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LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATION

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BUDGET SUMMARY
(Dollars in Thousands)

	FY10 2009-2010 Actuals	FY11 Operating Budget	FY12		
			Agency Request	LFC Recommen- dation	Percent Incr/(Decr) Over FY11
		(Reduced)			
111 Legislative Council Service	5,930.7	5,404.6	5,482.1	5,242.5	-3.0%
112 Legislative Finance Committee	4,263.4	3,885.1	3,885.1	3,768.5	-3.0%
114 Senate Chief Clerk	1,199.9	1,093.4	1,117.0	1,060.6	-3.0%
115 House Chief Clerk	1,145.1	1,043.4	1,065.3	1,012.1	-3.0%
117 Legislative Education Study Committee	1,308.5	1,192.4	1,192.4	1,156.6	-3.0%
119 Legislative Building Services (GAA)	3,941.4	3,887.2	4,047.5	3,770.6	-3.0%
131 Legislative Information Systems	562.9	533.1	533.1	517.1	-3.0%
131 Interim Committee Expenses	909.4	861.2	861.2	835.4	-3.0%
131 Pre-Session Expenses	450.5	426.6	426.6	413.8	-3.0%
131 Legislative Internship Program	45.0	42.6	42.6	41.3	-3.1%
131 Senate Rules Interim Committee	21.6	20.5	20.5	19.9	-3.0%
131 Energy Council Dues (GAA)	32.0	30.8	32.0	32.0	3.9%
TOTAL	\$19,810.4	\$18,420.9	\$18,705.4	\$17,870.4	-3.0%
REDUCTION-Laws 2009, Chapter 5, 1st Special Session	(839.2)				
TOTAL ADJUSTED LEGISLATIVE BRANCH	\$18,971.2				
NON-RECURRING					
2011 Legislature		\$9,159.4*			

*Appropriation for the 2011 60-day legislative session will be made by the Legislature in January 2011. The budgeted amount of \$9,159.4 was provided by the Legislative Council Service.

Appropriation for the 2012 30-day legislative session will be made by the Legislature in January 2012.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,667.2	1,605.8	-52.1	1,553.7	1,556.4	1,490.8	-4.0
Other Revenues	1.4	1.8	0.0	1.8	1.8	1.8	0.0
SOURCES TOTAL	1,668.6	1,607.6	-52.1	1,555.5	1,558.2	1,492.6	-4.0
USES							
Personal Services and Employee Benefits	563.3	672.5	-21.8	650.7	678.0	642.0	-1.3
Contractual Services	367.7	381.0	-12.4	368.6	383.0	362.5	-1.7
Other	728.6	554.1	-17.9	536.2	497.2	488.1	-9.0
TOTAL USES	1,659.6	1,607.6	-52.1	1,555.5	1,558.2	1,492.6	-4.0
FTE							
Permanent	8.0	8.0	0.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

For FY12, the Supreme Court Law Library requested a flat budget over the FY11 adjusted level. LFC recommends a 4 percent decrease that will require the library to prioritize the purchase of library resources. The LFC recommendation reduces contracts for library subscriptions and periodicals and reduces funding for new books and legal publications. LFC recommends full funding for the seven filled positions.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Laws 2010, Chapter 6, Section 14 Allotment Reductions required the governor to reduce the FY11 operating budget from the general fund by \$52.1 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces \$21.8 thousand from the personal services and employee benefits, \$12.4 thousand from contractual services, and \$17.9 thousand from other costs.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Percent of updated titles	70.8%	65.5%	80%	80%	70%
Quality	Percent of staff time spent on shelving and updating library materials	21.6%	24.25%	<20%	<20%	<20%
Output	Number of website hits	121,392	107,544	90,000	90,000	90,000
* Output	Number of research requests	8,082	9,420	7,000	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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	162.8	158.6	-5.1	153.5	153.5	0.0	-100.0
Other Transfers	400.0	400.0	0.0	400.0	400.0	400.0	0.0
Other Revenues	1,545.4	1,427.0	0.0	1,427.0	1,458.1	1,579.1	10.7
SOURCES TOTAL	2,108.2	1,985.6	-5.1	1,980.5	2,011.6	1,979.1	-0.1
USES							
Personal Services and Employee Benefits	469.0	493.4	-5.1	488.3	519.4	506.4	3.7
Contractual Services	1,000.2	1,343.0	0.0	1,343.0	1,343.0	1,339.7	-0.2
Other	209.7	149.2	0.0	149.2	149.2	133.0	-10.9
TOTAL USES	1,678.9	1,985.6	-5.1	1,980.5	2,011.6	1,979.1	-0.1
FTE							
Permanent	5.0	5.0	0.0	5.0	5.0	5.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	0.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

The New Mexico Compilation Commission receives most of its operating revenue from the sale of annotated statutes and supplements (including electronic versions of NMSA) and from the sale of court opinions and Attorney General opinions. Publications are sold for a reduced rate, reducing the level of spending state agencies would incur if the publications were compiled and distributed through a private entity. Additional revenue for the Compilation Commission is derived from a portion of court fees received from civil cases filed in district court.

For FY12, the commission requested \$153.5 thousand from the general fund and \$1.8 million in other revenues. The LFC recommendation includes a 2 percent increase in other revenues over FY10 to replace \$153 thousand in general funds. In FY10 the commission collected approximately \$880 thousand from the sale of its products and services and \$670 thousand from civil action filing fees. The LFC recommendation for FY12 reflects the FY10 actual levels when they collected \$1.5 million.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Laws 2010, Chapter 6, Section 14 Allotment Reductions required the governor to reduce the FY11 operating budget from the general fund by \$5.1 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$5.1 thousand from personal services and employee benefits.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Output	Amount of revenue collected, in thousands	\$1,300.0	\$1,545.5	\$1,300.0	\$1,300.0	\$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 provide for the expeditious 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 filled in the New Mexico Supreme Court.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	771.8	755.8	-24.5	731.3	823.8	713.4	-2.4
Other Revenues	0.0	25.0	0.0	25.0	25.0	25.0	0.0
SOURCES TOTAL	771.8	780.8	-24.5	756.3	848.8	738.4	-2.4
USES							
Personal Services and Employee Benefits	570.2	609.2	-19.8	589.4	672.5	578.5	-1.8
Contractual Services	27.0	34.9	-1.1	33.8	33.8	28.0	-17.2
Other	152.0	136.7	-3.6	133.1	142.5	131.9	-0.9
TOTAL USES	749.2	780.8	-24.5	756.3	848.8	738.4	-2.4
FTE							
Permanent	7.0	7.0	0.0	7.0	7.0	6.0	-14.3
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	7.0	-12.5

BUDGET ISSUES:

For FY12, the commission requested \$823.8 thousand, an 8 percent budget increase. The commission maintains three administrators for an office of only 7 FTE. The commission should reevaluate its staffing structure to focus on constitutional duties and increase cost-effectiveness.

LFC recommends a 2.4 percent general fund decrease from the FY11 adjusted level. The recommendation supports current service levels and maintains essential personnel, background investigation, and drug test funding. The LFC recommendation reduces funding for information technology contracts and eliminates new information technology purchases. LFC also recommends the elimination of a vacant FTE.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$24.5 thousand. The Judicial Standards Commission achieved the reduction by increasing vacancy levels. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$19.8 thousand from personal services and employee benefits, \$1.1 thousand from contractual services, and \$3.6 thousand from other costs.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	0	3	2	4	2
Output	Time for release of annual report to the public, from the end of the fiscal year, in months	2	2	2	3	2
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	3	3	3	3	3

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	5,578.5	5,654.6	-183.4	5,471.2	5,470.2	5,395.6	-1.4
Other Revenues	1.4	1.0	0.0	1.0	1.0	1.0	0.0
SOURCES TOTAL	5,579.9	5,655.6	-183.4	5,472.2	5,471.2	5,396.6	-1.4
USES							
Personal Services and Employee Benefits	5,210.9	5,181.9	-168.1	5,013.8	5,013.8	4,981.1	-0.7
Contractual Services	23.2	63.0	-2.0	61.0	61.0	27.0	-55.7
Other	324.6	410.7	-13.3	397.4	396.4	388.5	-2.2
TOTAL USES	5,558.7	5,655.6	-183.4	5,472.2	5,471.2	5,396.6	-1.4
FTE							
Permanent	62.5	62.5	0.0	62.5	62.5	61.5	-1.6
TOTAL FTE POSITIONS	62.5	62.5	0.0	62.5	62.5	61.5	-1.6

BUDGET ISSUES:

The major issue facing the court is maintaining the current level of service with reduced staff. The Court of Appeals FY12 budget request does not include funding for vacant positions and applies a 3 percent vacancy rate. In the light of recent budget cuts, the Court of Appeals plans to leave five positions vacant. Three of the five positions are staff attorney positions, resulting in a 20 percent reduction in the number of staff that directly assists judges with cases.

For FY12, the Court of Appeals requested \$5.4 million, a flat budget over the adjusted FY11 budget. LFC recommends \$5.3 million, a 1.4 percent budget reduction from the adjusted FY11 budget. The recommendation includes the deletion of 1 vacant attorney FTE. In the contractual services category, funding for case imaging and microfilming was reduced near FY10 levels. In the other costs category, essential operational funding was maintained while funding for dues, publications, and telecommunication costs was reduced.

Construction of the Court of Appeals Annex in Albuquerque was completed in November 2009, and a number of judges and staff began occupying the new building in December 2009. Various costs associated with the operating and maintenance of the new building have increased the court's operational costs. However, in FY12 the court should continue to absorb any shortfalls associated with the operation of the new courthouse.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Laws 2010, Chapter 6, Section 14 Allotment Reductions required the governor to reduce the FY11 operating budget from the general fund by \$183.4 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$168 thousand from personal services and employee benefits, \$2 thousand from contractual services, and \$12.3 thousand from other costs.

Laws 2009, Chapter 5, 1st Special Session, reduced the Court of Appeals FY10 operating budget from the general fund by 2 percent. The reduction plan submitted by the court was rejected by Department of Finance Administration based on questionable interpretation of reduction language in the bill. Nevertheless, the Supreme Court was committed to restricting general fund expenditures to achieve the 2 percent reduction of \$113.8 thousand and reverted the funds at the end of FY10.

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

		FY09	FY10	FY11	FY12	FY12
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93.93%	101%	95%	95%	95%
Explanatory	Number of legal opinions written	693	694	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 warrant 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,968.5	2,948.8	-95.7	2,853.1	2,876.4	2,813.7	-1.4
SOURCES TOTAL	2,968.5	2,948.8	-95.7	2,853.1	2,876.4	2,813.7	-1.4
USES							
Personal Services and Employee Benefits	2,841.1	2,798.8	-90.8	2,708.0	2,776.7	2,711.4	0.1
Contractual Services	13.6	17.9	-0.6	17.3	14.3	14.2	-17.9
Other	113.2	132.1	-4.3	127.8	85.4	88.1	-31.1
TOTAL USES	2,967.9	2,948.8	-95.7	2,853.1	2,876.4	2,813.7	-1.4
FTE							
Permanent	34.0	34.0	0.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	34.0	34.0	0.0	34.0	34.0	34.0	0.0

BUDGET ISSUES:

For FY12, the Supreme Court requested \$2.8 million, a 1 percent increase over the adjusted FY11 budget. LFC recommends a 1.4 percent decrease for the Supreme Court. LFC further reduced travel funds for rules committee hearings and did not fund new or replacement furniture or equipment. Funds for subscriptions and dues were also reduced.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Laws 2010, Chapter 6, Section 14 Allotment Reductions required the governor to reduce the FY11 operating budget from the general fund by \$95.7 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$90.8 thousand from personal services and employee benefits, \$0.6 thousand from contractual services, and \$4.3 thousand from other costs.

Laws 2009, Chapter 5, 1st Special Session, reduced the Supreme Court FY10 operating budget from the general fund by 2 percent. The reduction plan submitted by the court was rejected by Department of Finance Administration based on questionable interpretation of reduction language in the bill. Nevertheless, the Supreme Court was committed to restricting general fund expenditures to achieve the 2 percent reduction of \$60.6 thousand and reverted the funds at the end of FY10.

SUPREME COURT

The purpose of the supreme court 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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	103.5%	102.6%	95%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written	87	73			

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	796.6	797.4	-25.9	771.5	837.4	783.3	1.5
SOURCES TOTAL	796.6	797.4	-25.9	771.5	837.4	783.3	1.5
USES							
Personal Services and Employee Benefits	629.3	655.2	-21.3	633.9	657.4	624.3	-1.5
Contractual Services	8.9	9.8	-0.3	9.5	10.5	10.5	10.5
Other	157.8	132.4	-4.3	128.1	169.5	148.5	15.9
TOTAL USES	796.0	797.4	-25.9	771.5	837.4	783.3	1.5
FTE							
Permanent	15.8	15.8	0.0	15.8	15.8	15.8	0.0
TOTAL FTE POSITIONS	15.8	15.8	0.0	15.8	15.8	15.8	0.0

BUDGET ISSUES:

For FY12, the Supreme Court Building Commission requested an 8.5 percent increase over the adjusted FY11 budget. LFC recommends \$783.3 thousand, a \$12.8 thousand increase over the commission's FY11 adjusted budget. The increase is the result of public property risk rates set by the General Services Department. The Building Commission's property insurance rate was raised by 20 percent over FY11.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Laws 2010, Chapter 6, Section 14 Allotment Reductions required the governor to reduce the FY11 operating budget from the general fund by \$25.9 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$21.3 thousand from personal services and employee benefits, \$0.3 thousand from contractual services, and \$4.3 thousand from other costs.

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

		FY09 <u>Actual</u> 100%	FY10 <u>Actual</u> 100%	FY11 <u>Budget</u> 100%	FY12 <u>Request</u> 100%	FY12 <u>Recomm</u> 100%
Quality	Accuracy of fixed-assets inventory records					

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 (AOC) 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)

	FY10		FY11 - 2010-2011		FY12 – 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	%
	Actuals	Budgeted	Reduction	Budget	Request	mendation	Incr (Decr)
SOURCES							
General Fund Transfers	41,654.5	40,658.3	-1,319.1	39,339.2	40,228.0	38,828.3	-1.3
Other Transfers	3,051.7	1,860.0	0.0	1,860.0	2,044.7	1,860.0	0.0
Federal Revenues	878.2	966.3	0.0	966.3	966.3	966.3	0.0
Other Revenues	10,356.9	9,409.0	0.0	9,409.0	11,993.2	12,993.2	38.1
Fund Balance	291.0	910.0	0.0	910.0	894.4	892.4	-1.9
SOURCES TOTAL	56,232.3	53,803.6	-1,319.1	52,484.5	56,126.6	55,540.2	5.8
USES							
Personal Services and Employee Benefits	27,585.5	26,650.1	-714.3	25,935.8	27,366.5	26,189.9	1.0
Contractual Services	8,405.4	8,639.3	-191.9	8,447.4	9,896.3	9,485.8	12.3
Other	16,757.1	17,091.3	-368.7	16,722.6	17,629.5	17,630.6	5.4
Other Financing Uses	1,499.9	1,422.9	-44.2	1,378.7	1,234.3	2,233.9	62.0
TOTAL USES	54,247.9	53,803.6	-1,319.1	52,484.5	56,126.6	55,540.2	5.8
FTE							
Permanent	364.8	366.8	0.0	366.8	366.8	366.8	0.0
Term	69.5	69.5	0.0	69.5	71.5	68.5	-1.4
TOTAL FTE POSITIONS	434.3	436.3	0.0	436.3	438.3	435.3	-0.2

BUDGET ISSUES:

The Administrative Office of the Courts (AOC) requested a 2.2 percent general fund increase and a 7 percent overall budget increase. Increases in the personal services and employee benefits category are aimed at reducing vacancy levels.

