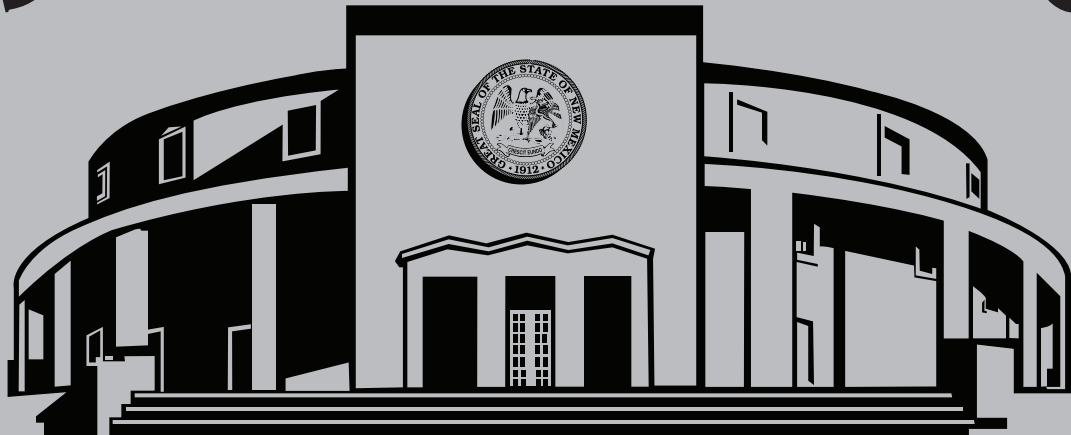


STATE OF NEW MEXICO



REPORT OF THE LEGISLATIVE FINANCE COMMITTEE TO THE FORTY-NINTH LEGISLATURE FIRST SESSION

JANUARY 2009
FOR FISCAL YEAR 2010

VOLUME II

LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATIONS

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NEW MEXICO STATE LEGISLATIVE FINANCE COMMITTEE
325 Don Gaspar, Suite 101, Santa Fe, New Mexico 87501

David Abbey, Director
Cathy T. Fernandez, Deputy Director
Manu Patel, (CPA) Deputy Director
Sylvia J. Barela, Administrative Services Manager

STAFF

Hipolito (Paul) Aguilar, Principal Analyst
David Archuleta, Senior Fiscal Analyst I
Michelle Aubel, Senior Fiscal Analyst II
Sharon Boylan, Administrative Assistant II
Kyle Burns, Fiscal Analyst
Gary Chabot, Principal Analyst
David Craig, Program Evaluator
Lawrence Davis, Program Evaluator
Brent Earnest, Senior Fiscal Analyst II
Susan R. Fleischmann, (CPA) Program Evaluator II
Norton Francis, Chief Economist
Brenda Fresquez, Program Evaluator II
Pam Galbraith, Program Evaluator
Becky Gutierrez, Economist
Donna K. Hill-Todd, Program Evaluation Manager
Craig Johnson, Program Evaluator II
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John Ketchens, Program Evaluator
Jeannae Leger, Fiscal Analyst
David Lucero, Principal Analyst
Jordan Maril, Program Evaluator
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Daniel Padilla, Office Manager
Renada Peery-Galon, Senior Fiscal Analyst II
Annamae Salas, Administrative Assistant
Charles Sallee, Program Evaluation Manager
Aurora Sanchez, (CISA) Program Evaluation Manager
Christian Sanchez, Fiscal Analyst
Mary Trujillo, Administrative Assistant III
Paul Varela, Fiscal Analyst
Mark Weber, Principal Analyst
Dan White, Economist
Arley Williams, Principal Analyst
Brett Woods, Principal Analyst

Helen Gaussoin, Editor and Public Information

January 2009

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LEGISLATIVE BRANCH
BUDGET SUMMARY
(Dollars in Thousands)

		FY08	FY09	FY10 - 2009-2010		
		2007-2008	2008-2009	Agency	LFC	Percent
		Actuals	Budgeted	Request	Recommen- dation	Incr (Decr)
111	Legislative Council Service	5,589.0	6,044.2	6,044.2	5,923.3	-2.0%
112	Legislative Finance Committee	4,110.1	4,429.7	4,341.1	4,341.1	-2.0%
114	Senate Chief Clerk	1,140.1	1,223.4	1,223.4	1,198.9	-2.0%
115	House Chief Clerk	1,129.6	1,168.4	1,168.4	1,145.0	-2.0%
117	Legislative Education Study Committee	1,236.5	1,287.0	1,381.0	1,261.3	-2.0%
119	Legislative Building Services (GAA)	3,916.4	4,298.9	4,592.3	4,212.9	-2.0%
131	Interim Committee Expenses	1,056.0	1,056.0	1,036.0	1,036.0	-1.9%
131	Pre-Session Expenses	552.3	552.3	552.3	541.3	-2.0%
131	Legislative Internship Program	25.0	25.0	45.0	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%
TOTAL LEGISLATIVE BRANCH		18,808.6	20,138.5	20,437.3	19,738.4	-2.0%
NON-RECURRING						
	Legislature	5,898.2	8,700.0 *	5,898.2 **	5,898.2 **	
	LFC recommendation		7,900.0			

*Appropriation for the 2009 legislative session (60 days) will be made by the Legislature in January 2009. The budgeted amount of \$8,700.0 was provided by the Legislative Council Service. The LFC recommendation is based on the previous 60-day session in 2007.

**Appropriation for the 2010 legislative session (30 days) will be made by the Legislature in January 2010. Amount shown is based on the previous 30-day session in 2008.

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.

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 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.

MISSION:

The mission of the Supreme Court Law Library is to provide access to the primary law and related legal materials to the citizens of the State of New Mexico, including the judiciary, the Legislature, and the executive branches of state government, as well as the general public, and in so doing fulfill the constitutional requirement of providing equal access to justice.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,784.5	1,828.9	1,889.4	1,728.6	-5.5
Other Revenues	1.4	1.4	1.5	1.5	7.1
SOURCES TOTAL	1,785.9	1,830.3	1,890.9	1,730.1	-5.5
USES					
Personal Services and Employee Benefits	674.2	738.3	758.9	703.7	-4.7
Contractual Services	428.0	376.5	426.5	396.0	5.2
Other	645.6	715.5	705.5	630.4	-11.9
TOTAL USES	1,747.8	1,830.3	1,890.9	1,730.1	-5.5
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

BUDGET ISSUES:

For FY10, the Supreme Court Law Library requested \$1.8 million, or a 3.3 percent, increase over FY09. The increase is primarily due to projected publication and subscription rates in the contractual and other costs category. LFC recommends a 5.5 percent decrease.

SUPREME COURT LAW LIBRARY

The purpose of the supreme court law library is to provide and produce legal information for the judicial, legislative and executive branches of state government, the legal community and the public at large 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Percent of updated titles	78%	78.4	80%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	32.5%	24.25%	<20%	<20%	<20%
Output	Number of website hits	80,136	77,748	60,000	60,000	60,000
* Output	Number of research requests	6,602	8,700	6,700	7,000	7,000

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	147.0	171.9	171.9	171.9	0.0
Other Transfers	119.3	0.0	400.0	400.0	
Other Revenues	1,206.2	1,428.9	1,473.1	1,458.1	2.0
SOURCES TOTAL	1,472.5	1,600.8	2,045.0	2,030.0	26.8
USES					
Personal Services and Employee Benefits	271.7	362.1	526.5	514.0	41.9
Contractual Services	1,029.9	1,059.9	1,348.0	1,348.0	27.2
Other	147.1	178.8	170.5	168.0	-6.0
TOTAL USES	1,448.7	1,600.8	2,045.0	2,030.0	26.8
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

The Compilation Commission is requesting a flat general fund budget. However, the budget reflects \$400 thousand in other transfers to the commission by Legislative Council Services (LCS) for the creation of special publications, enhancement of legislative document systems, and the hiring of attorney editors for review and cleanup of the NMSA 1978 case annotations. For FY09 the legislature appropriated \$400 thousand to the LCS in Laws 2008, Chapter 1 (feed bill). It is anticipated that the same request will be made for FY10. The LCS received \$100 thousand in FY08 and \$400 thousand in FY09 to more accurately reflect the legislative share of the on-going development of the self-publishing effort undertaken in collaboration with the compilation commission. The inclusion of these funds will increase the commission's FY10 budget by more than 26 percent.

Until December 31, 2007, the commission's director had been a contract employee. Pursuant to Laws 2006, Chapter 70, Section 2, the Legislature directed that the director "serve as the chief administrative officer of the commission," which made it necessary that the position be filled with a state employee. This resulted in a national search by the commission for a new administrator with legal publishing and business management experience and sales and marketing expertise to provide improved customer service for the executive, legislative, and judicial branches. The commission hired a new director effective June 16, 2008. The director's salary and employee benefits were previously funded through contractual services but for FY10 will be funded from the personal services and employee benefits category.

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission 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. The commission ensures the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Output	Amount of revenue collected, in thousands	\$1,215.1	\$1,291.3	\$1,291.3	\$1,291.3	\$1,300.0

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.

MISSION:

The Judicial Standards Commission serves to protect the public from the improper conduct and behavior of judges; to preserve the integrity of the judicial process; to maintain public confidence in the judiciary; to create a greater awareness of proper judicial behavior on the part of the judiciary and the public; and to provide for the expeditious and fair disposition of complaints of judicial misconduct. The commission also maintains a duty to the judiciary to maintain the strict confidentiality of all matters before the commission until such time as the matters are filed in the New Mexico Supreme Court.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	802.2	851.6	892.4	807.2	-5.2
SOURCES TOTAL	802.2	851.6	892.4	807.2	-5.2
USES					
Personal Services and Employee Benefits	572.9	657.2	688.2	648.2	-1.4
Contractual Services	30.7	55.0	57.8	43.0	-21.8
Other	198.6	139.4	146.4	116.0	-16.8
TOTAL USES	802.2	851.6	892.4	807.2	-5.2
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

The Judicial Standards Commission requested \$892.4 thousand, a \$40 thousand increase over FY09. LFC recommended \$807.2 thousand, a 5.2 percent decrease, for the Judicial Standards Commission.

The number of written verified complaints received and docketed by the New Mexico Judicial Standards Commission in FY08 increased by 32 percent, from 109 in FY07 to 144 in FY08. Of those docketed matters, the commission disposed of 139. Although the number of carry-over cases increased by five, the commission disposed of all but six of the 29 cases carried over from FY07 to FY08.

Of the total number of cases disposed in FY08, 6.5 percent were resolved through formal proceedings before the commission and the New Mexico Supreme Court. The remaining 93.5 percent were dismissed or resolved informally.

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	2	1.5	2	2	2
* Output	Time for release of annual report to the public, from the end of the fiscal year, in months	2	2	2	2	2
* Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles	4.25	2.8	3	3	3
Explanatory	Number of inquiries regarding judicial disciplinary matters	2,451	2,500			
Explanatory	Number of docketed complaints	109	144			

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,511.4	5,804.5	6,235.7	5,952.7	2.6
Other Revenues	2.1	1.0	1.0	1.0	0.0
SOURCES TOTAL	5,513.5	5,805.5	6,236.7	5,953.7	2.6
USES					
Personal Services and Employee Benefits	5,006.4	5,247.3	5,522.2	5,352.0	2.0
Contractual Services	87.8	135.0	140.4	135.7	0.5
Other	402.6	423.2	574.1	466.0	10.1
TOTAL USES	5,496.8	5,805.5	6,236.7	5,953.7	2.6
FTE					
Permanent	59.5	60.5	63.5	62.5	3.3
TOTAL FTE POSITIONS	59.5	60.5	63.5	62.5	3.3

BUDGET ISSUES:

Over the course of three years, the Court of Appeals was appropriated \$15 million by the Legislature to build a new Court of Appeals Annex building in Albuquerque. The building will be completed and occupied by October 2009. The Albuquerque Annex will house six appellate judges, six law clerks, six paralegals, six pre-hearing division attorneys, and two judicial clerks. The new annex will require additional staff to clean and maintain the building and to provide security. Utility costs also will increase for the Court of Appeals.

BASE EXPANSION:

LFC recommends additional funds for two expansion positions and for the utility and communications costs of the new building. LFC recommends \$55 thousand for a court security officer and \$45 thousand for a maintenance worker. These positions will be housed at the new Court of Appeals Annex at the University of New Mexico. The committee also supports the request for one full-time security officer and a full-time maintenance worker for the new building.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Albuquerque Court of Appeals Annex (3 FTE)	(P215)	247.8	160.0
TOTAL			247.8	160.0

COURT OF APPEALS

The purpose of the court of appeals 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	98.6%	103.8%	97%	100%	100%
Explanatory	Number of legal opinions written	759	759	760	760	760

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,003.4	3,143.8	3,443.7	3,167.4	0.8
SOURCES TOTAL	3,003.4	3,143.8	3,443.7	3,167.4	0.8
USES					
Personal Services and Employee Benefits	2,608.6	2,868.0	3,081.5	2,938.3	2.5
Contractual Services	31.8	51.0	53.9	48.0	-5.9
Other	280.0	224.8	308.3	181.1	-19.4
TOTAL USES	2,920.4	3,143.8	3,443.7	3,167.4	0.8
FTE					
Permanent	32.0	34.0	35.0	35.0	2.9
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	33.0	34.0	35.0	35.0	2.9

BUDGET ISSUES:

The Supreme Court requested \$3.4 million, a 9.5 percent general fund increase over FY09. The request includes an additional \$183 thousand in base and \$ 116 thousand for 1 FTE expansion and additional supplies.

LFC recommends \$25 thousand for the Supreme Court for the transcription of tapes used in death penalty cases and first-degree murder cases. In the past, both the Supreme Court and Court of Appeals have received transcript funding. However, due to a misunderstanding within the judiciary, the Supreme Court failed to request funding for FY09.

BASE EXPANSION:

The number of petitions filed by pro se litigants has increased by over 5 percent, particularly from the inmate population, while the quality of documents filed by inmates has decreased significantly since the Corrections Department closed its law libraries. Many are handwritten and require more time to read. Therefore, LFC recommends \$79 thousand to fund 1 FTE for an associate staff attorney. This attorney would be responsible for performing legal research, proposing recommendations on dispositions, finalizing per curiam opinions, and, most importantly screening petitions.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Attorney- associate (1 FTE)	(P216)	116.2	79.0
TOTAL			116.2	79.0

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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Explanatory	Cases disposed as a percent of cases filed	98.5%	95%	95%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written	102	105			

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	761.6	792.3	954.5	796.2	0.5
SOURCES TOTAL	761.6	792.3	954.5	796.2	0.5
USES					
Personal Services and Employee Benefits	631.6	649.5	680.8	672.2	3.5
Contractual Services	7.2	6.9	9.8	9.0	30.4
Other	114.6	135.9	263.9	115.0	-15.4
TOTAL USES	753.4	792.3	954.5	796.2	0.5
FTE					
Permanent	15.3	15.3	15.8	15.8	2.9
TOTAL FTE POSITIONS	15.3	15.3	15.8	15.8	2.9

BUDGET ISSUES:

For FY10, the Supreme Court Building Commission requested \$954.5 thousand, or a 20 percent increase over FY09.

BASE EXPANSION:

The Supreme Court Building Commission requested \$21.3 thousand to convert a half-time security position to a full-time position to cover late night security and comply with federal judicial security initiatives. LFC recommends \$20 thousand and 0.5 FTE for the expansion.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program) (P219)	Agency Request	LFC Recom- mendation
1	Security (.5 FTE)		21.3	20.0
TOTAL			21.3	20.0

SUPREME COURT BUILDING COMMISSION

The purpose of the supreme court building commission is to retain custody and control of the supreme court building and its grounds and to provide care, preservation, repair, cleaning, heating and lighting and to hire necessary employees for these purposes.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Quality	Accuracy of fixed-assets inventory records	100%	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 is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

MISSION:

The mission of the Administrative Office of the Courts is to administer the Magistrate Court Program and the Statewide Judiciary Automation Program, provide guidance and technical assistance to all judicial agencies, and provide funding and oversight for special court services.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	42,797.3	43,906.1	50,454.4	43,246.8	-1.5
Other Transfers	2,189.2	1,279.7	2,425.0	2,455.0	91.8
Federal Revenues	476.1	951.4	862.9	862.9	-9.3
Other Revenues	7,519.2	7,621.1	7,759.7	7,759.7	1.8
Fund Balance	1,469.7	941.8	1,224.5	1,224.5	30.0
SOURCES TOTAL	54,451.5	54,700.1	62,726.5	55,548.9	1.6
USES					
Personal Services and Employee Benefits	26,505.6	27,463.5	30,486.9	27,451.2	0.0
Contractual Services	7,933.4	9,322.5	10,642.9	9,136.0	-2.0
Other	16,296.7	16,325.8	20,048.0	17,473.4	7.0
Other Financing Uses	2,357.4	1,588.3	1,548.7	1,488.3	-6.3
TOTAL USES	53,093.1	54,700.1	62,726.5	55,548.9	1.6
FTE					
Permanent	356.8	363.8	381.8	364.8	0.3
Term	68.3	69.5	69.5	69.5	0.0
TOTAL FTE POSITIONS	425.1	433.3	451.3	434.3	0.2

BUDGET ISSUES:

AOC requested an 11 percent general fund base increase and a 15 percent overall general fund increase. The requested increase would fund in-band pay increases, higher insurance premiums, audit fees, furniture, new information technology equipment, fuel at \$4.20 a gallon, and higher magistrate court lease costs. The request would also fund 18 FTE: 4 FTE in administrative services division, 5 FTE in the Statewide Judiciary Automation Program and 9 FTE in the magistrate court program.

LFC recommends a 1.5 percent general fund decrease without any expansions. Funding for supplies and equipment are reduced along with contracts for research and polling, IT software and consulting, training, and attorney services. Increases are recommended in the personal services and benefits category and other costs category for rising insurance rates and magistrate court leases.

AOC requested a substantial increase in the Magistrate Court program for lease payments in FY10. AOC has opened substantial new and revitalized facilities in Espanola, Gallup, and Bernalillo. In April 2009, construction will commence in Las Cruces on the largest and most expensive magistrate facility. Lease payments for the new Las Cruces building are substantially higher than those of the current facility. In addition to lease costs, the magistrate court program also requested additional funds for IT equipment, furniture and revitalization projects in Mora, Taos and Ruidoso, as well as space expansions in several courts, including Gallup and Bernalillo.

The LFC recommendation for the Magistrate Court Program includes an additional \$450 thousand to assist with rising lease costs. In FY10, the Magistrate Court Program will benefit from at least a \$900 thousand increase in other transfers from the facilities fund, which can be used to purchase supplies and enhance equipment for magistrate courts around the state.

The Statewide Judiciary Automation Program is supported primarily by the Supreme Court automation fund (SCAF) and municipal court automation fund. The FY10 request for the Statewide Judiciary Automation Program was \$5.3 million from the general fund, a 70 percent increase. The request included requests duplicated in the agency's technology request and additional general funds totaling \$1.8 million to pay for FTE currently funded through the SCAF fund.

For the Statewide Judiciary Automation Program, LFC recommends a flat budget that assumes a 5 percent vacancy rate.

The recommendation for the Special Court Services Program, which includes the court-appointed attorney special advocate project, supervised visitation, water rights and adjudication litigation, court-appointed attorney fund, and judges pro tem, is for a 1.4 percent general fund decrease. The recommendation reduces furniture, supplies, and transportation costs.

An increase in general fund support for water rights litigation is not recommended because Section 72-4A-9 NMSA 1978 directs a percentage of the water trust fund to AOC for this purpose. Currently AOC has a water trust fund cash balance totaling \$1.4 million, which is expected to be used for the Middle Rio Grande pilot project. The amount of revenue that will be received by the special court services program in FY10 is estimated at \$380 thousand. LFC recommends that \$160 thousand be used to replace general funds used for water rights litigation. Both State Engineer and the Attorney General have issued opinions confirming the intent of the legislation was to provide water rights adjudication funding to the courts.

During the 2008 interim, DFA designated AOC a key agency for FY10 and has developed measures for future quarterly reporting. Report cards containing AOC performance will be presented quarterly by AOC staff.

BASE EXPANSION:

For FY10, no expansion with general fund impact is recommended. LFC recommends the authorization of 1 additional FTE for AOC. General fund revenue, one half from the special court services program and one half from the administrative support program, already is used to pay for the temporary Child Welfare and Juvenile Justice staff attorney hired in August 2008. The hire was made after funds were moved from contractual services into personal services. A permanent staff attorney is needed to manage the court-appointed attorneys fund, to evaluate and monitor contract attorneys in abuse and neglect cases for compliance with the Supreme Court performance standards, and to evaluate data on attorney time actually devoted to task performance under existing single-payment approach.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Public Information Officer (1 FTE)	(P559)	101.3	0.0
2	Fixed Asset Manager (1 FTE)	(P559)	67.4	0.0
3	Financial Specialist, (J&W) (5 FTE)	(P559)	37.3	0.0
4	Budget Analyst (1 FTE)	(P559)	84.0	0.0
5	Special Attorney (1 FTE)	(P559)	0.0	0.0
1	Network Systems Administrator-Video Ar. (1)	(P560)	75.4	0.0
2	Network Systems Administrator-Video Ar. (2)	(P560)	75.4	0.0
3	Network Systems Administrator Senior (1 FTE)	(P560)	91.7	0.0
4	Technical Project Manager (1 FTE)	(P560)	91.1	0.0
5	Network Systems Administrators (3 FTE)	(P560)	91.1	0.0
1	Court Clerk I (mag) (1 FTE)	(P610)	451.9	0.0
1	Supervised Visitation	(P620)	240.0	0.0
TOTAL			1,406.6	0.0

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	9,672.8	8,433.5	9,085.7	8,113.0	-3.8
Other Transfers	723.4	579.7	670.0	670.0	15.6
Federal Revenues	476.1	951.4	862.9	862.9	-9.3
Other Revenues	523.6	525.0	525.0	525.0	0.0
Fund Balance	0.0	0.0	100.0	100.0	
SOURCES TOTAL	11,395.9	10,489.6	11,243.6	10,270.9	-2.1
USES					
Personal Services and Employee Benefits	2,824.4	3,247.5	3,796.8	3,274.8	0.8
Contractual Services	898.0	1,470.8	1,685.0	1,372.0	-6.7
Other	6,442.1	5,671.3	5,761.8	5,624.1	-0.8
Other Financing Uses	950.0	100.0	0.0	0.0	-100.0
TOTAL USES	11,114.5	10,489.6	11,243.6	10,270.9	-2.1
FTE					
Permanent	35.8	37.8	41.8	38.8	2.6
Term	2.8	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	38.6	41.8	45.8	42.8	2.4

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of jury summons successfully executed	76.7%	73.4%	92%	92%	92%
* Output	Average cost per juror			\$42	\$42	\$42

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,940.6	3,152.6	5,368.7	2,920.5	-7.4
Other Revenues	4,486.5	4,491.1	4,496.0	4,496.0	0.1
Fund Balance	786.9	669.6	669.6	669.6	0.0
SOURCES TOTAL	8,214.0	8,313.3	10,534.3	8,086.1	-2.7
USES					
Personal Services and Employee Benefits	4,353.3	4,301.4	5,061.6	4,268.3	-0.8
Contractual Services	502.1	796.8	1,288.6	745.8	-6.4
Other	2,669.3	3,215.1	4,184.1	3,072.0	-4.5
TOTAL USES	7,524.7	8,313.3	10,534.3	8,086.1	-2.7
FTE					
Permanent	39.5	39.5	44.5	39.5	0.0
Term	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	48.5	48.5	53.5	48.5	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated court reports	93.6%	95.1%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-33.8%	-15.6%	10%	10%	10%
* Quality	Average time to respond to automation calls for assistance, in minutes	875	*	25	25	25
Output	Number of help desk calls for assistance	7,188	8,004	6,000	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	13.6	16	8	8	8

MAGISTRATE COURT

The purpose of the magistrate court and warrant enforcement 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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	22,658.3	24,475.7	27,506.6	24,477.9	0.0
Other Transfers	1,115.8	350.0	1,405.0	1,405.0	301.4
Other Revenues	2,509.1	2,605.0	2,738.7	2,738.7	5.1
Fund Balance	682.8	272.2	454.9	454.9	67.1
SOURCES TOTAL	26,966.0	27,702.9	32,105.2	29,076.5	5.0
USES					
Personal Services and Employee Benefits	19,226.3	19,751.4	21,388.9	19,768.0	0.1
Contractual Services	523.0	549.5	702.4	568.0	3.4
Other	7,129.6	7,402.0	10,013.9	8,740.5	18.1
TOTAL USES	26,878.9	27,702.9	32,105.2	29,076.5	5.0
FTE					
Permanent	280.5	284.5	293.5	284.5	0.0
Term	56.5	56.5	56.5	56.5	0.0
TOTAL FTE POSITIONS	337.0	341.0	350.0	341.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	2.11	2.49	\$2.4	\$2.4	\$2.4
* Explanatory	Percent of cases disposed as a percent of cases filed	102.3%	100.7%	95%	95%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions	\$14.55	\$16.60			
* Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	99.5%	100%	100%	100%	100%
Output	Number of bench warrants issued	22,606	44,518			
Output	Number of cases in which bench warrant fees are collected	14,980	17,615			

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, to provide judges pro tempore 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,525.6	7,844.3	8,493.4	7,735.4	-1.4
Other Transfers	350.0	350.0	350.0	380.0	8.6
SOURCES TOTAL	7,875.6	8,194.3	8,843.4	8,115.4	-1.0
USES					
Personal Services and Employee Benefits	101.6	163.2	239.6	140.1	-14.2
Contractual Services	6,010.3	6,505.4	6,966.9	6,450.2	-0.8
Other	55.7	37.4	88.2	36.8	-1.6
Other Financing Uses	1,407.4	1,488.3	1,548.7	1,488.3	0.0
TOTAL USES	7,575.0	8,194.3	8,843.4	8,115.4	-1.0
FTE					
Permanent	1.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	1.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of required events attended by attorneys in abuse and neglect cases	9,189	9,063	8,000	8,000	8,000
* Output	Number of monthly supervised child visitations conducted	329	458	500	500	500
* Output	Number of cases to which court-appointed special advocates volunteers are assigned	1,464	3,085	1,600	1,600	1,600

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-46 NMSA 1977. New Mexico has 13 judicial districts over which 88 judges preside. Distribution and number of judgeships is determined in New Mexico statute. In the last four years, 15 district judgeships have been statutorily created.

The district courts have jurisdiction over all legal matters not specifically excepted in New Mexico, including common law disputes, felony criminal actions, and statutorily directed matters involving children. The district courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians, and specified public officials. They may commit persons to the care of the state, issue writs of aid of jurisdiction, and promulgate court rules consistent with rules established by the Supreme Court.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	70,591.3	73,860.5	81,467.0	73,159.9	-0.9
Other Transfers	4,512.6	5,441.9	5,551.4	5,550.6	2.0
Federal Revenues	163.3	0.0	0.0	0.0	
Other Revenues	1,617.2	1,704.4	1,752.5	1,742.4	2.2
Fund Balance	276.5	499.0	514.0	514.0	3.0
SOURCES TOTAL	77,160.9	81,505.8	89,284.9	80,966.9	-0.7
USES					
Personal Services and Employee Benefits	63,475.3	67,812.5	73,281.7	67,732.4	-0.1
Contractual Services	6,808.1	8,784.9	10,092.8	8,730.1	-0.6
Other	6,135.0	4,908.4	5,910.4	4,504.4	-8.2
TOTAL USES	76,418.4	81,505.8	89,284.9	80,966.9	-0.7
FTE					
Permanent	930.8	958.5	962.5	958.5	0.0
Term	66.8	65.3	70.8	65.3	0.0
Temporary	1.0	0.0	0.0	0.0	

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 the Department of Financial Administration (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, replacement of federal funds, and children’s programs. For FY10 the judiciary budget committee approved a 3 percent increase in contractual services and other costs for all district courts.

In FY09, the district court’s unified budget grew 6 percent. For FY10, LFC recommends almost \$73.2 million from the general fund, a 0.9 percent decrease, and total funding of \$80 million, a 2 percent increase. The recommendation prioritizes adequate base funding. Increases are in the personal services and employee benefits and other costs category. Funding for supplies, furniture, transportation, and equipment costs are reduced. Because the court spends most of its budget on personal services and benefits (ranging from 71 percent to 94 percent), the LFC recommendation uses vacancy savings (ranging from 2 percent to 4 percent). Vacancy savings are only applied to courts with greater than 25 authorized FTE and were determined using historic vacancy rates.

County governments are statutorily responsible for funding office space and utilities and building maintenance for their district courts. LFC is concerned that several courts are renting additional space without county support. Requests for building rent were not recommended because it is a county responsibility.

New drug courts were not recommended; however, existing drug court services were maintained. According to the Governor's Task Force on Prison Reform, growth in the number of drug court programs statewide has coincided with the decline in the inmate population. Given the low per offender cost of drug court programs, \$24.75 per day as opposed to \$85.59 per day for NMCD inmates, New Mexico may save on average \$22 thousand per year for every offender diverted from prison into a drug court program. Multiplying that figure by the 1,200 participants in drug court programs annually leads to potential savings of approximately \$2.6 million a year.

The LFC recommendation includes \$30 thousand from the general fund for the 9th Judicial District Court to replace lapsing federal funds for its regular court program.

BASE EXPANSION:

District courts requested a total 37.5 FTE staff positions, including staff attorneys, administrative assistants, program managers, information technology specialists, and court clerks. Expansions are not recommended.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	ADR program manager	(P231)	43.6	0.0
2	Jury Division Administrative Assistant	(P231)	53.2	0.0
3	Procurement Specialist	(P231)	62.9	0.0
4	Increase Court Costs Budget	(P231)	10.0	0.0
5	Adult Drug Court Replacement of Lapsing Funds	(P231)	28.6	0.0
6	Treatment Court Replacement of Lapsing Funds	(P231)	178.8	0.0
1	Staff Attorney	(P232)	104.0	0.0
2	Part-time Hearing Officer	(P232)	77.1	0.0
3	Pre-Trial Services Supervisor	(P232)	76.7	0.0
4	Training Coordinator - CASA	(P232)	76.4	0.0
5	Offices of Educational Advocacy	(P232)	230.0	0.0
6	Court Clerk 2 Term to Perm Conversion	(P232)	0.0	0.0
1	Human Resource Specialist	(P233)	49.9	0.0
2	Court Clerk 2	(P233)	182.4	0.0
3	Legal Office Specialist	(P233)	55.3	0.0
4	Information Technology Specialist	(P233)	76.9	0.0
5	Court Clerk Supervisor	(P233)	61.6	0.0
1	One FT Information Technology Specialist	(P234)	87.1	0.0
2	Replace Lapsing FED Funds Adult Drug Court	(P234)	12.0	0.0
3	NEW Drug Court and 2.0 FTE Support Staff	(P234)	171.5	0.0
1	Associate Staff Attorney	(P235)	97.4	0.0
2	Court Clerk 2	(P235)	54.1	0.0
3	Family Drug Court - Lea County	(P235)	53.7	0.0
4	Juvenile Drug Court - Chaves County	(P235)	193.2	0.0
5	Juvenile Drug Court - Lea County	(P235)	49.0	0.0
1	Law Clerk	(P236)	77.3	0.0
2	Restorative Justice	(P236)	276.0	0.0
3	Court Clerk 2, Term Position to Perm Position	(P236)	0.0	0.0
4	Adult Drug Court, Hidalgo County	(P236)	145.2	0.0
x	Associate Staff Attorney	(P237)	87.7	0.0
1	Court Monitor, Taos County	(P238)	50.2	0.0
2	Juvenile Drug Court, Colfax County	(P238)	168.1	0.0
3	Administrative Assistant 1, Colfax County	(P238)	16.9	0.0
4	Juvenile Drug Court, Taos County	(P238)	13.8	0.0
5	Adult Drug Court, Taos County	(P238)	19.9	0.0
6	Family Drug Court, Taos County	(P238)	7.8	0.0
1	Federal Passport Revenue Replacement	(P239)	35.0	0.0
2	Human Resource Administrative Analyst	(P239)	0.0	0.0
3	Security Bailiff (1)	(P239)	43.5	0.0
4	Security Bailiff (2)	(P239)	43.5	0.0
5	Drug Court - Operational Budget	(P239)	123.3	0.0
6	Surveillance Officer (1)	(P239)	46.4	0.0
7	Surveillance Officer (2)	(P239)	46.4	0.0
8	Administrative Assisant 1	(P239)	23.2	0.0
1	Financial specialist	(P240)	69.3	0.0
2	Bailiff	(P240)	26.8	0.0
1	Human Resource Analyst	(P241)	66.2	0.0
2	Information Technology Specialist	(P241)	91.6	0.0
3	Security Bailiff	(P241)	42.2	0.0
4	Juvenile Drug Court Replacement Funds	(P241)	57.1	0.0
5	Juvenile Drug Court New Funds	(P241)	168.0	0.0

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
6	Treatment Court Funding	(P241)	60.0	0.0
7	Pre-Trial Services	(P241)	215.0	0.0
1	2 FTE Court Clerk 2	(P242)	84.2	0.0
2	5 FTE Drug Court Positions	(P242)	0.0	0.0
3	Adult Drug Court Replacement funds	(P242)	57.1	0.0
1	Program Division Director	(P243)	99.9	0.0
2	Project Manager	(P243)	88.6	0.0
3	Court Clerk 2	(P243)	106.0	0.0
4	Program Manager	(P243)	106.7	0.0
5	Pretrial Background Investigator	(P243)	106.7	0.0
6	Program Manager	(P243)	106.7	0.0
7	Probation Officer 2	(P243)	106.7	0.0
8	Surveillance Officer	(P243)	51.0	0.0
9	Treatment Funding	(P243)	81.0	0.0
10	Dependency Treatment	(P243)	68.0	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,474.0	6,826.7	7,314.3	6,762.1	-0.9
Other Transfers	411.4	426.8	435.5	435.5	2.0
Federal Revenues	0.0	0.0	0.0	0.0	
Other Revenues	342.4	482.9	504.2	494.2	2.3
SOURCES TOTAL	7,227.8	7,736.4	8,254.0	7,691.8	-0.6
USES					
Personal Services and Employee Benefits	6,072.5	6,403.3	6,667.5	6,390.5	-0.2
Contractual Services	701.8	912.2	1,131.1	913.5	0.1
Other	420.8	420.9	455.4	387.8	-7.9
TOTAL USES	7,195.1	7,736.4	8,254.0	7,691.8	-0.6
FTE					
Permanent	85.0	86.0	88.5	86.0	0.0
Term	8.8	8.8	7.8	8.8	0.0
TOTAL FTE POSITIONS	93.8	94.8	96.3	94.8	0.0

FIRST JUDICIAL DISTRICT COURT

The purpose of 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	112.7%	104.6%	95%	95%	100%
* Explanatory	Percent change in case filings by case type	7.9%	2.2%			
* Quality	Recidivism of adult drug-court graduates	22.22%	10.26%	9%	9%	9%
* Explanatory	Cost per client per day for adult drug-court participants	\$41.53	\$33.76			
* Quality	Recidivism of juvenile drug-court graduates	11.11%	14.29%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$30.93	\$29.42			
* Output	Number of adult drug-court graduates	21	28	18	18	18
* Output	Number of juvenile drug-court graduates	14	19	17	17	17
* Output	Median number of days to process vendor payment vouchers	8.4	8.7	18	18	18
* Output	Number of days to process juror payment vouchers	4.9	4.5	12	12	5
* Explanatory	Graduation rate, juvenile drug court	50.0%	73.08%	50%	50%	50%
* Explanatory	Graduation rate, adult drug court	33.3%	42.42%	45%	45%	45%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	21,793.9	22,611.4	24,052.3	22,400.0	-0.9
Other Transfers	1,427.7	1,525.6	1,630.6	1,630.6	6.9
Other Revenues	722.1	641.1	687.5	687.5	7.2
Fund Balance	178.2	283.8	283.8	283.8	0.0
SOURCES TOTAL	24,121.9	25,061.9	26,654.2	25,001.9	-0.2
USES					
Personal Services and Employee Benefits	22,095.5	23,438.6	24,701.7	23,420.8	-0.1
Contractual Services	359.5	476.5	556.4	465.1	-2.4
Other	1,417.3	1,146.8	1,396.1	1,116.0	-2.7
TOTAL USES	23,872.3	25,061.9	26,654.2	25,001.9	-0.2
FTE					
Permanent	329.5	331.5	336.0	331.5	0.0
Term	28.5	28.5	33.0	28.5	0.0
TOTAL FTE POSITIONS	358.0	360.0	369.0	360.0	0.0

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	99.0%	93.3%	95%	95%	95%
Explanatory	Percent change in case filings by case type	-3.6%	5.3%			
* Quality	Recidivism of adult drug-court graduates	9.21%	5.43%	10%	10%	8%
Explanatory	Cost per client per day for adult drug court participants	\$12.59	\$7.92			
* Quality	Recidivism of juvenile drug-court graduates	22.92%	23.08%	10%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$33.99	\$37.48			
* Output	Number of adult drug-court graduates	122	126	185	130	130
* Output	Number of juvenile drug-court graduates	22	26	20	20	20
Output	Median number of days to process vendor payment vouchers	2.63	1.25	5	5	3
* Output	Number of days to process juror payment vouchers	12.3	15	14	14	14
* Explanatory	Graduation rate, adult drug court	55.0%	53.62%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court	51.2%	68.42%	60%	60%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,471.5	6,721.5	7,319.6	6,665.9	-0.8
Other Transfers	616.6	708.9	727.8	727.8	2.7
Other Revenues	136.1	111.0	121.1	121.0	9.0
Fund Balance	30.0	30.0	40.0	40.0	33.3
SOURCES TOTAL	7,254.2	7,571.4	8,208.5	7,554.7	-0.2
USES					
Personal Services and Employee Benefits	5,665.7	6,077.1	6,673.2	6,094.3	0.3
Contractual Services	895.2	1,044.5	1,078.4	1,048.3	0.4
Other	622.8	449.8	456.9	412.1	-8.4
TOTAL USES	7,183.7	7,571.4	8,208.5	7,554.7	-0.2
FTE					
Permanent	82.3	84.3	92.3	84.3	0.0
Term	5.0	6.5	6.5	6.5	0.0
TOTAL FTE POSITIONS	87.3	90.8	98.8	90.8	0.0

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	91.5%	92.3%	90%	90%	90%
Explanatory	Percent change in case filings by case type	11.6%	6.2%			
* Quality	Recidivism of adult drug-court graduates	5.13%	4.71%	15%	15%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$37.87	\$41.29			
Quality	Recidivism of juvenile drug-court graduates	15.52%	13.46%			
Explanatory	Cost per client per day for juvenile drug-court participants	\$69.59	\$67.41			
* Output	Number of adult drug-court graduates	37	25	30	30	30
* Output	Number of juvenile drug-court graduates	21	11	20	20	20
Output	Median number of days to process vendor payment vouchers	5	5	5	5	5
Output	Number of days to process juror payment vouchers	>30	20	14	14	14
* Explanatory	Graduation rate, adult drug court	86.0%	69.44%	70%	70%	70%
* Explanatory	Graduation rate, juvenile drug court	67.7%	78.57%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,128.1	2,266.9	2,635.2	2,222.4	-2.0
Other Transfers	26.7	30.0	55.8	55.8	86.0
Other Revenues	24.3	25.0	25.0	25.0	0.0
Fund Balance	0.7	5.0	5.0	5.0	0.0
SOURCES TOTAL	2,179.8	2,326.9	2,721.0	2,308.2	-0.8
USES					
Personal Services and Employee Benefits	1,715.7	1,873.4	2,119.1	1,879.3	0.3
Contractual Services	178.1	271.4	314.0	273.5	0.8
Other	274.2	182.1	287.9	155.4	-14.7
TOTAL USES	2,168.0	2,326.9	2,721.0	2,308.2	-0.8
FTE					
Permanent	28.5	29.5	32.5	29.5	0.0
TOTAL FTE POSITIONS	28.5	29.5	32.5	29.5	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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Explanatory	Cases disposed as a percent of cases filed	98.8%	107.2%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	7.9%	4.9%			
* Output	Median number of days to process vendor payment vouchers	2.7	2.0	5	5	5
* Output	Number of days to process juror payment vouchers	9	3	12	12	12
* Explanatory	Graduation rate, juvenile drug court	66.7%	78.57%	60%	60%	70%
* Quality	Recidivism of juvenile drug-court graduates	14.29%	5%	20%	20%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$42.83	\$39.74			
* Output	Number of juvenile drug-court graduates	6	11	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,146.6	6,556.2	7,126.1	6,496.4	-0.9
Other Transfers	333.2	339.1	339.8	339.0	0.0
Other Revenues	91.7	95.0	95.0	95.0	0.0
Fund Balance	14.7	20.0	20.0	20.0	0.0
SOURCES TOTAL	6,586.2	7,010.3	7,580.9	6,950.4	-0.9
USES					
Personal Services and Employee Benefits	5,285.3	5,705.9	6,064.5	5,686.5	-0.3
Contractual Services	845.1	897.9	1,060.6	893.9	-0.4
Other	385.7	406.5	455.8	370.0	-9.0
TOTAL USES	6,516.1	7,010.3	7,580.9	6,950.4	-0.9
FTE					
Permanent	80.0	82.0	86.0	82.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	81.0	83.0	87.0	83.0	0.0

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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Explanatory	Cases disposed as a percent of cases filed	94.0%	100.8%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	1.6%	-1.5%			
* Output	Median number of days to process vendor payment vouchers	13.3	6.6	5	5	5
* Output	Number of days to process juror payment vouchers	5.5	4.0	10	10	10
* Explanatory	Graduation rate, family drug court	52.9%	25%	80%	50%	50%
* Quality	Recidivism of family drug-court graduates	26.67%	33.33%	15%	15%	15%
* Output	Number of family drug-court graduates	9	3	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,037.6	3,160.2	3,756.8	3,129.3	-1.0
Other Transfers	91.5	75.0	87.9	87.9	17.2
Other Revenues	10.5	10.5	10.8	10.8	2.9
Fund Balance	25.4	13.8	14.2	14.2	2.9
SOURCES TOTAL	3,165.0	3,259.5	3,869.7	3,242.2	-0.5
USES					
Personal Services and Employee Benefits	2,186.0	2,327.2	2,537.1	2,322.0	-0.2
Contractual Services	708.4	720.8	1,076.7	727.0	0.9
Other	237.2	211.5	255.9	193.2	-8.7
TOTAL USES	3,131.6	3,259.5	3,869.7	3,242.2	-0.5
FTE					
Permanent	33.5	34.5	37.0	34.5	0.0
Term	0.5	0.5	0.0	0.5	0.0
TOTAL FTE POSITIONS	34.0	35.0	37.0	35.0	0.0

SIXTH JUDICIAL DISTRICT COURT

The purpose of the sixth judicial district court program, 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.7%	95.0%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-6.0%	4.0%			
* Quality	Recidivism of juvenile drug-court graduates	20%	35%	13%	13%	13%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$59.10	\$48.92			
* Output	Number of juvenile drug-court graduates	9	5	9	9	9
* Output	Median number of days to process vendor payment vouchers	20.3	12.5	5	5	5
* Output	Number of days to process juror payment vouchers	19.4	13	14	14	14
* Explanatory	Graduation rate, juvenile drug court	90.0%	100%	40%	40%	90%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,304.9	2,420.3	2,570.5	2,380.0	-1.7
Other Transfers	350.8	414.5	425.3	425.3	2.6
Other Revenues	16.4	22.0	24.0	24.0	9.1
Fund Balance	0.0	7.0	5.0	5.0	-28.6
SOURCES TOTAL	2,672.1	2,863.8	3,024.8	2,834.3	-1.0
USES					
Personal Services and Employee Benefits	1,995.6	2,229.8	2,368.9	2,217.2	-0.6
Contractual Services	279.8	409.9	418.4	407.2	-0.7
Other	322.2	224.1	237.5	209.9	-6.3
TOTAL USES	2,597.6	2,863.8	3,024.8	2,834.3	-1.0
FTE					
Permanent	28.0	32.0	33.0	32.0	0.0
Term	8.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	36.0	36.0	37.0	36.0	0.0

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.7%	96.8%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	-7.2%	8.3%			
* Output	Median number of days to process vendor payment vouchers	4.1	2.25	5	5	5
* Output	Number of days to process juror payment vouchers	18.4	5	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,531.3	2,669.1	3,043.9	2,659.5	-0.4
Other Transfers	109.2	80.0	80.0	80.0	0.0
Other Revenues	44.9	71.0	71.0	71.0	0.0
SOURCES TOTAL	2,685.4	2,820.1	3,194.9	2,810.5	-0.3
USES					
Personal Services and Employee Benefits	1,667.3	1,759.2	1,888.1	1,784.8	1.5
Contractual Services	788.6	909.3	1,095.2	882.2	-3.0
Other	187.1	151.6	211.6	143.5	-5.3
TOTAL USES	2,643.0	2,820.1	3,194.9	2,810.5	-0.3
FTE					
Permanent	26.3	27.5	29.0	27.5	0.0
TOTAL FTE POSITIONS	26.3	27.5	29.0	27.5	0.0

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the eighth judicial district court program, 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	80.9%	83.7%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-4.1%	-0.4%			
* Quality	Recidivism of adult drug-court graduates	3.23%	16.22%	10%	10%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$31.23	\$35.45			
* Quality	Recidivism of juvenile drug-court graduates	3.33%	3.33%	10%	10%	5%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$33.52	\$30.10			
* Output	Number of adult drug-court graduates	11	11	18	18	18
* Output	Number of juvenile drug-court graduates	15	8	15	15	15
* Output	Median number of days to process vendor payment vouchers	4.3	2.85	5	5	5
* Output	Number of days to process juror payment vouchers	6	3.45	12	12	9
* Explanatory	Graduation rate, juvenile drug court	78.9%	57.14%	70%	70%	70%
* Explanatory	Graduation rate, adult drug court	47.8%	47.83%	75%	75%	75%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,334.3	3,435.4	3,997.0	3,435.7	0.0
Other Transfers	547.7	682.5	605.9	605.9	-11.2
Other Revenues	72.6	78.0	43.0	43.0	-44.9
SOURCES TOTAL	3,954.6	4,195.9	4,645.9	4,084.6	-2.7
USES					
Personal Services and Employee Benefits	3,359.5	3,638.3	3,909.7	3,576.6	-1.7
Contractual Services	202.6	211.9	295.2	198.1	-6.5
Other	389.9	345.7	441.0	309.9	-10.4
TOTAL USES	3,952.0	4,195.9	4,645.9	4,084.6	-2.7
FTE					
Permanent	43.8	43.8	49.3	43.8	0.0
Term	5.0	5.5	5.5	5.5	0.0
Temporary	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	49.8	49.3	54.8	49.3	0.0

NINTH JUDICIAL DISTRICT COURT

The purpose of the ninth judicial district court program, 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	113.6%	95.8%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	5.7%	-0.4%			
* Output	Median number of days to process vendor payment vouchers	22.45	13.25	10	10	10
* Output	Number of days to process juror payment vouchers	9.6	6.75	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	745.1	779.3	929.0	778.8	-0.1
Other Revenues	7.9	7.0	7.0	7.0	0.0
Fund Balance	15.4	14.5	18.0	18.0	24.1
SOURCES TOTAL	768.4	800.8	954.0	803.8	0.4
USES					
Personal Services and Employee Benefits	568.5	690.7	790.0	697.4	1.0
Contractual Services	19.4	32.6	49.5	33.5	2.8
Other	159.5	77.5	114.5	72.9	-5.9
TOTAL USES	747.4	800.8	954.0	803.8	0.4
FTE					
Permanent	10.0	10.0	11.5	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	11.5	10.0	0.0

TENTH JUDICIAL DISTRICT COURT

The purpose of the tenth judicial district court program, statutorily created in Quay, DeBaca 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	104.1%	102.9%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-1.4%	-22.4%			
* Output	Median number of days to process vendor payment vouchers	2.5	2.5	5	5	5
* Output	Number of days to process juror payment vouchers	7.58	.5	12	12	6

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,614.3	6,145.6	7,119.6	6,103.8	-0.7
Other Transfers	508.5	552.0	551.7	551.7	-0.1
Other Revenues	110.0	120.9	120.9	120.9	0.0
Fund Balance	12.1	12.1	12.1	12.1	0.0
SOURCES TOTAL	6,244.9	6,830.6	7,804.3	6,788.5	-0.6
USES					
Personal Services and Employee Benefits	5,280.7	5,507.9	6,280.9	5,551.9	0.8
Contractual Services	428.3	767.9	879.9	758.0	-1.3
Other	530.0	554.8	643.5	478.6	-13.7
TOTAL USES	6,239.0	6,830.6	7,804.3	6,788.5	-0.6
FTE					
Permanent	79.5	80.5	86.5	80.5	0.0
Term	6.0	6.5	9.5	6.5	0.0
TOTAL FTE POSITIONS	85.5	87.0	96.0	87.0	0.0

ELEVENTH JUDICIAL DISTRICT COURT

The purpose of the eleventh judicial district court program, 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	94.5%	96.8%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-0.6%	-2.4%			
* Quality	Recidivism of adult drug-court graduates	7.41%	5.93%	10%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$9.90	\$14.79			
Output	Number of domestic-violence parties completing counseling					
Output	Number of grade-court clients completing school or obtaining a general educational development certificate					
Output	Number of cases resolved with mediation					
Output	Number of clients served who are self-represented litigants					
* Quality	Recidivism of juvenile drug-court graduates	0.0%	8.89%	10%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$21.44	\$20.13			
* Output	Number of adult drug-court graduates	40	53	40	40	40
* Output	Number of juvenile drug-court graduates	14	14	16	16	16
Output	Median number of days to process vendor payment vouchers	3.08	4.0	5	5	5
* Output	Number of days to process juror payment vouchers	2.17	4.0	14	14	14
* Explanatory	Graduation rate, juvenile drug court	73.7%	66.67%	75%	75%	75%
* Explanatory	Graduation rate, adult drug court	54.8%	64.63%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,153.1	3,279.1	3,640.4	3,266.6	-0.4
Other Transfers	89.3	90.0	90.0	90.0	0.0
Federal Revenues	163.3	0.0	0.0	0.0	
Other Revenues	38.3	40.0	43.0	43.0	7.5
Fund Balance	0.0	10.0	10.0	10.0	0.0
SOURCES TOTAL	3,444.0	3,419.1	3,783.4	3,409.6	-0.3
USES					
Personal Services and Employee Benefits	2,511.3	2,523.7	3,062.6	2,587.4	2.5
Contractual Services	452.6	708.3	524.2	687.4	-3.0
Other	381.2	187.1	196.6	134.8	-28.0
TOTAL USES	3,345.1	3,419.1	3,783.4	3,409.6	-0.3
FTE					
Permanent	39.0	40.5	47.5	40.5	0.0
TOTAL FTE POSITIONS	39.0	40.5	47.5	40.5	0.0

TWELFTH JUDICIAL DISTRICT COURT

The mission of the twelfth judicial district court program, 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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Explanatory	Cases disposed as a percent of cases filed	87.6%	102.8%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	3.1%	-7.7%			
* Quality	Recidivism of juvenile drug-court participants	18.75%	19.05%	20%	20%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$47.98	\$63.92			
* Output	Number of juvenile drug-court graduates	7	2	14	14	14
* Output	Median number of days to process vendor payment vouchers	2.83	2.0	5	5	5
* Output	Number of days to process juror payment vouchers	8.7	7	14	14	14
* Explanatory	Graduation rate, juvenile drug court	53.85%	12.50%	65%	65%	65%

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,856.6	6,988.8	7,962.3	6,859.4	-1.9
Other Transfers	0.0	517.5	521.1	521.1	0.7
Fund Balance	0.0	102.8	105.9	105.9	3.0
SOURCES TOTAL	6,856.6	7,609.1	8,589.3	7,486.4	-1.6
USES					
Personal Services and Employee Benefits	5,071.7	5,637.4	6,218.4	5,523.7	-2.0
Contractual Services	948.7	1,421.7	1,613.2	1,442.4	1.5
Other	807.1	550.0	757.7	520.3	-5.4
TOTAL USES	6,827.5	7,609.1	8,589.3	7,486.4	-1.6
FTE					
Permanent	65.5	74.5	89.5	76.5	2.7
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	69.5	78.5	93.5	80.5	2.5

THIRTEENTH JUDICIAL DISTRICT COURT

The mission of the thirteenth judicial district court program, 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93%	91.8%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	10.3%	7.7%			
* Quality	Recidivism of juvenile drug-court graduates	14.44%	10.38%	20%	20%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$24.74	\$24.12			
* Output	Number of juvenile drug-court graduates	32	38	14	14	20
* Output	Median number of days to process vendor payment vouchers	6.2	6.5	5	5	5
* Output	Number of days to process juror payment vouchers	10.3	10.5	14	14	14
* Explanatory	Graduation rate, juvenile drug court	78.18%	66.67%	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 thousand and all misdemeanors filed in Bernalillo County.

The Bernalillo County Metropolitan Court was established to provide a metropolitan court in a county with over 200,000 inhabitants. The court has jurisdiction throughout Bernalillo County and is defined as a state magistrate court. Metro Court currently has 18 judges whose terms are consistent with magistrate court law. Judges are required to be members of the New Mexico State Bar and to have practiced in the state for three years. Metro Court judges select and appoint a court administrator who supervises all matters relating to the administration of the court. The court administrator works at the direction of the presiding judge.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	22,627.4	24,271.8	25,062.1	23,849.3	-1.7
Other Transfers	433.4	65.6	126.4	126.4	92.7
Federal Revenues	193.8	211.0	0.0	0.0	-100.0
Other Revenues	2,835.7	3,095.1	3,137.5	3,137.5	1.4
Fund Balance	30.0	0.0	0.0	0.0	
SOURCES TOTAL	26,120.3	27,643.5	28,326.0	27,113.2	-1.9
USES					
Personal Services and Employee Benefits	19,483.3	20,742.7	21,375.7	20,299.8	-2.1
Contractual Services	3,318.9	3,625.6	3,696.8	3,629.0	0.1
Other	3,120.1	3,209.9	3,106.2	3,118.4	-2.9
Other Financing Uses	52.7	65.3	97.3	66.0	1.1
TOTAL USES	25,975.0	27,643.5	28,276.0	27,113.2	-1.9
FTE					
Permanent	288.0	299.0	305.0	299.0	0.0
Term	53.5	53.5	44.6	53.5	0.0
TOTAL FTE POSITIONS	341.5	352.5	349.6	352.5	0.0

BUDGET ISSUES:

Metro Court requested a \$790.3 thousand, or 3.3 percent increase, in its general fund appropriation over FY09 and a 2.5 percent overall increase, including \$233.6 thousand in general fund expansion. LFC recommends a 1.7 percent general fund base decrease. Funding for supplies, travel, and equipment were slightly reduced in favor of more essential items. The recommendation adequately funds General Service Department rates for employee liability, benefits, property insurance, and building maintenance fees and assumes a 4 percent vacancy rate.

In addition to the recurring operating budget requests, the Bernalillo Metropolitan Court is seeking \$4.3 million to build three new courtrooms on the fourth floor of the Metropolitan Court. In FY07 the Legislature appropriated \$1.3 million to expand the courthouse and accommodate a judgeship, the 19th, funded that year. For FY10, Metro Court requested two judgeships.

BASE EXPANSION:

Metro Court requested \$233.6 thousand and 4 FTE, with 1 FTE for a storekeeper to support the procurement division and 3 FTE to expand the pilot program for background investigations. LFC does not recommend the expansion requests at this time because a study per the National Center for State Courts (NCSC) found Metro court is essentially fully staffed with one of the highest staffing levels for a court in the state.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Storekeeper (1 FTE)	(P244)	37.1	0.0
2	Enhanced Background Investigations (3 FTE)	(P244)	196.5	0.0
TOTAL			233.6	0.0

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 to 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Amount of bench warrant revenue collected annually	\$1,332,649	1,299,286			
* Explanatory	Cases disposed as a percent of cases filed	99%	101.3%	98%	99%	100%
Output	Amount of criminal case fees and fines collected, in millions	\$6.3	\$6.41			
* Efficiency	Cost per client per day for adult drug-court participants	\$15.71	\$11.68	\$15.00	\$15.00	\$15.00
* Quality	Recidivism of driving-while-intoxicated/drug-court graduates	4%	4.4%	4%	4%	4%
Outcome	Number of active cases pending	23,801	22,070			
* Output	Number of driving-while-intoxicated/drug-court graduates	244	242	250	240	240
* Explanatory	Graduation rate of drug-court participants	72%	65%	71%	70%	70%
* Outcome	Fees and fines collected as a percent of fees and fines assessed	92%	95.3%	92%	95%	95%

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	57,151.2	61,128.4	67,086.9	60,484.3	-1.1
Other Transfers	720.3	1,378.9	1,181.0	1,181.0	-14.4
Federal Revenues	2,973.8	1,236.7	1,364.2	1,364.2	10.3
Other Revenues	217.5	297.2	580.7	580.7	118.1
Fund Balance	745.9	2,260.5	1,052.0	1,052.0	-53.5
SOURCES TOTAL	61,808.8	66,301.7	71,264.8	64,662.2	-2.4
USES					
Personal Services and Employee Benefits	53,777.6	59,378.8	64,479.4	60,211.0	1.2
Contractual Services	990.2	1,156.6	1,302.4	490.9	-53.6
Other	5,752.7	5,766.3	5,468.7	4,010.1	-30.5
TOTAL USES	60,520.5	66,301.7	71,250.5	64,662.2	-2.5
FTE					
Permanent	507.0	879.0	945.5	883.0	0.5
Term	52.8	66.5	69.5	70.5	6.0
Temporary	3.0	3.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	562.8	948.5	1,015.0	953.5	0.5

BUDGET ISSUES:

The district attorneys requested a \$2.2 million, or 3.6 percent, base general fund increase over the FY09 operating budget and \$3.8 million in expansion items. LFC recommends a 1.1 percent general fund decrease below the FY09 operating level.

The district attorney offices requested a special appropriation for any unexpended balances from the U.S. Department of Justice's Southwest Border Prosecution Initiative awards. Awards in a district attorney fund balance at year-end are unreserved and undesignated because the federal government has made initiative funds available for any lawful purpose, and the Legislature has not legally restricted their use. Balances not appropriated by the Legislature must revert to the general fund at the end of the fiscal year. However, in Laws 2008, Chapter 3, Section 5, the Legislature included language allowing the district attorneys to keep their FY07 balances from reverting until FY11. The district attorney offices, with the exception of the 12th district attorney office, reported a remaining FY07 cumulative balance of \$2.2 million. The special appropriation request would allow for nonreversion of federal awards received in FY08 and FY09, estimated at \$900 thousand.

The courts and district attorneys use a case management system to track cases and manage work more efficiently. Information including number of cases referred by law enforcement to the district attorney offices, case types, specifically murder and sex crimes, charge class (first to fourth degree) and dispositions (the vast majority of which are disposed through a plea) were analyzed by district over a four-year period (2005-2008). The results, when factoring all the variables listed above, indicate the workload per attorney FTE for the 3rd, 5th, 9th, 12th and 13th district attorney offices is at the high end while it is at the low end for the 1st, 2nd, 4th, 8th, and 10th district attorney offices. The costs per case mirror the workload data and further highlight differences within similar-sized district attorney offices. For example, the district attorney office for the 8th district – Taos, Colfax and Union counties and 4th district – Mora, San Miguel and Guadalupe counties are nearly equal in all categories, yet cost per disposition is 26 percent greater for the 4th district. The committee encourages the district attorney offices to review its performance measures to reflect more of the data its case management system is able to generate.

Out-of-cycle pay increases gave district attorney offices the flexibility to retain staff and in FY08 the district attorneys approved out-of-cycle pay increases for 88 employees. The increases were supported with \$407.4 thousand in vacancy savings and funds saved by under filling positions, or "position savings." As of November 1, 2008 out-of-cycle increases have been awarded to 25 employees and \$207 thousand from vacancy and positions saving funded the increases.

DISTRICT ATTORNEYS (ALL)

251-263 & 265

The 1st district attorney office houses the public integrity unit. The agency plans to prosecute cases assigned to the unit, assist investigative agencies with legal advice, obtain training for the unit on best practices for prosecution of complex financial cases, and work with the inspectors general of state agencies and the State Auditor's office for referrals. Referrals include embezzlement or misconduct by a public official, employee or nonpublic employees; loss to victims of over \$5,000; and theft or embezzlement from a charitable organization.

The Public Service Law Loan Repayment Act administered by the Higher Education Department placed 10 participants in the 1st, 2nd and 3rd district attorney offices this year compared with 12 attorneys placed in five district attorney offices last year. One of the goals of the program is to help district attorney offices and the Public Defender Department (PDD) attract and retain staff.

BASE EXPANSION:

The district attorneys' expansion request of \$4.1 million from the general fund was for 64.5 additional FTE and additional expansion items. No expansion requests were made by the 1st and 7th district attorney offices.

The committee recommends converting a term FTE at the 6th district attorney office and three temporary FTE at the 8th district attorney office to permanent status.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Crimes against children division (2FTE)	(P252)	139.7	0.0
2	Felony DWI (1FTE)	(P252)	95.3	0.0
3	Grand jury (2FTE)	(P252)	144.8	0.0
4	Records division (3FTE)	(P252)	135.4	0.0
5	Economic division (1FTE)	(P252)	53.1	0.0
6	Gang violence division (2FTE)	(P252)	140.8	0.0
7	Metropolitan court (3 FTE)	(P252)	204.8	0.0
8	Weed and seed program (0.5 FTE)	(P252)	19.3	0.0
9	Vehicles (4 FTE)	(P252)	100.0	0.0
10	Community crimes division (3 FTE)	(P252)	219.6	0.0
11	Victim impact (2 FTE)	(P252)	113.8	0.0
12	Methur initiative program (2 FTE)	(P252)	132.8	0.0
13	Metropolitan court (3 FTE)	(P252)	215.0	0.0
14	Special proceedings (2 FTE)	(P252)	145.5	0.0
1	Truancy program (3 FTE)	(P253)	166.3	0.0
2	Elderly financial crimes (2 FTE)	(P253)	114.8	0.0
1	Senior victim advocate (1 FTE)	(P254)	63.9	0.0
1	APRI recommendations (5 FTE)	(P255)	298.8	0.0
2	Senior security initiative	(P255)	75.0	0.0
3	Case management clerks (3 FTE)	(P255)	84.0	0.0
1	Information systems assistant (convert to perm)	(P256)	0.0	0.0
2	District office manager	(P256)	87.5	0.0
1	Convert temp to perm positions	(P258)	0.0	0.0
2	Vehicles (5)	(P258)	87.5	0.0
1	Assistant trial attorney (1FTE)	(P259)	62.3	0.0
2	Prosecution specialist (1 FTE)	(P259)	43.2	0.0
1	Increase salaries for atty positions (1 FTE)	(P260)	45.3	0.0
1	Financial assistant (1 FTE)	(P261)	35.6	0.0
1	Administrative secretaries (4 FTE)	(P262)	152.5	0.0
2	Information system assistant (1 FTE)	(P262)	45.9	0.0
1	Associate trial attorney (1 FTE)	(P263)	56.5	0.0
2	Secretary (1 FTE)	(P263)	30.1	0.0
3	Associate trial attorney (1 FTE)	(P263)	56.5	0.0
4	Secretary (1 FTE)	(P263)	30.1	0.0
5	Associate trial attorney (1 FTE)	(P263)	56.5	0.0
6	Secretary (1 FTE)	(P263)	30.1	0.0
7	Associate trial attorney (1 FTE)	(P263)	56.5	0.0
8	Secretary (1 FTE)	(P263)	30.1	0.0
9	Investigator (1 FTE)	(P263)	39.2	0.0
10	Investigator (1 FTE)	(P263)	39.2	0.0
11	Victim advocate (1 FTE)	(P263)	42.9	0.0
12	Program assistant (1 FTE)	(P263)	32.9	0.0
1	DWI subpoena clerk (1 FTE)	(P265)	36.0	0.0
TOTAL			3,759.1	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,771.0	5,142.6	5,217.9	5,098.6	-0.9
Other Transfers	25.0	38.4	0.0	0.0	-100.0
Federal Revenues	82.8	134.8	78.8	78.8	-41.5
SOURCES TOTAL	4,878.8	5,315.8	5,296.7	5,177.4	-2.6
USES					
Personal Services and Employee Benefits	4,261.5	4,786.1	4,764.5	4,664.0	-2.6
Contractual Services	18.9	32.4	34.9	21.7	-33.0
Other	444.7	497.3	497.3	491.7	-1.1
TOTAL USES	4,725.1	5,315.8	5,296.7	5,177.4	-2.6
FTE					
Permanent	68.0	70.0	70.0	70.0	0.0
Term	5.0	3.0	2.0	2.0	-33.3
TOTAL FTE POSITIONS	73.0	73.0	72.0	72.0	-1.4

FIRST JUDICIAL DISTRICT ATTORNEY

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 Fe, Rio Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	3	18	<25	<25	<25
Efficiency	Average time from filing of petition to final disposition, in months	1	2	2	2	2
Efficiency	Average attorney caseload	109	96	110	110	110
* Output	Number of cases prosecuted	2,149	2,223	2,350	2,500	2,500
* Output	Number of cases referred for screening	2,784	2,459	3,000	3,000	3,000

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	16,867.7	17,859.8	19,972.8	17,698.7	-0.9
Other Transfers	293.2	908.8	758.6	758.6	-16.5
Federal Revenues	161.0	150.0	180.0	180.0	20.0
Other Revenues	52.8	15.0	288.5	288.5	1,823.3
SOURCES TOTAL	17,374.8	18,964.6	21,199.9	18,925.8	0.0
USES					
Personal Services and Employee Benefits	16,638.6	17,792.6	19,867.1	18,009.8	1.2
Contractual Services	163.8	275.5	269.5	142.7	-48.2
Other	913.9	896.5	1,063.3	773.3	-13.7
TOTAL USES	17,716.3	18,964.6	21,199.9	18,925.8	-0.2
FTE					
Permanent	0.0	283.0	309.5	283.0	0.0
Term	0.0	11.5	15.5	15.5	34.8
TOTAL FTE POSITIONS	0.0	294.5	325.0	298.5	1.4

SECOND JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1.2%	0.12%	<2.8%	<2.5%	<2.5%
Output	Number of cases dismissed under the six-month rule	37	55	<500	<250	<250
Efficiency	Average time from filing of petition to final disposition, in months	10.9	10	10.5	10.5	10.5
Efficiency	Average attorney caseload	433	422	550	500	400
* Output	Number of cases prosecuted	26,290	28,500	26,000	27,000	27,000
* Output	Number of cases referred for screening	47,586	30,843	43,500	43,500	43,000
Efficiency	Average number of cases prosecuted per attorney	239	259	245	245	245

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,185.8	4,728.8	5,252.2	4,757.2	0.6
Other Transfers	42.7	42.7	53.6	53.6	25.5
Federal Revenues	2,295.3	563.6	715.7	715.7	27.0
Other Revenues	42.0	0.0	194.5	194.5	
Fund Balance	0.0	338.3	366.7	366.7	8.4
SOURCES TOTAL	6,565.8	5,673.4	6,582.7	6,087.7	7.3
USES					
Personal Services and Employee Benefits	5,071.5	5,311.9	6,159.3	5,761.9	8.5
Contractual Services	122.3	65.2	102.7	29.5	-54.8
Other	577.6	296.3	320.7	296.3	0.0
TOTAL USES	5,771.4	5,673.4	6,582.7	6,087.7	7.3
FTE					
Permanent	60.0	62.0	67.0	62.0	0.0
Term	19.0	18.0	21.0	21.0	16.7
TOTAL FTE POSITIONS	79.0	80.0	88.0	83.0	3.8

THIRD JUDICIAL DISTRICT ATTORNEY

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 Dona Ana county.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Efficiency	Average time from filing of petition to final disposition, in months	3	6	6	6	6
* Output	Number of cases referred for screening	7,066	6,697	5,600	5,800	5,800
Output	Number of cases dismissed under the six-month rule	1	3	<3	3	3
* Output	Number of cases prosecuted	4,952	5,152	4,500	4,600	4,600
* Outcome	Percent of cases dismissed under the six-month rule	.001	.00055	<.3%	<.3%	<.3
Efficiency	Average attorney caseload	336	257.60	160	160	160

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,312.1	3,426.4	3,560.6	3,298.6	-3.7
SOURCES TOTAL	3,312.1	3,426.4	3,560.6	3,298.6	-3.7
USES					
Personal Services and Employee Benefits	2,541.3	3,121.9	3,199.7	3,057.4	-2.1
Contractual Services	91.0	78.8	99.0	15.5	-80.3
Other	679.0	225.7	261.8	225.7	0.0
TOTAL USES	3,311.3	3,426.4	3,560.5	3,298.6	-3.7
FTE					
Permanent	42.0	42.0	43.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	43.0	42.0	0.0

FOURTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of cases referred for screening	5,943	2,236	5,750	2,240	2,240
Output	Number of cases referred for follow-up investigation	1,485	1,118	1,280	1,120	1,120
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	5	5	6	6	6
Efficiency	Average attorney caseload	317	279.5	250	240	240
Output	Number of cases prosecuted, per attorney	2,221	1,954 (244)	1,755	240	240
* Output	Number of cases prosecuted	2,221	1,954	1,800	1,955	1,955
Output	Number of offenders accepted into pre-prosecution diversion program	60	73	45	50	50
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$16.3	\$14.85	\$6.2	\$14.0	\$14.0
Output	Number of worthless check cases processed	342	402	350	400	400
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$122.1	\$106.5	\$80.0	\$100.0	\$100.0
Output	Number of drug cases prosecuted	184	75	140	100	100
Output	Number of domestic violence cases prosecuted	325	248	375	250	250
Output	Number of victims assisted by the district attorney office	445	478	455	475	475
Output	Number of probation violations filed	211	189	240	190	190
Output	Number of county civil matters handled	450	50	450	50	50
Output	Average investigator caseload	740	559	685	550	550

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,395.8	4,656.0	5,208.1	4,538.7	-2.5
Other Revenues	0.0	15.0	0.0	0.0	-100.0
SOURCES TOTAL	4,395.8	4,671.0	5,208.1	4,538.7	-2.8
USES					
Personal Services and Employee Benefits	3,573.5	4,104.1	4,545.6	4,165.6	1.5
Contractual Services	199.3	206.9	209.4	13.1	-93.7
Other	508.0	360.0	453.1	360.0	0.0
TOTAL USES	4,280.8	4,671.0	5,208.1	4,538.7	-2.8
FTE					
Permanent	58.0	60.0	68.0	60.0	0.0
TOTAL FTE POSITIONS	58.0	60.0	68.0	60.0	0.0

FIFTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule		0%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months		2.5	5	4	4
Efficiency	Average attorney caseload		257	200	200	200
* Output	Number of cases prosecuted		4,869	4,000	3,900	3,900
* Output	Number of cases referred for screening		5151	3,200	4000	4,000
Output	Number of cases dismissed under the six-month rule		0	3	0	0

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,471.0	2,687.8	2,807.5	2,675.9	-0.4
Other Transfers	247.9	229.5	247.8	247.8	8.0
Federal Revenues	105.1	100.7	102.0	102.0	1.3
SOURCES TOTAL	2,824.0	3,018.0	3,157.3	3,025.7	0.3
USES					
Personal Services and Employee Benefits	2,469.6	2,748.9	2,847.5	2,756.6	0.3
Contractual Services	33.6	19.5	23.4	19.5	0.0
Other	332.5	244.6	286.4	249.6	0.0
TOTAL USES	2,835.7	3,013.0	3,157.3	3,025.7	0.3
FTE					
Permanent	34.0	34.0	36.0	35.0	2.9
Term	6.0	7.0	6.0	6.0	-14.3
TOTAL FTE POSITIONS	40.0	41.0	42.0	41.0	0.0

SIXTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	0	6	<2	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	2*	6.5	5	6	6
Efficiency	Average attorney caseload	249	230	150	150	150
* Output	Number of cases prosecuted	2,302	2,169	1,900	1,900	1,900
* Output	Number of cases referred for screening	2,490	2,425	2,200	2,200	2,200
Output	Average number of cases prosecuted per attorney	230	230	180	150	150

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,380.3	2,531.5	2,541.3	2,529.8	-0.1
SOURCES TOTAL	2,380.3	2,531.5	2,541.3	2,529.8	-0.1
USES					
Personal Services and Employee Benefits	2,081.7	2,230.1	2,272.9	2,268.0	1.7
Contractual Services	52.8	56.1	59.6	53.3	-5.0
Other	226.2	245.3	208.8	208.5	-15.0
TOTAL USES	2,360.7	2,531.5	2,541.3	2,529.8	-0.1
FTE					
Permanent	36.0	36.0	36.0	36.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	37.0	37.0	37.0	37.0	0.0

SEVENTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.5%	0.6%	<2%	<2%	<2%
Output	Number of cases dismissed under the six-month rule	10	12	<25	<25	<25
Efficiency	Average time from filing of petition to final disposition, in months	5.5	5.1	5.5	5.5	5.5
Efficiency	Average attorney caseload	184	134	140	140	140
* Output	Number of cases prosecuted	1,978	1,941	2,100	2,000	2,000
* Output	Number of cases referred for screening	1,936	1,909	2,200	2,100	2,100
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	9	8.8	10	10	10
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	4.7	5.5	4.25	4.50	4.50

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,571.3	2,776.5	2,959.9	2,753.8	-0.8
SOURCES TOTAL	2,571.3	2,776.5	2,959.9	2,753.8	-0.8
USES					
Personal Services and Employee Benefits	2,177.5	2,442.3	2,522.3	2,479.7	1.5
Contractual Services	72.9	68.5	76.0	68.4	-0.1
Other	317.2	265.7	361.6	205.7	-22.6
TOTAL USES	2,567.6	2,776.5	2,959.9	2,753.8	-0.8
FTE					
Permanent	32.0	33.0	36.0	36.0	9.1
Term	1.0	1.0	0.0	1.0	0.0
Temporary	3.0	3.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	36.0	37.0	36.0	37.0	0.0

EIGHTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of cases referred for screening	3,643	2,193	3,600	3,600	3,600
Efficiency	Average time from filing of petition to final disposition, in months	6	6	7	7	7
* Output	Number of cases prosecuted	1,546	1,343	1,600	1,600	1,600
Efficiency	Average attorney caseload	194	224	200	200	200
* Outcome	Percent of cases dismissed under the six-month rule	1%	2%	<3%	<3%	<3%
Output	Number of cases dismissed under the six-month rule	10	22	13	10	10
Output	Average number of cases prosecuted per attorney	221	192	200	200	200

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,714.7	2,836.9	2,984.9	2,848.2	0.4
SOURCES TOTAL	2,714.7	2,836.9	2,984.9	2,848.2	0.4
USES					
Personal Services and Employee Benefits	2,553.0	2,688.6	2,833.3	2,702.7	0.5
Contractual Services	20.0	11.0	12.8	10.9	-0.9
Other	132.5	137.3	138.8	134.6	-2.0
TOTAL USES	2,705.5	2,836.9	2,984.9	2,848.2	0.4
FTE					
Permanent	38.0	39.0	41.0	39.0	0.0
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	39.0	39.0	41.0	39.0	0.0

NINTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of cases prosecuted	3,076	3,231	3,000	3,000	3,000
Output	Number of cases dismissed under the six-month rule	6	12	<10	<10	<10
Efficiency	Average time from filing of petition to final disposition, in months	3	7.2	4	6	6
Efficiency	Average attorney caseload	280	159	250	180	180
* Outcome	Percent of cases dismissed under the six-month rule	.002	.0036	<1%	<1%	<1%
* Output	Number of cases referred for screening	3,252	3231	3,000	3,000	3,000

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	980.0	1,045.2	1,130.7	1,045.5	0.0
SOURCES TOTAL	980.0	1,045.2	1,130.7	1,045.5	0.0
USES					
Personal Services and Employee Benefits	818.4	919.1	965.0	919.4	0.0
Contractual Services	9.6	7.9	13.0	7.9	0.0
Other	175.9	118.2	152.7	118.2	0.0
TOTAL USES	1,003.9	1,045.2	1,130.7	1,045.5	0.0
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

TENTH JUDICIAL DISTRICT ATTORNEY

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 De Baca counties.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	0%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	4	18	5	10	10
Efficiency	Average attorney caseload	427	387	300	300	300
* Output	Number of cases prosecuted	1070	661	1,200	1,200	1,200
* Output	Number of cases referred for screening	1050	968	900	900	900
Output	Number of cases dismissed under the six-month rule	1	0	0	0	0

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,423.6	3,647.7	3,817.6	3,476.1	-4.7
Other Transfers	46.6	46.3	46.6	46.6	0.6
Federal Revenues	62.1	62.0	62.1	62.1	0.2
Fund Balance	237.7	1,568.0	386.4	386.4	-75.4
SOURCES TOTAL	3,770.0	5,324.0	4,312.7	3,971.2	-25.4
USES					
Personal Services and Employee Benefits	3,203.9	3,793.7	3,910.2	3,701.5	-2.4
Contractual Services	16.2	119.8	119.7	116.3	-2.9
Other	381.2	1,410.5	282.8	153.2	-89.1
TOTAL USES	3,601.3	5,324.0	4,312.7	3,971.0	-25.4
FTE					
Permanent	55.0	55.0	56.0	55.0	0.0
Term	10.3	10.5	10.5	10.5	0.0
TOTAL FTE POSITIONS	65.3	65.5	66.5	65.5	0.0

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of cases referred for screening	4,597	4,691	4,500	4,500	4,500
* Output	Number of cases prosecuted	4,266	2,887	4,300	3,000	3,000
* Outcome	Percent of cases dismissed under the six-month rule	.02	.31%	<5%	<.5%	<.5
Efficiency	Average time from filing of petition to final disposition, in months	6.5	7	<6	6	6
Efficiency	Average attorney caseload	279	313	200	250	250
Output	Average number of cases prosecuted per attorney	1	192	170	170	170

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,120.6	2,169.9	2,278.4	2,164.4	-0.3
Other Transfers	16.6	53.4	26.1	26.1	-51.1
SOURCES TOTAL	2,137.2	2,223.3	2,304.5	2,190.5	-1.5
USES					
Personal Services and Employee Benefits	1,850.6	1,990.7	2,064.2	2,019.2	1.4
Contractual Services	23.6	11.7	14.0	11.6	-0.9
Other	224.2	220.9	226.3	159.7	-27.7
TOTAL USES	2,098.4	2,223.3	2,304.5	2,190.5	-1.5
FTE					
Permanent	33.0	33.0	34.0	33.0	0.0
Term	1.0	2.0	1.0	1.0	-50.0
TOTAL FTE POSITIONS	34.0	35.0	35.0	34.0	-2.9

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1.0%	<3%	<1.0%	<1.5%	<1.5
Output	Number of cases dismissed under the six-month rule	<12	<75	<30	<35	<35
Efficiency	Average time from filing of petition to final disposition, in months	7.5	11	8	9	9
Efficiency	Average attorney caseload	490	490	466	500	450
* Output	Number of cases prosecuted	2,398	2,209	2,563	2,609	2,609
* Output	Number of cases referred for screening	3,921	3,918	3,951	3,918	3,918

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,551.4	2,640.7	3,337.1	2,720.1	3.0
Other Transfers	48.3	49.0	48.3	48.3	-1.4
Federal Revenues	225.6	225.6	225.6	225.6	0.0
Fund Balance	188.5	354.2	0.0	0.0	-100.0
SOURCES TOTAL	3,013.8	3,269.5	3,611.0	2,994.0	-8.4
USES					
Personal Services and Employee Benefits	2,533.2	2,736.6	3,087.1	2,770.4	1.2
Contractual Services	117.6	128.3	126.0	6.9	-94.6
Other	323.5	404.6	397.9	216.7	-46.4
TOTAL USES	2,974.3	3,269.5	3,611.0	2,994.0	-8.4
FTE					
Permanent	39.0	39.0	44.0	39.0	0.0
Term	8.5	8.5	8.5	8.5	0.0
TOTAL FTE POSITIONS	47.5	47.5	52.5	47.5	0.0

TWELFTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.5%	.5%	<.5%	<.4%	<.4%
Efficiency	Average time from filing of petition to final disposition, in months	8.6	8	8	8	8
Efficiency	Average attorney caseload	346	325	160	180	180
* Output	Number of cases prosecuted	2,872	3,235	5,500	3,300	3,300
* Output	Number of cases referred for screening	7,198	4,381	7,000	4,800	4,800
Output	Number of cases dismissed under the six-month rule	15	N/A	3		
Output	Average investigator caseload		N/A	60		
Output	Average number of cases prosecuted per attorney	229	240	300	150	150
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges		N/A	<3%		

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,397.3	4,978.6	6,017.9	4,878.7	-2.0
Other Transfers	0.0	10.8	0.0	0.0	-100.0
Federal Revenues	41.9	0.0	0.0	0.0	
Other Revenues	122.7	236.2	97.7	97.7	-58.6
Fund Balance	319.7	0.0	298.9	298.9	
SOURCES TOTAL	4,881.6	5,225.6	6,414.5	5,275.3	1.0
USES					
Personal Services and Employee Benefits	4,003.3	4,712.2	5,440.7	4,839.5	2.7
Contractual Services	48.6	75.0	142.4	18.9	-74.8
Other	516.3	438.4	817.3	416.9	-4.9
TOTAL USES	4,568.2	5,225.6	6,400.4	5,275.3	1.0
FTE					
Permanent	0.0	80.0	92.0	80.0	0.0
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	0.0	84.0	96.0	84.0	0.0

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	<.3%	<.2%	<.2%	<.2%	<.2%
Output	Number of cases dismissed under the six-month rule	<25	<16	<20	<16	<16
Efficiency	Average time from filing of petition to final disposition, in months	6	9	6	6	6
Efficiency	Average attorney caseload	261	249	190	250	250
* Output	Number of cases prosecuted	7942	7,288	8,200	8,000	8,000
* Output	Number of cases referred for screening	7,432	7,833	8,966	7,500	7,500

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 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,092.0	2,168.1	4,230.2	1,829.4	-15.6
Other Transfers	0.0	50.0	0.0	0.0	-100.0
Federal Revenues	86.4	0.0	0.0	0.0	
Other Revenues	343.1	80.0	180.0	180.0	125.0
Fund Balance	20.0	20.0	0.0	0.0	-100.0
SOURCES TOTAL	2,541.5	2,318.1	4,410.2	2,009.4	-13.3
USES					
Personal Services and Employee Benefits	1,019.1	938.3	1,370.9	968.5	3.2
Contractual Services	76.3	38.2	92.1	103.6	171.2
Other	1,473.4	1,341.6	2,947.2	937.3	-30.1
Other Financing Uses	1,604.0	0.0	0.0	0.0	
TOTAL USES	4,172.8	2,318.1	4,410.2	2,009.4	-13.3
FTE					
Permanent	13.0	13.0	19.0	13.0	0.0
TOTAL FTE POSITIONS	13.0	13.0	19.0	13.0	0.0

BUDGET ISSUES:

AODA requested a 77.1 percent base increase over its FY09 operating budget and \$391.4 thousand in expansion for a total increase of 95.1 percent. The base increase relates to its information technology request.

The committee recommends a 15.6 percent general fund reduction. In FY08 AODA received a 54.2 percent increase, primarily for software subscriptions, network switches, file servers and racks, network security, and case management maintenance. The FY10 recommendation pares back the information technology funding.

The recommendation includes funds for a contract attorney to handle conflict cases from the district attorney offices and funds for program software to be written for the district attorneys case management system. The other cost category also includes funding that benefits all district attorney offices, including data service fees, software licenses, training, hardware for the information network, and case management system maintenance. The agency pays rent for both Santa Fe and Albuquerque offices; consolidation is recommended and funding is included for an Albuquerque office only.

During the 2008 legislative session just over \$1 million, for a 2.4 percent increase, was appropriated for salary increases to district attorneys and all district attorneys permanent employees. AODA administers the personnel and compensation plan for the district attorney offices and implemented a new salary schedule, raising the salary ranges for attorney positions only and adjusting the salaries of staff attorneys up to the new minimum.

BASE EXPANSION:

AODA's \$394.4 thousand expansion request included two program administrators, a human resources administrator, a senior trial attorney, a data base administrator and a special program director.

The committee does not recommend the expansion requests.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Program Administrator	(P264)	56.6	0.0
2	Program Administrator	(P264)	56.6	0.0
3	Human Resources Administrator	(P264)	71.4	0.0
4	Senior Trial Attorney	(P264)	72.7	0.0
5	Data Base Administrator	(P264)	61.4	0.0
6	Special Program Director	(P264)	72.7	0.0
TOTAL			391.4	0.0

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of district attorney employees receiving training	972	906	1,000	975	975
* Output	Number of victim notification events and escapes reported, monthly	6,500	6,780	6,500	7,000	7,000

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	15,570.0	16,586.0	17,612.5	16,126.3	-2.8
Other Transfers	300.0	0.0	0.0	0.0	
Federal Revenues	511.3	1,727.7	1,804.2	1,804.2	4.4
Other Revenues	0.0	74.0	0.0	0.0	-100.0
SOURCES TOTAL	16,381.3	18,387.7	19,416.7	17,930.5	-2.5
USES					
Personal Services and Employee Benefits	12,730.0	14,805.7	15,711.9	14,763.6	-0.3
Contractual Services	460.0	754.9	754.9	612.7	-18.8
Other	2,276.7	2,723.1	2845.9	2,450.2	-10.9
Other Financing Uses	0.0	104.0	104.0	104.0	0.0
TOTAL USES	15,466.7	18,387.7	19,416.7	17,930.5	-2.6
FTE					
Permanent	180.0	180.0	194.0	181.0	0.6
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	181.0	181.0	194.0	182.0	0.6

BUDGET ISSUES:

The Office of the Attorney General (AG) requested a 6.2 percent increase, including \$1 million of expansion items. The AG has two programs: Legal Services and Medicaid Fraud. The Medicaid Fraud Program, 75 percent federally funded, would transfer \$104 thousand to Legal Services for administrative costs under the agency request. The Legal Service Program requested a flat base and \$1 million of expansion items.

The committee recommends an overall 2.8 percent general fund decrease. In the Medicaid Fraud Program the agency's request was flat and this is reflected in the committee's recommendation. The committee recommends a 2.7 percent decrease to the Legal Services Program and assumes a 1 percent vacancy rate and reductions for consultants, expert witnesses, and information technology.

In 2008, the Office of the Attorney General secured a \$77 million settlement from Travelers Insurance for its involvement in alleged insurance securities fraud. The state and its retirement systems, which were the lead plaintiffs in this and a prior lawsuit settlement with the same company, had estimated losses near \$8 million. In February, the AG obtained another legal windfall for New Mexico worth \$716 thousand as part of two separate drug rebate settlements with Merck & Co., Inc. In July, \$1.3 million came to New Mexico in a pharmaceutical lawsuit brought by the AG against Bristol-Meyers Squibb, Inc., to resolve pricing and marketing allegations.

One of the biggest environmental challenges currently facing New Mexico is the proposed Desert Rock coal-fired power plant in the Four Corners area. The agency is working to make sure all state and federal regulations are followed in order to protect the health of those in the region and the environment. Additionally, the agency established the Animal Cruelty Task Force, the Family Violence Protection Act Task Force, the Human Trafficking Task Force, and the Correctional Facilities Oversight Task Force. Each task force will present recommendations or legislation for consideration during the 2009 legislative session.

In 2003, the Legislature created the Guadalupe Hidalgo Treaty Division and in 2007 appropriated \$20 thousand for a response to a 2004 General Accounting Office (GAO) report regarding the land grants made by Spain and then Mexico. Members of the public and policy makers have questioned whether the U.S. respected these rights and followed the terms of the treaty. Among its response, the AG contends that GAO inadequately addressed the issue of whether land grants were awarded incorrectly, it erroneously determined that improper confirmations could be decided in the courts, and incorrectly assumed losses of confirmed land grants were the result of omission by the land grantees or heirs. The AG response concludes that contrived legal rationale, speculation, and adjudication led to the rejection of legitimate common-property claims.

BASE EXPANSION:

The Attorney General requested \$1.2 million in expansion for the Legal Service Program and 2 FTE for a forensics laboratory, 2 FTE for border violence and human trafficking, 1 FTE for its Internet crimes against children unit, 3 FTE for tobacco litigation and Qui Tam fraud prosecution, 1 FTE for its charities and nonprofit unit, 2 FTE for its Guadalupe Hidalgo division, and 1 FTE for public relations.

The committee recommends \$81.4 thousand from the general fund and 1 FTE for Qui Tam, a provision of the Fraud Against Taxpayers Act and allows private citizens to file a lawsuit in the name of the state government charging fraud by government contractors and others who receive or use government funds and share in any money recovered. The AG is charged with diligently investigating and intervening in suspected violations of the law and currently has 93 potential cases.

RECOMMENDED LANGUAGE:

The federal funds 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.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Border Violence	(P625)	167.3	0.0
1	Investigations Division-Internet Crimes Child	(P625)	91.2	0.0
1	RCFL Laboratory	(P625)	276.8	0.0
2	Litigation Division-Qui Tam	(P625)	85.4	81.4
2	Litigation Division-Tobacco Litigation	(P625)	89.4	0.0
2	Tobacco Litigation/Qui Tam Project Coord	(P625)	0.0	0.0
3	Civil Division-Charities & Non-Profit	(P625)	109.3	0.0
4	Guadalupe Hidalgo Unit	(P625)	147.5	0.0
5	Communication Division	(P625)	62.1	0.0
TOTAL			1,029.0	81.4

LEGAL SERVICES

The purpose of the legal services program is to deliver quality legal services 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	15,058.7	16,024.4	17,080.9	15,594.7	-2.7
Other Transfers	300.0	0.0	0.0	0.0	
Federal Revenues	0.0	131.5	104.0	104.0	-20.9
SOURCES TOTAL	15,358.7	16,155.9	17,184.9	15,698.7	-2.8
USES					
Personal Services and Employee Benefits	11,653.3	13,114.1	14,020.3	13,072.0	-0.3
Contractual Services	446.3	726.0	726.0	583.8	-19.6
Other	2,076.9	2,315.8	2,438.6	2,042.9	-12.8
TOTAL USES	14,176.5	16,155.9	17,184.9	15,698.7	-2.9
FTE					
Permanent	159.0	159.0	173.0	160.0	0.6
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	160.0	160.0	173.0	161.0	0.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of crime victims receiving information and advocacy	648	945	650	650	650
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	77%		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%	100%	100%	100%	100%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt		90%	90%	90%	90%
* Outcome	Percent of initial responses to requests for attorney general opinions made within three days of request	78%	80.36%	95%	95%	95%
Efficiency	Number of outreach presentations conducted throughout the state	14	18	19	19	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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	511.3	561.6	531.6	531.6	-5.3
Federal Revenues	511.3	1,596.2	1,700.2	1,700.2	6.5
Other Revenues	0.0	74.0	0.0	0.0	-100.0
SOURCES TOTAL	1,022.6	2,231.8	2,231.8	2,231.8	0.0
USES					
Personal Services and Employee Benefits	1,076.7	1,691.6	1,691.6	1,691.6	0.0
Contractual Services	13.7	28.9	28.9	28.9	0.0
Other	199.8	407.3	407.3	407.3	0.0
Other Financing Uses	0.0	104.0	104.0	104.0	0.0
TOTAL USES	1,290.2	2,231.8	2,231.8	2,231.8	0.0
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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$10.0	\$7.9	\$12.2	\$12.2	\$12.2
Output	Number of program improvement recommendations forwarded to the United States department of health and human services department	1	4	5	5	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	28%	25%	80%	80%	80%
* Explanatory	Total medicaid recoveries, in thousands	\$1,221.5	\$1,094	\$2,000	\$2,000	\$2,000

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,691.1	2,918.3	3,994.9	2,528.3	-13.4
Other Revenues	403.0	401.0	400.0	400.0	-0.2
Fund Balance	233.9	217.4	218.1	418.1	92.3
SOURCES TOTAL	3,328.0	3,536.7	4,613.0	3,346.4	-5.4
USES					
Personal Services and Employee Benefits	2,272.0	2,717.1	3,492.0	2,653.0	-2.4
Contractual Services	257.8	255.0	295.8	211.8	-16.9
Other	415.1	564.6	825.2	481.6	-14.7
TOTAL USES	2,944.9	3,536.7	4,613.0	3,346.4	-5.4
FTE					
Permanent	32.0	32.0	46.0	32.0	0.0
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	33.0	33.0	46.0	33.0	0.0

BUDGET ISSUES:

The State Auditor reports that only 39 percent of the FY08 audits were completed by the regulatory due date, well below the 50 percent reported in FY07. Additionally, only 16 percent of statutory reviews were completed within 10 days, well below the 61 percent reported in FY07 or the target of 75 percent. As of November 2008, the State Auditor has not received an FY07 audit from six agencies and 32 counties and municipalities including the General Services Department, Department of Workforce Solutions, city of Aztec, city of Deming, and city of Santa Rosa.

In Laws 2007, Chapter 50, Section 8, \$200 thousand was appropriated from the general fund for purposes of conducting an accounting of all assets acquired by regional housing authorities pursuant to the Regional Housing Law. During the 2008 legislative session this appropriation was extended through June 30, 2009, and language was added to require a complete financial audit of regional housing authorities. The results of this audit are scheduled to be made public December 1, 2008.

In August 2008, the State Auditor announced the implementation of the fraud hotline where citizens can report incidents of fraud, abuse, and waste of government resources. However, no clear performance measures or targets are associated with this initiative. The success of this program is difficult to assess without quantitative information, such as number of calls reporting abuse, number of cases investigated, or value of assets recovered.

In September 2008, the State Auditor and LFC staff made a presentation to the Capital Outlay Subcommittee regarding the state agency auditing process. The subcommittee then directed the State Auditor and LFC staff to work together on a process for auditing capital outlay projects in order to provide accountability. LFC staff initiated the effort in November 2008 with a review of GSD's Tri-Services Laboratory, the water innovation fund, Eagle Nest Dam, and the Belen multipurpose community center.

The LFC recommendation makes technical adjustments to personal services and employee benefits to align projected expenditures with actual costs and reduces vacant positions to entry-level salaries. In FY08, the State Auditor maintained an average vacancy of 16 percent and transferred \$170 thousand from personal services and employee benefits to the other costs category for media services and advertising.

The LFC recommendation does not fund a proposed \$74 thousand contract for public relations services because this is nonessential. The recommendation supports all other contractual costs.

In the other category the recommendation does not support the requested \$100 thousand for advertising, \$20 thousand increase for information technology equipment, or \$3 thousand increase for an additional leased vehicle. The LFC recommendation funds the all other costs at the FY09 operating level.

BASE EXPANSION:

For FY10, the State Auditor requested an increase of \$842 thousand and 13 FTE to perform outreach activities, monitor audit reports, and ensure audits are completed by regulatory due dates. The committee does not recommend any expansion at this time.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Staff Auditors	(P628)	441.5	0.0
2	Senior Auditors	(P628)	269.4	0.0
3	Audit Supervisor	(P628)	79.7	0.0
4	Management Analyst	(P628)	51.8	0.0
5	Office & Admin Support	(P628)	0.0	0.0
TOTAL			842.4	0.0

STATE AUDITOR

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Total audit fees generated	\$250,000	\$403,000	\$400,000	\$400,000	\$400,000
* Explanatory	Percent of audits completed by regulatory due date	50%	39%	80%	66%	75%
Output	Number of training sessions performed	20	17	16	16	16
Outcome	Percent of statutory reviews of audit reports completed within ten days	61%	16%	75%	66%	75%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	100%	90%	100%	90%	100%
Output	Number of working paper reviews of independent public accountants	36	42	45	45	45

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 Administration Act and Motor Vehicle Code in a manner resulting in the highest degree of accuracy and fairness to taxpayers while ensuring that all taxes owed are paid in a timely manner.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	67,805.5	70,438.4	80,451.8	72,668.3	3.2
Other Transfers	561.8	510.7	588.9	588.9	15.3
Federal Revenues	1,742.6	1,565.8	1,466.3	1,516.3	-3.2
Other Revenues	19,548.4	14,122.1	14,659.2	16,041.2	13.6
Fund Balance	200.0	131.6	244.0	244.0	85.4
SOURCES TOTAL	89,858.4	86,768.6	97,410.2	91,058.7	4.9
USES					
Personal Services and Employee Benefits	55,891.0	61,044.7	68,895.8	64,401.9	5.5
Contractual Services	7,042.2	6,359.9	6,364.1	6,092.9	-4.2
Other	20,230.4	19,364.0	22,150.3	20,563.9	6.2
TOTAL USES	83,163.6	86,768.6	97,410.2	91,058.7	4.9
FTE					
Permanent	1,148.0	1,176.0	1,256.0	1,240.0	5.4
Term	40.0	30.0	19.0	30.0	0.0
Temporary	35.7	35.7	41.7	38.7	8.4
TOTAL FTE POSITIONS	1,223.7	1,241.7	1,316.7	1,308.7	5.4

BUDGET ISSUES:

Historically, TRD has had difficulty filling vacant positions and has suffered from high employee turnover. The agency has cited a positive return on investment of eight to one, if positions in the Tax Administration Program (TAP) are adequately funded. The agency has successfully put forth an effort to recruit and retain staff by increasing salaries through the use of in-band salary increases and by offering newly hired staff salaries at mid-point. Together, these initiatives contributed to lower vacancies.

