While this is slightly above the 1.7 percent forecast, concern remains as to the continuing effect of increased energy prices on operational budgets.

Insurance. Increases in insurance costs are part of total compensation for public school employees. These costs become part of the unit value and are distributed to schools through the funding formula. Except for Albuquerque Public Schools (APS), revenue is then transferred from the districts to the New Mexico Public School Insurance Authority (NMPSIA) to provide health insurance benefits to employees and risk insurance to the districts. NMPSIA estimates costs for FY07 will increase approximately 36 percent for liability premiums and 13 percent for medical premiums, while APS projects a 13 percent increase in liability premiums and a 6 percent increase in medical premiums. The committee recommends \$24.8 million over the FY06 appropriation for NMPSIA and APS insurance costs. Because of differences in the structure and cost of employee health benefit plans, the Public Employees Benefit Oversight committee (PEBO) is recommending legislation that will merge the employee benefit function of APS into NMPSIA. This will provide administrative savings as well as parity in benefit plans statewide.

Three-Tiered Teacher Licensure. The public school support request includes \$15.7 million for the implementation of the \$45,000 minimum salary for Level 3 teachers. This request funds the implementation costs independent of compensation increases. With proposed compensation increases, this number should be reduced significantly. The committee recommends \$7.5 million to establish the \$45,000 minimum salary requirement for Level 3 teachers after the 4.5 percent compensation increase recommended by the committee is implemented.

Included in the committee recommendation for program costs and transportation costs is \$13.6 million for the 0.75 percent increased Educational Retirement Board (ERB) employer contribution. In addition, the committee recommends an additional \$13.5 million in recurring appropriations to accelerate the ERB employer contribution for FY08.

Fine Arts. The committee recommends \$4.8 million for the final year implementation of fine arts for elementary schools and fully funds the program.

Educational Assistants. The committee recommends an additional \$3.8 million for educational assistant pay funding for a 5 percent increase in addition to the 4.5 percent compensation increase recommended by the committee for all public school employees.

Categorical Public School Support. The committee recommendation is \$151.2 million, an increase of \$11.7 million, or 7.8 percent. The following are included in categorical public school support:

Transportation. Within categorical support, the transportation distribution is used to make payments to school districts for the to-and-from transportation costs of students in kindergarten through 12th grade and 3- and 4-year-old developmentally disabled students enrolled in public school programs. The funding is for operational costs, school-owned equipment, and rental and lease fees for buses. The committee recommends \$104.6 million, \$4.6 million over the FY06 appropriation.

Instructional Materials. Funds for instructional materials are generated through the provisions of the federal Mineral Lands Leasing Act. The funds are provided directly to schools on a per-pupil basis. The department funds materials for public, charter, state-supported, and accredited private schools, as well as adult education centers. Any balances remaining at the end of the fiscal year may be retained by the eligible entities for expenditure in subsequent years. The public schools are restricted to using 70 percent of their state funds on adopted instructional materials and 30 percent on nonadopted materials. Charter schools and adult basic education centers may use all the funding on nonadopted materials. Accredited private schools may only purchase instructional materials on the state adopted list. At the end of FY05, district cash balances in this fund statewide totaled \$8.1 million. The committee recommends \$35.5 million for FY07 assuming credit for \$1 million in district cash balances.

The total appropriation recommendation for recurring direct public school support is \$2.273 billion, an increase of \$165.8 million or 7.87 percent.

Related Appropriations. The Office of Educational Accountability (OEA) notes that kindergarten-plus program participants demonstrate improved literacy skills and social skills as they participate in an extended kindergarten school year with highly trained teachers. Noting this improved performance, the committee recommends \$900 thousand for kindergarten-plus programs serving high-poverty and Native American populations.

For the current school year, the Legislature provided a special appropriation of \$4.95 million for a pre-kindergarten pilot, currently underway. Assessment data for the pilot is currently being collected and will not be available until late FY06. The committee recommends \$8 million for continuing the pre-kindergarten pilot until sufficient data is available regarding the academic impact of the program on students. The committee is concerned as to how the departments involved are working with providers (i.e. Head

Start, private day care) to assure the maximum number of children are served and whether double funding of some programs is taking place.