For FY12, LFC recommends \$38.8 million from the general fund, a 1.3 percent decrease. The recommendation prioritizes spending for personal services and employee benefits and essential operating and service costs in the other costs category.

LFC recommends \$7.1 million from the general fund for the Administrative Support Program, a 1.7 percent decrease. Funding for supplies and equipment was reduced along with contracts for research, information technology software and consulting, training, and maintenance services. The recommendation for the Judicial Performance Evaluation Commission is reduced by \$80 thousand, a 50 percent decrease.

The recommendation for the Administrative Support Program also includes \$3.8 million from the general fund and \$2 million from the jury demand fee fund for jury and witness payments. Cost per juror has grown significantly since the minimum wage was increased to the hourly rate of \$7.50 on January 1, 2009. The jury and witness fund had a deficiency of \$489 thousand in FY07; in FY08, AOC obtained a supplemental appropriation of \$300 thousand and borrowed \$465 thousand to close the funding gap. For FY09, AOC received \$775 thousand from the Board of Finance to meet their jury and witness deficit. A 2007 National Center for State Courts report indicates that 23 states pay a daily rate at or below \$15. Given the chronic underfunding of the jury and witness program, LFC recommends the Legislature in 2011 consider giving the chief justice of the Supreme Court the authority to reduce juror pay as needed to stay within appropriations.

The Statewide Judiciary Automation Program is supported primarily by the Supreme Court automation fund and Municipal Court automation fund. For FY12, the recommendation for the automation program includes a 3.9 percent general fund reduction. Almost 100 percent of the general fund in this program is used for salaries and benefits and the judicial automation building lease. In other revenues from the Supreme Court and Municipal automation fund, LFC recommends a 13 percent increase to continue funding the rollout of the case management system and begin recurring payments of the annual license and

maintenance costs associated with the case management system. In FY10, AOC rolled out the new case management system to district courts in Las Vegas, Mora, Santa Rosa, Roswell, Bernalillo, Grants, Socorro, Truth or Consequences, Estancia, and Reserve. In addition, the case management system was extended to magistrate courts in Moriarty, Estancia, Roswell, Farmington, and Grants.

The automation of case filing and case management systems promises to provide filing efficiencies by reducing the need to docket case events separately from the filed documents and by reducing the need for maintaining paper-based files. To quantify the potential savings, courts will have to gather data on the cost of supplies, storage; and clerk time to pull physical files. The business process change will involve a change in how clerks, judges and attorneys handle cases. Instead of having a paper case file, the judge will have a computer with the requisite documents available. Instead of serving opposing counsel by mail, newspaper, or process server, service can be made electronically. Instead of standing in line or hiring a courier to file case documents, attorneys and legal staff can do so from their office.

For the Magistrate Court Program, LFC recommends \$27.2 million in total revenues, or a 1.5 percent increase. The recommendation includes \$700 thousand in other state revenue as a result of a new penalty assessment fee of \$4 for magistrate court operation (MCO). This will significantly assist the magistrate courts to minimize employee furloughs, secure magistrate buildings, and maintain essential services. LFC also recommends a 61 percent increase in other revenues from bench warrant fees for warrant enforcement round-ups, security, and drug testing.

The recommendation for the Special Court Services Program, comprising the Court Appointed Special Advocate program, supervised visitation, water rights and adjudication litigation, court-appointed attorney fund (CAAF), and judges pro tem, includes a general fund decrease of 1.5 percent. The LFC recommendation reduces program services by an average of 5 percent. However, the recommendation includes \$1 million in driving-while-intoxicated grant fund revenues to help supplement drug court reductions. The Drug Court Advisory Council (DCAC) will assist AOC in distributing funds to drug court programs statewide. LFC also recommends \$100 thousand, or a \$60 thousand increase, for judges pro tem to address the problem of crowded court dockets, especially in the 8th District Court.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$1.3 million. The Administrative Office of the Courts (AOC) achieved the reduction by increasing vacancy levels and reducing special court services. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures by \$714.3 thousand from personal services and employee benefits, \$191.9 thousand from contractual services, \$368.7 thousand from other costs, and \$44.2 thousand from the other financing uses category.

ADMINISTRATIVE SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	8,009.7	7,554.6	-245.1	7,309.5	7,362.4	7,181.9	-1.7
Other Transfers	912.7	620.0	0.0	620.0	620.0	620.0	0.0
Federal Revenues	878.2	966.3	0.0	966.3	966.3	966.3	0.0
Other Revenues	1,829.1	1,325.0	0.0	1,325.0	2,025.0	2,025.0	52.8
Fund Balance	180.8	100.0	0.0	100.0	100.0	100.0	0.0
SOURCES TOTAL	11,810.5	10,565.9	-245.1	10,320.8	11,073.7	10,893.2	5.5
USES							
Personal Services and Employee Benefits	3,409.8	3,245.8	-97.9	3,147.9	3,284.3	3,102.0	-1.5
Contractual Services	1,468.4	1,240.8	-6.1	1,234.7	1,520.4	1,480.4	19.9
Other	6,513.6	6,079.3	-141.1	5,938.2	6,269.0	6,310.8	6.3
TOTAL USES	11,391.8	10,565.9	-245.1	10,320.8	11,073.7	10,893.2	5.5
FTE							
Permanent	37.8	37.8	0.0	37.8	37.8	37.8	0.0
Term	4.0	4.0	0.0	4.0	3.0	3.0	-25.0
TOTAL FTE POSITIONS	41.8	41.8	0.0	41.8	40.8	40.8	-2.4

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Outcome	Percent of jury summons successfully executed	72.5%	72%	92%	92%	92%
* Output	Average cost per juror	\$58.42	\$55.68	\$50	\$50	\$50

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judicial 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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	2,790.1	2,598.8	-84.3	2,514.5	2,515.7	2,416.9	-3.9
Other Transfers	0.0	0.0	0.0	0.0	184.7	0.0	
Other Revenues	4,950.6	5,279.0	0.0	5,279.0	5,991.0	5,991.0	13.5
Fund Balance	10.2	0.0	0.0	0.0	584.4	582.4	
SOURCES TOTAL	7,750.9	7,877.8	-84.3	7,793.5	9,275.8	8,990.3	15.4
USES							
Personal Services and Employee Benefits	4,516.6	4,360.8	-77.0	4,283.8	4,469.7	4,184.2	-2.3
Contractual Services	480.9	887.1	0.0	887.1	1,360.7	1,360.7	53.4
Other	2,320.8	2,629.9	-7.3	2,622.6	3,445.4	3,445.4	31.4
TOTAL USES	7,318.3	7,877.8	-84.3	7,793.5	9,275.8	8,990.3	15.4
FTE							
Permanent	39.5	41.5	0.0	41.5	41.5	41.5	0.0
Term	9.0	9.0	0.0	9.0	11.0	9.0	0.0
TOTAL FTE POSITIONS	48.5	50.5	0.0	50.5	52.5	50.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated court reports	81.2%	91.5%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-7.7%	-17.4%	10%	10%	10%
* Quality	Average time to respond to automation calls for assistance, in minutes			25	25	25
Output	Number of help desk calls for assistance	8,697	10,905	6,000	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	21.9	25	12	12	12

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>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	23,206.2	23,228.1	-753.6	22,474.5	23,062.7	22,300.6	-0.8
Other Transfers	1,700.0	800.0	0.0	800.0	800.0	800.0	0.0
Other Revenues	3,577.2	2,805.0	0.0	2,805.0	3,977.2	3,977.2	41.8
Fund Balance	100.0	810.0	0.0	810.0	210.0	210.0	-74.1
SOURCES TOTAL	28,583.4	27,643.1	-753.6	26,889.5	28,049.9	27,287.8	1.5
USES							
Personal Services and Employee Benefits	19,381.9	18,822.7	-532.2	18,290.5	19,389.5	18,690.2	2.2
Contractual Services	423.3	459.3	-1.8	457.5	765.6	738.5	61.4
Other	7,917.0	8,361.1	-219.6	8,141.5	7,894.8	7,859.1	-3.5
Other Financing Uses	100.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	27,822.2	27,643.1	-753.6	26,889.5	28,049.9	27,287.8	1.5
FTE							
Permanent	284.5	284.5	0.0	284.5	284.5	284.5	0.0
Term	56.5	56.5	0.0	56.5	57.5	56.5	0.0
TOTAL FTE POSITIONS	341.0	341.0	0.0	341.0	342.0	341.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	\$2.69	\$3.15	\$2.4	\$2.4	\$2.4
* Explanatory	Percent of cases disposed as a percent of cases filed	101.0%	96.6%	95%	95%	95%
Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	99.2%	95.8%	100%	100%	100%

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 tem; and to adjudicate water rights disputes so that the constitutional rights and safety of citizens, especially children and families, are protected.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	7,648.5	7,276.8	-236.1	7,040.7	7,287.2	6,928.9	-1.6
Other Transfers	439.0	440.0	0.0	440.0	440.0	440.0	0.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	1,000.0	
SOURCES TOTAL	8,087.5	7,716.8	-236.1	7,480.7	7,727.2	8,368.9	11.9
USES							
Personal Services and Employee Benefits	277.2	220.8	-7.2	213.6	223.0	213.5	0.0
Contractual Services	6,032.8	6,052.1	-184.0	5,868.1	6,249.6	5,906.2	0.6
Other	5.7	21.0	-0.7	20.3	20.3	15.3	-24.6
Other Financing Uses	1,399.9	1,422.9	-44.2	1,378.7	1,234.3	2,233.9	62.0
TOTAL USES	7,715.6	7,716.8	-236.1	7,480.7	7,727.2	8,368.9	11.9
FTE							
Permanent	3.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	0.0	3.0	3.0	3.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Number of required events attended by attorneys in abuse and neglect cases	8,246	7,982	8,000	7,800	7,800
Output	Number of monthly supervised child visitations conducted	511	534			
* Output	Number of cases to which court-appointed special advocates volunteers are assigned	1,039	1,085	1,000	1,000	1,000
* Output	Number of monthly supervised child visitations and exchanges conducted	511	534	500	500	500

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 five years, 15 district judgeships have been statutorily created.

The district courts have jurisdiction over all matters not specifically excepted by the New Mexico Constitution, 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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	70,234.3	68,190.6	-2,212.4	65,978.2	69,823.1	65,373.9	-0.9
Other Transfers	5,060.6	4,674.4	0.0	4,674.4	5,040.0	5,040.0	7.8
Federal Revenues	242.5	0.0	0.0	0.0	0.0	0.0	
Other Revenues	2,107.5	2,281.6	0.0	2,281.6	2,557.8	2,557.8	12.1
Fund Balance	467.4	650.7	0.0	650.7	553.0	552.9	-15.0
SOURCES TOTAL	78,112.2	75,797.3	-2,212.4	73,584.9	77,974.0	73,524.6	-0.1
USES							
Personal Services and Employee Benefits	65,846.6	65,246.5	-1,966.7	63,279.8	67,667.6	64,149.6	1.4
Contractual Services	6,526.2	7,039.8	-167.2	6,872.6	6,743.8	6,226.2	-9.4
Other	5,186.1	3,511.0	-78.5	3,432.5	3,562.6	3,148.8	-8.3
TOTAL USES	77,558.9	75,797.3	-2,212.4	73,584.9	77,974.0	73,524.6	-0.1
FTE							
Permanent	970.5	972.5	0.0	972.5	972.0	961.5	-1.1
Term	67.8	65.3	0.0	65.3	68.8	65.3	0.0
Temporary	1.0	0.0	0.0	0.0	0.0	0.0	

BUDGET ISSUES:

District courts participate in the judicial "unified budget" by proposing and gaining support for their submitted budgets through the judiciary budget committee and the Chief Judges Council. For FY12, the judiciary budget committee approved a \$6 million general fund increase for district courts. According to the Chief Judges Council (CJC), the 8 percent increase will avoid furloughs, allow the courts to stay open, and maintain the existing level of services in FY12.

District courts requested a general fund increase of \$3.8 million, or a 5.8 percent increase over the adjusted FY11 budget appropriation. Most courts requested increases in the personal services and employee benefits category to avoid furloughs or fill vacant positions.

For FY12, LFC recommends \$65.3 million from the general fund, a 0.9 percent decrease, and total funding of \$73.5 million. The recommendation in the personal services and employee benefits should avoid furloughs and prevent court closures. The LFC recommendation applies vacancy rates ranging from 1 percent to 6 percent in all district courts based on historic vacancy rates and reflects a decrease of \$470 thousand in personal services and employee benefits due to the deletion of 9 vacant FTE, including some bailiffs, court clerks, court reporters, and administrators.

In the contractual services category, funding for attorney services, case imaging, maintenance, and information technology services is reduced to FY09 levels. On average, contractual services are reduced by 16 percent. The LFC recommendation includes a modest increase in other revenues for contractual services in the 2nd and 13th Districts to maintain case filing systems and purchase automated e-licensing software.

In the other costs category, funding for information technology equipment, training, transportation, and supplies is significantly reduced, with little or no funding for new or replacement courtroom furniture and fixtures.

In FY11, district courts received \$1 million from the driving-while-intoxicated grant fund. The appropriation was received by drug courts in the 1st, 2nd, 3rd, 4th, 5th, 8th, 9th, 12th, and 13th judicial district, and were used to maintain or enhance drug court programming. For FY12, LFC again recommends a \$1 million appropriation to help supplement declining general fund for existing drug courts. No new drug courts are recommended.