The agency's FY09 operating budget includes vacancy rates ranging from 19.2 percent to 3.5 percent with an overall average rate of 13.2 percent. Although the agency requested additional funds to lower the vacancy rates in FY10 to an average of 4 percent, the recommendation maintains the vacancy rate at a level less than 1 percent greater than the FY09 operating level.

The Tax Administration Program comprises the Audit and Compliance Division (ACD) and the Revenue Processing Division (RPD); which are responsible for tax return processing, auditing, collecting, depositing, and providing taxpayer assistance. The program operates with offices in Santa Fe, Albuquerque, Las Cruces, and Roswell. In 2003 TRD received increased funding and FTE to collect revenue owed to the state from delinquent and noncompliant taxpayers. Since 2003, the enhanced revenue initiative has collected almost \$600 million in additional revenues over the baseline of \$62 million established prior to 2003. The enhanced revenue initiative includes data sharing with other state agencies and the federal Internal Revenue Services, cross-checking information, and identifying outstanding taxes owed to the state and under-reported income. The agency has proposed a second phase to the revenue enhancement as an expansion item titled the "fair share" initiative. The committee recommends decreasing the base budget by 1.5 percent and recommends adding funding for the "fair share" expansion, resulting in a 10.9 percent increase in the expenditure level compared with the FY09 operating level.

Enforcing the Motor Vehicle Code and Transportation Act are the major functions of the Motor Vehicle Program. The Motor Vehicle Division (MVD) comprises 33 state-run field offices and oversees 39 full service municipal and 15 private agent offices in 18 locations. Additionally, MVD has approximately 450 to 500 partners, including auto dealers and title services companies. MVD is the program within state government that citizens most interact with, often with frustratingly long wait times. Although MVD has reduced wait times in the field offices and call center, it narrowly missed its targeted level for FY08. MVD receives about 38 percent of its funding from other revenues, including fees and taxes collected from licenses and registrations. The committee recommends offsetting a decreased level of funding from the general fund with increased revenues from other sources, resulting in an overall budget increase of less than 1 percent.

The Property Tax Program (PTP) administers the Property Tax Code to ensure the fair and equitable appraisal of property and the assessment of property taxes with offices in Albuquerque, Roswell, and Las Cruces. The committee recommends a decrease of 3 percent of funding from the general fund and an increase in other revenues and fund balance to decrease the vacancy rate from 19 percent to 5 percent. A lower vacancy rate may help relieve backlogged assessments, which would more likely generate increased property tax collections that benefit counties and school districts with additional revenue.

The Compliance Enforcement Program (CEP) enforces statutes relating to the Tax Act and investigates financial crimes relating to compliance with tax laws with offices in Santa Fe and Albuquerque. The committee recommends a decrease of \$277.4 thousand, including \$150 thousand the agency requested as part of an expansion request to reallocate FTE. The committee recommendation also supports a shift of funding from the other cost category to the contractual services category, in the base, to align the budget with the proper expenditure categories.

Program Support provides support services to the other programs and overall leadership for the department through the office of the secretary. Within Program Support, the Information Technology (IT) Division is responsible for IT systems that support MVD, ONGARD, GenTax, and a data warehouse. The agency has maintained a high vacancy in the IT Division, which has impinged on upgrading and fixing many of the IT systems. The committee recommends increasing other revenues, such as fees associated with processing workers' compensation fees, tax intercept fees, and fees assessed to the State Land Office to support ONGARD operations. Additionally, the committee recommends a portion of the "fair share" expansion initiative, resulting in an overall increase of 2.9 percent from the FY09 operating level.

BASE EXPANSION:

The committee recommends the agency's expansion request to reallocate FTE and funding. The recommendation includes transferring \$150 thousand and 2 FTE from the Compliance Enforcement Program to Program Support and MVD. Following the creation of the Compliance Enforcement Program in 2007, the agency identified an IT business analyst FTE that would be more operationally functional with the other IT staff in Program Support. Additionally, an FTE in the Compliance Enforcement Program that performs MVD audits and collections would be better-suited working with the other MVD staff.

The committee recommends \$87.8 thousand and 6 half-time FTE in the MVD program to help ameliorate field office wait times. The agency identified the noon hour as the time of the day when wait times peak in the field office because staff are required to take breaks for lunch. Although the agency varies the hour the staff can take off for lunch, many field offices are understaffed for a three-hour period. The additional FTE will allow the agency to recruit part-time staff to provide coverage during the noon hour, a time of the day when customers are most likely to visit the field offices and be in a hurry.

The agency requested \$6.5 million to implement phase two of a revenue enhancement initiative, the "fair share" initiative designed to collect an additional \$45 million of delinquent taxes. The agency requested an additional \$2.3 million nonrecurring appropriation for IT system enhancements, for a total of initiative request of \$8.8 million. The committee recommendation includes a special appropriation of \$2.3 million, \$3.6 million of recurring general fund monies, and \$1.5 million of other revenues. The department has identified that 29.3 percent of the additional revenue would be distributed to local government entities. The committee recommends funding for the initiative; however, the cost for implementation will be partially offset with an assessment to the local government entities in proportion to the additional revenue they receive. The recommendation is contingent on enactment of legislation that supports the local government assessment for a period of four years. The recommendation includes funding to fill 18 vacant positions, hire 64 additional FTE, and cover the associated overhead costs, including rent, supplies, and equipment. Although the agency requested funding to fill positions at the mid-point of the salary range, the committee recommends the positions at half the difference between the mid-point and entry level, resulting in a recommended level of funding less than requested.

RECOMMENDED LANGUAGE:

The general fund appropriation to program support and the tax administration program of the taxation and revenue department for the fair share initiative is contingent on the enactment of legislation of the first session of the forty-ninth legislative session that assesses local government entities a proportional share of the costs associated with recovering the delinquent taxes.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Fair share initiative-IT	(P572)	1,270.7	1,120.7
4	Transfer 1 FTE From TFID to ITD	(P572)	100.1	100.1
1	Fair share initiative	(P573)	5,300.6	3,950.7
3	ACD term to perm	(P573)	0.0	0.0
2	Wait time abatement team	(P574)	175.6	87.8
4	Transfer 1 FTE from TFID to MVD	(P574)	49.9	49.9
4	Transfer 2 FTE from TFID to MVD and ITD	(P579)	-150.0	-150.0
TOTAL			6,746.9	5,159.2

TAX ADMINISTRATION

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	28,659.8	29,382.0	35,011.8	31,741.2	8.0
Federal Revenues	1,256.6	1,565.8	1,466.3	1,516.3	-3.2
Other Revenues	1,138.5	995.4	984.0	2,166.0	117.6
SOURCES TOTAL	31,054.9	31,943.2	37,462.1	35,423.5	10.9
USES					
Personal Services and Employee Benefits	23,491.3	25,028.8	29,049.4	27,198.6	8.7
Contractual Services	565.5	105.6	112.6	106.1	0.5
Other	6,781.5	6,808.8	8,300.1	8,118.8	19.2
TOTAL USES	30,838.3	31,943.2	37,462.1	35,423.5	10.9
FTE					
Permanent	493.0	501.0	566.0	550.0	9.8
Term	26.0	26.0	15.0	26.0	0.0
Temporary	31.7	31.7	31.7	31.7	0.0
TOTAL FTE POSITIONS	550.7	558.7	612.7	607.7	8.8

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	40%	50%	40%	40%	40%
Output	Average return on investment for every dollar invested in the audit and compliance division				8:1	8:1
* Output	Percent of electronically filed returns for personal income tax and combined reporting system	37.4%	48.74%	50%	65%	65%
Outcome	Percent of baseline and funded delinquent tax collection targets met			100%	100%	100%
* Outcome	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year			20%	20%	20%
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days			100%	95%	100%

MOTOR VEHICLE

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	15,243.7	15,734.6	16,898.3	15,552.5	-1.2
Federal Revenues	486.0	0.0	0.0	0.0	
Other Revenues	15,453.7	10,303.1	10,592.9	10,592.9	2.8
SOURCES TOTAL	31,183.4	26,037.7	27,491.2	26,145.4	0.4
USES					
Personal Services and Employee Benefits	15,063.6	16,362.6	17,585.6	16,500.2	0.8
Contractual Services	3,782.8	3,119.1	3,120.8	3,119.1	0.0
Other	6,814.8	6,556.0	6,784.8	6,526.1	-0.5
TOTAL USES	25,661.2	26,037.7	27,491.2	26,145.4	0.4
FTE					
Permanent	363.0	375.0	376.0	376.0	0.3
Term	8.0	4.0	4.0	4.0	0.0
Temporary	4.0	4.0	10.0	7.0	75.0
TOTAL FTE POSITIONS	375.0	383.0	390.0	387.0	1.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Efficiency	Average call center wait time to reach an agent, in minutes	4.91	3.42	3.75	3.75	3.45
* Outcome	Percent of registered vehicles with liability insurance	89%	90%	90%	90%	91%
* Efficiency	Average wait time in q-matic-equipped offices, in minutes	14	14	14	15	14
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	1	1	1	1	1
Explanatory	Average call center customer wait time based on 12,828 calls per week	4.91	3.70	3.75	3.75	3.45

PROPERTY TAX

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	764.1	671.3	681.9	650.9	-3.0
Other Revenues	2,595.8	2,512.1	2,742.3	2,610.2	3.9
Fund Balance	0.0	1.6	244.0	244.0	15,150.0
SOURCES TOTAL	3,359.9	3,185.0	3,668.2	3,505.1	10.1
USES					
Personal Services and Employee Benefits	2,312.2	2,481.2	2,860.1	2,799.7	12.8
Contractual Services	142.8	126.6	180.6	127.6	0.8
Other	694.8	577.2	627.5	577.8	0.1
TOTAL USES	3,149.8	3,185.0	3,668.2	3,505.1	10.1
FTE					
Permanent	44.0	49.0	49.0	49.0	0.0
Term	6.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	50.0	49.0	49.0	49.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of appraisals or valuations for companies conducting business within the state subject to state assessment	511	484	510	460	510
Output	Amount of delinquent property tax collected and distributed to counties, in millions			6.5	6.5	7.0
* Outcome	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value			90%	90%	90%

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the New Mexico taxation and revenue department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, in order to encourage and achieve voluntary compliance with of New Mexico tax laws.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,592.9	2,843.8	2,923.4	2,566.4	-9.8
SOURCES TOTAL	2,592.9	2,843.8	2,923.4	2,566.4	-9.8
USES					
Personal Services and Employee Benefits	1,767.2	2,283.7	2,366.6	2,042.6	-10.6
Contractual Services	107.4	9.5	20.2	20.2	112.6
Other	610.2	550.6	536.6	503.6	-8.5
TOTAL USES	2,484.8	2,843.8	2,923.4	2,566.4	-9.8
FTE					
Permanent	38.0	38.0	36.0	36.0	-5.3
TOTAL FTE POSITIONS	38.0	38.0	36.0	36.0	-5.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	90%	90%	100%
Output	Percent of internal audit recommendations implemented by department			80%	80%	80%

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	20,545.0	21,806.7	24,936.4	22,157.3	1.6
Other Transfers	561.8	510.7	588.9	588.9	15.3
Other Revenues	360.5	311.5	340.0	672.1	115.8
Fund Balance	200.0	130.0	0.0	0.0	-100.0
SOURCES TOTAL	21,667.3	22,758.9	25,865.3	23,418.3	2.9
USES					
Personal Services and Employee Benefits	13,256.7	14,888.4	17,034.1	15,860.8	6.5
Contractual Services	2,443.7	2,999.1	2,929.9	2,719.9	-9.3
Other	5,329.1	4,871.4	5,901.3	4,837.6	-0.7
TOTAL USES	21,029.5	22,758.9	25,865.3	23,418.3	2.9
FTE					
Permanent	210.0	213.0	229.0	229.0	7.5
TOTAL FTE POSITIONS	210.0	213.0	229.0	229.0	7.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of projects certified by the department of information technology completed within budget			100%	100%	100%
* Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	.7%	1%	1%	1%	<1%
Outcome	Number of tax protest cases resolved	802	798	750	750	800
Outcome	Percent of matched combined reporting system taxes distributed timely				99%	99%

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by Section 6-8-2 NMSA 1978 and is responsible for managing the land grant (LGPF), severance tax (STPF), tobacco settlement (TSPF), and water (WPF) permanent funds, as well as the investments of other state and political subdivision clients. 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 the 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 functions of the investment office.

MISSION:

New Mexico's two main endowment funds, the land grant and the severance tax permanent funds, are to provide permanent and continuing benefits for the present and future citizens of New Mexico from the revenue from lands held in trust and the extraction of certain natural resources. SIC's mission is to optimize the funds to ensure that future generations receive the same benefits as current beneficiaries and to professionally invest the funds as provided by law to generate the maximum benefits over time and to provide a current revenue source for the state's general fund.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	31,119.7	31,942.6	36,413.0	33,989.5	6.4
Other Revenues	823.7	950.0	950.0	950.0	0.0
SOURCES TOTAL	31,943.4	32,892.6	37,363.0	34,939.5	6.2
USES					
Personal Services and Employee Benefits	3,282.3	3,420.6	4,022.7	3,462.8	1.2
Contractual Services	24,275.1	28,558.5	32,256.7	30,479.8	6.7
Other	730.2	913.5	1,083.6	996.9	9.1
TOTAL USES	28,287.6	32,892.6	37,363.0	34,939.5	6.2
FTE					
Permanent	32.0	32.0	36.0	32.0	0.0
TOTAL FTE POSITIONS	32.0	32.0	36.0	32.0	0.0

BUDGET ISSUES:

The agency budget request of \$37.4 million represented an increase of 13.6 percent, or \$4.5 million, over the FY09 operating budget. The request included an increase of \$3.7 million, or 12.9 percent over the FY09 operating budget of \$28.5 million, for contractual services. Contractual services, which have historically made up more than 85 percent of the SIC's total budget, consist primarily of external manager fees based on investment performance and assets under management. Approximately \$1 million of the \$3.7 million requested increase represented contracted legal fees attributed to the growth of the SIC's alternative investment portfolio. The request for employee training and education requests increased more than 42 percent also as a result of the increasing alternative investment portfolio. The recommendation includes an increase in the contractual services category of 6.7 percent or approximately \$1.9 million. The total recommendation of \$34.9 million allows for a 6.2 percent increase in base expenditures. The base increase is slightly less than usual, reflecting a significant decrease in assets under management attributable to the dismal market conditions throughout late FY08 and early FY09.

FY08 performance, although negative for the year, was significantly better than the funds' benchmarks. The STPF lost 4.4 percent but beat its policy target by 220 basis points, while the LGPF lost 3.8 percent, beating its policy target by 300 basis points. The funds benefited from SIC's recently implemented equity hedging program, which used derivatives tied to the Standard and Poor's 500 (S&P 500) Index to offset massive losses in overall equity markets. The funds' domestic equity portfolios were able to outperform the benchmark S&P 500 by more than 640 basis points in the fourth quarter alone. Absolute return or hedge fund investments also helped to anchor the portfolio. Despite the strong FY08 performance, fund assets plummeted from \$15.4 billion to \$14.2 billion the first quarter of FY09, a quarterly loss of more than 8 percent. The losses are mostly attributable to the extremely poor economic environment throughout the last quarter.

In addition to its private equity and absolute return portfolios, SIC continues to build its film investments as a part of the economically targeted investment program. To date the program has made more than \$228 million in loans to a variety of different projects. Its most recent loan was a \$15 million deal with the Lions Gate Entertainment television series "Crash" which currently airs on the Starz network. "Crash" was filmed entirely in and around Albuquerque, where SIC estimates it employed nearly 240 New Mexicans and spent almost \$16 million. Within the economically targeted investment program, SIC has also made a variety of direct investments into New Mexico businesses. One of the most high profile of these investments was a \$19 million equity investment into Eclipse Aviation, which has performed dismally throughout much of the year. The company's troubles have stemmed from various financial and regulatory problems, including four civil lawsuits, and a congressional investigation. Eclipse filed for Chapter 11 bankruptcy protection soon after not being able to meet certain payroll obligations on November 13, 2008.

The FY07 audit of the agency found that all findings from the FY06 audit had been resolved; however, various issues remain regarding the use of its general ledger software. SIC currently uses Microsoft Excel as its primary accounting system because it has yet to identify a standard accounting software program suitable for its operations. The audit also reported that the difficulties experienced by SIC in finding such software have been compounded by the statewide conversion to the SHARE accounting system. Any new general ledger software package must be able to integrate with the SHARE system.

BASE EXPANSION:

The state investment council has asked for four expansion FTEs as part of its FY10 budget request. Two of the expansion FTEs are administrative support staff including a personal administrative assistant to the chief investment officer. The other two expansions are financial analyst positions intended to increase alternative investment due diligence. Due to the state's current budget situation, the LFC cannot recommend these expansions in FY10.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty nine million four hundred seventy-five thousand five hundred dollars (\$29,475,500) to be used only for money manager fees.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Office Admin Support Worker	(P629)	30.8	0.0
2	Investment Support - Alternatives	(P629)	93.1	0.0
3	Investment Support - Securities	(P629)	93.2	0.0
4	<u>Executive Secretary</u>	<u>(P629)</u>	<u>37.0</u>	<u>0.0</u>
TOTAL			254.1	0.0

STATE INVESTMENT COUNCIL

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 generation of New Mexicans.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	60	300	>25	>25	>25
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	30	90	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	27	49	<49	<49	<49
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	46	43	<49	<49	<49

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.

MISSION:

The Department of Finance and Administration mission is to provide the governor, other agencies, and local entities with fiscal, policy, analysis, and budgetary services to ensure responsive and fiscally responsible governance for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	15,880.2	16,955.1	19,701.2	16,582.1	-2.2
Other Transfers	729.8	446.8	439.8	439.8	-1.6
Federal Revenues	4,887.7	14,622.2	14,540.3	14,540.3	-0.6
Other Revenues	32,338.0	33,095.3	32,247.5	29,443.5	-11.0
Fund Balance	5,546.2	4,436.1	5,550.3	5,550.3	25.1
SOURCES TOTAL	59,381.9	69,555.5	72,479.1	66,556.0	-4.3
USES					
Personal Services and Employee Benefits	12,185.4	13,443.8	14,998.6	13,539.4	0.7
Contractual Services	5,624.9	6,196.2	6,159.8	5,329.6	-14.0
Other	35,139.9	49,615.5	51,020.7	47,387.0	-4.5
Other Financing Uses	300.0	300.0	300.0	300.0	0.0
TOTAL USES	53,250.2	69,555.5	72,479.1	66,556.0	-4.3
FTE					
Permanent	155.8	157.0	169.0	154.0	-1.9
Term	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	176.8	178.0	190.0	175.0	-1.7

BUDGET ISSUES:

DFA's FY10 base budget request for operations was \$71.1 million, a 2 percent increase over the agency FY09 operating budget. Almost 90 percent, or \$1.3 million, was a proposed increase from the general fund. The non-operating request of \$20.8 million, of which \$12.8 million was from the general fund, represented a 3.5 percent decrease from the FY09 non-operating appropriation. A decline of \$756.2 thousand in general fund monies entirely accounted for the decrease and resulted from a \$350 thousand reduction in the fiscal agent fee and the elimination of four local programs considered recurring in FY09.

The committee recommendation of \$66.6 million reduces the FY10 operating budget by an overall 4.3 percent from the FY09 operating budget. A general fund reduction of \$373 thousand, or 2.2 percent, is due primarily to a 14 percent reduction in contractual services from FY09. A \$362.5 thousand decline in general fund revenue for Civil Legal Services (CLS) contracts represents the single largest reduction. However, the resulting \$4 million recommendation for this program (\$2.2 million from the general fund and \$1.8 million from other revenues) remains far above the FY07 program level of \$1.9 million when it was funded solely by district court docket fees and is only slightly below the FY08 level when the Legislature first added \$2.5 million from the general fund to increase legal access for low-income individuals.

For other contracts, agency-proposed reductions were adopted in most cases, accounting fees were aligned with actual projections, and additional decreases were applied where the justification was insufficient and the outcomes from prior appropriations were uncertain. In general, replacement schedules for critical information technology equipment, such as a server for Program Support and \$96.1 thousand for the imaging system in the Fiscal Control Division, are supported in the recommendation. In lieu of a \$400 thousand special appropriation request to audit the Comprehensive Annual Financial Report (CAFR), \$80 thousand is recommended for a review of the CAFR pending legislation to update the State Audit Act to reduce audit costs across all other agencies. The review will help preserve the state's bond rating.

The agency continues to struggle with the SHARE statewide accounting system, partly because of inefficiency introduced by governance being split between DFA and the Department of Information Technology (DoIT). This is exemplified by the continued lack of a comprehensive training program despite a \$935 thousand appropriation for FY09. Examples of duplication that have the potential to substantially increase costs include DFA FY10 requests for \$300 thousand to replace SHARE servers and \$120 thousand for a business continuity plan to address disaster recovery. Because servers are covered in DoIT's \$1.7 million information technology request for SHARE, the request is excluded from the committee recommendation. However, funding for the continuity plan is included due to the essential nature of the information represented by SHARE, although the plan might be unnecessary as DoIT is also developing such a plan.

The lack of adequate operational funding for SHARE in the post-implementation phase, as described in the 2008 Gartner report, puts SHARE "at risk" for failure. However, until the governance issue is resolved to streamline costs, improve operations, and expand access to key information, only the most essential operational expenditures for SHARE are recommended. For example, \$500 thousand in the request for continued maintenance on SHARE, such as upgrading the cash management module and payroll interfaces, is supported in the recommendation. Also included is \$80 thousand of the agency's \$200 thousand request for extending the Maximus contract to ensure the state meets payroll.

One of the greatest challenges represented by the agency FY10 operating request occurred in the personal services and employee benefits category, where two of the programs – Program Support and Fiscal Management – asked for amounts significantly above the FY09 operating budget. DFA's vacancy rate of 12.4 percent as of November 2008 continues the agency's high historic average. The recommendation applies a 1 percent vacancy rate to the Policy Program and slightly higher than 2 percent for the Community Development Program. An economist position, vacant for two years, is eliminated from the Office of the Secretary and 2 FTE supported from the general fund are deleted from Community Development, which reported 10 vacant positions as of November 2008 and shows a pattern of holding positions open.

In the Program Support recommendation, \$40.5 thousand vacancy savings, or 2.5 percent, was applied. The committee's recommendation for personal salary and employee benefits in the Fiscal Management Program is \$126.4 thousand higher than the FY09 operating budget to accommodate the loss of SHARE project monies but remains about \$190 thousand less than the request by applying a 4 percent vacancy rate. The agency request included salary increases to improve recruitment and retention; however, the issue of competitive salaries for certain employees needs to be addressed by the State Personnel Office and the full Legislature.

The last notable reduction in the FY10 budget recommendation occurs in the E-911 Enhancement program, funded entirely from cell and land line telephone fees. While the fund balance request of \$5.5 million is supported, revenues for equipment expenditures are reduced to \$6 million from \$8.8 million in the FY10 request pending updated fund projections. These costs are budgeted for FY09 at \$7 million. The agency's request of \$8.7 million for operating the E-911 equipment is included.

The committee recommendation for non-operating expenses is \$20.3 million, of which \$12.3 million is from the general fund. This amount is \$1.3 million less than the general fund portion included in the FY09 operating budget and \$546.6 thousand less than the agency's request. Generally, local special program reductions range from 2 percent to 10 percent. The youth mentoring program, while less than the request, still retains about 62 percent of the program's FY09 \$260 thousand increase, which will allow it to expand at a slower pace. Reimbursements to counties for prisoners are at the FY08 level of \$5 million. The Board of Finance emergency loan program is funded at the FY09 level of \$1.5 million. While the agency request for \$2 million has merit due to economic conditions, those same conditions make restoring the general fund reserve to 10 percent imperative as a buffer against further revenue declines.

The extensive revision of performance measures in 2007, nonreporting of some prior results, and the lack of baseline data make assessing agency performance difficult. DFA should develop a more robust reporting process, particularly for local government programs such as the Civil Legal Services and youth mentoring, both accounting for over \$5 million in general fund spending. Determining and relating how successful these programs are in meeting their respective objectives is essential.

BASE EXPANSION:

Three of the agency's expansion requests relate to workload issues: an additional FTE in the Board of Finance to process bond proceeds, 2 FTE to process documentation in the imaging unit, and an additional attorney in the Office of the Secretary to process contracts. While expediting these activities is desirable, given the current state revenue outlook, these expansions are not recommended.

The recommendation does not include the \$200 thousand request from the Office of Education Accountability for evaluations of the pre-kindergarten and the kindergarten-three plus programs because this expense is considered non-recurring and more appropriately considered in a special appropriation.

The Fiscal Management's expansion request for 8 FTE to address issues related to developing SHARE capabilities and addressing problems is noteworthy but is not supported in the recommendation. Until the governance and post-implementation funding issues are resolved, the efficient allocation of resources to SHARE remains uncertain.

RECOMMENDED LANGUAGE:

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 on review by 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 2010. 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 2010 exceed two hundred fifty thousand dollars (\$250,000), any additional repayments shall be transferred to the general fund.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Document imaging (2 FTE)	(P544)	59.9	0.0
2	SHARE unit (3 FTE)	(P544)	439.5	0.0
3	SHARE technical support (5 FTE)	(P544)	574.6	0.0
4	Attorney (1 FTE)	(P541)	78.5	0.0
5	Fiscal analyst for bond program (1 FTE)	(P541)	53.2	0.0
6	Evaluation of education programs	(P541)	200.0	0.0
TOTAL			1,405.7	0.0

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

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)**

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,509.4	3,782.0	4,142.4	3,705.1	-2.0
Other Transfers	290.0	0.0	0.0	0.0	
SOURCES TOTAL	3,799.4	3,782.0	4,142.4	3,705.1	-2.0
USES					
Personal Services and Employee Benefits	2,889.5	3,284.3	3,443.1	3,226.2	-1.8
Contractual Services	467.6	202.4	399.0	199.0	-1.7
Other	266.9	295.3	300.2	279.9	-5.2
TOTAL USES	3,624.0	3,782.0	4,142.3	3,705.1	-2.0
FTE					
Permanent	34.8	35.0	37.0	34.0	-2.9
TOTAL FTE POSITIONS	34.8	35.0	37.0	34.0	-2.9

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Error rate for eighteen-month general fund revenue forecast, prior fiscal year	16.82%	4.9%			
Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30	99%				
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted		99.2%	90%	90%	95%
Outcome	Yield achieved by private investment managers exceeding the merrill one- to three-year government index	N/A				
Outcome	Return on state treasurer's office investments exceeding the board of finance approved state investment office internal benchmark, in basis points		38 b.p.			
Output	Average number of bids received at competitive bond sales	11	6	7	7	7
Output	Date of bond sale following appropriate authorization and certificate of project readiness		June 25	June 30	June 30	June 30
Efficiency	Percent of state payments processed electronically		51.7%	>50%	>50%	>50%
Quality	Minimum unimpaired capital of fiscal agent, in billions		\$101.5	\$0.02	\$1	\$1
Outcome	Percent of meetings for which all attending board members are briefed			100%	100%	100%
* Outcome	Average number of working days to process budget adjustment requests	5.5	4.83	5	5	5
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct		99%			
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct	88%	85%			
Quality	Percent of time the budget preparation and review system is operational	99%				
Outcome	New Mexico bond rating	AA+				
Quality	Level of general fund reserves maintained as a percent of recurring appropriations	10.2%	10.7%			
Output	Percent of key agencies reporting key performance data by specified deadlines	76%				
Output	Number of state agency budget training sessions	12	12			
Output	Number of agencies monitored by a monthly budget monitoring and control system	0				
Efficiency	Percent of fiscal impact reports completed within forty-eight hours		84%			
Outcome	Percent of policy recommendations ready for presentation to the office of the secretary on schedule		97.3%			
Output	Percent of public education department strategic plan education initiatives targets met	57%				
Efficiency	Date to submit reports on the public education department's implementation of reform initiatives		June 30			
Efficiency	Date to submit reports on implementation of the Assessment and Accountability Act		June 30			
Output	Percent of school districts reviewed for quality implementation of the annual evaluation component of the three-tiered licensure system	100%	100%	100%	100%	100%
Outcome	Percent of decision-making policies of schools and school districts relating to the recruitment and retention of school employees reviewed		100%			

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of reports using information about education reform nationally and in other states to benchmark New Mexico's progress	2	4	3	3	3
Outcome	Percent change in distribution of educational newsletters		15%			
Output	Number of policies, rules or regulations recommended in office of education accountability reports that were adopted		5			
Output	Number of principals and other staff aimed at increasing educational leaders ability to gather and use accountability data more effectively		250			
Outcome	Error rate for the eighteen-month general fund revenue forecast, gas revenue and corporate income taxes			(+/-) 8%	(+/-) 8%	(+/-) 8%
* Output	Percent of state agencies monitored operating within available resources			100%	100%	100%
Outcome	General fund reserves as a percent of recurring appropriations			10%	10%	10%
Outcome	Error rate for the eighteen-month general fund revenue forecast, non-oil and gas revenue and corporate income taxes			(+/-) 4%	(+/-) 4%	(+/-) 4%
* Outcome	Percent of agencies that develop and implement performance monitoring plans			100%	100%	100%
Outcome	Percent of policy recommendations completed within forty-eight hours of assignment			100%	100%	100%
Output	Percent of state agency budgets monitored on a quarterly basis			100%	100%	100%
Output	Number of reports on topics such as New Mexico pre-kindergarten, the children's cabinet, high school redesign, and the alignment between p-12 and higher education			2	2	2
Output	Number of reports on topics such as state testing and annual yearly progress ratings, student teacher accountability reporting system, and the public education department's efforts to support schools in need of improvement			2	2	2
Output	Number of reports on topics such as the three-tiered licensure professional development dossier system, highly qualified educator requirements, principal evaluation system, and the teacher education accountability reporting system			2	2	2
Output	Number of principals and other staff receiving professional development tools aimed at increasing their ability to use accountability data more effectively			120	120	120

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,026.8	5,201.8	5,349.4	4,788.8	-7.9
Federal Revenues	4,887.7	14,622.2	14,540.3	14,540.3	-0.6
Other Revenues	32,338.0	33,095.3	32,247.5	29,443.5	-11.0
Fund Balance	5,546.2	4,436.1	5,550.3	5,550.3	25.1
SOURCES TOTAL	47,798.7	57,355.4	57,687.5	54,322.9	-5.3
USES					
Personal Services and Employee Benefits	3,455.9	3,871.5	4,017.1	3,859.6	-0.3
Contractual Services	4,239.5	4,811.5	4,507.2	4,108.1	-14.6
Other	34,189.2	48,372.4	48,863.3	46,055.2	-4.8
Other Financing Uses	300.0	300.0	300.0	300.0	0.0
TOTAL USES	42,184.6	57,355.4	57,687.6	54,322.9	-5.3
FTE					
Permanent	34.0	35.0	35.0	33.0	-5.7
Term	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	55.0	56.0	56.0	54.0	-3.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	100%	100%			
Outcome	Percent of capital outlay projects closed by the reversion date	N/A				
Outcome	Percent of capital appropriations older than five years that are closed		99.2%			
Outcome	Percent of water and wastewater infrastructure appropriations that were requested through the uniform application process		NA			
Output	Number of entities that submit projects through the uniform application process		N/A			
Output	Number of projects submitted through the uniform application process		N/A			
Outcome	Percent of eligible grant agreements sent out to local governments forty-five days after the capital outlay bill is signed		95%			
Output	Number of capital project trainings held		10			
Outcome	Number of alcohol-related fatalities in New Mexico	41				
Outcome	Number of alcohol-related fatal crashes in New Mexico	167 (FY05)				
Quality	Percent of local government officials expressing satisfaction in training received	90%	96.5%			
Outcome	Percent of local government entities provided with training within a period of two fiscal years		92%			
Quality	Percent of interim budget, final budget and budget resolutions approved by statutory deadlines	100%				
Outcome	Percent of fiscal year financial reports submitted electronically by local governments		45%			
Outcome	Percent of capital appropriations managed by the community development bureau older than three years that are closed		92.0%			

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of acceptable payment requests processed within five working days of receipt		97.6%			
Outcome	Percent of state population served by enhanced landline service		93%			
Outcome	Percent of New Mexico communities served with wireless enhanced E-911 service	83%	93%			
Outcome	Percent of state population served by wireless enhanced E-911 service		93%			
Output	Number of county site visits by E-911 staff		117			
Output	Number of county site visits by driving while intoxicated staff		47			
Output	Satisfaction rating for training provided by the special programs bureau		97.5%			
Output	Percent of population served by public safety answering points (PSAPs) equipped to provide enhanced wireless service			90%	90%	90%
* Output	Number of capital projects older than five years that are unexpended (not expended or reverted)			180	180	180
Output	Dollar amount of capital projects older than five years that are unexpended (not expended or reverted), in millions			\$50	\$50	\$50
Efficiency	Average number of days from availability of funds to grant award			75	75	75
Quality	Percent of tax rate certifications that are accurate in the initial submission to the local entity			99%	99%	99%
Output	Number of local entities participating in the infrastructure capital improvement planning program			325	325	325
* Output	Percent of local entity budgets submitted to the local government division by established deadline			95%	90%	95%
* Outcome	Percent of local capital outlay projects included in the infrastructure capital improvement plan			90%	90%	90%
* Output	Percent of state agency capital outlay projects included in the infrastructure capital improvement plan			95%	95%	95%
Output	Number of local entities operating under a continuing resolution for a portion of the fiscal year			14	14	14

FISCAL MANAGEMENT AND OVERSIGHT

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	5,692.9	6,257.2	8,383.2	6,332.4	1.2
Other Transfers	439.8	446.8	439.8	439.8	-1.6
SOURCES TOTAL	6,132.7	6,704.0	8,823.0	6,772.2	1.0
USES					
Personal Services and Employee Benefits	4,376.7	4,724.4	5,895.1	4,850.8	2.7
Contractual Services	844.3	1,089.8	1,158.9	941.0	-13.7
Other	625.1	889.8	1,769.0	980.4	10.2
TOTAL USES	5,846.1	6,704.0	8,823.0	6,772.2	1.0
FTE					
Permanent	67.0	67.0	77.0	67.0	0.0
TOTAL FTE POSITIONS	67.0	67.0	77.0	67.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Quality	Percent of time the central payroll system is operational	100%				
Quality	Percent of time the central accounting system is operational	97%				
Quality	Percent of business days statewide human resource, accounting and management reporting system is available to end-users		100%			
Efficiency	Average number of business days needed to process payments using the statewide human resource, accounting and management reporting system	3	2			
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months	N/A	12			
Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards	N/A				
Output	Number of reissued warrants		30			
Outcome	Costs avoided due to statewide human resource, accounting and management reporting system best practice implementation, in millions		N/A			
Outcome	Savings realized through maintenance of a consolidated accounting, procurement and human resource system, in millions		N/A			
Efficiency	Percent of payments to vendors within the parameters set by the Procurement Code and contractual provisions			95%	95%	95%
Efficiency	Percent of payroll payments to employees made by the scheduled payday			100%	99.5%	100%
Efficiency	Percent of per diem payments to employees made within three business days of receipt at the financial control division			TBD	90%	90%
* Output	Number of regularly scheduled training courses for beginning, intermediate and advanced users of the statewide human resource, accounting and management reporting system			36	36	36
* Efficiency	Percent of business days in statewide human resource, accounting and management reporting system is available to end-users during business hours (8:00 a.m. to 5:00 p.m. Monday through Friday)			100%	97%	98%

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 service contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,651.1	1,714.1	1,826.2	1,755.8	2.4
SOURCES TOTAL	1,651.1	1,714.1	1,826.2	1,755.8	2.4
USES					
Personal Services and Employee Benefits	1,463.3	1,563.6	1,643.3	1,602.8	2.5
Contractual Services	73.5	92.5	94.7	81.5	-11.9
Other	58.7	58.0	88.2	71.5	23.3
TOTAL USES	1,595.5	1,714.1	1,826.2	1,755.8	2.4
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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of department fund accounts reconciled within two months following the closing of each month	N/A				
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	N/A				
Output	Percent of applicable contracts containing at least one performance measure among all newly issued contracts procured through the request for proposals process	100%	100%			
Output	Percent replacement and full implementation of the financial system	100%				
Quality	Number of "responsibility for the accounting function" standards achieved at the end of fiscal year	100%				
* Outcome	Percent of funds "certified in compliance" to the state controller as required, within fifteen days after month end		N/A	90%	90%	90%
Efficiency	Financial statements issued timely to include auditor's unqualified opinion, in days		N/A			
Output	Number of exceptions identified through post-audit and assurance procedures performed to include a sample of the transaction population in relation to predefined attributes		TBD			
Quality	Department of finance administration employee retention rate		2.4%			
Outcome	Percent of contracts rejected		18.7%	15%	10%	10%

**DFA NON-OPERATING APPROPRIATIONS
BUDGET SUMMARY
(dollars in thousands)
FY 2008 - 2010**

	FY08 Actuals	FY09 Operating	FY10 Agency Request	FY10 LFC Recommen- dation	Pct increase (decrease)
SOURCES					
General fund transfers	\$14,446.3	\$13,580.1	\$12,823.9	\$12,277.3	-9.6%
Other transfers	\$208.2	\$190.0	\$190.0	\$190.0	0.0%
Federal program revenues	\$0.0				0.0%
Other program revenues					0.0%
General revenues	\$12,024.9	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
Fund balance					0.0%
TOTAL REVENUE	\$26,679.4	\$21,579.5	\$20,823.3	\$20,276.7	-6.0%
USES					
BOF emergency water fund	\$150.0	\$150.0	\$150.0	\$150.0	0.0%
BOF fiscal agent contract	\$45.0	\$1,050.0	\$700.0	\$700.0	-33.3%
Soil conservation districts	\$500.0	\$0.0	\$0.0	\$0.0	0.0%
Membership and dues	\$628.8	\$682.6	\$684.6	\$678.0	-0.7%
Citizens review board	\$600.0	\$600.0	\$600.0	\$600.0	0.0%
Youth mentoring program	\$2,392.0	\$2,802.4	\$2,802.4	\$2,702.4	-3.6%
New Mexico acequia commission	\$282.7	\$330.0	\$330.0	\$300.0	-9.1%
Weatherization	\$800.0	\$800.0	\$800.0	\$800.0	0.0%
Law enforcement enhancement	\$5,325.8	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
NA voting rights (Sandoval County)	\$25.0	\$0.0	\$0.0	\$0.0	0.0%
Food bank	\$399.6	\$399.6	\$399.6	\$399.6	0.0%
Drug & alcohol (Talpa)	\$70.0	\$0.0	\$0.0	\$0.0	0.0%
Meth, other drug/alcohol (SJ County)	\$125.0	\$0.0	\$0.0	\$0.0	0.0%
Meth treatment (San Juan County)	\$360.0	\$0.0	\$0.0	\$0.0	0.0%
State planning districts	\$873.3	\$873.3	\$873.3	\$873.3	0.0%
Leasehold community assistance	\$123.8	\$150.0	\$150.0	\$150.0	0.0%
State Treasurer audit	\$0.0	\$24.0	\$24.0	\$24.0	0.0%
Transitional housing (Alb)	\$25.0	\$0.0	\$0.0	\$0.0	0.0%
Homeless vet shelter (Las Cruces)	\$30.0	\$0.0	\$0.0	\$0.0	0.0%
Domestic violence shelter (Lincoln)	\$62.0	\$33.0	\$0.0	\$0.0	-100.0%
Fetal alcohol awareness	\$25.0	\$0.0	\$0.0	\$0.0	0.0%
Workforce dev. (Bernalillo)	\$50.0	\$0.0	\$0.0	\$0.0	0.0%
County prisoner detention	\$4,944.7	\$5,100.0	\$5,100.0	\$5,000.0	-2.0%
Job training, low-income women (Alb)	\$25.0	\$0.0	\$0.0	\$0.0	0.0%
Teen court (Luna County)	\$25.0	\$25.0	\$25.0	\$22.5	-10.0%
Teen court (Santa Fe)	\$74.6	\$75.0	\$75.0	\$67.5	-10.0%
NM rodeo initiative	\$229.8	\$300.0	\$300.0	\$0.0	-100.0%
Mortgage loan to low-income	\$75.0	\$0.0	\$0.0	\$0.0	0.0%
Dom Violence Shelter (Hobbs)	\$0.0	\$25.0	\$0.0	\$0.0	-100.0%
Dom Violence Shelter (Alamagordo)	\$0.0	\$14.6	\$0.0	\$0.0	-100.0%
Residential Rehab Facility (Bern)	\$0.0	\$335.6	\$0.0	\$0.0	-100.0%
TOTAL EXPENDITURES	\$18,267.1	\$21,579.5	\$20,823.3	\$20,276.7	-6.0%

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 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 losses.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	1,228.4	1,310.0	1,424.8	1,323.1	1.0
Other Revenues	296,367.0	340,793.8	350,937.6	342,800.1	0.6
Fund Balance	17,523.2	2,060.2	2,109.8	2,057.5	-0.1
SOURCES TOTAL	315,118.6	344,164.0	354,472.2	346,180.7	0.6
USES					
Personal Services and Employee Benefits	836.5	853.9	940.0	867.0	1.5
Contractual Services	308,922.7	341,741.6	351,825.4	343,735.0	0.6
Other	166.9	258.5	282.0	258.5	0.0
Other Financing Uses	1,228.4	1,310.0	1,424.8	1,320.2	0.8
TOTAL USES	311,154.5	344,164.0	354,472.2	346,180.7	0.6
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	11.0	11.0	0.0

BUDGET ISSUES:

The PSIA budget request totaled \$355 million, including increases of \$8 million for benefits and \$2 million for the risk program. PSIA requested a total of \$1.4 million for Program Support, which receives funding through transfers from the Risk and Benefits programs.

PSIA's benefits program currently maintains the richest plan design available to public employees, including those served by the Albuquerque Public Schools (APS), the Risk Management Division (RMD) of the General Services Department, and the Retiree Health Care Authority (RHCA). The plan includes a zero in-network deductible, a \$15 copay for primary care office visits, a \$35 copay for urgent care services, and a \$100 copay for emergency room visits. In comparison, RMD requires an annual deductible of \$100 per individual and \$300 per family and a \$150 copay for emergency room visits.

For FY09, PSIA was appropriated \$2 million in fund balance to offset anticipated increases in claims expenditures to the benefits program, projected to increase 10.5 percent. However, actual medical claims are trending closer to 15 percent, with a significant increase in the number of catastrophic claims accelerating the use of fund balance. PSIA used \$17.5 million in fund balance in FY08 and is projecting to use \$16 million in FY09.

Further aggravating the funding gap was PSIA's decision to delay implementing a premium increase in October 2007 when claims activity was stable. In the middle of FY08, medical claims began to increase faster than projected, due to the increased frequency and severity of claims in excess of \$330 thousand. This erased the projected savings assumed when delaying the premium increase. Fund balance is projected to be completely drawn down by the end of FY09, requiring action to control costs or increase revenue.

For FY10, to offset the rise in medical expenditures, PSIA proposed to increase revenues 3.6 percent which translates into a 10 percent increase for medical premiums and a 6 percent increase for dental premiums. The PSIA proposal would hold the other components of the program flat, including vision, life, and disability. Premiums are charged to plan participants via payroll deduction to include a corresponding charge to the school district.

The committee recommends a flat budget for the benefits program. This will require PSIA to implement plan design changes that will not increase premiums charged to the employer and employee. This proposal would require plan design modifications resulting in a slight increase in co-pays, deductibles and other out-of-pocket expenses incurred when seeking medical, dental, and prescription services effective October 1, 2009.

School districts and other educational entities are assessed risk premiums for workers compensation, public liability, and public property coverage. PSIA is not projecting an increase in the premiums assessed for FY10 for the risk program. However, expenditures are projected to increase by an estimated \$2 million, requiring the agency to use fund balance to absorb the shortfall.

Expenditure increases are the result of a lack of proper maintenance to facilities, resulting in costly repairs from normal wear and tear, hail, and flood damage. In some instances, roof leaks have resulted in costly damages to gym floors, furnishings, and computer equipment. In addition, civil rights violations continue to surface, resulting in costly settlements and legal fees.

The committee recommends a \$2 million, or 3.5 percent, increase from fund balance for the risk program to pay increased insurance and loss prevention services.

Program support requested a \$114 thousand or a 9 percent increase for FY10. This increase can be attributed to annual leave payouts for five employees, totaling \$40 thousand, and increases of \$44 thousand for employee group insurance. The request also includes an increase of \$5 thousand in the contractual services category for building maintenance and agency audit services. The other costs category increased \$23 thousand for structural improvements and utility updates for the building owned by PSIA.

The committee recommends a \$13 thousand increase to Program Support for group health insurance. PSIA is encouraged to find savings within the appropriated level to cover annual leave payments if needed.

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	246,067.1	284,254.8	294,457.6	286,320.1	0.7
Fund Balance	17,523.2	2,060.2	0.0	0.0	-100.0
SOURCES TOTAL	263,590.3	286,315.0	294,457.6	286,320.1	0.0
USES					
Contractual Services	262,976.1	285,660.0	293,745.2	285,660.0	0.0
Other Financing Uses	614.2	655.0	712.4	660.1	0.8
TOTAL USES	263,590.3	286,315.0	294,457.6	286,320.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Average number of days to resolve inquiries and appeals related to customer service claims	12	10	14	12	12
Outcome	Percent of participants receiving recommended preventive care	TBD		61,000		
Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	-2.95%	-1.75%	</=3%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	+4%	+1.25%	</=3%	</=3%	</=3%
Quality	Percent of employees expressing satisfaction with group health benefits	TBD	TBD	87%	88%	88%
Output	Number of participants covered by health plans	60,309	60,372	61,000	61,000	61,000

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	50,299.9	56,539.0	56,480.0	56,480.0	-0.1
Fund Balance	0.0	0.0	2,109.8	2,057.5	
SOURCES TOTAL	50,299.9	56,539.0	58,589.8	58,537.5	3.5
USES					
Contractual Services	45,764.8	55,884.0	57,877.4	57,877.4	3.6
Other Financing Uses	614.2	655.0	712.4	660.1	0.8
TOTAL USES	46,379.0	56,539.0	58,589.8	58,537.5	3.5
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent variance of public property premium change between public school insurance authority and industry average	7%	17.5%	</=15%	</=15%	</=15%
* Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	-35%	5%	</=7%	</=7%	</=7%
* Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	-12%	1.7%	</=15%	</=15%	</=15%
Outcome	Number of workers' compensation claims in the area of ergonomics	40	170	100	185	185
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	98%	98%	98%	98%	98%
Output	Number of educational entities enrolled in the risk insurance program	158	163	158	160	160
Output	Number of loss prevention training seminars	89	95	87	90	90

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	1,228.4	1,310.0	1,424.8	1,323.1	1.0
SOURCES TOTAL	1,228.4	1,310.0	1,424.8	1,323.1	1.0
USES					
Personal Services and Employee Benefits	836.5	853.9	940.0	867.0	1.5
Contractual Services	181.8	197.6	202.8	197.6	0.0
Other	166.9	258.5	282.0	258.5	0.0
TOTAL USES	1,185.2	1,310.0	1,424.8	1,323.1	1.0
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees' anniversary dates	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	94.5%	97.25%	90%	90%	95%
Outcome	Number of prior-year audit findings that recur	0	0	0	0	0

STATUTORY AUTHORITY:

The Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable health care for New Mexico public retirees and their dependents. Section 10-7C-17 NMSA 1978 created the Discount Prescription Drug Program, formerly the Senior Prescription Drug Program. RHCA is governed by a board of 11 members: 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 Retiree Health Care Authority 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, and voluntary life coverage.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8.9	10.0	20.0	10.0	0.0
Other Transfers	2,939.8	2,861.9	3,212.2	2,812.4	-1.7
Other Revenues	189,817.9	203,743.1	214,199.4	217,325.5	6.7
Fund Balance	0.0	0.0	3,582.9	0.0	
SOURCES TOTAL	192,766.6	206,615.0	221,014.5	220,147.9	6.5
USES					
Personal Services and Employee Benefits	1,221.7	1,656.3	1,879.0	1,636.7	-1.2
Contractual Services	181,346.7	201,436.8	215,199.2	215,102.2	6.8
Other	666.8	660.0	724.1	653.6	-1.0
Other Financing Uses	2,839.8	2,861.9	3,212.2	2,755.4	-3.7
TOTAL USES	186,075.0	206,615.0	221,014.5	220,147.9	6.5
FTE					
Permanent	0.0	24.0	29.0	25.0	4.2
TOTAL FTE POSITIONS	0.0	24.0	29.0	25.0	4.2

BUDGET ISSUES:

Until late 2006 the retiree health care fund was projected to be solvent for 25 years. However, a study conducted in 2007, triggered by changes in General Accounting Standards Board (GASB) rules, concluded the fund would only be solvent until 2014. An actuarial projection assumes trends regarding participation rates, demographics, mortality, disability, retirement, and healthcare to estimate the total cost. Future solvency is dependent on growth in healthcare costs, benefit plan designs, investment returns on long-term assets, employer and employee contributions, and retiree participation.

The solvency projection highlighted the size of the unfunded accrued actuarial liability (UAAL), the difference between actuarial liabilities and actuarial assets, initially estimated at \$4.7 billion on June 30, 2007. This estimate was then used to determine the gap between the annual required contribution (ARC), the total needed to cover benefits and revenues received from all sources, including employee and employer contributions, retiree contributions, personal income tax distributions, investment income, and the Medicare prescription drug subsidies. At the same time, ARC was estimated to be \$373 million with supporting revenue of \$173 million, leaving a \$200 million gap. Currently, the board is focused on solvency as the solution to the problems identified; however, reducing the unfunded liability will ensure benefits for future participants.

RHCA provided an actuarial study as of June 30, 2008, indicating a reduction in UAAL of \$1.9 billion and reduced ARC of \$287 million. The improved actuarial outlook reflects premium increases adopted by RHCA and an 18 percent reduction in the number of active members. The reduction, due to the difference between actual and projected as reported by the Education Retirement Board and Public Employees Retirement Association. Additional improvements include the movement of Medicare members from a self-funded to fully insured environment. The new study also concluded that the changes increased the solvency period to June 2018.

In July 2008, the board decreased the level of subsidy for each plan in addition to increasing premiums by 9 percent effective January 1, 2008. Thereafter, these premiums are scheduled to remain flat until January 2010, despite projected increased claim costs of 8 percent to 15 percent annually. In light of persistent actuarial problems, albeit, improved, RHCA should increase premiums on an annual basis according to healthcare trend.

For FY10, RHCA requested a total of \$221 million and proposed to use \$3.5 million of fund balance to fill the gap between projected revenues and expenditures. However, RHCA's long-term investments have suffered losses estimated at \$15 million since the beginning of FY09 and by using fund balances the estimated solvency period will be reduced.

The committee recommendation of \$220 million does not include the use of fund balance. The board should explore all options to support claim activity prior to the use of fund balance. The recommendation also assumes retiree premium increases effective July 1, 2009.

The committee recommends \$2.8 million for Program Support a 1.7 percent decrease from FY09 operating levels. This includes a \$20 thousand decrease in personal services and employee benefits as requested by RHCA as well as a reduction in out-of-state travel and information technology equipment.

The committee recommends converting three exempt positions in Program Support to classified status in order to reduce turnover during transitional periods of leadership.

For many months, RHCA was unable to report reliable operating budget forecasts. However, under new leadership RHCA has improved its budget tracking and reporting methods, indicating that retiree contributions will be \$9 million less than projected expenditures.

BASE EXPANSION:

For FY10, the agency requested an increase of \$309 thousand, including \$10 thousand to increase awareness and participation in the discount prescription drug program and 5 FTE to support agency operations. The committee recommends the addition of 1 FTE and \$57 thousand to improve customer service.

RECOMMENDED LANGUAGE:

Any unexpended balance in program support of the retiree healthcare authority remaining at the end of fiscal year 2010 shall revert to the health care benefits administration program.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Mid-range 2 Customer Service Rep.	(P634)	115.0	57.0
2	Additional FTE for an Attorney	(P634)	78.4	0.0
3	Additional 1 Customer Service Rep	(P634)	48.4	0.0
4	Additional FTE for a Contracts Manager	(P634)	57.5	0.0
5	Outreach for the DPDP	(P635)	10.0	0.0
TOTAL			309.3	57.0

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide fiscally solvent 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)**

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	189,817.9	203,743.1	214,199.4	217,325.5	6.7
Fund Balance	0.0	0.0	3,582.9	0.0	
SOURCES TOTAL	189,817.9	203,743.1	217,782.3	217,325.5	6.7
USES					
Contractual Services	180,705.5	200,881.2	214,570.1	214,570.1	6.8
Other Financing Uses	2,839.8	2,861.9	3,212.2	2,755.4	-3.7
TOTAL USES	183,545.3	203,743.1	217,782.3	217,325.5	6.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Minimum number of years of long-term actuarial solvency	9	15	25	15	15
* Outcome	Total revenue generated, in millions	\$164.6	\$189	\$189	\$214.6	\$221.3
Efficiency	Total revenue credited to the reserve fund, in millions	0				
Efficiency	Total healthcare benefits program claims paid, in millions	\$165.9	\$181	\$219	\$214.5	\$221.3
* Efficiency	Average monthly per-participant claim cost, non-medicare eligible	\$466.3	\$700.0	\$555	\$755	\$755
* Output	Average monthly per-participant claim cost, medicare eligible	\$257.5	\$213	\$346	\$250	\$250
Outcome	Percent of participants satisfied with the healthcare benefits program	88%	85%	85%	85%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	5.2%	5.2%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	1.6%	1.6%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	8%	8%	9%	9%	10%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	7	7	7	7	7
Efficiency	Percent of medical plan premium subsidy	56.1%	50%	50%	50%	50%
Explanatory	Number of retiree healthcare participants	38,991	42,000	43,800	45,400	45,400

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	2,939.8	2,861.9	3,212.2	2,812.4	-1.7
SOURCES TOTAL	2,939.8	2,861.9	3,212.2	2,812.4	-1.7
USES					
Personal Services and Employee Benefits	1,221.7	1,656.3	1,879.0	1,636.7	-1.2
Contractual Services	641.2	555.6	629.1	532.1	-4.2
Other	661.1	650.0	704.1	643.6	-1.0
TOTAL USES	2,524.0	2,861.9	3,212.2	2,812.4	-1.7
FTE					
Permanent	0.0	24.0	29.0	25.0	4.2
TOTAL FTE POSITIONS	0.0	24.0	29.0	25.0	4.2

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	0	0	0	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employee's anniversary date	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	86%	80%	80%	80%	85%

DISCOUNT PRESCRIPTION DRUG

The purpose of the discount prescription drug program is to reduce prescription drug expenditures for those covered participants.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8.9	10.0	20.0	10.0	0.0
SOURCES TOTAL	8.9	10.0	20.0	10.0	0.0
USES					
Other	5.7	10.0	20.0	10.0	0.0
TOTAL USES	5.7	10.0	20.0	10.0	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of senior prescription drug program participants	6,642	6,600	7,500	8,000	7,500

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, risk management, health benefits, property control, building maintenance, and transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,776.9	16,876.0	21,115.6	16,533.6	-2.0
Other Transfers	3,763.4	11,815.9	8,018.7	10,018.2	-15.2
Other Revenues	403,155.9	497,755.6	501,220.3	471,980.2	-5.2
Fund Balance	1,536.4	0.0	12,463.4	6,091.8	
SOURCES TOTAL	425,232.6	526,447.5	542,818.0	504,623.8	-4.1
USES					
Personal Services and Employee Benefits	17,777.4	20,709.0	23,400.8	20,742.6	0.2
Contractual Services	41,642.4	63,312.9	51,757.7	45,319.6	-28.4
Other	346,294.4	429,962.2	454,123.8	427,349.7	-0.6
Other Financing Uses	6,583.9	12,463.4	13,535.7	11,211.9	-10.0
TOTAL USES	412,298.1	526,447.5	542,818.0	504,623.8	-4.1
FTE					
Permanent	359.0	368.0	387.0	370.0	0.5
TOTAL FTE POSITIONS	359.0	368.0	387.0	370.0	0.5

BUDGET ISSUES:

GSD's appropriation request was \$16.2 million higher than the FY09 operating budget. The request included \$4.7 million of general fund expansion and 21 FTE. This includes a \$19 million increase in Employee Group Health Benefits Program and a \$12 million decrease in Risk Management Program.

For FY09, GSD received a \$382 million appropriation to support the Employee Group Health Benefits Program, an increase of \$81 million, or 27 percent above FY08 actual expenditures. In FY10, expenditures are projected to increase to \$401 million without any significant increase in plan participation as experienced in previous years. For FY10, GSD proposed a 5 percent increase in revenues to the Employee Group Health Benefits Program and assumed an 8.5 percent increase for medical premiums that will be paid for by state contributions and participants. This proposal would require plan design modifications resulting in a slight increase of out-of-pocket expenses when seeking medical services effective July 1, 2009. Increases to the benefits program are a result of projected claims activity and do not include the use of fund balance to offset anticipated increases in claims.

LFC recommends a flat budget for the Employee Group Health Benefits Program. This will require GSD to implement plan design changes that will not result in an increase in premiums charged to the employer and employee. However, this will require increases to out-of-pocket expenses incurred when seeking medical, dental, and prescriptions benefits. No increase in premiums will be assessed to state agencies and local public bodies for FY10.

GSD also sets premiums that agencies pay for self-insurance for public liability, public property, workers' compensation, and unemployment compensation for state and local governmental entities. GSD has shown significant progress in its rate-setting activities as is evident by the improved actuarial condition of the risk funds with the exception of the workers' compensation fund. In FY09, GSD received permission from the Board of Finance to transfer \$3 million from the public liability fund to the workers compensation fund to prevent the disruption of indemnity payments to injured workers.

The Risk Management Program has been a source of concern since 2006 when an LFC performance evaluation focused attention on the actuarial soundness of each of the risk funds. This prompted GSD to develop a policy regarding the solvency for each of the funds and establish a transparent process in developing rates for the public liability, public property, workers' compensation, and unemployment compensation funds. This led to improvement in the actuarial soundness (assets minus liabilities) as projected at the end of FY09 for each of the risk funds, except for workers' compensation.

The Risk Management Program request of \$96 million, or a \$12 million decrease, includes an \$18 million reduction in public property insurance costs and a \$1 million decrease in state unemployment compensation. GSD requested a \$2.7 million increase for local public body unemployment compensation and a \$6.5 million increase for workers compensation. The recommended increase in the workers' compensation fund will provide revenue in excess of the anticipated expenditures allowing GSD to begin rebuilding fund balances.

In 2007, GSD received a special appropriation for the replacement of the risk management information systems (RMIS) and employee benefits data warehouse. GSD requested an additional \$1 million to be transferred from the risk funds and employee group benefits to support recurring operating expenses related to the project. The project is currently in the planning stage; however, the viability of this project is uncertain given existing resources. Therefore, GSD is encouraged to carefully evaluate this project and weigh the value of the end product against anticipated outcomes.

While it appears as though the risk program is flat with the FY09 operating budget, GSD has shifted funding sources for program support activities to programs that receive general fund support. The LFC recommendation for the Risk Management Program of \$84.3 million aligns revenue with GSD's published rate schedule to expenditures in each of the risk programs. For example, GSD submitted a budget request for local public body unemployment compensation totaling \$6.1 million; however, revenue only is projected to be \$2.5 million. The recommendation for risk operations includes technical adjustments to personal services and employee benefits and does not support the requested \$1.1 million increase for contract services.

The Transportation Services Program is beginning to experience the effects of declining state revenues because agencies have begun to return leased vehicles in an effort to comply with the executive request to reduce expenditures by 5 percent in FY09. Additionally, a growing number of state agencies have adopted the practice of purchasing their own vehicles, often using year-end money and titling the vehicle to GSD. The agencies then pay GSD for overhead and maintenance according to GSD's published rate schedule. The LFC recommendation for the transportation program of \$14 million includes an amount necessary to replace vehicles in excess of the 100,000 mile, five-year warranty limits in place. This should decrease the amount needed for vehicle maintenance and parts. In prior years, this has been budgeted as a supplemental appropriation rather than part of a normal replacement program. The recommendation for personal services and employee benefits includes a sizeable increase from the FY09 operating level because the program estimated a shortfall in the current fiscal year of \$230 thousand. This shortfall was addressed through a budget adjustment request at the beginning of FY09.

The recommendation for the State Aviation Division of \$1.8 million includes operating costs for the state planes from enterprise funds rather than relying on general fund revenue. The agency reports that as costs charged to agencies have increased, utilization rates have decreased. To fully fund the aviation program, GSD will need to triple the operational cost per flight-hour for the use of the Citation Bravo, which may further reduce demand.

In October 2008, an LFC performance evaluation identified a number of deficiencies in the Procurement Services Program, including the inability to track and report state spending for goods and services. To address these findings, GSD requested expansion for strategic sourcing and electronic procurement. However, the Legislature in 2008 appropriated \$500 thousand to implement each of these modules in the SHARE system.

GSD's request includes a \$1.3 million general fund increase for the Business Office Space Management and Maintenance Program. This includes an increase of \$750 thousand to personal services and employee benefits and a \$330 thousand increase in other financing uses to be transferred to Program Support. Requested increases in the other costs category are attributed to increased property insurance rates assessed by GSD. The LFC recommendation makes technical adjustments to personal services and employee benefits including removing the cost-of-living increase the department incorporated into its budget projections. The recommendation supports funding contractual services for security services, fire alarm monitoring, and elevator maintenance but does not include increases in other costs for in-state travel, office supplies, or other equipment.

Program Support requested a \$2.1 million, or 52 percent, increase for FY10, including increases of \$700 thousand in personal service and employee benefits, \$340 thousand in contractual services, and \$1 million in other costs categories. Requested revenue shifted from GSD's enterprise funds to the general fund and was inappropriately classified as other revenue in the FY10 request.

Over the years, Program Support accumulated approximately \$3 million of cash balance in the program support fund. The exact amount is difficult to determine absent a financial audit for fiscal years 2006 and 2007. The LFC recommendation shifts \$1 million from other transfers to cash balance. The recommendation also transfers \$1.2 million from the program support fund to the Department of Information Technology. The transfer replaces revenue that was over-assessed in the information system and telecommunications fund previously managed by GSD for program support operations. According to GSD estimates, DoIT is owed approximately \$500 thousand from this fund; however, LFC calculates this total to be \$1.2 million. This transfer will represent a large increase in the Program Support recommendation because monies have not been budgeted in other financing uses in prior years.

BASE EXPANSION:

GSD submitted an extensive expansion plan requesting an additional \$4.7 million and 19 FTE for Program Support, Procurement Services, and Business Office Space Management and Maintenance. Funding for these expansions included increased general fund support and higher assessments from the Risk Management Program. Determining GSD's expansion needs was impossible given the unwillingness to prioritize the requested items, with four items ranked as the number one request, four items ranked as the number two request, and two items ranked as the number three request. The LFC recommendation includes two FTE and \$116 thousand for Procurement Services.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	General Ledger Accountants	(P598)	85.1	0.0
2	Edit Error	(P598)	116.7	0.0
3	Human Resources Analysts	(P598)	85.1	0.0
4	Technical Service and Support Bureau	(P598)	1,398.1	0.0
1	Purchasing 6.00 FTE Strategic Sourcing Staff	(P604)	426.4	116.5
2	Program Support Division Expansion Assessment	(P604)	74.1	0.0
x	Program Support Division Expansion Assessment	(P604)	31.2	0.0
66	Program Support Division Expansion Assessment	(P605)	34.9	0.0
10	Program Support Division Expansion Assessment	(P606)	225.8	0.0
x	Program Support Division Expansion Assessment	(P606)	225.8	0.0
x	Program Support Division Expansion Assessment	(P606)	87.6	0.0
x	Program Support Division Expansion Assessment	(P606)	225.8	0.0
x	Program Support Division Expansion Assessment	(P606)	26.3	0.0
x	Program Support Division Expansion Assessment	(P606)	28.6	0.0
x	Program Support Division Expansion Assessment	(P606)	17.4	0.0
x	Program Support Division Expansion Assessment	(P607)	225.8	0.0
1	BSD - Lead By Example Coordinator	(P608)	107.4	0.0
1	PCD 2 Energy Efficiency FTE'S	(P608)	119.0	0.0
2	PCD Leased Space	(P608)	750.0	0.0
2	Program Support Division Expansion Assessment	(P608)	99.9	0.0
3	Program Support Division Expansion Assessment	(P608)	88.8	0.0
4	Approved Gov Ex Position	(P609)	68.7	0.0
6	Program Support Division's FY 10 Expansion	(P609)	18.4	0.0
24	Program Support Division Expansion Assessment	(P609)	9.1	0.0
25	Program Support Division's FY 10 Expansion	(P609)	156.0	0.0
TOTAL			4,732.0	116.5

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	309,803.5	382,388.0	401,545.8	381,788.0	-0.2
SOURCES TOTAL	309,803.5	382,388.0	401,545.8	381,788.0	-0.2
USES					
Contractual Services	20,626.9	22,356.4	23,800.0	21,756.4	-2.7
Other	280,379.8	357,843.6	375,000.0	358,843.6	0.3
Other Financing Uses	881.9	2,188.0	2,745.8	1,188.0	-45.7
TOTAL USES	301,888.6	382,388.0	401,545.8	381,788.0	-0.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Efficiency	Percent change in state employee medical premium compared with the industry average	3%	4%	</=3%	3%	</=3%
* Efficiency	Percent change in dental premium compared with the national average	12%	3%	</=3%	+/- 3%	</=3%
Outcome	Percentage of state group prescriptions filled with generic drugs	70%	74%	80%	80%	85%
* Explanatory	Percent of eligible state employees purchasing state health insurance	88%	82%	90%	90%	90%
Outcome	Number of local public bodies with fewer than 50 employees newly enrolled in state group health plans	5	12	10	10	10

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 and local public bodies unemployment compensation and surety bond losses so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	3,763.4	7,792.9	8,018.7	7,130.3	-8.5
Other Revenues	78,058.4	100,490.4	81,093.4	77,099.0	-23.3
Fund Balance	0.0	0.0	7,790.7	155.2	
SOURCES TOTAL	81,821.8	108,283.3	96,902.8	84,384.5	-22.1
USES					
Personal Services and Employee Benefits	3,817.4	4,384.6	4,713.2	4,357.6	-0.6
Contractual Services	20,412.4	40,022.7	26,695.9	22,668.2	-43.4
Other	49,741.4	54,255.8	56,571.7	49,243.1	-9.2
Other Financing Uses	4,772.3	9,620.2	8,922.0	8,115.6	-15.6
TOTAL USES	78,743.5	108,283.3	96,902.8	84,384.5	-22.1
FTE					
Permanent	58.0	65.0	65.0	65.0	0.0
TOTAL FTE POSITIONS	58.0	65.0	65.0	65.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of state workers' compensation claimants on modified duty (early return to work)		503	600	600	600
* Explanatory	Projected financial position of the public property fund	283%	328%	50%	50%	60%
* Explanatory	Projected financial position of the workers' compensation fund	8%	4%	50%	10%	50%
Explanatory	Projected financial position of the state and local unemployment funds	19.9%	25%	50%	50%	50%
Explanatory	Projected financial position of the public liability fund	40%	46%	50%	50%	60%
Outcome	Percent of total liability claims resolved without litigation	90%	89%	85%	90%	90%
Output	Percent of total risk management division accounts receivable dollars uncollected one hundred twenty days after invoice due date		13%	10%	10%	<5%
Output	Percent of total risk management division accounts receivable dollars uncollected ninety days after invoice due date				20%	10%

STATE PRINTING SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	1,315.0	2,787.4	2,405.9	2,400.8	-13.9
Fund Balance	0.0	0.0	813.5	0.0	
SOURCES TOTAL	1,315.0	2,787.4	3,219.4	2,400.8	-13.9
USES					
Personal Services and Employee Benefits	976.0	1,386.2	1,438.7	1,290.2	-6.9
Contractual Services	3.4	13.0	13.0	13.0	0.0
Other	695.6	1,325.7	1,640.5	1,005.3	-24.2
Other Financing Uses	75.5	62.5	127.2	92.3	47.7
TOTAL USES	1,750.5	2,787.4	3,219.4	2,400.8	-13.9
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	26.0	26.0	26.0	26.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Efficiency	Percent of printing operations that break even, including sixty days of operating reserve	71.5%	95%	95%		95%
Output	Revenue generated per employee compared with previous fiscal year		\$77,989	\$128,000	\$100,000	\$104,000
Outcome	Sales growth in state printing revenue compared with previous fiscal year		9%	25%	10%	0%

BUSINESS OFFICE SPACE 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 that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	14,320.6	15,206.9	17,712.5	14,826.8	-2.5
SOURCES TOTAL	14,320.6	15,206.9	17,712.5	14,826.8	-2.5
USES					
Personal Services and Employee Benefits	6,605.9	7,859.8	8,714.2	7,717.2	-1.8
Contractual Services	418.4	509.3	460.3	456.9	-10.3
Other	5,509.6	6,675.1	7,850.1	6,490.0	-2.8
Other Financing Uses	337.6	162.7	687.9	162.7	0.0
TOTAL USES	12,871.5	15,206.9	17,712.5	14,826.8	-2.5
FTE					
Permanent	173.0	173.0	174.0	173.0	0.0
TOTAL FTE POSITIONS	173.0	173.0	174.0	173.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Quality	Percent of customers satisfied with custodial and maintenance services	90%	90%	92%	92%	92%
* Explanatory Outcome	Percent of state-controlled office space occupied	89.6	90.3%	90%	90%	90%
	Average number of days to process lease requests					
Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$7.22	\$6.54			
Quality	Percent of customers satisfied with property control services	95.7%	88%	95%	80%	95%
* Efficiency	Percent of property control capital projects on schedule within approved budget	90%	91.2%	90%	90%	90%
Efficiency	Percent of operating costs for state-owned buildings in Santa Fe below industry standard		-35%	</=5%	</=5%	</=5%
Output	Percent of fully funded projects under \$500,000 in construction within twelve months of budget approval		34.7%	85%	50%	85%
Output	Number of funded projects greater than \$500,000 under construction			baseline	TBD	TBD
* Outcome	Annual percent reduction of greenhouse gas emissions for state-owned buildings served by building services division relative to FY2005 baseline		84.7%	3%	2.2%	3%
Quality	Percent of building services division employees satisfied with administrative support, management direction and employee training		85.2%	87%	85%	90%
Output	Percent of major facility equipment replaced in Santa Fe buildings that reached expected life		NA	85%	85%	85%
* Explanatory	Percent of projects greater than \$1,000,000 in compliance with appropriation guidelines			baseline	100%	100%
* Outcome	Percent of electricity purchased by the building services division from renewable energy sources	10%	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 that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	831.1	0.0	1,186.5	0.0	0.0
Other Revenues	10,674.3	11,623.9	9,426.7	10,226.5	-12.0
Fund Balance	1,500.0	0.0	3,859.2	3,736.6	
SOURCES TOTAL	13,005.4	11,623.9	14,472.4	13,963.1	20.1
USES					
Personal Services and Employee Benefits	2,208.7	2,168.9	2,641.9	2,550.8	17.6
Contractual Services	33.9	79.0	92.6	79.0	0.0
Other	9,544.8	9,033.5	11,069.0	10,966.5	21.4
Other Financing Uses	328.1	342.5	668.9	368.8	7.1
TOTAL USES	12,115.5	11,623.9	14,472.4	13,963.1	20.1
FTE					
Permanent	28.0	38.0	39.0	38.0	0.0
TOTAL FTE POSITIONS	28.0	38.0	39.0	38.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of reduction of greenhouse gas emissions from transportation service division passenger vehicles		Not Rpt'd	10%	10%	10%
* Explanatory	Percent of short-term vehicle use	67%	82%	80%	80%	90%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	100%	100%	100%	100%	100%
* Output	Percent of cars and other light-duty vehicles purchased by state agencies that exceed existing federal fuel efficiency standards for passenger vehicles	94.5%	100%	94.5%	100%	100%
Output	Percent of total transportation fuels used by state agencies produced from renewable sources		4%	10%		
* Efficiency	Percent of total available aircraft fleet hours used	75%	88%	90%	90%	90%
Efficiency	Percent of passenger vehicle lease revenues to expenses	100%	100%	100%	100%	100%
Output	Percent of total transportation services division accounts receivable dollars uncollected one hundred twenty days after invoice due date	41.4%	28%	10%	20%	<10%
Explanatory	Percent of state vehicle fleet beyond five-year / 100,000 miles standard.		34%	50%	40%	50%

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 missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,625.2	1,669.1	2,216.6	1,706.8	2.3
Other Revenues	219.7	465.9	606.1	465.9	0.0
SOURCES TOTAL	1,844.9	2,135.0	2,822.7	2,172.7	1.8
USES					
Personal Services and Employee Benefits	1,435.0	1,757.9	2,009.7	1,857.1	5.6
Contractual Services	12.4	0.0	12.4	0.0	
Other	171.2	290.6	416.7	229.1	-21.2
Other Financing Uses	188.5	86.5	383.9	86.5	0.0
TOTAL USES	1,807.1	2,135.0	2,822.7	2,172.7	1.8
FTE					
Permanent	26.0	26.0	32.0	28.0	7.7
TOTAL FTE POSITIONS	26.0	26.0	32.0	28.0	7.7

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent increase in small business clients	0%	18%			
* Outcome	Percent of all price agreement renewals considered for "best value" strategic sourcing option			5%	5%	5%
Output	Total annual audited savings from the save smart New Mexico program in thousands	\$36,991.0	\$42,500.0			
* Quality	Percent of customers satisfied with procurement services	58.8%	80%	80%	80%	80%
Outcome	Number of small business clients assisted		313	75	80	85
Output	Number of government employees trained on Procurement Code compliance and methods	810	510	500	500	500

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	0.0	4,023.0	0.0	2,887.9	-28.2
Other Revenues	3,085.0	0.0	6,142.4	0.0	
Fund Balance	36.4	0.0	0.0	2,200.0	
SOURCES TOTAL	3,121.4	4,023.0	6,142.4	5,087.9	26.5
USES					
Personal Services and Employee Benefits	2,734.4	3,151.6	3,883.1	2,969.7	-5.8
Contractual Services	135.0	332.5	683.5	346.1	4.1
Other	252.0	537.9	1,575.8	572.1	6.4
Other Financing Uses	0.0	1.0	0.0	1,200.0	119,900.0
TOTAL USES	3,121.4	4,023.0	6,142.4	5,087.9	26.5
FTE					
Permanent	48.0	40.0	51.0	40.0	0.0
TOTAL FTE POSITIONS	48.0	40.0	51.0	40.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date		54%			
Outcome	Percent of audit corrective action plan commitments completed on schedule		Not Rpt'd			
Quality	Percent of prior-year audit findings resolved	25%	Not Rpt'd	95%		
Quality	Percent of customers satisfied with internal information technology services		80%	85%	85%	95%
Quality	Percent of internal customers satisfied with administrative services division services	58.4%	75.8%	90%	90%	95%
* Efficiency	Average number of working days to process purchase orders and invoices		2	PO:4/Inv:8	PO:4/Inv:8	4 and 8
Quality	Percent of external customers satisfied with billing services		80%	85%	85%	95%
* Quality	Percent decrease of audit findings compared to the previous fiscal year. Contingent on audits being completed on a timely basis.					100%

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	26,227.2	32,423.3	35,808.2	28,551.3	-11.9
SOURCES TOTAL	26,227.2	32,423.3	35,808.2	28,551.3	-11.9
USES					
Personal Services and Employee Benefits	3,612.4	4,021.5	4,492.5	4,293.0	6.8
Contractual Services	21,879.8	27,581.8	30,410.9	23,383.5	-15.2
Other	735.0	820.0	904.8	874.8	6.7
TOTAL USES	26,227.2	32,423.3	35,808.2	28,551.3	-11.9
FTE					
Permanent	53.0	55.0	57.0	56.0	1.8
Term	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	53.0	57.0	59.0	58.0	1.8

BUDGET ISSUES:

The agency's FY10 base budget request represented a 10 percent increase over the FY09 operating budget, with all categories increasing from 7 percent to 10 percent. Continuing the trend from prior years, the most significant increase was in the contractual services category, led by a \$2.5 million requested addition to investment manager fees. A request for additional investment-related fees for consulting and custodial fees totaled another \$309.9 thousand, which appear justified by comparing the request to these actual expenses for FY08. Legal fees associated with executing the complex alternative investment contracts would almost double to \$375 thousand under the request. Totalling \$29 million, the request for investment-related contracts was \$3 million, or 11.6 percent, above those budgeted for FY09.

Two factors combine to significantly reduce the overall committee recommendation for contractual fees, particularly the ones paid to investment managers. First, ERB used the FY09 manager fees as the base for projections, which would normally be standard practice. However, these fees now appear over-budgeted by \$3.3 million. Second, ERB then multiplied the overstated FY09 fees by 11 percent to project FY10 fees. Because manager fees are based on a percentage of assets under management, the projection implies an across-the-board 11 percent increase in the fund balance. Given the recent fund declines of 6.2 percent in FY08 and about 8 percent in the first quarter of FY09, it appears overly optimistic the fund will post such a gain.

Due to the uncertainty in the market going forward, the recommendation is based on the FY08 actual manager fees of \$18.5 million that yields a final projection of \$19.5 million after adjustments. In general, the other investment fees are supported as requested except the legal fees for alternative contracts, reduced by \$100 thousand to \$275 thousand, thereby matching the less optimistic outlook for funds available to move into these investments. Information technology contracts are reduced by \$92.5 thousand to accommodate an expansion, and other contracts are reduced by \$22 thousand due to eliminating the lobbyist contract.

The base budget recommendation of \$28.6 million incorporates a 3 percent vacancy factor for personal services and employee benefits. In FY08, ERB granted two 7 percent in-band pay increases for a receptionist and an investment portfolio manager. In addition, two information technology positions were reclassified at higher salaries to reflect a change in duties resulting from the implementation of ERB's computer system. This system, known as IRIS, received its completion certification from the Department of Information Technology in FY08.

The actuarial report that provides essential information on fund indicators, expected in October 2008, was delayed until November to allow a full reconciliation of ERB's records. As discussed in Volume I, the solvency measures reported as of June 30, 2008, did not improve substantially from those reported for FY07. The funded ratio (the ratio of plan assets to plan liabilities) increased slightly to 71.5 percent. The minimum industry standard is 80 percent. The funding period (how long it will take to pay the unfunded liabilities) is 61.4 years. However, the actuary cautions that unless the fund assets recover sufficiently through FY09, the funding period will fall back to infinity, meaning the plan would not have enough assets to pay down all its obligations. Contribution increases initiated by Laws 2005, Chapter 273, were aimed at improving solvency. The employee rate will cap at 7.9 percent in FY09 and the employer rate, currently at 11.65 percent, is scheduled to increase by 0.75 percent until it caps at 13.9 percent in FY12. However, these annual incremental increases to the employers' amount add up to almost \$20 million from the general fund. Given the economic outlook, the 2007 veto of \$20 million for pre-funding this increase as a "rainy day" insurance against a budget shortfall now appears short-sighted.

One of the key assumptions used to gauge the health of the ERB pension fund is the 8 percent investment return achieved over the long run. In the short term, this assumption is in jeopardy. ERB is a mature plan, meaning its contributions are less than the benefits paid and investment returns must fill the gap to sustain the fund. In the absence of those expected returns, the prudent course is to review ways to reduce the liabilities or obligations of the fund to sustain it into perpetuity. ERB is considering such a move by increasing the retirement requirements for new employees as of a certain date. Currently, a person may retire from ERB under various scenarios: at any age with 25 years of service, with service less than 25 years but with total of age and service equaling 75 under the "rule of 75," and at age 65 with five years of service, known as "retirement by age." If an employee under 60 retires under the "rule of 75," benefits are reduced according to a schedule. The new plan structure would increase the minimum service requirement to 30 years, raise the 75 combination of years and service to 80 to make a new "rule of 80" (with the reduction in benefits applied to a retiree under the age of 65), and increase the "retirement by age" to 67 to align with social security. While these changes will not immediately impact fund solvency, over time they will help address ERB's solvency issue as well as lessen the burden on the retiree healthcare system.

The agency is seeking other means of stabilizing the fund. Possible legislation includes revamping the return-to-work program to require employers to pay more into the fund, which would help the fund but not the state's financial bottom line. The legislation would also extend the program indefinitely beyond the sunset date of January 2012, retain the 12-month layout period during which the retiree could not work for an ERB employer, and simplify its administration. Legislation for making the purchase of military time based on the actuarial cost rather than a flat 10.5 percent of the average annual salary will also be pursued.

Any of these plan modifications will require programming changes to IRIS. Because the costs are unknown at this time, they are not included as part of the proposed budget and will require a budget authorization request in FY10 if needed.

BASE EXPANSION:

ERB requested three expansions, which must be carefully weighed against the fund's recent downturn. The attorney is related to workload issues and is not recommended. The second expansion for additional funding to educate mid-career employees has merit. However, until the fund resumes positive returns, the \$1.2 thousand proposed expense per presentation seems excessive and is not recommended. The recommendation supports the expansion request for 1 FTE in the information technology (IT) unit to assist with the increased complexity posed by IRIS, data-cleansing issues, and a growing monthly payroll. Not only will the addition ensure these critical functions are maintained, it will actually reduce costs by allowing the agency to immediately reduce the cost of one IT contract by \$92.5 thousand. This contract can be eliminated when the new employee is fully trained, saving an additional \$57.5 thousand.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement program in the contractual services category includes twenty-one million one hundred twenty-three thousand and one hundred dollars (\$21,123,100) to be used only for investment manager and consulting fees.

The other state funds appropriation to the educational retirement program in the contractual services category includes seven hundred thousand dollars (\$700,000) for payment of custody services associated with the fiscal agent contract.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Staff attorney (1 FTE)	(P635)	61.8	0.0
2	Outreach	(P635)	18.0	0.0
3	Information technology unit (1 FTE)	(P635)	50.1	50.1
TOTAL			129.9	50.1

EDUCATIONAL RETIREMENT

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

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Outcome	Average rate of return over a cumulative five-year period	11.5%	9.5%	8%	8%	8%
Outcome	Average number of days to process refund requests	30	15	15	15	15
* Outcome	Funding period of unfunded actuarial accrued liability, in years	Infinite	61.4	<=30	<=30	<=30
Outcome	Percent of member satisfaction with seminars and trainings	98%	95%	95%	96%	96%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	24	18	20	20	20
Output	Percent of retirement applications processed within sixty days	96%	98%	95%	98%	98%
Output	Number of benefit estimates and purchase of service requests computed annually	3,505	6,250	6,000	6,250	6,250
Output	Number of member workshops conducted	42	27	35	35	35
Output	Percent completion of the new pension systems	89%	100%			
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 in 1994 under Section 9-3-10 NMSA 1978 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. The commission has four committees, plus the Sex Offender Management Board. The committees are Data, Sentencing Reform, Legislative, and Juvenile.

MISSION:

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.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	819.9	819.9	999.3	707.9	-13.7
Other Transfers	0.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	819.9	849.9	1,029.3	737.9	-13.2
USES					
Contractual Services	813.9	841.4	985.8	695.9	-17.3
Other	6.0	8.5	43.5	42.0	394.1
TOTAL USES	819.9	849.9	1,029.3	737.9	-13.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

BUDGET ISSUES:

The New Mexico Sentencing Commission is composed of 24 members with different backgrounds but related to the criminal justice system. The commission is active during the session in analyzing and offering comment on bills introduced by the Legislature. In addition, the commission provides research reports on topical subjects on a scheduled or ad hoc basis. A recent example is a report detailing possible reasons for the decline in the prison inmate population. The commission is statutorily required by the County Detention Facility Reimbursement Act to annually calculate the felony offender incarceration percentage and the distribution amount for each eligible county. NMSC has received a \$30 thousand transfer from the County Detention Facility Reimbursement Fund to perform this service. A recurring \$250 thousand appropriation from the general fund in the 2004 session increased the commission's budget to support the activities of the Sex Offender Management Board and \$150 thousand from the general fund in the 2007 session supported the Justice Information Sharing Council (JISC) activities.

The commission contracts with the University of New Mexico (UNM) for both administrative and research services. UNM is allowed an administrative fee of 10 percent to perform this function. In prior years the commission did not pay a specific rent but UNM levied a \$35 thousand assessment on NMSC for FY10. In addition the audit cost increased \$3 thousand. However, the committee recommendation includes a reduction of one governor exempt position and \$100 thousand and lower research fees of \$50 thousand for a total of \$150 thousand. These result in a recommendation 13.2 percent lower than the FY09 operating budget.

Particularly because UNM now adds a separate rent charge, consideration should be given to eliminating the complete contractual arrangement with UNM. The commission will pay approximately \$120 thousand in fees to UNM for administrative services that are provided to state agencies for little or no additional cost. This \$120 thousand could then be used for expanded or higher quality direct services. NMSC could still contract with UNM for research projects but administrative employees and activities would fall under state auspices.

BASE EXPANSION:

The committee does not recommend the \$50 thousand from the general fund for an expansion position supporting JISC. The Department of Public Safety, New Mexico Corrections Department, and the Administrative Office of the Courts were the principal originators of JISC. The 2007 session added \$150 thousand from the general fund to NMSC to further the purposes of the council. Additional resources, either directly or indirectly, should come from these core data repository and user agencies, all with multi-million dollar information services budgets.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	.5FTE Programmer salary and benefits for JISC	(P636)	50.0	0.0
TOTAL			50.0	0.0

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Percent of criminal and juvenile justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
* Output	Number of research projects completed	13	13	11	11	13
Output	Number of website hits per month	250,000	400,000	300,000	300,000	300,000
Outcome	Number of uses of offender query by justice personnel per month			100,000	100,000	100,000
* Efficiency	Percent of total state justice personnel with access to offender query			60%	75%	75%
* Outcome	Percent of total possible victims who receive automated victim notification			25%	25%	25%

STATUTORY AUTHORITY:

The Public Defender Department (PDD) was established under Sections 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 also sets standards of indigence that the courts use in determining 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	41,028.6	43,219.5	46,512.1	43,411.6	0.4
Other Revenues	283.6	184.0	161.3	161.3	-12.3
SOURCES TOTAL	41,312.2	43,403.5	46,673.4	43,572.9	0.4
USES					
Personal Services and Employee Benefits	24,408.6	25,828.7	28,621.8	26,756.2	3.6
Contractual Services	10,773.2	11,410.2	11,318.1	10,989.7	-3.7
Other	5,914.8	6,160.8	6,733.5	5,827.0	-5.4
TOTAL USES	41,096.6	43,399.7	46,673.4	43,572.9	0.4
FTE					
Permanent	379.0	394.0	431.0	403.0	2.3
TOTAL FTE POSITIONS	379.0	394.0	431.0	403.0	2.3

BUDGET ISSUES:

The Public Defender Department (PDD) requested a general fund increase of \$3.3 million, or 7.6 percent over the FY09 operating level. The committee's increase of 0.4 percent is dominantly in personal services and benefits to fund vacant salaries closer to mid-range to attract applicants and expansion FTE. A 2 percent vacancy rate is applied on top of the 3.75 percent already applied by the agency. A decrease in contractual services in the recommendation is related to its Gallup office expansion request and the agency reverting \$210.2 thousand in FY07 and \$123.2 thousand in FY08.

Nearly \$1.7 million has been spent on the Santa Rosa prison riot death penalty cases. The cases, opened in 1999, involve three inmates charged with the murder of a prison guard. In early 2008 an agreement was reached in the disposition of one of the men charged. In late 2008 another of the inmates charged was found guilty and sentencing is expected the later part of January 2009. The remaining case is on appeal before the Supreme Court on pre-trial issues. The agency requested to extend the period of time to expend its special appropriations for the Santa Rosa cases and death penalty cases, which totaled \$1.17 million and have a balance of \$791.5 thousand.

In FY08 the agency handled 47,819 new cases (contractors handled 23,979), an increase of nearly 9 percent from FY07. In FY08 it disposed of 49,656 cases (25 of which were murder cases), a 2.1 percent increase over FY07. It placed 5,761 felony and juvenile clients in alternative sentencing treatments, a 20 percent increase over FY07. Alternative sentencing might provide some cost savings to the state through, for example, lower costs for housing criminals and lower public assistance costs for the children and families of the incarcerated.

Last year seven out of 28 participants in the Public Service Law Loan Repayment Program (LRAP) were employed by the PDD; this year, the agency employs 11 of the 36 participants. Program participants repay legal educational loans by providing service through state or local government or in the nonprofit sector to low-income or underserved residents.

BASE EXPANSION:

The department requested \$270 thousand and 9 FTE to open an office in Gallup, \$1.4 million for 27 FTE related to the 2007 workload study conducted by the New Mexico Sentencing Commission, and \$61.2 thousand for a financial specialist (the 2008 FTE numbers were not made available by the Sentencing Commission until August 29, 2008, too late for the agency to apply to its FY10 budget request).

Building on the committee's FY09 recommendation in which \$300 thousand was moved from contractual services to personal services and employee benefits to begin in-house legal services in McKinley County, the committee recommends \$555.6 thousand to phase in 9 FTE, which will be added to the existing 3 FY09 FTE slated for a Gallup office. The FY10 expansion decreases contractual services by \$322 thousand, which is the agency's expected 50 percent reduction in contract attorney representation in McKinley County. Thus, the expansion recommendation minus contract attorney fees equal \$233.6 thousand.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Gallup Office	(P720)	270.0	233.6
2	Workload Study Expansion	(P720)	1,404.9	0.0
3	Agency Fiscal Accountability	(P720)	61.2	0.0
TOTAL			1,736.1	233.6

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of alternative sentencing treatment placements for felony and juvenile clients	4,778	5,761	4,800	5,800	5,800
Output	Percent of cases in which expert witness services were used	3,415	3,604	3,500	5-10%	7%
* Efficiency	Percent of cases in which application fees were collected	28%	25.6%	35%	30%	30%
* Quality	Percent of felony cases resulting in a reduction of original formally filed charges	33%	24%	40%	35%	35%
* Explanatory	Annual attorney full-time-equivalent vacancy rate	11.6%	10.5%	9%	7%	7%
Efficiency	Percent of cases in which expert witness services were used				5-10%	10%

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,613.2	4,747.0	5,061.9	4,607.0	-2.9
SOURCES TOTAL	4,613.2	4,747.0	5,061.9	4,607.0	-2.9
USES					
Personal Services and Employee Benefits	3,613.7	4,171.7	4,343.3	3,908.9	-6.3
Contractual Services	54.0	110.2	110.2	110.2	0.0
Other	438.3	465.1	608.4	587.9	26.4
TOTAL USES	4,106.0	4,747.0	5,061.9	4,607.0	-2.9
FTE					
Permanent	42.3	42.3	40.3	40.3	-4.7
TOTAL FTE POSITIONS	42.3	42.3	40.3	40.3	-4.7

BUDGET ISSUES:

The Office of the Governor requested a \$315 thousand increase for FY10. The request reflected a proposed transfer of services provided by the Victims Advocacy Office to the Crime Victims Reparation Commission in FY10 as well as a corresponding reduction in budget and FTE. The vacancy rate in FY08 was 14 percent allowing a \$250 thousand budget adjustment from personal services and employee benefits to the other categories to purchase office supplies. The vacancy rate was 20 percent at the time the Governor's Office submitted its FY10 appropriation request with full funding for all positions.

The LFC recommendation supports a \$57.2 thousand increase. This includes a \$95 thousand decrease for personal services and employee benefits, applies a 10 percent vacancy rate, and provides full funding for contractual services. The recommendation supports the requested \$133 thousand increase to the other costs category related to rate increases for services provided by the Department of Information Technology. Also, the recommendation reduces the amount for office supplies, furniture, and printing costs as requested.

From FY02 to FY09 the Office of the Governor has grown the size of personal services and employee benefits by 264 percent or \$2.6 million and 15.3 FTE. Contributing to this growth was a significant number of salary increases for the Governor's staff ranging up to 50 percent in the last 2 years.

BASE EXPANSION:

The Office of the Governor submitted a base expansion request transferring the Victims Advocacy Office along with 2 FTE and \$197.2 thousand to the Crime Victims Reparation Commission. The recommendation supports the reduction in FTE and budget related to the two positions. This program began in 2004 to protect crime victims during judicial proceedings and ensure their constitutional rights are upheld.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program) (P637)	Agency Request -197.2	LFC Recom- mendation 0.0
	Remove OVA from Governors Office			
TOTAL			-197.2	0.0

EXECUTIVE MANAGEMENT AND LEADERSHIP

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the Executive branch of government to allow for a more efficient and effective operation of the agencies within that branch of government, on behalf of the citizens of the State.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	25	20	25	25	25
* Output	Number of days to answer or refer to the proper entity constituent requests for information	4	2	4	4	4
Output	Number of days to respond to requests for pardons	7	4	14	14	14
Output	Number of days to process extraditions	11	9	13	13	13
Outcome	Percent increase in victims receiving direct advocacy	-13%	31%	0%		
Output	Number of victims receiving direct advocacy	202	256	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 New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman. The lieutenant governor serves as a member of the Board of Finance, Mortgage Finance Authority, Border Authority, Small Business Advocacy Council, Workforce Development Board, Rural Development Council, Financial Independence Task Force, Small Business Advocacy Council, and Governor's Finance Committee and serves as chair of the Children's Cabinet.

MISSION:

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the New Mexico Senate and serves as ombudsman and acting governor in cases when the governor is out of state.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	828.2	857.6	973.0	861.9	0.5
SOURCES TOTAL	828.2	857.6	973.0	861.9	0.5
USES					
Personal Services and Employee Benefits	642.3	738.5	824.5	743.4	0.7
Contractual Services	31.1	68.1	68.7	48.7	-28.5
Other	126.2	51.0	79.8	69.8	36.9
TOTAL USES	799.6	857.6	973.0	861.9	0.5
FTE					
Permanent	8.0	8.0	9.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	9.0	8.0	0.0

BUDGET ISSUES:

The agency budget request of \$973 thousand represents a base increase of \$54.3 thousand and base expansion of \$61.1 thousand over the FY09 operating budget. Of the \$54.3 thousand requested base increase, \$21.3 thousand is for group health insurance, \$19.5 thousand for increased information technology rates, and \$8.9 thousand for in-state and out-of-state travel.

The committee recommendation for FY10 is \$861.9 thousand, a 0.5 percent increase, and assumes a 2.6 percent vacancy rate.

The Children's Cabinet is working on the establishment of an Early Childhood Network Investment Group designed to establish funding streams ensuring early childhood access to educational activities for all children born in the state.

BASE EXPANSION:

The Lieutenant Governor requested a base expansion of 1 FTE and \$61.1 thousand for a communication officer. It is unclear how services or benefits will improve with the addition of this expansion. The committee recommends using existing staff to handle media relations.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Lt Governor - New FTE - Comm Officer	(P638)	61.1	0.0
TOTAL			61.1	0.0

LIEUTENANT GOVERNOR

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 and make an annual report to the governor.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of children's cabinet meetings	8	6	6	6	6
Output	Number of tracking reports produced per month on constituent services activities	4				
Output	Number of youth advisory council meetings	4	4	4	4	4
Output	Quarterly tracking reports on constituent services activities.	4	4	4	4	4
Output	Number of small business forums			4	4	4
Outcome	Percent of constituent service cases closed within thirty days of initial receipt			80%	80%	80%

STATUTORY AUTHORITY:

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 19-27-10 NMSA 1978 to create a single, unified executive branch department to streamline and improve information technology systems. DoIT administers all laws and exercises all functions formerly administered by the Office of Chief Information Officer (OCIO) and the Information Technology Commission (ITC) pursuant to the Information Technology Management Act, and the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The new agency is a cabinet-level department with three authorized divisions: Program Support, Enterprise Services, and Enterprise Operations.

The Department of Information Technology Act establishes a rate committee consisting of seven executive agency members, five appointed by the governor and two designated by statute -- the secretary of the Department of Finance Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

The Information Technology Commission (ITC) consists of 17 voting members and eight nonvoting members. ITC focuses on developing and implementing the state information technology (IT) plan and reviews and approves critical IT initiatives and needs for the state, strategies for identifying IT projects that impact multiple agencies, and proposed rules by the secretary.

MISSION:

The mission of the Department of Information Technology is to provide cost-effective and efficient enterprise products, services, and solutions within a secure and reliable environment for its customers.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,138.8	1,379.1	2,679.5	1,344.6	-2.5
Other Transfers	3,788.4	3,559.4	4,347.7	4,637.2	30.3
Other Revenues	41,575.8	46,863.9	50,265.7	44,680.4	-4.7
SOURCES TOTAL	46,503.0	51,802.4	57,292.9	50,662.2	-2.2
USES					
Personal Services and Employee Benefits	16,872.0	16,344.7	19,035.7	16,257.4	-0.5
Contractual Services	8,030.8	9,636.4	11,456.3	9,544.3	-1.0
Other	19,244.1	21,522.1	22,453.2	21,102.6	-1.9
Other Financing Uses	2,029.7	4,299.2	4,347.7	3,757.9	-12.6
TOTAL USES	46,176.6	51,802.4	57,292.9	50,662.2	-2.2
FTE					
Permanent	216.0	219.0	241.0	219.0	0.0
TOTAL FTE POSITIONS	216.0	219.0	241.0	219.0	0.0

BUDGET ISSUES:

DoIT's budget request of \$57 million, a \$5.4 million increase over FY09, included significant increases to personal services and employee benefits in each program totaling \$2.8 million. DoIT requested a \$2 million increase in contractual services for the performance of technical and maintenance services to the SHARE accounting system hardware and for application upgrades. The request included a \$636 thousand increase for maintenance services on the state's super computer. The request included an increase of \$900 thousand in other costs for exempt inventory, in-state and out-of-state travel, office supplies, and other miscellaneous costs.