RECOMMENDED LANGUAGE:

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of public education. The secretary shall establish a preliminary unit value to establish budget for the 2006-2007 school year and then, upon verification of the number of units statewide for fiscal year 2007 but no later than January 31, 2007, the secretary of public instruction may adjust the program unit value.

The general fund appropriation for the state equalization guarantee distribution contains sufficient funding to provide an average four and one-half percent salary increase for all teachers, other instructional staff, and other certified staff and noncertified staff, effective July 1, 2006.

The general fund appropriation for the state equalization guarantee distribution includes seven million four hundred ninety six thousand nine hundred dollars (\$7,496,900) to implement the forty-five thousand dollar (\$45,000) minimum salary for level three-A teachers.

The secretary of the public education department, in collaboration with the department of finance and administration and administration office of educational accountability, shall ensure all level three-A teachers receiving salary increases under the three-tiered minimum salary have been evaluated under the tiered licensure evaluation system and have the professional competencies of level three-A teachers. The secretary of the public education department shall withhold from public school district distribution funding for minimum salaries for any teacher that has not been evaluated.

The general fund appropriation for the state equalization guarantee distribution contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the education retirement fund.

The general fund appropriation to the state equalization guarantee distribution reflects the deduction of federal revenues pursuant to Paragraph (2) of Subsection C of Section 22-8-25 NMSA 1978 that includes payments commonly known as "impact aid funds" pursuant to 20 USCA 7701 et seq., and formerly known as "PL874 funds".

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from the federal Mineral Lands Leasing Act receipts otherwise unappropriated.

Any unexpended or unencumbered balance in the distributions authorized remaining at the of fiscal year 2007 from appropriation made from the general fund shall revert to the general fund.

The appropriation to the instructional materials fund is made from the federal Minerals Land Leasing Act (30 USCA 181, et seq.) receipts.

The general fund appropriation to the public education department includes thirteen million five hundred fifty five thousand dollars (\$13,555,000) to provide a three-quarter percent increase in the employer contribution to the educational retirement fund to be transferred in fiscal year 2007 to the educational retirement board to provide for the 2008 cost of the employer share of contribution increases for public education employees.

FISCAL YEAR 2006 MEASURES

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of fourth-grade students who achieve proficiency or above on the criterion-referenced assessments in reading and language arts	49%	51.7%	61%		
Outcome	Percent of eighth-grade students who achieve proficiency or above on the criterion-referenced assessments in reading and language arts	57%	51.4%	65%		
Outcome	Percent of fourth-grade students who achieve proficiency or above on the criterion-referenced assessments in mathematics	58%	39.1%	67%		
Outcome	Percent of eight-grade students who achieve proficiency or above on the criterion-reference assessments in mathematics	49%	23.7%	62%		
Quality	Percent of classes being taught by "highly qualified" teachers in high-poverty schools	72%	76.9%	90%		
Quality	Percent of classes being taught by "highly qualified" teachers in all schools	77%	77.5%	92%		
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	87.5%	83%	91%		
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	75%	83%	88%		
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	65%	83%	85%		
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students					

FISCAL YEAR 2007 MEASURES

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words				60%	60%
* Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools				80%	80%
* Outcome	Annual percent of core academic subjects taught by highly qualified teachers in pre-kindergarten through twelfth grade				95%	95%
* Outcome	Percent of school districts and charter schools participating in the national center for education statistics chart of accounts				100%	100%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools				55%	55%

PUBLIC SCHOOL SUPPORT

993

		<u>FY04 Actual</u>	<u>FY05 Actual</u>	<u>FY06 Budget</u>	<u>FY07 Request</u>	<u>FY07 Recomm</u>
* Outcome	Percent of elementary school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts				49%	49%
* Outcome	Percent of middle school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts				42%	42%
* Outcome	Percent of elementary school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics				33%	33%
* Outcome	Percent of middle school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics				20%	20%
Outcome	Percent of American Indian language classes being taught in public schools that serve American Indian students				100%	100%
Explanatory	Number of school breakfasts served				89,873	89,873
Explanatory	Number of schools making significant academic gains				35	35
Explanatory	Annual cohort graduation rate for school year 2004-2005 ninth graders				90%	90%