In FY11, the Supreme Court appointed a 15 member Judicial Reengineering Commission to help the Supreme Court, Administrative Office of the Courts, and district courts develop and implement new procedures to improve efficiency and cost-effectiveness. The commission will look at initiatives including replacing court reporters with court monitors, eliminating bailiffs, using technology to improve court document and citation filing efficiency, and using pro tem judges for less complicated cases.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the district courts to reduce their FY11 operating budget from the general fund by \$2.2 million. All district courts achieved the reduction by increasing vacancy levels. The plan submitted by the courts and approved by the Department of Finance and Administration reduces expenditures by \$1.9 million from personal services and employee benefits, \$167.2 thousand from contractual services, and \$78.5 thousand from other costs.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	6,471.7	6,233.8	-202.3	6,031.5	6,210.2	5,901.1	-2.2
Other Transfers	500.1	432.7	0.0	432.7	432.7	432.7	0.0
Federal Revenues	93.1	0.0	0.0	0.0	0.0	0.0	
Other Revenues	322.2	494.2	0.0	494.2	466.4	466.4	-5.6
SOURCES TOTAL	7,387.1	7,160.7	-202.3	6,958.4	7,109.3	6,800.2	-2.3
USES							
Personal Services and Employee Benefits	6,104.5	6,153.3	-181.0	5,972.3	6,522.5	6,224.6	4.2
Contractual Services	571.5	687.7	-17.7	670.0	248.3	248.3	-62.9
Other	567.3	319.7	-3.6	316.1	338.5	327.3	3.5
TOTAL USES	7,243.3	7,160.7	-202.3	6,958.4	7,109.3	6,800.2	-2.3
FTE							
Permanent	86.0	86.0	0.0	86.0	86.0	86.0	0.0
Term	8.8	8.8	0.0	8.8	8.8	8.8	0.0
TOTAL FTE POSITIONS	94.8	94.8	0.0	94.8	94.8	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	88.9%	92.2%	95%	95%	100%
* Explanatory	Percent change in case filings by case type	10.1%	1.3%			
* Quality	Recidivism of adult drug-court graduates	11.54%	11.39%	9%	9%	9%
* Explanatory	Cost per client per day for adult drug-court participants	\$27.20	\$20.26			
* Quality	Recidivism of juvenile drug-court graduates	11.36%	17.24%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$28.60	\$30.14			
* Output	Number of adult drug-court graduates	19	27	18	18	18
* Output	Number of juvenile drug-court graduates	9	9	17	17	17
* Output	Median number of days to process vendor payment vouchers	5.3	12.8	18	18	18
* Output	Number of days to process juror payment vouchers	7.0	2.4	5	5	5
* Explanatory	Graduation rate, juvenile drug court	32.14%	34.62%	50%	50%	50%
* Explanatory	Graduation rate, adult drug court	28.36%	32.53%	45%	45%	45%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		% Incr (Decr)
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	21,111.6	20,951.4	-679.8	20,271.6	22,032.4	20,261.8	0.0
Other Transfers	1,107.4	896.2	0.0	896.2	971.2	971.2	8.4
Other Revenues	1,193.6	1,211.5	0.0	1,211.5	1,495.5	1,495.5	23.4
Fund Balance	220.2	403.2	0.0	403.2	296.0	296.0	-26.6
SOURCES TOTAL	23,632.8	23,462.3	-679.8	22,782.5	24,795.1	23,024.5	1.1
USES							
Personal Services and Employee Benefits	22,301.6	22,554.3	-663.6	21,890.7	23,744.0	22,144.7	1.2
Contractual Services	156.2	234.9	-5.2	229.7	303.0	218.0	-5.1
Other	1,068.1	673.1	-11.0	662.1	748.1	661.8	0.0
TOTAL USES	23,525.9	23,462.3	-679.8	22,782.5	24,795.1	23,024.5	1.1
FTE							
Permanent	331.5	331.5	0.0	331.5	331.5	326.5	-1.5
Term	31.0	28.5	0.0	28.5	32.0	28.5	0.0
TOTAL FTE POSITIONS	362.5	360.0	0.0	360.0	363.5	355.0	-1.4

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

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Explanatory	Cases disposed as a percent of cases filed	94.5%	96.9%	95%	95%	95%
* Explanatory	Percent change in case filings by case type	9.0%	4.9%			
* Quality	Recidivism of adult drug-court graduates	3.78%	2.64%	8%	8%	8%
* Explanatory	Cost per client per day for adult drug-court participants	\$12.60	\$12.08			
* Quality	Recidivism of juvenile drug-court graduates	27.54%	29.41%	10%	10%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$37.51	\$38.05			
* Output	Number of adult drug-court graduates	128	107	130	100	130
* Output	Number of juvenile drug-court graduates	21	21	20	20	20
* Output	Median number of days to process vendor payment vouchers	1	<1	5	5	5
* Output	Number of days to process juror payment vouchers	14	19	14	14	14
* Explanatory	Graduation rate, adult drug court	64.97%	52.97%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court	51.22%	52.50%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	6,434.4	6,198.2	-201.0	5,997.2	6,137.4	5,859.4	-2.3
Other Transfers	727.2	657.0	0.0	657.0	669.3	669.3	1.9
Other Revenues	91.1	130.0	0.0	130.0	130.0	130.0	0.0
Fund Balance	70.0	45.0	0.0	45.0	65.0	65.0	44.4
SOURCES TOTAL	7,322.7	7,030.2	-201.0	6,829.2	7,001.7	6,723.7	-1.5
USES							
Personal Services and Employee Benefits	5,999.6	5,874.4	-172.9	5,701.5	6,069.5	5,792.5	1.6
Contractual Services	966.0	826.2	-21.4	804.8	749.2	748.2	-7.0
Other	432.3	329.6	-6.7	322.9	183.0	183.0	-43.3
TOTAL USES	7,397.9	7,030.2	-201.0	6,829.2	7,001.7	6,723.7	-1.5
FTE							
Permanent	88.3	88.3	0.0	88.3	88.3	85.3	-3.4
Term	6.5	6.5	0.0	6.5	6.5	6.5	0.0
TOTAL FTE POSITIONS	94.8	94.8	0.0	94.8	94.8	91.8	-3.2

THIRD JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Explanatory	Cases disposed as a percent of cases filed	96.1%	97.8%	90%	90%	90%
Explanatory	Percent change in case filings by case type	5.2%	-0.5%			
* Quality	Recidivism of adult drug-court graduates	5.68%	7.14%	10%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$30.94	\$32.29			
Quality	Recidivism of juvenile drug-court graduates	22.81%	11.48%			
Explanatory	Cost per client per day for juvenile drug-court participants	\$63.66	\$53.10			
* Output	Number of adult drug-court graduates	26	33	30	30	30
* Output	Number of juvenile drug-court graduates	25	25	20	20	20
Output	Median number of days to process vendor payment vouchers	7	8.1	5	5	5
Output	Number of days to process juror payment vouchers	7	20	14	14	14
* Explanatory	Graduation rate, adult drug court	68.42%	73.33%	65%	65%	65%
* Explanatory	Graduation rate, juvenile drug court	83.33%	69.44%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,108.2	2,027.9	-65.8	1,962.1	2,310.3	1,942.2	-1.0
Other Transfers	61.8	29.1	0.0	29.1	147.7	147.7	407.6
Other Revenues	37.4	25.0	0.0	25.0	25.0	25.0	0.0
Fund Balance	4.4	5.0	0.0	5.0	2.0	2.0	-60.0
SOURCES TOTAL	2,211.8	2,087.0	-65.8	2,021.2	2,485.0	2,116.9	4.7
USES							
Personal Services and Employee Benefits	1,833.5	1,787.2	-58.0	1,729.2	1,957.3	1,790.8	3.6
Contractual Services	132.9	149.9	-3.6	146.3	285.0	214.6	46.7
Other	227.6	149.9	-4.2	145.7	242.7	111.5	-23.5
TOTAL USES	2,194.0	2,087.0	-65.8	2,021.2	2,485.0	2,116.9	4.7
FTE							
Permanent	29.5	29.5	0.0	29.5	29.5	29.5	0.0
TOTAL FTE POSITIONS	29.5	29.5	0.0	29.5	29.5	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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	95.9%	96.3%			95%
* Explanatory	Percent change in case filings by case type	-3.3%	5.0%			
* Output	Median number of days to process vendor payment vouchers	1.21	4.5	5	5	5
* Output	Number of days to process juror payment vouchers	6.3	<1	14	14	12
* Explanatory	Graduation rate, juvenile drug court	61.11%	90.91%	70%	70%	70%
* Quality	Recidivism of juvenile drug-court graduates	25.93%	21.88%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$33.21	\$26.47			
* Output	Number of juvenile drug-court graduates	11	10	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	6,133.8	5,910.8	-191.9	5,718.9	5,745.6	5,686.7	-0.6
Other Transfers	309.0	339.0	0.0	339.0	301.0	301.0	-11.2
Federal Revenues	18.0	0.0	0.0	0.0	0.0	0.0	
Other Revenues	94.5	95.0	0.0	95.0	95.0	95.0	0.0
Fund Balance	2.6	20.0	0.0	20.0	20.0	20.0	0.0
SOURCES TOTAL	6,557.9	6,364.8	-191.9	6,172.9	6,161.6	6,102.7	-1.1
USES							
Personal Services and Employee Benefits	5,498.0	5,296.5	-170.4	5,126.1	5,256.6	5,220.7	1.8
Contractual Services	653.8	769.9	-13.5	756.4	601.4	600.7	-20.6
Other	371.0	298.4	-8.0	290.4	303.6	281.3	-3.1
TOTAL USES	6,522.8	6,364.8	-191.9	6,172.9	6,161.6	6,102.7	-1.1
FTE							
Permanent	82.0	82.0	0.0	82.0	82.0	82.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	83.0	83.0	0.0	83.0	83.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93.5%	88.7%	95%	95%	95%
* Explanatory	Percent change in case filings by case type	1.1%	5.7%			
* Output	Median number of days to process vendor payment vouchers	5.6	3.8	5	5	5
* Output	Number of days to process juror payment vouchers	4.9	4.8	14	14	10
* Explanatory	Graduation rate, family drug court	50%	72.73%	50%	50%	50%
* Quality	Recidivism of family drug-court graduates	47.37%	16.67%	15%	15%	15%
* Output	Number of family drug-court graduates	5	8	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,172.2	3,055.0	-99.2	2,955.8	2,997.2	2,919.0	-1.2
Other Transfers	72.7	72.7	0.0	72.7	110.6	110.6	52.1
Federal Revenues	131.4	0.0	0.0	0.0	0.0	0.0	
Other Revenues	10.8	11.0	0.0	11.0	11.0	11.0	0.0
Fund Balance	9.3	14.8	0.0	14.8	14.8	14.8	0.0
SOURCES TOTAL	3,396.4	3,153.5	-99.2	3,054.3	3,133.6	3,055.4	0.0
USES							
Personal Services and Employee Benefits	2,343.6	2,289.7	-74.3	2,215.4	2,372.5	2,296.5	3.7
Contractual Services	724.2	715.6	-20.4	695.2	620.2	620.2	-10.8
Other	301.2	148.2	-4.5	143.7	140.9	138.7	-3.5
TOTAL USES	3,369.0	3,153.5	-99.2	3,054.3	3,133.6	3,055.4	0.0
FTE							
Permanent	35.5	35.5	0.0	35.5	35.5	35.5	0.0
Term	0.5	0.5	0.0	0.5	0.5	0.5	0.0
Temporary	1.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	37.0	36.0	0.0	36.0	36.0	36.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	102.5%	97.5%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	15.5%	-0.2%			
* Quality	Recidivism of juvenile drug-court graduates	29.41%	7.14%	13%	13%	13%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$34.80	\$22.74			
* Output	Number of juvenile drug-court graduates	3	20	9	9	9
* Output	Median number of days to process vendor payment vouchers	20.3	16.9	5	5	5
* Output	Number of days to process juror payment vouchers	19.4	15	14	14	14
* Explanatory	Graduation rate, juvenile drug court	42.86%	90.91%	90%	90%	90%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,265.4	2,189.7	-71.0	2,118.7	2,253.0	2,076.8	-2.0
Other Transfers	379.1	408.2	0.0	408.2	372.0	372.0	-8.9
Other Revenues	17.3	24.0	0.0	24.0	29.0	29.0	20.8
Fund Balance	0.0	5.0	0.0	5.0	5.0	5.0	0.0
SOURCES TOTAL	2,661.8	2,626.9	-71.0	2,555.9	2,659.0	2,482.8	-2.9
USES							
Personal Services and Employee Benefits	2,038.7	2,042.9	-57.3	1,985.6	2,136.6	1,985.6	0.0
Contractual Services	317.5	396.2	-9.3	386.9	360.9	346.9	-10.3
Other	248.9	187.8	-4.4	183.4	161.5	150.3	-18.0
TOTAL USES	2,605.1	2,626.9	-71.0	2,555.9	2,659.0	2,482.8	-2.9
FTE							
Permanent	32.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	36.0	36.0	0.0	36.0	36.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	100.5%	93.6%	95%	95%	95%
Explanatory	Percent change in case filings by case type	-7.3%	-5.8%			
Output	Median number of days to process vendor payment vouchers	1.5	2.3	5	5	5
* Output	Number of days to process juror payment vouchers	2.54	.8	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	2,712.1	2,610.1	-84.7	2,525.4	2,690.8	2,510.3	-0.6
Other Transfers	109.4	80.0	0.0	80.0	112.2	112.2	40.3
Other Revenues	49.8	71.0	0.0	71.0	71.0	71.0	0.0
SOURCES TOTAL	2,871.3	2,761.1	-84.7	2,676.4	2,874.0	2,693.5	0.6
USES							
Personal Services and Employee Benefits	1,771.4	1,658.0	-53.8	1,604.2	1,782.1	1,642.6	2.4
Contractual Services	904.7	990.4	-28.1	962.3	970.1	950.1	-1.3
Other	169.0	112.7	-2.8	109.9	121.8	100.8	-8.3
TOTAL USES	2,845.1	2,761.1	-84.7	2,676.4	2,874.0	2,693.5	0.6
FTE							
Permanent	27.5	27.5	0.0	27.5	29.0	27.5	0.0
TOTAL FTE POSITIONS	27.5	27.5	0.0	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

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Explanatory	Cases disposed as a percent of cases filed	82.6%	95.2%	90%	90%	90%
Explanatory	Percent change in case filings by case type	6.7%	5.1%			
* Quality	Recidivism of adult drug-court graduates	8.33%	7.69%	10%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$37.52	\$36.04			
* Quality	Recidivism of juvenile drug-court graduates	2.94%	0.00%	5%	5%	5%
Explanatory	Cost per client per day for juvenile drug-court participants	\$34.93	\$54.05			
* Output	Number of adult drug-court graduates	23	18	18	18	18
* Output	Number of juvenile drug-court graduates	11	8	15	15	15
Output	Median number of days to process vendor payment vouchers	2.25	1.8	5	5	5
* Output	Number of days to process juror payment vouchers	<1	<1	9	9	9
* Explanatory	Graduation rate, juvenile drug court	36.67%	42.11%	70%	70%	70%
* Explanatory	Graduation rate, adult drug court	60.53%	64.29%	75%	75%	75%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,251.0	3,156.3	-102.4	3,053.9	3,077.1	3,004.4	-1.6
Other Transfers	591.8	605.9	0.0	605.9	613.1	613.1	1.2
Other Revenues	55.2	43.0	0.0	43.0	58.0	58.0	34.9
SOURCES TOTAL	3,898.0	3,805.2	-102.4	3,702.8	3,748.2	3,675.5	-0.7
USES							
Personal Services and Employee Benefits	3,441.9	3,442.8	-98.2	3,344.6	3,382.0	3,330.9	-0.4
Contractual Services	152.7	141.8	-1.3	140.5	133.0	128.0	-8.9
Other	282.4	220.6	-2.9	217.7	233.2	216.6	-0.5
TOTAL USES	3,877.0	3,805.2	-102.4	3,702.8	3,748.2	3,675.5	-0.7
FTE							
Permanent	43.8	43.8	0.0	43.8	43.8	43.8	0.0
Term	5.5	5.5	0.0	5.5	5.5	5.5	0.0
TOTAL FTE POSITIONS	49.3	49.3	0.0	49.3	49.3	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	101.7%	90.0%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	7.0%	4.1%			
* Output	Median number of days to process vendor payment vouchers	4.3	5	10	10	10
* Output	Number of days to process juror payment vouchers	3.5	9.1	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	776.8	756.4	-24.5	731.9	735.2	725.0	-0.9
Other Revenues	6.4	8.5	0.0	8.5	8.5	8.5	0.0
Fund Balance	19.3	19.7	0.0	19.7	22.2	22.2	12.7
SOURCES TOTAL	802.5	784.6	-24.5	760.1	765.9	755.7	-0.6
USES							
Personal Services and Employee Benefits	639.3	668.8	-21.7	647.1	647.6	644.7	-0.4
Contractual Services	26.9	31.8	-0.1	31.7	37.7	31.3	-1.3
Other	109.8	84.0	-2.7	81.3	80.6	79.7	-2.0
TOTAL USES	776.0	784.6	-24.5	760.1	765.9	755.7	-0.6
FTE							
Permanent	10.0	10.0	0.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	0.0	10.0	10.0	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