Under new leadership, DoIT is addressing serious operational deficiencies that have plagued the agency since the consolidation of the Information Systems Division and Telecommunications Division with the office of the Chief Information Officer (CIO) in July 2007. DoIT has identified security and disaster recovery as their highest priority in developing both a short-term and long-term business strategy. DoIT is currently in the process of assessing customer needs and developing performance standards to improve the agency's operational efficiency. In addition, DoIT is developing a catalog of formally defined services and determining service lifecycle.

In November 2008, DoIT announced several organizational and process changes among project oversight, service development, and service delivery. Executive agencies are responsible for requesting and obtaining certification from DoIT for all projects greater than \$100 thousand that are high risk, regardless of funding source or location. All projects are required to be certified during the initiation, planning, implementation, and closeout phases prior to the release of funds.

DoIT's Project Certification Committee (PCC) has been restructured to include external members that will allow a broader membership representation and independent certification process for all agencies, including DoIT projects. Voting members of the PCC will remain the same for all projects except those directly related to DoIT. The Department of Finance and Administration (DFA), ITC, and Attorney General will vote to approve DoIT projects. LFC staff recommends that DoIT's secretary and Oversight and Compliance director and an LFC staff member be nonvoting members on DoIT projects.

Historically, development of large IT projects has been problematic and sometimes involved large expenditures with minimal results. To improve oversight and enhance reporting, DoIT provides a quarterly project report to LFC and DFA. This report includes a comprehensive list of projects and identifies the status including appropriations, expenditures, and balances. The report also identifies projects that are not progressing according to schedule and places them on a watch list for additional scrutiny. The first quarter report for FY09 indicates that \$151 million of the \$210 million certified appropriations has been expended, leaving a balance of \$58 million.

As an enterprise operation, DoIT charges an amount sufficient to recover the cost of providing the services, accumulate an equipment reserve, and maintain an adequate operating fund balance to cover anticipated expenses for 60 days. If done properly, the operating funds should have a 60-day reserve balance and the equipment replacement funds should have balances sufficient to replace equipment when it has reached the end of its useful life.

DoIT FY10 proposed rates include depreciation expense of capital assets to recover replacement costs over the life of the asset. During the past several years the depreciation amounts recovered through rates were spent on operating costs rather than on replacing equipment. As a result, DoIT is now faced with a critical need to replace obsolete network equipment, servers, phone systems and radio equipment without a funding source. Shortfalls are estimated to be \$6 million for information systems equipment and \$16 million for telecommunications equipment. Currently, servers and other IT equipment are being used beyond useful life regardless of whether or not a maintenance agreement exists.

DoIT estimated it had \$11.3 million in outstanding accounts receivable over 60 days at the end of FY08. Although the agency continues to struggle with revenue collection, DoIT reported overall improvements for the percentage of accounts receivable dollars collected within 60 days of the invoice due date. DoIT is encouraged to improve collection of accounts receivable and use that funding to purchase information systems and telecommunications equipment. DoIT has also requested capital appropriations for the large purchase of IT and telecommunication equipment.

LFC recommends expenditures of \$50.7 million, a \$1.2 million, or 2.2 percent, decrease from FY09. Following the budget submission on September 1, 2008, DoIT reported that it renegotiated rates with telecommunication providers, resulting in an estimated savings of \$1 million per year. This will reduce DoIT costs beginning in FY09 and reduce the requested need in FY10. The LFC recommendation assumes additional savings in proportion to agency wide spending cuts.

The LFC recommendation includes an average 5 percent vacancy rate for all programs and makes technical adjustments to personal services and employee benefits. The recommendation does not support requested increases for travel, furniture and fixtures, exempt equipment, and rent for an office in Albuquerque.

The recommendation also includes a \$1.2 million transfer from the program support fund at GSD. This fund has an estimated cash balance of \$3 million, which represents eight years of over-assessments to the telecommunications and information systems programs when they were under GSD management. GSD estimates \$500 thousand should be transferred; however, LFC analysis indicates a surplus of \$1.2 million.

The LFC recommendation supports contractual services of \$9.5 million, a 1 percent decrease from FY09. This covers all technical services provided to the agency including firewalls, maintenance services for the digital microwave network, licensing fees, and other technical applications. The recommendation does not include support for items not included in the detailed justification submitted with the request and eliminates professional legal services. The recommendation also does not support the request for IT maintenance services for Encanto (the state's super computer).

The recommendation includes the transfer of \$439 thousand to the Department of Finance and Administration to support the SHARE maintenance agreements. This revenue is generated through the collection of Human Capital Management fees collected at the rate of \$100 per budgeted FTE from each agency.

BASE EXPANSION:

For FY10, the agency requested an increase of \$1.5 million, including \$273 thousand from the general fund and 22 FTE. This includes auditors, project managers, security guards, cyber security officers, and quality assurance officers. The committee encourages the agency to reprioritize existing resources within the department rather than expand operations during a period of declining state revenues.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	3 FTE: IT Cyber Security	(P773)	197.3	0.0
2	2 FTE: Business Continuity	(P773)	131.5	0.0
3	2 FTE: HCM Time and Labor	(P772)	108.2	0.0
4	3 FTE: Security Guards	(P773)	89.1	0.0
5	1 FTE - Legal	(P771)	77.8	0.0
6	1 FTE - Internal Auditor	(P771)	47.0	0.0
7	1 FTE: Business Consultant	(P772)	65.7	0.0
8	1 FTE: Applications Group	(P772)	65.8	0.0
9	1 FTE: Contract Review	(P772)	65.8	0.0
10	1 FTE - Accounts Payable	(P771)	42.5	0.0
11	1 FTE: Project Management	(P772)	65.8	0.0
13	2 FTE - Accounts Receivable	(P771)	77.8	0.0
14	2 FTE - Human Resource Bureau	(P771)	85.0	0.0
15	Transfer to Program Support for Expansions	(P773)	161.4	0.0
16	Transfer to Program Support for Expansion	(P772)	168.7	0.0
TOTAL			1,515.1	0.0

ENTERPRISE SERVICES

The purpose of the enterprise services program is to provide enterprise information technology and customer support services and training to improve and streamline agency systems by promoting consolidation of services duplicated within agencies and to provide oversight and compliance through project certification and compliance monitoring with the state's information technology strategic plan and the state information architecture plan.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,138.8	1,379.1	2,679.5	1,344.6	-2.5
Other Revenues	8,804.4	10,028.7	11,939.2	10,346.2	3.2
SOURCES TOTAL	9,943.2	11,407.8	14,618.7	11,690.8	2.5
USES					
Personal Services and Employee Benefits	5,545.2	6,093.5	6,770.0	6,075.2	-0.3
Contractual Services	1,810.4	1,273.7	4,361.1	2,700.5	112.0
Other	1,368.1	1,713.9	2,278.1	1,304.9	-23.9
Other Financing Uses	893.2	2,326.7	1,209.5	1,610.2	-30.8
TOTAL USES	9,616.9	11,407.8	14,618.7	11,690.8	2.5
FTE					
Permanent	79.0	77.0	84.0	77.0	0.0
TOTAL FTE POSITIONS	79.0	77.0	84.0	77.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of executive agency certified projects reviewed monthly for compliance and oversight requirements		100%	100%	100%	100%
Output	Amount of information technology savings, cost avoidance or both realized through enterprise services and promotion of multi-agency initiatives, in millions		\$5.0	\$5	\$5	\$5
Output	Queue-time to reach a customer service representative at the help desk, in seconds		0:17	0:20	0:20	0:20
Quality	Customer satisfaction with human resources system services					
* Output	Percent of information technology projects that require and receive a formal architecture review prior to project implementation				100%	100%

ENTERPRISE OPERATIONS

The purpose of the enterprise operations program is to provide reliable and secure infrastructure for voice, radio, video and data communications through the state's enterprise data center and telecommunications network.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	0.0	0.0	0.0	1,200.0	
Other Revenues	32,771.4	36,835.2	38,326.5	34,334.2	-6.8
SOURCES TOTAL	32,771.4	36,835.2	38,326.5	35,534.2	-3.5
USES					
Personal Services and Employee Benefits	7,914.0	7,114.8	8,373.6	7,111.7	0.0
Contractual Services	6,096.6	8,192.7	6,925.2	6,715.2	-18.0
Other	17,624.2	19,555.2	19,889.5	19,559.6	0.0
Other Financing Uses	1,136.5	1,972.5	3,138.2	2,147.7	8.9
TOTAL USES	32,771.3	36,835.2	38,326.5	35,534.2	-3.5
FTE					
Permanent	85.0	99.0	107.0	99.0	0.0
TOTAL FTE POSITIONS	85.0	99.0	107.0	99.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	In-service percentage of the state voice communication network		99.9%	99.9%	99.9%	99.9%
* Output	Percent of servers successfully backed up as scheduled		91%	100%	100%	100%
Outcome	Percent of unscheduled downtime of the mainframe		0.00%	.01%		
Output	Percent of mission-critical data and applications residing in the enterprise data center not compromised upon security breach				0%	0%
Output	Percent of information technology assets inventoried and managed through an automated asset management system				75%	75%
Outcome	Percent of unscheduled downtime of the mainframe affecting user access, batch scheduling or both				0.01%	0.01%
Outcome	Terabytes of data stored at enterprise data center compared with terabytes of data stored at agency locations (disk, tape and optical storage)				TBD	TBD
Outcome	Cumulative number of agency applications residing on enterprise servers				TBD	TBD
Outcome	Cumulative number of co-located servers replaced by enterprise servers				TBD	TBD

PROGRAM SUPPORT

The purpose of program support is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	3,788.4	3,559.4	4,347.7	3,437.2	-3.4
SOURCES TOTAL	3,788.4	3,559.4	4,347.7	3,437.2	-3.4
USES					
Personal Services and Employee Benefits	3,412.8	3,136.4	3,892.1	3,070.5	-2.1
Contractual Services	123.8	170.0	170.0	128.6	-24.4
Other	251.8	253.0	285.6	238.1	-5.9
TOTAL USES	3,788.4	3,559.4	4,347.7	3,437.2	-3.4
FTE					
Permanent	52.0	43.0	50.0	43.0	0.0
TOTAL FTE POSITIONS	52.0	43.0	50.0	43.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of audit corrective action plan commitments completed on schedule			95%	75%	95%
* Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date		53%	95%	60%	95%
* Outcome	Dollar amount of account receivables over sixty days		\$11,300,000	\$500,000	\$7,500,000	\$500,000
* Outcome	Percent of mainframe services meeting federal standards for cost recovery		100%	95%	100%	100%
* Outcome	Percent of voice, data, and radio services meeting federal standards for cost recovery		100%	95%	100%	100%

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 to preserve, protect and administer the retirement funds to meet its current and future obligations to retirees.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	34,367.6	39,696.2	41,905.9	38,189.3	-3.8
SOURCES TOTAL	34,367.6	39,696.2	41,905.9	38,189.3	-3.8
USES					
Personal Services and Employee Benefits	5,449.9	5,753.8	6,119.6	5,920.6	2.9
Contractual Services	27,268.4	32,653.7	34,322.2	30,895.0	-5.4
Other	1,596.0	1,288.7	1,464.1	1,373.7	6.6
TOTAL USES	34,314.3	39,696.2	41,905.9	38,189.3	-3.8
FTE					
Permanent	72.0	76.0	78.0	76.0	0.0
Term	12.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	84.0	88.0	90.0	88.0	0.0

BUDGET ISSUES:

PERA's budget is driven primarily by the investments of the pension plan, accounting for over 75 percent of total operating expenditures. Because the plan assets increased significantly, from \$7.6 billion in FY02 to \$13.3 billion by FY07 year-end, expenditures related to investment manager, consulting, and custodial fees also rose dramatically over this period. However, investment returns for FY08 were -7.4 percent, reducing aggregate assets to \$12.2 billion. Thus, PERA's base FY10 budget request continues to trend upward but at a much slower pace, with a \$2.1 million, or 5.2 percent, overall increase from the prior year. Once again, the contractual services category accounts for the majority of this proposed increase.

The agency requested slightly less for investment manager fees, primarily reflecting the fall in asset values for FY08 but also the greater allocation to alternative asset classes, such as hedge funds and private equity, where the manager fees typically are buried in the investment results (reported "net of fees") and are not readily transparent. Offsetting this reduction in manager fees, the agency requested an increase in consulting and custodial contracts totaling \$1.9 million due to higher fees relating to the alternative asset classes, resulting in an overall request for a 4 percent rise from the FY09 operating level for investment-related contracts.

PERA anticipates moving into its new building by the end of FY09. Thus, owner-occupancy costs are fully incorporated into PERA's FY10 budget request, primarily represented by higher estimated liability insurance, maintenance costs, and utilities. With the offsetting reduction in rental costs of \$138.5 thousand, the net projected increase due to the move is about \$115 thousand.

Rent for the Albuquerque offices, including the space allocated to the data-cleansing project, continues through FY10. Total annual costs of about \$500 thousand associated with this project to cleanse the membership files of errors transferred from the legacy computer system to PERA's new retirement computer system (RIO) are requested for the third year. Originally approved with 12 FTE for FY08 and FY09, the project took about six months to get up and running with data cleansing starting in January 2008. PERA prioritized a subset of PERA member accounts (those within 10 years of retirement), and as of September 2008, the data audit unit has processed 5,248 of the 26,179 files in this original subset. PERA cautions that up to another two years with 9 FTE to 12 FTE will be needed to cleanse the entire membership database, originally estimated at 46,000 files. The staff recommendation extends the data-cleansing project into FY10, which aligns with the consultant's initial estimate of three years using 12 FTE.

Pressured by strong salaries in the private sector, the agency in FY08 provided in-band pay increases to seven employees, primarily concentrated in the Investment Division. With the turmoil in the financial markets and subsequent consolidation of investment firms, the pressure on salaries may diminish. In its request, the agency applied a vacancy factor of 2.3 percent; however, the LFC recommendation raises the factor to 4 percent, bringing the base personal services and employee benefits to \$5.9 million. This 2.9 percent increase over the FY09 operating budget is due primarily to a \$72 thousand increase in the General Services Department employee risk insurance and to a \$101.3 thousand increase in salaries to reflect actual costs for the data audit team that had been budgeted in FY09 at lower rates set for vacant positions.

The recommendation fully supports the audit, legal, maintenance, information technology, and actuarial contracts as requested, including \$40 thousand to test actuarial assumptions by an independent firm. However, the recommendation excludes a \$50 thousand request for lobbyists in the 2010 session and reduces the overall professional services amount relating to investment fees by \$3.3 million to reflect FY09 market losses and a less optimistic forecast for alternative investments under management. The agency request assumed a 10 percent fund recovery from FY08 over a two-year period, reasonable at the time of the budget submission. However, the value of alternative assets under management subject to the 10 basis point fee appears overstated. Thus, the recommendation reduces this consulting fee by \$700 thousand. In light of the underperformance of alternatives, the agency should renegotiate this fee as many public plans are doing. Any reduction in actual investment fees paid below those appropriated would revert to the fund because these investment fees are restricted by language.

Despite the losses for FY08, PERA's actuarial position remains unchanged due to the smoothing method used to calculate solvency indicators. As of June 30, 2008, PERA's aggregate funded ratio (fund actuarial asset value divided by plan liabilities) is 93 percent, remaining above the Governmental Accounting Standards Board (GASB) standard of 80 percent. The aggregate funding period (amount of time to fully amortize plan liabilities) remained at 13 years for FY08, well within the 30-year GASB standard. However, continued volatility in the market raises concerns over future investment performance, and reasonable scenarios indicate a decline in the funded ratio below 80 percent is possible within the next four years. This means PERA may be required to request contribution increases for certain plans. See Volume I for more discussion of PERA's investment performance and actuarial position.

PERA is a defined benefit plan, meaning that benefits are considered a property right to vested employees. PERA's actuaries assume an 8 percent annual return over the long run to meet these obligations. Some experts question whether future long-term performance will be that robust. Given that PERA's benefit structure is considered one of the best in the nation, a discussion of whether the state can afford those benefits going forward is warranted. While "tiered" plans do not address fund solvency issues in the short run and raise parity issues over the long run, reducing benefits for new hires may be necessary to ensure fund solvency, guard against contribution increases, and align the state's retirement benefits with new economic realities.

One option would be to design a minimum age and service requirement for certain plans. Currently, an employee in most PERA plans can retire with 25 years of service regardless of age. Increasing the minimum service requirement to 30 years and imposing a minimum retirement age would reduce liabilities over time. Other aspects of PERA's various plan structures could be reviewed, such as giving full-time credit for part-time work.

A related issue emerges from the continued request of certain groups to enhance benefits to achieve parity with the state police and adult correctional officer plan, which allows retirement within 20 years and 10 months. While parity may be relevant for certain groups that also face hazardous duty, increasing liabilities in such uncertain times may not be prudent. One option would be to put all hazardous duty officers on the same plan with a fixed-year retirement eligibility and eliminate the enhanced service feature that provides 1.2 years of service for every year worked. Current members would be "grandfathered." However, a complicating issue that has yet to be resolved is that some officers would also be recipients of social security and some would not.

Another reason to be cautious regarding the state pension plan are the results from a one-year "gain-loss" actuarial study for FY07 that indicate that actuarial assumptions regarding salary, retirement rates, and longevity of retirees may be underestimated. However, these results were not repeated for FY08, and the longer four-year experience study due in 2009 will be needed to shed more light on whether these assumptions need to be revised. Without renewed investment gains (returns over the assumed 8 percent) or additional contributions, the overall actuarial position of the plan could decline.

Three other issues facing PERA include accurate reporting for volunteer firefighters, restructuring contributions for the magistrate and judicial plans due to their continued decline in funded status, and revamping the return-to-work (RTW) program to increase the "sitting out" period from three months to 12 months. Once liabilities for the volunteer firefighter plan are confirmed, the state may be able to reduce the \$750 thousand annual contribution from the fire protection fund. Any decrease in RTW employees would reduce the state's contributions to PERA because any agency hiring a RTW employee pays both the employer and employee portions. The actuary also cautions that the funded status of the municipal fire plan is a concern.

BASE EXPANSION:

The recommendation does not support the requested expansions. The human resources (HR) specialist appears unwarranted because the industry standard ratio is 100 employees per one HR employee. PERA's ratio is 88:1. In addition, the 3 FTE approved for FY09 have not been filled. Finally, the benchmarking study of PERA's management and processes is due in 2009. This study will help PERA optimize resources, including FTE, and may alter any expansion request.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes twenty-six million five hundred ninety-three thousand three hundred dollars (\$26,593,300) to be used only for investment manager and consulting fees.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes two million sixty-two thousand four hundred dollars (\$2,062,400) to be used only for fiscal agent custody services.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes six hundred thousand (\$600,000) to be used only for investment-related legal fees.

The public employee's retirement association shall report quarterly to the department of finance and administration and the legislative finance committee on changes to the information technology contract with saber, including the status of enhancements and other deliverables for the retirement information online system.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Financial analyst (1 FTE)	(P640)	72.9	0.0
2	Human resources specialist (1 FTE)	(P640)	61.7	0.0
TOTAL			134.6	0.0

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 to when they retire from public service.

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
Quality	Percent of accurately computed retirements	98.5%	98.5%	98.5%	98.5%	99%
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	30-60	30-35	30-45	30-45	15-30
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	115 b.p.	128 b.p.	>50 b.p.	>50 b.p.	>50 b.p.
* Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	13	13	30 or less	30 or less	30 or less
* 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	41st	68th	<50th	<50th	<50th

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 for the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,923.9	3,013.1	3,587.3	3,035.7	0.8
Federal Revenues	25.5	48.1	51.4	51.4	6.9
Other Revenues	139.3	120.9	124.0	124.0	2.6
Fund Balance	0.0	61.6	57.2	57.2	-7.1
SOURCES TOTAL	3,088.7	3,243.7	3,819.9	3,268.3	0.8
USES					
Personal Services and Employee Benefits	2,310.5	2,542.7	2,920.9	2,622.0	3.1
Contractual Services	138.4	182.1	273.9	128.1	-29.7
Other	482.1	518.9	642.2	518.2	-0.1
TOTAL USES	2,931.0	3,243.7	3,837.0	3,268.3	0.8
FTE					
Permanent	39.5	40.0	40.0	40.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	41.5	42.0	42.0	42.0	0.0

BUDGET ISSUES:

The Commission of Public Records requested \$560.7 thousand from the general fund, or 18.6 percent above the FY09 operating level. The committee recommends a \$22.6 thousand general fund increase, or 0.8 percent.

In FY09 the New Mexico Historical Records Advisory Board (NMHRAB), an adjunct to the commission, awarded \$82 thousand in grants to 19 New Mexico institutions to preserve and provide better access to their historical records. The grant funds are a combination of general and federal funds and are included in the agency's operating budget. A scholarship program to defray costs of records and archival management training for employees and volunteers of historical records repositories is also managed by NMHRAB and funded similarly. At this time awards have not been announced.

The Office of the State Historian hosts an internship and scholarship program supporting fellows conducting research on New Mexico history and cultures. In FY08, \$25 thousand in scholarships ranging from \$500 to \$2 thousand were awarded to 17 fellows; 14 students participated in the internship program.

BASE EXPANSION:

The agency requested \$325.3 thousand for four expansion items including 1 FTE to digitize land grant records, 2 FTE for information technology support, 2 FTE for records center support, and funding for its digital history website.

The committee does recommend the expansion requests.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Land Grant Records Digitization	(P641)	46.8	0.0
2	Information Technology Support	(P641)	117.2	0.0
3	Records Center Support	(P641)	86.3	0.0
4	Digital History Project (NM History Website)	(P641)	75.0	0.0
TOTAL			325.3	0.0

STATE COMMISSION OF PUBLIC RECORDS

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

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Maximum number of days between rule effective date and online availability	31	30	34	34	30
Outcome	Percent of state agencies with current records retention and disposition schedules	45.1%	100%	98%	98%	98%
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	99%	100%	98%	98%	98%
Outcome	Percent of all projects for the New Mexico historical records grant program achieving stated objectives	90%	100%	98%	98%	98%
Outcome	Percent of annual strategic action plan achieved or on schedule	66%	75%	75%	75%	75%
Output	Number of consultations, research reports and educational activities provided by the state historian	430	860	450	N/A	N/A
* Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	19.1%	26.4%	50%	50%	50%
Output	Number of research documents and educational activities provided by the state historian				10	10
Output	Number of times during a fiscal year visitors accessed information the New Mexico history website				84,000	84,000

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 state Supreme Court 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)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,006.8	4,272.2	8,338.3	4,738.4	10.9
Other Revenues	304.0	450.0	450.0	1,500.0	233.3
SOURCES TOTAL	4,310.8	4,722.2	8,788.3	6,238.4	32.1
USES					
Personal Services and Employee Benefits	2,443.1	2,689.3	3,106.2	2,744.7	2.1
Contractual Services	775.6	693.7	842.1	794.4	14.5
Other	1,068.3	1,339.2	4,840.0	2,699.3	101.6
TOTAL USES	4,287.0	4,722.2	8,788.3	6,238.4	32.1
FTE					
Permanent	41.0	42.0	42.0	41.0	-2.4
Term	1.0	0.0	0.0	0.0	
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	43.0	43.0	43.0	42.0	-2.3

BUDGET ISSUES:

The agency requested a \$387.5 thousand, or 9.1 percent, base increase and an additional \$3.7 million in expansion items, for an overall increase of 95 percent above FY09. The committee recommends a general fund increase of \$466.2 thousand, or 10.9 percent, over the FY09 operating budget.

Fiscal year 2010 is the first year for the agency to have two programs: Administration and Operations and Elections. The intent is to make election expenses more transparent. The committee's recommendation for the administration and operation program is \$3.9 million, a 9.7 percent decrease. The decrease is a result of election expenses being shifted to the election program and the application of savings from a vacancy rate of 5 percent to personal services and employee benefits. All personnel-related expenses are in the Administration and Operations Program because the agency moves staff in and out of election duties as they arise.

The Elections Program recommendation of \$881.4 thousand includes canvass costs, postage for voter registration forms and cards, advertising for proclamations, bond issues election notices, and expansion. In the past, primary and general election costs, such as purchasing ballots, have mostly been funded as special appropriations. In FY10 the agency requests such costs as expansion. According to the agency, conducting paper ballot elections is 50 percent more expensive than the costs of conducting electronic elections. The increase is the result of the need to print ballots in excess of the number of actual voters, the requirement that county clerks stock early voting sites with ballots for each of its precincts, and the requirement that absentee results be reported by precinct, which means printing more ballot styles than if results were reported by district. For example, Bernalillo has 431 precinct ballot styles but would have just 86 ballot styles if districts were used.

The Secretary of State oversees the public election fund which is used to finance Public Regulation Commission (PRC) and certain judgeship election campaigns. Fees collected by PRC are used to finance its elections, and the tax administration suspense fund finances certain judicial elections. In 2010 elections will be held to fill three PRC seats and there will be retention elections for two Court of Appeals and three Supreme Court seats. While it is unknown how many candidates running for these elected offices will tap the public election fund, the LFC recommendation includes \$1.5 million in other revenues, which assumes 100 percent use of available funds.

To date, \$408.5 thousand has been appropriated for an electronic campaign reporting system; of that amount, \$70 thousand, originally appropriated in 2002, was reauthorized in 2008 while \$112 thousand has been reauthorized for the last three years. The agency has expended \$135.3 thousand on software and hardware upgrades and licenses and reports the old system is useable but not user friendly. It is in the process of creating a new system.

Laws 2007, Chapter 131, created a substitute address program for victims of domestic abuse. The Secretary of State maintains confidential records of applications for substitute addresses and forwards any mail received on behalf of victims of domestic abuse to the new mailing address provided on the application. During the 2008 session, the Legislature authorized 1 FTE for this purpose. Since the program's inception, 71 applications were processed and no funds have been collected and deposited into the general fund (a \$75 fee is applied for this service but is waived if an applicant is indigent). Workload data indicates that the agency can identify staff to absorb the workload and the committee's recommendation deletes the position.

The federal auditors reviewing Secretary of State spending of a Help America Vote Act (HAVA) federal grant has rejected \$6.3 million spent on advertising with media consultant A. Gutierrez and Associates and \$36 thousand expended prior to the HAVA award for voter registration software in San Juan County. A possible resolution to the audit finding is to make an accounting shift of the unaccepted expenditures to an \$11 million state appropriation made in 2006 to purchase voting machines and apply voting machines expenditures to the HAVA grant. The accounting shift, which would resolve the amount owed to the federal government, would also include \$215 thousand plus interest for the unaccounted state match. However, this shift requires the Legislature to expand and reauthorize the \$11 million appropriation made in 2006 to include education and outreach expenses. In addition, the Attorney General's Office is pursuing other options to recover any misspent funds.

BASE EXPANSION:

The agency's \$3.7 million expansion request included \$3.5 million for primary election funding, \$48.4 thousand for overtime expenses and temporary employees associated with the primary election, and \$53.2 thousand and 1 FTE to assist the program manager of the substitute address program for victims of domestic violence.

An expansion of \$744.6 is recommended to partially fund election supplies for the 2009 primary election, leaving room to explore more cost-efficient election measures.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Primary Election Funding	(P643)	3,513.9	744.6
2	Primary Election Overtime/Temps	(P642)	48.4	0.0
3	Confidential Address Program	(P642)	53.2	0.0
4	<u>Satellite Office</u>	<u>(P642)</u>	<u>63.1</u>	<u>0.0</u>
TOTAL			3,678.6	744.6

ADMIN AND OPERATIONS

The purpose of the administration and operation program is to provide operational services to commercial and business entities and citizens, including administration of notary public commissions, uniform commercial code filings, trademark registrations and partnerships.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,006.8	4,272.2	4,324.2	3,857.0	-9.7
Other Revenues	304.0	450.0	450.0	1,500.0	233.3
SOURCES TOTAL	4,310.8	4,722.2	4,774.2	5,357.0	13.4
USES					
Personal Services and Employee Benefits	2,443.1	2,689.3	3,106.2	2,744.7	2.1
Contractual Services	775.6	693.7	797.9	769.4	10.9
Other	1,068.3	1,339.2	870.1	1,842.9	37.6
TOTAL USES	4,287.0	4,722.2	4,774.2	5,357.0	13.4
FTE					
Permanent	41.0	42.0	42.0	41.0	-2.4
Term	1.0	0.0	0.0	0.0	
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	43.0	43.0	43.0	42.0	-2.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of prior-year audit findings resolved				100%	100%
* Output	Percent of partnership registration requests processed within the three-day statutory deadline				100%	100%

ELECTIONS

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

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	4,014.1	881.4	
SOURCES TOTAL	0.0	0.0	4,014.1	881.4	
USES					
Contractual Services	0.0	0.0	44.2	25.0	
Other	0.0	0.0	3,969.9	856.4	
TOTAL USES	0.0	0.0	4,014.1	881.4	
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of administrative errors	.7%		0.3%		
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	150,000		60,000		
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office				97%	97%
Output	Number of newly registered voters	51,014		50,000		
Output	Number of training sessions provided to all county clerks on changes to the Election Code			2	2	2
Outcome	Percent of eligible registered voters who are registered to vote				80%	80%
Output	Number of users electronically filing legal documents or receiving educational materials	27,055		30,000		
* Outcome	Percent of campaign reports filed electronically by the due date				98%	100%
Output	Number of meetings sponsored by the secretary of state to promote Native American voting			10		
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 days	2		2		
Output	Percent of laws in the Election Code that require rules for which rules have been promulgated			100%	100%	100%
* Outcome	Percent of voting machines tested				100%	100%
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	10,201		20,000		
Efficiency	Percent of public requests and complaints responded to within the three-day statutory deadline				100%	100%
Outcome	Percent of eligible Native American voters who are registered to vote				50%	80%
Outcome	Percent of new voting machines tested	100%		100%		
Outcome	Percent of counties visited by the secretary of state's office to obtain input regarding the Election Code and its application			100%		

STATUTORY AUTHORITY:

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

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,541.7	4,694.8	5,081.2	4,599.7	-2.0
Fund Balance	60.0	60.0	60.0	60.0	0.0
SOURCES TOTAL	4,601.7	4,754.8	5,141.2	4,659.7	-2.0
USES					
Personal Services and Employee Benefits	4,007.4	4,342.8	4,664.0	4,222.5	-2.8
Contractual Services	30.8	36.5	36.5	32.0	-12.3
Other	480.1	375.5	440.7	405.2	7.9
TOTAL USES	4,518.3	4,754.8	5,141.2	4,659.7	-2.0
FTE					
Permanent	65.0	65.0	65.0	64.0	-1.5
TOTAL FTE POSITIONS	65.0	65.0	65.0	64.0	-1.5

BUDGET ISSUES:

In 2007, the Hay Group recommended that the deputy director for constituent services position be reclassified and transferred within the department to meet more critical needs, such as in the compensation or the quality assurance areas. The department chose to ignore this recommendation and has maintained for the past four years one of the highest vacancy rates in state government. In light of this, it is recommended that this position be eliminated.

Additionally, in accord with LFC guidelines, the committee recommends funding for personal services and employee benefits reflect an 8 percent vacancy rate reduction. This is well below the agency's FY08 average vacancy rate of 16.8 percent and leaves sufficient funding and staffing to accomplish its mission. The FY10 budget request submitted by the Personnel Board does not apply a vacancy rate, despite maintaining an FY08 average vacancy rate of 16.8 percent and an FY07 rate of 23.1 percent. Filling vacancies and retaining staff continues to be an issue of concern for SPO. For the past four years the agency has averaged a 19.2 percent vacancy rate, which equates to 12.5 positions out of the budgeted 65 positions being vacant at any one time.

Reviews of the State Personnel Office (SPO) by the Legislative Finance Committee (2001 and 2007), the Hay Group (2001 and 2006), and an independent consultant from the University of Colorado (2007) repeatedly cited the necessity for SPO, as the agency responsible for the state's merit system, to develop and maintain a strong oversight capability as the human resource system is increasingly automated and agencies are given more latitude in their decision-making. This was recently underscored by SPO's internal audit of its recruitment and selection process and findings that this oversight function may be lacking.

In 2002, the Hay Group, in evaluating the personnel plan called H.R.2001 for the LFC, indicated, "It is vital that SPO: establish the standards against which it will be auditing based upon the new set of personnel rules it established in 2001." In 2006, the Hay Group reported to LFC that oversight efforts at SPO had not been successful. This failure was attributed to a focus on a "control/policing" perspective rather than a focus on evaluating quality assurance and the validity of processes and outcomes. LFC reviews conducted in 2006 echoed the Hay Group's concern, with the LFC performance evaluators expressing concern the merit system was open for abuse. The LFC noted that in 2005, for an eight month period, the SPO's applicant tracking system had crashed, with SPO allowing agencies to hire any applicant for a job without SPO screening/validating that the candidates met the minimum requirements for the position. This increase in discretionary authority granted to agencies was done without any oversight to ensure agencies are addressing merit principles in the selection process. This happened as SPO's own vacancy rate increased dramatically, thus diminishing even further the effectiveness of the staff review.

A review of the Personnel Act and SPO's functions in 2007, at the request of LFC, by Donald Klingner of the University of Colorado identified many issues within SPO that were of major concern and concluded the following: the Personnel Act does not need to be changed; SPO actions at times appear to be driven by "circumstantial expediency or politics rather than rational and transparent use of information"; and, SPO has failed to exercise effective oversight over agency personnel policies and practices as required by state law.

Mr. Klingner's recommendations are consistent with the Hay and LFC reviews: SPO should be vigilant regarding the impact its practices have on other state agencies; SPO, with legislative oversight, should develop and apply a strategic human resource management model as the basis for its own personnel policies and actions; and the SPO director should, with the assistance of the SPB and an informal advisory committee, enhance the effectiveness of SPO oversight over state government personnel policies with specific attention paid to recruitment and selection, pay, affirmative action, due process, and ethical standards.

Since these reviews, SPO has made an effort to revitalize its quality assurance functions to ensure the merit system standards are being adhered to throughout state government. A review by its Quality Assurance Bureau of the state's recruitment and selection process was concluded in April 2008. This was the first time SPO had conducted a comprehensive review of its processes. This review validated and underscored many of the concerns noted by the Hay Group regarding oversight and its necessity in maintaining a merit system. Additionally, SPO has reduced the number of days it takes to fill a vacant position within state government.

A key element to these recommendations lies in the development of meaningful metrics, which would assist SPO, the executive, and the Legislature in assessing the effectiveness and efficiency of the human resource system in New Mexico. The Hay Group in its past analysis of SPO has repeatedly recommended the inclusion of more meaningful metrics.

RECOMMENDED LANGUAGE:

Any unexpended balance remaining in the state employees' career development conference fund at the end of fiscal year 2010 shall not revert to the general fund.

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

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Average number of days to fill a vacant position	75	46	90	90	50
Output	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency-specific management training	100%	100%	100%	100%	100%
* Outcome	Percent of managers in medium to small agencies who successfully complete the management and supervision training sponsored by the state personnel office	38%	83%	80%	80%	85%
* Outcome	Percent of union grievances resolved prior to formal arbitration	100%	99.8%	95%	95%	98%
* Outcome	Percent of new employees who successfully complete their probationary period	63.2%	79%	85%	85%	85%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of rule compliance audit reviews performed during the fiscal year	N/A	N/A	5	5	5
* Output	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year	99.5%	99%	99%	99%	99%
* Outcome	Number of personnel system review audits performed during the fiscal year	N/A	N/A	4	4	6
Output	Percent of rule compliance review audit exceptions corrected within six months of discovery	N/A	N/A	100%	100%	100%
* Outcome	Average employee pay as a percent of board-approved comparator market based on legislative authorization	98.4%	99.1%	95%	95%	100%
* Outcome	Average new hire compa-ratio			N/A		<=15%
* Outcome	Vacancy rate for all state classified employees			N/A		<=12%

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 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	339.9	347.8	348.2	336.6	-3.2
SOURCES TOTAL	339.9	347.8	348.2	336.6	-3.2
USES					
Personal Services and Employee Benefits	252.1	258.6	255.4	252.5	-2.4
Contractual Services	4.0	4.5	4.5	4.1	-8.9
Other	62.8	84.7	88.3	80.0	-5.5
TOTAL USES	318.9	347.8	348.2	336.6	-3.2
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 board processes approvals of local boards based on their conformity to the Public Employee Bargaining Act. The board also processes prohibited practice complaints and elections to determine if public employees will be represented by a labor organization or not. The Personal Services and Employee Benefits category was reduced to reflect correct Federal Insurance Contributions Act rates and Department of Finance and Administration rates for unemployment compensation and employee liability.

The agency reverted \$20.1 thousand in FY08. The LFC recommendation reflects adjustments made in the other category to more reasonably reflect actual FY08 use.

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

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

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <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%	100%
Outcome	Percent of decisions overturned on appeal	1%	1%	1%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within one hundred days of request for approval	99%	100%	99%	99%	99%
Output	Percent of prohibited practice complaints decided within one hundred eighty days of filing	91%	92%	92%	92%	92%
Output	Percent of petitions processed within one hundred eighty days of filing	92%	92%	92%	92%	92%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration	48%	60%	50%	50%	65%

STATUTORY AUTHORITY:

The office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principle statutory provisions governing the office of the State Treasurer are Sections 6-1-13, 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. The treasurer invests funds on behalf of the general fund, state agencies, bond proceeds, and many local government and tribal entities.

MISSION:

The mission of the State Treasurer is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions involving state monies.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,285.8	4,580.1	4,692.5	4,373.2	-4.5
Other Transfers	0.0	0.0	41.0	0.0	
Federal Revenues	4.2	20.0	4.0	4.0	-80.0
SOURCES TOTAL	4,290.0	4,600.1	4,737.5	4,377.2	-4.8
USES					
Personal Services and Employee Benefits	3,163.4	3,240.4	3,453.9	3,280.1	1.2
Contractual Services	380.1	421.0	481.0	354.0	-15.9
Other	730.9	938.7	802.8	743.1	-20.8
TOTAL USES	4,274.4	4,600.1	4,737.7	4,377.2	-4.8
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	42.0	42.0	0.0

BUDGET ISSUES:

STO's personal services and employee benefits request represented 6.6 percent growth over the FY09 operating budget, an increase of \$213.5 thousand. The LFC recommendation increases personal services and employee benefits 1.2 percent, 5.4 percent less than the request because it assumes 5 percent vacancy savings.

STO's contractual services request was 14 percent above the FY09 operating budget, an increase of \$60 thousand. The contractual services request include \$65 thousand more for an investment advisor contract and \$20 thousand more for improvements and maintenance to the agency's QED Financial Systems, Inc. investment tracking system. The services with Trade Web and Bloomberg for \$48.8 thousand, previously included in contractual services, were moved to the other costs category for FY10. The LFC recommendation, which decreases the agency's contractual services budget by 15.9 percent, includes a decrease in audit costs of 2.6 percent from FY09, \$35 thousand less than the request. The SHARE financial management and personnel system has been in place for two fiscal years and the substantial improvement in generated reports will make the audit process more efficient and, thus, less costly. The LFC recommendation also does not fund the request of \$12 thousand for research and a survey, which LFC believes can be accomplished using permanent staff or vacancy savings, and does not fund the \$65 thousand increase for an investment advisor contract.

The State Treasurer's Office is facing many investment challenges during the current market turmoil. Credit concerns have halted short-term lending among banks and have led to record spreads between London Interbank Offered Rate (LIBOR) and the federal funds effective rate. This is causing higher borrowing costs throughout the financial systems because LIBOR is the index on which most financial transactions are based. This large spread may lead the Federal Reserve to cut the rate further. However, once the economy begins to recover, the Federal Reserve is expected to rapidly increase its target rate to halt any inflation.

BASE EXPANSION:

The agency is requesting a \$41 thousand expansion from other transfers. The expansion request is to lease an additional Bloomberg station (an electronic trading platform used to monitor investment activity and all trading on the New York Stock Exchange) and analytical tools specifically for the local government investment pool (LGIP) program. Currently LGIP participants are charged a fee and these monies are reverted to the general fund. Legislation recently increased this fee beginning January 2009. Laws 2008, Chapter 23, (House Bill 184) amended section 6-10-1.1 NMSA 1978 and added new language so that, subject to appropriation by the Legislature, these fees would be appropriated to the State Treasurer to cover the costs of managing the LGIP. Any fees remaining in the treasurer's operating fund at the end of a fiscal year will revert to the general fund. STO is requesting this expansion be funded from the extra monies from the increased fees and the remaining balance of \$719 thousand for FY10 be reverted to the general fund. The committee does not recommend the expansion.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
	<u>LGIP EXPANSION</u>	<u>(P644)</u>	<u>41.0</u>	<u>0.0</u>
TOTAL			41.0	0.0

STATE TREASURER'S OFFICE

The purpose of the state treasurer program is 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of employee development and appraisal assessments closed out by the deadline		100%	80%	80%	80%
* Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points		17	5	5	5
* Outcome	Percent of agencies rating overall satisfaction with state investment office services as good or better in annual survey		90%	80%	80%	80%
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points		12	5	5	5
* Outcome	Percent of employees rating their employment experience satisfactory or better in annual survey		66%	80%	80%	80%
* Outcome	Number of outstanding agency bank transactions unreconciled after seven days, at month end		data inc	0		TBD
* Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end	36%	29%	10%	10%	10%
* Outcome	Maximum number of audit findings		16	3	3	3

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 ensuring any person practicing architecture complies with the provisions of the Architecture Act. Approximately 2,087 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	675.2	80.0	368.6	368.6	360.8
Fund Balance	122.0	273.9	0.0	0.0	-100.0
SOURCES TOTAL	797.2	353.9	368.6	368.6	4.2
USES					
Personal Services and Employee Benefits	254.0	255.2	259.4	259.4	1.6
Contractual Services	11.1	14.4	14.4	14.4	0.0
Other	81.2	84.3	94.8	94.8	12.5
TOTAL USES	346.3	353.9	368.6	368.6	4.2
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 board is requesting \$368.6 thousand from other program revenues. It has a projected fund balance of \$606.7 at the end of FY10.

ARCHITECTURAL REGISTRATION

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

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of registration applications processed	2,098	2,087	2,020	2,100	2,100
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	N/A	2%	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver the complaint to the enforcement subcommittee	2.4	10.4	10	15	10

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 the 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 New Mexico ports of entry as an integral part of a border development partnership with Chihuahua.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	521.3	575.1	575.1	525.3	-8.7
Other Revenues	0.0	0.0	0.0	40.0	
SOURCES TOTAL	521.3	575.1	575.1	565.3	-1.7
USES					
Personal Services and Employee Benefits	367.1	385.9	383.5	373.7	-3.2
Contractual Services	20.0	76.0	76.0	76.0	0.0
Other	113.7	113.2	115.6	115.6	2.1
TOTAL USES	500.8	575.1	575.1	565.3	-1.7
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

BUDGET ISSUES:

The general fund appropriation to the Border Authority grew 31.3 percent between FY07 and FY09, from \$438.1 to \$575.1 thousand. For FY10, the agency requested a flat budget.

LFC recommends an overall 1.7 percent decrease in the agency's budget, reflecting technical adjustments to personal services and employee benefits. Although the agency did not include other revenues in the request, the recommendation offsets general fund revenue with \$40 thousand of other revenues, associated with a parking lot on Border Authority property used by border-crossing travelers. In FY08, the agency adjusted its budget by \$44.1 thousand to account for this new revenue source.

BORDER AUTHORITY

The purpose of the border development program is to encourage and foster trade development of the state by developing port facilities and infrastructure at international ports of entry to attract new industries and business 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	2.609%	2.9%	3.0%	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%	92%	90%	92%
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	220	240	250	260	260
Explanatory	Number of commercial and noncommercial vehicles traveling through New Mexico ports	809,439	748,656	860,000	800,000	860,000

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,286.8	11,790.0	17,425.6	11,195.2	-5.0
Other Transfers	1,170.2	1,290.8	1,422.2	1,432.2	11.0
Other Revenues	4,396.3	4,523.5	4,598.9	4,679.8	3.5
SOURCES TOTAL	16,853.3	17,604.3	23,446.7	17,307.2	-1.7
USES					
Personal Services and Employee Benefits	4,429.0	5,146.5	5,791.4	5,024.2	-2.4
Contractual Services	1,516.0	1,648.4	2,220.2	2,214.8	34.4
Other	10,908.3	10,809.4	15,435.1	10,048.2	-7.0
Other Financing Uses	0.0	0.0	0.0	20.0	
TOTAL USES	16,853.3	17,604.3	23,446.7	17,307.2	-1.7
FTE					
Permanent	80.5	85.5	92.5	85.5	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	80.5	86.5	93.5	86.5	0.0

BUDGET ISSUES:

For FY10, the Tourism Department's overall base request of \$18.2 million represents a \$560 thousand increase over the FY09 operating budget of \$17.6 million. The \$560 thousand expenditure increase would be funded with revenue increases, including \$353 thousand from the general fund, a transfer of \$131.4 thousand from the Clean and Beautiful and Off Highway Vehicle (OHV) programs, and other revenues of \$75.4 thousand generated from "New Mexico Magazine" operations. Additionally, the department requested three expansion items totaling \$5.3 million.

The department has a greater percentage of exempt employees than most other departments of equal size. In September 2008, the department had 14 authorized and one unauthorized exempt positions, or 17.3 percent of all authorized FTE. Personal services and employee benefits for the exempt positions account for \$1.5 million, or slightly less than 30 percent of the department's payroll. The department has a secretary, two deputy secretaries, and an assistant deputy secretary. The committee recommends reducing the number of exempt positions in Program Support and reallocating the savings to expansion items. The committee recommends eliminating the most recently added exempt position, the assistant deputy secretary of international marketing. In addition, the recommendation assumes a vacancy rate of 10.5 percent in Program Support.

Overall, the committee recommends an expenditure decrease of 1.7 percent. The recommendation reduces the general fund 5 percent but increases other and transfer revenues from fees collected in the Off Highway Vehicle and the Clean and Beautiful programs. The department shifted advertising expenses from the other cost category to the contractual services category on direction from the Department of Finance and Administration, resulting in a large increase in contractual service category and corresponding decreasing in the other cost category.

The New Mexico Magazine program produces a monthly magazine, an annual vacation guide, and ancillary outreach and promotional products. Ancillary product revenue grew 22 percent through more diverse product offerings. As evidenced in the performance measure regarding the net acquisition cost per subscriber, printing and postage costs have increased dramatically and the cost of identifying new subscribers, including renting marketing lists, have increased. Additionally, many of the marketing lists have been fatigued, generating fewer subscription renewals. To offset increased production costs, the department increased its use of enterprise magazine revenue.

The Tourism Development Program helps local communities and tribal governments promote tourism by providing cooperative marketing grants. Additionally, through the Indian Tourism Program, the department helps New Mexico's 22 Native American tribes with product development, training, outreach, and promotion assistance. For FY10, the committee recommends transferring \$20 thousand of the \$1 million cooperative advertising budget to the Intertribal Ceremonial Office (ICO) to help ICO promote the annual ceremonial.

The Tourism Industry Association study ranked the states' advertising budget at 27th among states; however, the rankings are absolute and do not reflect the state's commitment to advertising relative to the size of the state's budget, population, or per capita income.

In addition to cooperative marketing, the Tourism Development Program administers the New Mexico Scenic Byways and the Off Highway Vehicle (OHV) programs. The OHV Program provides education and promotes safe and responsible use of OHVs. From a public safety perspective, the committee supports the requested increase in contractual services and personal services and employee benefits in the OHV Program to provide more certified trainers, training for law enforcement officers, the development of trails aimed at improving OHV safety, rule implementation, permit sales, and strategic planning. The revenue to support the expenditure increase comes from OHV permit fees.

The recommendation assumes a 11 percent vacancy rate in the Marketing and Promotion Program. The department is shifting marketing and promotion budget from the other cost category to the contractual services category to align expenditures with DFA procurement policies, resulting in a significant percentage increase in contractual services.

The Sports Authority Program promotes professional and amateur sporting events in New Mexico to bolster the economy and attract tourism throughout the state. The department reallocated a projected surplus in the personal services and employee benefits category to the other cost category; however, the recommendation reduces the category an additional \$10 thousand, eliminating budgeted overtime. With 2 out of 3 Sports Authority FTE classified as salaried exempt, overtime should be unnecessary.

Recognizing programs supported by enterprise program revenue and fees have administrative costs, the committee recommends budgeting \$30 thousand of "New Mexico Magazine" revenues and \$10 thousand of OHV fees in Program Support. A portion of Program Support's administrative staff time is spent in support of the activities funded by enterprise activity, including providing human resource support, document processing, reconciling expenditure activity, and oversight by executive staff.

The department reports on the effectiveness of the marketing, advertising, promotion, and contract effectiveness through increased number of visits to the state, increased lodgers tax, number of requests for the vacation guide, and fulfillment surveys.

BASE EXPANSION:

By reallocating savings generated by reducing the number of exempt FTE -- including overhead -- and shifting advertising, promotion, and support expenditures from Program Support to the Marketing and Promotion Program the committee was able to partially recommend two expansion items.

The reconstruction of the GlenRio and Manuelito visitor information centers on the west and east sides of the state during FY08 contributed to an overall decrease in the number of visitor center visits; however, the number of visits has increased since the centers reopened after reconstruction and modernization. Visitors to the Manuelito center have increased over the year from 17,200 to 66,000 in July. From a public safety perspective, the committee recognizes the need to adequately staff these centers and provide scheduling flexibility in the centers.

RECOMMENDED LANGUAGE:

The general fund appropriation to the tourism development program in the other cost category includes nine hundred eighty thousand dollars (\$980,000) for the cooperative advertising program and the other financing uses category includes twenty thousand dollars (\$20,000) for the intertribal ceremonial office.

The general fund appropriation to the marketing and promotion program of the tourism department in the other cost category includes fifty thousand dollars (\$50,000) to promote cultural tourism.

The general fund appropriations to the marketing and promotion program of the tourism department include four million two hundred thousand dollars (\$4,200,000) for direct marketing, promotion and advertising, of which the contractual services category includes four hundred thousand dollars (\$400,000) and the other category includes three million eight hundred thousand dollars (\$3,800,000). Of the allocation in the other category, one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the state parks division of the energy, minerals and natural resources department, one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the cultural affairs department and fifty thousand dollars (\$50,000) shall be used on statewide advertising efforts to promote golf tourism.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Advertising	(P549)	5,000.0	200.0
2	6 FTE for visitor information centers	(P549)	216.0	40.0
3	1 FTE for information technology	(P547)	70.0	0.0
TOTAL			5,286.0	240.0

MARKETING AND PROMOTION

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	7,245.3	7,340.8	12,715.8	7,243.6	-1.3
Other Revenues	85.0	85.0	28.7	85.0	0.0
SOURCES TOTAL	7,330.3	7,425.8	12,744.5	7,328.6	-1.3
USES					
Personal Services and Employee Benefits	1,700.8	1,841.7	2,165.5	1,767.8	-4.0
Contractual Services	274.7	367.2	842.2	842.2	129.4
Other	5,354.8	5,216.9	9,736.8	4,718.6	-9.6
TOTAL USES	7,330.3	7,425.8	12,744.5	7,328.6	-1.3
FTE					
Permanent	39.5	39.5	45.5	40.5	2.5
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	39.5	40.5	46.5	41.5	2.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	New Mexico's domestic tourism market share	1.20%	1.2%	1.25%	1.25%	1.25%
* Output	Print advertising conversion rate	23%		25%		25%
* Output	Broadcast conversion rate	32%	34%	34%	34%	34%
* Explanatory	Number of visits to visitor information centers	1,085,736	682,066	1,100,000	1,100,000	1,100,000
Explanatory	Number of unique website visitor sessions	5,109,674	3,282,447	3,700,000	3,700,000	5,000,000
Outcome	Percent change in visits to New Mexico visitor information centers	1.0%	-38.0%	1.2%	1.2%	1.2%
Quality	Number of domestic qualified leads generated	9,300	3,933	9,500	1,500	9,500
Output	Number of events increasing awareness of New Mexico as a visitor destination		150	130	150	150
Output	Website conversion rate		48%		48%	48%
Outcome	Average wait time for vacation guide, in days	12	11	11	11	10
Quality	Number of stories placed in the media	150	606	170	170	650
Quality	Number of international qualified leads generated	11,800	4,100	12,000	4,100	5,000
Outcome	Percent increase in lodger's tax revenue	0.48%	0.50%	0.50%	0.50%	0.05%
Outcome	Number of stories featured in the media as a result of external efforts	560	268	580	300	300
Efficiency	Number of return visitors to New Mexico	17,500,000	17,800,000	17,800,000	17,800,000	18,000,000
Outcome	Economic impact of tourism in the state of New Mexico, in billions	\$5.1	\$5.1	\$5.1	\$5.1	\$5.2

TOURISM DEVELOPMENT

The purpose of the tourism development 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)					
	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,522.4	1,525.4	1,525.4	1,525.4	0.0
Other Transfers	1,170.2	1,290.8	1,422.2	1,422.2	10.2
SOURCES TOTAL	2,692.6	2,816.2	2,947.6	2,947.6	4.7
USES					
Personal Services and Employee Benefits	422.6	482.6	518.0	518.0	7.3
Contractual Services	175.0	175.0	296.0	296.0	69.1
Other	2,095.0	2,158.6	2,133.6	2,113.6	-2.1
Other Financing Uses	0.0	0.0	0.0	20.0	
TOTAL USES	2,692.6	2,816.2	2,947.6	2,947.6	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

PERFORMANCE MEASURES						
		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Number of active New Mexico community scenic byway organizations	18	16	23	16	23
* Efficiency	Number of off-highway vehicle trails developed	0	0	3	3	4
Outcome	Number of anti-litter educational outreach events					
Outcome	Number of distribution channels for purchase of out-of-state off-highway vehicle permits	15	15	20	20	
Output	Number of out-of-state off-highway vehicle permits sold	1,355	2,852	1,500	2,852	2,900
* Outcome	Number of partnered cooperative advertising applications received	31	15	35	35	35
Output	Number of New Mexico communities and volunteers involved with New Mexico clean and beautiful clean-up events	67/21,429	63/23,406	63/30,000	63/30,000	65/30,000
Outcome	Value of matching dollars and in-kind contributions made by tribes to promote joint Indian tourism activities	\$126.0	\$131.0	\$135.0	\$130.0	\$135.0

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 cultural, historical, and educational perspectives.

BUDGET SUMMARY (dollars in thousands)					
	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	4,311.3	4,438.5	4,570.2	4,570.2	3.0
SOURCES TOTAL	4,311.3	4,438.5	4,570.2	4,570.2	3.0
USES					
Personal Services and Employee Benefits	1,143.9	1,163.8	1,196.3	1,196.3	2.8
Contractual Services	972.9	952.9	971.1	971.1	1.9
Other	2,194.5	2,321.8	2,402.8	2,402.8	3.5
TOTAL USES	4,311.3	4,438.5	4,570.2	4,570.2	3.0
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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Relative qualified circulation	+1%	-1%	+/-1%	+/-1%	+/-1%
* Output	Advertising revenue per issue, in thousands	\$117.5	\$112.3	\$125.0	\$113.0	\$125.0
Efficiency	Net acquisition cost per subscriber	\$1.46	\$7.96	\$1.5	\$1.84	\$1.50
* Outcome	Circulation rate	105,897	105,665	109,000	106,000	109,000
Output	Ancillary product revenue, in dollars	\$258.215	\$245,827	\$300,000	\$250,000	\$250,000
* Output	Collection rate	99.0%	99.1%	98.5%	98.5%	99.2%

SPORTS AUTHORITY

The purpose of the sports authority program is to recruit new events and retain existing events of professional and amateur sports to advance the economy and tourism in the state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	503.2	573.2	573.2	563.2	-1.7
SOURCES TOTAL	503.2	573.2	573.2	563.2	-1.7
USES					
Personal Services and Employee Benefits	220.1	241.1	227.5	217.5	-9.8
Contractual Services	1.5	76.5	76.5	76.5	0.0
Other	281.6	255.6	269.2	269.2	5.3
TOTAL USES	503.2	573.2	573.2	563.2	-1.7
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

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	National television audience share for New Mexico bowl		2.5	2.5	2.5	2.5
Output	Through New Mexico tourism sponsorships, number of New Mexico communities hosting minor or major sporting events		2	2	2	3
Outcome	Number of new minor sporting events attracted to New Mexico	7		8		
* Outcome	Number of new minor sporting events attracted to New Mexico		10		7	10
Output	Attendance at New Mexico bowl		30,000	25,000	27,000	30,000
* Outcome	Number of new major sporting events attracted to New Mexico		1	1	1	2

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,015.9	2,350.6	2,611.2	1,863.0	-20.7
Other Transfers	0.0	0.0	0.0	10.0	
Other Revenues	0.0	0.0	0.0	24.6	
SOURCES TOTAL	2,015.9	2,350.6	2,611.2	1,897.6	-19.3
USES					
Personal Services and Employee Benefits	941.6	1,417.3	1,684.1	1,324.6	-6.5
Contractual Services	91.9	76.8	34.4	29.0	-62.2
Other	982.4	856.5	892.7	544.0	-36.5
TOTAL USES	2,015.9	2,350.6	2,611.2	1,897.6	-19.3
FTE					
Permanent	14.0	19.0	20.0	18.0	-5.3
TOTAL FTE POSITIONS	14.0	19.0	20.0	18.0	-5.3

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Efficiency	Number of repeat audit findings	0	0	0	0	0
Efficiency	Number of audit findings	0	0	0	0	0
Outcome	Acceptance rate of payment vouchers		95%	95%	95%	96%
Explanatory	Percent of administrative costs of overall agency operating budget	12%	12%	12%	12%	12%
Output	Number of payment vouchers processed weekly		100	100	100	100

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-55 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 facilitate the creation, retention, and expansion of jobs and increase investment through public/private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexico citizens.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	9,382.0	10,128.5	10,688.7	9,874.0	-2.5
Fund Balance	0.0	100.0	0.0	0.0	-100.0
SOURCES TOTAL	9,382.0	10,228.5	10,688.7	9,874.0	-3.5
USES					
Personal Services and Employee Benefits	4,707.8	5,084.2	5,364.4	4,940.6	-2.8
Contractual Services	3,406.3	3,994.5	4,104.5	3,285.1	-17.8
Other	1,125.2	1,149.8	1,219.8	1,648.3	43.4
TOTAL USES	9,239.3	10,228.5	10,688.7	9,874.0	-3.5
FTE					
Permanent	68.0	70.0	73.0	70.0	0.0
TOTAL FTE POSITIONS	68.0	70.0	73.0	70.0	0.0

BUDGET ISSUES:

The committee recommends an overall decrease of \$354.5 thousand, or 3.5 percent, from the FY09 operating level. The recommendation assumes a 5 percent vacancy rate in the Economic Development Program and Office of Mexican Affairs, a 7.5 percent rate in the Film Program, a 9 percent rate in Program Support, and no vacancy savings in the Science and Technology Program.

As evidenced by the performance measure data, the department's greatest challenge is rural job growth, accounting for only one-third of the 5,582 jobs created in FY08. The Economic Development Program helps local communities build community capacity to create jobs, improve blighted areas, and prepare for community investment. The committee recommends flat funding for programs that benefit rural areas, including \$825 thousand for MainStreet, \$200 thousand for the Certified Community Program, and \$425 thousand for cooperative advertising. Further, the committee recommends \$110 thousand for Business Incubators. Additionally, the committee recommends shifting prior-year appropriations from the so called Junior Appropriation Act that focused on specific regional areas, ethnic groups, and targeted industries to the Job Training Incentive Program (JTIP).

The Film Program is responsible for promoting New Mexico to the film industry. The Film Office, the oldest state film office in the United States, dates back to 1968 when Governor David Cargo formed the New Mexico Motion Picture Industries Committee. More recently, New Mexico was among the first states to enact film production incentives and has paid out \$98.5 million in film production tax credits since 2003. New Mexico offers one of the most generous film incentive packages in the country. The incentives have led to the opening of new film studios, post-production facilities, ancillary film-related business, and a growing skilled labor force. As performance measure data indicate, the economic impact of film production increased from \$473.7 million in FY07 to \$660.3 million in FY08. However, according to a study by New Mexico State University (NMSU), the rebate may return only 14.4 cents in state taxes for every dollar rebated. In light of the return on investment, the committee recommends a decrease in the level of funding for the Film Program of \$290 thousand, or 13.3 percent. The decrease is primarily attributable to an appropriation of \$200 thousand in Laws 2008, Chapter 6, for film making. Additionally, the Film Office has filled all positions at levels well above the mid-point, leading to higher-than-projected personal services and employee benefit levels. The committee recommendation assumes a vacancy rate of 7.5 percent to rein in salaries to budgeted levels.

At the end of FY08, capital outlay appropriations for film totaled \$26.7 million; however, uncommitted balances totaled \$16.3 million. The Film Office has used portions of the capital outlay appropriations for operational expenditures, such as contracts for internships, mentoring, training, and consulting with little or no oversight or accountability. The committee recommends establishing the media fund in statute with provisions for accountability, including incorporating the media fund under the purview of the annual independent financial audit of the Film Office.

The Office of Mexican Affairs (OMA) works with the Border Authority to improve infrastructure at the Mexican border. The recommendation assumes a vacancy rate of 5 percent for OMA and reduced contractual services. OMA has worked successfully to increase the number of vehicles crossing the Santa Teresa Border by working with the Border Authority and United States and Mexican governments to extend the commercial hours of border crossings by four hours. Additionally, OMA helped secure the expansion of the foreign trade zone linking the Union Pacific Railroad and the intermodal facility with Juarez, Chihuahua, and Interstate 10.

The committee recommends a technical reduction to the personal services and employee benefits category in the Science and Technology Program (STP) of \$24.2 thousand. STP's projected salary costs do not support the FY09 operating level.

The Program Support operating budget supports contracts that include \$42.5 thousand for a Spaceport recruiter, \$10 thousand for legal representation, and \$7.4 thousand for lobbyists. However, the Spaceport Authority has additional staff to support recruitment and no longer needs to rely on EDD for staff support, the department no longer needs outside legal counsel services because it has a staff attorney, and the committee does not recommend operational funds to support lobbyist contracts. Additionally, the committee recognizes that the Economic Development Partnership (EDP) contract has received \$180 thousand of additional "junior" appropriations over the last two years and EDP has been able to sponsor international travel junkets for senior-level executives to promote film and economic development at Mesa del Sol leading to increased urban economic development. In light of the poor rural job creation performance data, the committee recommends redirecting the \$180 thousand to JTIP, which promotes statewide job creation.

BASE EXPANSION:

The agency requested funding for eight expansion items totaling \$460.2 thousand. The committee does not recommend additional funding to expand initiatives and programs at this time. The committee recommends redirecting a portion of the savings identified in the base operating budget, \$600 thousand, to fund JTIP. Historically, JTIP has been funded with nonrecurring special appropriations at levels that have varied from zero in FY06 to \$8 million in FY08.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
*	Job training incentive program	(P512)	0.0	600.0
1	International trade specialist	(P512)	70.2	0.0
2	International contractual services	(P512)	80.0	0.0
3	International trade other costs	(P512)	50.0	0.0
4	Digital media manager	(P514)	80.0	0.0
5	Science and technology additional funding	(P529)	50.0	0.0
6	Science and technology contractual funds	(P529)	30.0	0.0
7	Science and technology program manager	(P529)	80.0	0.0
8	Science and technology additional other costs	(P529)	20.0	0.0
TOTAL			460.2	600.0

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist communities in preparing for their roles 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,601.6	3,979.7	4,279.9	4,293.9	7.9
Fund Balance	0.0	100.0	0.0	0.0	-100.0
SOURCES TOTAL	3,601.6	4,079.7	4,279.9	4,293.9	5.3
USES					
Personal Services and Employee Benefits	1,868.0	2,023.4	2,093.6	1,923.6	-4.9
Contractual Services	1,395.0	1,831.0	1,911.0	1,545.0	-15.6
Other	238.1	225.3	275.3	825.3	266.3
TOTAL USES	3,501.1	4,079.7	4,279.9	4,293.9	5.3
FTE					
Permanent	27.0	28.0	29.0	28.0	0.0
TOTAL FTE POSITIONS	27.0	28.0	29.0	28.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Annual net increase in jobs created due to economic development department efforts	4,112	5,582	6,000		
Outcome	Number of communities certified through the certified communities initiative	31	38	40	40	40
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	34	24	35	28	35
* Outcome	Total number of rural jobs created	1,451	1,890	1,500	1,200	1,500
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	13	9	40	12	40
* Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership	1,689	3,984	2,200	3,000	4,000
Output	Number of urban jobs created	2,661	3,692	4,500	3,300	4,500
* Outcome	Total number of jobs created due to economic development department efforts				4,500	6,200
Output	Number of jobs created by aerospace and aviation companies	343	238	225	200	300
Outcome	Total number of business expansions assisted by economic development department				40	75
Output	Number of businesses participating in the job training incentive program					70
Output	Number of company relocations through the economic development partnership	8	9	12	12	12
Output	Number of rural businesses participating in the job training incentive program					25
* Outcome	Percent of employees whose wages were subsidized by the job training incentive program still employed by the company after one year					225
Output	Average annual cost per job training incentive program trainee				2,500	2,500
Output	Average annual cost per economic development partnership job created				500	500
Outcome	Number of workers trained by the job training incentive program	2,312	1,978	4,000	2,000	1,500

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of international trade transactions	12	25	27	30	30
	Number of jobs created through business expansions	1,788	565	1,150	600	600
* Outcome	Number of jobs created by mainstreet	535	569	190	190	600
Outcome	Number of communities participating in mainstreet	27	28	30	21	30
Outcome	Number of international consulting sessions with New Mexico companies by office of international trade	463	341	475	475	500
Outcome	Annual net increase in business expansions statewide	47		70		

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 New Mexico film industry.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,461.9	1,577.8	1,657.8	1,367.8	-13.3
SOURCES TOTAL	1,461.9	1,577.8	1,657.8	1,367.8	-13.3
USES					
Personal Services and Employee Benefits	759.1	784.9	864.9	824.9	5.1
Contractual Services	248.0	295.0	295.0	145.0	-50.8
Other	408.3	497.9	497.9	397.9	-20.1
TOTAL USES	1,415.4	1,577.8	1,657.8	1,367.8	-13.3
FTE					
Permanent	12.0	12.0	13.0	12.0	0.0
TOTAL FTE POSITIONS	12.0	12.0	13.0	12.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of media industry worker days	168,046	151,082	175,000	177,000	177,000
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$473.7	\$660.3	\$475	\$240	\$675
Outcome	Number of films and media projects principally made in New Mexico	59	93	80	85	100

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	378.7	564.9	564.9	550.7	-2.5
SOURCES TOTAL	378.7	564.9	564.9	550.7	-2.5
USES					
Personal Services and Employee Benefits	220.2	278.6	278.6	269.5	-3.3
Contractual Services	60.0	180.5	180.5	175.4	-2.8
Other	97.6	105.8	105.8	105.8	0.0
TOTAL USES	377.8	564.9	564.9	550.7	-2.5
FTE					
Permanent	3.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	3.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	\$359.8	\$375.3	\$350		
Output	Number of jobs created by maquiladora suppliers	20	226	200		240
Output	Number of trade missions to Mexico annually				5	5
Outcome	Number of new facilities opened by maquiladora suppliers	1	4	6		
Outcome	Number of leads generated for potential maquiladora supplier projects annually				10	10

TECHNOLOGY COMMERCIALIZATION

The purpose of the technology 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	266.7	276.5	456.5	252.3	-8.8
SOURCES TOTAL	266.7	276.5	456.5	252.3	-8.8
USES					
Personal Services and Employee Benefits	250.6	242.6	372.6	218.4	-10.0
Contractual Services	0.0	0.0	30.0	0.0	
Other	37.4	33.9	53.9	33.9	0.0
TOTAL USES	288.0	276.5	456.5	252.3	-8.8
FTE					
Permanent	3.0	3.0	4.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	4.0	3.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of technology-based jobs created					
Outcome	Ranking of New Mexico in technology intensiveness according to the state science and technology institute index					
Output	Number of current and previous New Mexico 9000 customers that become ISO 9000 certified	27		15		
Output	Number of new jobs created as a result of office of science and technology efforts			200	100	200
Outcome	Number of company contacts and counseling sessions			200	200	200
Output	Number of businesses trained by NM9000 quality management standards				15	15
* Outcome	Amount of investment as a result of office of science and technology efforts, in millions			\$10	\$5	\$10
* Output	Number of new angel investors found as a result of office of science and technology efforts			12		12

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,673.1	3,729.6	3,729.6	3,409.3	-8.6
SOURCES TOTAL	3,673.1	3,729.6	3,729.6	3,409.3	-8.6
USES					
Personal Services and Employee Benefits	1,609.9	1,754.7	1,754.7	1,704.2	-2.9
Contractual Services	1,703.3	1,688.0	1,688.0	1,419.7	-15.9
Other	343.8	286.9	286.9	285.4	-0.5
TOTAL USES	3,657.0	3,729.6	3,729.6	3,409.3	-8.6
FTE					
Permanent	23.0	23.0	23.0	23.0	0.0
TOTAL FTE POSITIONS	23.0	23.0	23.0	23.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u> 10,000
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt					
Outcome	Percent of performance measure targets in the general appropriation act that were met			85%		95%
Efficiency	Time to fill vacant positions from date position becomes vacant			60 days		60 days

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, 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.

The superintendent of Regulation and Licensing Department (RLD) is appointed by the governor and serves as the chief executive officer of the agency. By statute the department has a minimum of six divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities (SID), and Alcohol and Gaming (AGD). The six division directors are appointed by the superintendent with the approval of the governor.

MISSION:

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 mission of the Regulation and Licensing Department is to balance public health, safety, and welfare with business and economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,698.1	17,163.1	20,496.5	16,795.1	-2.1
Other Transfers	1,463.0	1,763.6	2,093.4	1,994.9	13.1
Federal Revenues	85.1	109.0	109.0	109.0	0.0
Other Revenues	6,039.4	7,194.9	7,225.3	6,686.9	-7.1
Fund Balance	1,326.9	1,506.4	2,115.7	2,092.5	38.9
SOURCES TOTAL	25,612.5	27,737.0	32,039.9	27,678.4	-0.2
USES					
Personal Services and Employee Benefits	17,667.3	20,162.7	23,173.1	20,376.6	1.1
Contractual Services	1,008.1	1,141.6	1,275.7	1,109.5	-2.8
Other	4,652.0	5,156.9	6,058.6	4,925.1	-4.5
Other Financing Uses	1,217.9	1,275.8	1,532.5	1,267.2	-0.7
TOTAL USES	24,545.3	27,737.0	32,039.9	27,678.4	-0.2
FTE					
Permanent	311.5	323.5	348.0	320.9	-0.8
Term	4.0	4.0	4.0	7.0	75.0
TOTAL FTE POSITIONS	315.5	327.5	352.0	327.9	0.1

BUDGET ISSUES:

For FY10, RLD requested an 18.9 percent general fund increase and 16.9 percent overall budget increase. The majority of the increase is in the personal services and employee benefits and other costs categories. The request included 24.5 FTE expansions.

The committee recommends a flat budget for the Regulation and Licensing Department (RLD). LFC prioritized spending for increases in personal services and employee benefits category and other costs category for items, such as increased gas costs, estimated at \$3.00 a gallon, equipment, and General Services Department rate increases.

The Regulation and Licensing Department did not submit their 2007 audit report to the State Auditor until July 3, 2008. Subsection A of 2.2.2.9 NMAC requires that audit reports for State agencies are due no later than 60 days after the Financial Control Division of the Department of Finance and Administration provides the state Auditor with notice that the agency's books and records are ready and available for audit. According to RLD, the books and records for 2007 were not ready and available to start the audit until December 2007 due to the implementation of the new statewide accounting system (SHARE). LFC recommends RLD implement procedures to ensure that the books and records are ready and available for audit early enough to complete the audit and meet the deadline.

Concern exists regarding the overlapping functions and responsibilities of the Construction Industries and Manufactured Housing Program. As part of its responsibility, CID reviews and permits modular-housing units; however, it does not have jurisdiction over manufactured housing, which falls under the Manufactured Housing Division. This appears to be a significant duplication of services and regulatory responsibility. Each division has its own director and administrative service staff while performing very similar and potentially overlapping duties. In some cases, CID has been called on to bear some financial responsibilities on behalf of MHD and vice versa. To avoid the duplication and promote inspector efficiency, LFC recommends that RLD consider consolidating administrative staff to improve efficiency and delivery of services.

The Construction Industries and Manufactured Housing Program historically has a vacancy rate of over 10 percent. The vacancies are primarily in the Construction Industries Division. LFC recommends a 3 percent vacancy rate for CID and encourages CID to use personal services and employee benefits funds for their appropriated purposes.

Over the last three years the Construction Industries and Manufactured Housing Program has seen its general fund appropriation grow by over 20 percent. For FY10, CID requested a 19 percent increase and MHD a 40 percent increase, for a total program increase of 22 percent. Both divisions requested additional funds for salaries, equipment, and transportation costs. MHD requested \$243 thousand for two inspectors and an administrative assistant. MHD requested \$118 thousand to fund a new call center with 2 FTE. CID requested \$900.6 thousand to fund a new Green Building Bureau with 9 FTE and \$616 thousand to increase the salaries of all their inspectors. For FY10, LFC recommends a total of \$9.1 million from the general fund for the Construction Industries Division and \$999 thousand from the general fund for the Manufactured Housing Division. The committee also recommends that any vacancy savings be used to hire inspectors at a competitive rate. To fund fuel costs at \$3.00 a gallon, LFC reduced other expenses considered lesser priorities such as office supplies and new furniture.

The Financial Institutions and Securities Institutions Program (FID/SID) requested \$3.6 million from the general fund, a 12 percent increase over FY09, which includes \$248 thousand for three mortgage examiners. LFC recommends \$3.1 million from the general fund, or a 2.1 percent decrease. The recommendation adequately funds the base request, however, does not include funding for the expansion requests. The division has experienced a high vacancy rate of 11 percent and accumulated large vacancy savings, moved out of personal services and employee benefits and into contractual services in FY08 through the budget adjustment process. Prior to recommending funding for additional expansion positions, the committee recommends the division reduce the current vacancy rate.

For FY10, the Program Support Division requested an additional \$506.1 thousand from the general fund, or a 20 percent increase over FY09. The requested increase funds in-band pay increases, higher insurance premiums, audit fees, and new information technology equipment for staff. The request also funds 2 FTE, an investigator and paralegal under the Office of the Superintendent. For FY10, LFC recommends a 20 percent increase in other state funds largely due to the \$175 thousand expansion request for licensing and compliance support in the Boards and Commissions Program. The recommendation adequately funds personal services and employee benefits and helps cover projected audit and information technology maintenance costs. The recommendation assumes a 4 percent vacancy rate, as compared with the vacancy level of 17 percent the Program Support Division has maintained over the last three fiscal years.

The Boards and Commission Program's existing organizational structure, with a small staff for each board, has resulted in considerable inefficiency, particularly in staffing and budgeting. RLD is developing a strategy to centralize administrative support in licensing, complaint resolution, archiving, record keeping, and budgetary support for all boards and commissions. According to the Department of Financial Administration (DFA), RLD once again submitted a request to unify their Boards and Commissions budget. Because some budgets are very small, RLD would like the ability to move funds, when necessary, among boards and commissions. If this did occur, RLD would have to submit 4 division budgets and one unified boards and commissions' budget.

Boards and Commissions, with the exception of the newly established Animal Sheltering Board, are funded entirely with other state funds received from licensing and citation fees. Most of the boards and commissions requested modest increases or reductions to their operating budgets. LFC recommendation for Boards and Commissions is flat. LFC also recommends the use of available nonreverting fund balances to fund most of the boards and commissions. Nonreverting fund balances would increase by more than 60 percent over FY09.

During the 2007 session, the Legislature created the Animal Sheltering Board and appropriated start-up funding without specific FTE language. Subsequently, in 2008 4.6 FTE were authorized but as of October 2008 all 4.6 FTE positions remain vacant. The agency expects to fill two positions by the end of 2008. The LFC recommendation reduces 2.6 FTE and \$73.4 thousand from the general fund appropriation to more closely align with start-up expectations for a new board. Also \$181.9 thousand budgeted in FY09 in other revenues will not be realized as the Animal Sheltering Board does not collect fees.

For FY10, the agency revised and refined agency performance measures to more accurately reflect the agency's core objectives -- consumer protection, customer service, and efficiency in government -- and, more specifically, gauge the progress on specific key indicators of customer and consumer satisfaction. For instance, the performance measures for the Alcohol and Gaming Division now separately track the time it takes to issue restaurant (beer and wine) licenses and full-service (dispenser) liquor licenses, reflecting the significant differences between these two licenses and AGD's current efforts to decrease the turn-around time for restaurant licenses specifically. Similarly, Boards and Commissions performance measures were refined to better measure the efficiency with which complaints are investigated and licenses are issued. Better customer service is also the reason the Manufactured Housing Division now measures the percent of inspections that occur within 7 days of the inspection request.

BASE EXPANSION:

RLD requested 24.5 expansion positions. Of these requests, LFC funds three term positions. Limited increases have been recommended due to high vacancy rates in the program requesting expansion, or because the expansion was not consistent with LFC priorities.

LFC recommends \$175 thousand in other transfers from the Board and Commissions to fund 2 FTE compliance officers and 1 FTE investigator for the Program Support Division. The purpose of these positions is to ensure compliance with 30 boards and commissions statutes and respective rules and regulations. The workload at the Program Support Division has grown over 10 percent as the result of new licenses, state regulations, and newly established boards. The investigator will investigate complaints and tips of unlicensed activity and prepare reports containing explanatory material obtained during the investigation. Detailed investigative reports would be submitted to board administrators for individual board complaint committees. LFC understands the primary function of the rules and statutes is public protection through routine inspections, which compliance officers would be responsible for ensuring.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	MHD Inspectors & Admin (3 FTE)	(P599) 243.4	0.0
2	MHD Inspection Request Call Center (2 FTE)	(P599) 118.8	0.0
3	Acupuncture Compliance	(BDPR) 11.4	0.0
3	Barbers Compliance	(BDPR) 11.7	0.0
3	Chiropractors compliance	(BDPR) 11.5	0.0
3	Counselors compliance	(BDPR) 11.5	0.0
3	Dental compliance	(BDPR) 11.4	0.0
3	Massage compliance	(BDPR) 11.5	0.0
3	Occupational Therapy compliance	(BDPR) 11.4	0.0
3	Optometry compliance	(BDPR) 11.4	0.0
3	Osteopathic compliance	(BDPR) 11.4	0.0
3	Physical Therapy compliance	(BDPR) 11.5	0.0
3	PI/Polygraph compliance	(BDPR) 11.4	0.0
3	Psychology compliance	(BDPR) 11.5	0.0
3	Real Estate Appraisers compliance	(BDPR) 11.4	0.0
3	Social Work compliance	(BDPR) 11.5	0.0
3	Speech compliance	(BDPR) 11.5	0.0
3	Thanatopractice compliance	(BDPR) 11.5	0.0
3	Boards Compliance & Investigator (3 FTE)	(P602) 183.5	0.0
4	Compliance and Investigations (3 FTE)	(P602) 180.0	160.0
5	Green Building Bureau (9 FTE)	(P599) 900.6	0.0
6	FID Examiners (3 FTE)	(P600) 248.7	0.0
7	Prescription Monitoring Program (1 FTE)	(BDPR) 88.3	0.0
8	Carnival Insurance Act Inspections	(BDPR) 29.0	0.0
9	CID Inspector Salary Increase	(P599) 616.1	0.0
TOTAL		2,791.9	160.0

BOARDS AND COMMISSIONSBUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	192.0	148.4	261.6	75.0	-49.5
Other Transfers	467.1	331.7	385.8	310.8	-6.3
Other Revenues	5,941.7	7,013.6	7,041.4	6,503.0	-7.3
Fund Balance	1,135.6	1,090.9	1,679.2	1,656.0	51.8
SOURCES TOTAL	7,736.4	8,584.6	9,368.0	8,544.8	-0.5
USES					
Personal Services and Employee Benefits	4,084.9	5,297.6	5,627.8	5,252.8	-0.8
Contractual Services	418.4	548.9	616.4	536.5	-2.3
Other	1,196.7	1,462.3	1,591.3	1,488.3	1.8
Other Financing Uses	1,217.9	1,275.8	1,532.5	1,267.2	-0.7
TOTAL USES	6,917.9	8,584.6	9,368.0	8,544.8	-0.5
FTE					
Permanent	80.8	90.8	92.3	88.2	-2.9
TOTAL FTE POSITIONS	80.8	90.8	92.3	88.2	-2.9

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 examinations; process complaints; and enforce laws and rules relating to general construction and manufactured housing standards to industry professionals.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,832.8	10,177.1	12,428.7	10,107.3	-0.7
Other Transfers	0.0	250.0	250.0	250.0	0.0
Federal Revenues	85.1	109.0	109.0	109.0	0.0
Other Revenues	13.8	100.0	100.0	100.0	0.0
SOURCES TOTAL	9,931.7	10,636.1	12,887.7	10,566.3	-0.7
USES					
Personal Services and Employee Benefits	7,773.7	8,277.7	10,001.8	8,309.6	0.4
Contractual Services	64.9	74.0	81.4	67.0	-9.5
Other	2,113.5	2,284.4	2,804.5	2,189.7	-4.1
TOTAL USES	9,952.1	10,636.1	12,887.7	10,566.3	-0.7
FTE					
Permanent	134.0	135.0	149.0	135.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	137.0	138.0	152.0	138.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	82%	90%	87%	96%	96%
Outcome	Percent of permitted manufactured housing projects inspected	100%	100%	100%	90%	100%
* Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	100%	100%	90%	90%	90%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction	10%	15%	15%	15%	15%
Efficiency	Percent of record inspections request and inspections result in database within twenty-four hours.		90%	100%	100%	100%
Efficiency	Percent of all inspections performed, including installations of manufactured homes in the field, within seven days of inspection request				70%	70%
Outcome	Percent of inspections completed within twenty-four hours of receipt of request	70%	65%	70%	70%	70%
Output	Percent increase in unlicensed contractors identified and brought into compliance	10%	30%	40%	40%	40%
Efficiency	Percent of inspections completed within forty-eight hours of receipt of request	25%	80%	80%	80%	80%

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 and rules, and 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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,187.1	3,259.0	3,663.3	3,190.8	-2.1
Other Revenues	83.9	81.3	83.9	83.9	3.2
Fund Balance	191.3	415.5	436.5	436.5	5.1
SOURCES TOTAL	3,462.3	3,755.8	4,183.7	3,711.2	-1.2
USES					
Personal Services and Employee Benefits	2,430.4	2,939.2	3,254.7	2,957.7	0.6
Contractual Services	213.0	207.3	209.0	203.5	-1.8
Other	576.7	609.3	720.0	550.0	-9.7
TOTAL USES	3,220.1	3,755.8	4,183.7	3,711.2	-1.2
FTE					
Permanent	46.0	46.0	49.0	46.0	0.0
TOTAL FTE POSITIONS	46.0	46.0	49.0	46.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	96.1%	90.2%	93%	93%	93%
Outcome	Percent of all mutual fund filings processed within ten business days	100%	100%	90%	100%	100%
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	90%	96.4%	100%	95%	95%
Outcome	Percent of all applications for broker-dealer and investment adviser registration processed within thirty days of receipt of the completed application				93%	93%
Outcome	Percent of investment adviser registrants examined annually				50%	50%

ALCOHOL AND GAMING

The purpose of the alcohol and gaming program is to regulate the sale, service and public consumption of alcoholic beverages and, in cooperation with the department of public safety, 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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,004.4	1,077.1	1,135.3	1,062.2	-1.4
SOURCES TOTAL	1,004.4	1,077.1	1,135.3	1,062.2	-1.4
USES					
Personal Services and Employee Benefits	781.0	940.7	999.8	953.2	1.3
Contractual Services	75.8	62.4	63.0	53.0	-15.1
Other	129.8	74.0	72.5	56.0	-24.3
TOTAL USES	986.6	1,077.1	1,135.3	1,062.2	-1.4
FTE					
Permanent	15.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	15.0	16.0	16.0	16.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of days to process a dispenser license application that requires a hearing	120	169	120	139	139
* Output	Number of days to resolve an administrative citation that does not require a hearing	30	78	46	30	30
* Outcome	Number of days to issue a restaurant (beer and wine) liquor licenses	120	169	125	120	120

PROGRAM SUPPORT

The purpose of program support 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,481.8	2,501.5	3,007.6	2,359.8	-5.7
Other Transfers	995.9	1,181.9	1,457.6	1,434.1	21.3
SOURCES TOTAL	3,477.7	3,683.4	4,465.2	3,793.9	3.0
USES					
Personal Services and Employee Benefits	2,597.3	2,707.5	3,289.0	2,903.3	7.2
Contractual Services	236.0	249.0	305.9	249.5	0.2
Other	635.3	726.9	870.3	641.1	-11.8
TOTAL USES	3,468.6	3,683.4	4,465.2	3,793.9	3.0
FTE					
Permanent	35.7	35.7	41.7	35.7	0.0
Term	1.0	1.0	1.0	4.0	300.0
TOTAL FTE POSITIONS	36.7	36.7	42.7	39.7	8.2

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of prior-year audit findings resolved	58%	50%	90%	50%	70%
Output	Percent of payment vouchers that the administrative services division submitted to the department of finance administration without errors	70%	65%	85%	90%	90%
Output	Percent of information service support tasks completed within the timeframe requested	90%	91%	90%	94%	94%
Quality	Percent of accurate payroll and personnel information entered into human resource management system	95%	60%	90%	90%	90%
Quality	Percent of customers satisfied with information service internal support services	N/A	91%	90%	94%	94%

NEW MEXICO STATE BOARD OF PUBLIC ACCOUNTANCY

The purpose of the state board of public accountancy 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%
Output	Average number of days to process a completed application and issue a license	3	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Output	Average number of days to review and investigate a complaint	30	30	30		

BOARD OF ACUPUNCTURE AND ORIENTAL MEDICINE

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of phone calls returned within twenty-four hours	100%	100%	95%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
* Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

NEW MEXICO ATHLETIC COMMISSION

The purpose of the New Mexico 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	4	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Efficiency	Percent of complaints processed and adjudicated annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint.				75%	75%

ATHLETIC TRAINER PRACTICE BOARD

The purpose of the athletic trainer 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	95%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	90%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF BARBERS AND COSMETOLOGISTS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	90%		
Output	Percent of barber and cosmetology and body art establishments inspected once every eighteen months				80%	80%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				75%	75%
Outcome	Percent of phone calls and emails returned within twenty-four hours and respond to written correspondence within three days of receipt				75%	75%

CHIROPRACTIC BOARD

The purpose of the chiropractic 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

COUNSELING AND THERAPY PRACTICE BOARD

The purpose of the counseling and 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	4	4	4		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

NEW MEXICO BOARD OF DENTAL HEALTH CARE

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint.				75%	75%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF LANDSCAPE ARCHITECTS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

MASSAGE THERAPY BOARD

The purpose of the massage 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint.				75%	75%

BOARD OF NURSING HOME ADMINISTRATORS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	4	4	4		
Efficiency	Average number of hours to respond to telephone complaints	24	24	20		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	25		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint.				75%	75%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	4	4	4		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF EXAMINERS FOR OCCUPATIONAL THERAPY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF OPTOMETRY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than 4 months from receipt of complaint				75%	75%

BOARD OF OSTEOPATHIC MEDICAL EXAMINERS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Outcome	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF PHARMACY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	7	7	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

BOARD OF PODIATRY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

PRIVATE INVESTIGATIONS ADVISORY BOARD

The purpose of the private investigators and polygraphers advisory 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

NEW MEXICO STATE BOARD OF PSYCHOLOGIST EXAMINERS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%		
Output	Percent of complaints reviewed and processed annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

NEW MEXICO 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint				75%	75%

ADVISORY BOARD OF RESPIRATORY CARE PRACTITIONERS

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint				75%	75%

BOARD OF SOCIAL WORK EXAMINERS

The purpose of the social worker 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Efficiency	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint				75%	75%

SPEECH LANGUAGE, PATHOLOGY, AUDIOLOGY AND HEARING AID DISPENSING PRACTICES 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	100%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint				75%	75%

BOARD OF THANATOPRACTICE

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3	3	3		
Outcome	Percent of complaints processed and adjudicated annually	100%	100%	100%		
Efficiency	Average number of hours to respond to telephone complaints	24	24	24		
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%		
Output	Average number of days to review and investigate a complaint	30	30	30		
Output	Percent of complaints reviewed and processed annually	100%	100%	95%		
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of Funeral establishments and crematories inspected once every eighteen months				75%	75%

NAPRAPATHIC PRACTICE BOARD

The purpose of the naprapathy 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint				75%	75%

ANIMAL SHELTERING SERVICES BOARD

The purpose of the animal sheltering 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%

SIGNED LANGUAGE INTERPRETING PRACTICES BOARD

The purpose of the signed language interpreters 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence sent within three days of receipt				75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application				80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint				75%	75%

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:

The mission of PRC is to regulate utilities, telecommunications, motor carriers, and insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law; to promote public safety through the State Fire Marshal, the Firefighter Training Academy, and Pipeline Safety Bureau; and to register all corporations doing business in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,165.6	11,628.0	12,770.6	11,343.3	-2.4
Other Transfers	11,838.0	13,883.0	15,039.3	13,332.7	-4.0
Federal Revenues	509.3	605.0	595.0	595.0	-1.7
Fund Balance	10,983.3	10,749.6	10,766.3	10,766.3	0.2
SOURCES TOTAL	34,496.2	36,865.6	39,171.2	36,037.3	-2.2
USES					
Personal Services and Employee Benefits	18,181.8	20,412.6	22,198.1	20,056.2	-1.7
Contractual Services	995.6	1,597.2	1,844.5	1,590.3	-0.4
Other	10,336.9	14,591.2	14,847.3	14,109.5	-3.3
Other Financing Uses	0.0	264.6	281.3	281.3	6.3
TOTAL USES	29,514.3	36,865.6	39,171.2	36,037.3	-2.2
FTE					
Permanent	282.0	283.0	305.0	284.0	0.4
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	283.0	284.0	306.0	285.0	0.4

BUDGET ISSUES:

PRC is unique in that New Mexico is the only state where a single regulatory body presides over a wide variety of utilities, telecommunication, insurance, and transportation companies. PRC consists for four programs, seven divisions, and numerous units or sections. It manages the patient's compensation fund that distributes court-ordered awards over amounts not covered by medical malpractice insurance. All PRC divisions report to the chief of staff, responsible for the daily operations of the agency under the general direction of the commission.

PRC has made a concerted effort to reduce vacancies and turnover by raising the average compensation ration of filled positions; most all positions are filled at mid-point or greater. However, in light of reduced overall state revenues and a troubling national economic climate, the committee recommendation assumes vacancy rates as low as 0 percent in Program Support to 5 percent in the Insurance Policy Program, for an overall average of 3.67 percent and recommends vacant positions at the minimum level.

The Policy and Regulation Program consists of the Commissioners' offices and the consumer relations, legal, transportation, and utility divisions. The committee recommends a decrease of \$178.2, or 2.1 percent from FY09 operating levels. Contractual services are recommended above the FY08 expenditure level, but less than the FY09 operating budget, including a \$50 thousand decrease in amounts budgeted as a placeholder for consultants and expert witnesses.

With a goal of improving safety, the Public Safety Program provides resources and services to protect citizens from fires, pipeline hazards, and nuclear waste storage. The State Fire Marshal's Office (SFMO) enforces fire codes, investigates fires, supports firefighter training, and administers the fire protection fund. The fire protection fund (FPF) receives insurance premium taxes for property and vehicle insurance. Distributions to county and municipal fire districts are made through a formula based on districts' Insurance Service Office (ISO) ratings. In 2006, fire districts received \$24.6 million from the FPF and the general fund received \$27.2 million. Laws 2006, Chapter 103 (House Bill 497), set aside all growth in the fire protection fund for distribution to fire districts, which essentially capped the distribution to the general fund at \$24.6 million. Since then, fire districts have received an increased allocation, including \$31.5 million in FY07 and \$34.9 million in FY08. The next year, Laws 2007, Chapter 152 (House Bill 466), diverted the \$24.6 million general fund reversion to the fire protection grant fund over a 15-year period. By 2021, no monies from the fire protection grant fund will be distributed to the general fund. ISO ratings signify better trained and equipped

fire departments, which also helps to decrease fire insurance rates. As evidenced by performance data, the number of fire districts with ISO ratings of eight or better has not increased over the same period that the funding to the districts has increased.

As part of the Public Safety Program, the Pipeline Safety Bureau is completely supported with federal grants and fees levied on intrastate companies, which are deposited into a non-reverting fund. Following committee guidelines of public safety, the recommendation supports the bureau's request in the personal services and employee benefits and contractual service categories. However, the recommendation includes funding in the other costs category at the FY09 operating level, instead of at the lower level that was requested. The committee also recommends funding at the requested level in the WIPP program.

Insurance reduces risk or uncertainty associated with life, health, property, and casualty loss. The Insurance Policy Program is charged with providing a regulatory framework for an efficient, safe, fair, and stable insurance market in New Mexico while also assuring that rates are competitive, insurance agents are licensed, and fraud is investigated. The committee recommends funding above the FY08 expenditure level but is \$501.3 thousand, or 6.5 percent, less than the FY09 operating level. Contractual services are recommended above the FY08 operating level, but reduces the amount budgeted in FY09 as a placeholder amount for attorney fees associated with litigation against the superintendent of insurance. The FY09 operating budget, in the other cost category, includes significant growth over the FY08 expenditure level. The committee recommends an increase over the FY08 expenditure level but a decrease of \$270 thousand, or 25 percent, from the FY09 operating level.

Program Support provides support services to the programs and divisions of the agency including fiscal, human capital, and information system management. Program Support also is responsible for the Corporations Bureau, which maintains corporate and directorship records for nonprofits and foreign and domestic corporations that do business in New Mexico. The committee recommends a decrease of \$106.5 thousand, or 3.3 percent, in the general fund level compared with FY09, and budgets vacant positions at minimum salary levels.

BASE EXPANSION:

The agency requested 13 expansion items totaling \$1.6 million. The items include 22 new FTE and funds to increase consumer outreach.

The committee recommends \$64 thousand from the fire protection fund to the State Fire Marshal's Office (SFMO) in the Public Safety Program for a training and development specialist. Currently, SFMO only has two staff members assisting fire departments across the state prepare for ISO surveys. The position will also audit local government expenditures of state fire fund disbursements.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission in the personal services and employee benefits category includes fifty one thousand two hundred dollars (\$51,200) from the pipeline safety fund and one hundred four thousand two hundred dollars (\$104,200) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-four thousand two hundred dollars (\$44,200) from the title insurance maintenance fund, one hundred ten thousand five hundred dollars (\$110,500) from the insurance fraud fund, two hundred fifty-nine thousand five hundred dollars (\$259,500) from the patient's compensation fund, and five million two hundred thirty-nine thousand five hundred dollars (\$5,239,500) from the insurance operations fund.

The internal service funds/interagency transfers to the insurance policy program of the public regulation commission include one million one hundred sixty-nine thousand four hundred dollars (\$1,169,400) for the insurance fraud bureau from the insurance fraud fund.

The internal service funds/interagency transfers appropriation to the insurance policy program of the public regulation commission include three hundred fifty-four thousand seven hundred dollars (\$354,700) for the title insurance bureau from the title insurance maintenance assessment fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million five hundred thirty-six thousand eight hundred dollars (\$2,536,800) 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 seven hundred forty thousand eight hundred dollars (\$1,740,800) for the firefighter training academy from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include nine hundred seventy-five thousand two hundred dollars (\$975,200) for the pipeline safety bureau from the pipeline safety fund.