		FY09	FY10	FY11	FY12	FY12
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	86.5%	106.1%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	16.8%	2.6%			
* Output	Median number of days to process vendor payment vouchers	2.6	1.25	5	5	5
* Output	Number of days to process juror payment vouchers	.7	.4	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	6,055.6	5,831.3	-189.2	5,642.1	5,997.8	5,588.5	-1.0
Other Transfers	568.8	545.2	0.0	545.2	597.6	597.6	9.6
Other Revenues	189.3	120.9	0.0	120.9	120.9	120.9	0.0
Fund Balance	0.7	12.1	0.0	12.1	12.1	12.0	-0.8
SOURCES TOTAL	6,814.3	6,509.5	-189.2	6,320.3	6,728.5	6,319.0	0.0
USES							
Personal Services and Employee Benefits	5,585.3	5,467.4	-164.7	5,302.7	5,605.7	5,269.7	-0.6
Contractual Services	668.8	624.8	-13.1	611.7	716.7	675.9	10.5
Other	548.2	417.3	-11.4	405.9	406.1	373.4	-8.0
TOTAL USES	6,802.3	6,509.5	-189.2	6,320.3	6,728.5	6,319.0	0.0
FTE							
Permanent	80.5	80.5	0.0	80.5	80.5	79.5	-1.2
Term	6.5	6.5	0.0	6.5	6.5	6.5	0.0
TOTAL FTE POSITIONS	87.0	87.0	0.0	87.0	87.0	86.0	-1.1

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.3%	98.9%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	11.0%	-0.2%			
* Quality	Recidivism of adult drug-court graduates	12.5%	6.80%	10%	10%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$11.77	\$12.06			
* Quality	Recidivism of juvenile drug-court graduates	11.43%	8.57%	10%	10%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$18.09	\$18.87			
* Output	Number of adult drug-court graduates	48	44	40	40	40
* Output	Number of juvenile drug-court graduates	7	14	16	16	16
* Output	Median number of days to process vendor payment vouchers	4.25	3.8	5	5	5
* Output	Number of days to process juror payment vouchers	3.3	4.5	14	14	14
* Explanatory	Graduation rate, juvenile drug court	58.33%	87.50	75%	75%	75%
* Explanatory	Graduation rate, adult drug court	58.54%	52.38%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,079.8	2,973.1	-96.4	2,876.7	3,035.2	2,864.3	-0.4
Other Transfers	128.4	87.3	0.0	87.3	83.0	83.0	-4.9
Other Revenues	39.9	47.5	0.0	47.5	47.5	47.5	0.0
Fund Balance	0.0	20.0	0.0	20.0	10.0	10.0	-50.0
SOURCES TOTAL	3,248.1	3,127.9	-96.4	3,031.5	3,175.7	3,004.8	-0.9
USES							
Personal Services and Employee Benefits	2,656.7	2,694.6	-87.4	2,607.2	2,652.9	2,593.9	-0.5
Contractual Services	291.8	276.7	-4.7	272.0	336.2	258.9	-4.8
Other	269.7	156.6	-4.3	152.3	186.6	152.0	-0.2
TOTAL USES	3,218.2	3,127.9	-96.4	3,031.5	3,175.7	3,004.8	-0.9
FTE							
Permanent	45.5	45.5	0.0	45.5	45.5	45.5	0.0
TOTAL FTE POSITIONS	45.5	45.5	0.0	45.5	45.5	45.5	0.0

TWELFTH JUDICIAL DISTRICT COURT

The purpose 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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.4%	98.7%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	18.6%	0.5%			
* Quality	Recidivism of juvenile drug-court participants	8.33%	0.00%	20%	20%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$51.59	\$52.46			
* Output	Number of juvenile drug-court graduates	7	6	14	14	14
* Output	Median number of days to process vendor payment vouchers	1.83	1.91	5	5	5
* Output	Number of days to process juror payment vouchers	4.9	2.58	14	14	14
* Explanatory	Graduation rate, juvenile drug court	58.33%	54.55%	65%	65%	65%

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	6,530.2	6,296.6	-204.2	6,092.4	6,600.9	6,034.4	-1.0
Other Transfers	504.9	521.1	0.0	521.1	629.6	629.6	20.8
Fund Balance	140.9	105.9	0.0	105.9	105.9	105.9	0.0
SOURCES TOTAL	7,176.0	6,923.6	-204.2	6,719.4	7,336.4	6,769.9	0.8
USES							
Personal Services and Employee Benefits	5,632.5	5,316.6	-163.4	5,153.2	5,538.3	5,212.4	1.1
Contractual Services	959.2	1,193.9	-28.8	1,165.1	1,382.1	1,185.1	1.7
Other	590.6	413.1	-12.0	401.1	416.0	372.4	-7.2
TOTAL USES	7,182.3	6,923.6	-204.2	6,719.4	7,336.4	6,769.9	0.8
FTE							
Permanent	78.5	80.5	0.0	80.5	78.5	78.5	-2.5
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	82.5	84.5	0.0	84.5	82.5	82.5	-2.4

THIRTEENTH JUDICIAL DISTRICT COURT

The purpose 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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	95.6%	94.8%			
Explanatory	Percent change in case filings by case type	10.8%	2.3%			
* Quality	Recidivism of juvenile drug-court graduates	9.64%	12.38%	15%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants	\$40.29	\$36.65			
* Output	Number of juvenile drug-court graduates	33	45	20	20	20
Output	Median number of days to process vendor payment vouchers	6.8	8.5	5	5	5
* Output	Number of days to process juror payment vouchers	11.6	8.5	14	14	14
* Explanatory	Graduation rate, juvenile drug court	70.21%	65.22%	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 Metro Court has jurisdiction throughout Bernalillo County and is defined as a state magistrate court. Metro Court currently has 19 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 under the direction of the presiding judge.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	22,697.4	21,972.5	-712.9	21,259.6	22,805.9	21,269.2	0.0
Other Transfers	105.0	147.0	0.0	147.0	98.8	98.8	-32.8
Other Revenues	2,772.5	3,068.0	0.0	3,068.0	3,256.0	3,256.0	6.1
Fund Balance	360.3	0.0	0.0	0.0	238.1	238.1	
SOURCES TOTAL	25,935.2	25,187.5	-712.9	24,474.6	26,398.8	24,862.1	1.6
USES							
Personal Services and Employee Benefits	19,537.2	19,099.6	-551.6	18,548.0	19,868.8	18,738.0	1.0
Contractual Services	3,154.2	3,448.5	-87.0	3,361.5	3,869.2	3,695.9	9.9
Other	2,770.9	2,624.4	-74.3	2,550.1	2,645.8	2,428.2	-4.8
Other Financing Uses	260.0	15.0	0.0	15.0	15.0	0.0	-100.0
TOTAL USES	25,722.3	25,187.5	-712.9	24,474.6	26,398.8	24,862.1	1.6
FTE							
Permanent	301.0	301.0	0.0	301.0	306.0	297.0	-1.3
Term	44.5	44.5	0.0	44.5	44.0	44.5	0.0
TOTAL FTE POSITIONS	345.5	345.5	0.0	345.5	350.0	341.5	-1.2

BUDGET ISSUES:

The Bernalillo County Metropolitan Court processes the highest volume of cases in the state, more than 125,000 case filings a year. The nine-story district courthouse occupies an area of over half an acre. The court's operating budget supports 16 criminal and three civil judicial divisions as well as courtroom support, custom service, compliance, background investigations, probation supervision, case initiation and maintenance, human resources, finance, procurement, information technology, administration, building maintenance, interpreters, mediation, the drug court and the self-help center.

For FY12, Metro Court requested \$22.8 million from the general fund, a 7 percent increase over the adjusted FY11 appropriation. The \$1.2 million general fund increase would help eliminate furlough hours, reduce court vacancy rates, and restore drug court services.

For FY12, LFC recommends \$21.2 million from the general fund and \$24.8 million in total revenue for a total 1.6 percent increase over the adjusted FY11 appropriation. The recommendation prioritizes essential court services, building operation, and furlough hour reductions. Funding for building maintenance was reduced while funding for new equipment, furniture, and nonessential travel and supplies was eliminated. The recommendation adequately funds rates for employee liability, benefits, property insurance, and building maintenance fees.

A 3 percent vacancy rate was applied while the court has maintained a historic vacancy rate in excess of 6 percent. Most of the vacant positions are court clerks. For FY12, LFC recommends the deletion of 4 FTE that have been vacant for over 12 months. The court currently has 30 vacant positions, 23 of which are court clerk II positions.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$712.9 thousand. The Bernalillo County Metropolitan Court achieved the reduction by increasing vacancy levels and reducing utility use. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$551.6 thousand from personal services and employee benefits, \$87 thousand from contractual services, and \$74.3 thousand from other costs.

BASE EXPANSION:

The court requested \$284.5 thousand from the general fund to hire 5 FTE for the background investigations program. The new staff will assist judges with a defendant's complete criminal history prior to setting conditions of release and bond. LFC does not recommend expansion FTE.

BASE EXPANSION LISTING
FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Enhanced Background Investigations Program	(P244)	284.5	0.0
TOTAL			284.5	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Outcome	Amount of bench warrant revenue collected annually	\$1,233,588	\$1,171,533			
* Explanatory	Cases disposed as a percent of cases filed	101.2%	101.5%	100%	100%	100%
Output	Amount of criminal case fees and fines collected, in millions	\$5.78	\$5.65			
* Efficiency	Cost per client per day for adult drug-court participants	\$13.11	\$9.67	\$15.00	\$15.00	\$9.00
* Quality	Recidivism of driving-while-intoxicated drug-court graduates	6.1%	5.1%	4%	4%	4%
Outcome	Number of active cases pending	22,273	21,073			
* Output	Number of driving-while-intoxicated drug-court graduates	266	237	240	240	240
* Explanatory	Graduation rate of drug-court participants	69%	76%	70%	70%	80%
* Outcome	Fees and fines collected as a percent of fees and fines assessed	90.7%	88.8%	95%	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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	57,641.5	56,392.8	-1,829.7	54,563.1	57,702.6	54,066.0	-0.9
Other Transfers	1,280.5	1,392.4	0.0	1,392.4	1,204.1	1,204.1	-13.5
Federal Revenues	2,320.7	1,253.0	0.0	1,253.0	1,387.9	1,387.9	10.8
Other Revenues	1,268.9	823.8	0.0	823.8	818.6	818.6	-0.6
Fund Balance	1,037.6	1,131.1	0.0	1,131.1	579.0	764.0	-32.5
SOURCES TOTAL	63,549.2	60,993.1	-1,829.7	59,163.4	61,692.2	58,240.6	-1.6
USES							
Personal Services and Employee Benefits	56,798.6	57,661.0	-1,721.9	55,939.1	58,140.6	55,377.0	-1.0
Contractual Services	848.5	314.2	-10.2	304.0	433.4	213.6	-29.7
Other	4,139.1	3,017.9	-97.6	2,920.3	3,118.2	2,650.0	-9.3
TOTAL USES	61,786.2	60,993.1	-1,829.7	59,163.4	61,692.2	58,240.6	-1.6
FTE							
Permanent	883.0	883.0	0.0	883.0	885.0	883.0	0.0
Term	77.0	74.1	0.0	74.1	65.2	65.1	-12.1
TOTAL FTE POSITIONS	960.0	957.1	0.0	957.1	950.2	948.1	-0.9

BUDGET ISSUES:

The district attorneys requested a \$3 million, or 5.5 percent, base general fund increase above the FY11 adjusted operating budget. Individually, at the low end, the 9th district attorney requested a flat budget to its FY11 adjusted operating budget, and at the high end, the 13th district attorney requested a 21.6 percent increase. The 2nd and 6th district attorneys requested reductions to their term FTE because grant funds are no longer available, and the 3rd district attorney nongeneral fund revenue declined but it did not request a decrease to its term FTE.

LFC recommends a 0.9 percent general fund decrease below the FY11 adjusted operating level. The recommendation reflects GSD rates at or near FY11 and FY10 levels, assumes an extension of Laws 2009, Chapter 127, which temporarily decreased the employer retirement contribution rate, and applies an average vacancy rate of 3.2 percent. Volume III includes a graph showing FY10 actual expenses to FY10 cases. The recommendation attempts to close the funding gaps among districts.

The New Mexico Sentencing Commission (NMSC) update of staffing needs for the district attorneys is nearly the same as NMSC's recommendation last year of 1,034. It is based on FY10 dispositions and recommended a combination of 1,030 attorneys, investigators, victim advocates, and support staff.

The 1st Judicial District Attorney office houses a public integrity unit and since April 2009 it has resolved 58 public corruption cases and recovered \$304.9 thousand in restitution for the state of New Mexico. Cases include a racketeering scheme involving police officers and financial officers for a municipality, a repeat tax evasion offender, perpetrators of fraud on a significant Santa Fe charitable organization funded by taxpayers, and individuals that fraudulently received public assistance from the state. The unit has coordinated its investigations with the U.S. Attorney's Office, U.S. Department of Energy, Office of Inspector General, Federal Bureau of Investigation, New Mexico Taxation and Revenue's Tax Fraud Investigations Division, and local law enforcement agencies.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the district attorneys to reduce the FY11 operating budget from the general fund by \$1.8 million. The impact of reductions to the district attorneys has primarily been in program and position reductions, including some furloughs and an inability to hire for vacant positions. Some district attorneys have been unable to hire experts needed to prosecute criminal trials. Training has been cut substantially but continuing education credits continue to get funded for districts through the Administrative Office of the District Attorneys.

BASE EXPANSION:

Two district attorney offices requested expansion. The 2nd Judicial District Attorney requested \$56 thousand for security service costs and the 11th Division I requested 2 permanent FTE. The expansion requests are not recommended.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Security service costs	2 nd Dist.	56.0	0.0
1	Prosecution specialist	11 th Dist. I	43.3	0.0
2	<u>Information systems assistant</u>	<u>11th Dist. I</u>	<u>39.6</u>	<u>0.0</u>
TOTAL			138.9	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,851.4	4,718.6	-153.1	4,565.5	4,616.9	4,525.8	-0.9
Federal Revenues	109.8	78.8	0.0	78.8	78.8	78.8	0.0
SOURCES TOTAL	4,961.2	4,797.4	-153.1	4,644.3	4,695.7	4,604.6	-0.9
USES							
Personal Services and Employee Benefits	4,390.3	4,446.2	-141.7	4,304.5	4,355.9	4,313.0	0.2
Contractual Services	29.3	21.5	-0.7	20.8	20.8	13.8	-33.7
Other	509.7	329.7	-10.7	319.0	319.0	277.8	-12.9
TOTAL USES	4,929.3	4,797.4	-153.1	4,644.3	4,695.7	4,604.6	-0.9
FTE							
Permanent	70.0	70.0	0.0	70.0	70.0	70.0	0.0
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	72.0	72.0	0.0	72.0	72.0	72.0	0.0

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	1.35%	2%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	48	77	<25	<40	<40
Efficiency	Average time from filing of petition to final disposition, in months	7.87	6.2	2	6	6
Efficiency	Average attorney caseload	169	271	110	266	266
* Output	Number of cases prosecuted	3,541	3,844	2,500	4,000	4,000
* Output	Number of cases referred for screening	6,701	6,905	3,000	6,800	6,800

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	16,825.5	16,588.9	-538.2	16,050.7	16,220.3	16,163.8	0.7
Other Transfers	370.9	635.4	0.0	635.4	734.1	734.1	15.5
Federal Revenues	474.3	268.9	0.0	268.9	185.0	185.0	-31.2
Other Revenues	510.6	484.0	0.0	484.0	484.0	484.0	0.0
SOURCES TOTAL	18,181.3	17,977.2	-538.2	17,439.0	17,623.4	17,566.9	0.7
USES							
Personal Services and Employee Benefits	17,203.8	17,432.9	-521.0	16,911.9	16,953.5	16,953.5	0.2
Contractual Services	147.5	45.0	-1.4	43.6	99.2	43.2	-0.9
Other	830.0	499.3	-15.8	483.5	570.7	570.2	17.9
TOTAL USES	18,181.3	17,977.2	-538.2	17,439.0	17,623.4	17,566.9	0.7
FTE							
Permanent	283.0	283.0	0.0	283.0	283.0	283.0	0.0
Term	27.0	21.0	0.0	21.0	15.0	15.0	-28.6
TOTAL FTE POSITIONS	310.0	304.0	0.0	304.0	298.0	298.0	-2.0

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

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	0.14%	0.06%	<2.5%	<1.8%	<1.8%
Output	Number of cases dismissed under the six-month rule	34	15	<250	<180	<180
Efficiency	Average time from filing of petition to final disposition, in months	11.6	11.7	11	12	12
Efficiency	Average attorney caseload	473	330.53	500	500	500
* Output	Number of cases prosecuted	25,064	25,233	26,000	24,500	24,500
* Output	Number of cases referred for screening	29,826	29,744	30,500	29,500	29,500
Efficiency	Average number of cases prosecuted per attorney	231	224	245	245	245

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,518.1	4,438.4	-144.0	4,294.4	4,342.4	4,225.6	-1.6
Other Transfers	135.2	205.7	0.0	205.7	171.6	171.6	-16.6
Federal Revenues	912.7	497.1	0.0	497.1	508.3	508.3	2.3
Other Revenues	165.8	192.1	0.0	192.1	186.9	186.9	-2.7
Fund Balance	662.6	365.6	0.0	365.6	172.5	172.5	-52.8
SOURCES TOTAL	6,394.4	5,698.9	-144.0	5,554.9	5,381.7	5,264.9	-5.2
USES							
Personal Services and Employee Benefits	5,598.8	5,431.4	-135.3	5,296.1	5,120.0	5,017.6	-5.3
Contractual Services	23.3	13.0	-0.4	12.6	13.3	13.3	5.6
Other	304.2	254.5	-8.3	246.2	248.4	234.0	-5.0
TOTAL USES	5,926.3	5,698.9	-144.0	5,554.9	5,381.7	5,264.9	-5.2
FTE							
Permanent	62.0	62.0	0.0	62.0	62.0	62.0	0.0
Term	19.0	19.0	0.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	81.0	81.0	0.0	81.0	81.0	81.0	0.0

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Efficiency	Average time from filing of petition to final disposition, in months	4.9	5.4	6	6	6
* Output	Number of cases referred for screening	6,795	6,609	5,800	5,800	5,800
* Output	Number of cases dismissed under the six-month rule	55	8	3	3	3
* Output	Number of cases prosecuted	5,133	4,907	4,600	4,600	4,600
* Outcome	Percent of cases dismissed under the six-month rule	1.07%	0.16%	0.05%	0.05%	0.05%
Efficiency	Average attorney caseload	197.42	287.35	160	160	160

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	3,156.6	3,064.5	-99.5	2,965.0	3,228.3	2,882.0	-2.8
SOURCES TOTAL	3,156.6	3,064.5	-99.5	2,965.0	3,228.3	2,882.0	-2.8
USES							
Personal Services and Employee Benefits	2,776.1	2,877.9	-93.4	2,784.5	3,014.0	2,704.7	-2.9
Contractual Services	116.1	15.3	-0.5	14.8	43.0	13.0	-12.2
Other	200.5	171.3	-5.6	165.7	171.3	164.3	-0.8
TOTAL USES	3,092.7	3,064.5	-99.5	2,965.0	3,228.3	2,882.0	-2.8
FTE							
Permanent	42.0	42.0	0.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	0.0	42.0	42.0	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 Fourth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens of Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Output	Number of cases referred for screening	2,371	2,517	2,450	2,455	2,455
Output	Number of cases closed, per attorney	304	262	260	265	265
Output	Number of cases referred for follow-up investigation	1,596	1,189	1,150	1,150	1,150
* Outcome	Percent of cases dismissed under the six-month rule	0.34%	0.1%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	5	6	6	6	6
Efficiency	Average attorney caseload	304	291	250	255	255
Output	Number of cases prosecuted, per attorney	304	262	260	265	265
* Output	Number of cases prosecuted	2,430	2,328	2,250	2,255	2,255
Output	Number of offenders accepted into pre-prosecution diversion program	56	39	40	40	40
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$11.1	\$5.6	\$5.0	\$5.0	\$5.0
Output	Number of worthless check cases processed	290	206	185	175	175
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$78.6	\$78.8	\$70.0	\$65.0	\$65.0
Output	Number of drug cases prosecuted	67	58	55	55	55
Output	Number of domestic violence cases prosecuted	290	339	300	315	315
Output	Number of victims assisted by the district attorney office	486	566	520	525	525
Output	Number of probation violations filed	183	96	96	100	100
Output	Number of county civil matters handled	0	0	0	0	0
Output	Average investigator caseload	790	629	555	550	550

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	4,305.7	4,273.2	-138.6	4,134.6	4,174.6	4,124.3	-0.2
SOURCES TOTAL	4,305.7	4,273.2	-138.6	4,134.6	4,174.6	4,124.3	-0.2
USES							
Personal Services and Employee Benefits	3,887.7	4,069.2	-132.0	3,937.2	3,977.2	3,948.5	0.3
Contractual Services	151.4	70.7	-2.3	68.4	16.3	16.3	-76.2
Other	233.5	133.3	-4.3	129.0	181.1	159.5	23.6
TOTAL USES	4,272.6	4,273.2	-138.6	4,134.6	4,174.6	4,124.3	-0.2
FTE							
Permanent	60.0	60.0	0.0	60.0	60.0	60.0	0.0
TOTAL FTE POSITIONS	60.0	60.0	0.0	60.0	60.0	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

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of cases dismissed under the six-month rule	0.1%	0.29%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	7.8	7.7	5	5	5
Efficiency	Average attorney caseload	304	321	200	200	200
* Output	Number of cases prosecuted	5,353	4,930	4,200	4,200	4,200
* Output	Number of cases referred for screening	5,779	5,449	4,700	4,700	4,700
Output	Number of cases dismissed under the six-month rule	6	6	10	10	10

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,544.3	2,480.4	-80.4	2,400.0	2,664.4	2,382.6	-0.7
Other Transfers	385.4	244.6	0.0	244.6	43.4	43.4	-82.3
Federal Revenues	246.0	104.5	0.0	104.5	128.2	128.2	22.7
Fund Balance	69.5	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	3,245.2	2,829.5	-80.4	2,749.1	2,836.0	2,554.2	-7.1
USES							
Personal Services and Employee Benefits	2,792.6	2,640.1	-74.3	2,565.8	2,652.8	2,387.4	-7.0
Contractual Services	35.4	19.5	-0.6	18.9	19.2	19.2	1.6
Other	214.0	169.9	-5.5	164.4	164.0	147.6	-10.2
TOTAL USES	3,042.0	2,829.5	-80.4	2,749.1	2,836.0	2,554.2	-7.1
FTE							
Permanent	35.0	35.0	0.0	35.0	35.0	35.0	0.0
Term	6.0	6.0	0.0	6.0	3.0	3.0	-50.0
TOTAL FTE POSITIONS	41.0	41.0	0.0	41.0	38.0	38.0	-7.3

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

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	0%	0.08%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	1	2	<5	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	3.0	4.5	5	6	6
Efficiency	Average attorney caseload	275	221	150	150	150
* Output	Number of cases prosecuted	2,567	2,431	1,900	1,900	1,900
* Output	Number of cases referred for screening	2,744	2,861	2,200	2,200	2,200
Output	Average number of cases prosecuted per attorney	233	260.09	200	200	200

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,399.1	2,333.8	-75.7	2,258.1	2,333.8	2,212.0	-2.0
SOURCES TOTAL	2,399.1	2,333.8	-75.7	2,258.1	2,333.8	2,212.0	-2.0
USES							
Personal Services and Employee Benefits	2,106.9	2,137.1	-69.3	2,067.8	2,138.2	2,066.4	-0.1
Contractual Services	52.8	35.5	-1.2	34.3	34.4	12.5	-63.6
Other	136.7	161.2	-5.2	156.0	161.2	133.1	-14.7
TOTAL USES	2,296.4	2,333.8	-75.7	2,258.1	2,333.8	2,212.0	-2.0
FTE							
Permanent	36.0	36.0	0.0	36.0	36.0	36.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	37.0	37.0	0.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.26%	0.28%	<1.5%	<1.5%	<1.5%
Output	Number of cases dismissed under the six-month rule	6	5	<20	<20	<10
Efficiency	Average time from filing of petition to final disposition, in months	5.0	4.84	5.5	5.5	5.5
Efficiency	Average attorney caseload	101	185	140	140	140
* Output	Number of cases prosecuted	1,915	1,725	1,975	1,950	1,950
* Output	Number of cases referred for screening	2,093	1,939	2,100	2,050	2,050
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	8.4	8.65	10	10	10
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	6.0	5.1	4.75	4.75	4.75

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	2,611.6	2,530.1	-82.1	2,448.0	2,730.0	2,322.7	-5.1
SOURCES TOTAL	2,611.6	2,530.1	-82.1	2,448.0	2,730.0	2,322.7	-5.1
USES							
Personal Services and Employee Benefits	2,356.2	2,343.3	-76.0	2,267.3	2,543.2	2,175.8	-4.0
Contractual Services	68.8	11.0	-0.4	10.6	11.0	11.0	3.8
Other	186.0	175.8	-5.7	170.1	175.8	135.9	-20.1
TOTAL USES	2,611.0	2,530.1	-82.1	2,448.0	2,730.0	2,322.7	-5.1
FTE							
Permanent	36.0	36.0	0.0	36.0	36.0	36.0	0.0
TOTAL FTE POSITIONS	36.0	36.0	0.0	36.0	36.0	36.0	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

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Output	Number of cases referred for screening	2,151	1,722	2,800	2,100	2,100
Efficiency	Average time from filing of petition to final disposition, in months	5.6	10	6	6	6
* Output	Number of cases prosecuted	1,384	1,231	1,500	1,500	1,500
Efficiency	Average attorney caseload	196	215	200	200	200
* Outcome	Percent of cases dismissed under the six-month rule	<2%	<1%	<3%	<3%	<3%
Output	Number of cases dismissed under the six-month rule	9	10	15	15	15
Output	Average number of cases prosecuted per attorney	173	154	200	200	200

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,734.9	2,689.1	-87.3	2,601.8	2,601.8	2,563.5	-1.5
Other Revenues	135.9	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	2,870.8	2,689.1	-87.3	2,601.8	2,601.8	2,563.5	-1.5
USES							
Personal Services and Employee Benefits	2,681.0	2,552.1	-82.8	2,469.3	2,486.2	2,448.4	-0.8
Contractual Services	14.4	10.9	-0.4	10.5	10.3	10.3	-1.9
Other	175.4	126.1	-4.1	122.0	105.3	104.8	-14.1
TOTAL USES	2,870.8	2,689.1	-87.3	2,601.8	2,601.8	2,563.5	-1.5
FTE							
Permanent	39.0	39.0	0.0	39.0	39.0	39.0	0.0
TOTAL FTE POSITIONS	39.0	39.0	0.0	39.0	39.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Number of cases prosecuted	3,202	3,126	3,000	3,000	3,000
Output	Number of cases dismissed under the six-month rule	5	5	<5	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	4	6.3	5	6	6
Efficiency	Average attorney caseload	267	298	250	300	300
* Outcome	Percent of cases dismissed under the six-month rule	0.0016%	0.0016%	<1%	<1%	<1%
* Output	Number of cases referred for screening	3,701	3,918	3,200	3,200	3,200

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	993.6	977.8	-31.8	946.0	1,061.1	940.4	-0.6
Other Transfers	10.3	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	1,003.9	977.8	-31.8	946.0	1,061.1	940.4	-0.6
USES							
Personal Services and Employee Benefits	890.7	875.2	-28.4	846.8	942.8	843.8	-0.4
Contractual Services	10.9	10.8	-0.4	10.4	11.4	11.4	9.6
Other	102.3	91.8	-3.0	88.8	106.9	85.2	-4.1
TOTAL USES	1,003.9	977.8	-31.8	946.0	1,061.1	940.4	-0.6
FTE							
Permanent	13.0	13.0	0.0	13.0	13.0	13.0	0.0
TOTAL FTE POSITIONS	13.0	13.0	0.0	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

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* 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	3.26	3.4	5	5	5
Efficiency	Average attorney caseload	364.8	362.8	300	300	300
* Output	Number of cases prosecuted	614	678	1,000	1,000	1,000
* Output	Number of cases referred for screening	912	907	900	900	900
Output	Number of cases dismissed under the six-month rule	0	0	0	0	0

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,374.7	3,210.3	-104.2	3,106.1	3,665.6	3,024.8	-2.6
Other Transfers	135.1	129.3	0.0	129.3	131.0	131.0	1.3
Federal Revenues	77.1	78.1	0.0	78.1	78.1	78.1	0.0
Other Revenues	60.0	0.0	0.0	0.0	0.0	0.0	
Fund Balance	220.7	765.5	0.0	765.5	406.5	591.5	-22.7
SOURCES TOTAL	3,867.6	4,183.2	-104.2	4,079.0	4,281.2	3,825.4	-6.2
USES							
Personal Services and Employee Benefits	3,608.3	3,825.5	-92.6	3,732.9	4,044.8	3,667.7	-1.7
Contractual Services	20.3	23.0	-0.7	22.3	20.0	16.0	-28.3
Other	209.9	334.7	-10.9	323.8	216.4	141.7	-56.2
TOTAL USES	3,838.5	4,183.2	-104.2	4,079.0	4,281.2	3,825.4	-6.2
FTE							
Permanent	55.0	55.0	0.0	55.0	57.0	55.0	0.0
Term	10.5	11.6	0.0	11.6	11.7	11.6	0.0
TOTAL FTE POSITIONS	65.5	66.6	0.0	66.6	68.7	66.6	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Number of cases referred for screening	4,917	4,705	4,500	4,500	4,500
* Output	Number of cases prosecuted	3,373	4,139	3,000	3,000	3,000
* Outcome	Percent of cases dismissed under the six-month rule	0.12%	0.14%	<0.5%	<0.5%	<0.5%
Efficiency	Average time from filing of petition to final disposition, in months	5.2	4.3	<6	<6	<6
Efficiency	Average attorney caseload	289	304	270	270	270
Output	Average number of cases prosecuted per attorney	198	267	175	175	175