The internal service funds/interagency transfers appropriations to program support of the public regulation commission include eighty-seven thousand dollars (\$87,000) from the insurance fraud fund, three hundred thousand five hundred dollars (\$300,500) from the fire protection fund, forty-one thousand two hundred dollars (\$41,200) from the title insurance maintenance fund, sixty-three thousand six hundred dollars (\$63,600) from the public regulation commission reproduction fund and seventeen thousand nine hundred dollars (\$17,900) from the patient's compensation fund.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	1 FTE - utility economist	(P611)	83.7	0.0
02	1 FTE - accountant auditor	(P613)	122.2	0.0
03	1 FTE - general counsel law clerk	(P611)	61.1	0.0
04	3 FTE - utility audit & prudence review	(P611)	261.9	0.0
05	Consumer outreach	(P611)	200.0	0.0
06	1 FTE - insurance lawyer	(P675)	83.7	0.0
07	1 FTE - assistant general counsel	(P611)	91.5	0.0
08	1 FTE - enforcement lawyer	(P611)	83.7	0.0
09	2 FTE - unified carrier program	(P611)	78.8	0.0
10	2 FTE - information technology staff	(P613)	135.0	0.0
11	1 FTE - fire academy grounds keeper	(P612)	42.8	0.0
12	6 FTE - state fire marshal's office	(P612)	373.2	64.0
13	1 FTE - receptionist clerk	(P613)	30.6	0.0
TOTAL			1,648.2	64.0

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>FY08</u> <u>2007-2008</u> <u>Actuals</u>	<u>FY09</u> <u>2008-2009</u> <u>Budgeted</u>	<u>FY10 - 2009-2010</u> <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	8,104.6	8,371.1	9,406.0	8,192.9	-2.1
Other Transfers	141.4	155.4	309.2	155.4	0.0
SOURCES TOTAL	8,246.0	8,526.5	9,715.2	8,348.3	-2.1
USES					
Personal Services and Employee Benefits	6,822.2	7,460.6	8,416.2	7,333.3	-1.7
Contractual Services	174.1	256.1	256.1	226.1	-11.7
Other	945.6	809.8	1,042.9	788.9	-2.6
TOTAL USES	7,941.9	8,526.5	9,715.2	8,348.3	-2.1
FTE					
Permanent	89.7	89.7	98.7	89.7	0.0
TOTAL FTE POSITIONS	89.7	89.7	98.7	89.7	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of formal complaints processed by the transportation division	75	75	70	70	75
Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%	100%	100%
* Outcome	Comparison of average commercial electric rates between major New Mexico utilities and selected utilities in regional western states	0%	4%	+/-5%	+/-5%	+/-5%
Explanatory Outcome	Number of docketed cases opened in a fiscal year	525	403	500	350	500
	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution	4,258.8	1,962.6	1,700	1,700	2,000
* Outcome	The amount of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers			6%	6%	6%
Output	Number of docketed cases completed	441	440	400	400	450
* Efficiency	Average number of days for a rate case to reach final order	295	261	<230	<230	<200
Efficiency	Therms of natural gas saved as a result of utility energy efficiency programs			2,000,000	2,000,000	2,000,000
* Outcome	Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states			+/-5%	+/-5%	+/-5%
Efficiency	Kilowatt hours of electricity saved as a result of utility energy efficiency programs			1,000,000	1,000,000	1,000,000
Outcome	Percent of docketed cases closed in a fiscal year	84%	91.5%	80%	80%	92%

INSURANCE POLICY

The purpose of the insurance policy program is to assure easy public access to reliable insurance products that meet consumers' needs and 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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	6,311.4	7,679.1	8,085.0	7,177.8	-6.5
Fund Balance	236.1	0.0	0.0	0.0	
SOURCES TOTAL	6,547.5	7,679.1	8,085.0	7,177.8	-6.5
USES					
Personal Services and Employee Benefits	5,415.2	6,171.2	6,383.3	5,959.8	-3.4
Contractual Services	313.5	446.5	549.0	427.2	-4.3
Other	623.5	1,061.4	1,152.7	790.8	-25.5
TOTAL USES	6,352.2	7,679.1	8,085.0	7,177.8	-6.5
FTE					
Permanent	87.0	88.0	89.0	88.0	0.0
TOTAL FTE POSITIONS	87.0	88.0	89.0	88.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees		100%	95%	95%	100%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	79%	81%	80%	80%	82%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Output	Percent of producer applications, appointments and renewals processed within ten business days	90%	90%	90%	90%	95%
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%	100%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	95%	95%	100%
Output	Percent of form and rate filings processed within ninety days	100%	98.5%	95%	95%	99%
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	100%	99.4%	90%	90%	100%
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	85%	86%	85%	85%	87%
Output	Number of managed healthcare outreach presentations conducted annually	100	182	100	100	190

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 risk as assigned to the public regulation commission.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	4,886.5	5,540.5	5,938.1	5,489.3	-0.9
Federal Revenues	509.3	605.0	595.0	595.0	-1.7
SOURCES TOTAL	5,395.8	6,145.5	6,533.1	6,084.3	-1.0
USES					
Personal Services and Employee Benefits	3,097.4	3,588.1	4,049.1	3,671.7	2.3
Contractual Services	262.6	349.5	477.1	394.9	13.0
Other	1,513.3	2,207.9	2,006.9	2,017.7	-8.6
TOTAL USES	4,873.3	6,145.5	6,533.1	6,084.3	-1.0
FTE					
Permanent	52.3	52.3	59.3	53.3	1.9
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	53.3	53.3	60.3	54.3	1.9

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of inspection and audit hours performed by the state fire marshals office	20,697	23,955	25,000	24,000	25,000
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	160,790	115,291	143,000		143,000
* Output	Number of personnel completing training through the state firefighter training academy	4662	4,078	4,000	4,000	4,100
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	54%	65%	60%	60%	70%
* Outcome	Percent of fire departments' insurance service office ratings of nine or ten that have been reviewed by survey or audit	87%	100%	90%	90%	100%
* Outcome	Percent of statewide fire districts with insurance office ratings of eight or better	59%	59%	75%	59%	65%
Quality	Pass rate for state certification exams administered by the state firefighter academy	90%	93%	85%	85%	95%
Explanatory	Number of fire districts statewide	391	392	390	390	392
Output	Number of inspection and audit hours performed by the pipeline safety bureau	5,120	6,060	7,000	5,300	7,000

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,061.0	3,256.9	3,364.6	3,150.4	-3.3
Other Transfers	498.7	508.0	707.0	510.2	0.4
SOURCES TOTAL	3,559.7	3,764.9	4,071.6	3,660.6	-2.8
USES					
Personal Services and Employee Benefits	2,847.0	3,192.7	3,349.5	3,091.4	-3.2
Contractual Services	81.6	110.1	127.3	107.1	-2.7
Other	504.4	462.1	594.8	462.1	0.0
TOTAL USES	3,433.0	3,764.9	4,071.6	3,660.6	-2.8
FTE					
Permanent	53.0	53.0	58.0	53.0	0.0
TOTAL FTE POSITIONS	53.0	53.0	58.0	53.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Efficiency	Percent of fully functional information technology applications systems	100%	100%	100%	100%	100%
Outcome	Opinion of previous fiscal year independent agency audit	Unqual.	Unqual.	Unqual.	Unqual.	Unqual.
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	100%	100%	100%	100%	100%
Outcome	Number of user sessions on public regulation commission webpages			1,200,000	1,200,000	1,200,000
Outcome	Percent of total outstanding corporate revocations processed	28%		100%		100%
Output	Average number of days to issue charter documents		3	15	15	3
Outcome	Percent of prior-year audit findings eliminated	100%	75%	100%	100%	100%
Explanatory	Percent increase in public use of info share			5%	5%	5%
Explanatory	Number of prior-year audit findings	0	8			0

PATIENT'S COMPENSATION FUNDBUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 – 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Fund Balance	10,747.2	10,749.6	10,766.3	10,766.3	0.2
SOURCES TOTAL	10,747.2	10,749.6	10,766.3	10,766.3	0.2
USES					
Contractual Services	163.8	435.0	435.0	435.0	0.0
Other	6,750.1	10,050.0	10,050.0	10,050.0	0.0
Other Financing Uses		264.6	281.3	281.3	6.3
TOTAL USES	6,913.9	10,749.6	10,766.3	10,766.3	0.2

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 medical board 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	1,704.5	1,306.0	1,769.9	1,207.3	-7.6
Fund Balance	0.0	299.2	0.0	500.0	67.1
SOURCES TOTAL	1,704.5	1,605.2	1,769.9	1,707.3	6.4
USES					
Personal Services and Employee Benefits	908.1	974.3	1,078.2	1,056.5	8.4
Contractual Services	298.1	325.9	322.7	322.7	-1.0
Other	279.3	305.0	369.0	328.1	7.6
TOTAL USES	1,485.5	1,605.2	1,769.9	1,707.3	6.4
FTE					
Permanent	13.0	13.0	14.0	14.0	7.7
TOTAL FTE POSITIONS	13.0	13.0	14.0	14.0	7.7

BUDGET ISSUES:

In FY08, 63 participants entered a monitored treatment program with 28 voluntarily participating and 35 being mandated by the board to participate. This is a 3.3 percent increase over FY08.

The board projects it will have a fund balance of \$1.2 million at the end of FY10.

The board issued a total of 824 new licenses in FY08, of which 526 were for medical doctors. The board continues to work on removing impediments to the licensing process to enhance physician recruitment and retention through increased use of License 2000, an online license application and renewal system, and through the development of online renewal processes. The board performed 2,900 background checks in FY08. This caused a number of licensees with driving under the influence citations to be referred into monitored treatment.

BASE EXPANSION:

The medical board requested \$164.7 thousand for a medical director. Starting in July 2004 this position was under contract; and in FY09, it was converted to a classified temporary position. The board indicates this position is necessary for reviewing and advising the board on confidential licensure and re-licensure applications and investigative cases. LFC recommends this request.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program) (P676)	Agency Request	LFC Recom- mendation
1	<u>A/O II - Physician</u>		<u>164.7</u>	<u>164.7</u>
TOTAL			164.7	164.7

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 and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of consumers provided with information through written license verification and website access	1,115,803	1,696,475	1,500,000	1,500,000	1,500,000
* Output	Number of tri-annual physician licenses issued or renewed	2,937	3,508	3,623	3,500	3,600
* Output	Number of biennial physician assistant licenses issued or renewed	245	262	294	250	254
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	5	2	8	5	5
Output	Number of complaints resolved within twelve months	220	210	160	200	210
Output	Number of participants in monitored treatment program	61	63	50	50	50
Outcome	Percent of participants who relapse	9%	4.76%	10%	10%	8%
* Outcome	Number of days to issue a physician license	78	85	80	80	75

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 practice, and education in the interest of public health, safety, and welfare.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,103.4	1,967.4	2,130.6	1,986.2	1.0
Fund Balance	0.0	0.0	400.0	500.0	
SOURCES TOTAL	2,103.4	1,967.4	2,530.6	2,486.2	26.4
USES					
Personal Services and Employee Benefits	1,006.6	1,210.5	1,243.0	1,243.0	2.7
Contractual Services	152.2	213.5	222.9	222.9	4.4
Other	452.8	543.4	1,064.7	1,020.3	87.8
TOTAL USES	1,611.6	1,967.4	2,530.6	2,486.2	26.4
FTE					
Permanent	18.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	18.0	19.0	19.0	19.0	0.0

BUDGET ISSUES:

The nursing board issued a total of 13,930 licenses in FY08. This was a 4.9 percent increase over FY07. Since FY06 the number of licenses issued increased by 17.5 percent.

The board budget request represented a 26.4 percent increase over the FY09 operating budget. At the end of FY08 the board had a fund balance of \$3.6 million. The board projects that it will have a fund balance of \$3.6 million at the end of FY09 and FY10. This in part reflects the continued windfall in revenue from foreign nurse licensure applications. New Mexico is one of the few states in the nation that allows foreign nurse applications. Very few of these applicants, if successful in obtaining a license, practice in New Mexico. The board does not view this revenue growth as long term and, as a result, is reluctant to budget fund balance for recurring expenditures.

The board, as part of its strategic plan to address the shortage of nurses within New Mexico, proposes to use \$497 thousand of fund balance to increase the amount applied to the "nursing excellence fund." This fund was established to enhance recruitment and retention of professional nurses, increase career and educational opportunities via scholarships, and improve interactions with health facility administrations, the medical profession, and institutions of higher education. The LFC recommends the fund be used to augment nursing faculty salaries and to provide scholarship grants to nurses.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians and medication aides and their education and training programs so they provide competent and professional health care services to consumers.

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Output	Number of licenses issued	13,281	13,930	12,800	13,000	14,000
Quality	Percent of programs in full compliance	98%	100%	98%	98%	98%
Quality	Number of public information announcements	3	4	2	2	2
Efficiency	Number of months to resolution of disciplinary matter	7.4	6	6	6	6
Output	Number of rule reviews	1	1	4	1	1
Efficiency	Number of days to issue a nurse license	14	13.8	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 operate year-round events and entertainment and to maintain event venues for public use and benefit that help build the infrastructure for the annual New Mexico State Fair.

BUDGET SUMMARY (dollars in thousands)					
	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	488.8	1,000.0	440.0	-10.0
Other Transfers	1,219.9	695.0	695.0	695.0	0.0
Other Revenues	14,695.9	14,360.5	14,400.0	13,969.0	-2.7
SOURCES TOTAL	15,915.8	15,544.3	16,095.0	15,104.0	-2.8
USES					
Personal Services and Employee Benefits	7,647.6	6,926.0	7,533.7	6,800.2	-1.8
Contractual Services	3,347.3	3,830.3	3,828.1	3,813.1	-0.4
Other	4,920.9	4,788.0	4,733.2	4,490.7	-6.2
TOTAL USES	15,915.8	15,544.3	16,095.0	15,104.0	-2.8
FTE					
Permanent	77.0	78.0	78.0	78.0	0.0
Term	0.0	0.0	7.0	0.0	
TOTAL FTE POSITIONS	77.0	78.0	85.0	78.0	0.0

BUDGET ISSUES:

For FY10, the State Fair requested a \$550.7 thousand base increase over FY09. The committee recommends a base decrease of \$991 thousand, which includes a cut in funding for governor-appointed positions, contractual services, feed store, and travel. The recommendation assumes a 3 percent vacancy rate. The agency requested a supplemental appropriation of \$1.3 million to cover a budget shortfall for FY09.

To date, the agency has 11 governor-appointed positions. In FY08, the agency requested a budget adjustment request to cover nearly \$900 thousand in salaries for temporary employees hired for events. Approximately \$634 thousand was budgeted to fund the governor-appointed positions in FY08.

The agency is an enterprise agency that uses revenues derived from admission, concession, building rental, and other services to cover fair operations. The 2008 New Mexico State Fair saw an overall decrease of 10 percent in revenues. Revenue decreases from attendance, admission sales, art sales, carnival sales, concessions, and parking all dropped. Revenue from performances and concessions at Tingley coliseum increased. In recognition of the 50th anniversary of the fair, free parking was offered. In years past, parking revenue has generated over \$500 thousand. For FY09, the fair anticipates generating \$12.5 million in revenues and has projected a shortfall of nearly \$3 million. The shortfall consists of \$1.3 million in revenue and \$1.6 million in negative cash balance.

In May 2008, the State Racing Commission approved the relocation of the Albuquerque Downs to Moriarty in 2010. The fair estimates it will incur a \$2.3 million loss in yearly rental revenue in its FY10 budget. In response to the relocation, the Governor's office issued a request for information (RFI) as part of the planning process to renovate the fairgrounds. The 13 responses to the RFI ranged from improving the existing infrastructure, including creating a world class equestrian center for livestock events, to building commercial, retail, and workforce training facilities. A letter of interest was issued October 17 to procure consultant development services. Responses were due October 24.

Since 2005, the agency has received annual parimutuel tax revenues in the amount of \$1.2 million; \$695 thousand of the tax revenue pays debt service on a \$5.5 million negotiable bond issued by New Mexico Finance Authority. Funds derived from the bond are used for capital and infrastructure improvements on the fairgrounds. The bonds are scheduled to be paid in full by FY14. Although the agency uses parimutuel tax revenues to assist in maintaining the fairgrounds, capital outlay funds are essential to the upkeep of the facilities. According to the agency's four-year infrastructure capital improvement plan (ICIP), an estimated \$77 million is needed for improvements to the fairgrounds. The top priority in FY10 is \$11 million for cultural, entertainment, and equestrian facility enhancements on the grounds. Approximately \$22.3 million in state funding remains unexpended for an equestrian facility. A site has not been identified for the project; the fairgrounds are being considered as an alternative site for the equestrian facility.

BASE EXPANSION:

The agency requested the conversion of seven unauthorized term employees to permanent employees at a cost of \$311 thousand. The request includes four governor-appointed positions. The committee does not recommend this expansion.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the New Mexico state fair includes in the other category six hundred ninety-five thousand dollars (\$695,000) from parimutuel revenues for debt services on negotiable bonds issued for capital improvements.

The general fund appropriation to the New Mexico state fair includes four hundred forty thousand dollars (\$440,000) for the operation of the performing arts center at the New Mexico state fair.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
	<u>Convert unauthorized temp employees to perm</u>	<u>(P678)</u>	
		310.9	0.0
TOTAL		310.9	0.0

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	89.2%	91.3%	94%	90%	90%
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	511,824	497,543	550,000	500,000	500,000
* Output	Percent of surveyed attendees at the annual state fair event indicating the state fair has improved	41%	36.5%	48%	45%	45%
* Output	Number of total attendees at annual state fair event	738,664	730,529	750,000	690,000	960,000

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 7,787 engineers and surveyors currently are licensed to practice in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	648.4	649.9	829.8	715.5	10.1
Fund Balance	0.0	6.9	0.0	0.0	-100.0
SOURCES TOTAL	648.4	656.8	829.8	715.5	8.9
USES					
Personal Services and Employee Benefits	321.9	342.5	542.6	449.3	31.2
Contractual Services	47.3	80.1	64.6	64.6	-19.4
Other	197.2	234.2	222.6	201.6	-13.9
TOTAL USES	566.4	656.8	829.8	715.5	8.9
FTE					
Permanent	7.0	7.0	9.0	8.0	14.3
TOTAL FTE POSITIONS	7.0	7.0	9.0	8.0	14.3

BUDGET ISSUES:

In August 2008 the FY09 board approved an increase in its fee structure. This will result in an estimated \$258 thousand additional revenue in FY10. FY09 revenues will marginally increase because only 50 percent of the licenses are subject to renewal and the increase was imposed after the fiscal year began.

The board projects a fund balance of \$564.6 thousand at the end of FY10, compared with fund balances of \$449.3 thousand in FY08 and a projected FY09 balance of \$445.2 thousand.

BASE EXPANSION:

The board is requesting \$163.4 thousand for 2 FTE and the reclassification of four current positions with substantial pay increases. The requested positions are a line manager I position and an information technology analyst. LFC recommends approval of the information technology analyst position. This position is needed to address the migration of the agency into the License 2000 computer-based registration and renewal process. The board indicates that it has reorganized the duties and responsibilities of four positions within the agency; warranting reclassification. These requested reclassifications with pay adjustments are recommended if approved by the State Personnel Office, and with salary increases of 10 percent to 15 percent, more in line with current personnel policy.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Reclass of 4 Positions	(P679)	48.8	16.0
2	Line Manger I	(P679)	60.5	0.0
3	IT Business Analyst	(P679)	54.1	54.1
TOTAL			163.4	70.1

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

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%	100%
Output	Number of examinations administered	532	544	500	545	545
* Output	Number of licenses or certifications issued	595	639	600	639	639
Output	Number of complaints processed	40	60	50	60	60
Efficiency	Percent of cases resolved through compliance or legal action within one year	90%	100%	97%	97%	97%

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,332.6	6,470.5	7,202.8	6,533.1	1.0
SOURCES TOTAL	6,332.6	6,470.5	7,202.8	6,533.1	1.0
USES					
Personal Services and Employee Benefits	4,068.2	4,359.2	4,848.2	4,429.6	1.6
Contractual Services	818.0	740.7	820.5	741.7	0.1
Other	1,390.5	1,370.6	1,534.1	1,361.8	-0.6
TOTAL USES	6,276.7	6,470.5	7,202.8	6,533.1	1.0
FTE					
Permanent	63.0	63.0	65.0	63.0	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	63.5	63.5	65.5	63.5	0.0

BUDGET ISSUES:

The Gaming Control Board requested a \$732.3 thousand increase, or 11.3 percent above the FY09 operating level. The committee recommends a \$62.6 thousand general fund increase in the base budget, a 1 percent increase. Personal services and employee benefits make up the majority of the increase.

In FY05, the Legislature appropriated \$2.2 million for a central monitoring system to oversee fairness in gaming at racetracks and nonprofit casinos. For the past three years GCB ran both the new and old systems. The agency now reports it has migrated all nonprofit gaming to the new system and runs only the new system. A modest increase in the yearly maintenance for the new central monitoring system is expected.

BASE EXPANSION:

The agency requested \$151.1 thousand and 2 FTE related to its central monitoring system and workload associated with the opening of a sixth casino. It also requested \$121.5 to purchase LiveScan, an inkless electronic fingerprinting system that electronically transmits the data to the Department of Justice (DOJ) for completion of a criminal record check.

LFC recognizes the merit of adding staff to assist with the central monitoring system but several alternatives should be explored before increasing FTE. First, due to the agency's successful migration of all gaming machines to the central monitoring system, its information technology staff no longer oversees two systems, freeing them for other workload needs. Secondly, since 2005 the agency has consistently held an investigator and auditor position vacant. LFC recommends converting these unused FTE to its information technology FTE expansion request. Finally, an additional racetrack is not expected to open until fiscal year 2011; therefore, FTE for this purpose is premature.

Due to the nonrecurring nature of the LiveScan purchase, it is more appropriately requested as a special appropriation. However, the Department of Public Safety (DPS) owns an inkless fingerprinting system and the agency should work with DPS to share machines before asking the state to incur this cost.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
<u>1</u>	<u>Central Monitoring System Technical Support</u>	<u>(P680)</u>	<u>272.6</u>	<u>0.0</u>
TOTAL			272.6	0.0

GAMING CONTROL BOARD

The purpose of the gaming control board is to provide strictly regulated gaming activities and to promote responsible gaming to the citizens of New Mexico so they can attain a strong level of confidence in the board's administration of gambling laws and assurance the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited financial statements received from the tribe for 2008 calendar year	10%	-3%	10%	<10%	<10%
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%
Output	Percent decrease in repeat violations by licensed gaming operators	100%	100%	90%	90%	100%
* Outcome	Ratio of gaming revenue generated to general funds expended	28:1	29:1	22:01	22:1	28:1
Output	Percent of bingo and raffle licensees correctly meeting the reporting requirements			75%	75%	75%
Output	Percent of violations by licensed gaming operators		5.5%	20%	<20%	<20%
Quality	Percent of work permit and work permit renewal licensees processed within seventy-two hours			90%	90%	90%

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,363.1	2,419.5	2,846.8	2,386.3	-1.4
SOURCES TOTAL	2,363.1	2,419.5	2,846.8	2,386.3	-1.4
USES					
Personal Services and Employee Benefits	1,094.3	1,202.8	1,397.7	1,198.6	-0.3
Contractual Services	844.0	925.0	1,154.2	896.0	-3.1
Other	297.2	291.7	294.9	291.7	0.0
TOTAL USES	2,235.5	2,419.5	2,846.8	2,386.3	-1.4
FTE					
Permanent	17.3	17.3	20.3	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	19.7	19.7	22.7	19.7	0.0

BUDGET ISSUES:

The State Racing Commission (SRC) requested a 17.5 percent increase, of which 2.8 percent is an increase to the base budget for personal services and employee benefits. The committee recommends a \$33.2 thousand decrease, or 1.4 percent below its FY09 operating level. The committee recommendation does not include funding for the director position, which has been vacant since July 2005. Also, the recommendation eliminates funding for the agency to contract for legal counsel on matters related to the Downs at Albuquerque. In April 2008, the commission approved the transfer and any additional legal counsel can be obtained from its attorney within the Attorney General's Office.

In July 2008, the Racing Commission held public hearings in each of the communities seeking the final racing license available. Raton, Pojoaque, Tucumcari, and Lordsburg each gave a presentation on their proposed racetrack facilities and public comment was obtained. On August 25, 2008, the Racing Commission held a special commission meeting to support a racing license with Raton Racing, LLC. Key factors in the decision included the proposed 60 racing days, 1,500 stalls, summer race season, attracting people from the five-state area, and support from current New Mexico racetracks.

Equine drug testing, conducted on winning horses at live race meets and any other horse as ordered by the commission or the stewards, adds to the public confidence that horse racing is being closely regulated. The Legislature in 2008 increased funds for equine testing and in FY08 SRC tested 4,910 horses, a 6.4 percent increase over FY07. Of those tested in FY08, 0.8 percent tested positive for illegal substances compared with 1.3 percent in FY07. According to SRC, the more horses it tests, the less likely illegal drugs will be used.

BASE EXPANSION:

The agency requested \$356.5 thousand in expansions and included \$42.5 thousand for a financial specialist to assist the administrative manager in overseeing accounting and distribution of parimutuel funds, \$42.5 thousand and 1 FTE for investigations and enforcement to assist with an additional racetrack, and \$271.7 thousand and 1 FTE for a veterinary advisor.

The committee does not recommend the expansion requests.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Financial Specialist - A	(P681)	42.5	0.0
2	Det & Crim Investigator - A	(P681)	42.5	0.0
3	<u>Veterinary Advisor</u>	<u>(P681)</u>	<u>271.7</u>	<u>0.0</u>
TOTAL			356.7	0.0

STATE RACING COMMISSION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's parimutuel horse racing industry and 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	1.3%	0.8%	0.8%	0.8%	0.8%
* Output	Total amount collected from parimutuel revenues, in millions	\$1.0	\$1.0	\$1.1	\$1.1	\$1.1
Efficiency	Average regulatory cost per live race day at each racetrack	\$4,000	\$4,000	\$4,300	\$4,500	\$4,300
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	8	0	0	0
Outcome	Percent of prior-year audit findings resolved	70%	90%	100%	100%	100%
Outcome	Number of days to collect of penalty fees owed by licensee to the general fund	30	30	30	30	30

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)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	272.1	268.4	268.5	268.5	0.0
Fund Balance	0.0	32.4	70.8	67.5	108.3
SOURCES TOTAL	272.1	300.8	339.3	336.0	11.7
USES					
Personal Services and Employee Benefits	97.1	152.2	151.2	151.2	-0.7
Contractual Services	96.3	94.5	127.0	127.0	34.4
Other	56.4	54.1	61.1	57.8	6.8
TOTAL USES	249.8	300.8	339.3	336.0	11.7
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 FY10 projected fund balance is \$172.7 thousand, compared with an FY08 fund balance of \$275.9 thousand and a projected FY09 balance of \$243.5 thousand. The projected FY10 balance represents 51 percent of the operating budget. The board is initiating action to increase fees to offset increasing expenditures being experienced.

Contractual services shows a 34 percent increase over the FY09 operating budget. This reflects increases in fees charged by inspectors and investigators as a result of increased costs associated with fuel and statewide travel. Audit fees are projected to increase from \$4.1 thousand to \$8 thousand, a 95 percent increase.

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of New Mexico registered veterinary technicians employed in state	91%	97%	96%	97%	97%
Outcome	Percent of New Mexico-licensed veterinarians employed in the state	59%	60%	60%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action	72%	79%	80%	80%	80%
Outcome	Percent of complaints resolved through adjudication	28%	21%	15%	20%	20%
Output	Number of facilities inspected annually	134	148	144	148	148
Outcome	Percent of inspected facilities requiring a plan of correction	36%	21%	35%	30%	30%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	13%	2%	10%	8%	8%
Output	Number of months to resolution of disciplinary matter	7.4	6.8	6	6	6
Outcome	Percent of facilities in full compliance	84%	79%	84%	80%	84%
Output	Number of veterinarian licenses issued annually	70	45	60	50	60
Output	Number of facility licenses issued annually	15	17	10	10	10
Output	Number of registered veterinary technician licenses issued annually	15	20	12	18	18
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	0	2	3	3	3
Outcome	Attrition rate of all licensees annually	3%	4%	5%	5%	4%

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 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 historic 19th century railroad "museum on wheels," for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	100.0	100.0	265.0	100.0	0.0
Other Transfers	100.0	100.0	265.0	200.0	100.0
Other Revenues	3,075.8	3,413.0	3,606.0	3,606.0	5.7
SOURCES TOTAL	3,275.8	3,613.0	4,136.0	3,906.0	8.1
USES					
Personal Services and Employee Benefits	120.2	137.2	137.8	137.8	0.4
Contractual Services	3,369.9	3,434.7	3,816.7	3,685.7	7.3
Other	34.1	41.1	181.5	82.5	100.7
TOTAL USES	3,524.2	3,613.0	4,136.0	3,906.0	8.1
FTE					
Permanent	2.9	2.9	2.9	2.9	0.0
TOTAL FTE POSITIONS	2.9	2.9	2.9	2.9	0.0

BUDGET ISSUES:

The 2008 season saw the continuation of a three-year trend of higher ridership and revenues for the railroad. Total ticket revenue of approximately \$3.1 million represents a 3.8 percent increase over 2007 due in part to higher ticket prices, as well as higher first-class ridership. Despite decreased tourism throughout the state in FY08, ridership will be at or slightly above the total of 43,806 riders seen in FY07. The railroad has benefited significantly from improved fire conditions, a more aggressive marketing campaign throughout both northern New Mexico and southern Colorado, and the management of the Cumbres and Toltec Scenic Railroad Corporation.

The railroad continues to address its greatest need: refurbishing track and engines through the implementation of a five-year capital improvement plan. In 2006, 2007 and 2008, the Legislature appropriated \$1 million each year for track and engine improvements. Due to federal steam boiler regulations, the railroad had only one of its four operating steam locomotives available for the 2003 operating season. This resulted in train service being reduced from daily excursions to twice-weekly from both Chama and Antonito. Ridership dropped from over 50,000 to under 17,000, significantly impacting tourism in both communities. Using capital appropriations from New Mexico and Colorado, as well as federal grants and money raised privately by the Friends of the Cumbres and Toltec, the railroad was able to place into operation four operating steam locomotives in the 2008 season. The final locomotive of the group, #489 (Baldwin Locomotive Works, 1926) returned to service on August 20, 2008, after a two-year, \$900 thousand overhaul. With four operable locomotives, the railroad now can now operate more and longer trains, which could increase ridership to the goal of 50,000 passengers in a season.

Track maintenance, neglected for many years since the states of Colorado and New Mexico purchased the line in 1970, has significantly improved since FY06 with the initiation of the five-year plan. By the end of the FY08 work season, all but five of the railroad's 64 miles of track will have received new ballast. The tie replacement program will be almost 60 percent complete with approximately 10,000 ties replaced annually. However, two more years of work remain, because the railroad will require a second and in some areas a third application of ballast, plus bridge repairs and bank widening.

This capital program has resulted in trains arriving up to half an hour earlier than in years past, allowing tourists to spend more time in the local communities. The ride is smoother and more enjoyable, resulting in reduced wear and tear on the rolling stock. Train derailments, once a common problem, have dropped to zero this year. Once this rehabilitation program is completed the railroad will move to a less expensive capital asset maintenance program.

BASE EXPANSION:

The railroad is requesting an expansion of \$300 thousand (\$150 thousand from New Mexico and \$150 thousand from Colorado) to fund its capital asset maintenance program. This will cover approximately 40 percent of a full-scale winter locomotive and rolling stock maintenance program (to be performed in both Antonito, Colorado, and Chama, New Mexico) and will allow the railroad to perform heavier repairs on locomotive running gear than would otherwise be possible. The remaining 60 percent of the program will be funded by revenues from ticket sales. The development and funding of this program is important to the railroad as it protects the investment in heavy equipment by establishing a regular and systematic maintenance program. The committee recommends approval of the expansion request at \$100 thousand with funding provided by the state of Colorado.

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2010, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use towards operating expenses of the railroad.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	<u>Locomotive Maintenance</u>	<u>(P000)</u>	<u>300.0</u>	<u>100.0</u>
TOTAL			300.0	100.0

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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Total number of passengers	41,583	42,822	45,000	44,000	45,000
* Output	Revenue generated from ticket sales, in millions	\$2.696	\$3.002	\$3.218	\$3.325	\$3.530

STATUTORY AUTHORITY:

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Sections 9-15-48 through 9-15-51 NMSA 1978, and is administratively attached to the Economic Development Department.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	154.3	156.9	156.9	154.3	-1.7
SOURCES TOTAL	154.3	156.9	156.9	154.3	-1.7
USES					
Personal Services and Employee Benefits	108.8	111.0	111.3	111.3	0.3
Contractual Services	20.0	20.0	20.0	20.0	0.0
Other	25.5	25.9	25.6	23.0	-11.2
TOTAL USES	154.3	156.9	156.9	154.3	-1.7
FTE					
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

BUDGET ISSUES:

The Office of Military Base Planning and Support (OMBPS) and the Military Base Planning Commission (MBPC) are administratively attached to the Economic Development Department (EDD). The OMBPS director is appointed by the governor's homeland security adviser. The commission is composed of 17 members including the lieutenant governor, the secretary of EDD, and 15 members from counties near New Mexico's four military bases who are appointed by the governor and approved by the senate. The four bases include White Sands Missile Range (Army) near Las Cruces, Holloman Air Force Base in Alamogordo, Cannon Air Force Base in Clovis, and Kirtland Air Force Base in Albuquerque.

Enabling statutes for the office and commission originally provided a "sunset" of July 1, 2009. The Legislative Finance Committee Sunset Subcommittee recommends extending the "sunset" date to July 1, 2012.

For FY10, the general fund request is flat compared with FY09. Although the committee recommends 1.7 percent less than the FY09 operating budget, it is equal to the FY08 actual expenditure level.

A recent study by New Mexico State University shows that the state's four installations contribute \$2.2 billion per year in economic activity, or one in every \$20 spent in the state. Direct and support-industry employment is approximately 38,000 or one in every 14 jobs in the state.

The office helped secure capital outlay appropriations for projects to support New Mexico's installations, including \$600 thousand to upgrade the overpasses and entrances to Cannon AFB and Holloman AFB; the resurfacing of U.S. 60/84 from Cannon is currently underway. Additional capital of over \$30 million was appropriated to improve base-area schools.

In 2006, \$5 million was appropriated to the Department of Finance and Administration (DFA) to acquire land and water rights and to plan, design, and construct infrastructure for Cannon Air Force Base. In 2007, the appropriation was reauthorized allowing for land and water right acquisition statewide as well as renovating, equipping, and furnishing infrastructure and other improvements. DFA has signed a memo of understanding with the Air Force setting the framework to transfer land from the State Land Office to the U.S. Air Force to expand the Melrose Range.

In 2007 the Legislature provided a military construction services gross receipts tax exemption at military installations to implement special operations mission transition projects, namely Cannon. The exemption is scheduled to "sunset" on December 31, 2010.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure that state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of military units impacted by the activities of the commission and the office		14	5	5	10
* Outcome	Number of community support organizations benefiting from the activities of the commission and the office		8	3	3	8
Output	Number of communities assisted by the office of military base planning and support		6	5	5	6

STATUTORY AUTHORITY:

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-17 NMSA 1978, and is administratively attached to the Economic Development Department.

MISSION:

The mission of the Spaceport Authority is to plan, develop, and operate the world's first inland commercial spaceport.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	365.2	814.6	5,440.8	851.6	4.5
SOURCES TOTAL	365.2	814.6	5,440.8	851.6	4.5
USES					
Personal Services and Employee Benefits	260.5	601.5	1,536.8	638.2	6.1
Contractual Services	0.0	25.0	3,328.4	23.1	-7.6
Other	59.5	188.1	575.6	190.3	1.2
TOTAL USES	320.0	814.6	5,440.8	851.6	4.5
FTE					
Permanent	3.0	6.0	14.0	6.0	0.0
TOTAL FTE POSITIONS	3.0	6.0	14.0	6.0	0.0

BUDGET ISSUES:

In the 2005 legislative session, the New Mexico Spaceport Authority (NMSA) was created as a stand-alone agency by carving the Space Office from the Economic Development Department. NMSA is tasked with developing spaceport facilities in New Mexico; promoting public and private sector infrastructure development to attract new industries and businesses; creating the statutory framework that will enable the state to design, finance, construct, equip, and operate spaceport facilities, ensure the timely, planned, and efficient development of a southwest regional spaceport; promoting educational involvement; and training the workforce.

To bring the spaceport to fruition, NMSA has a five-phase plan comprising concept development, infrastructure design, procurement, construction, and operations. The agency has moved from concept development to infrastructure design. With almost 90 percent of the site design complete, NMSA is poised to move into the third phase -- procurement -- and has issued request for proposals (RFP) and selected a contractor to build a temporary roadway so construction vehicles will be able to enter the spaceport. Barring any setbacks with the environmental impact study (EIS) and Federal Aviation Administration (FAA) license, construction on the temporary road may start in the first quarter of 2009.

The budget for spaceport construction was estimated at \$225 million, with \$140 million from the state, \$58.9 million from a spaceport gross receipts tax district, \$25 million from federal sources, and \$2 million from other and private sources. Thus far, the state has appropriated \$132.5 million of the \$140 million commitment, leaving a capital outlay need of \$7.5 million. Included in the \$132.5 million is \$100 million appropriated in 2007 accessible in three installments. The first installment of \$33 million was accessed in FY07. To access the second and third installments NMSA must receive a license from the FAA, obtain a signed lease by an anchor tenant -- generally thought to be Virgin Galactic -- and report quarterly to LFC on progress at the spaceport. The FAA license is contingent on an approved EIS, which has been drafted and submitted for public review and comment. A final copy is expected to be submitted in October.

NMSA plans to continue periodic vertical launches through the construction phase and begin horizontal launches in the first half of FY11.

Although the agency requested a 570 percent increase in the operating budget, the committee recommends an increase of 4.5 percent given the projected build-out schedule. At this juncture, pending items include EIS approval, FAA licensure, and a signed anchor tenant lease. Additionally, even though the infrastructure may be on schedule and in place, many of the potential suborbital spacecraft manufacturers are still in the concept and prototype phase. Leading the pack, Virgin Galactic has unveiled White Knight II and is testing the aircraft. White Knight II is the "mothership" that will lift a rocket ship into the air where it will then blast off into suborbital flight.

BASE EXPANSION:

The agency requested 11 expansion items totaling \$5 million. With many of the contingencies remaining unfulfilled including a record of decision on the EIS, FAA licensure, and a signed lease; the committee does not recommend expansion at this time.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Financial/Brand development director	(P770)	128.0	0.0
02	Infrastructure development	(P770)	140.7	0.0
03	Technical manager	(P770)	128.0	0.0
04	Spaceport america events and education	(P770)	2,300.0	0.0
05	Contractual services	(P770)	1,005.3	0.0
06	Operating expenses	(P770)	214.5	0.0
07	Economic development	(P770)	140.4	0.0
08	Customer development	(P770)	140.4	0.0
09	Operations manager	(P770)	127.7	0.0
10	Safety director	(P770)	127.7	0.0
11	<u>Administrative assistant</u>	<u>(P770)</u>	<u>42.8</u>	<u>0.0</u>
TOTAL			4,495.5	0.0

SPACEPORT AUTHORITY

The purpose of the spaceport authority is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of jobs created by aerospace and aviation companies	37				
Efficiency	Number of key project milestones completed within established timeframes		12	10	10	13
* Outcome	Annual aerospace jobs created due to spaceport authority efforts			150	150	150
* Output	Number of visitors to the X-prize cup			50,000	25,000	25,000

STATUTORY AUTHORITY:

The Cultural Affairs Department (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 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); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA (Art In Public Places Act), and 13-4B-1 through 13-4B-3 NMSA (Fine Art In Public Buildings Act); and Sections 47-12A-1 through 47-12A-6 NMSA (Cultural Properties Preservation Easement Act).

MISSION:

The department's mission is to lead in the preservation, development, promotion, and access to New Mexico's cultural resources for the use, education, and enjoyment of present and future generations.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	32,728.5	35,153.7	44,045.2	34,098.3	-3.0
Other Transfers	1,166.6	2,036.5	2,067.0	2,067.0	1.5
Federal Revenues	3,214.8	4,115.8	3,278.7	3,278.7	-20.3
Other Revenues	5,712.3	5,919.7	5,875.3	5,682.8	-4.0
Fund Balance	6.3	0.0	15.0	15.0	
SOURCES TOTAL	42,828.5	47,225.7	55,281.2	45,141.8	-4.4
USES					
Personal Services and Employee Benefits	29,475.1	31,531.0	34,909.2	30,952.9	-1.8
Contractual Services	4,648.1	6,277.9	7,477.1	4,855.5	-22.7
Other	7,775.3	9,416.8	12,894.9	9,333.4	-0.9
TOTAL USES	41,898.5	47,225.7	55,281.2	45,141.8	-4.4
FTE					
Permanent	463.3	463.2	530.2	469.2	1.3
Term	112.8	112.8	103.3	102.8	-8.9
Temporary	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	584.1	584.0	641.5	580.0	-0.7

BUDGET ISSUES:

The department's FY10 overall general fund request was \$8.9 million greater, or 25 percent, than the FY09 operating budget. Twenty-five expansion items account for \$7.1 million of the increase, including 65 new FTE. The agency's overall general fund base increase was \$1.8 million with the majority of the increase in salaries and benefits. Vacancy rates for the department remain artificially high due to the funding of four unauthorized exempt positions within the Museums and Monuments Program and Program Support. The LFC recommendation is a base general fund decrease of \$1.1 million. The decrease in funding includes the application of higher vacancy factors as well as a reduction in contractual services for the department.

The function 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. The program met most performance measures for FY08, despite experiencing high turnover and vacancy rates. The FY10 request for personal services and employee benefits was a decrease of \$161 thousand or 4.9 percent, from FY09 operating levels. The decrease was the result of a reduction in federal funds related to the Library Services and Technology Act and elimination of 5.5 term FTE. The recommendation includes adequate funding for salaries and benefits for the requested number of positions in FY10.

The Museums and Monuments Program achieved most performance measure goals for FY08, especially in attendance to museum and monument exhibitions, performances, and films. Innovative programming, creative use of marketing resources, and major exhibits opening in Albuquerque and Santa Fe generated attendance at approximately 840,000. The program requested a base increase of \$619 thousand, or 9.2 percent over FY09 operating levels for the other costs category. This base request is inconsistent with action taken by the agency at the end of FY08 when funds were moved out of other costs to cover expenses related to two unauthorized exempt positions. The committee does not recommend the requested increase. The committee recommends a level in line with the FY08 actual expenditures for other costs. LFC recommends shifting \$500 thousand from the base in contractual services and other costs to support the opening of the New Mexico State History Museum.

Attendance levels for the museums and monuments facilities in FY08 have decreased 13 percent from FY07 levels. Revenue levels for the museums of New Mexico decreased by 17 percent in FY08; however, revenue for the Palace of the Governors museum increased 5 percent. Revenue collected by the Palace of the Governors represents 27 percent of the total revenue collected in FY08.

BASE EXPANSION:

The department requested \$7.3 million for 25 expansion items, including 65 new FTE. The committee recommends expansion funding for the New Mexico History Museum of \$500 thousand that includes 8 new FTE. The museum should open in spring 2009. The new facility will significantly expand the size of the History Division and the complexity of exhibitions and public programs offered by the museum. Additional staff will be needed to assist visitors, provide security for the expanded campus, and to provide educational services for programs and partnerships with New Mexico schools.

The department requested \$98.6 thousand for state library compensation. In recent years, the state library division has experienced retention and recruitment problems associated with salaries. Currently, 10 permanent positions, or 25 percent of the library services personnel, are compensated below midpoint levels. While this request may have merit, it should be a part of the overall compensation package considered by the full Legislature in January.

RECOMMENDED LANGUAGE:

Any unexpended balances in the cultural affairs department remaining at the end of fiscal year 2010 from appropriations made from the general fund shall not revert.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
01	Los Luceros (P536)	385.0	0.0
02	Spencer theater (P536)	750.0	0.0
03	Veterans museum (P536)	332.4	0.0
04	Opening NM history museum (P536)	873.5	500.0
05	NHCC education center (P536)	429.2	0.0
06	Arts trails coordinator (P761)	47.7	0.0
07	Fort Stanton (P536)	353.2	0.0
08	Community revitalization projects mgr (P537)	53.5	0.0
09	IT upgrades (P540)	560.5	0.0
10	Legal & policy administration (P540)	94.6	0.0
11	Marketing initiative (P536)	400.0	0.0
12	Education Initiative/fuel for learning (P536)	441.6	0.0
13	Center for NM archaeology opening (P536)	260.6	0.0
14	Art in public places coordinators (P761)	89.1	0.0
15	Funding for arts organizations (P761)	900.0	0.0
16	Museum resources positions (P536)	346.4	0.0
17	Lincoln monument preservation (P536)	157.0	0.0
18	Taylor Barela Reynolds preparations (P536)	226.2	0.0
19	State library compensation - midpoint (P539)	98.6	0.0
20	Indian reburial program (P537)	50.0	0.0
21	Small preservation grants (P537)	25.0	0.0
22	AIPP contract to staff (P761)	0.0	0.0
23	NHCC outreach & audience development (P536)	387.5	0.0
24	Monuments central office mgt (P536)	22.8	0.0
25	MOA facilities rental coordinator (P536)	19.5	0.0
TOTAL		7,303.9	500.0

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	21,601.2	23,273.7	30,102.9	23,029.9	-1.0
Other Transfers	82.6	65.0	255.0	255.0	292.3
Federal Revenues	96.3	0.0	0.0	0.0	
Other Revenues	3,932.9	4,690.7	4,301.5	4,109.0	-12.4
SOURCES TOTAL	25,713.0	28,029.4	34,659.4	27,393.9	-2.3
USES					
Personal Services and Employee Benefits	18,297.1	19,260.2	22,472.6	19,078.8	-0.9
Contractual Services	1,272.4	2,039.1	2,771.0	1,689.6	-17.1
Other	5,309.0	6,730.1	9,415.8	6,625.5	-1.6
TOTAL USES	24,878.5	28,029.4	34,659.4	27,393.9	-2.3
FTE					
Permanent	329.1	329.0	388.5	336.0	2.1
Term	48.3	48.3	47.3	46.8	-3.1
TOTAL FTE POSITIONS	377.4	377.3	435.8	382.8	1.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs	790,175	840,520	805,000	841,000	841,000
* Output	Number of participants to off-site educational, outreach and special events related to museum missions	103,041	251,578	93,000	160,000	160,000
* Output	Number of participants at on-site educational, outreach and special events related to museum missions	274,504	316,336	304,000	320,000	320,000

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	937.6	1,003.9	1,134.8	1,003.9	0.0
Other Transfers	1,084.0	1,971.5	1,812.0	1,812.0	-8.1
Federal Revenues	966.4	1,391.8	943.6	943.6	-32.2
Other Revenues	1,595.8	1,164.0	1,370.9	1,370.9	17.8
Fund Balance	6.3	0.0	15.0	15.0	
SOURCES TOTAL	4,590.1	5,531.2	5,276.3	5,145.4	-7.0
USES					
Personal Services and Employee Benefits	3,717.5	4,467.2	4,423.7	4,370.1	-2.2
Contractual Services	346.2	381.3	317.6	292.6	-23.3
Other	516.6	682.7	535.0	482.7	-29.3
TOTAL USES	4,580.3	5,531.2	5,276.3	5,145.4	-7.0
FTE					
Permanent	35.0	35.0	36.0	35.0	0.0
Term	40.5	40.5	37.5	37.5	-7.4
Temporary	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	81.5	81.5	79.5	78.5	-3.7

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of participants in educational, outreach and special events related to preservation mission	new	5333	5,800	5,800	5,800
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	58%	57%	63%	60%	60%
Output	Total number of new structures preserved annually using preservation tax credits	47	deleted		deleted	
* Output	Annually completed number of historic structures preserved, using preservation tax credits	new	73	47	50	55
* Output	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	new	11 million	4.4 million	5 million	5 million

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,140.2	4,192.4	4,332.5	4,192.4	0.0
Federal Revenues	1,586.2	2,170.9	1,782.0	1,782.0	-17.9
Other Revenues	35.2	35.0	35.0	35.0	0.0
SOURCES TOTAL	5,761.6	6,398.3	6,149.5	6,009.4	-6.1
USES					
Personal Services and Employee Benefits	3,005.2	3,260.1	3,099.2	3,099.2	-4.9
Contractual Services	1,178.0	1,690.8	1,186.3	1,186.3	-29.8
Other	1,520.5	1,447.4	1,864.0	1,723.9	19.1
TOTAL USES	5,703.7	6,398.3	6,149.5	6,009.4	-6.1
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
Term	19.5	19.5	14.0	14.0	-28.2
TOTAL FTE POSITIONS	61.5	61.5	56.0	56.0	-8.9

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	83%	88%	80%	85%	85%
* 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	993,000	987,329	993,000	1,012,000	1,012,000
* Output	Number of participants in educational, outreach and special events related to library mission	new	19,591	18,000	15,000	20,000

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,078.7	2,182.6	3,224.8	1,762.7	-19.2
Federal Revenues	565.9	553.1	553.1	553.1	0.0
SOURCES TOTAL	2,644.6	2,735.7	3,777.9	2,315.8	-15.3
USES					
Personal Services and Employee Benefits	912.9	1,001.9	1,135.2	971.1	-3.1
Contractual Services	1,387.5	1,598.0	2,459.2	1,190.0	-25.5
Other	262.4	135.8	183.5	154.7	13.9
TOTAL USES	2,562.8	2,735.7	3,777.9	2,315.8	-15.3
FTE					
Permanent	11.5	11.5	15.5	11.5	0.0
Term	4.5	4.5	4.5	4.5	0.0
TOTAL FTE POSITIONS	16.0	16.0	20.0	16.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of arts trails brochures marketing cultural tourism loops distributed statewide		new	new	100,000	100,000
* Output	Number of professional organizations supported throughout New Mexico for arts activities	new	165	166	166	166
* Output	Number of clients provided professional development training in arts industry	new	3,409	3,800	3,450	3,450
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	38%	39%	32%	35%	39%
* Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,468,000	1,399,991	1,450,000	1,400,000	1,400,000
* Output	Number of musicians, music groups and businesses supporting the music industry who have registered on nmmusic.org website	new	1,236	1,000	1,000	1,000
* Output	Number of participants in educational and outreach programs and workshops, including participants from rural areas	new	8,096	4,300	4,300	4,300
* Output	Number of individuals or businesses provided training in establishing and marketing arts-based cottage industries	new	2,639	1,000	1,000	1,500

PROGRAM SUPPORT

The purpose of 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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,970.8	4,501.1	5,250.2	4,109.4	-8.7
Other Revenues	148.4	30.0	167.9	167.9	459.7
SOURCES TOTAL	4,119.2	4,531.1	5,418.1	4,277.3	-5.6
USES					
Personal Services and Employee Benefits	3,542.4	3,541.6	3,778.5	3,433.7	-3.0
Contractual Services	464.0	568.7	743.0	497.0	-12.6
Other	166.8	420.8	896.6	346.6	-17.6
TOTAL USES	4,173.2	4,531.1	5,418.1	4,277.3	-5.6
FTE					
Permanent	45.7	45.7	48.2	44.7	-2.2
Temporary	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	47.7	47.7	50.2	46.7	-2.1

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of performance targets in the General Appropriation Act, met (excluding this measure)	78%	61%	80%	80%	80%
* Output	Percent of department supervisory and managerial staff who completed targeted professional development training		new	new	5%	5%
Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues	50%	0%	25%	deleted	

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,726.5	1,338.1	2,457.3	1,012.2	-24.4
Federal Revenues	1,672.4	0.0	0.0	0.0	
Other Revenues	5,341.5	4,701.6	4,167.8	4,167.8	-11.4
Fund Balance	105.9	16.2	974.7	974.7	5,905.5
SOURCES TOTAL	8,846.3	6,055.9	7,599.8	6,154.7	1.6
USES					
Personal Services and Employee Benefits	4,705.7	4,518.1	5,088.7	4,565.3	1.0
Contractual Services	1,136.8	296.2	377.9	377.9	27.6
Other	1,629.8	1,241.6	2,133.2	1,211.5	-2.4
TOTAL USES	7,472.3	6,055.9	7,599.8	6,154.7	1.6
FTE					
Permanent	95.0	81.0	84.0	75.0	-7.4
TOTAL FTE POSITIONS	95.0	81.0	84.0	75.0	-7.4

BUDGET ISSUES:

For FY10, the overall Livestock Board request was \$7.6 million. This included a general fund request of \$2.4 million, a \$1.1 million, or 84 percent, increase over the FY09 general fund operating budget of \$1.3 million. The board also requested an additional \$5.1 million in program revenues and fund balance, a \$424 thousand, or 9 percent, increase over FY08.

The board chairman and the new executive director have resolved one of the major issues faced by the agency: the discontinuance of the board's meat inspection program. In January 2007, the U.S. Department of Agriculture (USDA), Food Safety and Inspection Service (FSIS), issued its comprehensive review results for the New Mexico Livestock Board's Meat and Poultry Inspection (MPI) Program. Under a federal-state agreement, New Mexico's program must enforce requirements "at least equal to" those imposed under the federal Meat and Poultry Products Inspection acts. However, an on-site review revealed a number of systemic deficiencies for which corrective actions were needed. After conducting follow-up activities to review the corrective actions, FSIS determined the board did not operate its program in accordance with federal requirements, and, in July 2007, federal inspectors assumed responsibility for the program. Because a portion of the general fund appropriation to the board was to support the Meat Inspection Program, including administrative costs, and was contingent on a dollar-for-dollar match of federal funds for the program, elimination of the state's meat inspection responsibility has resulted in discontinuation of approximately \$640 thousand in annual federal funding. Further, in the FY10 request, 2.5 FTE in the Meat Inspection Program have been moved to the Livestock Inspection Program, and the remaining 6 FTE in the Meat Inspection Program have been eliminated. The LFC recommendation reflects this reduction and, when coupled with the leveraging of agency revenues and fund balance, results in a general fund savings of \$326 thousand, or 24 percent, compared with the agency's FY09 operating budget level.

An ongoing committee concern relates to the board's fee structure. The Livestock Inspection and Administration programs are supported largely by revenues derived from a mill levy on livestock and from various licensing, inspection, and other livestock-related fees. These fees are deposited into the New Mexico Livestock Board operating fund and are nonreverting. The issue of inspection fees is controversial within the livestock industry, because it requires that producers pay a fee each time cattle is moved outside district boundaries defined by the board.

Some producers argue that inspection fees have a disproportionate impact on ranchers who graze cattle in different locations throughout the state. Ranchers with access to large land holdings or grazing allotments do not have to move cattle. The committee recommends the board re-evaluate existing fee structures and alternative funding sources to identify additional user revenues that might be applied to offset the costs related to animal cruelty or other investigative initiatives. It is important to note that fees represent roughly 84 percent of the agency's operational revenues.

Additionally, the agency should re-examine the property tax disparity between beef cattle (assessed at 10 mills per head) and dairy cattle (assessed at 5 mills per head), as well as the related matter of beef cattle head counts being largely self-reported by the owners. Dairy herds, generally assembled in one location, lend themselves to more realistic head counts by county assessors. While staff has requested the board to report on beef cattle mill levy compliance, the information is still being acquired by the board.

In September 2008, USDA reclassified the entire state of New Mexico as "modified accredited advanced" in an effort to reduce the likelihood of the spread of bovine tuberculosis within the United States. The new designation status was implemented because of an animal infected with bovine tuberculosis in Curry County earlier this year. The downgraded status means that cattle or bison moved interstate from anywhere in New Mexico will now have to meet testing requirements for states or zones designated as modified accredited advanced. To address this issue, the board received a \$500 thousand emergency loan from the New Mexico Board of Finance that will assist with costs to establish a split-state management zone. The board anticipates repaying the loan with a portion of a \$1.8 million special appropriation to be requested during the 2009 legislative session.

BASE EXPANSION:

For FY10, the board initially requested a 9 FTE expansion: 1 FTE assigned to accounting and bookkeeper responsibilities and 8 investigative FTE to be primarily assigned to animal cruelty investigations. However, subsequent to the FY10 budget submission, the agency director withdrew the expansion request citing limited state financial resources.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Request 8 FTE for the Livestock Program P685	993.4	0.0
2	1 FTE for the Accounting Department	52.8	0.0
TOTAL		1,046.2	0.0

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	910.3	946.6	2,250.7	858.4	-9.3
Federal Revenues	1,672.4	0.0	0.0	0.0	
Other Revenues	4,657.9	3,905.4	4,150.2	4,150.2	6.3
Fund Balance	12.6	12.6	300.0	300.0	2,275.3
SOURCES TOTAL	7,253.2	4,864.6	6,700.9	5,308.6	9.1
USES					
Personal Services and Employee Benefits	3,417.3	3,724.4	4,408.3	3,933.0	5.6
Contractual Services	1,096.8	252.1	340.5	340.5	35.1
Other	1,371.7	888.1	1,952.1	1,035.1	16.6
TOTAL USES	5,885.8	4,864.6	6,700.9	5,308.6	9.1
FTE					
Permanent	65.2	64.5	75.0	67.0	3.9
TOTAL FTE POSITIONS	65.2	64.5	75.0	67.0	3.9

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of road stops per month	82	36	90	60	60
* Efficiency	Average percentage of investigation findings completed within one month	50%	50%	65%	60%	60%
* Outcome	Number of livestock thefts reported per one thousand head inspected	2.0	1.2	1.0	1.0	1.0
* Outcome	Number of disease cases per one thousand head inspected			.05	.05	.05
Outcome	Percent of retail meat dealers holding valid licenses			55	55	55
Output	Number of on-site verifications of animal health, disease control and movement			3000	3000	3000

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	690.3	255.6	0.0	0.0	-100.0
Other Revenues	114.2	117.4	0.0	0.0	-100.0
Fund Balance	0.0	1.9	0.0	0.0	-100.0
SOURCES TOTAL	804.5	374.9	0.0	0.0	-100.0
USES					
Personal Services and Employee Benefits	758.7	195.2	0.0	0.0	-100.0
Contractual Services	10.9	6.7	0.0	0.0	-100.0
Other	108.4	173.0	0.0	0.0	-100.0
TOTAL USES	878.0	374.9	0.0	0.0	-100.0
FTE					
Permanent	21.8	8.5	0.0	0.0	-100.0
TOTAL FTE POSITIONS	21.8	8.5	0.0	0.0	-100.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of inspections where violations are found	2%	.5%	2%	0	0
Outcome	Number of violations resolved within one day	300	25	300	0	0
Output	Number of compliance visits made to approved establishments	9500	1000		0	0
Output	Number of compliance visits made to licensed establishments		25	300	0	0

ADMINISTRATION

The purpose of the administration program is to provide administrative and logistical services to employees.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	125.9	135.9	206.6	153.8	13.2
Other Revenues	569.4	678.8	17.6	17.6	-97.4
Fund Balance	93.3	1.7	674.7	674.7	39,588.2
SOURCES TOTAL	788.6	816.4	898.9	846.1	3.6
USES					
Personal Services and Employee Benefits	529.7	598.5	680.4	632.3	5.6
Contractual Services	29.1	37.4	37.4	37.4	0.0
Other	149.7	180.5	181.1	176.4	-2.3
TOTAL USES	708.5	816.4	898.9	846.1	3.6
FTE					
Permanent	8.0	8.0	9.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	9.0	8.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of payment vouchers processed	3,000	3,050	3,000	3,060	3,000
Outcome	Percent of vouchers processed within 10 business days	90%	80%	90%	90%	90%

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 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, 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 Administration, which provides agencywide 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 using 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)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	333.1	336.8	1,527.1	0.0	-100.0
Other Transfers	5.0	5.0	0.0	0.0	-100.0
Federal Revenues	10,925.3	12,417.2	12,272.9	10,942.5	-11.9
Other Revenues	22,472.8	21,153.2	24,790.1	24,703.9	16.8
Fund Balance	0.0	2,758.8	1,960.7	1,960.7	-28.9
SOURCES TOTAL	33,736.2	36,671.0	40,550.8	37,607.1	2.6
USES					
Personal Services and Employee Benefits	18,901.4	20,482.3	21,717.5	20,841.2	1.8
Contractual Services	2,794.6	3,545.5	4,392.5	3,762.5	6.1
Other	10,988.3	12,145.9	13,943.5	12,506.1	3.0
Other Financing Uses	392.1	497.3	497.3	497.3	0.0
TOTAL USES	33,076.4	36,671.0	40,550.8	37,607.1	2.6
FTE					
Permanent	289.0	289.0	311.0	294.0	1.7
Term	11.0	11.0	10.5	10.0	-9.1
Temporary	2.5	2.5	2.0	2.0	-20.0
TOTAL FTE POSITIONS	302.5	302.5	323.5	306.0	1.2

BUDGET ISSUES:

For FY10, DGF's overall base request of \$37.2 million represented a \$600 thousand increase over the FY09 operating budget of \$36.6 million. This included a base general fund level of \$336.8 thousand. However, the agency requested a general fund increase of nearly \$1.2 million in support of expansion items. In addition to general fund support, the agency is funded from fees, penalties, income from department-owned property, and federal revenues. In September 2008, the agency's vacancy rate was 7.4 percent; however, the recommendation takes no vacancy savings because there is no general fund support in the recommendation, and to permit the agency to pursue its initiatives without additional general fund impact.

The game protection fund is the department's operating fund and is its largest fund. It is nonreverting and sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crop sales, interest on investments, and land rental or lease income. The projected FY10 unreserved/undesignated fund balance is \$17.4 million. In recognition of the significant projected balance in the game protection fund – as well as to preserve the general fund – the recommendation replaces the \$336.8 thousand in general fund monies included in the agency's base request with other revenues.

The share with wildlife fund is a subsidiary account under the game protection fund and is a nonreverting fund that receives revenues from federal grants, gifts, hunting and fishing licenses, and various other sources, including donations through the state tax form check-off. Funds are used to assist endangered and at-risk wildlife, regardless of species. The projected FY10 unreserved/undesignated fund balance is \$991.8 thousand.

The Sikes Act fund is a nonreverting program that receives revenues from hunting and fishing licenses, interest on investments, miscellaneous revenue, and other financing sources. These funds are dedicated to habitat conservation and rehabilitation projects in the Conservation Services Program. The projected FY10 unreserved/undesignated fund balance is \$574.1 thousand.

The big game enhancement fund is a nonreverting subsidiary account under the game protection fund program that receives revenues from enhancement hunting permits for elk, deer, bighorn sheep, and Gould's turkey, as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration, and management of those species under the Sport Hunting and Fishing Program. The projected FY10 unreserved/undesignated fund balance is \$533.7 thousand.

The big game depredation damage fund is funded through the sale of big game depredation damage stamps on hunting licenses and earnings from the investment of the fund. Funds are used by the Wildlife Depredation and Nuisance Abatement Program to correct damage to federal, state, or private land caused by big game and to prevent such damage in the future. The projected FY10 unreserved/undesignated fund balance is \$227.7 thousand.

The habitat management fund is supported by a \$3 habitat management stamp included in the purchase of each hunting and fishing license or the wildlife-associated recreation permit started in FY06. Proceeds from the fund will be used to make habitat improvements and to develop and maintain properties owned by the State Game Commission. The projected FY10 unreserved/undesignated fund balance is \$1.9 million.

The primary issue facing the agency in FY10 will be the potential transfer of DGF properties within Pecos canyon to the State Parks Division of the Energy, Minerals and Natural Resources Department. Pecos canyon has been under the management of DGF for several years and currently DGF manages four campgrounds in the Canyon. However, the campgrounds have been neglected for several years and are in need of major improvements to be safe, be appealing to visitors, and protect fragile resources. Riparian vegetation, much limited in New Mexico, is degraded at all areas, producing a negative effect on many wildlife and plant species. Further, the lack of law enforcement presence in the canyon has been a major contributing factor to the deficient conditions of the canyon. While DGF lacks the expertise to administer these sites as campgrounds, State Parks is prepared to assume oversight of the Pecos Canyon properties and has included funding for the transfer in its FY10 budget request. However, the committee encourages DGF to continue to explore options to apply non-general fund revenues and fund balances in support of Pecos Canyon infrastructure projects.

The agency achieved superior performance levels for FY08 and all measured activities were either met or exceeded. In the Wildlife Depredation and Nuisance Abatement Program, the FY08 target to resolve 95 percent of complaints within one year was not achieved. However, in response to committee concerns, the agency appears to be working with landowners and offering intervention to help alleviate the depredation problem.

For FY10, the agency requested capital projects funding for six projects, with primary focus on replacement of the agency aircraft, the completion of the Rock Lake warm water fish hatchery, and bringing dams owned by the game commission into compliance with the state Dam Safety Bureau rules. The total capital outlay request was \$12.1 million in nonrecurring funds from the general fund (\$5.3 million), proceeds from severance tax bonds (\$5.5 million), and funds generated by hunters and anglers and federal sources (\$1.3 million). The committee recognizes the ability to direct additional game protection funds to dam repair and maintenance capital projects is limited and encourages the department to work closely with the State Engineer to coordinate and prioritize dam-related infrastructure and funding requests, as well as explore options to apply non-general fund revenues and fund balances to support infrastructure projects that benefit both agencies.

BASE EXPANSION:

The department presented an ambitious expansion request in the FY10 budget request, including 21 FTE and \$3.2 million in funding comprising \$1.2 million in general fund, \$1.6 million federal funds, and \$489 thousand in other revenues. The committee recommends a \$50.9 thousand federal funds increase to support one native aquatic fauna technician in the Conservation Program and a \$111.7 thousand federal and other funds increase to support three half-time employees at Rock Lake Hatchery and one outreach coordinator in support of youth outdoor activities.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	Energy Development Habitat Specialist	(P717)	196.8	0.0
02	CWCS SUPPORT	(P717)	1,200.0	0.0
03	Public Outreach Coordinator	(P716)	155.8	155.8
04	Wildlife Management Area Technicians	(P716)	159.9	0.0
05	6 Commissioned Officers	(P716)	613.6	0.0
06	NRCS Biologist	(P716)	158.0	0.0
07	Aquatic Researcher	(P717)	100.3	0.0
08	Rock Lake Hatchery Employee/Technicians	(P716)	87.3	87.3
08	Rock Lake Hatchery Permanent Employees	(P716)	0.0	0.0
09	Native Aquatic Fauna Technician	(P717)	95.9	95.9
10	Construction Project Manager	(P717)	147.5	0.0
11	Energy Development Coordinator	(P717)	100.4	0.0
12	Mexican Wolf Technician	(P717)	96.9	0.0
13	CWCS NM/Bison-M Database manager	(P717)	32.4	0.0
14	Loss Control Specialist	(P719)	57.9	0.0
15	State Wildlife/Land Sensitivity Plan	(P717)	60.0	0.0
16	Joint Management Programs	(P716)	10.0	0.0
17	Joint management Turkey	(P716)	10.0	0.0
18	<u>Convert Term to Perm status</u>	<u>(P719)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			3,282.7	339.0

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 that local and financial interests receive consideration.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	95.0	95.0	480.0	0.0	-100.0
Federal Revenues	7,783.0	8,644.9	8,162.6	7,996.6	-7.5
Other Revenues	11,824.3	10,893.9	12,809.8	12,504.3	14.8
Fund Balance	0.0	701.5	677.2	677.2	-3.5
SOURCES TOTAL	19,702.3	20,335.3	22,129.6	21,178.1	4.1
USES					
Personal Services and Employee Benefits	12,210.3	13,009.6	13,825.9	13,364.8	2.7
Contractual Services	1,029.8	1,290.2	1,330.7	1,320.7	2.4
Other	4,979.1	5,538.2	6,475.7	5,995.3	8.3
Other Financing Uses	392.1	497.3	497.3	497.3	0.0
TOTAL USES	18,611.3	20,335.3	22,129.6	21,178.1	4.1
FTE					
Permanent	193.0	193.0	206.0	196.0	1.6
Term	2.0	2.0	2.0	2.0	0.0
Temporary	2.0	2.0	1.5	1.5	-25.0
TOTAL FTE POSITIONS	197.0	197.0	209.5	199.5	1.3

		PERFORMANCE MEASURES				
		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Acres of accessible sportsperson opportunity through the open gate program				60,000	60,000
* Outcome	Percent of anglers satisfied with opportunity and success			80%	80%	80%
* Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	165,544	169,011	165,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	83%	83%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	410,579	451,337	425,000	425,000	425,000
Output	Number of mentored or youth hunting opportunities			50	2,000	2,000
Output	Acres of private land enrolled in access programs, open gate			60,000		
Outcome	Angler opportunity and success	83%	82%	80%		

CONSERVATION SERVICES

The 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)

		FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
				Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	238.1	241.8	989.2	0.0	-100.0
	Other Transfers	5.0	5.0	0.0	0.0	-100.0
	Federal Revenues	2,794.5	3,534.0	3,810.3	2,645.9	-25.1
	Other Revenues	4,413.1	2,758.8	4,230.6	4,449.9	61.3
	Fund Balance	0.0	1,319.7	638.5	638.5	-51.6
	SOURCES TOTAL	7,450.7	7,859.3	9,668.6	7,734.3	-1.6
USES						
	Personal Services and Employee Benefits	2,428.4	2,671.5	3,058.2	2,681.9	0.4
	Contractual Services	1,163.1	1,540.4	2,225.4	1,605.4	4.2
	Other	3,380.9	3,647.4	4,385.0	3,447.0	-5.5
	TOTAL USES	6,972.4	7,859.3	9,668.6	7,734.3	-1.6
FTE						
	Permanent	32.0	32.0	39.0	33.0	3.1
	Term	8.0	8.0	8.5	8.0	0.0
	Temporary	0.5	0.5	0.5	0.5	0.0
	TOTAL FTE POSITIONS	40.5	40.5	48.0	41.5	2.5

		PERFORMANCE MEASURES				
		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of state threatened and endangered species studied and conserved through recovery planning and the comprehensive wildlife conservation strategy for New Mexico				35	35
* Output	Number of recreational days of access provided by the gaining access into nature project			10,000	10,000	10,000
* Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	110,621	132,000	100,000	100,000	100,000
Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	69	77	35		
Outcome	Number of gaining access into nature opportunities offered	20	45			

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	1,107.9	967.9	1,054.7	1,054.7	9.0
Fund Balance	0.0	237.6	145.0	145.0	-39.0
SOURCES TOTAL	1,107.9	1,205.5	1,199.7	1,199.7	-0.5
USES					
Personal Services and Employee Benefits	304.2	349.5	329.7	329.7	-5.7
Contractual Services	101.7	128.7	130.7	130.7	1.6
Other	651.0	727.3	739.3	739.3	1.6
TOTAL USES	1,056.9	1,205.5	1,199.7	1,199.7	-0.5
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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	98%	91%	95%	95%	95%
Output	Number of wildlife complaints responded to			100	100	100
Output	Number of educational publications distributed with a message about minimizing potentially dangerous encounters with wildlife				250,000	250,000

ADMINISTRATION

The purpose of the administration program is 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	57.9	0.0	
Federal Revenues	347.8	238.3	300.0	300.0	25.9
Other Revenues	5,127.5	6,532.6	6,695.0	6,695.0	2.5
Fund Balance	0.0	500.0	500.0	500.0	0.0
SOURCES TOTAL	5,475.3	7,270.9	7,552.9	7,495.0	3.1
USES					
Personal Services and Employee Benefits	3,958.5	4,451.7	4,503.7	4,464.8	0.3
Contractual Services	500.0	586.2	705.7	705.7	20.4
Other	1,977.3	2,233.0	2,343.5	2,324.5	4.1
TOTAL USES	6,435.8	7,270.9	7,552.9	7,495.0	3.1
FTE					
Permanent	59.0	59.0	61.0	60.0	1.7
Term	1.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	60.0	60.0	61.0	60.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Percent of special hunt applications processed without error			99.8%	99.8%	99.8%
Outcome	Percent of vacancies filled within one hundred twenty days of occurrence			75%	75%	75%
Output	Percent of vacancies filled within one hundred eighty days of occurrence	85%	81%	75%		
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	95%		95%		
Quality	Percent error rate in processing special hunt applications	<1%	<1%			
Output	Number of contacts made to increase department diversity	33,644				

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	25,923.5	27,388.3	29,771.0	25,611.0	-6.5
Other Transfers	3,223.5	2,918.6	2,962.3	2,962.3	1.5
Federal Revenues	14,496.5	25,492.2	18,870.6	18,870.6	-26.0
Other Revenues	15,097.4	13,422.7	14,621.0	16,096.0	19.9
Fund Balance	828.5	1,967.7	5,927.4	6,127.4	211.4
SOURCES TOTAL	59,569.4	71,189.5	72,152.3	69,667.3	-2.1
USES					
Personal Services and Employee Benefits	29,106.2	31,210.1	33,200.5	31,545.5	1.1
Contractual Services	7,270.5	12,422.6	14,533.5	14,506.0	16.8
Other	16,795.9	22,993.5	20,219.5	19,417.0	-15.6
Other Financing Uses	3,123.6	4,563.3	4,198.8	4,198.8	-8.0
TOTAL USES	56,296.2	71,189.5	72,152.3	69,667.3	-2.1
FTE					
Permanent	434.0	436.0	459.0	439.0	0.7
Term	42.0	42.0	42.0	42.0	0.0
Temporary	48.0	48.0	50.0	48.0	0.0
TOTAL FTE POSITIONS	524.0	526.0	551.0	529.0	0.6

BUDGET ISSUES:

For FY10, the agency's overall base request of \$70.1 million represented a \$1 million decrease from the FY09 operating budget of \$71.1 million, due primarily to a reduction in the federal funds category. However, included in the base request was an \$800 thousand general fund increase over the FY09 general fund level of \$27.4 million. The agency also requested \$1.6 million in general fund expansion. While the agency applied vacancy rates in selected programs, additional vacancy savings were applied to the Program Leadership and Oil and Gas Conservations programs. The total FY10 general fund recommendation of \$25.6 million represents a \$1.7 million, or 6.5 percent, reduction from the FY09 general fund level of \$27.3 million.

Based on the agency's historical budget adjustment authority (BAR) activity, the FY10 recommendation budgets \$400 thousand in the Oil and Gas Conservation and Healthy Forests programs. Additionally, fund balance has been applied in the Oil and Gas Conservation (\$125 thousand from the oil reclamation fund) and State Parks programs (\$200 thousand from the state parks fund).

One of the central issues facing the agency in FY10 will be the transfer of Department of Game and Fish (DGF) properties within Pecos Canyon to the agency's State Parks program. Pecos Canyon has been under the management of DGF for several years and currently DGF manages four campgrounds in the canyon. However, the campgrounds have been neglected for several years and are in need of major improvements to be safe, appeal to visitors, and protect fragile resources. Riparian vegetation, limited in New Mexico, is degraded at all areas, producing a negative effect upon many wildlife and plant species. Further, the lack of law enforcement presence in the canyon has been a major contributing factor to the deficient conditions of the canyon. While DGF lacks the expertise to administer these sites as campgrounds, State Parks is prepared to assume oversight of the Pecos Canyon properties and has included funding for the transfer in their FY10 budget request. Agency efforts will be primarily directed to the acquisition and revitalization of the Clancy, Terrero, Koch, and Mora campground areas.

The Oil and Gas Conservation Program continues to generate acrimony with regulations that require industry operators to employ a "closed-loop" drilling system, use storage tanks to separate liquids and solids, line pits, and transport waste offsite for disposal. While the committee supports the agency's environmental efforts to maintain the integrity of clean groundwater supplies, it encourages the agency to continue to evaluate the economic impact on industry operations.

The agency indicates that the primary cause for the significant difference in the FY09 operating budget and FY10 request is related to multi-year federal grants and the related contractual obligations against these grants. Further, with the exception of Renewable Energy and Energy Efficiency, which experienced a significant direct reduction in federal funding, the difference is primarily attributable to the process of fully encumbering multi-year federal grant commitments and unknown carryover amounts.

The agency achieved superior performance levels for FY08 and, generally, all measured activities either met or exceeded most target levels. In the State Parks Program, the FY08 target of 4 million annual visitors was surpassed by 500,000 visitors, while the FY08 target of 2,500 interpretive programs available to park visitors was exceeded by 324 programs. In the Oil and Gas Conservation Program, the FY08 target of 25 percent of inventoried orphaned wells plugged annually was exceeded by 12 percent; while in the Healthy Forest program the FY08 target of 500 nonfederal wildland firefighters provided technical fire training was exceeded by 260 firefighters.

BASE EXPANSION:

The agency requested \$2 million in recurring appropriations, \$1.6 million from the general fund, and a 25 FTE expansion distributed among the State Parks, Healthy Forests, Mine Reclamation, and Oil and Gas Conservation programs. The committee recommends a 3 FTE expansion in the State Parks program to begin operations at Pecos Canyon State Park and encourages the agency to realign existing personnel or convert vacant FTE to meet additional program requirements. The committee also recommends \$85 thousand from the general fund expansion for the Renewable Energy and Energy Efficiency program to offset the loss of federal funds.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	ECMD - GF Operating Costs	(P740)	250.0	85.0
2	Mining Act Reclamation Program	(P743)	80.4	0.0
3	Oil and Gas Conserv - Ground Water Protection	(P744)	597.0	0.0
4	4 - Man Park FTE Expansion	(P742)	419.5	0.0
5	Pecos Canyon	(P742)	598.0	175.0
6	Critical Staff - Law Enforcement Program	(P741)	83.2	0.0
TOTAL			2,028.1	260.0

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; use 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)

	FY08	FY09	FY10 - 2009-2010		Percent Incr (Decr)
	2007-2008 <u>Actuals</u>	2008-2009 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,186.2	1,233.3	1,484.9	1,319.9	7.0
Other Transfers	22.7	0.0	0.0	0.0	
Federal Revenues	887.9	800.7	184.7	184.7	-76.9
Fund Balance	358.9	0.0	0.0	0.0	
SOURCES TOTAL	2,455.7	2,034.0	1,669.6	1,504.6	-26.0
USES					
Personal Services and Employee Benefits	1,261.3	1,407.7	1,376.6	1,376.6	-2.2
Contractual Services	840.0	382.7	75.5	63.3	-83.5
Other	331.7	243.6	217.5	64.7	-73.4
Other Financing Uses	22.7	0.0	0.0	0.0	
TOTAL USES	2,455.7	2,034.0	1,669.6	1,504.6	-26.0
FTE					
Permanent	13.0	13.0	13.0	13.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of retail electricity sales from investor-owned utilities in New Mexico from renewable energy sources			10%	10%	10%
* Output	Number of inventoried clean energy projects evaluated annually			50	50	50
* Outcome	Percent reduction in energy use in public facilities receiving energy efficiency retrofit projects through the Energy Efficiency and Renewable Energy Bonding Act, the Public Facilities Energy Efficiency Act, the Water Conservation Act or the clean energy projects program	10%	10%	15%	15%	15%
Outcome	Percent of total transportation fuels used by state agencies that are produced from renewable sources			10%		
Explanatory	Annual utility costs for state-owned buildings in dollars	13,150,000	15,450,000			
Outcome	Percent of inventoried alternative energy projects evaluated annually		30%			
Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	15%	15%			

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)

	<u>FY08</u> <u>2007-2008</u> <u>Actuals</u>	<u>FY09</u> <u>2008-2009</u> <u>Budgeted</u>	<u>FY10 - 2009-2010</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	3,534.6	3,863.0	4,302.9	4,103.8	6.2
Other Transfers	151.3	0.0	0.0	0.0	
Federal Revenues	5,993.8	8,438.0	4,329.4	4,329.4	-48.7
Other Revenues	624.3	414.2	471.1	621.1	50.0
Fund Balance	0.0	116.1	90.0	90.0	-22.5
SOURCES TOTAL	10,304.0	12,831.3	9,193.4	9,144.3	-28.7
USES					
Personal Services and Employee Benefits	4,571.6	4,334.0	4,654.8	4,615.9	6.5
Contractual Services	1,175.9	2,305.2	1,039.5	1,039.5	-54.9
Other	4,393.9	6,192.1	3,499.1	3,488.9	-43.7
TOTAL USES	10,141.4	12,831.3	9,193.4	9,144.3	-28.7
FTE					
Permanent	57.0	59.0	60.0	59.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	68.0	70.0	71.0	70.0	0.0

PERFORMANCE MEASURES

		<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Budget</u>	<u>FY10</u> <u>Request</u>	<u>FY10</u> <u>Recomm</u>
* Output	Number of acres restored in New Mexico's forests and watersheds			8,000	8,000	8,000
* Outcome	Percent of at-risk communities participating in collaborative wildfire protection planning	23.5%	40%	25%	25%	25%
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,201	760	500	500	500
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries	0	0			

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	12,861.3	13,308.8	13,906.8	11,483.9	-13.7
Other Transfers	2,914.4	2,620.3	2,620.0	2,620.0	0.0
Federal Revenues	3,341.1	8,575.3	6,589.8	6,589.8	-23.2
Other Revenues	9,848.7	8,619.9	9,311.2	10,111.2	17.3
Fund Balance	272.0	1,851.6	3,337.4	3,537.4	91.0
SOURCES TOTAL	29,237.5	34,975.9	35,765.2	34,342.3	-1.8
USES					
Personal Services and Employee Benefits	12,779.6	13,922.8	14,865.3	14,195.6	2.0
Contractual Services	1,617.5	3,667.8	4,455.0	4,455.0	21.5
Other	10,371.8	14,726.2	13,976.1	13,222.9	-10.2
Other Financing Uses	2,460.5	2,659.1	2,468.8	2,468.8	-7.2
TOTAL USES	27,229.4	34,975.9	35,765.2	34,342.3	-1.8
FTE					
Permanent	239.0	239.0	255.0	242.0	1.3
Term	6.0	6.0	6.0	6.0	0.0
Temporary	48.0	48.0	50.0	48.0	0.0
TOTAL FTE POSITIONS	293.0	293.0	311.0	296.0	1.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of visitors satisfied with state parks			80%	80%	80%
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.935	\$0.89	\$0.87	\$0.87	\$0.87
* Output	Number of interpretive programs available to park visitors	2,415	2,824	2,600	2,600	2,600
* Explanatory	Number of visitors to state parks	4,031,352	4603901	4,000,000	4,000,000	4,000,000
Output	Number of acres added to state parks			40	40	40
Output	Miles added to state parks trails and the Rio Grande trail			20	20	20
Output	Number of persons who complete a certified New Mexico boating safety education course			800	800	800
Outcome	Percent completion of new parks and park expansion projects receiving appropriations	45%	0%			

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	460.3	519.9	657.4	514.4	-1.1
Federal Revenues	2,535.8	4,602.6	4,842.7	4,842.7	5.2
Other Revenues	710.9	920.8	814.6	964.6	4.8
Fund Balance	197.6	0.0	0.0	0.0	
SOURCES TOTAL	3,904.6	6,043.3	6,314.7	6,321.7	4.6
USES					
Personal Services and Employee Benefits	2,486.9	2,702.0	2,806.1	2,733.7	1.2
Contractual Services	1,088.3	2,876.2	3,047.2	3,036.9	5.6
Other	329.4	465.1	461.4	551.1	18.5
TOTAL USES	3,904.6	6,043.3	6,314.7	6,321.7	4.6
FTE					
Permanent	16.0	16.0	17.0	16.0	0.0
Term	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	32.0	31.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Percent of abandoned uranium mines with current site assessments			20%	20%	20%
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	97.5%	96%	100%	100%	100%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	100%	99%	100%	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, dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,433.0	4,496.2	5,321.1	4,555.5	1.3
Other Transfers	85.1	80.0	128.5	128.5	60.6
Federal Revenues	544.5	512.1	544.6	544.6	6.3
Other Revenues	3,913.5	3,467.8	4,024.1	4,399.1	26.9
Fund Balance	0.0	0.0	2,500.0	2,500.0	
SOURCES TOTAL	8,976.1	8,556.1	12,518.3	12,127.7	41.7
USES					
Personal Services and Employee Benefits	4,296.8	4,658.6	5,179.9	4,651.3	-0.2
Contractual Services	2,517.5	3,167.9	5,898.2	5,893.2	86.0
Other	955.8	625.4	1,321.8	1,464.8	134.2
Other Financing Uses	104.9	104.2	118.4	118.4	13.6
TOTAL USES	7,875.0	8,556.1	12,518.3	12,127.7	41.7
FTE					
Permanent	63.0	63.0	68.0	63.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	68.0	68.0	73.0	68.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent increase in the amount of water diverted from disposal for other uses			10%	10%	10%
* Output	Number of inspections of oil and gas wells and associated facilities	24,400	35,169	23,500	23,500	23,500
Output	Percent of inactive wells at the beginning of the fiscal year plugged under a plugging order, properly temporarily abandoned or returned to production by the end of the fiscal year				10%	10%
Output	Number of inactive wells			120		
Outcome	Percent of inventoried orphaned wells plugged annually	22%	39%			
Explanatory	Number of inventoried orphaned wells statewide	120	40			
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer-impact activities	n/a	1			
Efficiency	Percent of applications for administrative orders reviewed within thirty days	80%				

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 their goals.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,448.1	3,967.1	4,097.9	3,633.5	-8.4
Other Transfers	50.0	218.3	213.8	213.8	-2.1
Federal Revenues	1,193.4	2,563.5	2,379.4	2,379.4	-7.2
SOURCES TOTAL	4,691.5	6,748.9	6,691.1	6,226.7	-7.7
USES					
Personal Services and Employee Benefits	3,710.0	4,185.0	4,317.8	3,972.4	-5.1
Contractual Services	31.3	22.8	18.1	18.1	-20.6
Other	413.3	741.1	743.6	624.6	-15.7
Other Financing Uses	535.5	1,800.0	1,611.6	1,611.6	-10.5
TOTAL USES	4,690.1	6,748.9	6,691.1	6,226.7	-7.7
FTE					
Permanent	46.0	46.0	46.0	46.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	49.0	49.0	49.0	49.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	38	54	40	40	40
Outcome	Percent of prior-year financial audit findings resolved	n/a	100%	100%	100%	100%
Outcome	Percent of time local area computer network is available	95%	97%	95%		

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,885.8	2,778.9	2,936.5	2,885.8	3.8
Fund Balance	0.0	0.7	979.3	979.3	139,800.0
SOURCES TOTAL	2,885.8	2,779.6	3,915.8	3,865.1	39.1
USES					
Personal Services and Employee Benefits	163.8	150.5	200.0	149.3	-0.8
Contractual Services	2,183.8	2,512.4	3,605.4	3,605.4	43.5
Other	44.6	66.7	60.4	60.4	-9.4
Other Financing Uses	50.0	50.0	50.0	50.0	0.0
TOTAL USES	2,442.2	2,779.6	3,915.8	3,865.1	39.1
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
Term	0.0	0.0	1.0	0.0	
TOTAL FTE POSITIONS	2.0	2.0	3.0	2.0	0.0

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 funded with government gross receipt tax revenues and fund balances from the youth conservation corps fund.

For FY10, the agency requested a base budget of \$3.9 million, a \$1.1 million increase over its FY09 operating budget level. Of this amount, \$3.6 million is reflected in the contractual services category where it will be directly applied as grants to local government agencies, non-profit organizations, and Native American tribes and pueblos.

The Legislature in 1994 (Section 7-1-6.38 NMSA 1978) authorized distribution of 25 percent of governmental gross receipts tax to the public project revolving fund for state park capital improvements and to implement the Youth Conservation Corp Act (YCCA). Forty percent is appropriated to implement the provisions of the YCCA and the remaining 60 percent is appropriated for "state park and recreation area capital improvements, to include the cost of planning, engineering, design, construction, renovation, repair, equipment and furnishings." The projected FY10 unreserved or undesignated YCC fund balance is \$797.5 thousand, and although these funds could be applied to offset general fund requirements in the State Parks Program, the 60 percent limit on the parks portion precludes realignment of the funds. To address this issue, the committee recommends that the full Legislature consider amending Section 7-1-6.38 NMSA 1978 to reduce the 40 percent YCC portion to 20 percent, and raise the state parks percentage from 60 percent to 80 percent. With additional funding, the State Parks Program can expand the planning, engineering, design and construction, of new state park facilities – such as Pecos Canyon State Park – with substantially less general fund impact.

In FY08, YCC solicited proposals and subsequently awarded 40 grants in support of activities throughout the state including the Village of Columbus (\$124 thousand), the Santa Fe Children's Museum (\$56 thousand), the Navajo Preparatory School (\$63 thousand), Wagon Mound Public Schools (\$35 thousand), and the Forest Guild (\$149 thousand), which initiated projects in Grant, Mora, Rio Arriba, San Miguel, Sandoval, Taos and Torrance counties. A total of 754 youth were employed by the various projects.

While grant proposals vary in accordance with location and funding criteria, examples of previously supported projects include the design and construction of a tile mosaic at the Albuquerque Convention Center, the restoration of a historic mercantile store owned by the town of Tatum, installation of erosion control measures along the Santa Fe River, and the preservation of archaeological sites at Santa Clara Pueblo.

BASE EXPANSION:

The agency requested a 1 FTE expansion, with the position to be assigned administrative support functions. The committee does not support the expansion.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Administrative Assistant</u>	<u>(P688)</u>	<u>50.7</u>	<u>0.0</u>
TOTAL			50.7	0.0

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps is to provide funding for the employment of New Mexicans between the age of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of youth employed annually	625	730	625	900	900
* Outcome	Percent of projects completed within one year			95%	95%	95%
Outcome	Percent of grant awards used toward wages for corps members		68%	75%	70%	70%
Outcome	Percent of projects completed during the year	95%	100%			
Output	Number of cash bonuses and tuition vouchers awarded	18	8			
Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	32	31			

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	157.9	162.0	231.4	162.0	0.0
Other Transfers	0.0	0.0	0.0	20.0	
Other Revenues	20.0	0.0	0.0	0.0	
Fund Balance	0.0	20.2	0.0	0.0	-100.0
SOURCES TOTAL	177.9	182.2	231.4	182.0	-0.1
USES					
Personal Services and Employee Benefits	104.9	108.6	164.7	115.3	6.2
Contractual Services	4.0	63.0	5.0	5.0	-92.1
Other	69.0	10.6	61.7	61.7	482.1
TOTAL USES	177.9	182.2	231.4	182.0	-0.1
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	2.0	0.0

BUDGET ISSUES:

In 1996, the state agency coordinating the ceremonial was abolished and a nonprofit board was established. After the board encountered financial difficulty, the Intertribal Ceremonial Office (ICO) was re-established in 2005 as a state level agency to provide stability for the event. The nonprofit remains active helping coordinate the event, collecting fees, and identifying sponsors.

In FY07, ICO was appropriated \$175 thousand from the general fund for operational expenses; however, in FY08 and FY09 the general fund was reduced to \$157.9 thousand and \$162 thousand, respectively. The general fund reduction was offset with fund balances. The agency has exhausted its fund balance.

The agency performance data shows a reduction in the number of tickets sold in FY08 and no growth in the dollar value and number of sponsorships.

In light of the weaker ticket sales and no growth in sponsorships, the committee recommends a relatively flat budget. The general fund recommendation remains at the FY09 operating budget level; however, the committee recommends an interagency transfer of \$20 thousand from the Tourism Department's Tourism Development Program to replace the fund balance revenue in the operating budget. The Tourism Development Program provides grants, in-kind support, and matching dollars to New Mexico communities, including tribal governments, to develop and expand new or existing tourism assets. Additionally, the Legislature in 2008 appropriated \$1 million for cooperative marketing which could also be used to help promote the ceremonial.

BASE EXPANSION:

For FY10, the agency requested a \$49.4 thousand general fund increase to support a business operation specialist. The committee does not recommend the position at this time but encourages ICO to use the administrative support that the Tourism Department is statutorily obliged to provide.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	<u>Business ops specialist</u>	<u>(P764)</u>	<u>49.4</u>	<u>0.0</u>
TOTAL			49.4	0.0

INTERTRIBAL CEREMONIAL OFFICE

The purpose of the intertribal ceremonial office is to aid in the planning, coordination and development of an intertribal ceremonial event in coordination with the Native American population in order to host a successful event.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of intertribal ceremonial tickets sold	12,966	6,337	16,000	7,000	7,000
Output	Dollar value of sponsorships	\$132,700	\$132,700	\$150,000	\$150,000	\$150,000
Outcome	Percent of operating revenue from sources other than the general fund	0%	10%	10%	10%	10%
Output	Number of sponsorships	75	75	100	100	100

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 three primary divisions: Surface Resources Management; Oil, Gas, and Mineral Resources; and Administrative Services.

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	19,102.5	13,966.2	14,036.9	13,966.2	0.0
SOURCES TOTAL	19,102.5	13,966.2	14,036.9	13,966.2	0.0
USES					
Personal Services and Employee Benefits	9,935.9	10,500.9	10,606.9	10,606.9	1.0
Contractual Services	695.7	858.2	763.9	693.2	-19.2
Other	2,087.3	2,104.4	2,094.4	2,094.4	-0.5
Other Financing Uses	517.1	502.7	571.7	571.7	13.7
TOTAL USES	13,236.0	13,966.2	14,036.9	13,966.2	0.0
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:

The agency's FY10 request of \$13.9 million was solely other program revenue from the Land Office maintenance fund. Surplus balances of the maintenance fund are distributed to beneficiaries, including schools. So, indirectly, agency spending reduces general fund revenue.

For FY10, the agency anticipates revenues of \$456.4 million, primarily drawn from royalties on oil and gas and other minerals but also from rental payments from leases and right-of-way easements. FY10 distributions to beneficiaries are projected to be \$441.8 million.

The agency's initial FY10 request included a half percent increase over FY09 to fund increased information technology costs. However, in October, the commissioner revised the request downward based on the state's revised revenue estimates and the recommendation is flat relative to FY09.

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 re-purchase the royalty interests pursuant to the agreements.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support 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>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY10</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Total trust revenue generated, in millions	\$475.8	\$546.3	\$433.8	\$456.4	\$456.4
* Outcome	Bonus income per leased acre from oil and gas activities	256.84	\$285.59	\$297.43	\$300.00	\$300.00
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	15.4	\$2.7	\$3.5	\$3.5	\$3.5
* Output	Average income per acre from oil, natural gas and mineral activities	\$146.23	\$177.1	\$141.29	\$200.00	\$200.00
* Output	Average income per acre from agriculture leasing activities	\$.88	\$.82	\$.82	\$.86	\$.86
* Output	Average income per acre from commercial leasing activities	\$16.25	\$12.06	\$12.50	\$12.68	\$12.68
* Output	Percent of total trust revenue generated allocated to beneficiaries	97%	98%	97%	97%	97%
Output	Number of acres restored to desired conditions for future sustainability			4000	4,100	4,100
Output	Percent of active lease and attachment documents imaged			14%	14.5%	14.5%
Output	Number of lease and attachment documents imaged	546,000	179,096	300,000		

STATUTORY AUTHORITY:

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are 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:

The mission of the OSE is 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	25,387.5	25,842.4	31,676.4	23,046.3	-10.8
Other Transfers	20,002.7	11,902.2	9,347.3	16,012.1	34.5
Federal Revenues	310.2	0.0	0.0	0.0	
Other Revenues	11,022.4	8,792.9	9,234.8	9,234.8	5.0
Fund Balance	929.1	1,078.4	604.5	3,869.3	258.8
SOURCES TOTAL	57,651.9	47,615.9	50,863.0	52,162.5	9.5
USES					
Personal Services and Employee Benefits	23,877.9	24,480.1	25,112.2	24,325.1	-0.6
Contractual Services	7,698.6	8,794.0	10,054.7	9,027.5	2.7
Other	5,722.9	5,324.2	6,531.1	6,380.1	19.8
Other Financing Uses	14,189.4	9,017.6	9,165.0	12,429.8	37.8
TOTAL USES	51,488.8	47,615.9	50,863.0	52,162.5	9.5
FTE					
Permanent	354.5	354.5	366.5	354.5	0.0
TOTAL FTE POSITIONS	354.5	354.5	366.5	354.5	0.0

BUDGET ISSUES:

For FY10, OSE's overall base request of \$48.1 million represented a \$500 thousand increase over the FY09 operating budget of \$47.6 million. This increase is primarily attributable to the costs of fuel, maintenance and building rental. The request also included general fund expansion of \$5.8 million, a 12 FTE expansion, and reflected an across programs average vacancy savings rate of 7.4 percent.

Approximately one-half of the general fund expansion request is in the Litigation and Adjudication Program used to replace \$2.9 million in severance tax bond proceeds for adjudication in FY09. This appropriation is drawn from the interpretation of Laws 2005, Chapter 293 (House Bill 1110), which allows 10 percent of all funds in the water project fund to be used for water rights adjudication. The LFC recommendation continues the past practice with \$3.4 million in HB1110 funding recommended in the Litigation and Adjudication program.

Under the Rio Grande interstate compact, New Mexico is obligated to deliver a certain quantity of water annually to Texas at Elephant Butte Reservoir. In 2001 through 2003, following several years of drought, a pilot channel was excavated through 25 miles of the exposed sediment delta of Elephant Butte Reservoir to ensure that flows of the Rio Grande would reach the active pool within Elephant Butte Reservoir and thus contribute to the Rio Grande compact delivery obligations. The ISC has historically

addressed pilot channel maintenance through either capital outlay or special appropriations. Maintaining the pilot channel on an annual basis is the only means to efficiently and inexpensively convey New Mexico's Rio Grande compact delivery water through dry portions of the delta to the active reservoir pool. The committee recommends a \$1 million appropriation from the irrigation works construction fund (IWCF); this project meets the criteria associated with the fund.

OSE continues to focus on adjudication of water rights, the legal process for establishing a right to use certain waters, determining a priority date, and quantifying the extent of the water right. While the State Engineer may institute the adjudication process, New Mexico has no "preferred" or "generally accepted" procedure for adjudicating water rights, a situation that gives rise to numerous collateral problems: no evident progress or slow progress in adjudication, no statutory basis for adjudication leading to inconsistent application of rules, the perception the State Engineer has an adversarial relationship with the public, and confusion on the part of the public as to how to respond to the State Engineer's processes. Agency performance data seem to support this conclusion, noting that, for FY06 to FY08, the percentage of water rights adjudications with judicial determinations rose only from 41 percent to 43 percent.

The next major adjudication for New Mexico will be the Middle Rio Grande, with an estimated 180,000 water rights claimants. OSE projects the adjudication may take 40 years, with total costs running to some \$240 million. In response to committee concerns, in October 2008, the Administrative Office of the Courts (AOC), after numerous meetings with OSE, suggested procedures to expedite the Middle Rio Grande adjudication and to adjudicate water rights judicially, rather than administratively. Recommendations include replacing the hydrographic survey with a "claims-based" system for identifying and evaluating water rights, changing the OSE's role in an adjudication from that of a party to a neutral expert, limiting the amount of time for a claimant to raise objections to the OSE's evaluation of its claim, and creating a constitutionally sufficient system for notifying water rights claimants of all developments in an adjudication.