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,062.1	2,015.5	-65.4	1,950.1	2,136.7	1,932.5	-0.9
Other Transfers	124.1	124.1	0.0	124.1	124.0	124.0	-0.1
SOURCES TOTAL	2,186.2	2,139.6	-65.4	2,074.2	2,260.7	2,056.5	-0.9
USES							
Personal Services and Employee Benefits	1,876.4	1,986.6	-60.4	1,926.2	2,149.0	1,954.1	1.4
Contractual Services	11.4	11.6	-0.4	11.2	11.4	11.4	1.8
Other	140.3	141.4	-4.6	136.8	100.3	91.0	-34.3
TOTAL USES	2,028.1	2,139.6	-65.4	2,074.2	2,260.7	2,056.5	-0.9
FTE							
Permanent	33.0	33.0	0.0	33.0	33.0	33.0	0.0
Term	1.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	34.0	36.0	0.0	36.0	36.0	36.0	0.0

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	2%	1%	<2%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	45	37	<50	<37	<37
Efficiency	Average time from filing of petition to final disposition, in months	12.5	5.3	9	5.3	5.3
Efficiency	Average attorney caseload	421	464	500	464	464
* Output	Number of cases prosecuted	2,786	2,769	2,700	2,769	2,769
* Output	Number of cases referred for screening	3,575	3,478	3,718	3,478	3,478

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,583.0	2,528.8	-82.0	2,446.8	2,581.5	2,413.4	-1.4
Other Transfers	59.5	53.3	0.0	53.3	0.0	0.0	-100.0
Federal Revenues	500.8	225.6	0.0	225.6	409.5	409.5	81.5
SOURCES TOTAL	3,143.3	2,807.7	-82.0	2,725.7	2,991.0	2,822.9	3.6
USES							
Personal Services and Employee Benefits	2,419.0	2,626.7	-76.2	2,550.5	2,816.1	2,655.8	4.1
Contractual Services	60.5	19.5	-0.6	18.9	18.9	15.0	-20.6
Other	438.8	161.5	-5.2	156.3	156.0	152.1	-2.7
TOTAL USES	2,918.3	2,807.7	-82.0	2,725.7	2,991.0	2,822.9	3.6
FTE							
Permanent	39.0	39.0	0.0	39.0	39.0	39.0	0.0
Term	8.5	8.5	0.0	8.5	8.5	8.5	0.0
TOTAL FTE POSITIONS	47.5	47.5	0.0	47.5	47.5	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<0.31%	<0.07%	<0.5%	<0.5%	<0.5%
Efficiency	Average time from filing of petition to final disposition, in months	5.9	6.5	8	8	8
Efficiency	Average attorney caseload	407.3	284.59	180	180	180
* Output	Number of cases prosecuted.	3,515	2,853	3,400	3,400	3,400
* Output	Number of cases referred for screening	5,495	3,842	5,000	5,000	5,000
Output	Number of cases dismissed under the six-month rule	11	2	2	2	2
Output	Average investigator caseload	N/A	N/A	N/A	N/A	N/A
Output	Average number of cases prosecuted per attorney	260.37	284.59	150	150	150
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges	N/A	N/A	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,680.9	4,543.4	-147.4	4,396.0	5,345.2	4,352.6	-1.0
Other Transfers	60.0	0.0	0.0	0.0	0.0	0.0	
Other Revenues	396.6	147.7	0.0	147.7	147.7	147.7	0.0
Fund Balance	84.8	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	5,222.3	4,691.1	-147.4	4,543.7	5,492.9	4,500.3	-1.0
USES							
Personal Services and Employee Benefits	4,210.8	4,416.8	-138.5	4,278.3	4,946.9	4,240.3	-0.9
Contractual Services	106.4	6.9	-0.2	6.7	104.2	7.2	7.5
Other	457.8	267.4	-8.7	258.7	441.8	252.8	-2.3
TOTAL USES	4,775.0	4,691.1	-147.4	4,543.7	5,492.9	4,500.3	-1.0
FTE							
Permanent	80.0	80.0	0.0	80.0	80.0	80.0	0.0
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	82.0	82.0	0.0	82.0	82.0	82.0	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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	1.07%	0.01%	<0.2%	<0.01%	<0.01%
Output	Number of cases dismissed under the six-month rule	56	43	<17	<30	<30
Efficiency	Average time from filing of petition to final disposition, in months	7.7	4.5	6	5	5
Efficiency	Average attorney caseload	210	206	190	190	190
* Output	Number of cases prosecuted	5,244	6,005	6,200	6,200	6,200
* Output	Number of cases referred for screening	6,386	6,281	7,966	7,966	7,966

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,043.0	1,919.3	-62.3	1,857.0	1,986.0	1,782.6	-4.0
Federal Revenues	2,467.1	0.0	0.0	0.0	0.0	0.0	
Other Revenues	308.4	180.0	0.0	180.0	200.0	200.0	11.1
Fund Balance	600.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	5,418.5	2,099.3	-62.3	2,037.0	2,186.0	1,982.6	-2.7
USES							
Personal Services and Employee Benefits	1,315.8	970.5	-31.5	939.0	1,051.4	990.1	5.4
Contractual Services	704.7	12.1	-0.4	11.7	47.2	17.2	47.0
Other	1,734.5	1,116.7	-30.4	1,086.3	1,087.4	975.3	-10.2
Other Financing Uses	801.5	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	4,556.5	2,099.3	-62.3	2,037.0	2,186.0	1,982.6	-2.7
FTE							
Permanent	13.0	13.0	0.0	13.0	13.0	12.0	-7.7
TOTAL FTE POSITIONS	13.0	13.0	0.0	13.0	13.0	12.0	-7.7

BUDGET ISSUES:

AODA requested a 6.9 percent base increase from its FY11 adjusted operating budget. A 4 percent general fund reduction is recommended from its FY11 adjusted operating budget. The recommendation reflects GSD rates at or near FY11 and FY10 levels, assumes an extension of Laws 2009, Chapter 127, which temporarily decreased the employer retirement contribution rate and eliminates a financial specialist position.

Laws 2010, Section 5, Subsections 1, directed fund balances from the U.S. Department of Justice (DOJ) Southwest Border Prosecution Initiative to remain in the recipient district attorney office for any future fiscal year. The district attorneys cumulative balance as of November 4, 2010, is \$3.4 million. DOJ continues to reimburse states bordering Mexico for costs associated with the prosecution of crimes declined or referred by local U.S. Attorneys' offices and authorized AODA as New Mexico's designee responsible for requesting reimbursements on behalf of the 14 district attorneys. The funds can be used for any lawful purpose, which may help offset the general fund reductions.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$62.3 thousand. The impact of the reductions to the Administrative Office of the District Attorneys has been through the termination of a term position and the reduction to all districts in information technology services. The agency continues to provide training statewide with reduced general funds that are enhanced through the solicitation of federal grants and subsidies.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of district attorney employees receiving training	930	986	Disc.	Disc.	Disc.
* Output	Number of victim notification events and escapes reported, monthly	8,019	7,493	7,500	7,500	7,500
Efficiency	Average time to resolve information technology calls for assistance, in hours		10	2	6	6
Explanatory	Percent of time network is available to users		94%	98%	98%	98%
* Output	Number of trainings conducted during the fiscal year		42	10	20	20

STATUTORY AUTHORITY:

Article V, Section 1, 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 of the state in an official capacity; and issuing written opinions on any questions of law submitted by the Legislature, any member of the Legislature, state officials, or any district attorney.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	15,412.0	11,703.3	-379.6	11,323.7	11,532.7	8,323.7	-26.5
Other Transfers	0.0	104.0	0.0	104.0	104.0	104.0	0.0
Federal Revenues	1,354.5	1,580.0	0.0	1,580.0	1,580.0	1,580.0	0.0
Other Revenues	0.0	200.0	0.0	200.0	0.0	0.0	-100.0
Fund Balance	700.0	4,632.0	0.0	4,632.0	4,995.7	8,003.9	72.8
SOURCES TOTAL	17,466.5	18,219.3	-379.6	17,839.7	18,212.4	18,011.6	1.0
USES							
Personal Services and Employee Benefits	14,411.9	14,629.6	-306.7	14,322.9	15,237.8	15,057.5	5.1
Contractual Services	441.5	541.7	-7.8	533.9	445.6	442.6	-17.1
Other	2,206.8	2,944.0	-65.1	2,878.9	2,425.0	2,407.5	-16.4
Other Financing Uses	0.0	104.0	0.0	104.0	104.0	104.0	0.0
TOTAL USES	17,060.2	18,219.3	-379.6	17,839.7	18,212.4	18,011.6	1.0
FTE							
Permanent	181.0	179.0	0.0	179.0	181.0	179.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	182.0	180.0	0.0	180.0	182.0	180.0	0.0

BUDGET ISSUES:

The recommendation supports the agency's base budget request for both programs, resulting in a 2.3 percent increase for Legal Services Program and a 1 percent overall agency increase from the FY11 adjusted operating budget. Although these increases trend against budget reductions for most agencies, using additional fund balance of about \$3 million from the consumer settlement fund offsets a general fund reduction of equal amount. This fund comprises settlement awards won by the Office of the Attorney General (AG) in claims against companies filed on behalf of the state for violations of consumer law. Some settlements are made only for consumer payments or otherwise restricted. Given a closing balance of \$16.4 million as of June 30, 2010, projections including estimated inflows and budget outflows for both FY11 (operating budget) and FY12 (budget recommendation) show an ending FY12 balance of about \$8 million. The ending year balance could be more or less depending on actual settlements coming into the fund over the next 18 months.

The agency-applied vacancy savings totaling more than \$1 million represent the largest cost-curtailement measure. However, the committee also recommends the Attorney General reprioritize resources for staff, such as reducing the complement of 3 FTE committed for communications. In addition to a communications director, the AG currently retains two public information officers. Although funded primarily from the consumer settlement fund, the funding for one or both of these positions could be reallocated to fill vacant attorney positions to ease caseloads – an issue raised by the office several times over the last few months. Another option would be to use the small general fund allocation toward converting the funding for staff dedicated to domestic violence issues from federal funding, as requested in the expansion.

Also important to note is the AG has additional funds not reflected in the budget request or recommendation. A multi-year grant for the Southwest Border Anti-Money Laundering Alliance worth \$548.9 thousand was processed through a budget adjustment request (BAR) in November 2011. Rather than budgeting only the FY11 amount, the BAR appropriated the funding through FY13. Thus, this funding will not be appropriated through the legislative process for FY12 and FY13 as it should have been.

The committee recommendation reduces other costs only slightly below the agency's request by incorporating the final lease agreement that postponed a \$7.5 thousand escalation clause for two years for the Albuquerque office. Rising to almost \$500 thousand, leasing represents one of the agency's largest operating costs. The AG reports the proximity to federal court and other courts in Albuquerque remains essential and closing that office and moving personnel to Santa Fe would be costly in terms of moving expenses, turnover, and lost expertise. Therefore, the committee recommends better space utilization of the Santa Fe facility, which has an empty basement that could be converted for another agency currently leasing in the capitol. Given budget constraints, optimizing the use of government-owned buildings is a priority.

The federal crackdown on Medicare and Medicaid fraud took root in New Mexico with federal charges levied at seven defendants allegedly operating as part of a larger Armenian-American organized crime enterprise. The AG notes improved relations with the Human Services Department and Department of Health, the agencies at the frontline of this issue, have improved the AG's ability to pursue both criminal and civil Medicaid fraud cases for the state. Hampering efforts, however, has been a persistently high vacancy factor due to budget constraints. These constraints become even tighter in FY12 with the ending of the agency's ability to use up to \$200 thousand in recoveries for operations, accounting for the 8.2 percent decline in funding for the Medicaid Fraud Program. To help mitigate the impact, the recommendation restores \$15.9 thousand general fund cut from the general fund appropriation earlier in the fiscal year as part of the state's 3.2 percent reduction plan to keep costs within projected revenues. Because this program has a 1:3 state to federal funding ratio, the recommended appropriation helps support the full federal funding request of \$1.6 million – allowing the program to reduce its current vacancy rate of 33 percent to support a more vigorous prosecution of Medicaid fraud and increase recoveries.

The recommendation also funds continued litigation expenses associated with the lawsuit filed by participating manufacturers in the tobacco master settlement agreement (MSA) that claims all states failed to diligently enforce a clause in the agreement related to nonparticipating manufacturers in 2003. A potential end to the dispute through an arbitrated settlement failed last fall, which opens the possibility of committing resources into the foreseeable future. According to the AG, legislation to amend Section 6-4-12 NMSA 1978 relating to the escrow payments pursuant to the MSA appeared well received by tribal representatives attending the Indian Affairs Committee in November. However, the Department of Taxation and Revenue does not appear to agree that any changes are needed.

In 2006, the Legislature appropriated \$137.2 thousand and added an investigator and an attorney to investigate public funds fraud and abuse. Although the resulting Government Accountability Division has closed the case involving misuse of public funds involving West Las Vegas Schools, most high profile cases remain unresolved – such as charges relating to former Regional III Housing Authority personnel and a former secretary of state. In addition, the committee remains concerned that people connected to possible pay-to-play schemes involving the state's investment funds are not being held accountable. Twenty months have passed since the pay-to-play scandal broke in New York, which netted more than \$160 million in returned fees or payments and eight guilty pleas. Of the firms that have settled in New York, at least seven handled investments in New Mexico.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$379.6 thousand in the Legal Services Program and by \$15.9 thousand in the Medicaid Fraud Program. The reduction for the Legal Services Program of \$363.7 thousand was taken primarily in personal services and employee benefits, which the agency claims reduced the ability to fill critical positions to meet agency objectives. The Medicaid Fraud Program reduction of \$15.9 thousand reduced the federal match by \$47.7 thousand.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the legal services program of the attorney general in the other 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, unless otherwise required by the terms of a court-approved order or settlement.

The other state funds appropriations to the legal services program of the attorney general include eight million three thousand nine hundred dollars (\$8,003,900) from the consumer settlement fund.

The other state funds appropriation to the legal services program of the attorney general include three hundred thousand dollars (\$300,000) for tobacco litigation and arbitration costs, one hundred fifty thousand dollars (\$150,000) for the purpose of qui tam and one hundred fifty thousand dollars (\$150,000) for the purpose of government accountability.

BASE EXPANSION:

The agency requested an expansion of 2 FTE and \$193.1 thousand from the general fund to continue a domestic violence program initiated with a federal grant that has ended. While the issue of domestic violence is a serious one, the committee does not recommend an expansion using general funds for this effort without a thorough analysis of all agency resources dedicated to mitigating domestic violence to prevent duplication, coordinate initiatives, and monitor program effectiveness. Currently, at least three other agencies have domestic violence programs: Civil Legal Services at the Department of Finance and Administration; Youth and Family Services Program at the Children, Youth and Family Department; and the Crime Victims Reparation Commission.

**BASE EXPANSION LISTING
FY12 - 2011-2012**

<u>Agency Rank</u>	<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	<u>Violence against women program</u>	<u>193.1</u>	<u>0.0</u>
TOTAL		193.1	0.0

LEGAL SERVICES

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

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recommendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	14,896.3	11,211.3	-363.7	10,847.6	11,040.7	7,831.7	-27.8
Other Transfers	0.0	104.0	0.0	104.0	104.0	104.0	0.0
Fund Balance	500.0	4,632.0	0.0	4,632.0	4,995.7	8,003.9	72.8
SOURCES TOTAL	15,396.3	15,947.3	-363.7	15,583.6	16,140.4	15,939.6	2.3
USES							
Personal Services and Employee Benefits	12,850.0	13,051.8	-303.4	12,748.4	13,596.9	13,416.6	5.2
Contractual Services	433.9	534.7	-7.6	527.1	437.7	434.7	-17.5
Other	1,861.3	2,360.8	-52.7	2,308.1	2,105.8	2,088.3	-9.5
TOTAL USES	15,145.2	15,947.3	-363.7	15,583.6	16,140.4	15,939.6	2.3
FTE							
Permanent	160.0	158.0	0.0	158.0	160.0	158.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	161.0	159.0	0.0	159.0	161.0	159.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of crime victims receiving information and advocacy	906	646	906	800	800
Efficiency	Number of outreach presentations conducted throughout the state	12	112	18	18	18
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	56%		85%	90%	90%
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	100%	100%	100%	100%	100%
* Outcome	Percent of initial responses to requests for attorney general opinions made within three days of request	91%	78%	95%	95%	95%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	NA	53%	90%	90%	90%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	N/A		15	95	15

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	515.7	492.0	-15.9	476.1	492.0	492.0	3.3
Federal Revenues	1,354.5	1,580.0	0.0	1,580.0	1,580.0	1,580.0	0.0
Other Revenues	0.0	200.0	0.0	200.0	0.0	0.0	-100.0
Fund Balance	200.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	2,070.2	2,272.0	-15.9	2,256.1	2,072.0	2,072.0	-8.2
USES							
Personal Services and Employee Benefits	1,561.9	1,577.8	-3.3	1,574.5	1,640.9	1,640.9	4.2
Contractual Services	7.6	7.0	-0.2	6.8	7.9	7.9	16.2
Other	345.5	583.2	-12.4	570.8	319.2	319.2	-44.1
Other Financing Uses	0.0	104.0	0.0	104.0	104.0	104.0	0.0
TOTAL USES	1,915.0	2,272.0	-15.9	2,256.1	2,072.0	2,072.0	-8.2
FTE							
Permanent	21.0	21.0	0.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	0.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$23.3	\$86.63	\$12.2	\$12.2	\$12.2
* Explanatory	Total medicaid fraud recoveries identified, in thousands.	\$558	\$1,107	\$2,000	\$2,000	\$2,000
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services				5	5
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within one hundred and eighty days of receipt.				80%	80%
Output	Number of program improvement recommendations forwarded to the United States department of health and human services	4	7	5	delete	delete
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	19%	25%	80%	delete	delete

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico State Constitution created the office 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,353.9	2,271.2	-73.6	2,197.6	2,445.7	2,233.4	1.6
Other Revenues	355.3	430.0	0.0	430.0	400.0	400.0	-7.0
Fund Balance	418.1	418.1	0.0	418.1	200.0	200.0	-52.2
SOURCES TOTAL	3,127.3	3,119.3	-73.6	3,045.7	3,045.7	2,833.4	-7.0
USES							
Personal Services and Employee Benefits	2,469.2	2,564.0	-60.7	2,503.3	2,502.1	2,442.2	-2.4
Contractual Services	200.2	159.3	-3.7	155.6	154.8	78.3	-49.7
Other	450.4	396.0	-9.2	386.8	388.8	312.9	-19.1
TOTAL USES	3,119.8	3,119.3	-73.6	3,045.7	3,045.7	2,833.4	-7.0
FTE							
Permanent	32.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	33.0	33.0	0.0	33.0	33.0	33.0	0.0

BUDGET ISSUES:

Beginning July 1, 2010, amendments to the State Audit Act established tiered reporting requirements for public entities based on a risk assessment and annual revenue. In addition, the Audit Act was amended to require the timely submission of financial audits from school districts and charter schools. Failure to comply with audit deadlines may result in the withholding of the state equalization guarantee (SEG) distribution by the Public Education Department. Combined, these requirements are expected to improve accountability and transparency.

The State Auditor reported 79 percent of FY09 audits were completed by the regulatory due date, compared with 72 percent for FY08. In addition, 79 percent of statutory reviews were completed within 10 days; however, total audit fees generated declined \$75 thousand from FY09.

The State Auditor also reported the number of governmental entities designated "at risk" for failing to submit an annual financial audit for FY09 or prior fiscal years had fallen from 74 to 54 as of October 2010. This included several cities, counties, municipalities, and school districts that have past due audits dating as far back as FY01.

For FY12, the State Auditor should consider proposing legislation authorizing the Department of Finance and Administration and the Taxation and Revenue Department to withhold tax distributions to cities and counties if they fail to submit their audits on time, similar to public schools. This would enhance accountability and transparency for local government entities.

According to the State Auditor's website, the agency approved approximately \$15.3 million in auditing contracts for FY09. While each agency is responsible for hiring an approved auditing firm, the cost of procuring auditing services has grown by \$1.3 million, or 9 percent from FY08.

In FY10, the State Auditor received 144 calls on the fraud hotline reporting incidents of fraud, waste, and abuse. However, this initiative has no clear performance measures or targets. The success of this program remains difficult to assess without quantitative data to support the results and outcome of receiving calls.

Given the ongoing concerns regarding fraud and embezzlement, the committee recommendation encourages the State Auditor to focus existing resources and FTE on the core statutory duties of the office. This includes reclassifying administrative positions to auditing positions to focus on performing and reviewing financial audits. This will increase revenue to the audit fund, reduce reliance on the general fund, and further promote accountability for public funds.

In prior fiscal years, a significant portion of contractual spending was directed toward legal fees and public relations. Since FY09, \$155 thousand was spent on legal fees related to a dispute with the Attorney General's Office. However, how these contracts relate to advancing the mission of agency is unclear.

Similar to prior years, the FY12 committee recommendation reduces contractual services by \$71 thousand for public relations and legal services. The recommendation also reduces other costs by \$75 thousand for rent of an Albuquerque office because 33 FTE do not need two office sites.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the State Auditor to reduce the FY11 operating budget from the general fund by \$73.6 thousand. The plan submitted by the State Auditor and approved by the Department of Finance and Administration reduces expenditures by \$61 thousand from personal services and employee benefits, \$4 thousand from contractual services, and \$9 thousand from other costs.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Total audit fees generated	\$430,000	\$355,315	\$430,000	\$ 400,000	\$400,000
* Explanatory	Percent of audits completed by regulatory due date	72%	79%	75%	75%	80%
Output	Number of training sessions performed	24	22	16	16	22
Outcome	Percent of statutory reviews of audit reports completed within ten days	33%	79.1%	75%	75%	80%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	99%	68%	100%	95%	95%
Output	Number of working paper reviews of independent public accountants	45	45	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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	70,929.6	63,638.5	-2,064.6	61,573.9	64,225.5	58,194.1	-5.5
Other Transfers	621.7	558.8	0.0	558.8	498.9	500.0	-10.5
Federal Revenues	2,550.3	1,477.3	0.0	1,477.3	1,473.9	1,473.9	-0.2
Other Revenues	21,294.0	18,423.8	0.0	18,423.8	20,187.6	20,790.1	12.8
Fund Balance	4,488.1	135.7	0.0	135.7	200.0	200.0	47.4
SOURCES TOTAL	99,883.7	84,234.1	-2,064.6	82,169.5	86,585.9	81,158.1	-1.2
USES							
Personal Services and Employee Benefits	58,827.8	60,256.3	-1,473.8	58,782.5	60,354.9	58,030.0	-1.3
Contractual Services	6,176.1	5,598.2	-118.8	5,479.4	8,141.1	6,447.1	17.7
Other	20,410.7	18,379.6	-472.0	17,907.6	18,089.9	16,681.0	-6.8
Other Financing Uses	3,341.8	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	88,756.4	84,234.1	-2,064.6	82,169.5	86,585.9	81,158.1	-1.2
FTE							
Permanent	1,250.0	1,121.5	0.0	1,121.5	1,128.5	1,074.5	-4.2
Term	30.0	29.0	0.0	29.0	22.0	29.0	0.0
Temporary	35.7	32.5	0.0	32.5	32.5	32.5	0.0
TOTAL FTE POSITIONS	1,315.7	1,183.0	0.0	1,183.0	1,183.0	1,136.0	-4.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Taxation and Revenue Department to reduce the FY10 operating budget from the general fund by \$3.9 million. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures as follows: \$1.1 million in Program Support, \$1.8 million in the Tax Administration Program, \$831 thousand in the Motor Vehicle Program, \$34.8 thousand in the Property Tax Program, and \$137.3 thousand in the Compliance Enforcement Program.

BUDGET ISSUES:

The 2010 General Appropriation Act eliminated 132.7 FTE, most of which were vacant and unfunded. According to the department, initial estimates for FY11 program vacancy rates range from 9.8 percent to 21 percent; however, rates are expected to increase due to the statewide hiring freeze and a reduced level of funding following Section 14 appropriation adjustments. The September table of organizational listing (TOOL) report indicated 169.2 positions were vacant, including 21 FTE vacant for two years or more. The recommendation eliminates 44 FTE that were vacant and not funded. In addition, the recommendation eliminates nonstatutory exempt FTE and the associated funding - including the exempt ombudsman, exempt director of public policy/public information officer (PIO), and exempt executive assistant/special projects coordinator - for a total of 47 deleted FTE.

To reduce operating costs, the department is printing fewer tax packets for corporate and personal income tax filers and discontinued printing motor vehicle driving manuals. Taxpayers and motorists will now be required to download electronic versions of tax forms, tax instruction manuals, and driving manuals and print copies with a home computer if they want a hard copy of forms and manuals. The department is also switching to quarterly printed and mailed notifications of tax assessments instead of monthly notifications.

The department requested a significant general fund increase for increased GSD risk rates and the employer share of contributions for retirement costs pursuant to Laws 2009, Chapter 127. The recommendation does not support projected GSD risk rates and assumes the decreased rate of employer contributions for retirement costs will continue.

The Tax Administration Program comprises the Audit and Compliance Division (ACD) and Revenue Processing Division (RPD). To address the amount of unpaid taxes considered uncollectable or delinquent, the department launched an enhanced collection effort. To implement the enhanced collection effort, also referred to as the "fair share" initiative, the Legislature authorized 126 additional FTE over two phases, appropriated \$15.3 million of additional recurring revenue from the general fund and \$1.5 million from other revenues sources, and appropriated \$1.2 million of nonrecurring funds for information technology upgrades and other costs. Although funding was increased the general fund support for the enhanced collection initiative has decreased due to solvency initiatives over the last several years, and - combined with the statewide hiring freeze - the program has been hard pressed to achieve targeted collection levels. Given the staffing and funding decreases, ACD reports strong returns from its delinquent tax collection efforts in light of the difficult economic downturn. After eliminating 17 unfunded vacant positions, the recommendation authorizes 528 FTE, similar to FY07 authorized FTE levels. The recommended personal services and employee benefits funding level is nearly \$4 million greater than FY07 expenditure level and reflects a lower vacancy rate. When compared with expenditure levels in FY09 and FY10, the recommended amount for personal services and employee benefits reflects continued support for the collection efforts.

The Motor Vehicle Division (MVD) continues to focus on improving online services to enhance customer service levels. In spite of decreased funding levels and the hiring freeze, MVD has reduced the average call center and field office wait times, increased the percentage of registered vehicles with liability insurance, and reduced the number of days to post driving-while-intoxicated citations to drivers' records. FY11 marks the half-way point of a six-year initiative to overhaul MVD information technology systems. The overhaul, referred to as the "MVD Drive" initiative, will not only improve fee and tax collection accountability but also reduce operating costs. The recommendation reflects the ongoing system improvements and lower operating costs with a reduced level of general fund offset with increased revenues from other sources. In addition, the overall recommended expenditure level is slightly higher than the adjusted FY11 operating budget; however, it is funded with revenue from the increased transaction fees.

In the Property Tax Program, general fund revenue was replaced with other revenues and cash balances in FY11. Section 7-38-62 NMSA 1978 allows the department to increase fees associated with the cost of administering the code, and subsequently the department doubled the fee from \$25 to \$50 on each delinquent property tax account. The fees generated sufficient revenue that the program is now self-sustaining. The recommendation eliminates 4 vacant FTE and budgets cash balances.

According to budget documents, the Internal Investigation Bureau of the Compliance Enforcement Program is devoting 75 percent to 85 percent of the staff's time to investigations of fraudulent foreign national document traffickers. The foreign documents being investigated and validated are generally attributable to efforts to obtain foreign national drivers' licenses. Accordingly, the recommendation allocates a portion of the revenue collected from motor vehicle transaction fees to the Internal Investigations Bureau to support the investigations. The fees, primarily from enhanced drivers' licenses, generated \$1.8 million of other state revenue in FY10; however, the department only applied \$1.3 million to the budget request. The department did not provide any data to explain the reduced transaction revenue amount, so the recommendation applies the remaining \$500 thousand to support the Compliance Enforcement Program. Additionally, the recommendation deletes 3 unfunded vacant FTE.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$2.1 million, or 3.2 percent. The department plans to reduce the number of tax packets printed for corporate and personal income tax returns. Electronic tax forms will be available for tax filers to download and print. The department is also reducing the frequency of mailing notifications from monthly to quarterly. Other expenditure items that will be reduced include travel, tax-season temporary help, office and IT supplies.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Subsection E of Section 7-1-6.41 NMSA 1978, in order to fund the fair share initiative, the department shall withhold an administrative fee in the amount of three and twenty-five hundredths percent of the distributions specified in Subsection E of Section 7-1-6.41 NMSA 1978 and, notwithstanding the provisions of Subsection F of that section, the portion of the fee equal to twenty-five hundredths percent of the amount to be distributed shall not be deposited in the general fund but shall be retained by the department and is included in the other state fund appropriations to the department.

BASE EXPANSION:

The agency requested to convert term FTE to permanent. The FTE are associated with an initiative to improve weight-distance tax compliance in the commercial trucking industry. The revenue source supporting these FTE can vary from year to year; therefore, the recommendation does not support the conversion at this time.