No decision should be made about whether the AOC's approach, or any other proposed approach, to adjudicating water rights is preferable without a fully informed understanding of the implications of all approaches. OSE requested 4 FTE and \$261.3 thousand for a Middle Rio Grande Bureau in the Litigation and Adjudication Program. However, OSE has a number of vacant positions, specifically the 9 vacant FTE reflected in the litigation program's September 2008 vacancy report, that might be reassigned to this effort.

For FY10 the agency requested a total of \$8.2 million from the IWCF. The committee recommends an additional appropriation of \$3.2 million in fund balance from the IWCF and notes that FY10 projected unreserved undesignated fund balance remains at \$14.5 million. Additionally, it should be noted that due to accounting procedures, the budgeting of the \$3.2 million IWCF fund balance in the recommendation results in a double count of revenues and expenditures: first when the funds are appropriated from the IWCF and a second time when they are appropriated into a particular program. While the LFC recommendation reflects total sources and uses of \$52.3 million, for operational purposes the actual number is \$49.1 million.

BASE EXPANSION:

For FY10 the agency requested expansion of 12 FTE and \$5.8 million from the general fund. In the Water Resource Allocation Program (WRAP), the agency requested an expansion of \$421.8 thousand from the general fund and 6 FTE. The committee does not support the request and encourages the agency to realign existing personnel or convert vacant FTE to meet program requirements. In the Interstate Stream Compact Compliance Program (ISC), the committee does not support the \$645 thousand general fund increase for water planning; however, it does support recurring funding for the Elephant Butte pilot channel with \$1 million from the IWCF. In the Litigation and Adjudication Program (LAP), as discussed above, the committee does not support requests to replace House Bill 1110 funding with general fund monies, or a general fund increase for a 4 FTE expansion associated with Middle Rio Grande adjudications. In Program Support (PSP), the committee does not support the 2 FTE expansion for information technology applications associated with the Active Water Resource Management plan. Again, the committee encourages the agency to realign existing personnel or convert vacant FTE to meet program requirements.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program:

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of Rio Grande income fund and one million six hundred twenty thousand one hundred dollars (\$1,620,100) from the New Mexico irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred seventy-nine thousand one hundred dollars (\$779,100) from the improvement of the Rio Grande income fund and seven million two hundred fifty-six thousand one hundred dollars (\$7,256,100) from the irrigation works construction 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 28, 2013, and from contractual reimbursements associated with state engineer use of the revenue 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.

Revenue from the sale of water to United States government agencies by New Mexico resulting from litigation settlement between New Mexico and the United States implemented by the conservation water agreement dated June 29, 2001, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for use as required by the conservation water agreement.

The other state funds appropriations 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 balances remaining at the end of fiscal year 2010 from this appropriation shall revert to the game protection fund.

The appropriations to the interstate stream compact compliance and water development program of the state engineer include (1) one million nine hundred thousand dollars (\$1,900,000) to (a) 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 allocated to one acequia per fiscal year, and for (b) the construction, improvement, repair and protection from floods of dams, reservoirs, ditches, flumes and appurtenances of community ditches in the state through the interstate stream commission 80/20 program, provided that not more than one hundred twenty thousand dollars (\$120,000) of this appropriation shall be used for any one community ditch and that state funds other than loans may be used to meet the association's twenty percent share of the total cost of the project; and (2) two hundred thousand dollars (\$200,000) for engineering services for approved acequia projects.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequia, 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.

The interstate stream commission's authority to make loans from the New Mexico irrigation works construction fund includes two million dollars (\$2,000,000) to irrigation districts, acequias, conservancy districts and soil and water conservation districts for purchase and installation of meters and measuring equipment. The maximum loan term is five years.

The other state funds appropriations to the interstate stream compact compliance and water development program of the state engineer in the other category include eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operation.

For the Litigation and Adjudication Program:

The internal service funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include one million nine hundred thirteen thousand dollars (\$1,913,000) from the New Mexico irrigation works construction fund and three million four hundred thousand dollars (\$3,400,000) from the water project fund pursuant to Section 72-4(A)-9 NMSA 1978.

For the Program Support Program:

The internal service funds/interagency transfers appropriations to the program support program of the state engineer include seven hundred thirteen thousand nine hundred dollars (\$713,900) from the New Mexico irrigation works construction fund.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	GF Replacement of Base Water Projects Funding	(P553)	0.0	0.0
2	Elephant Butte Pilot Channel	(P552)	1,250.0	1,000.0
3	Dam Rehabilitation	(P551)	94.9	0.0
4	Water Planning	(P552)	645.0	0.0
5	AWRM Systems Support	(P554)	215.2	0.0
6	MRG Bureau Start up	(P553)	261.3	0.0
7	Water Rights Backlog - Engineer Positions	(P551)	169.4	0.0
8	Water Use & Conservation - Engineer	(P551)	85.6	0.0
9	Hydrology Bureau - Engineering Technician	(P551)	71.9	0.0
TOTAL			2,793.3	1,000.0

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 and 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency Request	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,771.5	13,014.8	13,436.6	11,824.5	-9.1
Other Transfers	577.4	577.4	702.9	1,767.7	206.1
Federal Revenues	25.3	0.0	0.0	0.0	
Other Revenues	528.0	556.5	559.4	559.4	0.5
SOURCES TOTAL	13,902.2	14,148.7	14,698.9	14,151.6	0.0
USES					
Personal Services and Employee Benefits	11,279.8	11,588.2	11,853.7	11,471.5	-1.0
Contractual Services	881.7	1,042.0	1,167.5	1,042.0	0.0
Other	1,648.5	1,518.5	1,677.7	1,638.1	7.9
TOTAL USES	13,810.0	14,148.7	14,698.9	14,151.6	0.0
FTE					
Permanent	184.5	184.5	190.5	184.5	0.0
TOTAL FTE POSITIONS	184.5	184.5	190.5	184.5	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of dams inspected per year to establish baseline				110	110
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database			22,000	22,000	22,000
* Output	Average number of unprotested new and pending applications processed per month	82.3	75	80	70	70
* Explanatory	Number of unprotested and unaggrieved water right applications backlogged	599	524	630	597	597
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	57%	60%	70%	75%	75%
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	60%	72%	65%	77%	77%
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	91%	96%	95%	100%	100%
Output	Average number of protested and aggrieved applications processed per month	9	10	9		
Explanatory	Number of protested and aggrieved water rights backlogged	288	295	300		
Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	56.6%	65.6%			

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	6,805.3	6,868.4	8,763.4	5,918.4	-13.8
Other Transfers	7,138.3	5,907.2	6,267.5	8,217.5	39.1
Federal Revenues	284.9	0.0	0.0	0.0	
Other Revenues	943.6	297.2	114.9	114.9	-61.3
Fund Balance	756.0	0.0	0.0	0.0	
SOURCES TOTAL	15,928.1	13,072.8	15,145.8	14,250.8	9.0
USES					
Personal Services and Employee Benefits	4,489.4	4,291.6	4,310.5	4,310.5	0.4
Contractual Services	5,299.2	5,863.1	6,897.1	6,042.1	3.1
Other	2,767.9	2,918.1	3,938.2	3,898.2	33.6
TOTAL USES	12,556.5	13,072.8	15,145.8	14,250.8	9.0
FTE					
Permanent	54.0	54.0	54.0	54.0	0.0
TOTAL FTE POSITIONS	54.0	54.0	54.0	54.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of calendar year, in acre feet (final accounting will be available at end of fiscal year)	67,300	92,500	0	0	0
* Outcome	Rio Grande river compact accumulated delivery credit or deficit at end of calendar year, in acre feet	180,100	59,500	0	0	0
Outcome	Number of acres purchased to complete implementation phase of Pecos settlement		11,268	12,000	12,000	12,000
Outcome	Acre-foot capacity of augmentation well fields constructed to complete implementation phase of Pecos settlement		15,750	15,750	15,750	15,750

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,077.0	2,152.4	5,358.4	1,697.1	-21.2
Other Transfers	4,773.0	4,953.7	1,913.0	5,313.0	7.3
SOURCES TOTAL	6,850.0	7,106.1	7,271.4	7,010.1	-1.4
USES					
Personal Services and Employee Benefits	4,746.0	4,999.5	5,155.1	4,903.5	-1.9
Contractual Services	1,315.1	1,731.0	1,731.0	1,731.0	0.0
Other	446.0	375.6	385.3	375.6	0.0
TOTAL USES	6,507.1	7,106.1	7,271.4	7,010.1	-1.4
FTE					
Permanent	72.0	72.0	75.0	71.0	-1.4
TOTAL FTE POSITIONS	72.0	72.0	75.0	71.0	-1.4

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of offers to defendants in adjudications	1,200	529	1,000	1,000	1,000
* Outcome	Percent of all water rights that have judicial determinations	42%	43%	42%	45%	45%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,733.7	3,806.8	4,118.0	3,606.3	-5.3
Other Transfers	463.9	463.9	463.9	713.9	53.9
SOURCES TOTAL	4,197.6	4,270.7	4,581.9	4,320.2	1.2
USES					
Personal Services and Employee Benefits	3,362.7	3,600.8	3,792.9	3,639.6	1.1
Contractual Services	202.6	157.9	259.1	212.4	34.5
Other	590.6	512.0	529.9	468.2	-8.5
TOTAL USES	4,155.9	4,270.7	4,581.9	4,320.2	1.2
FTE					
Permanent	44.0	44.0	47.0	45.0	2.3
TOTAL FTE POSITIONS	44.0	44.0	47.0	45.0	2.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	302.9	307.9	519.8	318.5	3.4
Federal Revenues	3.2	4.0	0.0	0.0	-100.0
Other Revenues	118.6	84.4	154.0	154.0	82.5
SOURCES TOTAL	424.7	396.3	673.8	472.5	19.2
USES					
Personal Services and Employee Benefits	223.9	230.5	430.0	276.3	19.9
Contractual Services	67.7	88.4	108.7	108.7	23.0
Other	73.0	77.4	135.1	87.5	13.0
TOTAL USES	364.6	396.3	673.8	472.5	19.2
FTE					
Permanent	4.0	4.0	8.0	5.0	25.0
TOTAL FTE POSITIONS	4.0	4.0	8.0	5.0	25.0

BUDGET ISSUES:

For FY10, the commission's general fund request of \$519.8 thousand comprise approximately 77 percent of the total agency budget and represented a 69 percent general fund increase over FY09. Other revenue sources include \$154 thousand in licensing and other fees. For FY10, the agency's request did not reflect federal funding support, a reduction of \$4 thousand from the FY09 federal funding level.

The commission generates revenue from application fees for registered and certified organic farms and producers, the sale of organic certification manuals, and advertisements in the agency newsletter. Further revenue is generated through annual assessment fees totaling one-half of 1 percent on organic sales for certified producers whose annual gross sales exceed \$5 thousand; the fee is capped at \$10 thousand for producers whose gross exceeds \$2 million annually.

As of FY08, the commission annually inspected some 186 certified organic producers, while gross organic sales for licensees are about \$33 million for calendar year 2007. For FY10, the agency anticipates a significant increase in consumer support of the state's organic products industry, projecting an annual growth rate of 10 percent which generally corresponds with national projections.

Due to the increase in requests for assistance in marketing and producer transition to organic production, it is recommended the agency pursue closer ties with New Mexico State University's Cooperative Extension Service and the New Mexico Department of Agriculture to develop a coordinated and sustainable approach to the state's organic industry.

BASE EXPANSION:

For FY10, the agency requested a \$150.4 thousand general fund increase to support a business operations specialist, an agriculture inspector, and a public relations coordinator. While the committee does not support these expansion items, in order to address industry growth, it does support the agency's expansion request for one agriculture inspector to be funded with \$49.6 thousand in other revenues. With staff expansion it is anticipated the agency will increase performance with respect to certification reviews and associated regulatory activities.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Business Operations Specialist, AO-B	(P690)	57.1	0.0
2	Agricultural Inspector - B	(P690)	49.6	0.0
3	Public Relations Coordinator - B	(P690)	43.7	0.0
4	<u>Expan - Agricult Inspector - B2</u>	<u>(P690)</u>	<u>49.6</u>	<u>49.6</u>
TOTAL			200.0	49.6

ORGANIC COMMODITY COMMISSION

The purpose of the New Mexico organic commodity commission 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	3%	94%	10%	10%	10%
* Output	Percent of organic farms inspected annually	100%	100%	100%	100%	100%
Output	Number of certified organic businesses	166	186	180	200	200
Output	Number of spot-checks performed	20	6	35	10	20
Output	Number of attendees at the annual organic farming conference	450	614	575	400	400
Output	Number of client requests for assistance	750	1350	800	2000	1350

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 Commission on the Status of Women (CSW) increases the awareness of the rights, responsibilities, and interests of women and girls in New Mexico through preservation and recognition of women's history and contributions to the state.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	629.8	811.1	891.1	810.3	-0.1
Other Transfers	1,446.2	1,440.0	1,440.0	1,440.0	0.0
Other Revenues	103.7	60.0	60.0	60.0	0.0
SOURCES TOTAL	2,179.7	2,311.1	2,391.1	2,310.3	0.0
USES					
Personal Services and Employee Benefits	836.8	931.6	1,016.2	947.1	1.7
Contractual Services	740.8	799.4	809.2	808.5	1.1
Other	533.2	580.1	565.7	554.7	-4.4
TOTAL USES	2,110.8	2,311.1	2,391.1	2,310.3	0.0
FTE					
Permanent	8.0	8.0	9.0	8.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	17.0	16.0	0.0

BUDGET ISSUES:

The commission submitted a flat base request for FY10 of \$2.3 million. The request includes \$811.1 thousand from the general fund, a \$1.44 million transfer from the Human Services Department from the federal Temporary Assistance for Needy Families (TANF) block grant, and \$60 thousand from donations and ticket sales.

Most of the commission budget is for the TeamWorks program, which provides employment assistance for women in the Albuquerque and Las Cruces areas. Over 1,080 clients received services through this program and 451 received employment averaging \$7.25 per hour. Of those placed, 77 percent were still employed at the end of nine months after initial employment. The commission reports the federally mandated reduction in employment services from 12 weeks to seven weeks may impact the success of the program, particularly in the number of individuals employed after nine months.

Displaced Homemaker and Women in Transition program activities included 30 workforce trainings or conferences, informational conferences, job fairs, and workshops of benefit to women. The Governor's Award Banquet, hosted by the commission and attended by approximately 600 guests, recognized women's accomplishments in New Mexico. The commission distributed 5,000 "Girl's Health" calendars and an equal number of Teen Resource directories. A major accomplishment was the production of the Emmy awarded, 60-minute, "New Mexico Girl's Documentary" produced through the services of television station KOAT.

Through an agreement with the Department of Health, the Governor's Women's Health Advisory Council was transferred to the commission. The goal was to provide greater visibility to women health issues. The commission proposes to convene four health council meetings during FY10. However, no specific performance measures have been developed in this area.

BASE EXPANSION:

The commission requested 1 FTE and \$80 thousand from the general fund for expansion of the New Mexico Girl's Institute to provide statewide leadership meetings, increase the number of publications, hold a statewide "Girl's Conference" and create an interactive website. The goal of this expansion is to have a full-time person at the state level to coordinate activities of the New Mexico Girls' Institute.

The committee recommendation provides for continuing the current level of service of the commission. FTE have increased 7 to 16 FTE in the past five years, and the committee recommends the commission fully use existing personnel resources for promoting the status of women.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers 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 towards workforce development for adult women on temporary assistance for needy families from the federal block grant to New Mexico.

The other state funds appropriations to the status of women program of the commission on the status of women include ten thousand dollars (\$10,000) from the women in transition fund to host conferences and seminars and associated expenses and fifty thousand dollars (\$50,000) 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.

Revenue collected for ticket sales in excess of expenses for conference, awards, seminars and summits shall not revert.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
1 NM Girls Institute	(P691)	80.0	0.0
TOTAL		80.0	0.0

COMMISSION ON STATUS OF WOMEN

The purpose of the commission on 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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
Outcome	Number of paid employment teamworks placements	786	451	500	500	500
* Outcome	Percent of teamworks participants employed at nine months after initial employment placement	68%	77%	70%	45%	70%
* Output	Number of temporary assistance for needy families clients served through the teamworks program	1,035	1,083	1,100	1,000	1,100
Outcome	Percent of teamworks employment placements at \$7 per hour	47%	49%	35%	35%	50%
Output	Number of teamworks twelve-week classes conducted	8	0			
Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.69	\$7.23	\$7.50	\$7.50	\$7.50
Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.73	\$7.25	\$7.00	\$7.50	\$7.50
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	200	200	200	200	200
Output	Number of major publications distributed annually	1	2	1	1	1
Output	Number of award programs conducted annually	2	3	2	2	2
Output	Number of workforce conferences or trainings sponsored	10	11	10	8	10
Output	Number of informational conferences conducted	2	2	2	2	2
Outcome	Number of information fairs	2	1	1	1	1
Outcome	Number of completed surveys or questionnaires	467				
Outcome	Number of workshops on women, divorce and finances	12	16	12	12	12
Outcome	Number of follow-up activities for the year of the New Mexico girl	5	3	2	5	5
Output	Number of teamworks seven-week personal and professional development classes		33	20	20	20

STATUTORY AUTHORITY:

The Office of African American Affairs (OAAA) was established pursuant to the 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,161.7	866.0	961.1	878.0	1.4
SOURCES TOTAL	1,161.7	866.0	961.1	878.0	1.4
USES					
Personal Services and Employee Benefits	419.3	350.9	445.5	363.6	3.6
Contractual Services	310.7	291.9	292.4	292.4	0.2
Other	249.2	223.2	223.2	222.0	-0.5
Other Financing Uses	153.5	0.0	0.0	0.0	
TOTAL USES	1,132.7	866.0	961.1	878.0	1.4
FTE					
Permanent	5.0	5.0	7.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	7.0	5.0	0.0

BUDGET ISSUES:

LFC recommends an increase of \$12 thousand to the base budget in FY10 to cover costs associated with the audit, unemployment compensation, pay increase for exempt position, and 0.5 percent salary increase for classified staff instituted by Laws 2008, Chapter 6, Section 43.

Since FY05 the OAAA has increased by 3 FTE and its operating budget has increased by \$535.5 thousand. The agency is funded completely from the general fund and is fully staffed at 5 FTE.

The Legislature in 2008 moved \$348.5 thousand, which included 1 FTE and operational costs for the performing arts center, to the New Mexico State Fair. The performance arts center is managed by Expo New Mexico, and the center's building and 1 FTE are located at the State Fair grounds. OAAA reports moving the funding over to the State Fair has eliminated confusion and delay in payments to vendors and contractors.

BASE EXPANSION:

OAAA requested a \$53.9 thousand general fund expansion for 1 FTE community outreach specialist. The agency reported the position would assist by attending meetings, providing additional outreach to African American citizens in New Mexico, and extending the recruitment and selection process for African American students in the OAAA Summer Research programs. LFC does not recommend the expansion.

OAAA requested a \$29.1 thousand general fund expansion for 1 FTE receptionist. OAAA has not had a receptionist in the past year and a half. In FY07, the agency's operating budget included 1 FTE clerk, paid with Temporary Assistance for Needy Families (TANF) funding, who performed this function. The TANF funding did not carry over into FY08. Currently, five staff members take turns answering approximately 50 telephone calls weekly. OAAA stated the additional position would free up staff to perform assigned duties and assist with clerical work. LFC does not recommend the expansion due to current staff being able to absorb the functions required by the requested position.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Community outreach specialist	(P692)	53.9	0.0
2	Receptionist	(P692)	29.1	0.0
TOTAL			83.0	0.0

OFFICE OF AFRICAN AMERICAN AFFAIRS

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

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
Outcome	Percent of participants who indicate on the program survey that their awareness of services provided by the office of African American affairs has increased	NA	NA	new	25%	25%
Output	Number of New Mexican African Americans recognized per year, statewide, for their achievements	56	31	50	50	50
Output	Number of churches, organizations and counties receiving information	550	600	375	450	600
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness pertaining to the New Mexico African American community	NA	NA	new	10	10
Output	Number of informative meetings, documents and publications to increase awareness of health disparities that adversely affect the New Mexico African American community	NA	NA	new	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 ex officio, 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:

The commission provides effective leadership, education, advocacy, and programs to reduce barriers to the social, economic, educational, cultural, and intellectual well-being of members of the deaf and hard-of-hearing community. The commission works with individual citizens to help solve communication access issues. The commission supports a statewide program that distributes telecommunications equipment to New Mexico residents.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	3,356.6	3,318.1	4,406.6	3,617.9	9.0
Fund Balance	0.0	833.3	0.0	413.1	-50.4
SOURCES TOTAL	3,356.6	4,151.4	4,406.6	4,031.0	-2.9
USES					
Personal Services and Employee Benefits	953.9	866.3	1,227.8	1,036.1	19.6
Contractual Services	1,502.2	2,475.0	2,320.2	2,104.0	-15.0
Other	445.5	355.1	403.6	355.1	0.0
Other Financing Uses	455.0	455.0	455.0	535.8	17.8
TOTAL USES	3,356.6	4,151.4	4,406.6	4,031.0	-2.9
FTE					
Permanent	15.0	15.0	19.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	19.0	15.0	0.0

BUDGET ISSUES:

The commission is responsible for administering the Telecommunications Access Act (Section 63-9F-12 NMSA 1978), including the telecommunications access fund. After an unexpected decline in FY06, the annual fund revenue, generated by a surcharge of 0.33 percent on the customer gross telephone charge, increased in FY08 to almost \$3.5 million. With growth projected at 2 percent, revenue in FY10 should be more than \$3.6 million. This revenue does not support the commission's budget request, and the current level of expenditure is unsustainable in the long-term.

While the committee recommendation is a decrease from FY09, it is a 20 percent increase from the reported FY08 expenditures. To partially support the FY10 total request, the committee recommends more than \$400 thousand from fund balances. For future years the committee recommends reconsideration of funding items, such as a \$160 thousand transfer to the sign language licensure board, and the commission should seek other measures to bring expenditures in line with revenue.

The FY06 audit, the most recent available, shows a fund balance of \$8.8 million. With subsequent appropriations and likely reversions to the fund, the committee estimates a fund balance as of June 30, 2008, of \$8.7 million.

While the commission has developed performance measures to gauge its programs, the committee recommends the commission include outcome measures to track success in reducing barriers and improving access to communication services for deaf and hard-of-hearing persons.

BASE EXPANSION:

The committee does not recommend the requested expansion for 4 FTE. The commission does not have sufficient recurring revenue to support growth in its programs.

RECOMMENDED LANGUAGE:

The internal service funds/ interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for the deaf and hard-of-hearing persons in the other financing uses category includes three hundred seventy-five thousand dollars (\$375,000) 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.

The internal service funds/ interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for the deaf and hard-of-hearing persons in the other financing uses category includes one hundred sixty thousand eight hundred dollars (\$160,800) to transfer to the sign language interpreting practices board of the regulation and licensing department.

The internal service funds/ interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for the deaf and hard-of-hearing persons in the contractual services category includes fifty thousand dollars (\$50,000) for additional operational support of the community outreach program for the deaf.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Business Operations Specialist -A	(P693)	73.8	0.0
2	Social & Community Service Coordinator -O	(P693)	93.5	0.0
3	Executive Secretary & Admin. Assistant- O	(P693)	44.1	0.0
4	Executive Secretary & Admin. Assistant-O	(P693)	43.8	0.0
TOTAL			255.2	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 oversight of the New Mexico telecommunications relay network for 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of workshops and training sessions conducted	29	31	35	40	40
Output	Number of outreach events coordinated		47		55	55
* Output	Number of information referrals, outreach and clients served	8,568	10,513	12,500	11,000	11,000
* Output	Hours provided by the sign language interpreter referral service	23,474	111	40,000	134	134
Output	Number of sign language interpreting mentors		16		18	18
* Output	Number of accessible technology equipment distributions	1,246	1,449	1,750	1,500	1,500
Outcome	Percent reduction in telephonic communication barriers		90%		85%	85%
Output	Staff hours devoted to reducing communication barriers		12,480		13,000	13,000
Outcome	Percent reduction of general communication barriers		85%		90%	90%

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.

The commission, in addition to planning and coordinating a statewide commemorative Martin Luther King, Jr. holiday, spends the remainder of the year teaching King's nonviolent principles and philosophy. The commission hosts an annual youth conference to teach King's philosophy.

The commission also provides a hands-on learning experience by taking competitively selected students to visit places central to the civil rights movement, such as the King Center (birth place of King), Ebenezer Baptist Church (where King preached), and the National Civil Rights Museum. Also, members of the commission staff travel around the state to visit schools, tribes, and nonprofit service providers to teach King's principles and philosophy.

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	402.1	407.5	456.8	406.1	-0.3
SOURCES TOTAL	402.1	407.5	456.8	406.1	-0.3
USES					
Personal Services and Employee Benefits	164.8	203.3	196.0	196.0	-3.6
Contractual Services	34.1	47.4	48.6	48.6	2.5
Other	118.3	156.8	212.2	161.5	3.0
TOTAL USES	317.2	407.5	456.8	406.1	-0.3
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:

LFC recommends funding the base budget request for FY10 with the exception of a decrease in property insurance of \$1.4 thousand. The adjustment is due to an incorrect General Services Department rate in the agency's FY10 budget request.

BASE EXPANSION:

The Martin Luther King, Jr. Commission requested an expansion of \$49.3 thousand for the Youth Against Violence Conference and library materials. LFC does not recommend the expansion.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program) (P694)	Agency Request	LFC Recom- mendation
1	Youth conference and library materials		49.3	0.0
TOTAL			49.3	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

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of program objectives achieved	100%	100%	100%	100%	100%
Output	Number of annual statewide youth conferences using King's principles of nonviolence	1	1	1	1	1
Output	Number of statewide holiday commemorative programs supported	15	15	15	17	17
Output	Number of youth anti-violence workshops conducted	9	9	9	10	10

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's mission is to enable persons who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness, and, above all, promoting the belief that blindness is not a barrier to successful employment or living an independent and meaningful life.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,005.0	2,141.0	2,533.0	2,017.7	-5.8
Federal Revenues	4,910.2	5,724.5	5,655.6	5,655.6	-1.2
Other Revenues	597.7	421.2	490.1	490.1	16.4
SOURCES TOTAL	7,512.9	8,286.7	8,678.7	8,163.4	-1.5
USES					
Personal Services and Employee Benefits	4,651.7	5,146.6	5,447.6	5,064.1	-1.6
Contractual Services	115.6	207.4	207.4	166.6	-19.7
Other	2,742.7	2,932.7	3,023.7	2,932.7	0.0
TOTAL USES	7,510.0	8,286.7	8,678.7	8,163.4	-1.5
FTE					
Permanent	106.5	106.5	106.5	98.5	-7.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	107.5	107.5	107.5	99.5	-7.4

BUDGET ISSUES:

The commission continues to meet or exceed meaningful performance targets for providing services to the blind community in New Mexico. In addition, the commission has been recognized nationally for its work, particularly the commission's success in assisting blind persons find high-wage jobs. With the rates of elderly blind increasing across the nation, the commission is developing a senior living center in Albuquerque to help the newly blind adjust and remain self sufficient.

Federal funding is the primary revenue source for the commission, providing 69 percent of the total revenue under a variety of general fund matching requirements. With about \$1.4 million in state revenue needed to draw down federal funds, the recommendation provides additional state support for the commission's work. While the FY10 total recommendation is down from FY09, it represents an 8.7 percent increase over actual expenditures in FY08.

As of September 1, 2008, the agency's vacancy rate was approximately 25 percent, exceeding the FY08 average vacancy rate of 17 percent. With the commission shifting its employees from factory production of textile goods to senior living and education services, the recommendation deletes 8 of 11 vacant factory worker positions and assumes a 3 percent savings from other vacancies. The commission also requested more funding than needed for General Services Department rates, particularly for workers compensation and employee liability. The recommendation funds the commission at the published rates – a difference of \$216 thousand from the request.

BASE EXPANSION:

The committee does not recommend additional funding for 2 FTE and operational expenses for the senior living center because the positions are funded in the base and operational expenses should not increase appreciably from current activities.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balances in the commission for the blind remaining at the end of fiscal year 2010 from appropriations made from the general fund shall not revert.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		<u>(Program)</u>	Agency <u>Request</u>	LFC Recom- <u>mendation</u>
1	<u>Operation of Senior Skills Center</u>	<u>(P695)</u>	<u>175.0</u>	<u>0.0</u>
TOTAL			175.0	0.0

COMMISSION FOR THE BLIND

The purpose of the commission for 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>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Budget</u>	<u>FY10</u> <u>Request</u>	<u>FY10</u> <u>Recomm</u>
* Outcome	Average employment wage for the blind or visually impaired person	\$17.85	\$19.73	\$14.00	\$14.00	\$14.00
* Output	Number of quality employment opportunities for blind or visually impaired consumers	35	50	35	45	45
* 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	585	601	550	585	585
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	32	32	32	32	32

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 (IAD) is to lead and improve the quality of life for all New Mexico Indian citizens by affecting policy that strengthens tribal-state relations.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,454.5	3,631.5	4,259.7	3,669.5	1.0
Other Transfers	538.9	538.9	738.9	600.0	11.3
Other Revenues	345.8	0.0	0.0	0.0	
SOURCES TOTAL	4,339.2	4,170.4	4,998.6	4,269.5	2.4
USES					
Personal Services and Employee Benefits	1,101.4	1,297.8	1,647.9	1,382.9	6.6
Contractual Services	872.7	367.7	1,337.0	1,053.0	186.4
Other	2,029.2	2,504.9	2,013.7	1,833.6	-26.8
TOTAL USES	4,003.3	4,170.4	4,998.6	4,269.5	2.4
FTE					
Permanent	15.0	15.0	18.5	16.0	6.7
TOTAL FTE POSITIONS	15.0	15.0	18.5	16.0	6.7

BUDGET ISSUES:

The FY10 committee recommendation includes an increase from the general fund of 1 percent and an overall increase of 2.4 percent for a total of \$4.3 million. In FY09, the department budgeted \$590 thousand in the other category for services provided by nongovernmental entities. The Department of Finance and Administration notified the agency that these expenses are more appropriately charged to the contractual services category and this change is reflected in the FY10 request. The LFC recommendation redirects funding from the contractual services category to support the top two agency expansion priorities, which will provide the agency with much needed assistance on capital and infrastructure projects.

The other expenditure category contains more than 19 projects, valued at around \$1.7 million. The projects range from \$5 thousand for Native American youth cultural education, to \$410 thousand for the Santa Fe Indian School leadership program, to \$50 thousand for American Indian Chamber of Commerce economic development. The other transfer revenue source includes \$400 thousand from the tobacco settlement program fund for Native American tobacco cessation efforts.

BASE EXPANSION:

The IAD request included 10 expansion items with a value of \$729 thousand and an increase of 3.5 FTE. The expansion request included an increase of \$529 thousand from the general fund. In addition, the agency included various projects funded in Laws 2008, Chapter 6, (Senate Bill 165) in the base request, which LFC considers to be expansion and has extracted from the base.

LFC recommends a planning and technical assistance specialist and a contractor for Navajo Nation capital outlay projects to assist IAD in its goal of improving tribal governmental capacity to effectively compete for and complete infrastructure projects. IAD currently monitors about 600 projects worth nearly \$100 million with 4 FTE. The expansions are expected to lead to a higher completion rate for capital projects; performance measures have been adjusted to reflect the increase.

A three-year transformation grant of \$38.9 thousand for the Center for Native American Health administered through IAD expires in FY09. A \$200 thousand expansion will come from a similar federal grant made to CYFD replacing the \$38.9 thousand. The expansion will be for a student development program that will assist Native Americans pursuing higher education in the health sciences. LFC recommends the expansion.

IAD requested 10 expansion items but decided to request four of the expansion items as special appropriations. The expansion items being requested as special appropriations are \$5 thousand for bill tracking software, \$50 thousand for a consultant to update tribal comprehensive plans, \$30 thousand for website enhancement, and \$100 thousand for a database for economic development.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the Indian affairs program of the Indian affairs department includes four hundred thousand dollars (\$400,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	American Indian Law Center	(P696)	50.0	0.0
*	IAIA Distance Education Program	(P696)	30.0	0.0
*	Native American Performing Arts	(P696)	20.0	0.0
*	Native American Transit Program	(P696)	10.0	0.0
*	Native American Youth Cultural Education	(P696)	5.0	0.0
*	UNM Tribal Language Certification	(P696)	35.0	0.0
*	Urban Indian Advocacy Program	(P696)	14.0	0.0
*	Youth Development Programs	(P696)	15.0	0.0
1	Planning & TA Specialist	(P696)	100.0	99.5
2	Contractor For Navajo Nation Projects	(P696)	30.0	30.0
3	Policy Analyst - 1 FTE	(P696)	90.0	0.0
4	Tribal Infrastructure Manager	(P696)	100.0	0.0
5	Support Staff for PIO Unit	(P696)	24.0	0.0
6	Bill Tracking Software	(P696)	5.0	0.0
7	Consultant -Comprehensive Plan	(P696)	50.0	0.0
8	Enhance Website/Produce Publications	(P696)	30.0	0.0
9	Database for Economic Development	(P696)	100.0	0.0
10	CNAH Student Development Program	(P696)	200.0	200.0
TOTAL			908.0	329.5

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

INDIAN AFFAIRS DEPARTMENT

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	100%	100%	100%	100%	100%
Outcome	Number of audit findings	0	0	0	0	0
* Output	Number of capital projects over fifty thousand dollars (\$50,000) completed and closed	56	60	60	60	65
Output	Number of capital outlay process training sessions conducted for tribes	9	13	10	10	15
Output	Percent of grants and service contracts with more than two performance measures	100%	100%	100%	100%	100%
* Output	Number of capital outlay projects under fifty thousand dollars (\$50,000) completed and closed	70	73	70	73	75

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 to ALTSD 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 called for the secretary of ALTSD to provide a long-term care and related services plan for all populations and possible program additions to ALTSD. The plan, completed in November 2005, addressed the future of the long-term services population, as well as issues related to access, financing, quality of care, housing, and transportation. The plan applied best practices from other states and identified 10 priority policy 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, home- and community-based services, improved financing mechanisms and access, development of ALTSD infrastructure, meaningful quality of life, and zero tolerance for abuse, neglect and fraud.

ALTSD is composed of five programs: the Consumer and Elder Rights Program, which administers the long-term care ombudsman program and the Aging and Disability Resource Center; 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 Care 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.

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	46,729.0	51,032.9	58,942.8	49,488.6	-3.0
Other Transfers	6,956.5	7,501.9	7,888.7	7,398.2	-1.4
Federal Revenues	8,462.6	10,237.5	9,989.9	9,989.9	-2.4
Other Revenues	349.5	90.0	90.0	90.0	0.0
SOURCES TOTAL	62,497.6	68,862.3	76,911.4	66,966.7	-2.8
USES					
Personal Services and Employee Benefits	17,179.0	18,551.1	21,030.7	18,363.7	-1.0
Contractual Services	6,473.9	6,671.8	7,144.5	6,488.0	-2.8
Other	38,623.2	40,824.3	45,921.1	39,377.4	-3.5
Other Financing Uses	1,269.5	2,815.1	2,815.1	2,737.6	-2.8
TOTAL USES	63,545.6	68,862.3	76,911.4	66,966.7	-2.8
FTE					
Permanent	243.0	271.5	297.5	272.5	0.4
Term	23.0	11.5	22.0	16.0	39.1
TOTAL FTE POSITIONS	266.0	283.0	319.5	288.5	1.9

BUDGET ISSUES:

The agency FY10 budget request was \$76.9 million, an \$8 million, or 11.7 percent, increase over the FY09 operating budget of \$68.9 million. The agency request included \$7.1 million in expansion items. The committee recommendation of \$67 million provides for a 2.8 percent reduction and reflects the revenue realities of the next fiscal year. The recommendation funds base costs and continues essential services at the same level as FY09. The recommendation also funds six expansions, and the others should be considered at a later date. The recommendation includes a 7 percent overall vacancy savings for all programs except Adult Protective Services, which is at 4.4 percent; provides funding of vacant positions at entry level; and deletes an exempt deputy secretary position. The recommendation supports priorities suggested by the department to reduce FY09 spending as directed by the Department of Finance and Administration. Transfers to the Human Services Department (HSD) have been reduced to reflect the amount expected in the HSD request. Many programs show significant reductions in appropriations from the general fund and reductions of FTE. This is off set by increases in Program Support and result from five expansions requested by the agencies to realign resources.

For the Long-Term Services Program, now referred to by the agency as the Elderly and Disability Services Division, the recommendation provides for a 14 percent reduction in funding and 8.2 percent in FTE due to transfers to Program Support. A higher vacancy rate is recommended and contracts are kept at the current level, emphasizing the desire to keep the same level of services to clients in long-term services. A key function of this program is management of the disabled and elderly Medicaid waiver (D&E), as well as the Mi Via self-directed waiver. The number of unduplicated D&E clients at the end of FY08 was 4,040, an increase of 19.1 percent over the previous year; however, the central waiting list continues to grow as eligible individuals find out about the program and request to be put on the list. At the end of FY08, 10,879 individuals were on the waiting list, an increase of 58.7 percent. On a positive note, 96.6 of clients receive services within 90 days of eligibility determination and available funding.

Individuals who meet medical and financial eligibility for an existing Medicaid waiver program can self-direct their services through the Mi Via self-directed waiver program. To date, 335 individuals have selected this option. The goal of this program is to allow individuals to determine their individual service requirements and purchase services that would not traditionally be funded by Medicaid. Examples are gym membership to improve physical strength and computers to aid in job searches or allow an individual to work at home. The cost of these services cannot exceed what would have been paid by Medicaid.

The agency and HSD implemented the Coordinated Long Term Services (CoLTS) program on August 1, 2008, a Medicaid managed care program to provide services to D&E wavier recipients, personal care option consumers, nursing facility residents, eligible individuals with brain injury, recipients who have both Medicaid and Medicare benefits (referred to as dual eligible), and some services for clients approved for waiver services under the Mi Via program. When fully implemented, ALTSD estimates the targeted population will be approximately 38,000 and, to date, 12,063 individuals have been enrolled.

CoLTS is a capitated managed long-term care program contracted with two national managed care organizations, Amerigroup and Evercare. CoLTS is to be implemented in four phases and enrollment will continue through 2009.

For the Aging Network Program, the committee recommendation is \$35.2 million which is a reduction of 3 percent but funds grants to individuals and care and support at the FY09 levels to insure continuation of these essential services. Attendant care services were slightly reduced, reflecting the agency priorities in light of the revenue projections. Of concern is that senior centers have struggled with increased costs, particularly for food and temporarily for fuel. Fuel costs have been reduced considerably and are back to early FY08 levels, and the committee suggests that any savings in fuel costs be used to partially fund increases in food. ALTSD estimates that 36.7 percent of individuals over the age of 60 received services through senior centers and that this number is expected to grow based on demographics for this age group. The agency projects this group is currently 12.5 percent of the population and will double in size by the year 2030.

The base recommendation for the Consumer and Elder Rights Program is a 5.2 percent reduction, reflecting an increase in vacancy rates. A major focus of the program is the Aging and Disability Resource center, which provides information, assistance, and referrals for seniors and those with disabilities. A significant customer service initiative is to attempt to find information for all callers regardless of subject matter because the center often receives calls unrelated to services provided by the agency. The center receives over 250 telephone calls per day and is moving to also provide responses to inquiries through the Internet. The center also is the intake for calls to report adult abuse, neglect, or exploitation for referral to the Adult Protective Services Program. The program also provides information on the agency's prescription drug assistance program, which attempts to assist individuals to obtain low-cost or free pharmaceuticals.

The Adult Protective Services Program investigates reports of abuse, neglect, and exploitation of the elderly. The committee recommendation is flat. The agency reports there were 8,700 referrals and 5,400 investigations in FY08. The committee recommendation supports the agency request for \$170 thousand for shift differentials for personnel responding to referrals received after normal duty hours. In addition, the recommendation funds the Harmony information system developed to replace the legacy system, FACTS, transferred from the Children, Youth and Families Department.

In the area of performance, key targets were met in the Ombudsman Program and Adult Protective Services, but performance in the Aging Network Program is a concern, with a decline in measures such as respite care and adult day-care hours provided. The overall agency performance is assessed as yellow using the LFC criteria for agency assessment.

BASE EXPANSION:

In addition, the committee recommends two expansions: two FTE and funding for the Consumer and Elder Rights Program for drug assistance counseling and a realignment of 28 FTE and \$2.6 million from programs to Program Support. With the economic conditions, providing assistance to senior citizens in obtaining free or reduced pharmaceuticals is an important endeavor. Placing all support FTE in Program Support will allow improve efficiencies for all the programs.

RECOMMENDED LANGUAGE:

The general fund appropriation to the aging network program of the aging and long-term services department in the other category to supplement funding from the federal Older Americans Act shall be contracted to the designated area agencies on aging.

By September 1, 2009, the aging and long-term services department and the human services department shall report to the department of finance and administration and the legislative finance committee on implementation of coordinated long-term services, including enrollment, cost per client, administrative costs and projected savings to be used to increase enrollment of clients.

Any unexpended balance remaining at the end of fiscal year 2010 in other state funds from conference registration fees shall not revert.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Aging Network Maintenance of Effort (P594)	3,500.0	0.0
2	Coordinated of Long Term Care (CoLTS) (P595)	674.4	0.0
3	Civic Engagement/50+ (P594)	200.0	0.0
4	Native American Health (P595)	550.0	0.0
5	Zero Tolerance of Elder Abuse/ APS (P593)	234.1	0.0
6	Information Technology-APS (P591)	173.0	0.0
7	APS Home Care Contracts (P593)	186.1	0.0
8	Gold Mentor Expansion (P594)	300.0	0.0
9	Resource Center Expansion (P595)	70.0	0.0
10	Mi Via (P595)	236.6	0.0
11	ASD Capital Projects (P591)	70.0	0.0
12	Benefit and Prescription Counseling (P592)	140.0	140.0
13	Home Modifications/GAP Program (P595)	500.0	0.0
14	Vista Volunteers/Admin Support (P594)	100.0	0.0
15	Office of General Council (P591)	158.0	0.0
16	P-Code FTE Re-alignment (P591)	2,608.7	2,608.7
17	P-Code FTE Re-alignment (P592)	-102.0	-102.0
18	P-Code FTE Re-alignment (P593)	-1,543.5	-1,543.5
19	P-Code FTE Re-alignment (P594)	-467.9	-467.9
20	P-Code FTE Re-alignment (P595)	-495.3	-495.3
TOTAL		7,092.2	140.0

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	806.1	976.6	1,104.6	957.6	-1.9
Other Transfers	0.0	104.6	163.0	163.0	55.8
Federal Revenues	1,261.5	1,282.6	1,119.4	1,119.4	-12.7
SOURCES TOTAL	2,067.6	2,363.8	2,387.0	2,240.0	-5.2
USES					
Personal Services and Employee Benefits	1,370.9	1,766.2	1,799.3	1,681.1	-4.8
Contractual Services	167.0	103.1	48.1	48.1	-53.3
Other	530.3	494.5	539.6	510.8	3.3
TOTAL USES	2,068.2	2,363.8	2,387.0	2,240.0	-5.2
FTE					
Permanent	11.0	17.5	19.5	18.5	5.7
Term	10.0	6.5	7.0	6.5	0.0
TOTAL FTE POSITIONS	21.0	24.0	26.5	25.0	4.2

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of client contacts to assist on health insurance, prescriptions and other programs	34,380				
Output	Number of volunteers trained in the state fiscal year to provide health insurance and benefits assistance	448				
Output	Number of outreach events providing prescription education	76				
Output	Number of clients who receive assistance to access free or low-cost prescription drugs through medbank and brownbag events	6,200				
Output	Number of resident contacts by ombudsmen	79,272				
Output	Number of hours of legal representation provided, including legal advice and education	17,722				
* Output	Number of ombudsman cases resolved		5,309	6,100	6,100	6,100
* Outcome	Number of individuals calling the resource center in need of two or more daily living services who receive information, referral and follow-up services		12,984	5,000	13,000	13,000
Output	Number of granny cams loaned		13	65	65	65
* Output	Number of persons accessing the aging and long-term services department's resource center		14,898	10,000	15,000	15,000
Output	Number of individuals receiving free or low-cost prescription drugs through the resource center prescription drug assistance program		4,808	1,200	5,000	5,000

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	26,676.1	28,443.2	32,175.3	27,387.6	-3.7
Other Transfers	369.1	362.3	319.7	319.7	-11.8
Federal Revenues	5,849.2	7,396.8	7,396.8	7,396.8	0.0
Other Revenues	86.6	90.0	90.0	90.0	0.0
SOURCES TOTAL	32,981.0	36,292.3	39,981.8	35,194.1	-3.0
USES					
Personal Services and Employee Benefits	347.2	351.5	239.4	5.5	-98.4
Contractual Services	39.1	15.0	126.6	115.0	666.7
Other	34,116.2	35,738.2	39,428.2	34,886.0	-2.4
Other Financing Uses	269.5	187.6	187.6	187.6	0.0
TOTAL USES	34,772.0	36,292.3	39,981.8	35,194.1	-3.0
FTE					
Permanent	4.0	5.0	3.0	0.0	-100.0
Term	1.0	0.0	1.0	0.5	
TOTAL FTE POSITIONS	5.0	5.0	4.0	0.5	-90.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of individuals enrolled in the federal older worker program	69				
* Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	13%	18%	20.5%	20.5%	20.5%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	79.05%	91%	85%	85%	85%
Output	Annual number of clients placed in meaningful employment	349	366	400	400	400
Output	Annual number of mentors	31				
* Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	39.66%	34%	40%	40%	40%
Output	Annual number of clients mentored	880				
Output	Unduplicated number of persons served through community services	130,214				
* Output	Number of adult daycare service hours provided	126,395	114,475	160,000	160,000	160,000
* Output	Number of hours of respite care provided	138,143	141,796	150,000	150,000	150,000
Outcome	Percent of individuals age sixty and over served through community services	37.42%				
Output	Number of one-way trips provided to community services	818,095	875,276	830,000	830,000	830,000
Output	Unduplicated number of persons receiving congregate meals	33,657				
Output	Number of congregate and home-delivered meals served to eligible participants	3,486.9				
Output	Number of senior centers providing meals	212				
Output	Number of homemaker hours provided in the state fiscal year	114,488	131,291	130,000	130,000	130,000
Output	Number of participants in local and national senior olympic games	5,400				
Output	Number of volunteer hours provided by retired and senior volunteers	1,038,676				
Output	Number of home-bound clients served through the senior companion program	1,334				
Output	Unduplicated number of persons receiving home-delivered meals	12,353				

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of children served through the foster grandparent program	2,186	2,110	2,570	2,570	2,570
Outcome	Percent of individuals age sixty and over receiving aging network community services		36.7%	42%	40%	40%
* Output	Number of congregate meals provided through the aging network		1,657,867	1,700,000	1,700,000	1,700,000
* Output	Number of home-delivered meals provided through the aging network		2,061,747	2,000,000	2,000,000	2,000,000
Output	Number of families served through the grandparents-raising-grandchildren initiative		549	300	300	550

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,250.3	5,755.9	6,925.4	4,452.3	-22.6
Other Transfers	3,209.8	4,137.9	4,504.7	4,014.2	-3.0
Federal Revenues	658.7	913.6	829.0	829.0	-9.3
Other Revenues	262.9	0.0	0.0	0.0	
SOURCES TOTAL	8,381.7	10,807.4	12,259.1	9,295.5	-14.0
USES					
Personal Services and Employee Benefits	3,488.5	4,580.0	5,098.1	3,803.4	-17.0
Contractual Services	2,478.5	2,467.6	2,447.6	2,447.6	-0.8
Other	750.2	1,132.3	2,085.9	494.5	-56.3
Other Financing Uses	1,000.0	2,627.5	2,627.5	2,550.0	-2.9
TOTAL USES	7,717.2	10,807.4	12,259.1	9,295.5	-14.0
FTE					
Permanent	40.0	61.0	67.0	56.0	-8.2
Term	8.0	1.0	9.0	5.0	400.0
TOTAL FTE POSITIONS	48.0	62.0	76.0	61.0	-1.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of total personal care option cases that are consumer-directed	10.6%	17.2%	12%	12%	20%
* Outcome	Percent of disabled and elderly medicaid waiver clients who receive services within ninety days of eligibility determination	98.3%	97%	100%	100%	100%
* Outcome	Average number of months that individuals are on the disabled and elderly waiver registry prior to receiving an allocation for services		31	24	24	24
Output	Number of clients enrolled in coordinated long-term services			20,000		
Outcome	Average annual cost per client in the coordinated long-term services program			18,360		
Output	Number of traumatic brain injury compliance reviews performed annually	7				
* Output	Number of brain injury clients served through the self-directed waiver		137	125	125	140
* Output	Number of individuals on the self-directed mi via waiver		522	400	400	500
* Output	Number of persons reintegrated from nursing homes into home- and community-based medicaid services		132	150	150	150

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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	12,732.0	13,466.2	13,286.3	11,912.7	-11.5
Other Transfers	3,018.6	2,509.4	2,471.0	2,471.0	-1.5
SOURCES TOTAL	15,750.6	15,975.6	15,757.3	14,383.7	-10.0
USES					
Personal Services and Employee Benefits	9,177.1	8,972.5	8,436.7	7,936.2	-11.5
Contractual Services	3,639.5	3,922.0	4,341.4	3,711.1	-5.4
Other	2,854.9	3,081.1	2,979.2	2,736.4	-11.2
TOTAL USES	15,671.5	15,975.6	15,757.3	14,383.7	-10.0
FTE					
Permanent	157.0	157.0	144.0	140.0	-10.8
Term	0.0	0.0	1.0	0.0	
TOTAL FTE POSITIONS	157.0	157.0	145.0	140.0	-10.8

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of adults with repeat maltreatment	9.20%	12.1%	9%	9%	9%
Output	Number of clients receiving services	1,365				
* Outcome	Percent of cases closed within ninety days of referral		N/A	70%		70%
* Output	Number of adults receiving adult protective services intervention		6,361	6,250	6,250	6,250

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,264.5	2,391.0	5,451.2	4,778.4	99.8
Other Transfers	359.0	387.7	430.3	430.3	11.0
Federal Revenues	693.2	644.5	644.7	644.7	0.0
SOURCES TOTAL	3,316.7	3,423.2	6,526.2	5,853.4	71.0
USES					
Personal Services and Employee Benefits	2,795.3	2,880.9	5,457.2	4,937.5	71.4
Contractual Services	149.8	164.1	180.8	166.2	1.3
Other	371.6	378.2	888.2	749.7	98.2
TOTAL USES	3,316.7	3,423.2	6,526.2	5,853.4	71.0
FTE					
Permanent	31.0	31.0	64.0	58.0	87.1
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	68.0	62.0	77.1

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of contractors monitored or assessed	95				
Output	Number of attendees at annual conference on aging	1,122				
Output	Percent of contractors assessed with no significant findings	100%	100%	100%	100%	100%
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,114				

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 five divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services, and Income Support. Behavioral Health Services transferred from the Department of Health after enactment of Laws 2007, Chapter 371.

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:

HSD administers several large state and federally funded programs that provide health care, financial assistance, child support, and food assistance to New Mexico's most needy citizens. These programs prevent or reduce poverty while improving the social and economic health of more than 600,000 New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	833,898.2	916,731.5	1,019,431.0	869,380.0	-5.2
Other Transfers	120,002.3	119,588.8	131,827.8	155,962.8	30.4
Federal Revenues	2,793,610.7	3,044,210.8	3,159,412.7	3,060,399.9	0.5
Other Revenues	73,621.1	86,823.4	88,118.7	92,356.9	6.4
Fund Balance	2,069.7	0.0	0.0	0.0	
SOURCES TOTAL	3,823,202.0	4,167,354.5	4,398,790.2	4,178,099.6	0.3
USES					
Personal Services and Employee Benefits	100,031.7	108,342.2	114,739.3	105,475.1	-2.6
Contractual Services	132,717.6	140,761.9	155,006.4	126,019.0	-10.5
Other	3,480,145.9	3,817,068.0	4,022,148.0	3,831,009.0	0.4
Other Financing Uses	95,114.8	101,182.4	106,896.5	115,596.5	14.2
TOTAL USES	3,808,010.0	4,167,354.5	4,398,790.2	4,178,099.6	0.3
FTE					
Permanent	1,907.0	1,908.0	2,011.0	1,900.0	-0.4
Term	56.0	63.0	24.0	62.0	-1.6
Temporary	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	2,013.0	2,021.0	2,085.0	2,012.0	-0.4

BUDGET ISSUES:

By maximizing federal and other state revenue and seeking savings in administration and overhead costs, the committee recommendation places a priority on maintaining the essential services provided by the department while saving general fund revenue. From targeted savings in contracts with Medicaid managed-care organizations to additional appropriations from fund balances, the recommendation provides sufficient resources to grow Medicaid healthcare coverage, provide cash assistance and support services for families in the temporary assistance for needy families (TANF) program, provide substance abuse and mental health services, and assist parents in getting the necessary child support payments. As demands for social services generally grow in periods of economic recession, the committee recommendation seeks savings with minimal impacts on services.

With several years of significant growth in the Medicaid budget, the decline in state revenue will require HSD to find savings in the program without substantially reducing benefits or enrollment during the economic downturn. The committee recommendation targets significant savings in contracts with managed care organizations through reductions in payments for administration. These savings coupled with a more favorable federal revenue match and additional tobacco settlement revenue will enable the department to maintain the FY09 expenditure level in the Medicaid programs with less general fund revenue.

For revenues, the Title XIX federal medical assistance percentage (FMAP) will rise from 70.92 percent to 71.23 percent, a seemingly modest change that reduces the need for general fund revenue by more than \$11 million from FY09. (The HSD request submitted September 1, 2008, was based on a declining FMAP, which would have increased the need for general fund revenue by more than \$17 million; the net change from the request is \$28 million.) The committee also recommends appropriating an additional \$24 million in tobacco settlement revenue that would be deposited in the tobacco settlement permanent fund. Every year, 50 percent of the tobacco settlement payment is deposited in the permanent fund and 50 percent in the program fund for appropriations. Given the decline in state revenue and the importance of Medicaid services, the committee recommends the full Legislature take action to move 100 percent of the tobacco settlement payment to the program fund for Medicaid appropriations. This other state revenue source will allow the Medicaid program to grow slightly while reducing the need for general fund revenue. The committee's recommendation for revenue and expenditures for the sole community provider fund is based on the department's October projection, which accounts for most of the growth in other revenues.

Of the \$3.2 billion recommended for the Medical Assistance Division (MAD) program, \$3.15 billion is for the Medicaid program, a 1.6 percent increase over FY09. To support these expenditures, the committee recommends \$663.5 million from the general fund, \$153.7 million from other transfers, and \$80.1 million in other revenue.

For FY10, the recommendation assumes expenditures of about \$2 billion for managed care programs for physical health care – the NM Salud program, the new Coordination of Long-Term Services (CoLTS) program, and the State Coverage Insurance (SCI) program. Six managed care organizations (MCOs) provide Medicaid services under these programs to about two-thirds of the enrolled population.

With the increasing use of managed care systems in the Medicaid program, LFC has sought detail about the per-member-per-month rates paid to managed care organizations. LFC staff views the information as critical for evaluating the effectiveness of the program and making budget recommendations to the Legislature. Citing the public policy exception under the Inspection of Public Records Act (IPRA), HSD has denied LFC access to the rate information. To resolve the matter, LFC sought advice from the Attorney General, who found that the exception does not apply to the LFC requests because they are not made under IPRA. Yet, HSD maintains the information is confidential. Without this information, targeting appropriations for enrollment of certain populations (e.g., children) is difficult. For FY10, the committee recommendation is based on reasoned assumptions about the rates and the potential savings that can be realized.

The committee recommends expenditures of \$1.14 billion for physical health managed care in FY10. This spending level supports a monthly average enrollment of about 307,000 individuals in FY10, 6 percent growth from the end of FY08. To achieve enrollment growth and savings, the recommendation assumes per-member-per-month rate reductions from 5 percent to 10 percent. The rate savings reduce the need from the general fund by \$15.7 million from FY09 in NM Salud. The rate reductions are based on an LFC evaluation that found HSD overpaying MCOs. When negotiating rates, HSD anticipates 85 percent of MCO revenue will be spent on medical services. However, MCOs have spent less than 85 percent and generated savings that should accrue to the state, not MCO administration or profit. Through rate negotiations and other incentives to use less expensive MCOs, the department should be able to decrease per member costs and achieve the anticipated savings.

The largest and most significant change in the Medicaid budget is the implementation of the Coordination of Long-Term Services (CoLTS) program. CoLTS is a Medicaid managed-care program that will provide services to clients under the Disabled and Elderly (D&E) waiver, personal care option (PCO) consumers, and nursing facility residents, among others. Two managed-care organizations – Amerigroup and Evercare – were selected by a request for proposal process in 2004 to design and implement the program.

The committee recommends expenditures of \$667 million for full enrollment of about 38,000 individuals, which includes a per-member-per-month rate reduction of 5 percent. All managed-care programs are designed to provide services with less cost than the fee-for-service program. But for FY10, HSD requested \$722.8 million in expenditures through CoLTS, some \$30.7 million more than the projected reductions in the fee-for-service program. The committee recommendation anticipates eliminating this excess and saves about \$1.8 million from the general fund from FY09.

For the State Coverage Insurance (SCI) program, which provides coverage to adults, the committee recommends \$173 million in expenditures in FY10 to support a monthly average enrollment of 31,230 adults. The recommendation anticipates rate savings of 10 percent. With significant enrollment growth in this program, the number of healthier individuals in the program has grown, lowering the costs to MCOs. The department should be able to lower the SCI rates slightly more than in the other programs. In addition to the rate reductions, HSD is projecting slightly lower monthly enrollment in the program, bringing a general fund savings of about \$4 million.

The SCI program carries downside risk for the state. Federal SCI funding comes from the State Children's Health Insurance Program (SCHIP) allotment. In FY09, HSD is projecting expenditures of more than \$200 million but only has about \$144 million available to spend -- \$52 million from the SCHIP allotment, some \$40 million in SCHIP carry-forward, and \$52 million in state funds. The department is anticipating an additional \$60 million in federal SCHIP funds when the federal government reallocates the block grant funding and reauthorizes SCHIP. Should the additional revenue not materialize, the state will have to end the program or find additional state funds to continue it.

On the upside, however, the state may be in a position to receive additional federal funds during the SCHIP reauthorization and in the state fiscal relief bills being considered by Congress. SCHIP reauthorization bills passed by Congress but vetoed by the President would have increased SCHIP funding for New Mexico, and the incoming administration and Congress appear poised to move quickly on a similar bill.

Separate bills to send more federal money to states are being considered and could substantially improve the FY09 budget. The principal mechanism to distribute federal funding would be an enhanced FMAP. Based on FY09 expenditures, a 1 percent increase in FMAP could save the state as much as \$30 million.

As appropriated and budgeted in FY09, the committee recommends a separate appropriation for Medicaid behavioral health programs and anticipates more significant savings in the behavioral health managed-care program. With the same enrollment growth and rate reductions as in the physical health program, the committee recommends \$223 million for behavioral health managed care. A 2007 LFC evaluation of the program found end-of-the-year rate adjustments totaling \$11 million that did not appear to be tied to performance or work performed. These costs were then built into recurring base budgets. In addition, the LFC evaluation noted the behavioral health coordinated fee-for-service contract pays a significantly higher administrative fee than other similar contracts, such as that paid by GSD's Risk Management Division for state employee insurance programs. The committee recommendation assumes a reduction of the administrative fee to 5 percent, saving \$2.7 million in general fund revenue.

In other savings, the recommendation also reduces expenditures in the state-funded premium assistance programs to FY08 actuals of about \$1.6 million. Enrollment in the programs remains small. The committee also anticipates a reduction in spending on the utilization review contract to a little more than \$2 million. With two-thirds of all Medicaid spending in managed-care programs by FY10, utilization review of the fee-for-service program will be significantly reduced. Further, the committee anticipates that cost saving measures in FY09, including current-year rate negotiations, will eliminate most of the agency's projected push forward of expenses into FY10. The department requested about \$36 million, including \$9.4 million from the general fund, to cover FY09 expenses in FY10.

The department did not include in its FY09 operating budget the \$32.5 million appropriated during the 2008 special session for expansion of children's enrollment in Medicaid and reduction of the waiting list for clients under the developmental disabilities waiver. The funding is available January 2009 through FY10. The department had projected enrolling 17,000 new children in Medicaid and behavioral health Medicaid services. The later the department starts the new enrollment effort, the more likely it is they will enroll fewer children and revert some of the money.

For Medicaid administration at HSD, the committee recommends \$57.7 million, a 10.4 percent decrease from FY09. With just over \$11 million recommended from the general fund, a 0.9 percent decrease from FY09, the larger decrease is in federal funds as a result of expenditures not meeting higher federal matching rates and a drop in other state revenues. The committee does not recommend funding for 2 FTE requested by the department in the base budget but not authorized by the Legislature. In addition, the committee assumes vacancy savings of 5 percent, leaving the personal services and employee benefits category essentially flat from FY09.

Performance in the Medical Assistance Division, particularly in Medicaid managed-care programs, slipped in FY08, despite the significant increases in funding and enrollment. The department reports on a series of performance measures that gauge access and use of healthcare services but do not track healthcare outcomes. The department realigned performance targets and expects performance improvements in FY09.

After several years of declines, enrollment in Income Support Division (ISD) welfare-related programs rose in 2008. The number of persons using food stamp benefits is at its highest level in the program's history in New Mexico, with more than 102,000 cases, or about 254,000 people, in September 2008. Enrollment in the TANF program grew from 13,702 cases in April to 15,114 cases in September, and the general assistance caseload grew to 2,327 in September from 1,930 a year before. Due to the economic recession, caseloads will likely increase over the next year. With state revenues also declining, the state must maximize federally funded assistance programs and revenues, such as food stamps, TANF cash assistance, and the low-income home energy assistance program (LIHEAP).

The challenge for the ISD program is to serve a growing caseload and meet federally required work participation rates in the TANF program. For several years, the Legislature and the department have taken steps to reduce the likelihood of a federal penalty for failing to meet these rates. In FY07, the contract for NM Works was increased by more than 25 percent to assist TANF recipients seek and retain employment. In FY08, the department continued to certify more maintenance-of-effort (MOE) spending in other agencies to reduce the required participation rates.

Most significantly, in FY08 the department started a new solely state-funded cash assistance program. The intent of the program is to shift the hard-to-employ or state-exempted TANF clients off of federal assistance, thus increasing the percent of TANF clients meeting work requirements. In FY09, the Legislature appropriated \$5.6 million for the program because it did not require an increase in appropriations from the general fund. For FY10, the department requested almost \$12 million for the program but did not provide justification for the program's growth. The department should be cautious about expanding this state-funded welfare program, and the committee recommends continuing the program at the FY09 level. Recognizing the need for more cash assistance funding, however, the recommendation provides \$54 million in federal cash assistance.

To avoid federal penalties, the department should continue to certify additional MOE at other agencies, and the committee recommends certifying at least \$3 million of state spending through the working families' tax credit. More important, continued oversight of the NM Works contract, currently held by New Mexico State University, is required to ensure TANF clients are getting the needed services for employment opportunities.

The committee recommendation also funds the employment retention bonus program, with \$1 million from the general fund and \$1 million in federal funds. The program rewards eligible families with incomes less than 150 percent of the federal poverty level with a \$200 monthly bonus payment for up to 18 months for meeting TANF goals. The department requested \$4 million from the general fund for the program, but the actual need is unknown without a projected caseload for the program. However, in the first four months of FY09, the program averaged 372 cases per month, with a high of 504 in October. Assuming the program continues to grow, the committee recommendation provides funding for almost 850 cases per month.

The committee also recommends additional TANF funding for support services at other agencies. With education and social service needs growing but revenue declining, TANF carryover revenue provides an opportunity to fund critical state services until revenues rebound. The recommendation provides \$2 million for pre-kindergarten programs at the Children, Youth and Families Department (CYFD), \$2 million for pre-kindergarten programs at the Public Education Department, \$500 thousand for home visiting programs at CYFD, and more than \$39 million for childcare programs at CYFD. The latter includes the \$7.2 million appropriated during the special session to expand the childcare program. The recommendation uses \$5 million more in carryover revenue than in FY09, but with a projected \$33.9 balance available at the end of FY09, the \$19.5 million recommended by the committee would leave an FY10 balance of at least \$14.4 million.

The department has also proposed a new revenue swap with the Taxation and Revenue Department to enable ISD to grow the state-funded cash assistance program without increasing overall general fund appropriations. By moving up to \$25 million in federal revenue to the tax suspense fund for payments of the working families tax credit, the general fund that would have been spent on the tax credit would be freed up to use for the state-funded TANF programs. The department may propose legislation to carry out the scheme. The committee recommends that the full legislature consider the proposal, but notes the department should provide detailed projections for the state-funded programs.

In September 2008, the federal Administration for Children and Families identified New Mexico as a "needy state" for TANF contingency funding. The federal government has \$1 billion set aside for states meeting the qualification, and states may receive additional TANF funds up to 20 percent of the block grant – for New Mexico about \$22 million. The state may use the federal funds to replace state spending over a broad range of programs.

The recommendation includes language to require the department to report quarterly on expenditures of the TANF block grant and state MOE. The agency has not provided expenditure and budget information for many of the cash assistance and support service programs. The department should provide and the full Legislature should review FY09 expenditure reports to ensure the appropriation is adequately aligned to budget needs. For example, any savings in support services can be used for cash assistance or reduce the need for carryover revenue.

The Behavioral Health Services Program has carried a vacancy rate of more than 15 percent in FY09. With the demands on the program to support the Behavioral Health Collaborative and oversee several large federal grants, the committee recommendation will allow the agency to reduce the vacancy rate. However, the constraints on state revenue coupled with the loss of several federal grants, will require the program to contract in FY10. The agency will need to reduce contracts funded by general fund revenue by 1.7 percent. In the other costs category, the agency requested \$477 thousand for lease payments for a new intensive outpatient treatment facility at the Los Lunas treatment and training center. HSD and the General Services Department plan to finance construction of the building through a lease-purchase agreement. If the department receives legislative authorization for the agreement in the 2009 session, the earliest possible date to occupy the building would be January 2010. The privately built outpatient facility will be a part of the publicly financed women's residential treatment (WRT) facility. The Legislature has appropriated \$10 million in capital outlay for the WRT facility and completion of its construction is anticipated in April 2010. The agency, which does not have funding to operate the two facilities, requested a program expansion of \$3.8 million for the remainder of FY10. A full year of operating expenses is \$4.8 million. Without sufficient operating revenue for the facilities, the committee does not recommend the \$477 thousand in requested rent.

The Child Support Enforcement Program (CSEP) continues to increase the percent of cases with support orders and the amount of child support collected – key measures of the program's success. Although not yet meeting the targets, the program is making steady progress. Changes in federal regulations due to the Deficit Reduction Act (DRA) and corresponding state law [Laws 2007, Chapter 350, (HB 342)] increased the cap on pass-through child support payments to TANF clients. The law benefits those owed child support and on public assistance programs but reduces federal payments to CSEP.

Without sufficient revenue, the committee does not recommend replacing all of the lost federal funds with general fund revenue. The committee recommendation assumes 6 percent vacancy savings, slightly higher than the current fiscal year, and does not authorize or fund 4 new FTE the agency included in the base request. Savings in contracts will likely have to come from the larger contracts for call center services and hearing officers.

In FY10, the Program Support budget will realize a lower percentage of federal revenue due to projected cost allocation changes. The department continues to emphasize the need for more resources in its information technology division. The committee recommendation in Program Support should allow the agency to reduce the vacancy rates in both divisions of the program, but cost savings in information technology equipment, employee training, rent and travel, and some contracts will be required. The committee also eliminates 3 FTE in the Internal Audit Bureau of Program Support. During the recent LFC evaluation of the Medicaid programs, the bureau appeared not to be doing significant work for the department and no audit reports are available for review. The committee does not support or recommend authorization of 5 FTE requested by the department in the base budget and deletes one long-time vacant position in the information technology division. The recommendation also reduces administration and overhead by deleting 3 exempt FTE -- a deputy secretary for administration, a public information officer, and a legislative liaison -- and one classified FTE -- a deputy administrative services division director. The recommendation also assumes additional revenue from the statewide cost allocation plan.

RECOMMENDED LANGUAGE:

The other state funds appropriations to the medical assistance program of the human services department include five million nine hundred eighty-five thousand dollars (\$5,985,000) from the tobacco settlement program fund for breast and cervical cancer treatment and for medicaid expansion.

The other state funds appropriations to the medical assistance program of the human services department include twenty-two million four hundred fifty thousand dollars (\$22,450,000) from the tobacco settlement program fund for medicaid expansion contingent on enactment of legislation during the first session of the forty-ninth legislature to distribute one hundred percent of the tobacco settlement payment to the tobacco settlement program fund.

The federal funds appropriation to the income support program of the human services department includes twelve million four hundred sixty thousand seven hundred dollars (\$12,460,700) 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 seven million one hundred twenty-five thousand dollars (\$7,125,000) from the general fund and fifty-nine million three hundred forty-seven thousand four hundred dollars (\$59,347,400) 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, disregard pass through payments, one-time diversion payments and state-funded payments to aliens.

The federal funds appropriations to the income support program of the human services department include one million dollars (\$1,000,000) from the federal temporary assistance for needy families block grant to provide wage subsidies for participants.

The federal funds appropriations to the income support program of the human services department include fifteen million nine hundred twenty thousand dollars (\$15,920,000) from the federal temporary assistance for needy families block grant for support services, including one million seven hundred twenty thousand dollars (\$1,720,000) for employment-related costs, eight hundred thousand dollars (\$800,000) for transportation services, six hundred thousand dollars (\$600,000) for a family-strengthening and fatherhood program, eight hundred thousand dollars (\$800,000) for a substance abuse program and twelve million dollars (\$12,000,000) for job training and placement.

The federal funds appropriations to the income support program of the human services department include forty-eight million nine hundred nine thousand three hundred dollars (\$48,909,300) from the temporary assistance for needy families block grant for transfers to other agencies, including thirty-nine million six hundred nineteen thousand three hundred dollars (\$39,619,300) 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, two million dollars (\$2,000,000) to the children, youth and families department for pre-kindergarten programs, two million dollars (\$2,000,000) to the public education department for pre-kindergarten programs, five hundred thousand dollars (\$500,000) to the children, youth and families department for home visiting programs, one million four hundred forty thousand dollars (\$1,440,000) to the commission on the status of women for the job skills program, seven hundred fifty thousand dollars (\$750,000) to the aging and long-term care 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 two million two hundred twenty-six thousand dollars (\$2,226,000) from other state funds for general assistance.

The general fund appropriations to the income support program of the human services department include two hundred eighteen thousand dollars (\$218,000) for the Navajo sovereign temporary assistance for needy families program.

The general fund appropriations to the income support program of the human services department include thirty-two thousand dollars (\$32,000) 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.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	ITD Base Staff Expansion	(P522)	1,606.6	0.0
2	MAD Additional Staff Request	(P524)	924.3	0.0
3	Medicaid Program and Operations Contracts	(P524)	5,380.0	0.0
4	Comm MH-Substance Abuse Svc	(P767)	6,984.2	0.0
5	Supportive Housing	(P767)	2,900.0	0.0
6	BH Planning Council Support	(P767)	85.4	0.0
7	Los Lunas Sub Abuse Trtmnt-Trng Ctr	(P767)	3,808.9	0.0
8	Local Collaborative Continued Support	(P767)	339.0	0.0
9	Expand Insure New Mexico! Program staff	(P524)	367.2	0.0
10	Southern NM Crisis System	(P767)	500.0	0.0
11	Native Amer BH: Traditional Healing	(P767)	350.0	0.0
12	PTSD & Nat Amer PTSD	(P767)	600.0	0.0
13	Home and Community Based Services Waiver TPA	(P524)	1,500.0	0.0
14	General Assistance Expansion for FY10	(P525)	600.0	0.0
15	Med. Asstd Trtmnt f/Women Leaving Prison	(P767)	700.0	0.0
TOTAL			26,645.6	0.0

MEDICAL ASSISTANCE

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	637,964.9	703,657.5	868,780.0	674,572.5	-4.1
Other Transfers	116,214.9	118,170.0	130,409.0	154,544.0	30.8
Federal Revenues	2,089,841.4	2,269,720.6	2,595,093.2	2,299,839.9	1.3
Other Revenues	59,329.9	75,748.0	77,164.9	80,910.9	6.8
SOURCES TOTAL	2,903,351.1	3,167,296.1	3,671,447.1	3,209,867.3	1.3
USES					
Personal Services and Employee Benefits	11,483.6	11,014.7	12,760.8	11,007.3	-0.1
Contractual Services	23,152.5	35,145.0	34,920.9	26,473.9	-24.7
Other	2,806,909.1	3,062,745.3	3,559,650.4	3,108,271.1	1.5
Other Financing Uses	55,791.1	58,391.1	64,115.0	64,115.0	9.8
TOTAL USES	2,897,336.3	3,167,296.1	3,671,447.1	3,209,867.3	1.3
FTE					
Permanent	149.0	151.0	174.0	151.0	0.0
Term	4.0	11.0	7.0	11.0	0.0
TOTAL FTE POSITIONS	153.0	162.0	181.0	162.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of adults enrolled in state coverage insurance	7,549	23,060		35,000	35,000
Outcome	Percent of children enrolled in medicaid managed care who have a dental exam	67%	50%			
Outcome	Number of children receiving services in the medicaid school-based services program	16,770	16,860	17,500	16,500	16,500
* Output	Number of employers participating in state coverage insurance	311	700	375	1,000	1,000
* Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services as measured by healthcare effectiveness data and information set	67%	64%	68%	69%	69%
Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services	67%	64%			
Outcome	Percent of adolescents in medicaid managed care receiving well-care visits	39.9%	43%			
* Output	Percent increase of eligible children under age twenty-one who get healthcare coverage through medical assistance programs			2%	5%	5%
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screens	56%	52%			
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screens	68%	70%			
* Output	Percent increase of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs			2%	2%	2%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u> 2%	<u>FY10 Request</u> 2%	<u>FY10 Recomm</u> 2%
* Output	Percent increase of eligible children under age five who get healthcare coverage through medical assistance programs					
Outcome	Percent of children enrolled in medicaid managed care who have a dental exam as measured by healthcare effectiveness data and information set	67%	50%	50%	52%	52%
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screenings as measured by healthcare effectiveness data and information set	56%	52%	53%	54%	54%
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screenings as measured by healthcare effectiveness data and information set	68%	70%	69%	70%	70%

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 the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(Dollars in Thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u> <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	46,144.0	45,806.1	62,626.9	44,890.0	-2.0
Other Transfers	3,287.4	1,418.8	1,418.8	1,418.8	0.0
Federal Revenues	25,576.9	18,687.6	16,376.2	16,376.2	-12.4
Other Revenues	42.0	42.0	21.0	21.0	-50.0
SOURCES TOTAL	75,050.3	65,954.5	80,442.9	62,706.0	-4.9
USES					
Personal Services and Employee Benefits	2,494.2	2,697.0	3,079.3	2,859.7	6.0
Contractual Services	69,057.8	60,007.3	74,120.5	57,116.7	-4.8
Other	717.8	1,432.2	1,450.9	937.4	-34.5
Other Financing Uses	1,648.2	1,818.0	1,792.2	1,792.2	-1.4
TOTAL USES	73,918.0	65,954.5	80,442.9	62,706.0	-4.9
FTE					
Permanent	31.0	26.0	26.0	26.0	0.0
Term	18.0	18.0	17.0	17.0	-5.6
TOTAL FTE POSITIONS	49.0	44.0	43.0	43.0	-2.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget Baseline</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of children and adolescents receiving Medicaid behavioral health services who are successful in school					
Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	4.0%	9.5%	11%	8%	8%
Output	Percent of youth on probation who were served	43.5%	43.5%	TBD	45%	45%
* Outcome	Youth suicide rate among fifteen to nineteen year olds served by statewide entity	3	TBD	2	3	3
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for alcohol			79%	80%	80%
* Outcome	Suicide rate among adults age twenty and older per one hundred thousand (calendar year)			20.5	15	15
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for drugs			65%	75%	75%
* Outcome	Percent of children and adolescents receiving behavioral health services who are successful in school	80.8%	Unavailable	Baseline	TBD	81%
* Outcome	Suicide rate among children age fifteen to nineteen per one hundred thousand (based on three-year averages)	19.1	Unavailable	14.0	14.0	14.0
Outcome	Percent of individuals with mental illness or substance abuse disorders or both receiving services who report satisfaction with staff's support with their housing needs	78.5%	Unavailable	79%	80%	80%
Outcome	Number of driving-while-intoxicated arrests among persons receiving substance abuse treatment or services	Unavailable	Unavailable	TBD	12%	12%
Output	Percent of adults on probation who were served	36.7%	Unavailable	TBD	39%	39%
Outcome	Number of unique individuals in medicaid served in substance abuse or mental health programs			73,500	Discontinue	
Output	Number of individuals served annually in substance abuse or mental health programs or both	71,531	72,980	73,500	73,000	73,000

MEDICAID BEHAVIORAL HEALTH

The purpose of the Medicaid behavioral health 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

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	83,010.0	94,918.0	0.0	78,936.3	-16.8
Federal Revenues	204,603.8	228,457.0	0.0	193,329.7	-15.4
SOURCES TOTAL	287,613.8	323,375.0	0.0	272,266.0	-15.8
USES					
Other	287,123.0	323,375.0	0.0	272,266.0	-15.8
TOTAL USES	287,123.0	323,375.0	0.0	272,266.0	-15.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

INCOME SUPPORT

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	46,878.3	49,995.3	60,249.7	47,839.3	-4.3
Other Transfers	500.0	0.0	0.0	0.0	
Federal Revenues	424,247.1	476,641.8	494,671.3	504,425.2	5.8
Other Revenues	4,303.7	3,557.9	4,157.9	4,157.9	16.9
Fund Balance	2,069.7	0.0	0.0	0.0	
SOURCES TOTAL	477,998.8	530,195.0	559,078.9	556,422.4	4.9
USES					
Personal Services and Employee Benefits	48,369.2	55,494.2	56,191.2	53,259.3	-4.0
Contractual Services	21,859.0	24,459.4	24,636.4	23,909.4	-2.2
Other	365,478.0	409,318.1	437,312.0	429,614.4	5.0
Other Financing Uses	37,651.5	40,923.3	40,939.3	49,639.3	21.3
TOTAL USES	473,357.7	530,195.0	559,078.9	556,422.4	4.9
FTE					
Permanent	1,075.0	1,075.0	1,111.0	1,075.0	0.0
Term	34.0	34.0	0.0	34.0	0.0
Temporary	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	1,159.0	1,159.0	1,161.0	1,159.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of temporary assistance for needy families clients who receive a job			60%	60%	60%
* Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	77.5%	76.5%	78%	77%	78%
* Outcome	Percent of parent recipients who meet temporary assistance for needy families federally required work participation requirements			50%	51%	51%
Outcome	Percent of temporary assistance for needy families clients phased into the interagency state workforce consolidation effort	18%	19%			
Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements	41.1%	42.2			
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements	54.9%	51.1%	60%	60%	60%
* Outcome	Percent of children eligible for food stamps participating in the program	67.9%	70.2%	68%	72%	72%
* Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days	98.5%	98.1%	98%	98%	98%
Output	Number of New Mexico works clients referred to one-stop programs			4,000	4,000	4,000
* Outcome	Number of New Mexico families receiving food stamps	91,394	97,989	95,150	98,000	98,000
Outcome	Number of temporary assistance for needy families clients who receive a job	6,938	6,488			
Outcome	Percent of regular food stamp cases meeting the federally required measure of timeliness within thirty days		98%	95%	97%	97%

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,645.3	9,013.7	10,181.7	9,064.1	0.6
Federal Revenues	21,105.6	21,052.4	21,886.8	20,178.6	-4.2
Other Revenues	6,224.5	3,904.2	3,486.1	3,723.8	-4.6
SOURCES TOTAL	34,975.4	33,970.3	35,554.6	32,966.5	-3.0
USES					
Personal Services and Employee Benefits	20,401.3	21,266.0	22,059.0	21,195.0	-0.3
Contractual Services	7,095.1	7,840.0	8,102.0	7,123.9	-9.1
Other	4,914.5	4,864.3	5,393.6	4,647.6	-4.5
TOTAL USES	32,410.9	33,970.3	35,554.6	32,966.5	-3.0
FTE					
Permanent	399.0	403.0	408.0	403.0	0.0
TOTAL FTE POSITIONS	399.0	403.0	408.0	403.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of temporary assistance for needy families cases with court-ordered child support that are receiving collections	54.4%	57.2%	60%	Discontinue	
* Outcome	Amount of child support collected, in millions	\$95.3	\$103.2	\$100.0	\$105	\$105
* Outcome	Percent of current support owed that is collected	56.3%	58%	58%	59%	59%
* Outcome	Percent of cases with support orders	64.5%	66.2	67%	68%	68%
* Outcome	Percent of children born out of wedlock with paternity establishment in child support cases	74.2%	101.8%	80%	72%	72%
Outcome	Percent of children with court-ordered medical support covered by private health insurance	33%	36%	38%	Discontinue	

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist the department in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	12,255.7	13,340.9	17,592.7	14,077.8	5.5
Federal Revenues	28,235.9	29,651.4	31,385.2	26,250.3	-11.5
Other Revenues	3,721.0	3,571.3	3,288.8	3,543.3	-0.8
SOURCES TOTAL	44,212.6	46,563.6	52,266.7	43,871.4	-5.8
USES					
Personal Services and Employee Benefits	17,283.4	17,870.3	20,649.0	17,153.8	-4.0
Contractual Services	11,553.2	13,310.2	13,226.6	11,395.1	-14.4
Other	15,003.5	15,333.1	18,341.1	15,272.5	-0.4
Other Financing Uses	24.0	50.0	50.0	50.0	0.0
TOTAL USES	43,864.1	46,563.6	52,266.7	43,871.4	-5.8
FTE					
Permanent	253.0	253.0	292.0	245.0	-3.2
TOTAL FTE POSITIONS	253.0	253.0	292.0	245.0	-3.2

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of federal grant reimbursements completed that meet the federal standards for timeliness		100%	90%	100%	100%
Outcome	Percent of federal financial reports completed accurately by due date	0%	100%			
* Outcome	Percent of invoices paid within thirty days of receipt of the invoice	73%	78.55%	100%	100%	100%
Outcome	Percent of prior-year audit finding resolved in the current fiscal year	93%	64%			
Outcome	Percent of audit findings that are material weaknesses	0%	0%	0%	0%	0%
* Outcome	Number of office of inspector general claims over thirty-six months old	3,539		3,470	3,470	3,470
Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	Unavailable	77%			
* Output	Percent of timely final decisions on administrative disqualification hearings			100%	100%	100%
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	77%			
* Output	Number of days for the chief financial officer to certify the accuracy of financial transactions after the close of an accounting cycle			45 days	45 days	45
* Output	Percent of investigations referred to the office of the inspector general completed within ninety days from the date assigned			70%	70%	70%

STATUTORY AUTHORITY:

The Workforce Solutions Department was created in 2007 by Section 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. 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 mission of the Workforce Solutions Department (WSD) is to improve the quality, career mobility, and empowerment of the New Mexico workforce, enhance productivity and competitiveness of New Mexico industry, and increase the self-sufficiency of those entering and moving up in the workforce.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,262.9	8,742.2	12,069.3	7,663.5	-12.3
Other Transfers	3,892.4	5,419.1	3,956.6	4,341.8	-19.9
Federal Revenues	39,688.6	42,802.1	35,095.9	35,095.9	-18.0
Other Revenues	0.0	2,759.8	4,821.6	4,821.6	74.7
Fund Balance	0.0	0.0	0.0	600.0	
SOURCES TOTAL	50,843.9	59,723.2	55,943.4	52,522.8	-12.1
USES					
Personal Services and Employee Benefits	27,378.7	29,152.8	29,567.0	28,396.3	-2.6
Contractual Services	2,022.0	2,421.9	4,455.2	2,807.7	15.9
Other	21,443.2	25,388.7	17,964.6	17,362.2	-31.6
Other Financing Uses	0.0	2,759.8	3,956.6	3,956.6	43.4
TOTAL USES	50,843.9	59,723.2	55,943.4	52,522.8	-12.1
FTE					
Permanent	494.0	541.0	538.0	493.0	-8.9
Term	45.5	42.5	31.5	31.5	-25.9
Temporary	0.0	0.0	1.0	0.0	
TOTAL FTE POSITIONS	539.5	583.5	570.5	524.5	-10.1

BUDGET ISSUES:

The LFC recommendation for FY10 includes an increase of \$357.3 thousand for General Service Department (GSD) and Department of Information Technology rate increases, a decrease of \$101.5 thousand due to a 4.5 percent reduction in contracts, a decrease of \$449.9 thousand due to a 3.5 percent decrease in other costs, a decrease of \$75.1 thousand for the audit based on a revised schedule prepared by LFC staff, and a decrease of \$50 thousand from the elimination of the Workforce Literacy Project. Also, the recommendation includes moving \$250 thousand for the individual development account to Program Support as requested by WSD, and \$600 thousand in unencumbered cash balance from the employment security department fund for the at-risk youth programs.

The executive recommended the transfer of workers' compensation fund balance to the New Mexico Department of Labor in FY05, which has continued each year since. LFC recommends the continued transfer of \$691.5 thousand from the workers' compensation fund for FY10 to support agency operations. The workers' compensation fund had a balance on June 30, 2008, of \$9.7 million.

Federal funding from the Reed Act, Workforce Investment Act (WIA), and Wagner-Peyser Act has declined significantly in recent years and necessitated increased state funding. WIA funding has decreased by \$7.4 million, or 36.4 percent, over the last five years. In 2008, the Legislature appropriated \$750 thousand from the general fund to replace federal revenues and \$800 thousand in a nonrecurring special appropriation to fund operations for two years until the state unemployment insurance trust fund revenues materialized. In response to declining federal funds, WSD has implemented over the last several years austerity measures that focus primarily on personal services and employee benefits. The agency has been operating with a vacancy rate of around 25 percent. The number of WSD's positions was reduced by 14 FTE in FY09 and is reflected in the department's FY10 budget request.

To address the declining federal funds and high vacancy rates, LFC recommends the deletion of 40 FTE for positions vacant over a year and the deletion of 5 FTE exempt positions. The deletion of the five exempt positions will alleviate duplication and streamline management functions. The deleted positions will decrease the need for general fund by \$537.3 thousand while the other state funding, internal services funds/inter-agency transfers, and federal funding will be reallocated within personal services and employee benefits to reduce vacancy rates. The recommendation includes a decrease of \$528.5 thousand from factoring a vacancy rate of 4.2 percent in Program Support. The LFC recommendation reflects an overall vacancy rate of 5.9 percent.

Employer taxes are collected by WSD and deposited in the federal treasury in an unemployment insurance (UI) trust fund. New Mexico's UI trust fund is among the most solvent in the United States. The balance of New Mexico's UI trust fund was \$553.3 million at the end of FY08. The Legislature in 2007 approved the creation of a state UI trust fund. WSD will create the fund by diverting \$150 million over a 3.5 year period with the principle invested by the State Investment Council. Interest earned can be used to help support activities related to unemployment or employment security. Funds from the state UI trust fund are available to transfer to the federal UI trust fund if needed. WSD reported that as of October 21, 2008, the total earnings of the state UI trust fund was \$203.1 thousand. The department noted the FY10 earning projections for the state UI trust fund was based on a 4 percent rate of return. The fund is currently invested in short-term instruments earning around 1.5 percent. WSD reported the FY10 projected earnings of \$1.4 million is too high and should be adjusted to \$900 thousand. LFC staff encouraged the department to look for longer term bonds with higher interest rates. LFC recommends an increase of \$306.3 thousand from the general fund to cover an anticipated lower rate of return from the state UI trust fund.

LFC's program evaluators conducted a performance accountability evaluation on WSD to assess strategic planning and overall performance measures, as well as to examine performance measure validity, data reliability, and management use. The evaluation noted that although improving, performance results for FY09 were not effectively reported for all programs. Overall performance measures did not fully reflect the agency mission or gauge core program purposes, leading to the exclusion of significant activities and expenditures. Recommendations included expanding unemployment insurance measures to include additional performance results and reporting quarterly local workforce boards' performance. Also, the evaluation stated a state strategic plan should be developed, in addition to the federally required WIA strategic plan.

GSD conducted an evaluation of the procurement code and found that WSD in FY08 had 32 procurement code violations. The majority of the violations are from not having a valid contract or purchase order.

BASE EXPANSION:

WSD requested four expansion items totaling \$1.4 million for the individual development accounts, work keys skills assessment, advanced manufacturing skills, and summer youth programs. The expansion for the individual development accounts includes 1 FTE accountant/auditor to oversee the financial aspects of the program. The committee does not recommend the requested expansion items.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers appropriation to the labor relations program of the workforce solutions department includes six hundred ninety-one thousand five hundred dollars (\$691,500) from fund balances in the workers' compensation administration fund.

The general fund appropriation to program support of the workforce solutions department in the other category includes two hundred fifty thousand dollars (\$250,000) to be transferred to the individual development fund to carry out the provisions of the Individual Development Account Act.

The other state funds appropriation to program support of the workforce solutions department in the contractual services category includes six hundred thousand dollars (\$600,000) from fund balances in the employee security department fund for at-risk youth programs.

**BASE EXPANSION LISTING
FY10 - 2009-2010**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Individual development accounts	(P779)	570.0	0.0
2	Work keys skills assessment	(P779)	250.0	0.0
3	Advanced manufacturing skills	(P779)	250.0	0.0
4	Summer youth programs	(P779)	300.0	0.0
TOTAL			1,370.0	0.0

WORKFORCE TRANSITION SERVICES

The purpose of the workforce transition services program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,373.4	3,686.0	3,613.0	3,556.0	-3.5
Other Transfers	1,403.8	2,147.4	1,135.7	904.7	-57.9
Federal Revenues	13,419.8	13,448.1	13,580.8	13,580.8	1.0
Other Revenues	0.0	276.8	1,935.7	1,935.7	599.3
SOURCES TOTAL	19,197.0	19,558.3	20,265.2	19,977.2	2.1
USES					
Personal Services and Employee Benefits	14,748.9	15,625.8	15,470.7	15,382.1	-1.6
Contractual Services	502.5	553.2	532.0	505.4	-8.6
Other	3,945.6	3,102.5	3,126.8	2,954.0	-4.8
Other Financing Uses	0.0	276.8	1,135.7	1,135.7	310.3
TOTAL USES	19,197.0	19,558.3	20,265.2	19,977.2	2.1
FTE					
Permanent	325.0	308.0	309.0	295.0	-4.2
Term	41.5	40.5	28.5	28.5	-29.6
TOTAL FTE POSITIONS	366.5	348.5	337.5	323.5	-7.2

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services	84%	86%	83%	66%	86%
* Outcome	Percent of youth receiving workforce development services who have entered employment within one quarter of leaving the program	63%	71%	NA	50%	71%
* Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program	81%	84%	86%	70%	84%
Outcome	Total number of individuals in the adult, dislocated worker, and youth programs receiving services through the federal Workforce Investment Act	4,464	13,340	NA	8,800	13,000
Outcome	Number of workforce solutions department integrated business and career centers	NA	NA	NA	38	38
Outcome	Percent of new employer status determinations that will be completed within ninety days of the quarter ending date	NA	NA	70%	70%	70%
Outcome	Average earnings of adult Workforce Investment Act participants who are employed in the third quarter following the exit quarter	NA	NA	\$9,000	\$11,000	\$9,000
Outcome	Average earnings of Workforce Investment Act dislocated worker participants who are employed in the third quarter following the exit quarter	NA	NA	\$11,400	\$11,000	\$11,400
* Output	Percent of eligible unemployment insurance claims that will be issued a determination within twenty-one days from the date of claim	NA	NA	87%	87%	87%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Percent of adult Workforce Investment Act participants employed in the third quarter following the exit quarter	NA	NA	72%	66%	72%
* Output	Percent of Workforce Investment Act dislocated worker participants employed in the third quarter following the exit quarter	NA	NA	75%	65%	75%
Output	Annual number of workers placed	NA	NA	NA	56,100	56,100
Output	Annual number of workers provided training services	NA	NA	NA	12,036	12,036
Explanatory	Number of persons served by the labor market services program	269,593	416,620	NA	370,000	400,000

LABOR RELATIONS

The purpose of the labor relations program is to provide employment rights information and other work-site-based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,297.6	1,510.1	2,232.4	1,365.2	-9.6
Other Transfers	1,472.2	1,394.5	750.8	1,442.3	3.4
Federal Revenues	225.8	250.0	250.0	250.0	0.0
Other Revenues	0.0	703.0	750.8	750.8	6.8
SOURCES TOTAL	2,995.6	3,857.6	3,984.0	3,808.3	-1.3
USES					
Personal Services and Employee Benefits	2,049.5	2,194.5	2,220.8	2,073.6	-5.5
Contractual Services	56.4	109.6	9.6	11.5	-89.5
Other	889.7	850.5	1,002.8	972.4	14.3
Other Financing Uses	0.0	703.0	750.8	750.8	6.8
TOTAL USES	2,995.6	3,857.6	3,984.0	3,808.3	-1.3
FTE					
Permanent	43.0	43.0	42.0	39.0	-9.3
TOTAL FTE POSITIONS	43.0	43.0	42.0	39.0	-9.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	81%	96%	95%	96%	96%
* Output	Number of targeted public works inspections completed	1,354	1,881	1,775	1,800	1,800
* Efficiency	Number of backlogged human rights commission hearings pending each quarter	0	0	<5	<5	0
* Efficiency	Percent of discrimination cases settled through alternative dispute resolution	78%	72%	NA	78%	78%

WORKFORCE TECHNOLOGY

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the workforce solutions department and its service providers.

BUDGET SUMMARY (dollars in thousands)						
FY10 - 2009-2010						
	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	240.7	1,582.9	1,693.6	1,399.3	-11.6	
Other Transfers	67.1	154.8	230.7	201.3	30.0	
Federal Revenues	4,750.4	3,256.3	3,208.7	3,208.7	-1.5	
Other Revenues	0.0	123.8	256.0	256.0	106.8	
SOURCES TOTAL	5,058.2	5,117.8	5,389.0	5,065.3	-1.0	
USES						
Personal Services and Employee Benefits	3,155.6	3,216.3	3,208.3	3,064.0	-4.7	
Contractual Services	1,112.5	826.9	802.9	762.8	-7.8	
Other	790.1	950.8	1,147.1	1,007.8	6.0	
Other Financing Uses	0.0	123.8	230.7	230.7	86.3	
TOTAL USES	5,058.2	5,117.8	5,389.0	5,065.3	-1.0	
FTE						
Permanent	47.0	48.0	46.0	41.0	-14.6	
Term	2.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	49.0	49.0	47.0	42.0	-14.3	

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of system availability during scheduled uptime	NA	NA	95%	95%-98%	95%
Outcome	Percent data accuracy for federal and ad hoc reports	NA	NA	95%	90%-95%	95%
* Output	Average unemployment insurance call center wait time to reach an agent, in minutes	NA	NA	<5	<5	<5
Output	Percent of online transactions completed in less than five seconds	NA	NA	80%	85%	80%

BUSINESS SERVICES

The purpose of the business services program is to provide standardized business solution strategies and labor market information through New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY (dollars in thousands)						
FY10 - 2009-2010						
	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	299.7	399.8	413.5	317.7	-20.5	
Federal Revenues	2,425.6	3,150.7	2,811.3	2,811.3	-10.8	
SOURCES TOTAL	2,725.3	3,550.5	3,224.8	3,129.0	-11.9	
USES						
Personal Services and Employee Benefits	1,807.9	2,098.4	2,072.3	2,019.2	-3.8	
Contractual Services	160.7	321.6	298.3	283.4	-11.9	
Other	756.7	1,130.5	854.2	826.4	-26.9	
TOTAL USES	2,725.3	3,550.5	3,224.8	3,129.0	-11.9	
FTE						
Permanent	17.0	39.0	39.0	30.0	-23.1	
TOTAL FTE POSITIONS	17.0	39.0	39.0	30.0	-23.1	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of employers sampled reporting customer satisfaction	NA	NA	84%	85%	84%
* Output	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services	NA	NA	20,000	21,000	20,000
Output	Number of days to publish, at the state level, seasonally adjusted business employment dynamics quarterly data upon receipt from the bureau of labor statistics	NA	NA	30	30	30

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,051.5	1,563.4	4,116.8	1,025.3	-34.4
Other Transfers	949.3	1,722.4	1,839.4	1,793.5	4.1
Federal Revenues	18,867.0	22,697.0	15,245.1	15,245.1	-32.8
Other Revenues	0.0	1,656.2	1,879.1	1,879.1	13.5
Fund Balance	0.0	0.0	0.0	600.0	
SOURCES TOTAL	20,867.8	27,639.0	23,080.4	20,543.0	-25.7
USES					
Personal Services and Employee Benefits	5,616.8	6,017.8	6,594.9	5,857.4	-2.7
Contractual Services	189.9	610.6	2,812.4	1,244.6	103.8
Other	15,061.1	19,354.4	11,833.7	11,601.6	-40.1
Other Financing Uses	0.0	1,656.2	1,839.4	1,839.4	11.1
TOTAL USES	20,867.8	27,639.0	23,080.4	20,543.0	-25.7
FTE					
Permanent	62.0	103.0	102.0	88.0	-14.6
Term	2.0	1.0	2.0	2.0	100.0
Temporary	0.0	0.0	1.0	0.0	
TOTAL FTE POSITIONS	64.0	104.0	105.0	90.0	-13.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of annual independent state audit prior-year findings resolved	NA	NA	100%	100%	100%
Output	Percent completion of program and fiscal monitoring of all state and federal service providers including distribution of final report on an annual basis within thirty days of onsite visit	NA	NA	100%	100%	100%

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.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	12,143.7	12,740.8	12,656.9	12,742.4	0.0
Fund Balance	0.0	30.1	0.0	0.0	-100.0
SOURCES TOTAL	12,143.7	12,770.9	12,656.9	12,742.4	-0.2
USES					
Personal Services and Employee Benefits	8,778.6	9,209.5	9,656.9	9,107.7	-1.1
Contractual Services	270.6	452.6	500.5	445.5	-1.6
Other	1,783.1	2,417.3	2,499.5	2,497.7	3.3
Other Financing Uses	691.5	691.5	0.0	691.5	0.0
TOTAL USES	11,523.8	12,770.9	12,656.9	12,742.4	-0.2
FTE					
Permanent	140.0	141.0	145.0	143.0	1.4
TOTAL FTE POSITIONS	140.0	141.0	145.0	143.0	1.4

BUDGET ISSUES:

The committee recommends a decrease of \$28.5 thousand in FY10 from the FY09 operating budget. The recommendation reflects a concern for the uncertainty of fund balances in the coming years. WCA reports workers' compensation assessment growth was 12.9 percent in FY08. This is partly due to the one-time collection of overdue fees from New Mexico state government and Lowe's Home Centers, Inc. The increase followed four years of decreasing assessments, from 8.9 percent in FY04 to 2.6 percent in FY07. New Mexico employment is expected to be flat in FY09. Based on this information, fund balances are unlikely to grow significantly in FY09. LFC staff estimates an audit fee of \$15.5 thousand for FY10, included in the recommendation. Also, the agency's budget request did not include vacancy savings for the personal services and employee benefits category. The committee recommends the application of a vacancy rate of 4 percent, below the historic vacancy rate of 8.4 percent.

WCA receives funding from quarterly fees of \$2 collected from employees, matched by an employer contribution of \$2, and a relatively new 30 cent assessment, for a combined annual total of \$17.20 per employee. The 30 cent assessment supports claims filed against employers that were noncompliant with the law requiring workers' compensation insurance. When fees fall short of supporting the agency's budget, accumulated fund balances have been used to support agency expenditures. WCA projects the fund balance to be \$9.7 million at the end of FY09.

Four years ago issues surfaced regarding the solvency of the uninsured employers' fund. This stemmed from the cost of claims exceeding revenue in the fund. In December 2005, WCA changed its regulations to implement a lifetime cap of \$40 thousand for medical and indemnity each per injury. Also, WCA has added additional compliance officers to ensure employers comply with the insurance requirements of the Workers' Compensation Act.

The Workforce Solutions Department (WSD) has received funding from the workers' compensation fund since FY05 to replace decreasing federal funds. The committee recommends the transfer of funds to continue in FY10.

BASE EXPANSION:

For FY10, WCA requested \$244.7 thousand to fund six expansion requests. The expansion requests consist of reclassifying safety staff, reclassifying dispute resolution support staff, 1 FTE compliance officer, 1 FTE accountant/auditor for assessment fees, 1 FTE lawyer for mediation, and 1 FTE compliance investigator.

Assessment fee staff assists the Taxation and Revenue Department (TRD) in its collection efforts of workers' compensation fees. WCA reports that TRD collected \$1.1 million in FY08, of which \$694 thousand could be attributed to the efforts of the assessment fee staff. The additional position would assist in increasing collection of fees and fines. LFC recommends 1 FTE accountant/auditor for assessment fees.

Under Section 52-5-7, NMSA 1978, mediation hearings have to be held within 60 days of the filing of an answer to a claim and a decision is to be rendered within 30 days following the hearing. The caseload for mediators increased from 211 in 2006 to 258 in 2007. WCA reports delays in the issuance of recommended resolutions will increase without the additional mediator. LFC recommends 1 FTE lawyer for mediation.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Reclass of safety staff	(P697)	34.8	0.0
2	Reclass of dispute resolution support staff	(P697)	18.1	0.0
3	Compliance support (1 FTE)	(P697)	35.9	0.0
4	Assessment fee compliance support (1 FTE)	(P697)	42.6	42.6
5	Dispute resolution support (1 FTE)	(P697)	70.7	70.7
6	Compliance investigator support (1 FTE)	(P697)	42.6	0.0
TOTAL			244.7	113.3

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefit to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08</u> <u>2007-2008</u> <u>Actuals</u>	<u>FY09</u> <u>2008-2009</u> <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
Other Revenues	11,202.2	11,571.7	11,487.8	11,573.3	0.0
Fund Balance	0.0	30.1	0.0	0.0	-100.0
SOURCES TOTAL	11,202.2	11,601.8	11,487.8	11,573.3	-0.2
USES					
Personal Services and Employee Benefits	8,778.6	9,209.5	9,656.9	9,107.7	-1.1
Contractual Services	257.2	352.6	400.5	345.5	-2.0
Other	1,299.1	1,348.2	1,430.4	1,428.6	6.0
Other Financing Uses	691.5	691.5	0.0	691.5	0.0
TOTAL USES	11,026.4	11,601.8	11,487.8	11,573.3	-0.2
FTE					
Permanent	140.0	141.0	145.0	143.0	1.4
TOTAL FTE POSITIONS	140.0	141.0	145.0	143.0	1.4

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of formal claims resolved without trial	85%	83.1%	90%	85%	85%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	.655	.72	new	.650	.650
* Outcome	Percent of employers referred for investigation that are determined to be in compliance with insurance requirements of the Workers' Compensation Act	NA	NA	new	59%	59%
Outcome	Percent of all employers with worker compensation premium liabilities above five thousand dollars that have met reporting requirements for safety inspections	NA	NA	new	baseline	baseline
Outcome	Number of employers that have received education or outreach from the workers' compensation administration	13,439	8348	13,650		
* Output	Number of first reports of injury processed	38,210	37,658	40,000	40,000	40,000
Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	3,452	4389	5,100		
Output	Number of employers that had a workplace safety visit or consultation	2,007	2065	2,150		
Output	Number of serious injuries and illnesses caused by workplace conditions	5,282	5722	4,750		
Efficiency	Percent of employers experiencing three or more accidents within a twelve-month period that demonstrate a reduction in the number of accidents per year following workers' compensation administration safety inspection and consultation	NA	NA	new	baseline	baseline

UNINSURED EMPLOYERS' FUNDBUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	941.6.0	1,169.1	1,169.1	1,169.1	0.0
TOTAL SOURCES	941.6	1,169.1	1,169.1	1,169.1	0.0
USES0.0					
Contractual Services	13.4	100.0	100.0	100.0	0.0
Other	484.0	1,069.1	1,069.1	1,069.1	0.0
TOTAL USES	497.4	1,169.1	1,169.1	1,169.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

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 mission of DVR is 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,126.5	6,363.4	6,716.2	6,363.4	0.0
Other Transfers	2,044.5	1,718.7	1,200.5	1,300.5	-24.3
Federal Revenues	36,180.5	38,927.5	38,496.9	37,793.4	-2.9
Other Revenues	31.0	0.0	0.0	0.0	
Fund Balance	12.7	132.2	53.0	53.0	-59.9
SOURCES TOTAL	44,395.2	47,141.8	46,466.6	45,510.3	-3.5
USES					
Personal Services and Employee Benefits	18,943.9	20,784.3	20,767.6	19,938.8	-4.1
Contractual Services	722.1	1,018.7	1,121.5	1,121.5	10.1
Other	21,373.5	25,338.8	24,577.5	24,450.0	-3.5
TOTAL USES	41,039.5	47,141.8	46,466.6	45,510.3	-3.5
FTE					
Permanent	287.0	287.0	287.0	287.0	0.0
Term	44.0	41.0	26.0	26.0	-36.6
TOTAL FTE POSITIONS	331.0	328.0	313.0	313.0	-4.6

BUDGET ISSUES:

The general fund recommendation of \$6.4 million for the agency remains flat from the FY09 operating budget. In addition, \$375 thousand is transferred from the Commission for the Deaf and Hard-of-Hearing to increase vocational training for hearing disabled individuals. These funds qualify as state matching funds. The Rehabilitation Services Program includes \$25 million of federal funds at various matching rates. The basic support federal grant is matched at 78.7 percent federal funds to 21.3 percent from the general fund. The total amount available for matching in the Rehabilitation Services Program is \$5.3 million, which allows for the maximum federal funds allotment for New Mexico. A vacancy rate of 4.5 percent was applied; however, the actual vacancy rate is closer to 5.6 percent for the program.

In FY07, the Independent Living Services Program was separated from Rehabilitation Services. The program is operated by private contractors and receives 21 percent, or \$1.4 million, of the DVR general fund appropriation, which is not eligible for matching federal funds.

The Disability Determination Program is 100 percent federally funded and provides eligibility services for Social Security disability benefits.

BASE EXPANSION:

The department requested two expansion items totaling \$334.3 thousand. The Rehabilitation Services Program requested \$134.3 thousand for in-band pay increases for vocational rehabilitation counselors and \$200 thousand for Native American Independent Living Center operations. The committee recommends the agency work with the State Personnel Office and board to address additional compensation issues for rehabilitation counselors.

In the 2008 legislative session, funding was provided to open Native American Independent Living Centers. It may be premature to expand operations before measurable results can be reported.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes three hundred seventy-five thousand dollars (\$375,000) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

Any unexpended balances in the division of vocational rehabilitation remaining at the end of fiscal year 2010 from appropriations made from the general fund shall not revert.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Pay increases based on DVR pay plan	(P508)	134.3	0.0
2	Native American independent living	(P509)	200.0	0.0
TOTAL			334.3	0.0

REHABILITATION SERVICES PROGRAM

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)

	<u>FY08</u> <u>2007-2008</u> <u>Actuals</u>	<u>FY09</u> <u>2008-2009</u> <u>Budgeted</u>	<u>FY10 - 2009-2010</u> <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	4,938.4	4,957.2	5,110.0	4,957.2	0.0
Other Transfers	2,044.5	1,718.7	1,200.5	1,300.5	-24.3
Federal Revenues	25,204.3	26,541.3	25,864.2	25,160.7	-5.2
Other Revenues	31.0	0.0	0.0	0.0	
Fund Balance	12.7	132.2	53.0	53.0	-59.9
SOURCES TOTAL	32,230.9	33,349.4	32,227.7	31,471.4	-5.6
USES					
Personal Services and Employee Benefits	13,796.2	14,562.6	14,326.2	13,497.4	-7.3
Contractual Services	562.4	761.0	863.8	863.8	13.5
Other	15,030.7	18,025.8	17,037.7	17,110.2	-5.1
TOTAL USES	29,389.3	33,349.4	32,227.7	31,471.4	-5.6
FTE					
Permanent	190.0	190.0	190.0	190.0	0.0
Term	44.0	41.0	26.0	26.0	-36.6
TOTAL FTE POSITIONS	234.0	231.0	216.0	216.0	-6.5

PERFORMANCE MEASURES

		<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Budget</u>	<u>FY10</u> <u>Request</u>	<u>FY10</u> <u>Recomm</u>
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,833	1,687	1,850	1,850	1850
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	61.3%	61%	67%	60%	60%
* Outcome	Percent of persons achieving suitable employment outcomes who are competitively employed or self-employed	97.8%	96%	98%	95%	96%
* Outcome	Percent of persons with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	96.0	96%	95%	95%	96%

INDEPENDENT LIVING SERVICES PROGRAM

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,188.1	1,406.2	1,606.2	1,406.2	0.0
Federal Revenues	183.7	250.0	250.0	250.0	0.0
SOURCES TOTAL	1,371.8	1,656.2	1,856.2	1,656.2	0.0
USES					
Other	1,430.2	1,656.2	1,856.2	1,656.2	0.0
TOTAL USES	1,430.2	1,656.2	1,856.2	1,656.2	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of independent living plans developed	488	611	500	500	550
* Output	Number of individuals served for independent living	806	860	750	750	800

DISABILITY DETERMINATION PROGRAM

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	10,792.5	12,136.2	12,382.7	12,382.7	2.0
SOURCES TOTAL	10,792.5	12,136.2	12,382.7	12,382.7	2.0
USES					
Personal Services and Employee Benefits	5,147.7	6,221.7	6,441.4	6,441.4	3.5
Contractual Services	159.7	257.7	257.7	257.7	0.0
Other	4,912.6	5,656.8	5,683.6	5,683.6	0.5
TOTAL USES	10,220.0	12,136.2	12,382.7	12,382.7	2.0
FTE					
Permanent	97.0	97.0	97.0	97.0	0.0
TOTAL FTE POSITIONS	97.0	97.0	97.0	97.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Efficiency	Number of days for completing an initial disability claim	79.4	78.65	80	80	80
* Quality	Percent of disability determinations completed accurately	95.1%	94.7%	98.5%	97%	97%

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 departments of Human Services, Aging and Long-Term Services, Workforce Solutions, and Children, Youth and Families, the director of the Division of Vocational Rehabilitation of the Public Education Department, and the director of Behavioral Health Services Division of the Human Services Department.

MISSION:

The mission of the Governor's Commission on Disability is to work to increase the quality of life of all New Mexicans with disabilities and remove barriers to full participation in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	856.6	965.0	1,041.8	898.3	-6.9
Other Transfers	99.7	71.8	0.0	50.0	-30.4
Fund Balance	272.9	0.0	0.0	0.0	
SOURCES TOTAL	1,229.2	1,036.8	1,041.8	948.3	-8.5
USES					
Personal Services and Employee Benefits	741.2	709.2	746.6	703.1	-0.9
Contractual Services	68.6	99.0	99.0	49.0	-50.5
Other	240.0	228.6	196.2	196.2	-14.2
Other Financing Uses	115.7	0.0	0.0	0.0	
TOTAL USES	1,165.5	1,036.8	1,041.8	948.3	-8.5
FTE					
Permanent	9.0	10.0	10.0	9.0	-10.0
TOTAL FTE POSITIONS	9.0	10.0	10.0	9.0	-10.0

BUDGET ISSUES:

The committee recommendation deletes a vacant executive secretary FTE, but fully funds all other positions, including the FTE for the adaptive driving program. In FY08, the position was partially funded by a transfer from the Division of Vocational Rehabilitation.

Laws 2008, Chapter 6 (Senate Bill 165), appropriated \$50 thousand in contractual services for operational support of the Community Outreach Program for the Deaf, a nonprofit organization in Albuquerque. The committee finds the funding would be better handled by the Commission for Deaf and Hard-of-Hearing Persons and recommends an increase in their budget.

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age, or other factors. The commission educates state administrators, legislators, and the general public about the factors facing New Mexicans with disabilities, especially as they relate to Americans with Disabilities Act directives, building codes, disability technologies, and disability culture, so they can improve the quality of life of New Mexicans with disabilities.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Number of presentations and events in which agency participates and contributes		43	24	40	40
* Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that quality of life issues for New Mexicans with disabilities are being addressed	244	191	60	100	100
Output	Number of persons seeking technical assistance on disability issues	3756	4974			
Output	Number of architectural plans reviewed and sites inspected	86	203			

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 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,801.1	4,255.0	5,940.3	4,451.1	4.6
Other Transfers	53.7	50.0	75.0	50.0	0.0
Federal Revenues	678.1	514.2	510.5	510.5	-0.7
SOURCES TOTAL	4,532.9	4,819.2	6,525.8	5,011.6	4.0
USES					
Personal Services and Employee Benefits	994.2	1,050.8	1,268.7	1,008.9	-4.0
Contractual Services	2,804.6	3,086.5	4,408.4	3,322.8	7.7
Other	830.1	681.9	848.7	679.9	-0.3
TOTAL USES	4,628.9	4,819.2	6,525.8	5,011.6	4.0
FTE					
Permanent	15.0	15.0	20.0	15.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	21.0	16.0	0.0

BUDGET ISSUES:

The DDPC base appropriation request was \$5.75 million, a \$935 thousand, or 19.4 percent increase, over the FY09 operating budget of \$4.8 million. The majority of the requested increase, \$877 thousand, addresses projected growth in the guardianship program. DDPC also submitted a supplemental funding request of \$608 thousand, in part, for guardianship-related services.

Both the Developmental Disabilities Planning Council and Brain Injury Advisory Council are meeting program requirements and provide advice to the Department of Health, Aging and Long-Term Services Department (ALTSD), and the Human Services Department.

For the guardianship program, the number of clients receiving corporate guardianship at the end of FY08 was 594, an increase of 34 from FY07 or 6.1 percent. Of these, 130 were ordered into guardianship by the court system and the rest came from referrals through legal services and the ALTSD Adult Protective Services (APS) Division. In addition, 235 were on the waiting list. Individuals receiving state-supported services must earn less than 300 percent of the federal poverty level.

Since the guardianship program was transferred from the Attorney General in 2003, the program has grown from \$2.39 million to \$3.34 million, an increase of 39.7 percent, and 2.5 to 5.5 FTE, an increase of 120 percent. Expansion of the guardianship in DDPC might not be consistent with the original purposes of the council, which is to be the advocacy agency for individuals with developmental disabilities. As the program grows, DDPC has needed to develop infrastructure to support it, including management, financial and contract capabilities, and information technology support. The Guardianship Council meeting held September 19, 2008, was poorly attended by representative of the cabinet agencies, and the committee is concerned about lack of support for the program from executive agencies.

The committee recommends review by appropriate oversight committees to determine if the program should be placed in a cabinet agency to use some of its existing infrastructure, staff capabilities, and authority to provide needed support for guardianships.

In 2007, House Joint Memorial 34 established a task force to review the guardianship program and make recommendations to the Legislature for changes to statute and the program. However, despite extensive study, no legislation was proposed for 2008. Instead another task force was established by House Memorial 6 and that task force recommended statutory changes improving the annual report filed by guardians, changing filing requirements, strengthening oversight of all guardians, requiring judicial review of guardianships every two years, and changing the term "wards" to "protected persons." The task force will also propose \$200 thousand in a special appropriation for a one-time study of guardianship issues in the 2nd Judicial District.

BASE EXPANSION:

DDPC requested \$771.6 thousand from the general fund and 5 FTE in four expansions. The request included \$608.5 thousand directly related to the guardianship program to develop a web-based training program, a rate study, and periodic reviews of wards and services provided by guardians. The request also included an information technology generalist, a social worker, and financial auditor, which account for the remaining \$213 thousand.

The committee recommendation is \$5 million, a 4.6 percent increase from the general fund over FY09 for expanding guardianship services. Funding for contracts is expanded by \$241.6 thousand to fund 50 additional corporate guardianships of wards for a total of 721, increase treatment guardianships by 150 for a total of 571, and attorney service cases by 25 for a total of 287.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Office of Guardianship Expansion	(P737)	608.5	0.0
2	IT Generalist Position	(P727)	65.3	0.0
3	Community and Social Services Position	(P739)	48.9	0.0
4	Accountant/Auditor-B Position	(P727)	48.9	0.0
TOTAL			771.6	0.0

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities for people with disabilities so that they may realize their dreams and potentials and become integrated members of society.

BUDGET SUMMARY (dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	411.3	519.8	649.1	518.4	-0.3
Federal Revenues	678.1	514.2	510.5	510.5	-0.7
SOURCES TOTAL	1,089.4	1,034.0	1,159.6	1,028.9	-0.5
USES					
Personal Services and Employee Benefits	502.6	529.5	615.9	526.1	-0.6
Contractual Services	257.5	165.2	162.8	161.7	-2.1
Other	329.3	339.3	380.9	341.1	0.5
TOTAL USES	1,089.4	1,034.0	1,159.6	1,028.9	-0.5
FTE					
Permanent	6.5	6.5	8.5	6.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	7.5	7.5	9.5	7.5	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* 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	5,323	6,430	2,500	2,500	6,500
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	93%	95%	80%	80%	95%
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	78	173	44	44	175
* Output	Number of monitoring site visits conducted	41	49	36	36	50

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the aging and long-term services department's brain injury services fund so that they may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	132.8	135.6	139.3	130.1	-4.1
SOURCES TOTAL	132.8	135.6	139.3	130.1	-4.1
USES					
Personal Services and Employee Benefits	63.1	65.3	66.6	66.5	1.8
Contractual Services	40.6	27.2	27.2	27.1	-0.4
Other	26.6	43.1	45.5	36.5	-15.3
TOTAL USES	130.3	135.6	139.3	130.1	-4.1
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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	94%	95%	85%	85%	95%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship is to enter into, monitor and enforce guardianship contracts for income-eligible individuals and help 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,019.2	3,342.9	4,829.1	3,558.4	6.4
SOURCES TOTAL	3,019.2	3,342.9	4,829.1	3,558.4	6.4
USES					
Personal Services and Employee Benefits	333.3	369.2	460.9	328.0	-11.2
Contractual Services	2,501.0	2,889.7	4,204.8	3,125.0	8.1
Other	290.4	84.0	163.4	105.4	25.5
TOTAL USES	3,124.7	3,342.9	4,829.1	3,558.4	6.4
FTE					
Permanent	5.5	5.5	7.5	5.5	0.0
TOTAL FTE POSITIONS	5.5	5.5	7.5	5.5	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey	100%	100%	75%	75%	80%
* Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit	90%	100%	80%	80%	80%
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey		N/A	80%	80%	80%

CONSUMER SERVICES PROGRAM

The purpose of the consumer services program is to provide training, information and referral for individuals with disabilities and their family members so that they can live more independent and self-directed lives.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	237.8	256.7	322.8	244.2	-4.9
Other Transfers	53.7	50.0	75.0	50.0	0.0
SOURCES TOTAL	291.5	306.7	397.8	294.2	-4.1
USES					
Personal Services and Employee Benefits	95.2	86.8	125.3	88.3	1.7
Contractual Services	5.5	4.4	13.6	9.0	104.5
Other	183.8	215.5	258.9	196.9	-8.6
TOTAL USES	284.5	306.7	397.8	294.2	-4.1
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	2.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs	3,642	5,812	3,500	3,500	5,000
Output	Number of trainings conducted annually on self-advocacy and disability-related issues	12	15	6	6	15
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests	85%	88.75%	80%	80%	85%
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings	93%	94.41%	85%	85%	90%
Output	Number of individuals trained on self-advocacy and disability-related issues	150	230	75	75	250

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 an intensive care unit, is required to provide health care 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 health care, 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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	11,988.3	11,316.0	11,045.8	11,372.4	0.5
Federal Revenues	255.2	257.0	257.0	257.0	0.0
Other Revenues	19,391.0	16,983.9	18,351.4	18,351.4	8.1
SOURCES TOTAL	31,634.5	28,556.9	29,654.2	29,980.8	5.0
USES					
Personal Services and Employee Benefits	12,497.5	12,694.6	12,936.6	13,141.7	3.5
Contractual Services	4,404.1	3,780.4	4,599.5	4,599.5	21.7
Other	6,456.3	6,423.9	6,595.2	6,553.4	2.0
Other Financing Uses	5,544.1	5,658.0	5,522.9	5,686.2	0.5
TOTAL USES	28,902.0	28,556.9	29,654.2	29,980.8	5.0
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 agency total request of \$29.7 million represents a \$1.1 million, or 3.8 percent increase over the FY09 operating budget of \$28.6 million. The agency is projecting increased patient revenues of \$1.4 million from payments for individual care mostly from private insurers. The committee recommendation of \$30 million is essentially the agency request plus an increase in distribution from the miners' income fund in-line with revenue projections. Increases are reflected in personal services and employee benefits and contracts. The recommended increase in distribution from the trust fund will reduce the projected vacancy rate.

The committee recommendation assumes a 5 percent vacancy rate. The agency requested a flat vacancy figure, and the recommendation considers the computed agency vacancy of 7.1 percent. Vacancies are approximately 18 positions at any time. The committee recommends the agency attempt to reduce the vacancies to better serve authorized beneficiaries. Contracts have been increased over FY08 to include an around-the-clock surgical capability and to enhance family practice, internal medicine, and obstetrics services to be paid out of earned third-party revenues.

Construction of a new 75,000-square-foot, 33-bed replacement facility for the medical center has been completed. While the number of beds has not increased, the new hospital is 44 percent larger and meets new hospital design standards and best operational practices. The hospital provides in-patient and out-patient care and has two state-of-the-art operating rooms, two trauma rooms, and two treatment rooms in the emergency room area, one hazardous materials decontamination room, and a triage room. It also has a lighted helicopter pad. The facility provides pulmonary services, both oncological and black lung treatment, which it augments with a mobile van for black lung treatment services statewide. Total cost for the facility was \$24.1 million, including principal, interest, and administration fees. The bonds are for 25 years and may be paid off early without penalty. Cost for debt servicing in FY10 is \$1.3 million.

In addition, Miners' Hospital of New Mexico operates a long-term care nursing facility, at another location, licensed for 10 adult residents and a nursing facility licensed for 37 beds.

Future use for the old hospital facility must be determined. The agency estimates annual upkeep at \$280 thousand per year to keep it in a safe condition. To make significant upgrades, such as those required by the Americans with Disabilities Act, the hospital needs \$2.4 million. Funding needs to be other than from the trust fund because use of the old facility no longer relates to patient services for miners. The Board of Trustees is trying to attract future uses but, so far, has not been successful.

The miners' trust fund had a balance of \$110.3 million, and the income fund had a balance of \$9.9 million on June 30, 2008. The trust fund is invested by the State Investment Council and earned \$6.1 million in FY08; in FY09, \$5.6 million was budgeted, and the request for FY10 is \$5.5 million. The recommendation is \$5.7 million, an increase of \$163 thousand, within the earnings from the income fund. The agency estimates it will bill additional claims of \$1.4 million for patient services that were not budgeted, and, if this is collected, it will reduce the amount of the distribution from the income fund.

The agency faces significant challenges. Future revenues will be dependent on trust fund earnings and the ability to bring in non-trust revenue to support hospital and long-term care facility operations. A major challenge has been recruitment and retention of key medical staff because of location, which makes personnel management difficult. In addition, the chief executive officer resigned after the trustees placed him on administrative leave because of conflicts with key physicians and staff. A research of a replacement continues and applications closed in September, 2008. The Board of Trustees has an extensive list of candidates to consider.

The hospital did not have any type of external evaluation for over 10 years. After the new hospital was completed, the Department of Health, Division of Health Improvement, inspected the facility in May 2008 and had several findings that could have jeopardized Medicaid and Medicare certification. These included the improper use of restraints on patients, inadequate follow-up on patients' complaints, and an inadequate process of quality review and improvement. The facility was reevaluated by the division in August 2008 and resolved the findings. The Board of Trustees should ensure timely evaluations by outside entities are conducted to ensure the facility operation meets all medical requirements.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the healthcare program of miners' hospital of New Mexico in the other financing uses category includes five million six hundred eighty-six thousand two hundred dollars (\$5,686,200) from the miners' trust fund.

MINERS' HOSPITAL OF NEW MEXICO

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of billed revenue collected	85%	77%	80%	80%	80%
* Output	Number of patient days at the long-term care facility	11,588	10,412	11,000	11,000	11,000
Output	Number of discharges from the acute-care facility	1,199	1,525	1,500	1,500	1,500
Output	Number of visits to the black lung clinic	86	89	110	110	110
Output	Number of admissions to the acute-care facility	1,181	1,528	1,600	1,600	1,600
Output	Number of admissions to the long-term care facility	47	32	35	35	35
Output	Number of visits to the outreach clinic	434	978	450	450	450
* Output	Number of specialty clinic visits	664	978	900	900	900
Output	Number of surgeries performed	541	591	750	750	750
Outcome	Percent of budgeted revenue collected	102%	114%	100%	100%	100%
Outcome	Infection rates following treatment per one thousand patient days	.32%	2.53%	<2.0%	<2.0%	<2.0%
Outcome	Average patient length of stay, in days, for the acute care facility	3.1	3.3	3	3	3
Outcome	Patient fall rates per one thousand patient days	1.1%	.63%	0.5%	0.5%	0.5%
Output	Number of outpatient visits	13,553	13,206	15,840	15,840	15,840
Output	Number of outreach clinics conducted	17	20	18	18	18
* Output	Number of emergency room visits	5,140	5,323	5,250	5,250	5,250
* Output	Number of patient days at the acute care facility	6,900	4,979	6,900	6,900	6,900

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, seven treatment centers, and the state scientific laboratory. The department currently has seven programs: Public Health; Epidemiology and Response; Laboratory Services; Facilities Management; Developmental Disabilities Support; Health Certification, Licensing and Oversight; and Administration. Laws 2007, Chapter 325, transferred the behavioral health services program from DOH to the Human Services Department (HSD) effective July 1, 2007.

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 Los Lunas community program, 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.

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	286,415.5	301,712.3	321,703.7	297,898.8	-1.3
Other Transfers	80,136.1	93,221.8	35,404.8	35,604.8	-61.8
Federal Revenues	93,488.2	102,956.1	100,454.5	100,454.5	-2.4
Other Revenues	63,214.3	76,042.8	118,150.7	118,150.7	55.4
Fund Balance	1,147.9	0.0	0.0	0.0	
SOURCES TOTAL	524,402.0	573,933.0	575,713.7	552,108.8	-3.8
USES					
Personal Services and Employee Benefits	208,059.3	211,867.7	225,571.5	218,581.7	3.2
Contractual Services	91,483.2	125,802.7	100,686.9	94,966.8	-24.5
Other	147,391.5	148,260.9	160,890.4	155,225.5	4.7
Other Financing Uses	78,723.1	88,001.7	88,564.9	83,334.8	-5.3
TOTAL USES	525,657.1	573,933.0	575,713.7	552,108.8	-3.8
FTE					
Permanent	2,545.5	3,077.5	3,167.0	3,058.5	-0.6
Term	1,520.0	1,032.5	1,052.5	1,028.5	-0.4
Temporary	31.0	31.0	27.0	27.0	-12.9
TOTAL FTE POSITIONS	4,096.5	4,141.0	4,246.5	4,114.0	-0.7

BUDGET ISSUES:

DOH's FY10 appropriation request was \$575.7 million, a \$1.8 million, or 0.3 percent, increase over the FY09 operating budget of \$573.9 million. The agency request included \$9.6 million in expansions. However, due to expected lost revenues from other transfers and federal funds, the agency requested transfers from the general fund at \$321.7 million, a \$20 million increase, or 6.6 percent. The committee recommendation of \$552.1 million provides for a 3.8 percent reduction and reflects the revenue realities of the next fiscal year. A major change in revenue classification resulted from categorization of payments for individual care in the SHARE statewide accounting system as other revenue rather than other transfers or federal funds as previously recorded. This significantly increased other revenues but reduced the revenue projections for other transfers.

The agency sought significant increases for personal services and employee benefits--from \$211.9 million to \$225.6 million--budget requesting vacant positions at mid-range, which the agency stated is needed to improve recruitment. In addition, increased costs were included in the request for General Services Department rate increases, to cover a projected decrease in the federal medical assistance percentage (FMAP), increased utilities, gasoline and fuel costs, developmental disability waiver court monitor costs, and overtime and other costs at the agency facilities.

The recommendation provides for essential functions of the department and considers the agency priorities for the facilities and the disability waiver programs. Costs for personal services and employee benefits are reduced through eliminating FTE vacant for more than one year as reflected in SHARE vacancy reports, budgeting vacant positions at entry level in accordance with Department of Finance and Administration request instructions, and adjusting vacancy rates based on priorities but within historical averages. The committee recommends the agency work with the State Personnel Office to reclassify positions if the current classifications are not sufficient to allow recruitment. The appropriation request is not the proper document to request classification changes.

The recommendation reduces funding for contracts to reflect available revenues; the department has approximately 1,000 contracts and should consider reductions through prioritization and assessment of need. The recommendation's net reduction in contracts, particularly in public health, was partially off set by increases in other costs in the care and support line items. In addition, other costs are reduced to FY08 actuals unless there is sufficient justification for an increase. Significant increases in fuel costs were requested but prices have fallen to FY07 levels and the increases were not supported. Due to revenue projections, out-of-state travel was reduced to approximately 50 percent of the general fund request.

The other financing uses recommendation reflects an increase, rather than a decrease, in the FMAP. The Federal Funds Information Service (FFIS) in its Final FY10 FMAP Projections, September 18, 2008, projects an increase in the federal match rate for Medicaid for New Mexico, which will reduce the general fund appropriation to maintain the same level of services.

Not included in the request or the recommendation is the additional \$10 million appropriated from the general fund for the developmentally disabled (DD) support program during the 2008 special session. The appropriation to HSD is to be used for additional services and to reduce the waiting list for DD clients. This funding extends over 18 months beginning January 1, 2009. HSD has included \$3 million in its Medicaid projections for FY09 with the remainder for FY10.

The recommendation for the Public Health Program is \$206.6 million, a reduction of 0.2 percent. The general fund recommendation is \$83.1 million, a reduction of 3.4 percent reflecting revenue projections. In addition, 10 FTE vacant for more than one year and an unauthorized exempt position are recommended for elimination. A six percent vacancy rate is estimated and professional service contracts are reduced by 10 percent. Expenses for pharmaceuticals are supported at FY09 operating budget levels. The recommendation recognizes the increase of \$5.6 million in federal funds for the Women Infant Children program and continues to fund increases appropriated in FY09 for tuberculosis testing, breast and cervical cancer screening, and management of electronic records. Transfers from the tobacco settlement program fund for tobacco cessation were increased by \$200 thousand bringing funding for diabetes prevention to \$1.2 million. Other programs funded by the fund are continued at current levels, for a total appropriation of \$10.9 million.

The Public Health program improved New Mexico's ranking on childhood immunizations significantly, moving the state from 40th in the nation in FY07 to 31st in FY09. This reversed the trend of the past two years and now 81 percent of preschoolers are immunized. Teen pregnancy continues to be a major problem, with the state ranked 50th. This is an example of a measure that is very important but over which DOH has limited influence. However, DOH has increased the number of teens receiving family planning services. The program has had mixed success in meeting the often ambitious targets for the 20 measures that track the health of New Mexicans.

The recommendation for the Epidemiology and Response Program is \$27.9 million, a decrease of 4.2 percent. The general fund recommendation is \$12 million, a reduction of \$250 thousand, or 2.1 percent from FY09. Personal services and employee benefits are increased by \$350 thousand to reduce the requested vacancy rate from 8 percent to 4 percent to help compensate for the elimination of 13 FTE vacant for more than one year. Contracts are recommended at the requested amount, which included a reduction of \$1.1 million. Other costs were recommended at FY08 levels with the exception of radio communications, which reflect DoIT rates increase of 45.5 percent. However, this is a must-fund item because these services are critical in the event of a major incident or emergency.

Major accomplishments of the program included controlling outbreaks of food-borne disease, particularly the Salmonella outbreak caused by vegetables imported from Mexico. New Mexico was the first state to report the outbreak to the federal Centers for Disease Control and Prevention, which led to a nationwide effort to prevent a widespread outbreak. The program conducted training and exercises for pandemic flu and bioterrorism attacks. It also implemented programs to improve child helmet use. Performance has improved in the vital records area. This program's work with the Trauma Authority is expected to lead to statewide trauma system improvements; however, the goal to increase the number of trauma center by four was not met.

The recommendation for the Scientific Laboratory Program is \$11.4 million, a 6.7 percent reduction from FY09, but, excluding expansions, flat from the agency request. Reductions of \$700 thousand are anticipated in federal revenues. An increase of 1.5 percent from the general fund is recommended to partially offset this reduction in federal funds and provide a 6.4 percent increase in personal services and employee benefits. The agency should consider reclassifications for laboratory personnel from within this increase. Contracts are essentially flat and are only 3.7 percent of the operating budget. The objective of the recommendation is to have the Scientific Laboratory Program ready to move into the new, state-of-the-art, Tri-Laboratory facility at the end of FY10.

Working in conjunction with the Epidemiology and Response Program, the state scientific laboratory led the effort in detecting and alerting the federal government of an outbreak of Salmonella St. Paul, which resulted in a 17-state effort to stem the threat to public health. The program also initiated a new drug testing capability in drunk driving cases; however, two instruments were not functional for a period of three weeks and tests could not be run. Even with this difficulty, the program made the specified turnaround times for samples at the targeted 98 percent level.

The Facilities Management Program provides oversight, strategic direction, and fiscal guidance to the six facilities and the Los Lunas Community Program operated by DOH. The base budget request for facilities was \$144.6 million and 2,297.5 FTE, a decrease of \$11.8 million that reflects the reduction in other transfers and federal funds of \$19 million. SHARE dictated a change in the way revenues are calculated and revenue for payments for individual care are "booked" as other revenue. The request included \$7.2 million increase from the general fund to offset the estimated loss of revenue from other funds. The program requested increases for drugs, medical transcriptions, chart reviews, food, utilities, and overtime. Four expansions totaling \$4.3 million and 57 FTE were also requested.

The recommendation is \$140.5 million, a reduction of 10.1 percent from the FY09 operating budget but only a reduction of 2.8 percent from the request. Personal services and employee benefits are increased almost \$4 million over the FY09 operating budget and reflect a 1 percent vacancy rate because of the importance of the program. This is in line with the agency priorities. However, 39 FTE are recommended for elimination due to them being vacant for more than one year. This is partially offset by an increase of 25 FTE for the Los Lunas Community Program to decrease the need for overtime and to provide additional management flexibility for the program. Medical services contracts were reduced from the request for behavioral health equalization, which the committee decided could not be funded this year. Information technology contracts were also reduced 10 percent. Other costs reflect a significant increase over FY08 actuals.

All the facilities, despite staffing issues, continue to meet licensure and accreditation requirements. Of significance is the reduction in the number of substantiated cases of abuse, neglect, and exploitation per 100 residents in DOH-operated facilities. In FY08, there were only two cases in all facilities resulting in a rate of 0.12 cases per 100, a commendable achievement. In addition, the percent of residents with pressure sores at Fort Bayard Medical Center (FBMC) and the New Mexico Veterans' Home have been reduced below the 2 percent target.

FBMC has had considerable management problems over its recent history and DOH was authorized by statute to hire a contractor for management. DOH signed a contract with GEO Care on November 7, 2005, to manage the facility and build a replacement facility of at least 218 beds. All nonmanagerial employees remained as state employees. The contract with GEO Care was not renewed and DOH selected Pinon Management, Inc. from Lakewood Colorado to manage FBMC effective July 1, 2008, at a cost of \$3.6 million. The department desires to return management to state employees and should consider reclassifying vacant positions within the facilities management program for this purpose.

Grant County issued \$60 million in bonds to finance construction of a new facility. Groundbreaking took place on October 27, 2008.

DOH voluntarily relinquished Medicaid and Medicare certification for FBMC on March 1, 2008, to correct long-standing problems. The facility was recertified by the federal Centers for Medicare and Medicaid Services effective June 24, 2008. However, DOH submitted a \$4.4 million deficiency appropriation request for FY08 to cover the loss in revenue during the period when the lack of certification prevented federal payments.

The New Mexico Behavioral Health Institute, Las Vegas, is projecting a revenue shortfall of \$5 million because of uncollectible revenue due to the facility. DOH will attempt to adjust revenues from other sources but has submitted a supplemental appropriation of \$5 million for FY09 to cover the shortfall.

The Los Lunas Community Program continues to have excessive overtime due to inadequate staffing. In FY08, \$2.6 million was spent on overtime, representing 23.2 percent of direct salary costs. The committee recommends the expansion of 25 FTE to help resolve overtime issues funded by an equivalent reduction in overtime costs.

The Developmental Disabilities (DD) Support Program's base request was \$136.4 million, an increase of \$2.4 million or 1.8 percent. The major contributor to this requested increase was an anticipated decrease in the Federal Medical Assistance Percentage (FMAP) requiring an additional \$1.75 million to maintain the program. However, the Federal Funds Information Services reports the federal share will actually increase for New Mexico to 71.35 percent, an increase of .47 percent. This results in a reduction in the need for general fund monies of \$3.4 million to maintain the same level of services.

The committee recommends \$131.5 million for the program, a decrease of 1.9 percent all resulting from the FMAP change. Increases over the FY09 operating budget are recommended in personal services and employee benefits, contractual services, and other costs reflecting the committee support of this essential program.

At the end of FY08, 3,762 DD clients were receiving services and 4,330 were on the central registry waiting list. An estimated 150 individuals came off the waiting list in FY08. From 2007 to 2008, the Legislature increased funding for the DD waiver by \$8 million from the general fund. It was anticipated that an additional 125 persons would enter into services with the appropriation. The 2008 General Appropriation Act included \$80 million from the general fund for DD waiver services. However, despite this funding, the waiting list grew from 3,392 to 4,330 individuals, or 28 percent, in FY08. DOH estimates the cost per client to be \$76 thousand, which translates into \$22.5 thousand from the general fund and \$53.5 thousand from federal Medicaid.

The Jackson lawsuit, filed in 1987, involves the state's obligation to provide services to DD clients in an integrated setting, as opposed to a state facility. The department has been ordered by the court to complete a plan of action to comply with the complaints against the state. The department has successfully disengaged from 34 of the 53 outcomes in the plan of action and has met 46 of the 70 continuous improvement requirements. DOH estimates the lawsuit cost approximately \$4.3 million annually for consultant fees and plaintiff and agency legal fees. In addition, \$750 thousand has been requested for the court appointment mediator known as a "706 expert" and staff, for a total cost of approximately \$5 million for FY10.

The recommendation for the Health Certification Licensing and Oversight program is \$15.1 million, a decrease of 0.6 percent. The committee recommendation maintains FTEs at the current number with a 4 percent vacancy rate. Contracts have been reduced through reduction in receivership to \$300 thousand. In addition, the committee recommends language restricting use only for receivership. Currently, the funds may be used for other purposes if not used for receivership during the fiscal year.

The LFC performance audit staff conducted an evaluation of the program and a key finding was that all licensed facilities were not being evaluated annually because of cutbacks in federal funding. There are 424 healthcare facilities receiving funding from the federal Centers for Medicare and Medicaid Services licensed by the state but federal funding will allow for evaluation of only 151. In addition, New Mexico also has 270 licensed facilities not receiving federal funds and the state general fund appropriation allows surveys for only 140. The performance evaluation unit also identified deficiencies with the joint protocol for investigating complaints by state agencies. One problem is meetings between DOH, the Children, Youth and Families Department, the Aging and Long-Term Services Department, and HSD are not documented.

The program falls short of performance targets on conducting unannounced surveys and completing facilities surveys. The program exceeds targets in investigating allegations of abuse, neglect, exploitation and criminal history checks of caregivers.

Federal follow-up surveys have identified New Mexico as one of nine states showing serious deficiencies in comparative surveys. The department has stated it will conduct additional training of evaluators as a result of the finding that inspectors are classifying deficiencies less severely than the federal inspectors. The department also asserts that no patients were placed in jeopardy as a result of the finding.

In Administration, the committee recommends a 4.7 percent reduction to \$19 million. This includes eliminating funding for two exempt positions, a vacant deputy secretary and healthcare outreach coordinator detailed to the Governor's office. Contracts are reduced by 10 percent and a requested contract for the Drug Policy Alliance was not funded. Other costs were reduced to reflect FY08 actuals.

The Administration program oversees the capital outlay process and has nine major projects and several sub-projects currently appropriated at \$150 million. The LFC capital outlay analysts commend the efforts of the department in managing these projects. Monthly status meetings are held and projects are actively managed. Current projects include the construction of the tri-agency laboratory, replacement of the Rehabilitation Center, a new facility and extensive maintenance at the Behavioral Health Institute, and improvements at public health offices. Improvements at the Sequoyah Adolescent Treatment Center, the New Mexico State Veterans' Home and for the Fort Bayard Medical Center are in development. However, construction documents for the Rehabilitation Center have fallen behind schedule and the project could experience further delays due to designs for window replacement that do not meet licensing requirements.

BASE EXPANSION:

The committee recommends one expansion of 25 additional FTE for the Los Lunas Community Program funded by reducing overtime by the cost of the personal services and employee benefits for the expansion. This should reduce overtime requirements in this critical program.

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, one million six hundred thousand dollars (\$1,600,000) for the hepatitis extension for community health outcomes program at the university of New Mexico, and three hundred twenty thousand dollars (\$320,000) for the statewide nurse advice line.

The other state funds appropriations to the public health program of the department of health include nine million one hundred fifteen thousand dollars (\$9,115,000) from the tobacco settlement program fund for smoking cessation and prevention programs, one million two hundred thousand dollars (\$1,200,000) from the tobacco settlement program fund for diabetes prevention and control services, four hundred seventy thousand dollars (\$470,000) from the tobacco settlement program fund for HIV/AIDS prevention, services and medicine and two hundred thousand dollars (\$200,000) for breast and cervical cancer screening.

Any unexpended balances in the public health program of the department of health in the contractual services category from appropriations made from the county-supported medicaid fund for the support of primary healthcare services related to the Rural Primary Health Care Act remaining at the end of fiscal year 2010 shall not revert.

The general fund appropriation to the facilities management program of the department of health includes sufficient funding for twenty-five additional full-time equivalent positions at the Los Lunas community program.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes eighty-two million seven hundred thirty-four thousand eight hundred dollars (\$82,734,800) for medicaid waiver services in local communities: one million eight hundred ninety-four thousand six hundred dollars (\$1,894,600) for medically fragile services and eighty million eight hundred forty thousand two hundred dollars (\$80,840,200) for services to the developmentally disabled.

The general fund appropriation to the developmental disabilities support program of the department of health in the contractual services category includes fifty-five thousand dollars (\$55,000) for the special olympics.

The general fund appropriation to the health certification, licensing and oversight program of the department of health in the contractual services category includes three hundred thousand dollars (\$300,000) that may only be used for receivership expenses. Undesignated and unobligated balances remaining at the end of fiscal year 2010 shall revert to the general fund.

The general fund appropriation to the administration program of the department of health in the other category includes five million four hundred twelve thousand two hundred dollars (\$5,412,200) to support and expand trauma services statewide.

The general fund appropriation to the department of health in the contractual services category in all programs is contingent on the department of health including performance measures in its outcome-based contracts to increase oversight and accountability.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Forensic Services at NMBHI	(P006)	2,175.3	0.0
2	LLCP FTE	(P006)	1,212.8	1,212.8
3	FBMC FTE	(P006)	729.9	0.0
4	OFM Staff	(P006)	273.9	0.0
5	Health Facility Licensing & Cert	(P008)	500.0	0.0
6	SLD Scientist Pay	(P004)	120.0	0.0
7	DWI Drug Testing	(P004)	140.0	0.0
8	FIT Expansion Program	(P007)	1,483.5	0.0
9	Healthy Kids Initiative	(P002)	1,000.0	0.0
10	Oral Health Surveillance	(P002)	305.0	0.0
11	Addressing Infectious Diseases	(P002)	596.6	0.0
12	Native American Disparities	(P002)	650.0	0.0
13	Support for EMS Regions	(P003)	150.0	0.0
14	Statewide Vital Records Services	(P003)	235.0	0.0
TOTAL			9,572.0	1,212.8

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	81,599.6	86,051.8	88,696.8	83,087.8	-3.4
Other Transfers	20,589.8	25,862.1	20,646.4	20,846.4	-19.4
Federal Revenues	61,575.8	71,918.3	75,019.1	75,019.1	4.3
Other Revenues	33,627.1	23,126.8	27,657.9	27,657.9	19.6
SOURCES TOTAL	197,392.3	206,959.0	212,020.2	206,611.2	-0.2
USES					
Personal Services and Employee Benefits	53,524.3	54,961.0	56,560.4	57,214.2	4.1
Contractual Services	56,501.9	66,491.6	60,118.2	55,042.5	-17.2
Other	86,039.9	84,519.6	94,741.6	93,754.5	10.9
Other Financing Uses	888.2	986.8	600.0	600.0	-39.2
TOTAL USES	196,954.3	206,959.0	212,020.2	206,611.2	-0.2
FTE					
Permanent	372.5	382.5	399.5	381.5	-0.3
Term	628.5	632.5	640.5	628.5	-0.6
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1,002.0	1,016.0	1,041.0	1,011.0	-0.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Percent of preschoolers fully immunized	71.6%	78.4%	90%	82%	82%
Output	Annual number of births registered at vital records for girls age fifteen to seventeen	1,617	1,414	1,400	1,515	1,515
* Outcome	National ranking of New Mexico teen birth rate per one thousand girls age fifteen to seventeen	50th	50th	40th	48th	48th
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	88%	83.77%	92%	85%	85%
Output	Number of students receiving behavioral health services in school-based health centers	NA	NA	12,000	4,000	4,000
* Outcome	Percent of adults who use tobacco	20.1%	20.8%	19.4%	19.2%	19.2%
* Output	Number of visits to agency-funded school-based health centers	35,409	40,234	42,000	43,500	43,500
Output	Unduplicated number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	6,772	8,411	7,400	7,200	7,400
Output	Number of HIV/AIDS prevention interventions	15,176	21,541	10,000	18,000	18,000
Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes project	2,585	2,446	3,250	3,350	3,350
Output	Number of operating school-based health centers	65	84	68	84	84
* Output	Number of youth served at school-based health centers	18,847	NA	20,000	20,000	20,000
Output	Number of calls to the agency-funded crisis line	7,147	15,788	8,000	20,000	20,000
Output	Number of providers using the statewide immunization registry	227	309	375	356	356
Outcome	National ranking of New Mexico children who are fully immunized	40th	40th	25th	30th	28th
* Explanatory	Number of packs of cigarettes sold per New Mexican	In 10/07	09/08	30 packs	28	28
Output	Number of partners of syphilis cases who are identified and treated	155	92	NA	NA	NA
Output	Number of new enrollees in syringe exchange programs	1,242	724	3,500	1,100	1,100
Output	Percent of partners of individuals with syphilis who are identified and treated	70.1%	74.8%	80%	78%	78%
Output	Percent of partners of individuals with gonorrhea who are identified and treated	69.8%	90.9%	80%	82%	90%
Output	Number of partners of gonorrhea cases who are identified and treated	671	598	NA	NA	
Output	Number of visits to school-based health centers		NA	36,000	43,500	43,500

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	11,235.2	12,216.7	12,798.9	11,962.4	-2.1
Other Transfers	160.0	680.9	311.7	311.7	-54.2
Federal Revenues	16,018.4	15,679.6	14,663.1	14,663.1	-6.5
Other Revenues	758.6	600.5	1,009.6	1,009.6	68.1
SOURCES TOTAL	28,172.2	29,177.7	28,783.3	27,946.8	-4.2
USES					
Personal Services and Employee Benefits	11,599.1	12,954.8	13,816.6	13,306.5	2.7
Contractual Services	7,009.0	9,008.6	8,136.5	7,986.5	-11.3
Other	9,031.7	7,214.3	6,830.2	6,653.8	-7.8
TOTAL USES	27,639.8	29,177.7	28,783.3	27,946.8	-4.2
FTE					
Permanent	54.0	59.0	65.0	56.0	-5.1
Term	139.0	141.0	156.0	144.0	2.1
TOTAL FTE POSITIONS	193.0	200.0	221.0	200.0	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fee	99.4%	97.8%	98%	98%	98%
* Output	Number of designated trauma centers in the state	3	6	9	9	9
* Output	Number of health emergency exercises conducted to assess and improve local capability	63	77	80	85	85
Output	Number of hospitals reporting data in the state trauma registry	20	15	25	20	20
Outcome	Percent of New Mexico counties with pandemic influenza plans that integrate with the state plan	93.9%	93.9%	NA	NA	NA

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and science expertise for policy for tax-supported public health, environmental and toxicology programs in the state of New Mexico to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,417.9	7,054.3	7,318.6	7,158.6	1.5
Federal Revenues	2,068.4	2,439.6	1,740.0	1,740.0	-28.7
Other Revenues	2,884.9	2,727.9	2,498.5	2,498.5	-8.4
SOURCES TOTAL	11,371.2	12,221.8	11,557.1	11,397.1	-6.7
USES					
Personal Services and Employee Benefits	7,599.6	7,541.9	8,091.6	8,028.1	6.4
Contractual Services	465.7	424.8	424.8	424.8	0.0
Other	3,300.9	4,255.1	3,040.7	2,944.2	-30.8
TOTAL USES	11,366.2	12,221.8	11,557.1	11,397.1	-6.7
FTE					
Permanent	79.0	84.0	85.0	84.0	0.0
Term	53.0	53.0	50.0	50.0	-5.7
TOTAL FTE POSITIONS	132.0	137.0	135.0	134.0	-2.2

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses that are analyzed within specified turnaround times	98.7%	98%	98%	98%	98%
* Outcome	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within seven business days	76%	78%	90%	90%	90%
Output	Number of laboratory tests performed each year	413,656	412,405	340,000	340,000	410,000

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral healthcare 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	47,479.6	53,883.5	65,480.9	57,027.7	5.8
Other Transfers	37,898.8	53,655.9	716.0	716.0	-98.7
Federal Revenues	3,953.9	3,375.7	0.0	0.0	-100.0
Other Revenues	19,887.5	45,432.0	82,777.6	82,777.6	82.2
SOURCES TOTAL	109,219.8	156,347.1	148,974.5	140,521.3	-10.1
USES					
Personal Services and Employee Benefits	87,895.4	103,749.8	113,382.6	107,695.0	3.8
Contractual Services	9,622.2	30,238.8	11,914.7	11,425.7	-62.2
Other	15,977.2	22,358.5	23,677.2	21,400.6	-4.3
TOTAL USES	113,494.8	156,347.1	148,974.5	140,521.3	-10.1
FTE					
Permanent	1,776.0	2,271.0	2,330.5	2,261.0	-0.4
Term	479.5	0.0	0.0	0.0	
Temporary	28.0	28.0	24.0	24.0	-14.3
TOTAL FTE POSITIONS	2,283.5	2,299.0	2,354.5	2,285.0	-0.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 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	2.6	0.12	0	0	0
Output	Percent of clients at sequoyah adolescent treatment center without relapses at three to six months post discharge	NA	100%	92%	92%	92%
* Output	Percent of clients at turquoise lodge without relapses at three to six months post discharge	NA	76%	40%	45%	70%
Output	Percent of clients at New Mexico rehabilitation center with continued improvement on medical rehabilitation goals three to six months post discharge	NA	95%	80%	85%	85%
Output	Percent of low-risk residents at New Mexico behavioral health institute's long-term care program who have pressure sores	NA	1.95%	0.5%	2%	2%
Output	Percent of low-risk residents at Fort Bayard who have pressure sores	NA	1.16%	2%	2%	2%
Output	Percent of low-risk residents at New Mexico veterans home who have pressure sores	NA	1.88%	2%	2%	2%

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	121,018.7	122,988.3	126,837.3	120,422.4	-2.1
Other Transfers	16,081.8	7,299.7	7,299.7	7,299.7	0.0
Federal Revenues	2,707.2	2,571.7	2,571.7	2,571.7	0.0
Other Revenues	2,933.7	1,200.0	1,200.0	1,200.0	0.0
SOURCES TOTAL	142,741.4	134,059.7	137,908.7	131,493.8	-1.9
USES					
Personal Services and Employee Benefits	25,686.2	9,972.2	10,222.2	10,225.8	2.5
Contractual Services	14,432.0	17,526.4	18,276.4	18,693.1	6.7
Other	22,202.7	19,546.2	21,445.2	19,840.1	1.5
Other Financing Uses	77,818.1	87,014.9	87,964.9	82,734.8	-4.9
TOTAL USES	140,139.0	134,059.7	137,908.7	131,493.8	-1.9
FTE					
Permanent	71.0	72.0	72.0	72.0	0.0
Term	77.0	81.0	80.0	80.0	-1.2
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	149.0	154.0	153.0	153.0	-0.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment	34%	33%	45%	40%	40%
* Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services	92%	NA	97%	97%	97%
Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	98%	98%	97%	97%	97%
Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	87.5%	75%	95%	95%	95%
* Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	97.5%	96%	98%	98%	98%
Output	Percent of Jackson requirements from the plan of action and appendix a to the joint stipulation completed	75%	76%	100%	80%	80%
Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	89.82%	87%	97%	97%	97%
Output	Number of children with autism spectrum disorder who receive legislative appropriation funded respite and/or adaptive skill building services	NA	196	100	200	200

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	5,323.2	6,059.6	6,559.6	5,549.2	-8.4
Other Transfers	4,590.6	4,952.5	5,275.2	5,275.2	6.5
Federal Revenues	1,807.8	1,582.4	1,658.2	1,658.2	4.8
Other Revenues	2,468.1	2,612.1	2,637.1	2,637.1	1.0
Fund Balance	1,147.9	0.0	0.0	0.0	
SOURCES TOTAL	15,337.6	15,206.6	16,130.1	15,119.7	-0.6
USES					
Personal Services and Employee Benefits	10,975.0	11,694.5	11,821.2	11,225.6	-4.0
Contractual Services	1,267.3	663.4	568.8	356.6	-46.2
Other	3,836.3	2,848.7	3,740.1	3,537.5	24.2
TOTAL USES	16,078.6	15,206.6	16,130.1	15,119.7	-0.6
FTE					
Permanent	57.0	56.0	60.0	55.0	-1.8
Term	123.0	123.0	123.0	123.0	0.0
TOTAL FTE POSITIONS	180.0	179.0	183.0	178.0	-0.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of developmental disabilities providers receiving an unannounced survey	111	103	125	125	125
Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities	150	446	NA	NA	NA
Explanatory	Number of applicants screened for caregiver criminal history check	33,592	35,555	34,000	NA	
Output	Percent of abuse, neglect and exploitation allegations confirmed in community-based programs	45%	50%	45%	45%	45%
Output	Percent of abuse, neglect and exploitation incidents for community-based programs investigated within forty-five days	45%	93%	95%	95%	95%
* Output	Percent of required compliance surveys completed for adult residential care and adult daycare facilities	38%	65%	80%	80%	80%
Explanatory	Number of allegations of abuse, neglect and exploitation reported	1,557	2,031	1,600	1,600	1,600
Explanatory	Average length of time between the notice of disqualification to the final determination for individuals requesting caregiver criminal history screening		NA	NA	45	45

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 it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	13,341.3	13,458.1	14,011.6	12,690.7	-5.7
Other Transfers	815.1	770.7	1,155.8	1,155.8	50.0
Federal Revenues	5,356.7	5,388.8	4,802.4	4,802.4	-10.9
Other Revenues	654.4	343.5	370.0	370.0	7.7
SOURCES TOTAL	20,167.5	19,961.1	20,339.8	19,018.9	-4.7
USES					
Personal Services and Employee Benefits	10,779.7	10,993.5	11,676.9	10,886.5	-1.0
Contractual Services	2,185.1	1,449.1	1,247.5	1,037.6	-28.4
Other	7,002.8	7,518.5	7,415.4	7,094.8	-5.6
Other Financing Uses	16.8	0.0	0.0	0.0	
TOTAL USES	19,984.4	19,961.1	20,339.8	19,018.9	-4.7
FTE					
Permanent	136.0	153.0	155.0	149.0	-2.6
Term	20.0	2.0	3.0	3.0	50.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	157.0	156.0	159.0	153.0	-1.9

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of capital project funds expended over a five-year period	13.35%	44%	20%	11%	11%
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	Unavailable	54.6%	87%	70%	70%
Outcome	Number of community health improvement councils that address health disparities in their plan	37	37	38	38	38
Output	Number of telehealth sites throughout the state used for patient services	50	66	120	90	90
* Output	Number of patient encounters provided through telehealth sites statewide	10,573	3,779	12,000	4,000	4,000

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 Department of Environment (NMED) preserves and protects surface and groundwater, air quality, and land in the State of New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,354.0	17,006.3	18,191.9	16,496.6	-3.0
Other Transfers	24,848.2	27,682.8	29,496.9	29,515.1	6.6
Federal Revenues	25,900.5	26,168.9	22,969.4	22,969.4	-12.2
Other Revenues	36,488.2	36,354.3	37,857.4	37,076.9	2.0
Fund Balance	1,543.6	4,385.5	4,576.7	4,294.5	-2.1
SOURCES TOTAL	105,134.5	111,597.8	113,092.3	110,352.5	-1.1
USES					
Personal Services and Employee Benefits	45,464.6	49,986.3	51,867.7	50,715.1	1.5
Contractual Services	11,973.3	14,535.8	12,660.0	12,616.5	-13.2
Other	19,753.5	19,565.6	19,727.6	19,314.7	-1.3
Other Financing Uses	23,891.2	27,510.1	28,837.0	27,706.2	0.7
TOTAL USES	101,082.6	111,597.8	113,092.3	110,352.5	-1.1
FTE					
Permanent	302.0	312.0	312.0	312.5	0.2
Term	396.5	408.5	408.5	408.0	-0.1
TOTAL FTE POSITIONS	698.5	720.5	720.5	720.5	0.0

BUDGET ISSUES:

The agency's overall FY10 base budget request was essentially flat compared with the FY09 operating budget. However, a significant shift in funding sources was proposed due to a 12 percent reduction in federal funds of \$3.2 million. To offset this reduction, the request included a 6 percent increase from the general fund, or \$1.1 million, and a 6 percent increase in special funds. In addition, the request reflected a commensurate shift in category uses. A \$1.9 million reduction in contractual services related to the lack of federal grants to support them was mostly offset by requested increases in personal services and employee benefits.

The LFC recommendation supports the increased use of special funds by a net 6.6 percent but reduces the general fund amount by \$509.7 thousand from the FY09 operating budget, or 3 percent. The FY10 recommendation relies partly on the agency's proposal for FY09 reductions of 5 percent, albeit at a lesser overall amount. Unique factors, such as the availability of alternative funding sources, yield general fund recommendations for each program ranging from a 18.2 percent reduction in the Water and Wastewater Infrastructure Development Program to a 3.4 percent increase in Program Support from FY09 levels.

The Water Quality Program continues to show a high vacancy rate, averaging 13 percent for the last two and half years. The agency claims the issue arises from state salaries not being competitive to similar positions in the private sector and the promotion of seasoned employees into other programs. The agency should work with the State Personnel Office on a human resource plan to increase salary ranges to hire and retain a full staff, perhaps funded by reducing the number of positions. In the absence of such a plan, the LFC recommendation applies a 9 percent vacancy rate that reduces general fund support by \$257.8 thousand in the personal services and employee benefits category and redeploys \$119.4 thousand corrective action fund (CAF) to contractual services.

The Environmental Health Program requested the second largest increase from the general fund to help support an increase in the personal services and employee benefits category of \$588.1 thousand, or 7.2 percent, for addressing a significant gap between the operating budget and actual costs. It appears that an overall in-band increase of 3 percent in FY08 might have started the problem, which has been exacerbated by filling vacant positions at salaries much higher than the minimum salaries budgeted per the Department of Finance and Administration instructions. The recommendation supports a 3.4 percent increase for this category and suggests that the agency review all the positions in light of the 21 FTE added over the last two years to address workload issues, primarily in the liquid waste and food inspection programs, that may not now be justified in this economic downturn.

Any significant reduction in federal grants becomes particularly problematic to Program Support because it lacks the flexibility to directly tap special funds or reduce related contracts. Also, the administrative fee applied to federal grants for Program Support was reduced from 22 percent to 18.5 percent for FY10, contributing to the \$828 thousand decrease in federal funds for Program Support, almost 23 percent. The LFC recommendation includes a general fund increase of \$115.9 thousand for this program after a \$266.2 thousand reduction in expenses.

In general, the LFC recommends the agency's request for contracts, including \$50 thousand for mercury reduction in the Environmental Protection Program. Employee training is also supported due to the increased complexity of rules and regulations as well as the statutory requirement for certification in some instances. In two programs, the Water and Wastewater Infrastructure Development (WWIDD) and the Environmental Protection programs, special funds were increased slightly in lieu of further expense reductions. The 2 percent rural infrastructure program administrative fee fund was increased by \$68.1 thousand to use the entire projected fund revenues of \$715.2 thousand. The Solid Waste Bureau plans to start a two-year \$500 thousand abatement project to remove 1.4 million tires from an illegal disposal site that poses a significant fire hazard. Consequently, funding from the recycling and illegal dumping fund is increased by \$80 thousand to cover related work activities.

The agency has historically received additional federal grants after the operating budget has been established, increasing budget authority as needed. While tracking these funds accurately on a fiscal-year basis is difficult because the grants are often multi-year, budget authority increase requests for FY08 relating to federal grants totaled over \$2 million. However, this trend is uncertain going forward. A federal grant reduction of \$245 thousand was recently approved for the Hazardous Waste Program, indicating that additional grants may be less as the federal government reprioritizes spending.

Regarding performance reporting, the agency consolidated and clarified measures for FY10. While most of the changes are improvements, the agency deleted one outcome measure regarding the number of days air quality exceeds standards against the LFC proposal. This measure is retained as part of the LFC recommendation for the Accountability in Government Act. In addition, the committee suggests the agency develop meaningful measures for the new Water and Wastewater Infrastructure Development Program.

BASE EXPANSION:

The agency accurately paired reduced federal funds with reduced expenditures. In addition, the agency began to look at reallocating resources rather than requesting additional FTE as it has done in the past. The expansion requests transferred 3 FTE from Program Support and the Water Quality Program. One transfer added a position for the Radiation Control Bureau to be paid from the radiation protection fund. The agency also requested transferring an exempt position from Program Support to the new Water and Wastewater Infrastructure Development (WWID) Program because WWID's FY09 budget was approved without an exempt position and the division director is currently classified as a temporary. Finally, the request moved a recently reclassified position department safety officer to the Occupational Health and Safety Bureau in the Environmental Health Program. All requests are recommended except for the additional general fund requested for the safety officer.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Department safety officer (1 FTE)	(P570)	101.3	0.0
2	Radiation control bureau (1 FTE radiation protection fund)	(P569)	49.6	49.6
3	Division director (1 EXEMPT FTE)	(P774)	0.0	0.0
4	Transfer 2 FTE from Program Support (-2 FTE)	(P567)	0.0	0.0
5	Transfer 1 FTE (-1 FTE)	(P568)	0.0	0.0
TOTAL			150.9	49.6

ENVIRONMENTAL HEALTH

The purpose of the environmental health 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, application of the mosquito abatement regulation, oversight of waste isolation pilot plant transportation and education and public outreach about radon in homes and public buildings.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,091.5	6,495.8	6,853.7	6,404.0	-1.4
Other Transfers	4,344.7	3,559.2	3,979.7	3,938.6	10.7
Federal Revenues	561.7	472.4	294.9	294.9	-37.6
SOURCES TOTAL	10,997.9	10,527.4	11,128.3	10,637.5	1.0
USES					
Personal Services and Employee Benefits	7,955.3	8,161.6	8,799.3	8,441.4	3.4
Contractual Services	69.0	231.5	167.5	162.5	-29.8
Other	1,779.5	2,134.3	2,161.5	2,033.6	-4.7
TOTAL USES	9,803.8	10,527.4	11,128.3	10,637.5	1.0
FTE					
Permanent	110.0	111.0	111.0	111.0	0.0
Term	23.0	24.0	25.0	25.0	4.2
TOTAL FTE POSITIONS	133.0	135.0	136.0	136.0	0.7

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of high-risk food-related violations corrected within the timeframes noted on the inspection report issued to permit commercial food establishments		71%	100%	100%	100%
* Output	Percent of annual permitted commercial food establishment inspections completed	100%	100%	100%	100%	100%
* Output	Percent of new septic tanks inspections completed	80%	85%	85%	85%	85%
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks		2	TBD	TBD	TBD
Output	Number of free well water tests		999	1,000	1,000	1,000
Explanatory	Number of targeted domestic well investigations				6	6
Outcome	Percent of homeowners with contaminated wells advised on how to eliminate or reduce health risks				100%	100%
Output	Percent of license inspections completed within the timeframes identified in radiation control bureau policies			100%	100%	100%
* Output	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies			100%	95%	95%
Outcome	Percent of radioactive material licensees and x-ray registrants inspected and issued a notice of violation that come into compliance within the timeframe specified	93%	97%	97%	97%	97%
Output	Percent of license inspections and radiation-producing machine inspections completed within nuclear regulatory commission and food and drug administration guidelines	92%	94.5%			
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days of receipt of application	100%	100%	100%		
Output	Number of food-related inspections performed by environmental health division environmental scientists		9,108	TBD		

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,520.4	3,420.7	3,537.0	3,125.7	-8.6
Other Transfers	4,683.5	5,971.4	7,532.1	7,507.3	25.7
Federal Revenues	12,846.1	13,092.1	10,925.8	10,925.8	-16.5
SOURCES TOTAL	21,050.0	22,484.2	21,994.9	21,558.8	-4.1
USES					
Personal Services and Employee Benefits	12,987.7	14,537.0	15,176.0	14,798.8	1.8
Contractual Services	5,087.5	5,879.1	4,554.5	4,550.5	-22.6
Other	1,932.6	2,068.1	2,264.4	2,209.5	6.8
TOTAL USES	20,007.8	22,484.2	21,994.9	21,558.8	-4.1
FTE					
Permanent	45.0	46.0	46.0	46.0	0.0
Term	156.5	159.5	158.5	158.5	-0.6
TOTAL FTE POSITIONS	201.5	205.5	204.5	204.5	-0.5

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Percent of large quantity generators inspected				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	87.5%	90%	80%	80%	80%
Output	Percent of cases in which Los Alamos national laboratory and Sandia national laboratories are notified of agency action on document submittals within the timeframe specified in the executed consent orders	72%	92%	90%	90%	90%
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with Los Alamos national laboratory and Sandia national laboratories consent orders				90%	90%
Output	Percent of groundwater-discharge-permitted facilities receiving annual compliance evaluations and annual field inspections and total estimated permitted facilities				65%	65%
* Outcome	Percent of permitted facilities where monitoring results demonstrate compliance with groundwater standards				75%	75%
Output	Percent reduction of active facilities that have never been inspected				3.5%	3.5%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	1539/13,700	780/150	1,500/10K	1,500/10K	1,500/10K
Output	Number of acres of active watershed restoration, including wetlands projects, river ecosystem restoration projects and federal Clean Water Act projects				200	200
Explanatory	Approximate number of hazardous waste notifiers in the state		1,801	TBD		
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	100%	100%	90%		
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five-year goal		87/24	87/17		
Outcome	Percent of permitted facilities where monitoring results do not exceed standards	76%	75%	75%		

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Requ est</u>	<u>FY10 Recomm</u>
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	75%	89%	80%		
Output	Percent of groundwater-discharge-permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	42% of 875	76% of 875	65% of 875		
Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters	164	173	150		
Output	Percent of inspections that are first-time inspections for hazardous waste notifies, generators and transporters	80%	71%	20%		
Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality	441	441	220		

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources, ensure New Mexicans breathe healthy air and ensure every employee safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,060.4	2,972.4	3,292.1	2,856.6	-3.9
Other Transfers	9,937.4	10,919.2	10,613.6	10,634.0	-2.6
Federal Revenues	3,961.0	3,730.0	3,813.7	3,813.7	2.2
SOURCES TOTAL	16,958.8	17,621.6	17,719.4	17,304.3	-1.8
USES					
Personal Services and Employee Benefits	12,845.7	13,759.5	14,302.2	14,058.0	2.2
Contractual Services	425.4	856.9	722.9	722.9	-15.6
Other	2,476.6	3,005.2	2,694.3	2,523.4	-16.0
TOTAL USES	15,747.7	17,621.6	17,719.4	17,304.3	-1.8
FTE					
Permanent	70.0	71.0	71.0	71.0	0.0
Term	128.0	131.0	132.0	132.0	0.8
TOTAL FTE POSITIONS	198.0	202.0	203.0	203.0	0.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Annual statewide greenhouse gas emissions		TBD	TBD	50.9 MMt	50.9 MMt
* 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	2 days	10 days	</=8		<=8
* Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	100%	100%	95%	95%	100%
* Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	96.55%	96.4%	95%	95%	96%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of referrals alleging serious hazards responded to via an on-site inspection or investigation (letter or phone call to employer) within ten working days				95%	95%
* Outcome	Percent of active solid waste facilities and infectious waste generators inspected that were found to be in substantial compliance with the New Mexico solid waste rules				75%	75%
Outcome	Percent of landfills compliant with groundwater sampling and reporting requirements				80%	80%
Explanatory	Annual number of closed landfills in substantial compliance with post-closure care requirements				TBD	TBD
Outcome	Number of confirmed sites contaminated by petroleum products that require no further action as a result of aggressive remediation, per year			30	30	30
Output	Number of storage tank sites with confirmed releases of petroleum products that are high risk and are undergoing aggressive corrective action			150	150	150
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations	91%	77%	90%	90%	90%
Explanatory	Number of new confirmed releases from leaking storage tank sites that are being assessed for environmental and human health risk			TBD		
Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters	No data	No data	197.25 KM		
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	5,189	not avail.	5,400		
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	.58	not avail.	.65		
Outcome	Percent increase in tons of materials recycled by state agencies	Unknown	11%	10%		
Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	64.75%	76%	75%		
Outcome	Percent of landfills meeting groundwater monitoring requirements	66%	61%	93%		
Output	Percent of confirmed releases from leaking storage tank sites that are undergoing assessment or corrective action		45.8%			
Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action	513	448			
Output	Percent of worker health and safety complaints responded to within five days	93.75	96.4%	95%		

WATER AND WASTEWATER INFRASTRUCTURE DEVELOPMENT

The purpose of the water and wastewater infrastructure development program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan, a uniform application implementation plan, and recommendations for efficient and effective use of water and wastewater loan funds; and to ensure compliance with the Safe Drinking Water Act.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	625.6	674.8	684.4	551.8	-18.2
Other Transfers	3,504.5	5,028.8	5,135.4	5,199.1	3.4
Federal Revenues	5,440.5	5,204.7	5,093.3	5,093.3	-2.1
SOURCES TOTAL	9,570.6	10,908.3	10,913.1	10,844.2	-0.6
USES					
Personal Services and Employee Benefits	5,311.6	6,356.1	6,203.4	6,160.3	-3.1
Contractual Services	3,243.8	3,355.2	3,337.2	3,322.2	-1.0
Other	759.5	1,197.0	1,372.5	1,361.7	13.8
TOTAL USES	9,314.9	10,908.3	10,913.1	10,844.2	-0.6
FTE					
Permanent	23.0	29.0	30.0	30.0	3.4
Term	57.0	60.0	60.0	59.5	-0.8
TOTAL FTE POSITIONS	80.0	89.0	90.0	89.5	0.6

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u> TBD	<u>FY10 Recomm</u> TBD
* Outcome	Number and location of boil water advisories issued to consumers when a water system violates the bacteria (or total coliform) standard and the presence of e. coli or fecal coliform is detected					
Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	98%	97.2%	100%	100%	100%
Output	Number of site visits and assistance actions provided to public water systems to ensure compliance with the federal Safe Drinking Water Act regulations				180	180
Output	Percent of public water systems surveyed to ensure compliance with drinking water regulations				90%	90%
Explanatory	Number of uniform applications processed for water, wastewater and solid waste projects				TBD	TBD
* Explanatory	Total number of new projects funded and dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program			TBD	TBD	TBD
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	95.47%	97.85%	100%		
Quality	Percent customer satisfaction with the construction bureau's administrative 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	95%	97.85%	97%		
Output	Date by which an annual project status report for water, wastewater and solid waste facility construction projects will be provided to the legislative finance committee members and analyst and to the department of finance and administration secretary and analyst	08/13/07	7/18/08	8/15/09		

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of assistance actions, including site visits, provided to public water systems to assist them to return to compliance with safe drinking water act requirements		2,445	TBD		
Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	87.5%	97%	95%		
Outcome	Percent of public water systems that comply with acute maximum contaminant levels	99.6%	98.5%	95%		

PROGRAM SUPPORT

The purpose of program support 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>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,056.1	3,442.6	3,824.7	3,558.5	3.4
Other Transfers	2,378.1	2,204.2	2,236.1	2,236.1	1.4
Federal Revenues	3,091.2	3,669.7	2,841.7	2,841.7	-22.6
SOURCES TOTAL	8,525.4	9,316.5	8,902.5	8,636.3	-7.3
USES					
Personal Services and Employee Benefits	6,281.8	6,925.4	6,883.8	6,710.5	-3.1
Contractual Services	507.2	1,213.1	877.9	843.4	-30.5
Other	1,387.6	1,178.0	1,140.8	1,082.4	-8.1
TOTAL USES	8,176.6	9,316.5	8,902.5	8,636.3	-7.3
FTE					
Permanent	50.0	51.0	50.0	50.0	-2.0
Term	32.0	34.0	33.0	33.0	-2.9
TOTAL FTE POSITIONS	82.0	85.0	83.0	83.0	-2.4

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	100%	100%	100%	100%	100%
* Output	Percent of prior-year significant audit findings resolved	67%	TBD	100%	100%	100%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	94.31%	95.5%	95%	95%	96%
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	95.33%	100%	100%		
Outcome	Number of accounting function standards as defined by the department of finance and administration, office of the state controller achieved at the end of the fiscal year	4	4	4		
Efficiency	Percent of clients contacted within two weeks of assignment of case	100%	95.5%	100%		

STATUTORY AUTHORITY:

The Office of Natural Resources Trustee was created by Sections 75-7-1 through 75-7-5 NMSA 1978. The Office of the Natural Resources Trustee (ONRT) is administratively attached to the Environment Department and has as its sole mission the restoration of natural resources on state land injured as a result of a release of a hazardous substance or oil.

The natural resources trustee fund is used to pay court-ordered settlements and the costs of restoration activities in addition to being used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process.

The Natural Resources Trustee is authorized to conduct assessments to determine injury to natural resources as well as to plan and implement restoration back to the condition prior to their contamination. As opposed to remediation (where contaminants are removed or the risk neutralized), restoration projects cannot access Superfund monies. Therefore, a viable financially responsible party must be found first to pay for site assessment and then restoration.

The Office of the Natural Resources Trustee favors working consensually because restoration can proceed more quickly and economically. However, it reserves the option to sue for natural resource damage when necessary.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	417.5	428.6	449.7	431.8	0.7
SOURCES TOTAL	417.5	428.6	449.7	431.8	0.7
USES					
Personal Services and Employee Benefits	350.6	354.1	370.7	370.7	4.7
Contractual Services	12.9	24.6	24.6	17.8	-27.6
Other	37.0	49.9	54.4	43.3	-13.2
TOTAL USES	400.5	428.6	449.7	431.8	0.7
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:

For FY10, the Office of the Natural Resources Trustee budget request of \$449.7 thousand represented an increase of \$21.1 thousand, or 4.9 percent, over the FY09 operating budget. The significant increase was in personal services and employee benefits and was largely due to an unbudgeted salary increase in FY09.

OFFICE OF THE 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

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Number of acres of habitat restoration	0	1,110	500	500	500
* Outcome	Number of acre-feet of water conserved through restoration	2,063	726	500	500	500

STATUTORY AUTHORITY:

The New Mexico Health Policy Commission (HPC) is composed of nine 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, and the Health Information Alliance, a cooperative effort of the state, national laboratories, and private entities interested in gathering, sharing, and evaluating health information. HPC also is the lead agency for a number of reports requested by the Legislature and annually produces the "Quick Facts" statistical report on New Mexico health trends.

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 a neutral forum, HPC provides research, guidance, and recommendations on health policy and planning issues to the executive and legislative branches of state government, healthcare consumers, and the healthcare industry.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,331.2	1,291.3	1,684.2	1,221.1	-5.4
Other Transfers	0.0	0.8	0.0	0.0	-100.0
Other Revenues	2.2	1.4	5.0	5.0	257.1
SOURCES TOTAL	1,333.4	1,293.5	1,689.2	1,226.1	-5.2
USES					
Personal Services and Employee Benefits	1,019.0	1,048.3	1,266.3	966.5	-7.8
Contractual Services	38.3	31.9	81.4	31.0	-2.8
Other	241.1	213.3	341.5	228.6	7.2
TOTAL USES	1,298.4	1,293.5	1,689.2	1,226.1	-5.2
FTE					
Permanent	15.0	15.0	18.0	13.0	-13.3
TOTAL FTE POSITIONS	15.0	15.0	18.0	13.0	-13.3

BUDGET ISSUES:

For FY10, the commission's base budget request was \$1.53 million, an increase of \$238 thousand, or 18.4 percent, over the FY09 operating budget.

The agency's executive director has made it an agency priority to complete outstanding reports of health issues. In the past year, the commission completed 22 reports; of which four were the result of legislative memorials requesting information, including a report on Universal Health Coverage.

HPC is required by statute to develop "a plan for and monitor the implementation of the state's health policy," and publish "a workplan of goals and objectives for addressing the state's health policy and planning issues in the coming year." HPC has failed to provide the Legislature with valuable information that can be used to make policy decisions, and it has become apparent the future of HPC is unclear. During the 2008 legislative session, three bills were introduced to move HPC to the proposed Health Care Authority. During the 2008 special legislative session, another bill was introduced to move the commission to the proposed Health Care Benefits Administration.

Over the past several years the agency has struggled to maintain staff, although the new director has filled all vacancies and maintains staff by cutting expenses elsewhere. The committee further recommends the deletion of 2 FTE, the deputy director and special assistant, to bring the overhead of the commission in line with other commissions and committees. The deletion of the FTE will allow covering increased costs without an overall budget increase.

BASE EXPANSION:

For FY10, the agency requested \$158 thousand and 3 FTE to expand staff capabilities to research reports and perform health care analysis. The committee does not recommend an expansion.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Business Ops Specialist-A	(P702)	43.4	0.0
2	Economist-O	(P702)	56.9	0.0
3	Registered Nurse-A	(P702)	57.6	0.0
TOTAL			157.9	0.0

NEW MEXICO HEALTH POLICY COMMISSION

The purpose of the New Mexico health policy commission is to provide relevant and current health-related data, health research, information and comprehensive analysis to consumers, state health agencies, the executive, the legislature, and the private health sector so they can obtain or provide improved health access in New Mexico.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of health-related bills analyzed during the legislative session	126	190	200	150	200
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	100%	31%	90%	90%	90%
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	88%	98%	95%	95%	95%

STATUTORY AUTHORITY:

Sections 9-22-1 through 9-22-20 NMSA 1978 establish 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 (VSD) disseminates information regarding laws beneficial to veterans, their surviving spouses, and dependent children; assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service; and assists veterans, their surviving spouses, and their children in establishing the benefits and privileges to which they are entitled.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,167.9	3,390.5	3,996.9	3,291.0	-2.9
Federal Revenues	170.4	163.3	166.0	166.0	1.7
Other Revenues	0.0	0.0	20.0	20.0	
Fund Balance	103.3	49.3	0.0	22.9	-53.5
SOURCES TOTAL	3,441.6	3,603.1	4,182.9	3,499.9	-2.9
USES					
Personal Services and Employee Benefits	1,751.6	2,182.7	2,291.0	2,083.9	-4.5
Contractual Services	815.6	932.5	1,213.6	932.5	0.0
Other	532.2	487.9	678.3	483.5	-0.9
TOTAL USES	3,099.4	3,603.1	4,182.9	3,499.9	-2.9
FTE					
Permanent	38.0	38.0	41.0	38.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	40.0	40.0	43.0	40.0	0.0

BUDGET ISSUES:

For FY10, the overall VSD request was \$4.2 million. This represents a general fund request of \$4 million, an increase of \$606 thousand, or 18 percent, over FY09. In the base, the general fund request was an increase of \$80.5 thousand. The remainder of the increase was attributable to 5 expansion requests totaling \$525.5 thousand.

LFC recommends an overall 2.9 percent decrease in the department's budget, reflecting technical adjustments to personal services and employee benefits. Although historical vacancy rates have been in excess of 6 percent, a vacancy rate of 3 percent was applied. The department continues to have difficulty hiring 5 veterans service officer FTE authorized and funded in the General Appropriation Act of 2007.

BASE EXPANSION:

The committee does not recommend expansion; however, it encourages the department to further develop existing programs and improve performance outcomes prior to adding new initiatives.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	OEI/OIF veteran outreach	(P726)	100.0	0.0
2	Veteran student and education outreach	(P726)	100.0	0.0
3	TBI/PTSD veterans outreach	(P726)	35.0	0.0
4	3 additional FTE	(P726)	140.5	0.0
5	<u>Veterans health benefit program</u>	<u>(P726)</u>	<u>150.0</u>	<u>0.0</u>
TOTAL			525.5	0.0

VETERANS' SERVICES DEPARTMENT

The purpose of the veteran's service program is to carry out the mandates of the New Mexico state legislature and the governor 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

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Number of veterans served by veterans' services department field officers	32,556	33,776	35,000	35,000	35,000
* Output	Number of referrals from veterans' services officers to contract veterans organizations	18,176	17,618	19,000	19,000	19,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	45,403	26,852	50,000	25,000	25,000
Output	Number of educational programs reviewed, approved and audited	1,488	1,426	1,975	1,500	1,500
* Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	270	222	500	300	300
* Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	84	84	85	85	85
* Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	8,396	8,880	8,500	9,000	9,000
Output	Number of external prior-year audit finding	0	0	0	0	0
Outcome	Percent of New Mexico veterans impacted by department programs	18.29%	18.61%	25%	20%	20%

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	195,852.5	206,920.1	234,981.8	204,910.1	-1.0
Other Transfers	43,098.5	42,018.8	40,852.5	49,891.2	18.7
Federal Revenues	141,588.0	134,159.1	139,121.7	137,188.5	2.3
Other Revenues	4,284.8	4,370.6	5,037.6	4,972.0	13.8
Fund Balance	3,632.4	0.0	0.0	277.0	
SOURCES TOTAL	388,456.2	387,468.6	419,993.6	397,238.8	2.5
USES					
Personal Services and Employee Benefits	121,167.0	118,426.3	126,555.3	122,144.3	3.1
Contractual Services	74,857.5	81,585.0	85,588.8	78,993.6	-3.2
Other	187,386.9	186,897.4	207,609.5	195,860.9	4.8
Other Financing Uses	1,270.9	559.9	240.0	240.0	-57.1
TOTAL USES	384,682.3	387,468.6	419,993.6	397,238.8	2.5
FTE					
Permanent	1,946.1	2,006.1	2,080.6	2,000.6	-0.3
Term	64.0	64.0	63.0	63.0	-1.6
TOTAL FTE POSITIONS	2,010.1	2,070.1	2,143.6	2,063.6	-0.3

BUDGET ISSUES:

As of September 1, 2008, CYFD's program structure was revised to add a new Early Childhood Development Program, modify the existing Family Services Program to the Youth and Family Services Program and modify the Juvenile Justice Services Program to Juvenile Justice Facilities Program. The Early Childhood Development Program encompasses early childhood development, home visiting, child care, pre-kindergarten and family nutrition. The Juvenile Justice Facilities Program will only deal with secure and reintegration juvenile facilities. Probation and parole along with community corrections has moved to the Youth and Family Services Program. CYFD reported these are community-based programs that need to be integrated in community-based settings where behavioral health and other community services are located. Also, Program Support had a minor change with the consolidation of the cost of leased vehicles and fuel under its program. This is the second year in a row that CYFD significantly altered its program structure, making comparisons to FY08 and FY09 difficult.

For FY10, CYFD requested increases from the general fund of \$8.3 million to the base budget. The increases included funding for lower vacancy rates, General Service Department (GSD) rate increases, increases in adoption caseload and medical coverage, information technology updates, leased vehicle fleet, Department of Information Technology (DoIT) assessments and telecommunications, and information technology contracts and maintenance.

LFC recommends a reduction of \$2 million, or 1 percent, in general fund revenue over the FY09 operating budget. The recommendation includes the following reductions from the general fund: \$4.8 million in contracts; \$567.2 thousand from deletion of 8.5 FTE, including one exempt position; \$102.2 thousand in technical adjustment in personal services and employee benefits; \$500 thousand in DoIT and telecommunications assessments; \$992.8 thousand in miscellaneous other costs; and a \$277 thousand revenue shift using fund balances from the daycare fund. The LFC recommendation supports general fund increases for GSD rate increases, maintaining the leased vehicle fleet, and information technology maintenance costs.

CYFD requested a base budget increase of \$3.9 million in FY10 to reduce the department's vacancy rate from 10.5 percent in FY09 to 6.3 percent in FY10. The department states that safety and security is a paramount concern and priority in regards to factoring a vacancy rate. The success of programs is dependent on the agency's ability to recruit, retain, and develop a qualified and capable staff to provide critical services and address growing caseloads. Also, the agency has noted that in times of economic hardship it often sees increases in its caseloads. CYFD programs dealing with protective service, domestic violence, juvenile justice facilities, and juvenile probation and parole have an impact on public safety. Public safety is an LFC priority and, as such, the committee recommends \$1.9 million to reduce the vacancy rate to 8.1 percent in FY10.

CYFD requested a \$1.2 million supplemental appropriation to cover a projected FY09 shortfall in Protective Services Program's care and support spending related to the adoption caseloads. The agency received a \$1.9 million supplemental appropriation in FY08 for budget shortfalls for special needs in the Protective Services Program. CYFD is requesting a \$1.2 million increase in its base budget for adoption caseload and medical coverage in FY10. The department reported this is due to a 9.7 percent growth in the adoption caseload. The growth is due to the agency's success in securing permanent homes for children and the slower rate of attrition from the adoption caseload as children are being adopted at a younger age and receiving subsidy until age 18. The increase in care and support also addressed the medical needs of adoptive children. By federal law, CYFD is required to provide medical coverage for pre-existing conditions for special needs children adopted from the foster care system. Approximately 500 children are in need of adoptive families in New Mexico. Of those 500 children, 80 percent are special needs children. The committee recommends \$1 million for managing the adoption caseload and medical coverage for adoptive children.

CYFD's operating budget does not include funding for recurring information technology (IT) expenses, such as computer replacement, software, and IT maintenance. Approximately one quarter of the critical IT infrastructure is expected to reach the end of its lifecycle in FY09. CYFD reported that many of the desktop computers have the outdated Microsoft 2000 operating system, making it difficult to send and receive files. The committee recommends \$200 thousand for information technology refresh.

CYFD has chosen the name Cambiar New Mexico for its model that closely resembles the Missouri model for juvenile justice. The department plans to follow Missouri model's emphasis on group therapy, regionalization, case management, and mixing of special needs youth. Currently, the Cambiar New Mexico model is being implemented at the J. Paul Taylor Center in Las Cruces. In the 2008 legislative session, the Legislature approved a \$750 thousand special appropriation for implementation of the Missouri model. In FY10, CYFD is using a savings of \$750 thousand in contractual services to continue the contract with Missouri Youth Services and renovating living units at J. Paul Taylor Center.

The committee recommendation includes \$2.6 million for domestic violence services, a decrease of \$1 million from the FY09 operating budget. The \$2.6 million is Temporary Assistance for Needy Families (TANF) grant funds transferred from the Human Services Department.

Domestic violence programs statewide have received, over the last four years, approximately \$2.7 million in additional funding. On May 6, 2008, LFC released a program evolution report "CYFD Review of Domestic Violence Programs" that noted a national advisory group strongly recommends that domestic violence services provide safety plan for survivors and ensure survivors are aware of community resources. Research supports that these two short-term outcomes lead to reduced violence and increased quality of life for survivors over time. Currently, CYFD only has a performance measure pertaining to individualized safety plans. In FY08, 65.4 percent of adult victims receiving domestic violence services had an individualized safety plan. The department is anticipating better performance in FY09 due to individualized safety plans now being mandatory. LFC encourages the agency to develop a performance measure regarding awareness of community resources by adult victims of domestic violence.

BASE EXPANSION:

CYFD requested 17 items totaling \$21.5 million in base expansions for FY10. The majority of the base expansion request is \$13.2 million to expand access to quality child care. The remaining \$8.3 million in expansion requests were for implementation of Cambiar New Mexico, field staff safety, mandatory reporting for Family Automated Client Tracking System (FACTS), and quality assurance for fraud and risk; replacement of federal funding; conversion of FTE from term to permanent positions; and increases in maintenance payments for foster parents, behavioral health provider reimbursements, home-visiting services, domestic violence program support, protective service staff in the southwest region, community volunteerism, and home-visiting oversight.

In the 2008 special session, the Legislature appropriated \$7.2 million from the TANF federal block grant for childcare subsidies in FY09. Of the \$7.2 million appropriation, \$5 million is to continue to subsidize childcare costs for families with incomes at or below 165 percent of the federal poverty level (FPL) a year. The remaining \$2.2 million is to increase eligibility to 200 percent of FPL, which is approximately \$42,400 for a family of four. CYFD's expansion request for \$13.2 million sought to replace the \$7.2 million in TANF funding with general fund monies, along with an additional \$6 million from the general fund to sustain childcare eligibility at 200 percent FPL. The childcare assistance program subsidizes the cost of childcare for low-income families that are working or in school. The committee recommends \$7.2 million from TANF funding to continue the process of increasing eligibility to 200 percent of FPL.

CYFD requested funding for 4 FTE as part of a transitional team focusing on moving the department's case management tool to a web-based application. The team would also develop program reporting requirements tied to federal revenues. CYFD reported that enhancing the system's capacity is critical to avoid potential federal sanctions in the Early Childhood Development and Protective Services programs, along with assisting the department in complying the American Civil Liberties Union agreement regarding juvenile justice services. The committee recommends \$102.5 thousand from the general fund and \$43.8 thousand from federal revenues for 2 FTE to achieve mandatory reporting requirements in FACTS.

In the 2008 legislative session, the Legislature doubled funding to \$2 million for additional home-visiting sites and increases in provider reimbursement rates. In FY08, nine New Mexico counties had home visiting services. With the additional funding in FY09, that number grew to 19 counties. The goal of New Mexico's home-visiting programs is to provide services to improve and enhance the physical, emotional, mental, and behavioral health of infants and toddlers and their families. The target population of home-visiting services is first-time parents of infants and toddlers, from birth to age 3, and pregnant women. The committee recommends \$500 thousand from TANF funding and \$447 thousand from general fund to increase home-visiting programs statewide.

Statewide implementation of home-visiting is estimated to cost around \$30 million. LFC continues to recommend language requiring \$250 thousand of home-visiting funding be matched with Medicaid funds. The leveraging of federal funds is important to increase home visiting in New Mexico. Other states, such as Virginia, have leveraged Medicaid funding to target high-risk and high-need clients in their home-visiting programs. Consideration should be given to general fund funding being used for a universal home-visiting orientation, while the majority of home-visiting funding be used for targeting Medicaid-eligible clients. Approximately 60 percent of children born in New Mexico are Medicaid eligible.

CYFD requested an expansion of an additional 5 FTE and the conversion of 1 FTE from term status to permanent status in the pre-kindergarten program to improve the quality of programs. Currently, \$587.3 thousand, or 6 percent, of pre-kindergarten funding at CYFD goes towards administrative costs. The committee recommends only the conversion of the 1 FTE from term to perm.

In FY09, funding for pre-kindergarten is \$16.5 million, serving approximately 4,745 4-year-old children. Funding for the pre-kindergarten program is evenly split between the Public Education Department and CYFD. Pre-kindergarten serves to better prepare children, especially at-risk children, for kindergarten. Research shows pre-kindergarten in New Mexico has had a positive impact on children's early language, literacy, and mathematical development. CYFD did not request but the committee recommends \$1 million from TANF funding to expand pre-kindergarten programs.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the early childhood development program of the children, youth and families department include thirty-nine million six hundred nineteen thousand three hundred dollars (\$39,619,300) for childcare programs, two million dollars (\$2,000,000) for the pre-kindergarten program and five hundred thousand dollars (\$500,000) for home visiting from the temporary assistance for needy families block grant to New Mexico.

The general fund appropriation to the early childhood development program of the children, youth and families department in the contractual services category includes two hundred fifty thousand dollars (\$250,000) for home visiting to match federal funds in the medicaid program.

The internal service funds/interagency transfers appropriations to the youth and family services program of the children, youth and families department include two million six hundred thousand dollars (\$2,600,000) for domestic violence programs from the temporary assistance for needy families block grant to New Mexico.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Pre-Kindergarten	(P579)	0.0	1,000.0
1	Access to quality child care	(P579)	13,200.0	7,200.0
2	Cambiar New Mexico (12 FTE)	(P577)	1,644.3	0.0
2a	Camino nuevo term to perm (36.5 FTE)	(P577)	0.0	0.0
3	Revenue replacement for FFT/TCM (10 FTE)	(P580)	0.0	0.0
3a	General Fund Medicaid Swap (3 FTE)	(P577)	0.0	0.0
4	Foster parent maintenance	(P578)	3,253.2	0.0
5	Field staff safety (1 FTE)	(P576)	671.0	0.0
6	Mandatory reporting for FACTS (4 FTE)	(P576)	292.2	146.3
7	Reimbursements behavioral health providers	(P580)	1,000.0	0.0
8	Home visiting	(P579)	750.0	947.0
9	Domestic violence program support (2 FTE)	(P580)	148.0	0.0
10	Quality assurance for fraud & risk (2 FTE)	(P576)	138.1	0.0
11	Southwest region-Dona Ana expansion (5 FTE)	(P578)	277.8	0.0
12	Community Volunteerism/Communications (2 FTE)	(P580)	127.3	0.0
13	Term to perm title IV-B (2 FTE)	(P578)	0.0	0.0
14	Conversion term to perm in Pre-K (5 FTE)	(P579)	0.0	0.0
15	Home visiting program oversight (2 FTE)	(P579)	0.0	0.0
TOTAL			21,501.9	9,293.3

*The department did not request this item as an expansion to the base.

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department including medical, educational, behavioral health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	62,547.4	68,475.9	44,702.8	39,702.7	-42.0
Other Transfers	1,521.6	2,511.3	1,711.7	1,822.3	-27.4
Federal Revenues	303.2	0.0	0.0	0.0	
Other Revenues	1,551.6	1,678.4	1,678.4	1,613.3	-3.9
Fund Balance	3,132.4	0.0	0.0	0.0	
SOURCES TOTAL	69,056.2	72,665.6	48,092.9	43,138.3	-40.6
USES					
Personal Services and Employee Benefits	47,238.8	48,830.7	31,685.2	30,477.3	-37.6
Contractual Services	12,479.2	15,493.8	10,869.1	7,742.1	-50.0
Other	8,211.1	8,341.1	5,538.6	4,918.9	-41.0
TOTAL USES	67,929.1	72,665.6	48,092.9	43,138.3	-40.6
FTE					
Permanent	780.3	849.8	548.0	497.0	-41.5
TOTAL FTE POSITIONS	780.3	849.8	548.0	497.0	-41.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility	6.6%	5%	TBD	8%	8%
* Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities	13%	4%	11.5%	10%	5%
* Outcome	Percent of incidents in juvenile justice service facilities requiring use of force resulting in injury	NA	3%	3.82%	3%	3%
* Output	Percent of possible education credits earned by clients in juvenile justice division facilities	47.5%	42.4%	45%	47%	47%
* Output	Percent of youth in a juvenile justice services facility who are within one hundred miles of their family and home community	NA	NA	55%	60%	60%

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	59,847.5	60,867.8	65,852.8	62,950.5	3.4
Other Transfers	4,817.8	1,014.0	729.0	727.2	-28.3
Federal Revenues	48,150.7	43,472.2	48,575.2	46,758.0	7.6
Other Revenues	1,602.4	1,566.3	1,566.3	1,566.3	0.0
SOURCES TOTAL	114,418.4	106,920.3	116,723.3	112,002.0	4.8
USES					
Personal Services and Employee Benefits	50,519.8	46,706.2	49,344.9	48,419.3	3.7
Contractual Services	10,273.1	9,780.2	12,551.4	12,551.4	28.3
Other	51,272.5	50,193.9	54,587.0	50,791.3	1.2
Other Financing Uses	208.2	240.0	240.0	240.0	0.0
TOTAL USES	112,273.6	106,920.3	116,723.3	112,002.0	4.8
FTE					
Permanent	853.5	834.0	848.0	840.0	0.7
TOTAL FTE POSITIONS	853.5	834.0	848.0	840.0	0.7

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	92.8%	93%	93%	91.5%	91.5%
* Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	87.2%	73.3%	78%	69.9%	69.9%
Outcome	Percent of children in foster care for twelve months with no more than two placements	86.1%	83.6%	86.7%	83.3%	83.3%
Outcome	Percent of children adopted within twenty-four months from entry into foster care	38.1%	35%	34%	34%	34%
* Output	Percent of children who are not the subject of substantiated maltreatment while in foster care	99.17%	99.66%	99.43%	99.68%	99.68%

EARLY CHILDHOOD SERVICES

The purpose of the early childhood services program is to provide quality child care, nutrition services, early childhood education and training to enhance the physical, social and emotional growth and development of children.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	52,197.2	37,350.6	
Other Transfers	0.0	0.0	34,020.3	43,265.0	
Federal Revenues	0.0	0.0	79,692.1	79,692.1	
Other Revenues	0.0	0.0	900.0	900.0	
Fund Balance	0.0	0.0	0.0	277.0	
SOURCES TOTAL	0.0	0.0	166,809.6	161,484.7	
USES					
Personal Services and Employee Benefits	0.0	0.0	8,161.2	7,633.6	
Contractual Services	0.0	0.0	20,791.9	21,491.9	
Other	0.0	0.0	137,856.5	132,359.2	
TOTAL USES	0.0	0.0	166,809.6	161,484.7	
FTE					
Permanent	0.0	0.0	112.5	104.5	
Term	0.0	0.0	47.0	47.0	
TOTAL FTE POSITIONS	0.0	0.0	159.5	151.5	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of children receiving state subsidy in stars/aim high programs level two through five or with national accreditation	45.4%	64.4%	50%	60%	60%
Outcome	Percent of licensed child care providers participating in stars/aim high levels two through five or with national accreditation	46.4%	65.3%	50%	65%	65%
Outcome	Percent of children in state funded pre-kindergarten showing measurable progress on the preschool readiness kindergarten tool	57%	68.5%	68.5%	68.5%	68.5%
* Output	Percent of family providers participating in the child- and adult-care food program	93.1%	94.8%	92%	92%	92%
* Output	Number of first home visits with families participating in the home evaluation process	212	613	400	400	600

YOUTH AND FAMILY SERVICES

The purpose of the youth and family services program is to develop and provide needed quality prevention, intervention and after care services to youth and families in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	63,570.6	67,762.3	56,983.2	52,370.5	-22.7
Other Transfers	36,151.3	38,299.7	4,258.5	3,943.7	-89.7
Federal Revenues	84,707.0	84,781.6	4,522.8	4,522.4	-94.7
Other Revenues	1,130.8	1,125.9	892.9	892.4	-20.7
SOURCES TOTAL	185,559.7	191,969.5	66,657.4	61,729.0	-67.8
USES					
Personal Services and Employee Benefits	11,371.0	11,613.1	24,118.6	23,304.0	100.7
Contractual Services	49,821.5	54,356.2	39,375.8	35,429.7	-34.8
Other	123,632.3	125,680.3	3,163.0	2,995.3	-97.6
Other Financing Uses	419.0	319.9	0.0	0.0	-100.0
TOTAL USES	185,243.8	191,969.5	66,657.4	61,729.0	-67.8
FTE					
Permanent	150.3	160.3	389.1	384.1	139.6
Term	64.0	64.0	12.0	12.0	-81.3
TOTAL FTE POSITIONS	214.3	224.3	401.1	396.1	76.6

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan	NA	65.8%	70%	65%	65%
* Outcome	Percent of domestic violence offenders who complete a batterer's intervention program	70.8%	65.8%	TBD	70%	70%
* Outcome	Percent of clients who complete formal probation	90%	90%	85%	85%	90%
Outcome	Percent of clients receiving multi-systemic therapy who have not committed a subsequent juvenile offense within two years of discharge from service	65%	81%	86.5%	86.5%	86.5%
* Output	Percent of clients re-adjudicated within two years of previous adjudication	6.6%	4.7%	5.8%	5.8%	5.8%
Outcome	Percent of children receiving behavioral health services who experience an improved level of functioning at discharge	NA	NA	50%		
Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	78%	78%	85%		
Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	53.3%	59.6%	60%		

PROGRAM SUPPORT

The purpose of program support 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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,887.0	9,814.1	15,245.8	12,535.8	27.7
Other Transfers	607.8	193.8	133.0	133.0	-31.4
Federal Revenues	8,427.1	5,905.3	6,331.6	6,216.0	5.3
Fund Balance	500.0	0.0	0.0	0.0	
SOURCES TOTAL	19,421.9	15,913.2	21,710.4	18,884.8	18.7
USES					
Personal Services and Employee Benefits	12,037.4	11,276.3	13,245.4	12,310.1	9.2
Contractual Services	2,283.7	1,954.8	2,000.6	1,778.5	-9.0
Other	4,271.0	2,682.1	6,464.4	4,796.2	78.8
Other Financing Uses	643.7	0.0	0.0	0.0	
TOTAL USES	19,235.8	15,913.2	21,710.4	18,884.8	18.7
FTE					
Permanent	162.0	162.0	183.0	175.0	8.0
Term	0.0	0.0	4.0	4.0	
TOTAL FTE POSITIONS	162.0	162.0	187.0	179.0	10.5

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent vacancy rate for child welfare workers	NA	NA	NA	12%	12%
* Outcome	Percent vacancy rate for youth care specialists	NA	NA	NA	8%	8%
Outcome	Average vacancy rate for childcare eligibility interviewers	NA	NA	15%	15%	15%
Outcome	Average vacancy rate for juvenile correctional officers	NA	NA	8%		
Outcome	Average vacancy rate for child welfare workers	NA	NA	12%		

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)

	FY08 2008-2009 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,436.9	7,664.3	7,907.5	7,538.8	-1.6
Other Transfers	115.2	0.0	0.0	0.0	
Federal Revenues	12,227.7	12,206.2	12,467.9	12,164.8	-0.3
Other Revenues	316.4	137.5	210.4	210.4	53.0
SOURCES TOTAL	20,096.2	20,008.0	20,585.8	19,914.0	-0.5
USES					
Personal Services and Employee Benefits	7,983.4	8,791.6	8,931.9	8,340.1	-5.1
Contractual Services	1,951.3	2,325.4	2,787.0	2,707.0	16.4
Other	7,896.9	8,891.0	8,866.9	8,866.9	-0.3
TOTAL USES	17,831.6	20,008.0	20,585.8	19,914.0	-0.5
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	133.0	136.0	131.0	131.0	-3.7
TOTAL FTE POSITIONS	165.0	168.0	163.0	163.0	-3.0

BUDGET ISSUES:

The Department of Military Affairs has two programs, National Guard Support and Crisis Response. The National Guard Support program provides infrastructure for the New Mexico National Guard as well as accounting, maintenance, and other administrative services. The program is supported by a combination of revenue sources. The committee recommends a total of \$16.9 million with \$6.2 million from the general fund and \$10.5 million in federal funds. The FY10 recommendation from the general fund is decreased 2.1 percent from the FY09 appropriation. The National Guard Support program reports vacancy rates of 14 percent for FY08 and 23 percent in FY09. The committee recommendation incorporates a vacancy rate of 8 percent for personal services and employee benefits, which results in the 6.5 percent decrease from the FY09 appropriation. Funding was included for the adjutant general and deputy adjutant general at the pay range 36 and 32, respectively, in accordance with the governor's exempt pay plan. An increase in federal funds for contracts allows the recommendation for the contractual services category to increase 12.4 percent.

The primary Crisis Response activity is the New Mexico Youth Challenge Academy that works directly with at-risk teenagers. The program attempts to build character and ethical behavior in the youths. Youth Challenge is built on a federal formula of \$14,000 per youth with a 60 percent federal and 40 percent state match for up to 200 participants annually. The Crisis Response program request includes a reduction of 5 term FTE. In addition, Crisis Response includes revenue from the general fund for the Civil Air Patrol and a secondary volunteer militia to serve at the governor's behest if the regular National Guard is out of state. The committee recommends a total of \$3.03 million for this program in FY10, an increase of 0.2 percent.

BASE EXPANSION:

The committee does not recommend additional revenues from the general fund for the expansion items. The Civil Air Patrol school enrichment program's purpose is to influence students to make positive life choices and to support drug-use reduction, anti-truancy, and anti-gang education. While these are important goals, the program is duplicative of efforts of Public Education Department, Department of Health, and the Department of Public Safety.

The proficiency flying program allows pilots to meet proficiency requirements by offsetting the costs related to the recent energy inflation. Fortunately, energy costs have abated.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Civil Air Patrol school enrichment	(P722)	25.0	0.0
2	Civil Air Patrol proficiency flying	(P722)	25.0	0.0
TOTAL			50.0	0.0

NATIONAL GUARD SUPPORT PROGRAM

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,088.9	6,317.0	6,392.8	6,186.0	-2.1
Federal Revenues	10,169.2	10,526.2	10,787.9	10,484.8	-0.4
Other Revenues	190.8	137.5	210.4	210.4	53.0
SOURCES TOTAL	16,448.9	16,980.7	17,391.1	16,881.2	-0.6
USES					
Personal Services and Employee Benefits	6,082.1	6,617.2	6,697.9	6,188.0	-6.5
Contractual Services	1,276.3	1,802.6	2,027.0	2,027.0	12.4
Other	7,352.9	8,560.9	8,666.2	8,666.2	1.2
TOTAL USES	14,711.3	16,980.7	17,391.1	16,881.2	-0.6
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
Term	86.0	89.0	89.0	89.0	0.0
TOTAL FTE POSITIONS	117.0	120.0	120.0	120.0	0.0

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Outcome	Rate of attrition of the New Mexico army national guard	12%	15.7%	16%	16%	16%
* Outcome	Percent of strength of the New Mexico national guard	90%	90%	88%	90%	90%
Output	Number of major environmental compliance findings from inspections	65	10	40	10	10

CRISIS RESPONSE PROGRAM

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,348.0	1,347.3	1,514.7	1,352.8	0.4
Other Transfers	115.2	0.0	0.0	0.0	
Federal Revenues	2,058.5	1,680.0	1,680.0	1,680.0	0.0
Other Revenues	125.6	0.0	0.0	0.0	
SOURCES TOTAL	3,647.3	3,027.3	3,194.7	3,032.8	0.2
USES					
Personal Services and Employee Benefits	1,901.3	2,174.4	2,234.0	2,152.1	-1.0
Contractual Services	675.0	522.8	760.0	680.0	30.1
Other	544.0	330.1	200.7	200.7	-39.2
TOTAL USES	3,120.3	3,027.3	3,194.7	3,032.8	0.2
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
Term	47.0	47.0	42.0	42.0	-10.6
TOTAL FTE POSITIONS	48.0	48.0	43.0	43.0	-10.4

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Outcome	Percent of cadets successfully graduating from the youth challenge academy	89%	78%	90%	90%	90%
* Output	Number of New Mexico youth challenge academy cadets who earn their high school equivalency annually			92	95	95

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	488.1	556.5	586.9	518.0	-6.9
SOURCES TOTAL	488.1	556.5	586.9	518.0	-6.9
USES					
Personal Services and Employee Benefits	334.6	358.0	414.3	347.0	-3.1
Contractual Services	5.9	37.7	9.3	9.3	-75.3
Other	128.7	160.8	163.3	161.7	0.6
TOTAL USES	469.2	556.5	586.9	518.0	-6.9
FTE					
Permanent	6.0	6.0	7.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	7.0	6.0	0.0

BUDGET ISSUES:

The board conducted 3,911 hearings in FY08. Of these, 2,754 were regular hearings setting parolee release conditions. Another 1,157 were revocation hearings that determine whether a parole violation requires the parolee to return to prison or if other sanctions are appropriate. The result of these revocation hearings has an impact on the prison population. In addition, the board coordinated information and provided recommendations to the governor for 112 executive clemency applications. Section 31-21-10.1 NMSA 1978 extends parole provisions for sex offenders and, as these cases build up, an expanded board may be required.

The FY10 committee recommendation for the Parole Board totals \$518 thousand from the general fund. This is a 6.9 percent decrease from FY09. The committee recommendation includes a decrease of \$30 thousand for a workload study completed in FY09. In addition, the committee recommends leasing a less expensive automobile and reduces the other category by \$1.5 thousand for this purpose.

BASE EXPANSION:

The committee does not recommend an additional FTE for the Parole Board. The board is administratively attached to the New Mexico Corrections Department, which has a large information technology function, and the two should work cooperatively to minimize costs for the board's information technology requirements.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	<u>Proposed Business IT Analyst</u>	<u>(P704)</u>	<u>66.5</u>	<u>0.0</u>
TOTAL			66.5	0.0

PAROLE BOARD

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	24	34	15	15	20
* Efficiency	Percent of initial parole hearings held a minimum of thirty days prior to the inmate's projected release date	92.6%	88.4%	90%		90%
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	95.9%	93.8%	93%	93%	95%
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated	1 update	1 update	1 update	1 update	1 update
Outcome	Percent of parole certificates issued within ten days of hearing			95%		
* Outcome	Percent of parole certificates issued within ten days of hearing or ten days of receiving relevant information needed				95%	95%

STATUTORY AUTHORITY:

Sections 32A-7-1 through 32A-7-9 NMSA1978 provide for the creation of the Juvenile Parole Board (JPB). 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 JPB is to serve as the independent releasing authority for committed juvenile offenders in the state of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	434.4	446.0	456.8	228.4	-48.8
SOURCES TOTAL	434.4	446.0	456.8	228.4	-48.8
USES					
Personal Services and Employee Benefits	349.3	380.6	394.9	197.4	-48.1
Contractual Services	5.9	7.0	5.9	3.0	-57.1
Other	53.5	58.4	56.0	28.0	-52.1
TOTAL USES	408.7	446.0	456.8	228.4	-48.8
FTE					
Permanent	6.0	6.0	6.0	3.0	-50.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	3.0	-50.0

BUDGET ISSUES:

In FY08, the board conducted 250 hearings. Of those hearings 71 resulted in unsatisfactory discharges and 110 in satisfactory discharges. JPB had 13 revocations, down from 33 in FY07. The board reported denial of parole increased from eight in FY07 to 19 in FY08, an increase of 58 percent.

CYFD instituted a new juvenile justice initiative called Cambiar New Mexico, based on the Missouri model. The Missouri model does not use a juvenile parole board, and juvenile offenders are not paroled until it is determined they are ready. CYFD plans to propose legislation in the next legislative session to replace the Juvenile Parole Board with the Juvenile Public Safety Advisory Board. To prepare for this change, LFC recommends reducing the agency's budget by \$228.4 thousand, a decrease of almost 50 percent from the FY09 operating budget.

JPB reported it has often been placed in the position of paroling youth back to their original environments despite baseline information indicating the placement was not conducive to continued rehabilitation. The board noted ValueOptions, the state's behavioral health contractor, has denied placement of many youth offenders into residential treatment centers.

JUVENILE PAROLE BOARD

The purpose of the juvenile parole board is to provide fair and impartial hearings through reviews to incarcerated youth so they can mainstream into society as law-abiding citizens.

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of residents paroled who successfully complete the conditions of parole	40%	47%	60%	60%	60%
Outcome	Number of individual parole hearings held by the juvenile parole board	254	250	250	250	250
Output	Percent of clients reviewed at 40 days	42%	86%	95%	95%	95%
Output	Percent of clients reviewed every 90 days	100%	100%	95%	95%	95%
Output	Number of client reviews held by the staff	851	816	900	900	900

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 (NMCD) is to provide a balanced approach to corrections, from incarceration to community-based supervision, with training, education, rehabilitation programs, and services that provide opportunities for offenders to transition to communities.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	277,387.7	297,101.7	316,045.2	286,012.1	-3.7
Other Transfers	1,638.4	449.7	409.2	409.2	-9.0
Federal Revenues	1,739.3	108.5	98.9	98.9	-8.8
Other Revenues	19,367.1	22,309.5	20,699.0	21,243.4	-4.8
Fund Balance	545.7	545.7	545.7	545.7	0.0
SOURCES TOTAL	300,678.2	320,515.1	337,798.0	308,309.3	-3.8
USES					
Personal Services and Employee Benefits	133,093.0	137,219.7	146,423.5	136,382.1	-0.6
Contractual Services	47,661.3	53,803.8	56,141.4	52,384.7	-2.6
Other	112,896.7	129,491.6	135,233.1	119,542.5	-7.7
Other Financing Uses	1,031.4	0.0	0.0	0.0	
TOTAL USES	294,682.4	320,515.1	337,798.0	308,309.3	-3.8
FTE					
Permanent	2,469.5	2,484.5	2,559.5	2,484.5	0.0
Term	33.0	48.0	44.0	48.0	0.0
TOTAL FTE POSITIONS	2,502.5	2,532.5	2,603.5	2,532.5	0.0

BUDGET ISSUES:

The FY10 LFC recommendation from the general fund for the New Mexico Corrections Department (NMCD) totals \$286.0 million, an \$11.1 million, or 3.7 percent decrease from the FY09 operating budget. The total agency recommendation is 3.8 percent lower than FY09 principally due to the lower recommendation from the general fund.

The LFC FY10 recommendation for the Inmate Management and Control Program is \$247.2 million with \$232.4 million from the general fund. The recommendation from the general fund is \$10.5 million, or 4.3 percent below the FY09 operating budget. The decreases are centered on the contracts with the medical provider and the private prison providers. Both contracts contain clauses for annual increases based on the consumer price index (CPI). The FY10 NMCD request includes escalation rates of 5.7 percent and 4 percent respectively for that purpose. Such clauses may help ensure continued high-quality services that do not diminish over time. However, increases of this nature cannot automatically be maintained when state revenue cannot support them, and the automatic increases were necessarily reduced to between 0 percent and 2 percent in the FY10 recommendation. In addition, these multipliers are estimates and FY10 economic forecasts indicate the possibility of a negative CPI.

The FY10 request estimates an average daily male inmate population of 6,144, an increase of 3.9 percent over FY09. However, NMCD's consultant for prison population growth, JFA Associates, projects an average daily population of only 5,928, a difference of 216. Using this estimate negates the NMCD's request for an average daily population of 229 at the Torrance County private facility that currently has no inmates and the contract in suspension. Even this population estimate is high because the actual FY09 male inmate count has been lower than either NMCD or JFA predicted. This lower FY09 population indicates for FY10 an even lower count than 5,928, further reducing the potential private prison expenditure level. This reduction at the private facilities is dependent on the classification level of new inmates because these prisons house level III prisoners. However, with the public facilities operating with 381 vacancies, the committee encourages NMCD to fill these spaces prior to incurring additional expenditures at the private prisons.

The Inmate Management and Control program reports an average vacancy rate for FY08 of 16 percent. Recent vacancy rates continue in the 14 percent to 15 percent range. The committee recognizes the importance of public safety positions and the recommendation is based on a 7 percent vacancy rate, significantly below the actual rate.

The FY10 recommendation for Program Support is \$8.4 million, with \$8.1 million from the general fund. The recommendation from the general fund is \$500 thousand, or 5.9 percent below the FY09 operating budget. Program Support reports vacancy rates of 15 percent in FY08 but the current rate is down to 7.8 percent. The LFC recommendation is based on a vacancy rate of 4 percent; approximately one-half of the current rate and significantly lower than the FY08 rate. The other category is 27.3 percent lower than FY09 primarily due to the request overestimating funding for a communications item then incorrectly allocating the funds to other programs.

The recommendation includes \$750 thousand from the general fund to the Corrections Industries that has been operating as an enterprise program without an appropriation from the general fund. NMCD indicates Corrections Industries may not be a viable self-supporting operation because of agencies using the Save Smart purchasing program and modified accrual accounting that would require agencies to place orders by March to have delivery by the June 30 deadline. NMCD attributes these two changes as factors in an estimated \$2.4 million sales decline in FY10. The committee recognizes Corrections Industries as an important component of inmate rehabilitation and recommends an appropriation from the general fund to support continuing operations of this skill-building enterprise. However, the committee also expects NMCD to initiate necessary statutory changes to remove the barriers hindering the purchase of Corrections Industries' products by state agencies.

The FY10 LFC recommendation from the general fund to Inmate Programming, Community Offender Management and Community Corrections was reduced 1.8 percent, 1.9 percent, and 2.8 percent, respectively. The committee minimized reductions in these areas to support the valuable services performed by the programs that enable rehabilitation and transition into the community. This spending is an investment into lower recidivism rates and better personal outcomes for former offenders that in turn, reduce prison costs over the long run. It also has a direct impact on lowering prison costs by offering less expensive alternatives to high-priced prison space for suitable offenders.

BASE EXPANSION:

NMCD requested 17 expansions totaling \$7.5 million. Eight of the requests totaling \$4.4 million are under a NMCD prison reform umbrella to facilitate rehabilitation and minimize recidivism. These items have merit but it is challenging to expand recurring spending in a year when the base must be reduced due to declining revenue. However, the committee base recommendation reductions for programs with rehabilitation elements were minimized and the Corrections Industries' recommendation from the general fund was increased to keep the program viable.

RECOMMENDED LANGUAGE:

The appropriations for the community corrections/vendor-run program of the corrections department are appropriated to the community corrections grant fund.

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.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1A	Success for offender after release (6 FTE)	(P532)	540.3	0.0
1B	Community behavioral health - P&P	(P534)	1,850.5	0.0
1C	Community behavioral health	(P535)	637.9	0.0
1D	Substance abuse (10 FTE)	(P532)	725.0	0.0
1E	Risk & assessment (1 FTE)	(P531)	116.0	0.0
1F	Restorative justice re-entry panels	(P531)	301.4	0.0
1G	CI re-entry program (2 FTE)	(P533)	169.6	0.0
1H	Faith based re-entry (1 FTE)	(P532)	47.0	0.0
2	Behavioral health uniform rate increase - P&P	(P534)	583.4	0.0
3	Behavioral health uniform rate increase	(P535)	389.0	0.0
4	Transport team (3 FTE)	(P534)	664.1	0.0
5	Sex offender law (6 FTE)	(P534)	316.9	0.0
6	High risk case load (16 FTE)	(P534)	1,033.5	0.0
7	Training academy business manager FTE	(P531)	40.6	0.0
8	Training academy human resources FTE	(P531)	40.6	0.0
9	Training academy instructor FTE	(P531)	41.9	0.0
10	WNMCF maintenance officer FTE	(P531)	39.9	0.0
TOTAL			7,537.6	0.0

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 exposure to the extent possible within budgetary resources.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	226,147.1	242,860.8	249,323.6	232,401.0	-4.3
Other Transfers	53.9	25.0	0.0	0.0	-100.0
Federal Revenues	1,564.9	0.0	0.0	0.0	
Other Revenues	11,459.7	13,918.2	14,778.4	14,778.4	6.2
SOURCES TOTAL	239,225.6	256,804.0	264,102.0	247,179.4	-3.7
USES					
Personal Services and Employee Benefits	96,024.5	97,823.9	102,419.0	97,568.3	-0.3
Contractual Services	46,688.2	52,418.9	54,501.4	51,100.0	-2.5
Other	93,469.1	106,561.2	107,181.6	98,511.1	-7.6
TOTAL USES	236,181.8	256,804.0	264,102.0	247,179.4	-3.7
FTE					
Permanent	1,794.0	1,799.0	1,814.0	1,804.0	0.3
Term	27.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	1,821.0	1,841.0	1,856.0	1,846.0	0.3

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent turnover of correctional officers	14.65%	12.6%	21%	13%	13%
* Outcome	Percent of women offenders successfully released in accordance with their scheduled release dates	74.50%	89.9%	95%	95%	95%
* Output	Graduation rate of correctional officer cadets from the corrections department training academy	89.53%	88.2%	90%	90%	90%
Output	Number of serious inmate-on-inmate assaults in private and public facilities	16	20	24		
Output	Number of serious inmate-on-staff assaults in private and public facilities	7	4	7		
* Outcome	Percent of male offenders successfully released in accordance with their scheduled release dates			85%	85%	90%
Output	Number of cadets entering corrections department training academy	308	318			
* Efficiency	Daily cost per inmate, in dollars	\$85.60		\$88.27	\$88.27	\$87.00
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	94.17%				
* Output	Percent of inmates testing positive for drug use (including inmates refusing to be tested) in a random monthly drug test	1.61%	2.09%	<=2%	<=2%	<2%
* Output	Number of inmate-on-inmate assaults with serious injury	16	20	24	24	23
* Output	Number of inmate-on-staff assaults with serious injury	7	4	7	7	6
* Output	Number of escapes from a publicly run corrections department secure facility				0	0
* Output	Number of escapes from a privately run corrections department secure facility				0	0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget New FY10</u>	<u>FY10 Request Baseline</u>	<u>FY10 Recomm</u>
Output	Average number of days an inmate waits for medical, dental or psychiatric services					
* Outcome	Percent of standard healthcare requirements met by medical contract vendor				85%	87%
* Outcome	Percent of eligible sex offenders within three years of release who are receiving treatment				60%	65%
Output	Percent of inmate grievances resolved informally			New FY10	Baseline	

INMATE PROGRAMMING

The purpose of the inmate programming program is to provide motivated inmates with the opportunity to participate in appropriate programs and services so they have less propensity toward inmate 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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	9,715.6	10,198.1	12,580.7	10,019.3	-1.8
Other Transfers	320.6	192.7	165.5	165.5	-14.1
Federal Revenues	174.4	108.5	98.9	98.9	-8.8
Other Revenues	4.2	5.5	5.0	5.0	-9.1
SOURCES TOTAL	10,214.8	10,504.8	12,850.1	10,288.7	-2.1
USES					
Personal Services and Employee Benefits	8,721.4	8,453.4	10,632.0	8,684.3	2.7
Contractual Services	578.5	864.1	803.8	625.0	-27.7
Other	1,019.4	1,187.3	1,414.3	979.4	-17.5
TOTAL USES	10,319.3	10,504.8	12,850.1	10,288.7	-2.1
FTE					
Permanent	143.5	142.5	167.5	142.5	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	145.5	144.5	169.5	144.5	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Recidivism rate of the success for offenders after release program by thirty-six months	37.63%	32.6%	38%	38%	35%
Output	Number of inmates who earn a general educational development certificate	278				
* Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed	75%	77.1%	75%	75%	78%
* Output	Percent of eligible inmates who earn a general equivalency diploma			75%	75%	78%
* Output	Percent of participating inmates completing adult basic education			30%	30%	32%
Output	Percent of reception diagnostic center intake inmates who receive substance abuse screening	100%				
Output	Number of inmates enrolled into the success for offenders after release program	745				
Outcome	Percent of therapeutic community graduates reincarcerated within thirty-six months of release			New FY10	Baseline	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of inmates with a history of domestic violence receiving domestic violence prevention education			New FY10	Baseline	
Output	Number of victims of domestic violence receiving domestic violence education to include availability of resources and or support			New FY10	Baseline	

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)

	<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>FY10 - 2009-2010 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	329.5	0.0	2,611.8	750.0	
Other Transfers	1.6	0.0	0.0	0.0	
Other Revenues	4,772.4	6,726.6	4,093.5	4,637.9	-31.1
SOURCES TOTAL	5,103.5	6,726.6	6,705.3	5,387.9	-19.9
USES					
Personal Services and Employee Benefits	2,099.8	2,586.2	2,536.6	2,442.2	-5.6
Contractual Services	3.1	20.6	20.7	20.7	0.5
Other	3,083.0	4,119.8	4,148.0	2,925.0	-29.0
TOTAL USES	5,185.9	6,726.6	6,705.3	5,387.9	-19.9
FTE					
Permanent	38.0	38.0	44.0	38.0	0.0
Term	4.0	4.0	0.0	4.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	44.0	42.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Profit and loss ratio			break even	break even	break even
* Outcome	Percent of eligible inmates employed	11%	10.99%	11%	11%	11%
Outcome	Percent of inmates employed	5.84%				

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)

		<u>FY10 - 2009-2010</u>				
		FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	29,120.5	31,530.9	37,118.6	30,947.0	-1.9
	Other Transfers	334.4	0.0	0.0	0.0	
	Other Revenues	1,899.3	1,528.0	1,700.0	1,700.0	11.3
	SOURCES TOTAL	31,354.2	33,058.9	38,818.6	32,647.0	-1.2
USES						
	Personal Services and Employee Benefits	19,024.8	20,570.9	22,738.9	20,207.0	-1.8
	Contractual Services	23.9	38.7	40.1	40.0	3.4
	Other	10,519.4	12,449.3	16,039.6	12,400.0	-0.4
	TOTAL USES	29,568.1	33,058.9	38,818.6	32,647.0	-1.2
FTE						
	Permanent	381.0	392.0	421.0	392.0	0.0
	TOTAL FTE POSITIONS	381.0	392.0	421.0	392.0	0.0

PERFORMANCE MEASURES

		<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Budget</u>	<u>FY10</u> <u>Request</u>	<u>FY10</u> <u>Recomm</u>
* Outcome	Percent turnover of probation and parole officers		24.7%	21%	21%	20%
* Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	75%	85%	90%	90%	90%
Output	Average number of parolees in intensive supervision	24.75	12.2			
Output	Number of absconders apprehended	2,104	2,623			
* Quality	Average standard caseload per probation and parole officer	120	93	92	92	92
* Quality	Average intensive supervision program caseload per probation and parole officer	21	29	20	20	20
* Output	Percent of absconders apprehended			15%	15%	15%
* Quality	Average number of offenders in intensive or high-risk supervision			25	25	25

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,881.2	3,930.5	5,027.5	3,822.2	-2.8
Other Transfers	620.7	0.0	0.0	0.0	
Other Revenues	42.1	51.7	42.1	42.1	-18.6
Fund Balance	545.7	545.7	545.7	545.7	0.0
SOURCES TOTAL	5,089.7	4,527.9	5,615.3	4,410.0	-2.6
USES					
Personal Services and Employee Benefits	798.8	847.5	1,152.7	800.0	-5.6
Contractual Services	8.7	56.8	57.3	10.0	-82.4
Other	3,262.2	3,623.6	4,405.3	3,600.0	-0.7
TOTAL USES	4,069.7	4,527.9	5,615.3	4,410.0	-2.6
FTE					
Permanent	17.0	17.0	22.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	22.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Quality	Average specialized program caseload per probation and parole officer	32				
Output	Number of successful completions per year from male residential treatment center at Fort Stanton	123	161			
Output	Number of terminations per year from male residential treatment center at Fort Stanton	41	26			
Output	Number of transfers or other noncompletions per year from the male residential treatment center at Fort Stanton	5	7			
Output	Percent of male offenders who complete the residential treatment center program at Fort Stanton		87%	75%		
* Output	Average community corrections program caseload per probation and parole officer		33	30	30	30
* Output	Percent of male offenders who complete the residential treatment center program				75%	75%
* Output	Percent of female offenders who complete the residential treatment center program				75%	75%
* Output	Percent of female offenders who complete the halfway house program				75%	75%

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8,193.8	8,581.4	9,383.0	8,072.6	-5.9
Other Transfers	307.2	232.0	243.7	243.7	5.0
Other Revenues	1,189.4	79.5	80.0	80.0	0.6
SOURCES TOTAL	9,690.4	8,892.9	9,706.7	8,396.3	-5.6
USES					
Personal Services and Employee Benefits	6,423.7	6,937.8	6,944.3	6,680.3	-3.7
Contractual Services	358.9	404.7	718.1	589.0	45.5
Other	1,543.6	1,550.4	2,044.3	1,127.0	-27.3
Other Financing Uses	1,031.4	0.0	0.0	0.0	
TOTAL USES	9,357.6	8,892.9	9,706.7	8,396.3	-5.6
FTE					
Permanent	96.0	96.0	91.0	91.0	-5.2
TOTAL FTE POSITIONS	96.0	96.0	91.0	91.0	-5.2

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Percent of prisoners reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	32.13%	28.6%	30%		
Outcome	Percent of prisoners reincarcerated within twenty-four months of being released from the New Mexico corrections department prison system into community supervision or discharged	41.87%	42.21%	38%		
Outcome	Percent of prisoners reincarcerated within thirty-six months of being released from the New Mexico corrections department prison system into community supervision or discharged	43.11%	45.81%	47%		
Outcome	Percent of sex offenders reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	20.11%				
Outcome	Percent of sex offenders reincarcerated within twenty-four months of being released from the New Mexico corrections department prison system into community supervision or discharged	30.36%				
Outcome	Percent of sex offenders reincarcerated within thirty-six months of being released from the New Mexico corrections department prison system into community supervision or discharged	39.47%	34.71%	40%		
Quality	Percent of employee files that contain performance appraisal development plans completed and submitted within the evaluation period	98%				
Outcome	Number of inmates placed into the sanctioned parole violator program, instead of going to prison	153				
Outcome	Percent of prisoners reincarcerated back into the corrections department system within thirty-six months due to new charges or pending charges			New FY10	Baseline	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u> New FY10	<u>FY10 Request</u> Baseline	<u>FY10 Recomm</u>
Outcome	Percent of prisoners reincarcerated back into the corrections department within thirty-six months due to technical parole violations					
* Outcome	Percent of all prisoners reincarcerated back into the corrections department within thirty-six months	43.11%	45.81%	47%	47%	47%
* Outcome	Percent of sex offenders reincarcerated back into the corrections department within thirty-six months	39.47%	34.71%	40%	40%	40%
Output	Percent of department staff trained on legal subjects including unlawful discrimination, sexual harassment and internal policy and procedures			New FY10	Baseline	
Output	Percent of department staff trained in motivational interviewing techniques			New FY10	Baseline	
Outcome	Percent of employee union grievances resolved prior to arbitration			New FY10	Baseline	

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission (CVRC) was created by Section 31-22-4 NMSA 1978 to protect the citizens of New Mexico from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcements efforts. 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.

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)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,242.8	2,320.5	2,580.6	2,349.8	1.3
Federal Revenues	3,969.7	4,795.3	4,798.1	4,798.1	0.1
Other Revenues	372.7	450.0	450.0	450.0	0.0
SOURCES TOTAL	6,585.2	7,565.8	7,828.7	7,597.9	0.4
USES					
Personal Services and Employee Benefits	1,023.1	1,139.2	1,370.3	1,174.0	3.1
Contractual Services	269.7	327.5	327.5	317.5	-3.1
Other	4,743.6	5,199.1	5,230.9	5,206.4	0.1
Other Financing Uses	380.7	900.0	900.0	900.0	0.0
TOTAL USES	6,417.1	7,565.8	7,828.7	7,597.9	0.4
FTE					
Permanent	15.0	16.0	18.0	16.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	19.0	20.0	22.0	20.0	0.0

BUDGET ISSUES:

CVRC is composed of two programs, Victim Compensation and Federal Grants Administration. The total FY10 budget recommendation for both programs is \$7.6 million, up 0.4 percent from \$7.56 million in FY09. The general fund increase is 1.3 percent to \$2.35 million. The revenue is a combination of money from the general fund, reimbursement from perpetrators, and federal funds. The committee notes that the administrative cost to reimburse \$1.7 million to victims is almost \$1 million and recommends efficiencies that will allow for higher payments and a lower administrative cost structure.

CVRC processes claims for statutorily specified criminal acts to reimburse the victim, deceased victim's dependents, or any individual who voluntarily assumes the funeral or medical expenses of the victim. For FY08 reimbursement totaled \$1.78 million with \$578 thousand being paid to hospitals, \$335 thousand for funeral expenses, and \$243 thousand to other medical providers. Lesser amounts were reimbursed for mental health services, loss of wages, and ambulance providers. More than \$701 thousand was reimbursed for the crime of assault and \$417 thousand for homicide.

The Federal Grants Administration Program manages federal funds from the Office of Justice programs Victims of Crime Act and Violence Against Women Act. For FY10 the committee recommends \$4.8 million from these grants. Primarily these funds are awarded to state agencies and community organizations to fund victim advocate positions in judicial districts. The funds are distributed to approximately 80 providers and totaled \$3.6 million in FY07.

BASE EXPANSION:

The committee does not recommend the expansion request of 2 additional FTE for CVRC. The reparation activity has not increased sufficiently to warrant additional FTE. The agency received 1 additional FTE in FY09 for a financial specialist.

BASE EXPANSION LISTING
FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	FTE for Victim Compensation	(P706)	83.8	0.0
1	FTE for Victim Compensation	(P706)	113.4	0.0
TOTAL			197.2	0.0

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)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 - 2009-2010 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,242.8	2,320.5	2,580.6	2,349.8	1.3
Other Revenues	372.7	450.0	450.0	450.0	0.0
SOURCES TOTAL	2,615.5	2,770.5	3,030.6	2,799.8	1.1
USES					
Personal Services and Employee Benefits	787.6	874.8	1,103.1	906.8	3.7
Contractual Services	249.8	299.5	299.5	289.5	-3.3
Other	1,448.7	1,596.2	1,628.0	1,603.5	0.5
TOTAL USES	2,486.1	2,770.5	3,030.6	2,799.8	1.1
FTE					
Permanent	15.0	16.0	18.0	16.0	0.0
TOTAL FTE POSITIONS	15.0	16.0	18.0	16.0	0.0

PERFORMANCE MEASURES

		FY07 Actual	FY08 Actual	FY09 Budget	FY10 Request	FY10 Recomm
* Output	Number of formal regional trainings conducted annually	8	8	8	8	8
* Output	Number of formal internal staff trainings conducted annually	6	6	6	6	6
Outcome	Percent increase in number of reparation applications received	0%	2%	2%	2%	2%
* Efficiency	Average number of days to process applications	114	<125	<120	<120	119
Efficiency	Percent of payment vouchers for care and support sent to the department of finance and administration within two working days of the receipt of payment list	90%	90%	90%	90%	92%

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	3,969.7	4,795.3	4,798.1	4,798.1	0.1
SOURCES TOTAL	3,969.7	4,795.3	4,798.1	4,798.1	0.1
USES					
Personal Services and Employee Benefits	235.5	264.4	267.2	267.2	1.1
Contractual Services	19.9	28.0	28.0	28.0	0.0
Other	3,294.9	3,602.9	3,602.9	3,602.9	0.0
Other Financing Uses	380.7	900.0	900.0	900.0	0.0
TOTAL USES	3,931.0	4,795.3	4,798.1	4,798.1	0.1
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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Efficiency	Percent of sub-recipients who receive compliance monitoring via desk audits	85%	83%	83%	83%	85%
Outcome	Percentage increase in number of services provided to victims of crime by grant sub-recipients	2%	2%	2%	2%	2%
* Efficiency	Percent of site visits conducted	40%	36%	40%	40%	40%
Output	Number of statewide training conferences held for service providers and victim advocates	1	1	1	1	1
Efficiency	Number of working days to complete payment voucher after completion of drawdown	6	5	6	6	5
* Output	Number of training workshops conducted for sub-recipients	14	14	12	12	12

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 (MTD), formerly a part of the Taxation and Revenue Department, was transferred to DPS on July 1, 1998. Laws 2007, Chapter 291, removed the Emergency Management and the Homeland Security Support Program from DPS and the Office of Homeland Security from the Governor's Office to create a separate Homeland Security and Emergency Management Department. The creation of DPS 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 drunken driving, drug crime, violent crime, and traffic safety.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	92,038.3	99,745.3	106,021.5	94,801.1	-5.0
Other Transfers	8,426.6	12,585.7	10,765.8	11,315.8	-10.1
Federal Revenues	8,480.8	16,639.3	13,722.4	15,722.4	-5.5
Other Revenues	5,516.2	4,872.4	5,843.7	7,166.3	47.1
Fund Balance	205.6	310.0	215.0	615.0	98.4
SOURCES TOTAL	114,667.5	134,152.7	136,568.4	129,620.6	-3.4
USES					
Personal Services and Employee Benefits	83,791.6	96,322.5	93,781.4	91,006.6	-5.5
Contractual Services	1,628.0	3,677.7	3,589.2	3,152.0	-14.3
Other	26,083.8	34,142.5	39,197.8	35,462.0	3.9
Other Financing Uses	0.0	10.0	0.0	0.0	-100.0
TOTAL USES	111,503.4	134,152.7	136,568.4	129,620.6	-3.4
FTE					
Permanent	1,204.0	1,218.5	1,244.0	1,218.5	0.0
Term	99.0	101.0	101.0	98.0	-3.0
Temporary	24.2	24.1	24.2	24.1	0.0
TOTAL FTE POSITIONS	1,327.2	1,343.6	1,369.2	1,340.6	-0.2

BUDGET ISSUES:

The FY10 LFC recommendation from the general fund for the Department of Public Safety (DPS) totals \$94.8 million, a \$4.9 million, or 5 percent, decrease from the FY09 operating budget. The total agency recommendation is 3.4 percent lower than FY09, principally due to uncertainty regarding the level of direct federal grants and transfers from the Traffic Safety Bureau of the Department of Transportation and federal funds. Chemist fees are increased by \$400 thousand from fund balance and concealed carry revenue increased by \$600 thousand in other revenue. However, the FY10 DPS recommendation is 10 percent higher than the FY08 actuals and represents a 5 percent annual increase over the past two years. As the FY10 federal funds and Department of Transportation transfers materialize, the total FY10 reduction from FY09 may decrease.

The LFC recommendation for the Law Enforcement Program is \$103.2 million, with \$79.6 million from the general fund. The committee notes that unfilled positions continue to be a problem for the Law Enforcement Program, with 146 vacancies out of a total of 1,107.5 term and perm positions for a vacancy rate of 13 percent. The DPS budget request reported a continuing vacancy rate of over 14 percent for the past two fiscal years. The recommendation includes a vacancy rate of 8 percent, striking a balance between the vital public safety function performed by DPS and the historical vacancy rate of over 14 percent. As in previous years, the committee expects the majority of the FY10 federal awards not currently included in the recommendation but typically realized at a later date will be earmarked for overtime targeting driving-under-the influence (DUI) operations or other

federal priorities. Failure to receive these funds could have a detrimental effect on many of the DPS performance measures that focus on DUI or other alcohol enforcement operations that often require overtime.

Annual automobile replacement continues to be a concern. DPS reports it needs to replace 285 vehicles that will top 95,000 miles in FY10. This includes 133 automobiles not replaced in FY09 but eligible under DPS criteria. The DPS request included \$1.5 million for this purpose, leaving a requirement of \$4.43 million at an average cost of \$20,800 per vehicle. The committee recommendation also includes approximately \$1.5 million for automobiles. LFC anticipates this is an item that will be reconsidered by the entire Legislature in January. The LFC recommendation also includes \$2.6 million for fuel that will amply support the approximate 1 million required gallons at \$2.40 per gallon. Additionally, with gasoline costs rapidly declining funds might be available from the \$2.6 million recommended for fuel that can supplement other areas as the need arises.

The LFC recommendation from the general fund for the Program Support Program is \$15.2 million, a decrease of 8 percent from the FY09 total of \$16.5 million. The total program recommendation, including all revenue sources, is \$26.4 million, an increase of 10.2 percent over the FY09 operating budget of \$24 million. The increase is attributable to a federal flow-through grant of \$3.3 million for law enforcement technology assistance.

The LFC Program Support recommendation includes a vacancy savings in personal services and employee benefits of 6 percent. This is far below the current vacancy rate of 22.6 percent, 48 vacant positions out of 212, reported in the agency request. DPS reports a continuing vacancy rate of over 20 percent for the past two years. If this continues, an FTE reduction should be considered. Included in the 48 are 12 forensic scientist positions, calling into question the laboratory's ability to achieve increased performance in this area. The base recommendation includes an increase for required laboratory supplies to ensure adequate test kits as the anticipated number of forensic investigations climbs. Three governor exempt positions were eliminated, deputy secretary of administration, public information officer and drug czar. The funds for these positions were transferred to the Law Enforcement Program to maximize the number of law enforcement officers.

In addition to the recurring appropriations, DPS has a total of \$34.2 million appropriated either directly or through the General Services Department for the following capital outlay projects: Las Vegas district office, \$5.5 million; Las Cruces district office, \$5.8 million; Lordsburg port of entry, \$10 million; Santa Teresa port of entry, \$9.1 million; District 5 office renovations, \$1 million; headquarters information technology facility improvements, \$700 thousand; Northern forensic laboratory, \$1 million; and, Southeast forensic crime laboratory, \$1 million. The LFC capital project quarterly report notes all as making adequate progress but none are near completion.

The committee remains concerned regarding the DPS purchase of the Russian-produced A 500 aircraft. Adams Aircraft, the manufacturer, is bankrupt and the remaining assets were purchased by AAIA Acquisition (AAIA). Because only five A 500 aircraft are in service, AAIA suspended all support of the model. DPS, along with three other owners, have formed the A 500 Owners Association and hope to persuade AAIA to reconsider and provide support. However, AAIA has not changed its stance, putting DPS's entire \$1.5 million capital investment in jeopardy.

BASE EXPANSION:

The DPS request included 12 expansion items totaling \$3.8 million. The items have merit but LFC is unable to expand recurring spending in a year when the base must be reduced due to declining revenue. The expansion request for \$250 thousand for forensic test kits was partially funded under the base recommendation as the committee notes such required supplies must be provided. In addition, \$159.2 thousand is recommended to change three MTD officers from term status to permanent status in anticipation of reduced federal funding. The committee notes the loss of MTD officers would partially negate the FY09 expansion of officers to enhance weight and distance fees. The committee also recommends an expansion of \$36 thousand from the general fund to purchase operating supplies at the Hobbs forensic laboratory.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include six million nine-hundred and four thousand nine hundred dollars (\$6,904,900) from the state road fund for the motor transportation division.

Any unexpended balance in the department of public safety remaining at the end of fiscal year 2010 made from appropriations from the state road fund shall revert to the state road fund.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Computer aided dispatch	(P504)	996.2	0.0
2	Hobbs forensic laboratory operating costs	(P503)	36.0	36.0
3	Justice assistance grant funding	(P504)	0.0	0.0
4	DNA case testing	(P503)	250.0	0.0
5	New entrant officers term-to-perm	(P504)	0.0	0.0
6	Conceal carry weapons unit support	(P504)	27.4	0.0
7	Digital video recording	(P504)	1,114.0	0.0
8	24-hour port-of-entry support	(P504)	18.1	0.0
9	Oro Grande port-of-entry	(P504)	904.9	0.0
10	MTD border officers term-to-perm	(P504)	0.0	159.2
11	Information technology support	(P503)	281.0	0.0
12	MTD accident reconstruction /fleet manager	(P504)	174.5	0.0
TOTAL			3,802.1	195.2

LAW ENFORCEMENT PROGRAM

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	76,587.8	83,257.1	88,966.3	79,634.7	-4.4
Other Transfers	8,392.4	12,481.0	10,686.5	11,236.5	-10.0
Federal Revenues	4,891.7	10,909.5	4,769.3	6,769.3	-38.0
Other Revenues	3,899.7	3,244.8	4,046.5	5,369.1	65.5
Fund Balance	205.6	310.0	215.0	215.0	-30.6
SOURCES TOTAL	93,977.2	110,202.4	108,683.6	103,224.6	-6.3
USES					
Personal Services and Employee Benefits	71,315.6	83,008.7	80,316.4	78,176.6	-5.8
Contractual Services	1,415.6	2,792.7	2,648.6	2,533.0	-9.3
Other	18,991.5	24,391.0	25,718.6	22,515.0	-7.7
Other Financing Uses	0.0	10.0	0.0	0.0	-100.0
TOTAL USES	91,722.7	110,202.4	108,683.6	103,224.6	-6.3
FTE					
Permanent	1,034.0	1,048.5	1,069.0	1,051.5	0.3
Term	57.0	59.0	59.0	56.0	-5.1
Temporary	24.2	24.1	24.2	24.1	0.0
TOTAL FTE POSITIONS	1,115.2	1,131.6	1,152.2	1,131.6	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Outcome	Number of traffic deaths in New Mexico per year	424				
* Outcome	Number of fatal crashes per year	412	363	400	400	400
* Outcome	Number of driving-while-intoxicated arrests by personnel commissioned by the department of public safety	3,883	3,363	3,600	3,400	3,400
Output	Percent of cadets who successfully complete training and pass the law enforcement officer certification exam	100.0%	100.0%	95%	98%	98%
Output	Number of first time driving-while-intoxicated arrests per year	2,237	2,111	2,050	2,000	2,000
Output	Number of repeat driving-while-intoxicated arrests per year	1,646	1,252	1,550	1,400	1,400
* Outcome	Number of drug arrests by personnel commissioned by the department of public safety	1,393	1,349	1,200	1,200	1,200
* Outcome	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel	284	201	300	250	250
* Outcome	Number of narcotic seizures by the motor transportation division	53	84	50	60	60
* Output	Number of administrative citations issued to licensed liquor establishments for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division	557	483	200	250	250
* Output	Number of special weight-distance tax operations conducted by motor transportation division			4	4	5
Output	Number of citations issued by motor transportation division officers to commercial motor carrier vehicles subject to, and not in compliance with the requirements of the weight distance tax act			500	500	500

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of criminal cases investigated by personnel commissioned by the department of public safety	16,443	18,803	15,000	15,000	15,000
Outcome	Number of driving-while-intoxicated fatalities per year	137				
Output	Pounds of narcotics seized by motor transportation division	26,377				
* Outcome	Number of criminal citations or arrests for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division	198	155	200	200	200
* Output	Percent of strength of personnel commissioned by the department of public safety	87.4%	87.6%	87%	87%	87%
* Outcome	Number of commercial motor vehicle safety inspections by the motor transportation division	82,263	118,872	90,000	90,000	90,000

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)

		<u>FY10 - 2009-2010</u>				Percent Incr (Decr)
		<u>FY08 2007-2008 Actuals</u>	<u>FY09 2008-2009 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	General Fund Transfers	15,450.5	16,488.2	17,055.2	15,166.4	-8.0
	Other Transfers	34.2	104.7	79.3	79.3	-24.3
	Federal Revenues	3,589.1	5,729.8	8,953.1	8,953.1	56.3
	Other Revenues	1,616.5	1,627.6	1,797.2	1,797.2	10.4
	Fund Balance	0.0	0.0	0.0	400.0	
	SOURCES TOTAL	20,690.3	23,950.3	27,884.8	26,396.0	10.2
USES						
	Personal Services and Employee Benefits	12,476.0	13,313.8	13,465.0	12,830.0	-3.6
	Contractual Services	212.4	885.0	940.6	619.0	-30.1
	Other	7,092.3	9,751.5	13,479.2	12,947.0	32.8
	TOTAL USES	19,780.7	23,950.3	27,884.8	26,396.0	10.2
FTE						
	Permanent	170.0	170.0	175.0	167.0	-1.8
	Term	42.0	42.0	42.0	42.0	0.0
	TOTAL FTE POSITIONS	212.0	212.0	217.0	209.0	-1.4

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of compliance site visits made by the grants management bureau to each grantee per year	29	27	62	45	45
* Outcome	Percent of prior-year audit findings resolved	100%	50%	100%	100%	100%
* Output	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99.9%	99.9%	99.9%	99.9%
Output	Percent of help desk tickets resolved within forty-eight work hours of receipt	87.2%	97.0%	90%	95%	95%
Outcome	Percent of crime laboratory compliance with the american society of crime laboratory standards	100%				
* Explanatory	Number of unfilled forensic scientist vacancies within the deoxyribonucleic acid discipline	3	4	0	0	0
* Explanatory	Number of unfilled forensic scientist vacancies in the chemistry unit	4	3	0	0	0
* Explanatory	Number of unfilled forensic scientist vacancies in the latent prints unit	0	0	0	0	0
Explanatory	Number of unfilled forensic scientist vacancies in the firearms/toolmark unit	0	0	0	0	0
* Output	Percent of forensic cases completed within thirty working days			85%	85%	85%
Output	Number of criminal record jackets updated per year			1,200	1,200	1,200
Outcome	Average number of New Mexico law enforcement telecommunications system transactions per day increase			10%	10%	10%
Output	Percent of criminal fingerprint cards completed within thirty-five days of submission	82.2%	91.6%	100%		
Output	Percent of deoxyribonucleic acid cases processed within seventy days from submission	13.2%	24.4%	100%		
Output	Percent of applicants' criminal background checks completed within twenty-eight days of submission	97.5%	94.9%	100%		

STATUTORY AUTHORITY:

The Homeland Security and Emergency Management Department (HSEMD) was created by Section 9-21-1 through 9-28-7 NMSA 1978 under the Homeland Security and Emergency Management Act. The act removed emergency management and homeland security support functions from Department of Public Safety (DPS) and policy development, agency coordination, and implementation functions from Office of Homeland Security at the Office of the Governor to create a separate Homeland Security and Emergency Management Department. The department is not a cabinet level agency.

MISSION:

HSEMD's mission is to lead New Mexico's efforts in protecting life and property against all threats and hazards by integrating and managing comprehensive and coordinated protective actions, preparedness programs, mitigation projects, response activities, and recovery efforts prior to, during, and following emergencies or disasters.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,308.1	3,750.3	4,855.5	3,409.1	-9.1
Other Transfers	168.2	260.8	230.3	230.3	-11.7
Federal Revenues	31,546.0	34,595.2	39,937.8	39,844.7	15.2
Other Revenues	0.7	10.0	10.0	10.0	0.0
SOURCES TOTAL	35,023.0	38,616.3	45,033.6	43,494.1	12.6
USES					
Personal Services and Employee Benefits	4,051.3	4,827.2	5,352.1	4,816.2	-0.2
Contractual Services	1,060.3	2,454.3	1,673.9	1,673.9	-31.8
Other	29,312.5	31,334.8	38,007.6	37,004.0	18.1
TOTAL USES	34,424.1	38,616.3	45,033.6	43,494.1	12.6
FTE					
Permanent	26.0	26.0	27.0	22.0	-15.4
Term	56.0	56.0	56.0	56.0	0.0
TOTAL FTE POSITIONS	82.0	82.0	83.0	78.0	-4.9

BUDGET ISSUES:

The Homeland Security and Emergency Management Department is the consolidated state agency primarily responsible for emergency management and homeland security functions. The committee recommendation for FY10 is \$43.5 million, an increase of 12.6 percent over FY09. Individual grants may vary considerably from year to year as the federal government's priorities change. For FY10 the stonegarden federal grant will increase by \$2.8 million. The funds support local state border jurisdictions with Mexico by enhancing security capabilities. The public safety interoperable communication grant will increase to \$7.8 million in FY10 from \$248 thousand in FY09. This grant is essentially one-time federal funds that will be used throughout the state to allow first responders to communicate through one integrated system.

The committee recommendation from the general fund for FY10 is reduced by \$341.2 thousand from the FY09 operating budget, which grew 13.4 percent over FY08. The agency reports annual vacancy rates in the 12 percent to 14 percent range and the committee recommendation applies a vacancy rate of 4 percent. In addition, the committee notes that an agency with only 82 FTE has nine governor's exempt FTE, 11 percent of the total. The committee recommends a reduction of four governor exempt FTE and \$400 thousand from the general fund.

Funding related to disaster declarations increased from \$8.13 million in FY05 to \$13.3 million in FY06 and \$18.2 million in FY07. These funds are not included in the recurring budget but are administered by the agency in a flow-through capacity. Due to the continuing increase and high dollar amounts, the agency should develop performance measures related to these funds to ensure adequate accountability.

BASE EXPANSION:

The committee does not recommend additional revenue from the general fund for the expansion items. While border security is obviously a pressing issue, supplementing local enforcement programs with \$1 million from the state general fund is difficult when state law enforcement programs are also in need of additional revenues. The committee recommends the agency's vacancy rate of over 12 percent allows for reprioritization of an existing FTE for a technical support specialist.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Additional Border Security Funding	(P759)	1,000.0	0.0
2	<u>IT Technical Support Specialist II</u>	<u>(P759)</u>	<u>61.1</u>	<u>0.0</u>
TOTAL			1,061.1	0.0

HOMELAND SECURITY AND EMERGENCY MANAGEMENT

The purpose of the homeland security and emergency management 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.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of exercises conducted annually in compliance with federal guidelines	19	25	22	29	29
* Outcome	Number of local emergency operation plans, including that for the terrorism incident annex, current within three years		29	29	32	32
* Outcome	Number of program and administrative team compliance visits conducted each year on all grants		37	35	37	37

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 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, multi-modal state transportation network.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2008-2009 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	1,500.0	0.0	
Federal Revenues	318,894.7	358,681.8	348,479.7	348,479.7	-2.8
Other Revenues	437,946.4	452,831.0	452,935.9	452,935.9	0.0
Fund Balance	10,841.5	14,841.5	0.0	0.0	-100.0
SOURCES TOTAL	767,682.6	826,354.3	802,915.6	801,415.6	-3.0
USES					
Personal Services and Employee Benefits	150,906.3	160,379.1	167,227.8	160,716.2	0.2
Contractual Services	250,849.0	335,609.8	301,998.8	317,538.9	-5.4
Other	310,577.0	323,451.4	328,689.0	316,246.5	-2.2
Other Financing Uses	6,000.0	6,914.0	5,000.0	6,914.0	0.0
TOTAL USES	718,332.3	826,354.3	802,915.6	801,415.6	-3.0
FTE					
Permanent	2,669.0	2,663.0	2,663.0	2,663.0	0.0
Term	81.7	93.5	93.5	93.5	0.0
Temporary	5.8	0.0	0.0	0.0	
TOTAL FTE POSITIONS	2,756.5	2,756.5	2,756.5	2,756.5	0.0

BUDGET ISSUES:

The New Mexico Department of Transportation (NMDOT) budget request for FY10 reflected a 3 percent decrease from the FY09 operating budget and included a 6 percent vacancy factor. This budget request reflected declining federal and state road fund (SRF) revenues and continued increases in the cost of highway construction materials.

The Safe, Accountable, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the authorizing multi-year legislation governing federal spending for the nation's surface transportation programs, expires in October 2009. Since its inception in 2004, SAFETEA-LU was differentiated from prior multi-year authorizations by the inclusion of multiple congressional earmarks, resulting in expenditures far exceeding appropriations. This resulted in the Federal Highway Administration (FHWA) initiating rescissions of state appropriations. Over SAFETEA-LU's five-year period (FFY 2004-2009), New Mexico was scheduled to receive \$1.8 billion in highway funding, representing a 30.3 percent increase over SAFETEA-21 levels. However, congressional rescissions resulted in New Mexico's allocations being reduced in FY09 and again in FY10 by approximately \$31 million.

The primary source of federal funding for highways is derived from the federal gas tax of eighteen cents per gallon. Increases in gasoline prices in the spring and summer of 2008 resulted nationally in a 6.2 percent reduction in total vehicle miles traveled (VMT) with New Mexico experiencing a 5.8 percent decline. This change in driving behavior, coupled with the development of more fuel efficient vehicles and those that use alternative fuels, means a reduction in federal and state gasoline tax revenues that fund the highway construction programs of the states.

The forecasts of reduced federal gasoline tax revenues available for distribution presents a dilemma for New Mexico because it secured bonds for the \$1.585 billion 2003 Governor Richardson's Investment Partnership (GRIP) by pledging a large portion of expected annual federal revenue for debt service payments. As the flow of federal revenue is reduced to New Mexico, revenues might be insufficient, after GRIP debt service payments, to meet the state's annual highway construction program needs.

Revenues associated with the SRF are categorized as either restricted or unrestricted. Restricted revenues, such as the local government road fund (LGRF), are designated by legislation for specific purposes. Unrestricted revenues, such as the motor vehicle registration fees and fuel taxes, support the bulk of the activities associated with maintenance and operations of the state's highway system.

Fifty-four percent of SRF revenue is derived from the gasoline tax (twenty-eight percent) and the special fuels tax (twenty-six percent). As the price of fuel significantly increased in the third and fourth quarters of FY08, New Mexico experienced a decline in VMT resulting in fewer gallons of gasoline being consumed and lost revenue to the SRF. This resulted in a FY08 decline of \$6.9 million in gasoline taxes being collected, a 6.1 percent decrease, as compared with FY07.

Special fuel taxes, increased in 2003 as part of GRIP legislation, continue to show strong growth largely due to growth in interstate truck traffic through New Mexico. NMDOT revenue projections for FY09 and FY10 show special fuel revenues growing to the same level as gasoline tax revenues.

In FY09 the Legislature appropriated within the state road fund \$22 million for the state construction program. This program funds construction projects throughout the state that do not qualify for federal funding under either the State Transportation Improvement Program (STIP) or GRIP. These projects are typically found in rural New Mexico. The FY10 budget recommendation includes \$22.5 million for this purpose.

The FY10 budget recommendation addresses the need for NMDOT to eliminate temporary exempt positions, temporary classified, and positions that have been vacant for over two years by increasing the level of vacancy savings.

NMDOT continues to experience issues with the SHARE accounting system's inability to meet the needs of the federal government. The department is developing with the assistance of the state of Wyoming's transportation department, a module for SHARE that will accommodate the concerns of FHWA. The module is scheduled to be operational by the end of FY09.

NMDOT's FY07 audit finalized in November 2008, one year late, focused on issues associated with SHARE. These issues have largely been addressed by the department, with the FY08 audit progressing more smoothly. Most of the issues were linked to poor planning and design of the system and inadequate training of personnel by the statewide implementation group.

GRIP enabling legislation (2003) authorized \$1.585 billion for highway construction or reconstruction within 37 corridors. These corridors were divided into multiple projects. NMDOT has substantially completed 33 of these projects at a cost of \$375.2 million. Another 33 projects (\$468.7 million) currently are under contract. While 14 projects (\$280.3 million) are scheduled for contract by January 2009 and 13 projects (\$252 million) are to be contracted in FY09 and FY10 as funding becomes available. Because of turmoil in the bond markets and the department's uncertainty on its ability to meet an increased debt service, NMDOT has yet to determine when the balance of the original GRIP authorization, \$237 million, will be issued.

To offset projected GRIP shortfalls in funding, the Legislature, beginning in 2007, made the first of a series of supplemental appropriations totaling \$269.5 million for GRIP. However, despite this attention, GRIP is still projected to be under-funded by more than \$420 million.

The department has a total outstanding debt of \$1.76 billion with an FY10 debt service obligation of \$167 million for all NMDOT bonds. GRIP bonds account for \$1.51 billion of the outstanding principal with a final maturity date in 2030. All bonds issued are for a 20-year period. Because GRIP financing also used variable rate instruments such as SWAPs, the refinancing of these securities has resulted in this 20-year period being extended each time bonds are reissued. The Legislature should look closely at the impact this has on the department and the road construction program of the state. The New Mexico Finance Authority (NMFA) currently charges the NMDOT 25 basis points for its services, or approximately \$3 million annually, on the outstanding principal balance of the debt financed through NMFA. NMFA, in an agreement with the NMDOT, directs one-half of this payment into a revolving fund managed by NMFA to assist local governmental entities in financing road programs. Notwithstanding the benefits of this activity, there is some concern that this may circumvent the Legislature's role in appropriating state funds. The Legislature should review this activity and determine if legislation is needed.

Recent market volatility resulted in a decrease in the values of existing GRIP swap contracts and a margin call of \$15.27 million which was unanticipated and unbudgeted. Concern exists that if present market conditions continue such margin calls may occur again. This underscores the risk associated with the use of swap contracts.

Maintenance costs continue to accelerate throughout the state due to the high cost of oil-based products, such as asphalt, and the mobilization of materials and equipment into remote areas of the state. Baseline costs for asphalt have risen 197 percent since 2003. Highway rehabilitation costs have grown from \$200 thousand per lane mile in FY04 to \$282 thousand per lane mile in FY08, a 41 percent increase. Pavement resurfacing and curbline milling costs have increased from a \$32 thousand per square yard cost per lane mile in FY03 to a \$64 thousand per square yard cost per lane mile in FY07.

Since FY97, the total number of lane miles within the state highway system has increased by 11.4 percent. The Legislature in 2007 approved 55 FTE for maintenance activities to address backlogged maintenance needs throughout the state. However, the department's ability to recruit trained equipment operators and other trades personnel is impacted by the robust job market in gas and oil development and the industry's ability to pay substantially more than the state.

The RailRunner project is expected to cost \$400 million with another \$50 million being held in escrow and an additional \$25 million being set aside for contingencies. The department is negotiating with Burlington Northern Santa Fe (BNSF) to reduce or eliminate this escrow responsibility. NMDOT expended \$125 million on phase one, Belen to Albuquerque, and the remaining \$275 million on phase two, Bernalillo to Santa Fe, completed in December 2008. The purchase of the train line from Lamy to the Colorado border for \$5 million, part of the original purchase agreement, was scheduled to occur in December 2008.

Operating costs are estimated to increase from a current level of \$14 million a year to \$20 million with the full operation of the commuter rail system to Santa Fe. Federal funding of \$10 million per year currently being used for operating expenses expires in FY09. A tax initiative passed in the 2008 general election for the Rio Metro Transit and the North Central Transit Districts is expected to generate over \$25 million per year, of which approximately \$15 million per year will be used for RailRunner operational expenditures. The remaining operational expenditures will be paid from fare revenues and, if necessary, from the SRF. The department met its FY08 commitment to the Legislature that it would provide a detailed budget of operating expenditures for commuter rail. Additionally, NMDOT will be providing monthly updates on expenditures. This is essential because of the enterprise nature of this activity.

Demand for public transportation has significantly increased in response to fuel cost escalation as consumers seek alternative means of transportation. The Park and Ride program operates seven routes within the state, serving an average of 1,440 passengers per day in FY08. The program uses 22 57-passenger motor coaches and six 33-passenger buses and constitutes the fourth largest public bus system in New Mexico. When commuter rail becomes fully operational in the Belen to Santa Fe corridor in December 2008, Park and Ride services between Albuquerque and Santa Fe will be terminated and existing buses reassigned throughout the state to communities where demand exceeds capacity for public transportation.

BASE EXPANSION LISTING
FY10 - 2009-2010

<u>Agency Rank</u>		<u>Program (Various)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	GF Appropriation- Traffic Safety	(P562)	1,500.0	0.0
2	Position transfer between programs	(P562)	54.9	54.9
2	<u>Position transfer between programs</u>	<u>(P563)</u>	<u>-54.9</u>	<u>-54.9</u>
TOTAL			1,500.0	0.0

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)

	FY08	FY09	FY10 - 2009-2010		Percent Incr (Decr)
	2007-2008 <u>Actuals</u>	2008-2009 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	1,500.0	0.0	
Federal Revenues	309,745.4	347,981.7	343,979.7	343,979.7	-1.2
Other Revenues	153,812.2	154,776.3	143,618.7	138,217.0	-10.7
Fund Balance	7,800.0	7,800.0	0.0	0.0	-100.0
SOURCES TOTAL	471,357.6	510,558.0	489,098.4	482,196.7	-5.6
USES					
Personal Services and Employee Benefits	26,585.3	28,821.9	29,963.7	27,704.3	-3.9
Contractual Services	205,251.9	277,157.7	249,903.9	249,977.6	-9.8
Other	201,186.2	204,578.4	209,230.8	204,514.8	0.0
TOTAL USES	433,023.4	510,558.0	489,098.4	482,196.7	-5.6
FTE					
Permanent	413.0	411.0	411.0	411.0	0.0
Term	38.0	40.0	41.0	41.0	2.5
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	453.0	451.0	452.0	452.0	0.2

PERFORMANCE MEASURES

		FY07	FY08	FY09	FY10	FY10
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Number of non-alcohol-related traffic fatalities	2.23	.84	.88	N/A	N/A
* Quality	Ride quality index for new construction	4.2	4.0	>=4.3	>=4.0	>=4.0
Output	Revenue dollars per passenger on park and ride	\$2.81	\$2.88	\$2.50	N/A	N/A
* Explanatory	Annual number of riders on park and ride	302,054	370,315	350,000	300,000	300,000
* Outcome	Percent of airport runways in good condition	71%	N/A	75%	>=75%	>=75%
* Output	Annual number of commuter rail riders between Belen and Bernalillo	302,104	547,077	400,000	400,000	575,000
* Output	Number of crashes in established safety corridors	N/A	N/A	<=886	<=800	<=886
Quality	Percent of final cost-over-bid amount on highway construction projects	13%	5.5%	10.0%	<=6.0%	<=6.0%
* Outcome	Total number of traffic fatalities				<=414	<=414
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled	.67	.55	N/A	N/A	N/A
Outcome	Number of non-alcohol-related fatalities per one hundred million miles traveled	1.02	.84	N/A	N/A	N/A
* Explanatory	Percent of projects in production let as scheduled	71%	91%	85%	>=85%	>=85%
Outcome	Percent of front-occupant seatbelt usage	92%	91%	90%	N/A	N/A
* Output	Number of non-alcohol-related traffic fatalities	N/A	N/A	<=264	<=264	<=264
* Outcome	Number of alcohol-related fatalities	N/A	N/A	<=160	<=160	<=160

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Federal Revenues	7,319.4	9,017.7	4,500.0	4,500.0	-50.1
Other Revenues	231,258.6	245,512.1	252,198.5	263,399.4	7.3
Fund Balance	3,041.5	3,041.5	0.0	0.0	-100.0
SOURCES TOTAL	241,619.5	257,571.3	256,698.5	267,899.4	4.0
USES					
Personal Services and Employee Benefits	97,298.7	103,892.4	109,751.7	106,992.0	3.0
Contractual Services	44,047.9	51,895.0	45,500.5	63,043.5	21.5
Other	95,628.1	101,783.9	101,446.3	97,863.9	-3.9
TOTAL USES	236,974.7	257,571.3	256,698.5	267,899.4	4.0
FTE					
Permanent	1,976.0	1,972.0	1,972.0	1,972.0	0.0
Term	42.7	48.7	47.7	47.7	-2.1
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	2,020.7	2,020.7	2,019.7	2,019.7	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Output	Number of statewide improved pavement surface miles	2,470	4,321	4,500	N/A	N/A
* Outcome	Percent of interstate lane miles rated good				>=97%	>=97%
* Efficiency	Maintenance expenditures per lane mile of combined systemwide miles	\$2,492	\$2,634	\$3,500	N/A	N/A
* Outcome	Number of non-interstate miles rated good	8,006	N/A	8,225	N/A	N/A
* Output	Amount of litter picked up off department roads, in tons	N/A	N/A	17,000	17,000	17,000
* Quality	Customer satisfaction levels at rest areas	95%	96.2%	95%	95%	98%
* Outcome	Number of statewide pavement miles preserved				6,400	6,400
* Outcome	Percent of non-interstate lane miles rated good				>=86%	>=86%
* Outcome	Number of combined systemwide miles in deficient condition	1,850	TBD	<=2,500	N/A	N/A

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)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	1,829.9	1,682.4	0.0	0.0	-100.0
Other Revenues	52,875.6	52,542.6	57,118.7	51,319.5	-2.3
Fund Balance	0.0	4,000.0	0.0	0.0	-100.0
SOURCES TOTAL	54,705.5	58,225.0	57,118.7	51,319.5	-11.9
USES					
Personal Services and Employee Benefits	27,022.3	27,664.8	27,512.4	26,019.9	-5.9
Contractual Services	1,549.2	6,557.1	6,594.4	4,517.8	-31.1
Other	13,762.7	17,089.1	18,011.9	13,867.8	-18.9
Other Financing Uses	6,000.0	6,914.0	5,000.0	6,914.0	0.0
TOTAL USES	48,334.2	58,225.0	57,118.7	51,319.5	-11.9
FTE					
Permanent	280.0	280.0	280.0	280.0	0.0
Term	1.0	4.8	4.8	4.8	0.0
Temporary	1.8	0.0	0.0	0.0	
TOTAL FTE POSITIONS	282.8	284.8	284.8	284.8	0.0

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
* Quality	Number of external audit findings	13	N/A	<=4	<=4	<=4
* Quality	Percent of prior-year audit findings resolved	N/A	N/A	100%	100%	100%
* Efficiency	Percent of invoices paid within thirty days	98%	97.5%	99%	>=99%	>=99%
* Outcome	Percent of vacancy rate in all programs	10.7%	12.6%	6%	<=6%	<=6%
* Output	Percent of information technology projects on-time and on-budget	N/A	N/A	100%	100%	100%
* Output	Number of employee work days lost due to accidents		N/A	110	110	110

STATUTORY AUTHORITY:

Article XII, Section 6, of the New Mexico Constitution 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:

The purpose of the department is 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)

	FY09 2008-2009 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,956.3	17,444.3	20,558.9	16,570.5	-5.0
Federal Revenues	16,722.2	44,970.5	29,835.2	29,769.9	-33.8
Other Revenues	864.7	1,101.5	1,526.5	872.9	-20.8
Fund Balance	222.3	178.4	305.1	305.1	71.0
SOURCES TOTAL	32,765.5	63,694.7	52,225.7	47,518.4	-25.4
USES					
Personal Services and Employee Benefits	20,396.0	23,421.5	26,415.4	22,275.5	-4.9
Contractual Services	14,838.8	27,873.9	20,481.3	20,280.2	-27.2
Other	6,299.2	12,399.3	5,329.0	4,962.7	-60.0
TOTAL USES	41,534.0	63,694.7	52,225.7	47,518.4	-25.4
FTE					
Permanent	209.2	216.2	233.2	216.2	0.0
Term	107.0	105.0	113.0	105.0	0.0
Temporary	4.6	4.6	4.6	4.6	0.0
TOTAL FTE POSITIONS	320.8	325.8	350.8	325.8	0.0

BUDGET ISSUES:

The Public Education Department (PED) budget request for FY10 reflects an overall decrease of \$11.5 million, or 18 percent from the FY09 operating budget. This decrease can be attributed to a reduction of federal funds carryover authorized with the FY09 operating budget. Although the department's overall request decreased, the FY10 general fund request increased by \$3.1 million, or 18 percent over the FY09 operating budget. Of the \$3.1 million increase, \$1.7 million is for 12 expansion items, including 14 FTE. Part of the growth in the department's general fund base can be attributed to the loss of other revenue, particularly from educator certification, as well as an increase in personnel services and employee benefits.

The department's request did not include a vacancy savings factor and vacant positions were requested at midpoint. The LFC recommendation includes a technical adjustment of \$207 thousand to reduce vacant position funding to entry-level rates and a \$239 thousand reduction for unauthorized exempt positions and applies a 6 percent vacancy factor to positions supported from the general fund. Historically, the department has carried a vacancy rate of 17 percent that appears to be, in part, self-imposed in order to meet the salary requirements of numerous exempt positions. PED requested 3 term FTE in the FY10 base request that were not authorized by the Legislature. These positions were extracted from the base and treated as expansion.

The recommendation deletes funding for two unauthorized exempt positions and three other exempt positions. One of the positions is a special projects coordinator, also known as the sports liaison. This is not a function of PED but rather the New Mexico Activities Association. The department continues to operate with nine assistant secretaries, some with responsibilities over fewer employees than most bureaus. The recommendation includes deleting two assistant secretary positions and encourages the department to realign its operations to maximize the efficiency of exempt supervisors.

For FY08, funding allocations of approximately \$4.4 million were distributed to schools in need of improvement in amounts of roughly \$35 thousand to \$50 thousand, amounting to little more than a small increase in operational funds and apparently not tied to strategic goals and objectives. For FY09, the department established a district site-review instrument with standards and

indicators to better distribute school improvement funding to districts. However, information received from school districts indicates a lack of program support, primarily with schools in need of improvement. Of concern is what appears to be the inability of quality assurance personnel to oversee schools in need of improvement on a regular basis. The committee recommends the department reclassify long-term vacant positions from other divisions to sufficiently support schools in need of improvement.

Districts continue to complain about the extended time needed for the department to process and pay reimbursements. The delays appear to be a result of the lack of prioritization in reviewing requests by program staff, a separate and extended review process by finance staff, a lack of interface between the operating budget management system and the SHARE accounting system, and districts not submitting requests in a timely manner, particularly at the end of the year. The department should work internally with districts to resolve this issue.

The department's FY07 audit was recently completed and reviewed. Auditors identified 21 new findings for FY07 and continued another 14 previous findings, including three material weaknesses regarding federal funding, some dating back to FY01. The Legislature in 2008 appropriated \$15 million from the appropriation contingency fund to close out federal fiscal year grants dating back to 2005. The department is currently working on reconciling its federal accounts and is expected to be finished by the end of 2008. For a number of years the department has been late in submitting its audits, in some cases two or three years behind; however, it appears the FY08 audit will be submitted on time and the department will be current with all of its audits.

BASE EXPANSION:

The department requested \$2.4 million for 16 expansion items, including 19 FTE. Of the \$2.4 million request, \$1.7 million was from the general fund.

The largest portion of the general fund expansion request relates to school improvement. PED requested \$494 thousand for 3 additional FTE to provide technical assistance to districts and schools designated as schools in need of improvement. LFC recognizes these positions serve an important function but, with the current revenue climate, staff recommends reclassifying existing vacant positions to sufficiently serve schools in need of improvement.

The department requested \$151 thousand from the general fund to assist PED in the recruitment and retention of qualified staff. The department lost several critical financial positions over the past year to school districts in the surrounding area due to the inability to compete with higher wages. Because of the historical vacancy rate of the department, the committee recommends funding needed positions with current vacancy savings.

PED also requested \$111 thousand from the general fund to convert an exempt position to classified, permanent status. The position, a chief statistician, would manage the data collection, analysis, and reporting functions of New Mexico's statewide school and district accountability system. The committee recommends a reclassification in cooperation with the State Personnel Office of a current vacant position for this purpose.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
01	Appropriate placement	(P527)	234.2	0.0
02	Chief statistician	(P527)	110.9	0.0
03	Priority schools	(P527)	494.3	0.0
04	High school redesign/career cluster	(P527)	78.1	0.0
05	STARS	(P527)	150.4	0.0
06	Parental involvement	(P527)	78.0	0.0
07	Executive secretarial support	(P527)	103.3	0.0
08	IDEAL NM - business ops specialists	(P527)	124.9	0.0
09	Rti program	(P527)	79.1	0.0
10	Pre-apprenticeship coordinator	(P527)	75.4	0.0
11	Professional development	(P527)	150.0	0.0
12	IDEAL - NM	(P527)	0.0	0.0
13	State-authorized charters - CIO	(P527)	98.7	0.0
14	State-authorized charters	(P527)	462.9	0.0
15	Replace title IV funding	(P527)	85.1	0.0
16	<u>Three tier teacher licensure evaluation</u>	<u>(P527)</u>	<u>73.7</u>	<u>0.0</u>
TOTAL			2,399.0	0.0

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department is to provide a public education to all students. The secretary of public 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of No Child Left Behind Act adequate yearly progress designations accurately reported by August 1	99.5%	99.99%	100%		100%
Output	Percent of school district budget adjustment requests processed in under thirty days				100%	100%
Outcome	Percent of current-year appropriations that require a request for proposal or grant application sent to school districts by September 30	Not Rept	Not Rept	60%	60%	
Outcome	Percent of public education department contracts issued within ninety days of receipt of completed request for proposals				90%	90%
Outcome	Percent of completion of the agreed audit schedule for the public education department internal audit section	90%	75%	100%	100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value	Not Rept	.78%	2%	2%	2%
* Outcome	Percent completion of the data warehouse project	40%	100%	75%	75%	75%
Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers		TBD	95%		
* Outcome	Percent of teachers passing all strands of professional dossiers on the first submittal				85%	85%
* Outcome	Percent of bureaus in five core areas (data collection and reporting, assessment and accountability, special education, capital outlay, school budget and finance analysis) meeting the public education department's customer service standards		100%	80%	85%	85%
Outcome	Percent of prior-year audit finding resolved and not repeated	Not Rept	Not Rept	100%	100%	100%
Outcome	Percent of eligible children served in state-funded pre-kindergarten		18.2%		18%	18%
Output	Current year special appropriations site-specific awards made by October 30				65%	65%
Output	Current year special appropriations distributed through the request for applications or request for information process awards made by October 30				65%	65%
Output	Current year special appropriations statute-dependent awards made no later than February 28				100%	100%
Outcome	Percent of public education department bureaus meeting the public education department's customer service standards				90%	90%
Output	Percent of appropriations applications, information requests or grant applications sent to school districts by September 30					
Outcome	Percent of customers interacting with the public education department who report satisfaction with their telephone communications with the department	Not Rept	97%	90%		
Outcome	Percent of fiscal year 2004 audit findings resolved and not repeated in fiscal year 2005 audit	53%				

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of completion of fiscal corrective action plan	90%				
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended	78%	Not Rept	90%		
Outcome	Average processing time for school district budget adjustment requests, in days	Not Rept	4	7		
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposal or grant application	Not Rept	Not Rept	90%		
Outcome	Percent of the nine New Mexico rural revitalization initiative school districts that engage in stakeholder discussions: develop and begin implementation of school/community improvement strategies				60%	
Explanatory	Percent of elementary students receiving school breakfasts		79.9%			
Outcome	Percent of elementary schools participating in the state-funded elementary school breakfast program				60%	60%
Explanatory	Number of elementary schools participating in the state-funded elementary school breakfast program					

STATUTORY AUTHORITY:

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (RECs) 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, and the administration of federal programs, among others. The Public Education Department (PED) is authorized to approve the existence and operation of RECs, which 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. At present, nine RECs are authorized statewide.

BUDGET ISSUES:

Prior to FY09, the regional education cooperatives did not receive direct general fund appropriations. Historically, an REC receives operating revenue from school districts as federal flow-through funds and from the district distribution from the state equalization guarantee (SEG) for ancillary-related services. Beginning in FY06, to comply with provisions of the federal Cash Management Improvement Act of 1990, PED changed the way these funds are distributed to RECs from an advance allotment to a reimbursement for costs incurred. It appears these changes have caused some cash-flow issues to arise, resulting in some late payments to vendors. For FY09, RECs received a recurring appropriation of \$1.4 million to cover a portion of the REC base operating costs and were allowed to keep \$1.8 million in nonrecurring appropriations from FY07 and FY08 originally appropriated for cash-flow assistance.

Senate Memorial 41 of the Second Session of the Forty-Eighth Legislature directed RECs, PED, and the Legislative Education Study Committee (LESC) to study the roles, responsibilities, and financial requirements of RECs and make recommendations for statutory changes and funding if needed. A preliminary report presented to LESC by the workgroup identifies a general fund need of approximately \$2.3 million annually to cover all base costs. The effect of this is to place the entire cost load of base operations on the general fund and appears to free up an equal amount of other revenues to be used for program expansion. The committee is concerned this will ultimately lead to future requests for increased general fund support as new initiatives are rolled into base operations. The committee recommends a modest reduction of \$200 thousand for FY10, which supports approximately 53 percent of the base need identified by the workgroup and allows the RECs time to begin receiving reimbursements for services that traditionally cover these costs.

An LFC performance evaluation conducted in FY07 recommended PED designate an internal FTE to enhance oversight of REC operations, services, planning, and cash reimbursements and to conduct regular meetings. This FTE is in place and improvement in REC operations and reimbursements is expected.

REGIONAL EDUCATION COOPERATIVES APPROPRIATIONS FOR FY10					
Cooperative	FY09 General Fund	FY10 General Fund	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative (Gallina)	\$155.6	\$136.8	\$0.0	\$1,593.0	\$1,729.8
High Plains Regional Education Cooperative (Raton)	\$155.6	\$153.6	\$3,357.5	\$2,854.8	\$6,365.9
Northeast Regional Education Cooperative (Las Vegas)	\$155.6	\$138.0	\$0.0	\$2,415.4	\$2,553.4
Central Regional Education Cooperative (Albuquerque)	\$155.6	\$130.8	\$2,000.0	\$2,000.0	\$4,130.8
Regional Education Cooperative #6 (Clovis)	\$155.6	\$121.2	\$335.7	\$1,700.0	\$2,156.9
Lea Regional Education Cooperative (Hobbs)	\$155.6	\$114.0	\$0.0	\$3,900.0	\$4,014.0
Pecos Valley Regional Cooperative (Artesia)	\$155.6	\$134.4	\$1,321.5	\$1,371.8	\$2,827.7
Regional Education Cooperative (Ruidoso)	\$155.6	\$139.2	\$4,000.0	\$4,800.0	\$8,939.2
Southwest Regional Cooperative (T or C)	\$155.2	\$132.0	\$300.0	\$4,500.0	\$4,932.0
TOTAL	\$1,400.0	\$1,200.0	\$11,314.7	\$25,135.0	\$37,649.7

REGIONAL EDUCATION COOPERATIVES

The purpose of regional education cooperatives is to provide education-related services to member school districts and other state-supported educational institutions. 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.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of professional development training provided to district staff aligned with the educational plan for student success					75%
* Outcome	Percent of special education professional development training aligned with the state performance plan					100%
* Outcome	Percent of eligible students taking distance learning courses through the innovative digital education and learning-New Mexico system					50%
Outcome	Percent of eligible students taking distance learning courses from sources other than innovative digital education and learning-New Mexico system					25%
Explanatory	Deadline for annual audit report complete and submitted to the public education department					Oct 1

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 support and oversight in administering construction grants, 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.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, the director of the Legislative Finance Committee, the director of the Legislative Council Service, and the director of the Legislative Education Study Committee.

MISSION:

The mission of PSFA is to support quality public education by encouraging and assisting districts with the prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning, to involve active community participation in the education process, and to assist policy makers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 Actuals	FY09 2008-2009 Budgeted	FY10 – 2009-2010		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	6,018.7	6,362.4	6,348.5	6,178.6	-2.9
SOURCES TOTAL	6,018.7	6,362.4	6,348.5	6,178.6	-2.9
USES					
Personal Services and Employee Benefits	3,891.1	4,354.6	4,340.7	4,201.0	-3.5
Contractual Services	137.5	355.0	355.0	353.1	-0.5
Other	1,156.1	1,652.8	1,652.8	1,624.5	-1.7
TOTAL USES	5,184.7	6,362.4	6,348.5	6,178.6	-2.9
FTE					
Permanent	55.0	55.0	55.0	54.0	-1.8
TOTAL FTE POSITIONS	55.0	55.0	55.0	54.0	-1.8

BUDGET ISSUES:

Since its creation, PSFA has funded all of its operational costs from balances in the public school capital outlay fund (PSCOF), which derives its revenue from supplemental severance tax bond (SSTB) proceeds. Section 22-24-4 NMSA 1978 provides that operational expenses, both core and field oversight, are authorized to be paid from the fund and are limited to an amount not to exceed 5 percent of the three-year average annual grant assistance. The fund is nonreverting and any unexpended funds from appropriations revert to the fund at the end of the fiscal year. The agency generally maintains expenses at about 2 percent but this number has grown steadily and is expected to be 3.2 percent in FY09. Much of this growth is a result of implementation of web-based software to assist districts with facilities management and construction management efforts.

In recent years a number of additional expenditures from the public school capital outlay fund have been authorized, including an expanded and inflation-adjusted state match to the local 2 mill levy, increased lease payment assistance to schools tied to the annual increase in the consumer price index, assistance for the demolition of school buildings, assistance to school districts for master planning, funding to districts for opening new schools, reimbursements to the Construction Industries Division and the State Fire Marshal for inspection services, and funding for construction management and facilities management software. These expenditures in FY09 account for approximately \$34.1 million or 14 percent of the revenue available from SSTB, reducing funding for the core agency mission of building and repairing schools.

For FY10, the agency requested \$6.3 million from the public school capital outlay fund to cover all agency operational costs, a small reduction over FY09. The agency maintains an historic vacancy rate of approximately 13 percent, reflecting about seven

vacant positions. A number of these positions, particularly regional manager positions, have been filled with the remainder expected to be filled by the end of the second quarter. One position, a second deputy director, has remained vacant since the agency was organized in 2003 and is not expected to be filled in the near future. The committee recommends deleting the second deputy director position.

For the 2008 standards-based awards cycle, PSCOC awarded \$93.4 million to fund the state share of 26 projects in 17 districts, awarded \$1.7 million from the charter school fund for four charter school projects, took credit for \$75.6 million in projects in the Albuquerque Public Schools for the state share of the local match advance for the two Westside high schools, and set aside \$27 million for out-of-cycle awards for projects that will be ready to begin construction between award cycles. The council's approach of only funding planning and design until a project is ready to bid and only then awarding construction funds is paying off in a significant reduction in the amount of time needed to complete a project, reducing the long-term inflation costs associated with project delays.

Since FY03, PSCOC has awarded approximately \$1.3 billion to fund over 800 standards-based and deficiency-corrections projects in districts. As a result, the state has made great strides to ensure children are taught in adequately sized, well lit, safe, and attractive buildings. The New Mexico facility condition index, a measure of the replacement cost of a building, has dropped considerably, from 70.6 percent, when the standards-based program began, to 49.7 percent in FY08. This drop means that PSCOC is now funding buildings that generally require renovation and not replacement, a significant achievement.

The agency continues to make progress in developing and implementing a successful oversight, guidance, and assistance program, including an effective financial plan that provides transparency to PSCOC members and to the public and an innovative reporting method using color codes to easily identify project and funding status. The agency is successfully overseeing and assisting districts in pre-project planning, project design, and approval and construction oversight for more than \$1 billion in projects authorized by the council and continues to oversee master planning efforts that will allow districts to better maintain facilities.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the public school facilities authority includes one hundred fourteen thousand eight hundred dollars (\$114,800) for purchasing vehicles.

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 educational programs approved by the public education department.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of projects meeting all contingencies completed within the specified period of awards	45%	63%	75%	75%	75%
Efficiency	Percent of total submitted school construction plans reviewed and acted on	94%	82%	90%	90%	90%
* Efficiency	Percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors	80.5%	99.5%	85%	85%	95%
Efficiency	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council	19	12	20	20	15
Efficiency	Average processing time of final action on plans submitted	15 days	16 days	16 days	16 days	16 days
* Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year	32.24%	31.06%			

STATUTORY AUTHORITY:

Pursuant to 21-1-26 NMSA 1978, the Higher Education 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. The department also administers the adult basic education program. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Finally, per statute, the department should 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 HED is to administer a coordinated statewide system of public postsecondary education with governance shared between the department and the governing boards of the colleges and universities.

BUDGET SUMMARY
(dollars in thousands)

	FY08	FY09	FY10 – 2009-2010		Percent Incr (Decr)
	2007-2008 Actuals	2008-2009 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	44,506.8	47,991.0	57,732.8	46,800.1	-2.5
Other Transfers	41,035.6	46,060.8	44,562.2	41,821.5	-9.2
Federal Revenues	6,597.0	5,004.0	8,274.8	8,274.8	65.4
Other Revenues	0.0	30.0	690.3	1,938.5	6,361.7
Fund Balance	0.0	1,121.3	0.0	8,500.0	658.0
SOURCES TOTAL	92,139.4	100,207.1	111,260.1	107,334.9	7.1
USES					
Personal Services and Employee Benefits	3,243.1	4,127.5	4,496.3	4,110.7	-0.4
Contractual Services	651.6	1,050.8	3,034.8	2,585.6	146.1
Other	15,571.1	76,137.7	25,811.0	23,349.4	-69.3
Other Financing Uses	68,920.6	18,891.1	77,918.0	77,289.2	309.1
TOTAL USES	88,386.4	100,207.1	111,260.1	107,334.9	7.1
FTE					
Permanent	30.5	32.5	44.5	33.5	3.1
Term	5.5	14.5	19.0	18.0	24.1
TOTAL FTE POSITIONS	36.0	47.0	63.5	51.5	9.6

BUDGET ISSUES:

The committee recommendation is \$107.3 million of total sources and uses, up 7.1 percent compared with FY09. Growth of the base budget is generally constrained, with a reduction in the agency operating request principally due to vacancy savings and reduced levels of contract funding. New positions are added from grants and fee increases. The 2008 initiative for instruction and general space verification, update and software maintenance is added to the recurring base, which includes 1 FTE. Flow-through of certain general fund appropriations to public, postsecondary institutions is reduced consistent with the approach for public, post-secondary institutional budgets. General fund appropriations for the work study program are increased to attempt to keep up with increases in tuition and increases in the minimum wage. A new scholarship program supported by the Education Trust Board is formally appropriated. Lottery fund balances are used to ensure funding availability for lottery scholarships.

While general fund revenues are down slightly, all other revenue sources are up sharply. One reason for this trend is that the agency is aggressively seeking grant funding. For example, the department recently received a two-year federal College Access Challenge Grant, which provides matching funds for collaborations to increase the number of low-income students prepared to enter and succeed in postsecondary education.

For the Policy Development and Institutional Financial Oversight Program, the program sources and uses are up 5.8 percent in the committee recommendation, but reliance on general fund support declines. In the committee recommendation, the agency's base general fund operating budget (excluding flow-through funds to institutions) is \$3.2 million, a decrease of \$431.8 thousand

compared with the relatively flat agency request. This stems from savings in personnel, contractual services and, to a lesser extent, other costs. Yet total authorized staff positions are not reduced.

Because of sizable federal revenues, total personal services and employee benefits are included in the committee recommendation at \$4.1 million. The committee recommendation assumes 5 percent vacancy savings, despite much higher historical rates. Further, the committee recommendation does not fund the unauthorized attorney position, created despite lack of funding from the Legislature. The adult basic education program staff is covered with federal funds available to this program. As discussed below, the committee recommendation funds several requested FTE expansion positions. Only the funding for 1 FTE for the instruction and general space audit, verification, and update initiative would require general fund revenue.

The agency continues to focus on policy issues as discussed in Volume I, while agency management and operations challenges continue. Concerns about the personal services component of this agency continue. A human resources plan is still not in place. The agency's vacancy rate was 17 percent as of September 1, 2008, and 21 percent for all of FY08. According to the organization listing report dated September 2, 2008, the department had 13 180-day temporary employees not authorized or funded by the Legislature. The agency continues to struggle to fill positions, and the organizational structure continues to change. For example, the department has not filled the research and public service project auditor position authorized and funded in the 2008 legislative session. Reconciled fund balances are generally not available. Federal grant budgeting issues remain. Employee reimbursements are not timely. There have been difficulties budgeting and tracking funds for the Lottery scholarship, College Affordability, and Legislative Endowment programs, resulting in a request for funding to cover a deficiency.

The agency is placing considerable emphasis on the electronic learning initiative Innovative Digital Education and Learning New Mexico (IDEAL NM), including opening a new office in Albuquerque. The Legislature is currently providing \$1 million from the general fund to the department for this initiative, with an equivalent amount of operational funding to the Public Education Department. Capital project costs to date are \$7.8 million for the cost of the learning management system. The project offers courses to mid- and high school students; higher education courses are not currently offered. The agency's top priority for expansion is an additional \$1 million for the costs of site licenses, software and hardware maintenance, and equipment acquisition. The expansion funding would provide for 50 additional public school courses and 50 state agency training courses. LFC notes the project currently has a potential \$500 thousand carryover. Given the size of the project and the need for fiscal efficiencies, a thorough debate on the IDEAL project is needed during the 2009 legislative session, including funding requirements and associated sources, organizational structure, and expected staffing emphasis, along with performance and accountability expectations.

For student financial aid programs, the base budget request was relatively flat when compared with the FY09 operating budget. The request included \$42.4 million in revenues from the lottery tuition fund to be used for lottery tuition scholarships in FY10. Prior to the fall 2008 budget hearing, the agency submitted a new model of the lottery scholarship program. The model was built when significant resources invested in an earlier version were abandoned. LFC and agency staff reviewed and discussed key fiscal variables, such as lottery sales, interest income, and increases in tuition at the state's colleges and universities. Due to declining sales and transfers of income from the Lottery Authority, LFC recommends \$39.7 million of lottery tuition fund income. Further, the committee recommendation includes nearly \$1 million of interest earnings and \$8.5 million of fund balance to support the lottery scholarship program in FY10, given significant concerns about potential tuition escalation. Significant additional work on the new HED lottery model is needed along with frequent engagement of stakeholders to update key assumptions and consider alternative scenarios.

Also, in the area of student financial aid, the Education Trust Board and Oppenheimer Funds pledged \$500 thousand per year for a new scholarship for New Mexico high school students. A one-time \$1 thousand scholarship will be available to students continuing on to college or university with a grade point average of at least 3.5 and family income of \$30,000 or less. Students may attend a public, tribal, or private nonprofit institution in New Mexico. The committee recommendation includes an appropriation of other state funds for this new student financial aid program.

BASE EXPANSION:

For FY10, the department submitted 13 expansion requests totaling \$9.7 million. Within its top five priorities, the department requested \$1 million for IDEAL NM and \$250 thousand for film and digital arts education. The agency requested the 2008 nonrecurring general fund appropriation of \$150 thousand for the instruction and general space verification initiative be funded as recurring. In the area of student financial aid, the agency requested \$3.3 million for the work study program, including 1 FTE for the program. The agency's top priorities also include an expansion of \$2 million for a healthcare initiative with three components: \$1 million for dental residencies, \$750 thousand for the Health Professional Loan Repayment Program, and \$250 thousand for the western interstate commission on higher education dental health program.

The committee recommendation provides \$500 thousand for the work study request for programmatic purposes only. Funding increases are needed to keep pace with inflation and increases in the minimum wage. The committee recommendation fully funds the request to continue the instruction and general space utilization request, for both database requirements, training, and 1 permanent FTE staff.

Regarding other expansions of authorized positions, the committee recommends the new position for private licensing regulatory oversight funded by fee increases as a term position. Finally, the agency requested 2.5 FTE expansions for the new college access challenge grant and the Wallace Foundation grant, included in the committee recommendation as term positions.

The committee does not recommend the request to intercept flow-through funds for college and university nursing programs to support a new permanent position for oversight of the program. Given the state's ongoing nursing shortage, these funds need to stay with the college and university programs. The committee's expectation is that the department will continue its oversight within existing staff.

RECOMMENDED LANGUAGE:

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2010 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the policy development and institutional financial oversight program includes three million five hundred thousand dollars (\$3,500,000) for the higher education 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 and 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 hundred thousand dollars (\$500,000) to provide a supplemental compensation package for nursing faculty and staff at public postsecondary institutions to be transferred consistent with the current higher education compensation methodology.

BASE EXPANSION LISTING FY10 - 2009-2010

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
	College Access Challenge Grant FTE	(P505)	0.0	0.0
01	IDEAL-NM eLearning maintenance/support	(P505)	1,000.0	0.0
02	Health Care Professionals	(P506)	2,000.0	0.0
03	Film and Digital Arts Education	(P505)	250.0	0.0
04	Higher Ed Institution Space Verification	(P505)	150.0	150.0
05	Work Study Student Support	(P506)	3,300.0	500.0
06	Adult Basic Education	(P505)	2,500.0	0.0
07	Outreach Campaign - Veterans/High&Mid-School	(P506)	500.0	0.0
08	IDEAL design/help desk FTE	(P505)	0.0	0.0
09	GEAR UP Data Collection and Analysis	(P505)	0.0	0.0
10	College Access Challenge Grant FTE	(P506)	0.0	0.0
11	Wallace Foundation FTE	(P505)	0.0	0.0
12	Private Postsecondary Regulatory Oversight	(P505)	77.5	77.5
13	<u>Nursing shortage funding oversight program</u>	<u>(P505)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			9,777.5	727.5

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 department's statutory authority for the state higher education system, to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	FY10 - 2009-2010 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	19,630.1	21,236.9	25,178.7	19,546.0	-8.0
Other Transfers	225.0	317.6	166.5	166.5	-47.6
Federal Revenues	6,115.6	4,434.1	7,169.0	7,725.8	74.2
Other Revenues	0.0	30.0	77.5	77.5	158.3
SOURCES TOTAL	25,970.7	26,018.6	32,591.7	27,515.8	5.8
USES					
Personal Services and Employee Benefits	3,243.1	4,127.5	4,347.8	4,110.7	-0.4
Contractual Services	651.6	1,003.8	2,652.8	2,585.6	157.6
Other	5,123.1	3,346.2	9,575.2	7,905.9	136.3
Other Financing Uses	15,893.1	17,541.1	16,015.9	12,913.6	-26.4
TOTAL USES	24,910.9	26,018.6	32,591.7	27,515.8	5.8
FTE					
Permanent	30.5	32.5	42.5	33.5	3.1
Term	5.5	14.5	17.5	18.0	24.1
TOTAL FTE POSITIONS	36.0	47.0	60.0	51.5	9.6

PERFORMANCE MEASURES

		FY07 <u>Actual</u>	FY08 <u>Actual</u>	FY09 <u>Budget</u>	FY10 <u>Request</u>	FY10 <u>Recomm</u>
Output	Number of students enrolled in dual credit programs	7,883	10,830	6,500	13,000	13,000
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution or have transferred after six years	42%	41.68%	35%	40%	40%
* Output	Percent of adult basic education students who set and attain the goal of passing the general educational development certificate		38%	17%	40%	40%
Outcome	Number of adult basic education students who set passing the general educational development test as a goal	1,021	4,365	1,016	4,500	4,500
Outcome	Number of family members participating in gaining early awareness and readiness events	1,692	2,894	2,900	2,900	2,900
Outcome	Percent of cohort students who meet the promotion requirements of each grade level					
Output	Number of adult basic education students who set and attain the goal of obtaining employment		789	622	800	800
Outcome	Percent of adult basic education students who set and attain the goal of obtaining employment		53%	67%	55%	55%
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution after six years		40%	40%	40%	40%
Outcome	Percent of New Mexico public high schools participating in dual credit programs	94%	95%	90%	97%	97%
Outcome	Percent of New Mexico public postsecondary institutions participating in dual credit programs	96%	100%	100%	100%	100%
Output	Percent of New Mexico high school graduates who are first-time undergraduates who take developmental education courses	51%	50%	40%	40%	40%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of recent New Mexico high school graduates who are first-time undergraduates who take developmental education courses	7,421	7,870	6,000	6,000	6,000
Outcome	Persistence rate of high school graduates who are first-time undergraduates who take developmental education courses	74%	76%	70%	75%	75%
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed	1,348	1,654		1,700	1,700
Explanatory	Percent of first-time freshman from New Mexico public high schools	77%	60%	80%	62%	62%
Output	Number of first-time freshman from New Mexico public high schools	13,088	9,616	13,200	13,200	13,200
Output	Number of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	11,735	11,608	11,400	11,700	11,700
Outcome	Percent of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	19%	20%	20%	22%	22%
Outcome	Average number of credit hours accrued in the attainment of a bachelor's degree by students who transfer in versus those who originate at the degree-awarding institution	137:125	138:122	137:125	137:125	137:125
Outcome	Percent of first-time, degree-seeking community college students who have graduated from the same institution or another public institution or have transferred after three years	14.85%	15%	14%	17%	17%
Outcome	Number of degrees awarded in career-technical programs geared toward New Mexico's needs	4,428	4,752	4,600	4,800	4,800
Outcome	Facility condition index for public postsecondary institutions		TBD	65%		TBD
* Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	63%	94%	90%	95%	95%
* Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	60	4,317		4,500	4,500
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	19%	22%	20%	23%	23%
Output	Percent of capital projects evaluations and audits performed to ensure institutional accountability and responsibility	0%	66%	5%	68%	68%
* Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	70%	60%	90%	90%	90%

STUDENT FINANCIAL AID PROGRAM

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 postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY08 2007-2008 <u>Actuals</u>	FY09 2008-2009 <u>Budgeted</u>	<u>FY10 - 2009-2010</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	24,876.7	26,754.1	32,554.1	27,254.1	1.9
Other Transfers	40,810.6	45,743.2	44,395.7	41,655.0	-8.9
Federal Revenues	481.4	569.9	1,105.8	549.0	-3.7
Other Revenues	0.0	0.0	612.8	1,861.0	
Fund Balance	0.0	1,121.3	0.0	8,500.0	658.0
SOURCES TOTAL	66,168.7	74,188.5	78,668.4	79,819.1	7.6
USES					
Personal Services and Employee Benefits	0.0	0.0	148.5	0.0	
Contractual Services	0.0	47.0	382.0	0.0	-100.0
Other	10,448.0	72,791.5	16,235.8	15,443.5	-78.8
Other Financing Uses	53,027.5	1,350.0	61,902.1	64,375.6	4,668.6
TOTAL USES	63,475.5	74,188.5	78,668.4	79,819.1	7.6
FTE					
Permanent	0.0	0.0	2.0	0.0	
Term	0.0	0.0	1.5	0.0	
TOTAL FTE POSITIONS	0.0	0.0	3.5	0.0	

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of first-time freshman lottery recipients graduated from college after the ninth semester		66%	60%	67%	67%
Outcome	Percent of students who receive state loan-for-service funding who provided service after graduation		83%	60%	84%	84%
Outcome	Percent of first-time freshman participating in work study programs enrolling in their second year		87%	60%	88%	88%
Outcome	Percent of first-time freshman participating in merit-based programs enrolling in their second year		82%	60%	83%	83%
Outcome	Percent of first-time freshman participating in need-based grant programs enrolling in their second year		79%	60%	80%	80%
Outcome	Percent of state financial aid funds used for need-based aid		29.4%	40%	35%	35%
Output	Annual average federal student loan debt for all students enrolled at four-year public schools		7,311	16,000	8,000	8,000
Output	Annual average federal student loan debt for all students enrolled at two-year public schools		4,384	8,000	5,000	5,000
* Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	2,944	3,081	2,500	3,200	3,200
* Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	77%	76%		78%	78%
* Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	73%	75%		75%	75%
* Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	68 %	66%		68%	68%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	62%	65%		66%	66%
Outcome	Percent of state funds for need-based aid relative to pell grant aid	30.2%	20.8%	30.9%	30.9%	30.9%
* Output	Number of students receiving college affordability awards	1,464	1,464	1,500	1,500	1,500

Student Financial Aid Program Detail
(Dollars in Thousands)

	FY08	FY09	HED FY10	LFC FY10	LFC
	Actual	Budget	Request	REC	\$ inc/dec
Student Incentive Grant	12,052.3	12,052.3	12,052.3	12,052.3	0.0
general fund	0.0	7.7	0.0	0.0	(7.7)
fund balance	0.0	0.0	0.0	0.0	0.0
general revenues	0.0	0.0	0.0	0.0	0.0
federal funds	409.7	406.0	349.0	349.0	(57.0)
total	12,462.0	12,466.0	12,401.3	12,401.3	(64.7)
College Affordability Endowed Scholarships					
Other Program Revenues		0.0	2,000.0	2,000.0	2,000.0
total	0.0	0.0	2,000.0	2,000.0	2,000.0
Nursing Student Loan †					
general fund	300.0	300.0	300.0	300.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	300.0	300.0	300.0	300.0	0.0
Nurse Educators Fund †					
general fund	0.0	150.0	150.0	150.0	0.0
total	0.0	150.0	150.0	150.0	0.0
Medical Student Loan Prog.					
general fund	83.0	333.0	333.0	333.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	83.0	333.0	333.0	333.0	0.0
Osteopathic Student Loan					
general fund	0.0	0.0	0.0	0.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Work-Study					
general fund	5,739.6	5,989.6	9,289.6	6,489.6	500.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	5,739.6	5,989.6	9,289.6	6,489.6	500.0
Student Choice					
general fund	1,004.7	1,004.7	1,004.7	1,004.7	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
Vietnam Veterans Scholarship					
general fund	92.0	113.6	113.6	113.6	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	92.0	113.6	113.6	113.6	0.0
Graduate Scholarship					
general fund	619.2	619.2	619.2	619.2	0.0
fund balance	0.0	22.3	0.0	0.0	(22.3)
total	619.2	641.5	619.2	619.2	(22.3)
NM Scholars					
general fund	1,000.0	1,000.0	1,000.0	1,000.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	1,000.0	1,000.0	1,000.0	1,000.0	0.0
Minority Doctoral Assistance					
general fund	132.0	132.0	132.0	132.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	132.0	132.0	132.0	132.0	0.0
Teacher Loan-for-Service					
general fund	250.0	250.4	250.0	250.4	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	250.0	250.4	250.0	250.4	0.0
Teacher Loan Forgiveness Act*					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Allied Health					
general fund	108.0	108.0	108.0	108.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	108.0	108.0	108.0	108.0	0.0
Health Professional Loan Repayment					
general fund	416.7	1,146.7	1,896.7	1,146.7	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
federal funds	71.7	163.9	200.0	200.0	36.1
total	488.4	1,310.6	2,096.7	1,346.7	36.1
Legislative Endowment Fund					
other program revenues	0.0	0.0	112.8	112.8	112.8
fund balance	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	112.8	112.8	112.8
WICHE Loan-for-Service					
general fund	1,947.4	2,153.9	2,403.9	2,153.9	0.0
fund balance	0.0	226.0	0.0	0.0	(226.0)
total	1,947.4	2,379.9	2,403.9	2,153.9	(226.0)
Lottery Scholarship					
other program revenues	40,810.6	45,743.2	42,395.7	39,655.0	(6,088.2)
interest income				1,248.2	
fund balance	0.0	865.3	0.0	8,500.0	7,634.7
total	40,810.6	46,608.5	42,395.7	49,403.2	2,794.7

Student Financial Aid Program Detail
(Dollars in Thousands)

	FY08	FY09	HED FY10	LFC FY10	LFC
	Actual	Budget	Request	REC	\$ inc/dec
Dentistry Loan for Service					
general fund	32.4	54.0	54.0	54.0	0.0
fund balance	0.0	0.0	0.0	0.0	0.0
total	32.4	54.0	54.0	54.0	0.0
Public Service Law Loan Repayment					
general fund	299.7	299.7	299.7	299.7	0.0
total	299.7	299.7	299.7	299.7	0.0
Peace Officer and Fire Fighter Fund*					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Higher Education Disability Act*					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Dental Residency Program					
general fund	0.0	1,000.0	2,000.0	1,000.0	0.0
total	0.0	1,000.0	2,000.0	1,000.0	0.0
Merit-based Scholarships #					
general fund		47.0	47.0	47.0	0.0
total	0.0	47.0	47.0	47.0	0.0
Ed Trust Board					
other program revenues	0.0	0.0	500.0	500.0	500.0
total	0.0	0.0	500.0	500.0	500.0
HED Outreach					
general fund	0.0	0.0	500.0	0.0	0.0
total	0.0	0.0	500.0	0.0	0.0
GRAND TOTAL	66,168.7	74,188.5	78,111.2	79,819.1	5,630.6
GF GRAND TOTAL	24,876.7	26,754.1	32,553.7	27,254.1	500.0

Notes to Student Financial Aid Budget Detail:

Differences between LFC detail and Table 1 are due to rounding.

† FY09 HED request for Nursing Student Loan for Service program reduced to show Nurse Educators Fund separately.

* Indicates new programs added through 2007 legislative action.

#Indicates new programs added through 2008 legislative action.

HED Request excludes College Access Challenge Grant of \$556.8 thousand because it is not a flow-through student financial aid program.

Note: Fund balances not submitted and not available from HED.

Higher Education FY10 Recurring Funding

FY09 Operating Budget		884,845.5
	HED Request	LFC Rec
Workload:		
Net	5,453.6	5,453.6
Ruidoso branch phase-in	105.7	105.7
Transfers net adjustment	44.8	44.8
HSC base adj.	-291.3	-291.3
Reduce inst. budget athletics	3.0%	-439.4
Reduce public television	3.0%	-119.9
Workload Adjustments:		
HED sq. ft. update---phased	20%	5741.2
I&G institutional support productivity savings---5%		1,148.2
ER&R one year 33.3% deferral		-7,350.8
		-4,900.7
Tuition Revenue Credit:		
2.5% --- In-state	0	-5,213.1
8% --- Out-of-state	0	-1,483.9
ERB Incremental Cost:	0	6,024.0
Inflationary Factors:	7,335.8	0.0
Group Insurance		
Utilities and other fixed costs		
Libraries		
Risk management insurance		
Compensation:		0.0
Special Projects:		
Net Reductions--Institutional Budgets		-12,100.9
Net Reductions--HED Flow Through		-1,409.1
Incentive Funds:		0.0
Special Schools:		
NMMI BR&R Square Footage Update		-100.0
NMMI Athletics		-9.8
NMSD		-110.0
NMSD statewide outreach services		-8.0
NMSBVI Early Childhood Center, ABQ		400.0
Higher Education Department:		
Policy Dev. & Instit. Fin. Oversight Program		-281.8
Student Financial Aid Program		500.0
Net change	18,389.8	-20,142.3
FY10 Total		864,703.2

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

In Thousands of Dollars	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)	FY10 (2009-2010)			
Agency/Institution/Program	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	BUDGET (incl. SB 165 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum ERB contribution)	Dollar Change	Percent Change
UNM							
I&G	169,961.6	188,558.1	194,726.5		189,227.2	-5,499.3	-2.8%
Athletics	2,745.1	2,804.1	2,834.1		2,749.1	-85.0	-3.0%
Educational Television	1,330.4	1,377.2	1,399.7		1,357.7	-42.0	-3.0%
Gallup	9,098.6	9,902.7	10,364.1		9,963.9	-400.2	-3.9%
Nursing Expansion	35.8	35.8	35.8		35.8	0.0	0.0%
Los Alamos	2,414.0	2,352.3	2,364.4		2,319.4	-45.0	-1.9%
Valencia	4,692.1	5,084.3	5,133.5		5,459.0	325.5	6.3%
Taos	2,058.8	2,487.1	2,679.1		2,456.5	-222.6	-8.3%
Judicial Selection	77.1	80.4	81.8		40.9	-40.9	-50.0%
Judicial Education Center	163.3	371.2	373.0		186.5	-186.5	-50.0%
Spanish Resource Center	108.6	111.6	113.4		107.7	-5.7	-5.0%
Southwest Research Center	1,559.2	1,935.6	1,970.8		1,872.3	-98.5	-5.0%
Substance Abuse Program	154.5	160.5	164.2		109.5	-54.7	-33.3%
Native American Intervention	196.2	200.6	203.8		197.7	-6.1	-3.0%
Resource Geographic Info Sys	133.3	140.4	143.6		136.4	-7.2	-5.0%
Natural Heritage Program	79.7	82.1	83.2		41.6	-41.6	-50.0%
Southwest Indian Law Clinic	207.4	214.8	218.8		145.9	-72.9	-33.3%
BBER-Census & Pop. Analysis	252.7	417.1	423.7		411.0	-12.7	-3.0%
New Mexico Historical Review	84.3	87.1	88.5		84.1	-4.4	-5.0%
Ibero-American Ed. Consortium	173.9	183.3	188.1		94.1	-94.1	-50.0%
Youth Educ. Recreation Prog.	147.8	154.7	157.3		149.4	-7.9	-5.0%
Advanced Materials Research	68.1	68.9	69.4		65.9	-3.5	-5.0%
Mfg. Engineering Prog.	641.7	656.9	700.1		467.0	-233.1	-33.3%
Hispanic Student Center	127.8	127.8	127.8		121.4	-6.4	-5.0%
Wildlife Law Education	74.4	152.4	154.0		146.3	-7.7	-5.0%
Women's Career Development	23.4	24.0	24.5		0.0	-24.5	-100.0%
Youth Leadership Development	76.0	78.8	79.3		75.3	-4.0	-5.0%
Morrissey Hall Research	57.1	60.1	61.9		58.8	-3.1	-5.0%
Disabled Student Services	233.9	233.9	233.9		222.2	-11.7	-5.0%
Min. Grad Recruit & Retention	167.5	167.5	167.5		159.1	-8.4	-5.0%
Graduate Research Dev. Fund	86.4	86.4	86.4		82.1	-4.3	-5.0%
Community Based Education	843.5	864.2	881.4		440.7	-440.7	-50.0%
Corrine Wolfe Children's Law Center	68.4	314.8	316.9		301.1	-15.8	-5.0%
Mock Trials Program	82.7	82.7	112.7		107.1	-5.6	-5.0%
ENLACE	94.9	94.9	97.5		97.5	0.0	0.0%
Pre-college minority student math/science	170.8	315.8	315.8		300.0	-15.8	-5.0%
Special Projects Expansion	1,468.4	1,382.8	1,108.1		0.0	-1,108.1	-100.0%
Latin American Student Recruitment	247.0	247.0	247.3		164.9	-82.4	-33.3%
Saturday Science and Math Academy	70.0	70.0	70.0		66.5	-3.5	-5.0%
Utton Transboundary Resources Center	140.0	431.0	492.3		467.7	-24.6	-5.0%
Law College Prep Mentoring Program	125.0	200.0	204.5		194.3	-10.2	-5.0%
Navajo language research and teaching		100.0	100.0		66.7	-33.3	-33.3%
Biomedical engineering		200.0	290.0		193.4	-96.6	-33.3%
Student athlete retention		250.0	250.0		166.8	-83.3	-33.3%
Department of media arts		357.0	357.0		238.1	-118.9	-33.3%
International education initiatives		280.0	280.0		186.8	-93.2	-33.3%
College mentoring program		132.0	136.8		130.0	-6.8	-5.0%
Institute for aerospace engineering		100.0	100.0		95.0	-5.0	-5.0%
Alfonso Ortiz center		40.0	57.0		54.2	-2.9	-5.0%
Research service learning		50.0	50.0		0.0	-50.0	-100.0%
Licensed alcohol/drug counselor internship		20.0	20.0		0.0	-20.0	-100.0%
Student mass transit		35.0	35.0		0.0	-35.0	-100.0%
African American studies		30.0	30.0		0.0	-30.0	-100.0%
Africana studies faculty initiative			100.0		66.7	-33.3	-33.3%
Residential Rehabilitation Transition Facility			120.0		60.0	-60.0	-50.0%
Center Latin American resources & outreach		25.0	33.0		0.0	-33.0	-100.0%
Land grant studies program			117.0		58.5	-58.5	-50.0%
Latin American studies recruit/retain faculty/students			141.0		70.5	-70.5	-50.0%
Lat. Am./Iberian Institute/Latin Am. studies program			46.2		0.0	-46.2	-100.0%
Arts laboratory interdisciplinary film/digital media			145.0		72.5	-72.5	-50.0%
UNM Total	200,541.4	224,020.0	231,706.7		222,142.7	-9,564.0	-4.1%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

In Thousands of Dollars	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)	FY10 (2009-2010)			
Agency/Institution/Program	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	BUDGET (incl. SB 165 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum ERB contribution)	Dollar Change	Percent Change
Health Sciences Center							
Medical School I & G	50,603.2	58,889.3	63,704.2		62,272.6	-1,431.6	-2.2%
Cancer Center	2,828.9	2,941.6	2,999.1		2,999.1	0.0	0.0%
Office of Medical Investigator	3,526.1	4,106.4	4,208.7		4,208.7	0.0	0.0%
EMS Academy	850.1	893.9	916.7		889.2	-27.5	-3.0%
Children's Psychiatric Hospital	6,436.5	7,269.2	7,692.8		7,692.8	0.0	0.0%
Hemophilia Program	556.6	576.5	583.9		583.9	0.0	0.0%
Carrie Tingley Hospital	4,699.8	5,266.5	5,551.8		5,551.8	0.0	0.0%
Out-of-County Indigent	1,241.1	1,241.1	1,241.1		1,241.1	0.0	0.0%
Specialized Perinatal Care	574.1	599.3	616.8		616.8	0.0	0.0%
Newborn Intensive Care	3,356.5	3,583.1	3,689.1		3,689.1	0.0	0.0%
Pediatric Oncology	417.7	478.8	905.3		905.3	0.0	0.0%
Young Children's Health Center	417.6	621.9	652.7		652.7	0.0	0.0%
Pediatric Pulmonary Program	193.0	203.0	207.8		207.8	0.0	0.0%
Area Health Education Centers	178.2	179.6	180.7		175.3	-5.4	-3.0%
Grief Intervention Program	172.1	181.0	184.7		184.7	0.0	0.0%
Pediatric Dysmorphology	149.7	157.3	160.2		160.2	0.0	0.0%
Locum Tenens	653.0	780.1	837.9		837.9	0.0	0.0%
Center for Disaster Medicine	107.1	111.6	113.4		113.4	0.0	0.0%
Poison Control Center	1,077.3	1,381.7	1,520.6		1,520.6	0.0	0.0%
Fetal Alcohol Study	174.0	180.8	185.9		176.6	-9.3	-5.0%
Telemedicine	307.0	529.2	539.2		512.2	-27.0	-5.0%
Nurse Mid-wifery	393.1	393.1	393.1		262.2	-130.9	-33.3%
Nursing Expansion	1,490.7	1,490.7	1,961.3		1,961.3	0.0	0.0%
Lung/Tobacco-rel. Res. & Clinical							
Genomics, Biocomp, & Env. Health	126.1	201.5	226.9		215.6	-11.3	-5.0%
Los Pasos Program	4.9	7.3	8.9		0.0	-8.9	-100.0%
Trauma Specialty Education	29.8	29.8	29.8		0.0	-29.8	-100.0%
Pediatrics Specialty Education	29.0	29.0	29.0		0.0	-29.0	-100.0%
Native American Health Center	311.4	324.0	330.1		165.1	-165.1	-50.0%
Children's Cancer Camp	107.3	108.8	112.0		112.0	0.0	0.0%
Oncology	99.9	99.9	99.9		99.9	0.0	0.0%
Donated Dental Services	25.0	25.0	25.0		25.0	0.0	0.0%
Special Projects Expansion	735.0	680.0	131.5		0.0	-131.5	-100.0%
Rural physicians residencies	299.7	299.7	302.9		302.9	0.0	0.0%
Hepatitis C Comm. Health Outcomes		550.0	950.0		1,050.0	100.0	10.5%
Dental Residencies		100.0	100.0		100.0	0.0	0.0%
Cooperative Pharmacy Program		457.0	457.0		304.8	-152.2	-33.3%
Integrative Medicine Program		312.0	312.0		208.1	-103.9	-33.3%
Nurse Advice Line		35.0	35.0		35.0	0.0	0.0%
Rural Clinical Improvements		57.0	57.0		57.0	0.0	0.0%
Pediatrics Telehealth		10.0	10.0		0.0	-10.0	-100.0%
Multidisciplinary Evaluation Clinic		50.0	50.0		50.0	0.0	0.0%
Health Career Pathways for Underrep. Students			31.7		0.0	-31.7	-100.0%
Comprehensive Rural Health Care Outreach			64.0		32.0	-32.0	-50.0%
Health Sciences Total	82,321.7	95,431.8	102,409.7		100,172.7	-2,237.0	-2.2%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

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Agency/Institution/Program	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	BUDGET (incl. SB 165 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum ERB contribution)	Dollar Change	Percent Change
NMSU							
I&G	108,498.8	118,525.8	126,591.4		126,483.4	-108.0	-0.1%
Athletics	3,409.4	3,592.5	3,914.2		3,796.8	-117.4	-3.0%
Rodeo	50.0	50.0	0.0		0.0	0.0	
Educational Television	1,208.6	1,266.7	1,307.5		1,268.3	-39.2	-3.0%
Alamogordo	5,810.9	6,273.9	6,467.4		7,279.3	811.9	12.6%
Nursing Expansion	30.1	30.1	30.1		30.1	0.0	0.0%
Carlsbad	3,614.2	3,674.1	4,090.9		4,455.1	364.2	8.9%
Nursing Expansion	37.4	37.4	144.5		144.5	0.0	0.0%
Dona Ana	16,293.6	18,504.0	19,721.5		20,553.9	832.4	4.2%
Nursing Expansion	112.4	112.4	112.4		112.4	0.0	0.0%
Grants	2,868.0	3,125.6	3,247.5		3,364.5	117.0	3.6%
Department of Agriculture	9,457.8	11,263.9	11,547.1		11,200.7	-346.4	-3.0%
Agricultural Experiment Station	14,028.7	15,230.9	15,926.5		15,448.7	-477.8	-3.0%
Cooperative Extension Service	11,012.8	12,257.8	13,175.9		12,780.6	-395.3	-3.0%
Water Resources Research	442.7	458.9	468.0		444.6	-23.4	-5.0%
Coordination of Mexico Prog.	97.1	101.5	102.0		68.0	-34.0	-33.3%
Indian Resources Development	379.4	388.8	394.1		382.3	-11.8	-3.0%
Mfg. Sector Development Program	402.6	421.6	431.1		215.6	-215.6	-50.0%
Waste Mgmt. Ed./Res. Cons.	512.6	531.0	540.8		513.8	-27.0	-5.0%
Alliance for Underrep. Students	365.1	384.4	400.7		380.7	-20.0	-5.0%
Campus Security	90.3	90.3	90.3		60.2	-30.1	-33.3%
Carlsbad Mfg. Sector Development	363.6	363.6	443.7		295.9	-147.8	-33.3%
Nursing Expansion	449.7	449.7	835.8		835.8	0.0	0.0%
Arrowhead Center for Business Dev.	106.9	111.6	129.6		125.7	-3.9	-3.0%
Viticulturist	71.9	151.9	215.3		208.8	-6.5	-3.0%
Family Strengthening/Parenting Classes	47.5	47.5	47.5		0.0	-47.5	-100.0%
Aerospace Engineering	151.8	486.8	616.8		411.4	-205.4	-33.3%
Math and Science Skills Disadv. Students	28.5	30.6	32.4		0.0	-32.4	-100.0%
Special Projects Expansion	1,530.6	1,440.6	913.4		0.0	-913.4	-100.0%
NM Space Consortium Grant	50.0	50.0	50.0		0.0	-50.0	-100.0%
Las Vegas Schools Ag Education Project	110.0	110.0	110.0		55.0	-55.0	-50.0%
Institute for International Relations		200.0	200.0		133.4	-66.6	-33.3%
Tribal extension program		247.0	247.0		239.6	-7.4	-3.0%
Mental health nurse practitioner program		325.0	325.0		216.8	-108.2	-33.3%
Family wellness program		57.0	57.0		28.5	-28.5	-50.0%
Virtual film school		50.0	50.0		0.0	-50.0	-100.0%
Space consortium and outreach program		102.0	102.0		96.9	-5.1	-5.0%
Alliance teaching and learning advancement		175.0	175.0		116.7	-58.3	-33.3%
Center for economics & personal finance		50.0	50.0		0.0	-50.0	-100.0%
College assistance migrant program		307.0	329.4		219.7	-109.7	-33.3%
English teacher collaborative		20.0	20.0		0.0	-20.0	-100.0%
College of Ag Leadership Training			100.0		63.7	-36.3	-36.3%
Chile Industry			250.0		237.5	-12.5	-5.0%
Nursing scholarships		100.0	100.0		50.0	-50.0	-50.0%
Science education enhancement for teachers outreach			71.0		35.5	-35.5	-50.0%
NMSU Total	181,632.9	201,196.8	214,174.8		212,354.4	-1,820.4	-0.8%
NMHU							
I&G	27,202.3	28,985.4	29,573.3		29,101.1	-472.2	-1.6%
Athletics	1,601.5	1,635.4	2,030.3		1,969.4	-60.9	-3.0%
Visiting Scientist	18.1	18.9	19.2		0.0	-19.2	-100.0%
Upward Bound	96.7	111.7	131.7		125.1	-6.6	-5.0%
Advanced Placement	288.1	294.4	297.0		282.2	-14.9	-5.0%
Native American Rec. & Ret.	44.2	44.2	44.2		42.9	-1.3	-3.0%
Diverse Populations Study	218.8	230.9	336.0		224.1	-111.9	-33.3%
Spanish Program	287.7	287.7	287.7		191.9	-95.8	-33.3%
Special Projects Expansion	575.9	535.9	282.2		0.0	-282.2	-100.0%
Spanish/English Immersion Program	199.8	199.8	199.8		133.3	-66.5	-33.3%
Forest and watershed institute	249.7	249.7	252.6		240.0	-12.6	-5.0%
Bilingual Education Materials	60.0	60.0	60.0		57.0	-3.0	-5.0%
Social work outreach and clinical training		50.0	50.0		0.0	-50.0	-100.0%
Wrestling program		150.0	200.0		194.0	-6.0	-3.0%
Rodeo		134.0	134.0		130.0	-4.0	-3.0%
Medical health interpreter training center		20.0	20.0		0.0	-20.0	-100.0%
Prepare for medical school			100.0		50.0	-50.0	-50.0%
NMHU Total	30,842.8	33,007.9	34,018.0		32,740.9	-1,277.1	-3.8%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

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WNMU							
I&G	15,333.3	16,298.7	17,041.9		16,627.0	-414.9	-2.4%
Athletics	1,632.9	1,718.0	2,099.4		2,036.4	-63.0	-3.0%
Child Development Center	588.2	588.2	588.2		392.3	-195.9	-33.3%
NAFTA	14.7	14.7	14.7		0.0	-14.7	-100.0%
Instructional Television	126.1	128.6	135.7		90.5	-45.2	-33.3%
Nursing Expansion	157.4	182.4	563.4		563.4	0.0	0.0%
Web-based Teacher Licensure	388.6	388.6	388.6		259.2	-129.4	-33.3%
Special Projects Expansion	321.5	297.4	0.0		0.0	0.0	
Criminal justice program			85.0		42.5	-42.5	-50.0%
WNMU Total	18,562.8	19,616.6	20,916.9		20,011.4	-905.5	-4.3%
ENMU							
I&G	24,074.5	26,808.8	27,228.1		27,093.9	-134.2	-0.5%
Athletics	1,757.1	1,927.1	2,470.4		2,396.3	-74.1	-3.0%
Educational Television	1,090.1	1,139.4	1,289.8		1,251.1	-38.7	-3.0%
Roswell	14,013.2	15,114.6	15,559.9		14,732.3	-827.6	-5.3%
Roswell-Distance Ed. for High School	75.4	75.0	75.0		37.5	-37.5	-50.0%
Nursing Expansion	75.0	75.4	75.4		75.4	0.0	0.0%
Ruidoso	1,226.2	1,372.1	1,718.0		1,760.5	42.5	2.5%
Ruidoso-Adult Basic Education	135.0	178.8	178.8		89.4	-89.4	-50.0%
Center for Teaching Excellence	260.3	268.4	272.4		181.7	-90.7	-33.3%
Blackwater Draw Site & Mus.	92.7	97.6	100.0		95.0	-5.0	-5.0%
Airframe Mechanics	73.6	73.6	73.6		49.1	-24.5	-33.3%
Job Trng for Physically & Ment.	24.0	24.0	24.0		0.0	-24.0	-100.0%
Assessment Project	135.0	141.1	143.2		95.5	-47.7	-33.3%
Nursing Expansion	42.0	42.0	42.0		42.0	0.0	0.0%
Social Work	156.1	156.1	156.1		104.1	-52.0	-33.3%
Special Projects Expansion	609.0	563.4	307.6		0.0	-307.6	-100.0%
Math and Science Programs	25.0	25.0	25.0		0.0	-25.0	-100.0%
Student Success Programs	77.0	77.0	77.0		73.2	-3.8	-5.0%
Distance Teacher Education		175.0	175.0		116.7	-58.3	-33.3%
At Risk Student Tutoring		98.0	98.0		93.1	-4.9	-5.0%
Speech & Hearing Rehabilitation Outreach		54.0	54.0		27.0	-27.0	-50.0%
Aviation Science Technology		95.0	95.0		63.4	-31.6	-33.3%
Emergency Medical Services Management		95.0	95.0		63.4	-31.6	-33.3%
Science and Math Teacher Development		95.0	95.0		63.4	-31.6	-33.3%
ENMU Total	43,941.2	48,771.4	50,428.3		48,503.9	-1,924.4	-3.8%
NMIMT							
I&G	25,752.7	28,035.2	28,054.0		29,404.8	1,350.8	4.8%
Athletics	169.2	177.2	256.4		248.7	-7.7	-3.0%
Geophysical Research Center	953.0	995.9	1,015.3		964.5	-50.8	-5.0%
Bureau of Mines	3,920.9	4,077.1	4,206.3		4,080.1	-126.2	-3.0%
Petroleum Recovery Research	1,912.5	2,186.2	2,330.2		2,213.7	-116.5	-5.0%
Bureau of Mine Inspection	297.4	306.7	312.0		302.6	-9.4	-3.0%
Energetic Materials Center	766.8	786.3	869.3		825.8	-43.5	-5.0%
Science Fair/Science Olympiad	362.5	418.9	463.7		309.3	-154.4	-33.3%
Homeland Security	308.4	316.8	712.3		676.7	-35.6	-5.0%
Cave & Karst Research	429.3	446.0	527.8		501.4	-26.4	-5.0%
Institute for Complex Additive Sys Ana	540.8	624.2	1,010.2		959.7	-50.5	-5.0%
MESA	180.0	255.0	255.0		255.0	0.0	0.0%
Special Projects Expansion	1,037.3	959.5	217.0		0.0	-217.0	-100.0%
Acquifer mapping		264.0	264.0		250.8	-13.2	-5.0%
Preengineering program		50.0	50.0		0.0	-50.0	-100.0%
Southeast NM center for energy studies		250.0	250.0		237.5	-12.5	-5.0%
Statewide teacher student computer program		60.0	60.0		40.0	-20.0	-33.3%
Supercomputer training mid and high school			56.4		53.6	-2.8	-5.0%
High school student summer science program		72.0	72.0		68.4	-3.6	-5.0%
NMIMT Total	36,630.9	40,281.1	40,981.9		41,392.7	410.8	1.0%
NNMC							
I&G	8,449.6	10,009.9	10,166.4		10,821.3	654.9	6.4%
Athletics			240.0		232.8	-7.2	-3.0%
Northern Pueblo's Institute	56.7	60.0	126.4		120.1	-6.3	-5.0%
Nursing Expansion	29.2	29.2	29.2		29.2	0.0	0.0%
Special Projects Expansion	456.0	421.8	337.4		0.0	-337.4	-100.0%
Middle School Teachers Math/Science	250.0	250.0	250.0		166.8	-83.3	-33.3%
Math and Science teacher education		100.0	100.0		66.7	-33.3	-33.3%
Health sciences and nursing program		200.0	200.0		133.4	-66.6	-33.3%
Faculty salaries		120.0	120.0		80.0	-40.0	-33.3%
Math and Science Teacher academy			50.0		0.0	-50.0	-100.0%
NNMC Total	9,241.5	11,190.9	11,619.4		11,650.2	30.8	0.3%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

In Thousands of Dollars	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)	FY10 (2009-2010)			
Agency/Institution/Program	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	BUDGET (incl. SB 165 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum ERB contribution)	Dollar Change	Percent Change
SFCC							
I&G	9,737.9	10,594.9	10,068.9		8,773.3	-1,295.6	-12.9%
Small Business Devlpt. Centers	3,559.5	4,673.4	5,148.7		4,994.2	-154.5	-3.0%
Sign Language Services	22.5	22.5	22.5		0.0	-22.5	-100.0%
Nursing Expansion	38.5	38.5	92.7		92.7	0.0	0.0%
SFCC Total	13,358.3	15,329.2	15,332.8		13,860.2	-1,472.6	-9.6%
CNMCC							
I&G	52,409.5	54,903.4	54,711.9		49,163.8	-5,548.1	-10.1%
Tax Help New Mexico	0.0	342.0	342.0		324.9	-17.1	-5.0%
CNMCC Total	52,409.5	55,245.4	55,053.9		49,488.7	-5,565.2	-10.1%
LCC							
I&G	7,772.3	8,381.8	8,652.5		8,481.0	-171.5	-2.0%
Athletics			75.0		72.8	-2.3	-3.0%
Nursing Expansion	36.1	36.1	36.1		36.1	0.0	0.0%
LVT Total	7,808.4	8,417.9	8,763.6		8,589.9	-173.7	-2.0%
MCC							
I&G	2,512.5	2,811.0	3,108.1		3,610.3	502.2	16.2%
Athletics			75.0		72.8	-2.3	-3.0%
MTC Total	2,512.5	2,811.0	3,183.1		3,683.1	500.0	15.7%
NMJC							
I&G	7,851.1	6,773.9	7,721.8		7,380.2	-341.6	-4.4%
Athletics	39.1	41.5	320.5		310.9	-9.6	-3.0%
Nursing Expansion	84.6	84.6	165.3		165.3	0.0	0.0%
Oil and Gas Training Center			25.0		0.0	-25.0	-100.0%
Lea County distance education consortium		100.0	136.5		68.3	-68.3	-50.0%
NMJC Total	7,974.8	7,000.0	8,369.1		7,924.6	-444.5	-5.3%
SJC							
I&G	20,557.5	20,457.5	22,043.5		22,025.7	-17.8	-0.1%
Dental Hygiene	204.7	204.7	204.7		136.5	-68.2	-33.3%
Nursing Expansion	367.3	367.3	368.6		368.6	0.0	0.0%
Oil and Gas Job Training Program	100.8	100.8	100.8		67.2	-33.6	-33.3%
Indigent Youth Program	79.9	79.9	79.9		53.3	-26.6	-33.3%
SJC Total	21,310.3	21,210.2	22,797.5		22,651.4	-146.1	-0.6%
CCC							
I&G	10,417.3	10,350.1	10,330.9		9,772.1	-558.8	-5.4%
Nursing Expansion	71.9	71.9	71.9		71.9	0.0	0.0%
CCC Total	10,489.3	10,422.0	10,402.8		9,844.0	-558.8	-5.4%
Four-Year/Two-Year Total	719,578.1	793,952.2	830,158.5		805,010.7	-25,147.8	-3.0%
NMMI							
I&G	0.0	850.7	972.1		872.1	-100.0	-10.3%
Athletics			325.0		315.3	-9.8	-3.0%
Knowles Legislative Scholarship	575.0	715.0	912.8		912.8	0.0	0.0%
Special Projects Expansion	213.8	197.8	0.0		0.0	0.0	0.0%
NMMI Total	788.8	1,763.5	2,209.9		2,100.1	-109.8	-5.0%
NMSBVI							
I&G	153.1	296.4	334.7		334.7	0.0	0.0%
Low vision clinic programs		10.0	20.0		20.0	0.0	0.0%
Early childhood center					400.0	400.0	
NMSBVI Total	153.1	306.4	354.7		754.7	400.0	112.8%
NM School for the Deaf							
I&G	2,524.4	3,595.8	3,856.4		3,746.4	-110.0	-2.9%
Statewide outreach services		275.0	275.0		267.0	-8.0	-2.9%
School for the Deaf Total	2,524.4	3,870.8	4,131.4		4,013.4	-118.0	-2.9%
Special School GF Total	3,466.3	5,940.7	6,696.0		6,868.2	172.3	2.6%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

In Thousands of Dollars	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)	FY10 (2009-2010)			
Agency/Institution/Program	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	BUDGET (incl. SB 165 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum ERB contribution)	Dollar Change	Percent Change
Higher Education Department							
Operating	2,370.0	3,185.5	4,696.6		4,414.8	-281.8	-6.0%
Adult Basic Education	5,869.1	6,186.5	6,735.3		6,735.3	0.0	0.0%
Student Financial Aid	23,929.4	24,127.0	26,754.1		27,254.1	500.0	1.9%
High Skills	599.4	599.4	599.4		581.4	-18.0	-3.0%
Nursing Compensation	0.0	500.0	500.0		500.0	0.0	0.0%
NM MESA, Inc.	983.4	1,183.4	1,183.4		1,183.4	0.0	0.0%
Program Development Enhancement Fund	3,496.2	3,499.9	3,500.0		3,500.0	0.0	0.0%
Dental Hygiene Program	499.6	750.0	750.0		512.9	-237.1	-31.6%
Special Projects Expansion	2,678.0	1,720.5	909.4		0.0	-909.4	-100.0%
ENLACE	299.7	600.0	1,147.3		1,147.3	0.0	0.0%
Dental residencies (see Student Financial Aid)	99.9	0.0	0.0		0.0	0.0	
Athletics (see flow through)		1,000.0	0.0		0.0	0.0	
Laws of 2007, Chapter 21 (SB 611 Flow-through)		891.0	891.0		654.4	-236.6	-26.6%
Laws of 2008, Chapter 6 (SB 165 Flow-through)			324.6		316.6	-8.0	-2.5%
HED Total	40,824.7	44,243.2	47,991.0		46,800.1	-1,190.9	-2.5%
COMPENSATION + ERB Increase					6,024.0		
FY08 HED Compensation Overestimate (a)		1,993.2	0.0				
HIGHER EDUCATION TOTAL	763,869.1	846,501.2	884,845.5		864,703.1	-20,142.4	-2.3%

(a) Will revert to General Fund.

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 postsecondary education can be found in Sections 21-1-1 through 21-29-6 NMSA 1978.

BUDGET ISSUES:

The committee recommends a total of \$864.7 million of recurring general fund for FY10 for higher education, including the Higher Education Department and a 0.75 percent increase for faculty and staff for the employer share of the Educational Retirement Board contribution increase. This recommendation represents a decrease of \$20.1 million, or a decline of 2.3 percent, from the FY09 operating budget.

The Higher Education Department (HED) submitted its funding request for higher education to the Legislature in accordance with Section 9-25-9 NMSA 1978 on November 3, 2007. While the transparency of formula calculations continues to improve, the submission was again incomplete. Specifically, the FY09 base was not reconciled with the operating budget, line-item detail recommendations for research and public service projects and special schools were missing, and information for the special schools was incomplete and inaccurate.

HED requested full funding for workload, including full funding for an update of instruction and general space audit information impacting physical plant and utilities funding, at a total of \$11.1 million. Workload also included updating the “soft landing” approach adopted by the Legislature in 2008 for public, postsecondary institutions experiencing enrollment declines as well as the exemption of dual credit student credit hours from the tuition revenue calculation. The request continued the funding of \$106 thousand for the fourth year of five-year phase-in for branch status of Eastern New Mexico University-Ruidoso. Workload included a \$291.3 thousand reduction in equipment renewal and replacement adjustments for the University of New Mexico Health Sciences Center consistent with formula methodology. The request also included \$7.3 million of inflationary funding to open the doors. Finally, the HED request assumed a 0 percent tuition credit.

The principal driver of the incremental general fund cost of higher education is workload, particularly enrollment growth as measured by student credit hours. The current formula focuses on student enrollment changes above or below an “enrollment band” for each institution and each branch campus. Workload calculations recognize increases or decreases in workload driven by enrollment changes and the mix of courses offered (tiers, lower, upper, and graduate). The same methodology is used for both two- and four-year institutions. For enrollment changes, if an institution exceeds a 3 percent change in either student credit hours or base dollars, it qualifies for additional workload funding, while if an institution declines by 5 percent or more only in student credit hours, it loses funding. If an institution falls within the enrollment or base dollar band, it does not receive a workload funding adjustment directly attributed to students but might receive workload funding for facilities. In the 2008 session, the committee proposed a “soft landing” for enrollment losses to limit the automatic general fund reduction for qualifying institutions in a given year to 3 percent for FY09. The residual reduction would be carried forward to the subsequent funding year. This approach was incorporated into instruction and general fund appropriations in FY09.

The recent declines in enrollment growth, which moved institutions below the funding band, have abated at all but one college in academic year 2007-2008 for the FY10 formula calculations. Overall, the statewide student credit hour growth was up slightly at 1.5 percent (see Volume III table for details by institution). The New Mexico Institute of Mining and Technology, New Mexico State University, Northern New Mexico College, Western New Mexico University, Eastern New Mexico University-Ruidoso, New Mexico State University-Alamogordo, New Mexico State University-Carlsbad, New Mexico State University-Dona Ana, New Mexico State University-Grants, University of New Mexico-Valencia, Luna Community College, Mesalands, New Mexico Junior College, and San Juan College qualified for workload increases. The growth in workload is due to increases in upper and graduate level coursework along with technical coursework, including trades and healthcare. All other institutions remained within the band; only the University of New Mexico-Los Alamos continued to fall below the enrollment band.

With respect to the FY09 soft landing, workload funding decline carry-forwards were applied to the appropriate institutional instruction and general calculations for FY10. All institutions but two were able to fully address the residual reductions in workload in FY10. Eastern New Mexico University-Roswell and University of New Mexico-Los Alamos continue to have a carry-forward to be applied to future instruction and general workload funding calculations. The amount of the carry-forward for ENMU-Roswell is \$415 thousand.

University of New Mexico-Los Alamos continues to struggle with enrollment and the associated financial implications. With respect to changes in student credit hour growth rates, the campus was down 21.4 percent in academic year 2007-2008. This campus has experienced declines of 8 percent and 11 percent, respectively, in the prior two academic years. Consistent with last year's methodology, the FY10 workload calculations for UNM-Los Alamos provide for a soft landing from the financial impacts of the enrollment declines. The net carry-forward adjustment for the cumulative two years of the soft landing is over \$476 thousand for the college. This residual reduction in workload will need to be applied to the institution's future instruction and general appropriations.

The dual-credit tuition revenue credit is continued for high school students taking college courses. According to HED data, the number of academic student credit hours for dual credit increased 24 percent from academic year 2006-2007 to 2007-2008. The FY10 cost to the general fund of this new credit is \$2.4 million, up from \$1.9 million in FY09.

The higher education funding formula begins with the current appropriation, recognizes increases or decreases in workload, and adjusts for inflationary and compensation increases. Inflationary factors are available to recognize the cost of opening the doors depending on availability of funding. 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.

The recommendation continues with traditional calculation of workload and fully funds that component of the request at \$5.3 million. The committee recommendation emphasizes the importance of meeting the needs of students during tight fiscal conditions, with particular emphasis on the "instruction" component of the formula. Further, this approach continues the state's commitment to fund instruction for students who have already completed coursework during academic year 2007-2008. HED proposed operating funding for the physical plant and utilities component of workload funding using updated square footage data. The HED data update has a total cost of \$5.7 million, for which the committee recommendation provides phase-in funding of \$1.1 million due to fiscal constraints. As discussed in Volume I, the committee encourages the Legislature to fund this component of workload.

The recommendation takes credit for a low tuition increase of 2.5 percent for resident students and 8 percent of nonresident students, which reduces general fund appropriations to higher education institutions by \$5.2 million and \$1.5 million, respectively. This tuition credit is relatively low and reflects the need for students and families to contribute to the cost of their education.

The recommendation has additional reductions in areas of the higher education budget that will have minimal impacts on students in FY10. For example, the budgets for athletics and educational television were reduced by 3 percent. One-third of the funding for equipment renewal and replacement is deferred -- the equipment replacement cycle for computers and other qualifying equipment would skip one year under this approach to generate \$4.9 million in savings for the general fund.

Consistent with the need for state agencies to become more efficient during tight budget times, the committee recommendation assumes productivity savings of 5 percent in formula funding in the General category, specifically in the area of institutional support. The Higher Education Department requires the state's colleges and universities to establish and maintain budgets for institutional support. Expenditures in this category include those for executive management, fiscal operations, general administrative services, logistical services, and community relations. Specific uses of funds budgeted in this category include postal and mail services, printing, copying, and telephones. The committee's recommendation is in line with similar productivity initiatives around the nation. Several of these initiatives have been driven by institutional leadership in those states. This component of the committee recommendation contributes \$7.4 million in general fund savings in FY10.

For inflation costs, the Formula Task Force requested \$6.2 million, while the HED requested funding of \$7.3 million. Due to the state's budget constraints, the committee recommendation does not fund this request. However, the committee recognizes the importance of this component in opening the doors of each university and college.

In the area of compensation, the committee recommendation provides \$6 million for the next annual increment of the increase in the employer share of education retirement contributions. This funding will address the 2 percent growth in salaries provided by the Legislature in 2008 as well as recognize the share of higher education faculty and staff participating in alternative retirement plans.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008. The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with

state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects. The committee recommendation reduces from FY09 funding levels by 3 percent for statewide and other activities and by 5 percent for research projects, public service projects and P-20 pipeline projects focusing on students. The following projects were reduced by one-third from FY09 levels: projects that could be supported with fees, tuition revenues or grant funding, academic programs receiving start-up appropriations, and other projects that fall within the formula funding framework. Projects reduced by 50 percent include projects that duplicate activities of the Higher Education Department, other state agencies, or other programs within the higher education budget and new projects initiated by the 2008 junior appropriations bill and designated as recurring by the Department of Finance and Administration. Research and public service projects of \$50 thousand or less are eliminated. Finally, special projects expansion lump sum funding is eliminated. Total savings for the general fund in FY10 are \$12.1 million in institutional budgets as well as \$1.4 million reductions in flow-through funding in the Higher Education Department budget. Further, the committee recommends the continued HED emphasis on oversight and accountability of these projects and higher education budgets overall.

The committee recommendation continues to provide funds for programs that serve key state priorities at the FY09 operating budget level, particularly in the area of health care. The committee recommends an increase of \$100 thousand for the Hepatitis Community Health Outcomes project (Project ECHO). Finally, tobacco settlement program funds of \$5.1 million are recommended for various health-related initiatives within the higher education budget, down slightly from the FY09 operating budget.

There has been considerable attention to the deepening financial difficulties of the private College of Santa Fe. Founded in 1859, the college has a strong reputation overall and top ranked academic majors. Despite challenging fiscal circumstances, the full Legislature should consider the feasibility of a state takeover. The role of a public university in Santa Fe would need to be considered in the context of its role within the state's overall approach for higher education. Under any scenario, the state, the city of Santa Fe, the college, and other state colleges and universities, as well as current creditors, must find creative ways to make the cost affordable and to ensure future stability and success.

For the state's special schools, the committee recommends \$400 thousand in operating funds for the new Early Childhood Program of the New Mexico School for the Blind and Visually Impaired in Albuquerque. This operating funding will partially address the school's request of \$2.4 million. The Early Childhood Program will prepare young children for elementary school by providing specialized instruction that leads to a strong foundation of independence, age-appropriate literacy skills, and the development of communication competency. The school is encouraged to seek additional support from all stakeholders to address its operating budget need. The committee's recommendation for the New Mexico School for the Deaf includes reductions of 3 percent consistent with other state budgets due to the state's constrained fiscal position. These reductions are limited compared with other reductions in the higher education budget due to the statewide nature of the services provided by that school. Finally, the committee recommendation contains a phased-in reduction for the HED square footage update for the New Mexico Military Institute (NMMI), particularly reclassification of dormitory space. For FY10, this reduction is capped at \$100 thousand, or 10.3 percent, of the building renewal and replacement funding provided. Over time, the total reduction will be nearly \$400 thousand. Further, funding for NMMI athletics is reduced by 3 percent, consistent with other higher education institutions.

RECOMMENDED LANGUAGE:

On approval of the higher education department, 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 higher education department, 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.

In reviewing institutional operating budgets, the higher education department shall ensure funds appropriated for nursing programs at public postsecondary institutions are directed to that purpose.

In approving institutional operating budgets, the higher education department shall ensure institutional support productivity savings in the instruction and general category are reduced appropriately.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2010 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.

For University of New Mexico Health Sciences Center: The other state funds appropriations to the university of New Mexico health sciences center include five million eighty thousand dollars (\$5,080,000) from the tobacco settlement fund for the following: nine hundred thousand dollars (\$900,000) for research and clinical care programs in lung and tobacco-related illnesses; nine hundred thirty thousand dollars (\$930,000) for instruction and general purposes; one million three hundred fifty thousand dollars (\$1,350,000) 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.

UNM MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designated 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Number of first-time freshmen from New Mexico who are Native American	146	183	204	204	210
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76.6%	77.3%	77%	77%	78%
Output	Number of post-baccalaureate degrees awarded	1,305	1,285	1,400	1,400	1,400
Output	Number of degrees awarded using extended services	114	193	230	230	230
* Outcome	Amount of external dollars for research and public service, in millions	\$111.7	\$116.9	\$120.0	\$120.0	\$120.0
* Output	Number of undergraduate transfer students from two-year colleges	1,466	1,593	1,670	1,670	1,690
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	44.0%	44.1%	45%	45%	46%

UNM GALLUP BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	48%	44.1%	43%	43%	43%
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	8.9%	7.9%	9.4%	8%	9%
* Outcome	Percent of graduates placed in jobs in New Mexico	60.7%	58.1%	60.5%	60%	60%
Outcome	Percent of Hispanic students enrolled	9.3%	9.8%	10%	10%	10%
Outcome	Percent of Hispanic graduates	10.6%	9.5%	11%	10%	10%
Output	Number of students enrolled in the adult basic education program	580	631	735	735	735
* Output	Number of students enrolled in the area vocational schools program	385	374	440	400	400
Efficiency	Percent of programs having stable or increasing enrollments	65%	50%	60%	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	81.7%	81%	82%	82%	83%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	74.5%	75.5%	75%	76%	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 postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	53.4%	56.9%	55%	56%	56%
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	47.2%	51.1%	55%	55%	56%
* Outcome	Percent of graduates placed in jobs in New Mexico	43.8%	63%	44%	45%	45%
* Outcome	Percent of Asian graduates	3.1%	3.8%	4%	4%	4%
Output	Number of students enrolled in the adult basic education program	414	430	460	450	450
* Output	Number of students enrolled in the small business development center program	308	269	310	280	280
Efficiency	Percent of programs having stable or increasing enrollments	48.5%	33.3%	65%	65%	65%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	76.4%	74.4%	77%	76%	77%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	61.7%	75.8%	65%	66%	66%
Outcome	Percent of white students enrolled	44.4%	45.2%	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 postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	66.4%	72.2%	62%	62%	62%
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	7.1%	6.3%	12%	12%	13%
* Outcome	Percent of graduates placed in jobs in New Mexico	66.5%	68.3%	68%	68%	68%
Outcome	Percent of Native Americans enrolled	3.2%	3.3%	4.4%	4.4%	4.4%
Outcome	Percent of Native American graduates	3.1%	2.9%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	885	851	950	950	950
Output	Number of students enrolled in the community services program	2,819	2,524	3,000	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	72.5%	72%	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	89%	87.5%	80%	80%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80.6%	82.1%	83%	83%	83%

UNM TAOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	59.6%	58.3%	59%	59%	59%
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	7.9%	6.8%	20%	10%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	64.5%	67%	65%	66%	66%
Outcome	Percent of males enrolled	30%	30.3%	33%	33%	33%
Outcome	Percent of male graduates	22.5%	26.1%	23%	23%	23%
Output	Number of students enrolled in the adult basic education program	360	331	300	300	300
* Output	Number of students enrolled in the concurrent enrollment program	382	320	400	400	400
Efficiency	Percent of programs having stable or increasing enrollments	54.8%	63.5%	55%	55%	55%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	65.6%	66.7%	70%	70%	71%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	79%	79.7%	80%	80%	80%

UNM HEALTH SCIENCES CENTER

The purpose of the instruction and general program is to provide education services designated 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of degrees awarded using extended university courses	41	24	25	25	60
* Output	University of New Mexico hospital inpatient readmission rate	9.8	4.8	4.8	4.8	4.8
Outcome	University of New Mexico inpatient satisfaction rate	79%	79.1%	81.1%	81.1%	81.1%
* Output	Number of university of New Mexico cancer research and treatment center clinical trials	230	212	230	230	230
Outcome	Pass rate on licensure test by college of nursing students	94.4%	89.9%	85%	85%	85%
Outcome	Number of health science center technology commercialization activities	85	75	90	90	90
* Output	Number of post-baccalaureate degrees awarded	253	310	305	305	305
* Outcome	External dollars for research and public service, in millions	\$218	\$253.7	\$255.5	\$255.5	\$255.5
* Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	96%	97%	98%	98%	98%
Outcome	Percent of medical students who secured one of their top three choices in the residency program	89%	90%	86%	86%	86%
Outcome	Medical student satisfaction rates on national standardized survey	93.4%	85.5%	90.7%	90.7%	91.7%
Output	Number of university of New Mexico hospital clinic visits	364,063	406,489	458,247	458,247	458,247

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Output	Number of university of New Mexico hospital inpatient discharges	22,832	24,482	28,358	28,358	28,358
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	68%	68%	70%	70%	71%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of first-time, Native American freshmen enrolled	104	82	116	116	116
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	74.7%	74.8%	82.0%	82%	83%
Output	Number of degree programs offered via distance education	28	28	28	28	28
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	94%	77%	75%	75%	75%
* Outcome	External dollars for research and creative activity, in millions	\$186.8	\$182.7	\$180.4	\$180.4	\$180.4
* Output	Number of teacher preparation programs available at New Mexico community college sites	4	4	5	5	5
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	41.5%	43.5%	50%	50%	51%
* Outcome	Number of undergraduate transfer students from two-year colleges	559	734	1,028	1,028	1,028

NMSU ALAMOGORDO BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of new students taking nine or more credit hours successful after three years	45.2%	49.5%	48%	50%	50%
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	10.5%	10.1%	14%	14%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	66.3%	68.1%	66%	69%	69%
Outcome	Percent of Hispanic students enrolled	25.9%	28.3%	25.5%	27%	27%
Outcome	Percent of Native Americans graduates	3.5%	3.9%	3.7%	4.0%	4%
Output	Number of students enrolled in the adult basic education program	662	646	720	700	700
Output	Number of students enrolled in the small business development center program	724	462	900	800	800
Efficiency	Percent of programs having stable or increasing enrollments	73.9%	71.7%	88%	88%	88%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.9%	72.6%	78%	78%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	74.3%	78.8%	75%	79%	79%

NMSU CARLSBAD BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	66.2%	66.4%	67%	70%	70%
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%	5.6%	7%	7%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	79.8%	81.4%	82%	85%	85%
Outcome	Percent of Hispanic students enrolled	38.4%	40.2%	41.5%	41.5%	41.5%
Outcome	Percent of Hispanic graduates	33%	33.6%	36%	36%	36%
* Output	Number of students enrolled in the contract training program	419	384	450	450	450
Output	Number of students enrolled in the area vocational school program	369	454	325	425	425
Efficiency	Percent of programs having stable or increasing enrollments	63.2%	68.3%	75%	72.5%	72.5%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	68.6%	66.1%	71%	71%	72%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84.6%	87.7%	86%	89%	89%

NMSU DONA ANA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50.5%	50.9%	45%	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	9.7%	7.9%	15%	15%	16%
* Outcome	Percent of graduates placed in jobs in New Mexico	74.6%	71.8%	77%	77%	77%
Outcome	Percent of males enrolled	43.2%	42.7%	45%	45%	45%
Outcome	Percent of Hispanic graduates	60.4%	61%	60%	61%	61%
Output	Number of students enrolled in the contract training program	1,944	1,287	1,700	1,700	1,700
* Output	Number of students enrolled in the adult basic education program	4,732	4,775	5,000	5,000	5,000
Efficiency	Percent of programs having stable or increasing enrollments	91.4%	91.5%	91%	91%	91%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.5%	80.6%	81%	81%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	81.4%	82.9%	82%	83%	83%

NMSU GRANTS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	51.1%	53.8%	52%	53%	53%
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	14.7%	20%	15%	20%	21%
* Outcome	Percent of graduates placed in jobs in New Mexico	81.6%	80.2%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	32.1%	33%	33%	33%	33%
Outcome	Percent of Native American graduates	42.1%	41.6%	43%	36%	36%
Output	Number of students enrolled in the adult basic education program	339	371	350	360	360
* Output	Number of students enrolled in the community services program	626	494	700	550	550
Efficiency	Percent of programs having stable or increasing enrollments	71.2%	70.8%	72%	72%	72%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77.8%	75.5%	78%	78%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.9%	87.8%	87%	87%	87%

NEW MEXICO HIGHLANDS UNIVERSITY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Percent of Native American students enrolled	5.8%	4.8%	4%	4%	4%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	44.7%	44.6%	53%	53%	54%
Output	Number of students enrolled in extended services	1,111	1,190	1,100	1,100	1,100
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	91.3%	92.5%	90%	90%	90%
* Outcome	Percent of total funds generated by grants and contracts	34%	17%	16%	16%	16%
* Output	Number of undergraduate transfer students from two-year colleges	459	392	375	375	425
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	24.3%	22.1%	20%	20%	21%

WESTERN NEW MEXICO UNIVERSITY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of entering first-time, full-time freshmen who are Native American	1.7%	1.2%	1.5%	1.5%	1.5%
* Outcome	Percent of full-time, degree seeking, first-time freshmen retained to second year	47.7%	48.3%	50%	50%	51%
Output	Number of courses available through instructional television and online via the internet	197	267	200	200	200
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	3%	5.7%	3-5%	3-5%	3-5%
* Output	Number of graduates from the school of education	175	136	150	150	150
* Outcome	External dollars to be used for programs to promote student success, in millions	\$3.1	\$2.9	\$3.0	\$3.0	\$3.0
* Output	Number of undergraduate transfer students from two-year colleges	175	179	165	165	185
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	21.4%	23.3%	21.5%	21.5%	22.5%

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
	Outcome	Number of Hispanic first-year students enrolled	188	170	200	200
*	Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	59.5%	59.5%	61%	62%
	Output	Number of internet-based courses offered	205	289	300	300
*	Outcome	External dollars supporting research and student success, in millions	\$6.55	\$7.4	\$8.0	\$8.0
*	Output	Number of undergraduate transfer students from two-year colleges	389	437	420	450
*	Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	32.3%	28.5%	33.5%	34.5%
*	Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.	96%	95.5%	95%	95%

ENMU ROSWELL BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
*	Outcome	Percent of new students taking nine or more credit hours successful after three years	52.7%	47.9%	60%	49%
	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	13.7%	15.7%	13.9%	14%
*	Outcome	Percent of graduates placed in jobs in New Mexico	69.2%	64.3%	73%	65%
	Outcome	Percent of males enrolled	46.7%	46.5%	46.5%	46.8%
	Outcome	Percent of male graduates	54%	58.4%	40%	50%
	Output	Number of students enrolled in the concurrent enrollment program	693	715	650	680
	Output	Number of students enrolled in the distance education program	2,914	2,772	2,100	2,200
*	Efficiency	Percent of programs having stable or increasing enrollments	70.6%	57%	75%	60%
*	Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.6%	75.7%	75.5%	75.9%
	Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.6%	73.9%	77%	74%

ENMU RUIDOSO

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	52.1%	49.2%	59%	54%	54%
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%	6.2%	20%	20%	21%
Outcome	Percent of graduates placed in jobs in New Mexico	71.6%	81.3%	75%	78%	78%
Outcome	Percent of Hispanic students enrolled	21.3%	23%	22.5%	25%	25%
Outcome	Percent of Hispanic student graduates	21.7%	25.7%	25%	26%	26%
Output	Number of students enrolled in adult basic education	533	530	475	490	490
Output	Number of students enrolled in the contract training program	698	777	525	600	600
* Efficiency	Percent of programs having stable or increasing enrollments	75.4%	72.6%	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	64%	63.8%	60%	63%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80.2%	89.5%	84%	87%	87%

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	99	101	100	100	100
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	73%	70.7%	75%	75%	76%
Output	Number of students enrolled in distance education courses	309	493	500	500	500
* Output	Number of students registered in master of science teaching program	133	150	160	160	160
* Outcome	External dollars for research and creative activity, in millions	\$94.0	\$96.0	\$100.0	\$100.0	\$100.0
* Output	Number of undergraduate transfer students from two-year colleges	40	41	40	40	40
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	43%	45.3%	50%	50%	51%

NORTHERN NEW MEXICO COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	63.1%	66.1%	70%	70%	70%
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	9.9%	8.8%	15%	15%	16%
* Outcome	Percent of graduates placed in jobs in New Mexico	61.9%	68.6%	70%	70%	70%
Outcome	Percent of Native Americans enrolled	7.5%	7.8%	9%	9.5%	9.5%
Outcome	Percent of Native American graduates	9%	8.1%	9.5%	9.5%	9.5%
* Output	Number of students enrolled in the adult basic education program	411	411	400	400	400
Output	Number of students enrolled in the concurrent enrollment program	212	212	280	300	300
Efficiency	Percent of programs having stable or increasing enrollments	57.8%	56.6%	60%	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	80%	77.8%	80%	80%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73%	79.3%	80%	80%	80%

SANTA FE COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	51%	53.1%	52%	53.5%	53.5%
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	5.9%	6.1%	7.9%	10%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	77.2%	78.6%	78%	79%	79%
Outcome	Percent of Hispanic students enrolled	34.1%	33.7%	43%	43%	43%
Outcome	Percent of Hispanic graduates	44.1%	43.5%	46%	46%	46%
Output	Number of students enrolled in the adult basic education program	1,832	1,856	2,100	2,000	2,000
* Output	Number of students enrolled in the contract training program	2,932	4,045	3,000	3,300	3,300
Efficiency	Percent of programs having stable or increasing enrollments	71.1%	65.5%	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	76.1%	77.4%	76%	78%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80.5%	85.6%	79%	86%	86%

CENTRAL NEW MEXICO COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50.2%	49.6%	48%	50%	50%
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%	11%	11%	12%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.1%	80%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	41%	40.9%	40.9%	42%	42%
Outcome	Percent of Hispanic graduates	37.2%	38.7%	37.2%	39%	39%
* Output	Number of students enrolled in distance education program	4,812	5,789	3,500	5,800	5,800
Output	Number of students enrolled in concurrent enrollment program	948	1,238	750	1,250	1,250
Efficiency	Percent of programs having stable or increasing enrollments	75.7%	70.3%	80%	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	77.7%	77.3%	80%	80%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.1%	88.6%	85%	86%	86%

LUNA COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	55.3%	57.4%	57%	57%	57%
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	24.7%	23.6%	25%	25%	26%
* Outcome	Percent of graduates placed in jobs in New Mexico	91.7%	88.8%	92%	90%	90%
Outcome	Percent of white students enrolled	12.6%	13.1%	16%	16%	16%
Outcome	Percent of male graduates	21.4%	20.2%	25%	25%	25%
Output	Number of students enrolled in the health education center program	3,173	2,657	3,200	3,000	3,000
* Output	Number of students enrolled in the small business development center program	278	450	325	400	400
Efficiency	Percent of programs having stable or increasing enrollments	58.2%	60.7%	80%	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	86.4%	75.4%	80%	80%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	94.3%	93.9%	90%	94%	94%

MESALANDS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	48.9%	51.2%	49%	51.3%	51.3%
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	24.6%	22.4%	30%	27.5%	28.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.3%	65.9%	69.5%	69.5%	69.5%
Outcome	Percent of Hispanic students enrolled	34.6%	34.5%	36.6%	34.9%	34.9%
Outcome	Percent of female graduates	42.9%	30.4%	43%	43.2%	43.2%
Output	Number of students enrolled in the adult basic education program	235	206	300	240	240
* Output	Number of students enrolled in the small business development center program	64	48	70	49	49
Efficiency	Percent of programs having stable or increasing enrollments	76.7%	80%	80%	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	60%	60.5%	64%	64%	65%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	71.9%	76.7%	72%	77%	78%

NEW MEXICO JUNIOR COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	58.1%	55.9%	60%	60%	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	33%	27.4%	30%	33%	34%
* Outcome	Percent of graduates placed in jobs in New Mexico	65.6%	68%	67%	72%	72%
Outcome	Percent of Hispanic students enrolled	37.1%	38.8%	35%	40%	40%
Outcome	Percent of Hispanic graduates	37%	37.2%	35%	40%	40%
Output	Number of students enrolled in the area vocational school program	335	336	200	350	350
* Output	Number of students enrolled in distance education program	9,068	13,183	7,000	11,000	11,000
Efficiency	Percent of programs having stable or increasing enrollments	76.1%	61.9%	80%	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	70.1%	63.4%	72.5%	72.5%	73.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	72.8%	77.7%	76%	80%	80%

SAN JUAN COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	68.1%	64.9%	70%	63%	63%
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%	13.2%	15.7%	14%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	61%	61.2%	62%	62%	62%
Outcome	Percent of Native Americans enrolled	32.4%	33.1%	29%	28%	28%
Outcome	Percent of Native American graduates	21.9%	23.7%	25%	24%	24%
Output	Number of students enrolled in the community services program	2,812	2,727	2,900	2,900	2,900
* Output	Number of students enrolled in the service learning program	433	585	400	500	500
Efficiency	Percent of programs having stable or increasing enrollments	61.5%	59.5%	80%	62%	62%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74%	73.1%	80%	75%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	64.9%	66.9%	67%	68%	68%

CLOVIS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	70.3%	73%	72%	74%	74%
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	8.7%	8.7%	20%	20%	9.7%
* Outcome	Percent of graduates placed in jobs in New Mexico	70.4%	67.3%	72%	72%	72%
Outcome	Percent of Hispanic students enrolled	28.2%	28.1%	29%	30%	30%
Outcome	Percent of Hispanic graduates	28.7%	31.8%	29%	30%	30%
Output	Number of students enrolled in the distance education program	1,363	1,547	1,200	1,600	1,600
* Output	Number of students enrolled in the concurrent enrollment program	546	642	600	650	650
Efficiency	Percent of programs having stable or increasing enrollments	71.4%	62.3%	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	78.9%	76.9%	81%	78%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	77.3%	78.3%	79%	80%	80%

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute program 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Output	Percent of full-time-equivalent capacity enrolled each fall term	90%	91%	95%	92%	92%
* Outcome	American college testing composite scores for graduating high school seniors	22.1	22.1	21.5	21.5	21.5
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	59	59.5	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	58	56.8	62	58	58
Quality	Number of faculty holding masters or doctoral degrees from accredited institutions	63	63	60	64	64
* Quality	Number of faculty development events	89	112	72	75	75
* Efficiency	Percent of cadets on scholarships or financial assistance	80%	77%	70%	75%	75%
Efficiency	Total annual cost of attendance	\$8,302	\$8,487	\$8,696	\$8,696	\$8,696

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 work force and to lead independent, productive lives.

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Quality	Percent of parents' rating of overall quality of services as good or excellent based on annual survey	91%	Incomplete	91%	91%	91%
* Output	Percent increase of total number of students receiving direct services through a full continuum of services	1,947	1,359	2,078	1,427	1,427
Outcome	Increase in the number of training sessions within the state that increase awareness and knowledge of visual impairments and blindness	112	166	4	10	10
Outcome	Increase in the number of contacts with outside agencies	102	135	75	75	75
Efficiency	Number of interactions and communications among departments and programs	26	25	10	10	10

NEW MEXICO SCHOOL FOR THE DEAF

The mission 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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Percent of students in kindergarten through grade twelve demonstrating academic improvement across curriculum domains	72%	53%	75%	75%	75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	95%	94%	75%	75%	75%
* Outcome	Rate of transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	90%	89%	90%	90%	90%
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	84%	80%	80%	80%	80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	91%	96.7%	90%	90%	90%
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies	12	11	10	10	10
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	64%	90.9%	75%	75%	75%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	100%	100%	100%
Outcome	Number of children per year referred to the step*hi program by age six months identified through newborn hearing screening	11	19			
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three- to six-month developmental progress	92%	100%	95%	100%	100%
Outcome	Percent of level one beginning licensed teachers assigned a mentor	100%	90%	90%	90%	90%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY10
(dollars in thousands)

	FY09 APPROPRIATION	FY10 EXECUTIVE REQUEST	FY10 LFC RECOMMENDATION
School Year 2008-2009 Unit Value=\$3,892.47			
PROGRAM COST	\$2,328,883.9	\$2,439,723.2	\$2,439,723.2
Adjustment for decline in workload for FY09. 50% of total calculated reduction.			(\$16,149.9)
ENROLLMENT GROWTH	\$10,530.1	\$8,455.8	\$8,455.8
FIXED COSTS	\$3,758.8	\$4,388.2	\$3,723.9
INSURANCE COSTS	\$19,283.6	\$17,721.6	
Resource Reallocation from formula change removing related services from units multiplied by T&E. (Statute Change Required)			(\$18,000.0)
Increase unit value from resource reallocation of T&E reduction only.			\$18,000.0
Reduction in school size units for schools located in urban areas. (Statute Change Requires)			(\$17,485.4)
PUBLIC SCHOOL EMPLOYEE COMPENSATION:			
Teachers - 2%	\$24,875.4		
Instructional Staff - 2%	\$3,959.5		
Other Certified and Non-certified, including EAs - 2%	\$10,343.7		
Additional Educational Assistant, Secretary/Clerical/Technical Assistants, Business Office Support, Warehouse/ Maintenance/ Custodial and Food Service Compensation (1% above general compensation in FY09.)	\$3,305.6		
Increase Educational Assistants Salary Base to \$13,000. (Statute Change Required)			\$2,613.0
Increase in Employer's ERB Contribution (.75 percent)	\$12,317.8	\$12,073.2	\$12,073.2
One Additional Instructional Day	\$14,000.0		
Elementary Physical Education	\$8,000.0	\$5,000.0	\$5,000.0
Assessment and Test Development-School District Costs	\$464.8	\$1,555.5	\$1,555.5
PROGRAM COST	\$2,439,723.2	\$2,488,917.5	\$2,439,509.3
Dollar Increase Over FY09 Appropriation		\$49,194.3	(\$213.9)
Percentage Increase		2.0%	0.0%
LESS PROJECTED CREDITS	(\$55,400.0)	(\$59,400.0)	(\$59,400.0)
LESS OTHER STATE FUNDS (from driver's license fees)	(\$750.0)	(\$850.0)	(\$850.0)
STATE EQUALIZATION GUARANTEE	\$2,383,573.2	\$2,428,667.5	\$2,379,259.3
Dollar Increase Over FY09 Appropriation		\$45,094.3	(\$4,313.9)
Percentage Increase		1.9%	-0.2%
CATEGORICAL PUBLIC SCHOOL SUPPORT			
TRANSPORTATION			
Operational	\$97,039.4	\$94,415.8	\$92,907.4
School-owned Bus Replacements	\$468.8	\$563.5	\$563.5
Rental Fees (Contractor-owned Buses)	\$11,974.1	\$12,665.2	\$12,665.2
Compensation - 2%	\$908.0		
Additional transportation Compensation - 1 %	\$454.0		
Increase in Employer's ERB Contribution (.75 percent)	\$204.0	\$194.8	\$194.8
TOTAL TRANSPORTATION	\$111,048.3	\$107,839.3	\$106,330.9
SUPPLEMENTAL DISTRIBUTIONS			
Out-of-state Tuition	\$370.0	\$370.0	\$370.0
Emergency Supplemental	\$2,000.0	\$2,000.0	\$2,000.0
INSTRUCTIONAL MATERIAL FUND (FY 10 Adoption for Language Arts/Reading: Modern, Classical, Native Languages; Core Reading Interventions in grades 9-12 delayed for one year.	\$39,020.0	\$41,749.9	\$16,747.6
Dual Credit Instructional Materials			\$1,500.0
EDUCATIONAL TECHNOLOGY FUND	\$6,000.0	\$6,000.0	\$2,400.0
INDIAN EDUCATION FUND (Includes \$500.0 for Teach for America)	\$2,500.0	\$2,500.0	\$2,000.0
INCENTIVES FOR SCHOOL IMPROVEMENT FUND		\$1,600.0	
MATHEMATICS AND SCIENCE PROFICIENCY FUND	See Line #62		
SCHOOL LIBRARY MATERIAL FUND	\$2,000.0	\$2,000.0	
SCHOOLS IN NEED OF IMPROVEMENT FUND	\$2,500.0	\$2,500.0	\$2,500.0
TEACHER PROFESSIONAL DEVELOPMENT FUND	\$2,000.0	\$2,000.0	
TOTAL CATEGORICAL	\$167,438.3	\$168,559.2	\$133,848.5
TOTAL PUBLIC SCHOOL SUPPORT	\$2,551,011.5	\$2,597,226.7	\$2,513,107.8
Dollar Increase Over FY09 Appropriation		\$46,215.2	(\$37,903.7)
Percentage Increase		1.8%	-1.5%
RELATED APPROPRIATIONS: RECURRING (to PED unless otherwise noted)			
Public Education Department	\$17,444.3	\$20,558.9	\$16,570.5
Regional Education Cooperatives Operations	\$1,400.0	\$2,250.0	\$1,200.0
COLLEGE/WORKPLACE READINESS & HIGH SCHOOL REDESIGN			
College and High School Redesign initiative in the Los Lunas Public School District	\$75.0		
EARLY CHILDHOOD EDUCATION			
Kindergarten-three Plus *	\$7,163.4	\$7,163.4	\$9,500.0
Pre-kindergarten Program **	\$8,500.0	\$13,573.5	\$9,500.0
EDUCATOR QUALITY			
Beginning Teacher Mentorship	\$2,000.0	\$2,000.0	\$1,500.0
Summer Reading, Math and Science Institutes	\$2,500.0	\$2,500.0	\$2,500.0
NEW MEXICO CYBER ACADEMY/INNOVATIVE DIGITAL EDUCATION AND LEARNING (IDEAL)			
New Mexico Cyber Academy	\$1,000.0	\$1,000.0	\$750.0
SCHOOL FINANCE			
Rural Revitalization	\$350.0	\$500.0	
CHARTER SCHOOL STIMULUS FUND	\$300.0	\$300.0	
STUDENT ACHIEVEMENT			
Advanced Placement	\$2,000.0	\$2,000.0	\$2,000.0
Develop Improved Student Advisement Plan	\$50.0		
After School Enrichment Program/Twenty-First Century Community Learning Centers (with language)	\$3,300.0	\$3,500.0	\$3,300.0
Apprenticeship Assistance	\$800.0	\$800.0	\$650.0
New Mexico Outdoor Classroom	\$150.0		
School Improvement Framework	\$3,000.0	\$4,000.0	\$3,000.0
Truancy Prevention/Dropout Prevention	\$770.0	\$1,000.0	
STUDENT HEALTH, SAFETY AND WELL-BEING			
Anti Obesity Programs/Before and After School Physical Activity and Nutrition	\$300.0	\$300.0	
Breakfast for Elementary Students	\$3,450.0	\$5,831.9	\$3,450.0
Family and Youth Resource Act	\$1,500.0	\$1,500.0	
Family Parental Involvement		\$200.0	
Food to Schools (to be transferred to HSD/Income Support)		\$725.0	
GRADS - Teen Pregnancy Prevention	\$1,000.0	\$1,000.0	
Statewide School Safety - Speak Up New Mexico		\$50.0	
TOTAL RELATED APPROPRIATIONS: RECURRING	\$57,052.7	\$70,752.7	\$53,920.5
GRAND TOTAL	\$2,608,064.2	\$2,667,979.4	\$2,567,028.3
Dollar Increase Over FY09 Appropriation		\$59,915.2	(\$41,035.9)
Percentage Increase		2.3%	-1.6%

** An additional \$2 million for the PED Pre-Kindergarten program in FY10 is to be funded from the Temporary Assistance for Needy Families block grant to New Mexico.

STATUTORY AUTHORITY:

Article XII, Section 1, of the New Mexico Constitution provides that 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.

BUDGET ISSUES:

Public schools receive operational revenue from the general fund, federal funds, other state funds, local revenue, and cash balances.

The Public Education Department (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 guarantee each public school student equal access to programs and services appropriate to educational need despite geographic location or local economic conditions, 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 number of units generated by all students statewide is divided into the annual SEG appropriation to determine the unit value. The unit value is multiplied by the number of units generated by a district to determine the SEG distribution. 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 PED request for program cost of \$2.489 billion includes a \$49.2 million, or 2 percent, increase over FY09. This amount includes funding for fixed costs (e.g. energy and utility costs, maintenance and repair of buildings and grounds, and general materials and supplies), enrollment growth, and the employer share of increased insurance costs. The request also includes funding for increases in the Education Retirement Board (ERB) employer contribution, funding for the third year of the four-year phase-in of elementary physical education, and funding for school district costs for printing, scoring, and reporting annual assessments.

The LFC recommendation for program cost addresses the need to fund public education while taking into account the current fiscal reality. The program cost recommendation is \$2.439 billion, a decrease of \$322 thousand, or relatively flat funding compared with FY09. This includes an adjustment of \$16.2 million for a decline in workload for FY09 or about half of the \$32 million in excess appropriations identified as a result of reduced units in FY09. Additionally, \$12.2 million is included for opening the doors, \$2.6 million to increase the annual base salary for educational assistants to \$13 thousand, \$12.1 million for the 0.75 percent cost of the employer's contribution to the educational retirement board, \$5 million for the third year of implementation of elementary physical education, and \$1.6 million for the district costs of assessment and test development. A credit of \$18 million is assumed in the program cost recommendation to account for removing related services from base units multiplied by the training and experience (T&E) factor in the funding formula. The recommendation retains this amount in program cost to increase the unit value. A reduction of \$17.5 million in program cost is also recommended to account for removing size units for schools in urban areas.

The recommendation includes a total of \$59.4 million in credits: \$47 million from impact aid, \$11.7 million from the 0.5 local mill levy, and \$700 thousand from federal forest funds. Of the increase, \$4 million is the result of increased property valuation statewide and increases in the operational portion of impact aid. An additional credit of \$850 thousand from drivers' license fees is also assumed. Public schools are required to offer an elective classroom driver safety education course and receive \$3 from each driver's license for this purpose. Adjusted for credits, the SEG recommendation is \$2.379 billion, or a 0.2 percent decrease from FY09.

For FY09, funded enrollment statewide dropped by a little more than 2,700 students after a number of years of steady growth. This drop, together with districts more accurately reporting related service FTE and better calculating the T&E index resulted in a decline of more than 8,200 units from the number of units used to determine the FY09 appropriation. This decline appears to have resulted in an over-appropriation of more than \$32 million to program cost for FY09.

Related services are services provided ancillary to special education programs and include occupational therapy, physical therapy, speech-language therapy, and diagnostic service personnel and are multiplied by the cost differential factor of 25 units.

These services continue to be of concern because of the significant dollars generated by each FTE and the temptation to claim more staff than needed as a back-door way to increase revenue. A review of staffing data submitted by districts into the student teacher accountability reporting system (STARS) suggests that related services staff makes up as much as 22 percent of total staffing in some districts and more than 10 percent in at least 23 others. Currently, related services FTE can generate as much as \$126 thousand each depending on a district's T&E, creating temptation to artificially increase the number of these employees. To help alleviate this, the committee recommends the Legislature consider removing related services from those base units multiplied by the T&E index and including them after the adjusted program units.

School size units are included in the current funding formula in recognition of the increased costs of operating small schools, particularly in rural areas. It appears that while the original intent of the Legislature was to compensate for economies of scale with larger schools, it was not anticipated that schools and districts would use this provision to create and maintain small schools, particularly in urban areas. For FY08, approximately 197 schools statewide claim small school units at a cost of approximately \$50 million. Of these, 58 are located in communities with populations of 14,000 or more and claim approximately \$17.5 million annually in small school funding. The committee urges the Legislature to consider closing the loophole used to "chase" formula funds by changing the small school size factor to include only those schools physically located in communities with populations of less than 14,000.

Specific recommendations are as follows:

Fiscal year 2010 funding is based on an average of the 80th and 120th day enrollment for FY09 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 recommendation includes \$8.5 million to meet projected enrollment growth of 2,172 units for FY10. This may require some adjustment when 40th day attendance numbers are finalized.

The fixed cost recommendation of \$3.7 million is based on consumer price index growth of -1 percent for natural gas and propane, 2.5 percent for electricity, and 2.3 percent for all other categories. Concern remains because of widely fluctuating market pressures, and these costs should be reevaluated before the 2009 session.

A review of the New Mexico Public School Insurance Authority (NMPSIA) medical benefit plan suggests the plan is the richest of all public employee and retiree plans and should be adjusted to better align with the other plans. The committee recommendation does not include funding for insurance increases in FY10 but directs NMPSIA to make changes in benefits to align with other public employee plans. The Albuquerque Public Schools requested \$7 million for its share of medical benefits. The committee notes the district currently has cash balances of more than \$30 million in its insurance accounts and urges the district to use these balances to offset insurance increases for its employees.

The recommendation for SEG and transportation costs includes \$12.3 million for a 0.75 percent increase in the ERB employer contribution, the fifth year of a seven-year schedule. The recommendation also includes \$5 million for the implementation of elementary physical education statewide and increases total funding to \$21 million. While \$11 million short of the \$32 million identified for full funding of the program, this amount should cover all schools that were not already providing elementary physical education prior to implementation of the program. Funding to schools would continue to be dependent on an application process contained in statute.

Categorical Public School Support.

To protect program cost and minimize the impact on schools, the committee recommends a number of measures be taken to reprioritize categorical appropriations. The recommendation includes \$133.8 million for categorical expenditures, a decrease of \$33.6 million from FY09. The largest categorical appropriation, 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, rental and lease fees for buses, employee compensation, and a 0.75 percent increase in the employer share of ERB contributions. The committee recommends \$106.3 million, \$4.7 million under the FY09 appropriation, most of which accounts for anticipated reductions in diesel fuel costs.

The annual adoption of instructional materials follows a six-year cycle in all core curriculum areas. The FY10 adoption is scheduled for high school language arts, reading, and modern, classical, and native languages. Funds for instructional materials are generated through provisions of the federal Mineral Lands Leasing Act and 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. The committee recommends a one-year delay in the instructional materials adoption for new books but recommends \$16.7 million for replacement of worn and consumable materials, the cost for new materials for the high school

redesign initiative, and the cost of new student instructional materials. The committee also recommends the adoption cycle for high school and elementary school reading and language arts be exchanged so the elementary cycle is not delayed in FY11. The recommendation also includes \$1.5 million to be used specifically for the cost of providing college textbooks to students enrolled in dual credit classes.

Balances in the Indian education fund continue to be high, approximately \$6 million, reflecting the long-term inability of the division to move funding to schools effectively. The recommendation of \$2 million for Indian education, a modest reduction from FY09, takes into account these fund balances. The recommendation also provides for the expenditure of funds for the Teach for America program and the rural reading initiative provided by Save the Children, which are demonstrating considerable success in districts with high Native American populations.

Recognizing the ongoing need for emergency supplemental funding, the recommendation includes \$2 million for FY10. Historically, small schools have been the primary users of these funds; however, a growing number of larger schools are applying for supplemental assistance.

Related Appropriations.

Categorical or earmarked appropriations are problematic in that they tend to dis-equalize school funding and divert resources away from core educational need, as well as diluting funding that would normally be directed into the SEG. Recommended funding for individual categorical initiatives is focused on programs that have demonstrated success in improving student achievement and do not duplicate the efforts of programs in place in other agencies. The department requested \$50.2 million in related appropriations, an increase of \$10.6 million, or 26.7 percent over FY09. LFC recommends \$38.2 million in related appropriations, a decrease of \$1.4 million or 3.6 percent.

A number of studies that examine why teachers leave the profession in their first five years point to a lack of mentorship as a primary cause. High quality and sustained mentorship is vital to continue the preparation of high-quality teachers. In FY09, some mentorship funding was used to provide mentorship to student teachers. This is a responsibility of the universities and should be included as part of teacher preparation programs. To account for what appears to be a reduced need, the recommendation includes \$1.5 million for beginning teacher mentorship.

Anecdotal information received from districts implementing the kindergarten-three-plus (k-3-plus) program notes that participants in the extended school year program continue to demonstrate improved literacy skills with notable decreases in the number of children classified in the highest risk categories. A comprehensive evaluation of the program is underway and results will be available in the fourth quarter of FY09. Recognizing the significant impact of this program on improved student achievement through increased time on task, the committee recommends funding of \$9.5 million from the general fund. At current expenditure rates, the added \$2.3 million would serve approximately 1,500 additional children, bringing the total number of children served to about 8,496, or 34 percent of all eligible students in these grades.

An external evaluation conducted for the state Office of Educational Accountability (OEA) reports that students enrolled in prekindergarten are continuing to demonstrate improved kindergarten readiness, and the program is producing meaningful impacts on early language, literacy, and math development. The request included \$13.6 million in recurring funding for pre-kindergarten operational costs for a seven year roll-out, \$1.5 million in nonrecurring support for start-up costs, and \$5 million in capital funding for pre-k classrooms. The department reports that not all funding was expended in FY09 because schools are not applying, citing lack of space. The committee urges the department to work with schools to move capital funding at the same time program funding is awarded. The committee recommends funding of \$9.5 million from the general fund and \$2 million from the TANF grant for FY10.

Additional recommendations include \$3.5 million for breakfast for elementary school children, \$3 million for the school improvement framework, \$3.3 million for after-school programs, and \$2 million for advanced placement.

RECOMMENDED LANGUAGE:

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2010.

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 of public education shall establish a preliminary unit value to establish budgets for the 2009-2010 school year and then, upon verification of the number of units statewide for fiscal year 2010 but no later than January 31, 2010, the secretary of public education may adjust the program unit value.

The secretary of public education, in collaboration with the department of finance and administration, office of educational accountability, shall ensure all teachers have been evaluated under the tiered licensure evaluation system and have the professional competencies of the appropriate level. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any teacher who has not been evaluated.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

The general fund appropriation to the state equalization guarantee distribution contains five million dollars (\$5,000,000) for the third year of implementation of elementary physical education for students in kindergarten through sixth grade. After considering those elementary physical education programs eligible for state financial support and the amount of state funding available for elementary physical education, the secretary shall annually determine the programs and the consequent number of students in elementary physical education that will be used to calculate the number of elementary physical education program units.

For the 2009-2010 school year, the state equalization guarantee distribution contains sufficient funding for school districts to implement a new formula-based program. Those districts shall use current year membership in the calculation of program units for the new formula-based program.

The general fund appropriation to the state equalization guarantee distribution reflects the deduction of federal revenue 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".

Categorical Distributions:

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 balances in the authorized distributions remaining at the end of fiscal year 2010 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation for the transportation distribution includes sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

The general fund appropriation to the public education department for the Indian Education Act includes five hundred thousand dollars (\$500,000) for providing teaching support from teach for America in schools with a high proportion of Native American students.

The general fund appropriation to the public education department for the Indian Education Act includes five hundred thousand dollars (\$500,000) to provide a rural literacy initiative to support after-school and summer literacy block programs for students in kindergarten through eighth grade in schools with a high proportion of Native American students contingent on receipt of five hundred thousand dollars (\$500,000) in matching funds from other than state sources.

Any unexpended or unencumbered balance in the supplemental distributions of the public education department remaining at the end of fiscal year 2010 from appropriations made from the general fund shall revert to the general fund.

The appropriation to the instructional material fund is made from the federal Minerals Land Leasing Act (30 USCA 181, et seq.) receipts.

Public Education Special Appropriations:

The internal service funds/interagency transfers appropriations to the public education department include two million dollars (\$2,000,000) for the pre-kindergarten program from the temporary assistance for needy families block grant to New Mexico.

The general fund appropriation to the public education department for after-school enrichment programs includes one million eight hundred thousand dollars (\$1,800,000) for twenty-first century community learning centers statewide.

Any unexpended balances in the special appropriations to the public education department remaining at the end of fiscal year 2010 from appropriations made from the general fund shall revert to the general fund.

PUBLIC SCHOOL SUPPORT

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>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
* Outcome	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	94.2%	94.7%	100%	100%	100%
Outcome	Percent of elementary school students who achieve proficiency or above on standards-based assessments in reading and language arts				63%	63%
Outcome	Percent of elementary school students who achieve proficiency or above on standards-based assessments in mathematics				47%	47%
Outcome	Percent of middle school students who achieve proficiency or above on standards-based assessments in reading and language arts				57%	57%
Outcome	Percent of middle school students who achieve proficiency or above on standards-based assessments in mathematics				41%	41%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on standard-based assessments in reading				65%	65%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessments in mathematics				50%	50%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessments in reading				65%	65%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standard-based assessments in mathematics				40%	40%
* Outcome	Current year's cohort graduation rate using four-year cumulative method			80%	60%	60%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	49.3%	50.1%	40%	40%	40%
Outcome	Percent of students in full-day kindergarten meeting benchmark for phoneme segmentation fluency				65%	65%
Outcome	Percent of kindergarten through third-grade students in reading first schools scoring at benchmark on reading first assessments				65%	65%
Output	Number of innovative digital education and learning New Mexico courses completed by New Mexico school-age students				200	200
Output	Number of students in dual credit programs within New Mexico public high schools and postsecondary institutions	7,316	8,297		10,000	10,000
Output	Number of school districts with grades three through ten participating in short cycle assessments aligned to state content standards				100%	100%
Quality	Annual percent of core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	94%	92.6%	97%	100%	100%
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	87.9%	89%	85%	93%	93%
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	75.5%	77%	85%	82%	85%

PERFORMANCE MEASURES

		<u>FY07 Actual</u>	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY10 Request</u>	<u>FY10 Recomm</u>
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	67.8%	70.9%	85%	80%	85%
Explanatory	Percent of public school students habitually truant	18.6%	13.3%			
Explanatory	Percent of elementary students receiving physical education through the elementary physical education program funded through the public education department		46%			
Explanatory	Number of schools identified as needing improvement according to No Child Left Behind Act designations	381	422			
Explanatory	Number of American Indian language teachers, independent of the public education department, certified to teach native languages in the public schools					
Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	55.2%	56%	63%		
Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	40.2%	41.2%	50%		
Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	47.3%	47.8%	57%		
Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	24.5%	27.3%	41%		
Outcome	Percent of fourth-grade students who achieve proficiency or above on the state assessment in reading	53.9%	54.7%	65%		
Outcome	Percent of fourth-grade students who achieve proficiency or above on the state assessment in mathematics	41.1%	45.8%	50%		
Outcome	Percent of eighth-grade students who achieve proficiency or above on the state assessment in reading	50.9%	55.8%	60%		
Outcome	Percent of eighth-grade students who achieve proficiency or above on the state assessment in mathematics	26.3%	30%	40%		
Outcome	Percent of kindergarten through third-grade students in reading first schools scoring on grade level on reading first assessments		Not Rept	65%		
Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools	78.7%	Not Rept	85%		
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words	Not Rept	Not Rept	75%		
Explanatory	Number of schools making annual yearly progress	368	245			
Explanatory	Number of schools in need of improvement schools making significant academic gains	11	119			