The agency requested \$1.5 million from the general fund to increase the level of vendor support for the GenTax system. Since 2002, TRD has received nonrecurring data processing special appropriations to migrate additional tax programs to the GenTax system, and today, the GenTax system supports 28 different tax programs. While tax programs were being added, the vendor maintained 10 to 12 FTE onsite and were available to execute minor system modifications. With nearly all of the major tax programs migrated to GenTax, the vendor reduced onsite staffing levels to 2 FTE. With fewer vendor-supported FTE and a statewide hiring freeze for state agencies, the Information Technology Bureau is stretched thin. The committee does not support the expansion as requested but instead recommends a modest increase in the contractual services category for additional onsite vendor support.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Upgrade to platinum vendor support for GenTax	(P572)	1,500.0	500.0
2a	Convert FTE from term to perm	(P574)	0.0	0.0
2b	Convert FTE from term to perm	(P573)	0.0	0.0
TOTAL			1,500.0	500.0

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)

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recommendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	30,985.4	28,360.7	-920.2	27,440.5	27,719.5	26,079.5	-5.0
Other Transfers	50.0	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	1,303.3	1,477.3	0.0	1,477.3	1,473.9	1,473.9	-0.2
Other Revenues	4,356.3	2,774.6	0.0	2,774.6	3,080.2	3,427.5	23.5
Fund Balance	944.7	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	37,639.7	32,612.6	-920.2	31,692.4	32,273.6	30,980.9	-2.2
USES							
Personal Services and Employee Benefits	25,331.5	25,875.4	-727.0	25,148.4	25,448.2	24,934.0	-0.9
Contractual Services	607.1	124.4	-2.2	122.2	125.5	111.6	-8.7
Other	7,320.4	6,612.8	-191.0	6,421.8	6,699.9	5,935.3	-7.6
Other Financing Uses	1,615.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	34,874.0	32,612.6	-920.2	31,692.4	32,273.6	30,980.9	-2.2
FTE							
Permanent	560.0	489.5	0.0	489.5	493.5	472.5	-3.5
Term	26.0	26.0	0.0	26.0	22.0	26.0	0.0
Temporary	31.7	29.5	0.0	29.5	29.5	29.5	0.0
TOTAL FTE POSITIONS	617.7	545.0	0.0	545.0	545.0	528.0	-3.1

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division		8.3:1	8:1	8:1	8:1
* Output	Percent of electronically filed returns (personal income tax, combined reporting system)	51%	54.5%	65%	65%	65%
Outcome	Percent of baseline and funded delinquent tax collection targets met	105.2%	86.23%	100%	100%	100%
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days	100%	100%	100%	95%	100%
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	39%	53%	40%	40%	55%
* Outcome	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year	21.9%	18.3%	15%	15%	20%

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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	15,109.8	12,933.5	-419.6	12,513.9	13,021.8	11,376.1	-9.1
Federal Revenues	1,247.0	0.0	0.0	0.0	0.0	0.0	
Other Revenues	13,808.7	11,620.0	0.0	11,620.0	12,969.4	13,000.0	11.9
Fund Balance	3,156.7	135.7	0.0	135.7	0.0	0.0	-100.0
SOURCES TOTAL	33,322.2	24,689.2	-419.6	24,269.6	25,991.2	24,376.1	0.4
USES							
Personal Services and Employee Benefits	15,216.2	15,532.6	-255.3	15,277.3	15,965.6	15,113.5	-1.1
Contractual Services	3,229.9	2,958.1	-39.2	2,918.9	3,862.3	3,486.7	19.5
Other	7,159.2	6,198.5	-125.1	6,073.4	6,163.3	5,775.9	-4.9
Other Financing Uses	1,726.8	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	27,332.1	24,689.2	-419.6	24,269.6	25,991.2	24,376.1	0.4
FTE							
Permanent	376.0	351.0	0.0	351.0	354.0	342.0	-2.6
Term	4.0	3.0	0.0	3.0	0.0	3.0	0.0
Temporary	4.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	384.0	357.0	0.0	357.0	357.0	348.0	-2.5

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	Average call center wait time to reach an agent, in minutes	1.92	6.53	3.75	6.0	3.45
* Outcome	Percent of registered vehicles with liability insurance	90.5%	91%	91%	91%	92%
* Efficiency	Average wait time in q-matic-equipped offices, in minutes	16.8	21.5	20	20	14
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	1	2	1	1	1

PROPERTY TAX

The purpose of the 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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	632.3	0.0	0.0	0.0	0.0	0.0	
Other Revenues	2,460.2	3,294.7	0.0	3,294.7	3,309.5	2,914.0	-11.6
Fund Balance	386.7	0.0	0.0	0.0	200.0	200.0	
SOURCES TOTAL	3,479.2	3,294.7	0.0	3,294.7	3,509.5	3,114.0	-5.5
USES							
Personal Services and Employee Benefits	2,580.5	2,639.9	0.0	2,639.9	2,726.9	2,476.8	-6.2
Contractual Services	99.9	81.6	0.0	81.6	99.8	70.0	-14.2
Other	585.1	573.2	0.0	573.2	682.8	567.2	-1.0
TOTAL USES	3,265.5	3,294.7	0.0	3,294.7	3,509.5	3,114.0	-5.5
FTE							
Permanent	49.0	45.0	0.0	45.0	45.0	41.0	-8.9
TOTAL FTE POSITIONS	49.0	45.0	0.0	45.0	45.0	41.0	-8.9

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Output	Number of appraisals or valuations for companies conducting business within the state subject to state assessment	489	539	510	510	540
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$4.5	\$5.3	\$6.5	\$6.5	\$6.5
* Outcome	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value	91%	91%	90%	92%	92%

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the 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 state tax laws.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	2,496.5	2,320.9	-75.2	2,245.7	2,260.8	1,548.4	-31.1
Other Revenues	0.0	0.0	0.0	0.0	0.0	516.1	
SOURCES TOTAL	2,496.5	2,320.9	-75.2	2,245.7	2,260.8	2,064.5	-8.1
USES							
Personal Services and Employee Benefits	1,807.4	1,911.8	-62.0	1,849.8	1,894.1	1,793.8	-3.0
Contractual Services	28.1	10.2	-0.3	9.9	15.1	9.9	0.0
Other	339.0	398.9	-12.9	386.0	351.6	260.8	-32.4
TOTAL USES	2,174.5	2,320.9	-75.2	2,245.7	2,260.8	2,064.5	-8.1
FTE							
Permanent	36.0	31.0	0.0	31.0	31.0	28.0	-9.7
TOTAL FTE POSITIONS	36.0	31.0	0.0	31.0	31.0	28.0	-9.7

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u> 40%	<u>FY12 Request</u> 40%	<u>FY12 Recomm</u> 40%
* Outcome	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year					
* Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	100%	100%	100%
Output	Percent of internal audit recommendations implemented by department	90%	100%	80%	80%	90%
Outcome	Percent of internal investigations completed within sixty days			20%	20%	20%

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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	21,705.6	20,023.4	-649.6	19,373.8	21,223.4	19,190.1	-0.9
Other Transfers	571.7	558.8	0.0	558.8	498.9	500.0	-10.5
Other Revenues	668.8	734.5	0.0	734.5	828.5	932.5	27.0
SOURCES TOTAL	22,946.1	21,316.7	-649.6	20,667.1	22,550.8	20,622.6	-0.2
USES							
Personal Services and Employee Benefits	13,892.2	14,296.6	-429.5	13,867.1	14,320.1	13,711.9	-1.1
Contractual Services	2,211.1	2,423.9	-77.1	2,346.8	4,038.4	2,768.9	18.0
Other	5,007.0	4,596.2	-143.0	4,453.2	4,192.3	4,141.8	-7.0
TOTAL USES	21,110.3	21,316.7	-649.6	20,667.1	22,550.8	20,622.6	-0.2
FTE							
Permanent	229.0	205.0	0.0	205.0	205.0	191.0	-6.8
TOTAL FTE POSITIONS	229.0	205.0	0.0	205.0	205.0	191.0	-6.8

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of driving-while-intoxicated drivers' license revocations rescinded due to failure to hold hearings within ninety days	0.43%	0.29%	< 1%	<1%	<1%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			30	30	30
Outcome	Percent of projects certified by the department of information technology completed within budget	100%	100%	100%	100%	100%
Outcome	Number of tax protest cases resolved	754	757	750	750	775
Outcome	Percent of matched combine reporting system taxes distributed timely		100%	99%	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. The council consists of 11 members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, chief financial officer of a state institution of higher education, and six public members. Four public members are appointed by the New Mexico Legislative Council and two are appointed by the governor. The six public members serve staggered terms of five years. SIC formulates policy implemented by the state investment officer and staff in the day-to-day functions of the investment office.

MISSION:

New Mexico's two main endowment funds, the land grant and 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 over time and to provide a current revenue source for the state's general fund.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> 2009-2010		<u>FY11 - 2010-2011</u>		<u>FY12 - 2011-2012</u>		<u>%</u>
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
Other Revenues	32,734.7	34,477.6	0.0	34,477.6	34,477.6	34,374.5	-0.3
SOURCES TOTAL	32,734.7	34,477.6	0.0	34,477.6	34,477.6	34,374.5	-0.3
USES							
Personal Services and Employee Benefits	3,537.7	3,582.1	0.0	3,582.1	3,846.9	3,745.7	4.6
Contractual Services	27,257.9	30,071.1	0.0	30,071.1	29,837.3	29,837.3	-0.8
Other	651.5	824.4	0.0	824.4	793.4	791.5	-4.0
TOTAL USES	31,447.1	34,477.6	0.0	34,477.6	34,477.6	34,374.5	-0.3
FTE							
Permanent	32.0	32.0	0.0	32.0	32.0	31.0	-3.1
TOTAL FTE POSITIONS	32.0	32.0	0.0	32.0	32.0	31.0	-3.1

BUDGET ISSUES:

The agency budget request of \$34.5 million represented a flat request from the FY11 operating budget. The request included an increase of \$265 thousand, or 7.4 percent, from their FY11 budget for personal services and employee benefits. The increase would help fund a reorganization of the State Investment Office. The increase would be offset by decreases in contractual services and other uses. The LFC recommendation of \$34.4 million is a 0.3 percent decrease from the FY11 budget. The recommendation includes the removal of 1 exempt FTE, the public information officer, which provides approximately \$90 thousand in savings.

The new deputy state investment officer is leading a restructure of the investment team within the State Investment Office. Most of the restructuring involves reallocating current employees to positions in new groups. The new groups mirror the allocation of the two permanent funds and provide for a team of strategists. SIC has also set a target allocation of the permanent funds to increase investment returns and has been moving toward this target in recent quarters.

SIC allocates funds to economically targeted investments (ETIs) in the severance tax permanent fund (STPF). These investments have consistently lowered the performance of the STPF, relative to the land grant permanent fund (LGPF). In FY10, the STPF performance was 220 basis points (bps) below that of the LGPF. SIC has done little work to quantify the benefits of the ETIs, so the benefit might or might not justify the opportunity cost of these investments. Statute does not require SIC to invest in economic development, with the exception of Small Business Investment Corporation (SBIC). In addition, statute does not require the loans to be interest-free.

As a result of pay-to-play, SIC is involved in a substantial amount of litigation, ranging from the representation of state employees to the recovery of placement agent fees. Other litigation related to misinformation in the financial market has been ongoing, and one major case, involving Countrywide, recently settled. SIC has spent approximately \$16.2 million in legal fees since July 2008, with an estimated need of \$4 million in additional funds for the remainder of FY11.

In response to investigations by the Securities and Exchange Commission (SEC) and the Department of Justice (DOJ), SIC hired the law firm of Paul, Hastings, Janofsky & Walker LLP ("Paul Hastings") to help respond to subpoenas and conduct an internal review of the State Investment Office. Among other responsibilities, Paul Hastings helped to identify documents that were subject to attorney-client privilege and/or executive privilege. SIC reports executive privilege was asserted for documents identified by Paul Hastings.

To fund legal costs, SIC has investigated the potential to use contingency fees. However, SIC reports that the Attorney General will not allow SIC to pay law firms on a contingency fee basis. Without additional funding, SIC reports it will be unable to pay the legal fees related to the recovery of placement agent fees within the FY11 budget. The pay-to-play litigation serves two major purposes: to recover payments to third-party marketers and to provide some accountability for taking part in fraudulent activity. Consequences for the players in pay-to-play are essential to the prevention of similar actions in the future.

In response to the pay-to-play allegations and Ennis Knupp recommendations, Laws 2010, Ch. 14, (Senate Bill 18) was passed during the 2010 legislative session. It included a number of provisions to prevent similar abuses from occurring in the future. First, SIC was expanded to include six public members: four appointed by the New Mexico Legislative Council and two appointed by the governor. All public members are now required to have at least 10 years of experience in finance or investments. The responsibility to appoint the state investment officer (SIO) shifted from the governor to SIC.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act did not require the agency to reduce the FY11 operating budget because it is not funded by the general fund.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty-six million one hundred seven thousand six hundred dollars (\$26,107,600) to be used only for investment manager fees.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	-250	-250	>25	>25	>25
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	40	30	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	89	56	<49	<49	<49
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	73	81	<49	<49	<49

STATUTORY AUTHORITY:

The Department of Finance and Administration was created by Sections 9-6-1 through 9-6-6 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. These duties are detailed in Sections 6-3-1 through 6-3-25 NMSA 1978; Sections 6-3A-1 through 6-3A-8 NMSA 1978; Sections 6-5-1 through 6-5-11 NMSA 1978; Section 6-1-1 NMSA 1978; Section 9-6-15 NMSA 1978; Section 6-4-1 NMSA 1978; and Section 6-6-2 NMSA 1978.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	15,585.7	14,618.6	-474.5	14,144.1	14,081.9	13,536.7	-4.3
Other Transfers	593.9	582.9	0.0	582.9	595.0	0.0	-100.0
Federal Revenues	14,078.1	14,540.3	0.0	14,540.3	14,741.0	14,741.0	1.4
Other Revenues	32,733.0	31,787.3	0.0	31,787.3	31,787.3	31,787.3	0.0
Fund Balance	14,408.7	8,160.0	0.0	8,160.0	4,180.2	4,180.2	-48.8
SOURCES TOTAL	77,399.4	69,689.1	-474.5	69,214.6	65,385.4	64,245.2	-7.2
USES							
Personal Services and Employee Benefits	12,961.6	13,084.7	-358.6	12,726.1	12,841.2	11,922.2	-6.3
Contractual Services	4,586.3	4,625.3	-82.4	4,542.9	4,501.7	4,372.9	-3.7
Other	49,894.7	51,679.1	-33.5	51,645.6	47,742.5	46,650.1	-9.7
Other Financing Uses	300.0	300.0	0.0	300.0	300.0	1,300.0	333.3
TOTAL USES	67,742.6	69,689.1	-474.5	69,214.6	65,385.4	64,245.2	-7.2
FTE							
Permanent	159.0	151.0	0.0	151.0	151.0	142.0	-6.0
Term	21.1	21.0	0.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	180.1	172.0	0.0	172.0	172.0	163.0	-5.2

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Finance and Administration to reduce the FY10 operating budget from the general fund by \$1.4 million. The plan submitted by the agency reduced expenditures as follows: \$583.3 thousand in the operating budget and \$855.5 thousand in the non-operating budget, including \$267.9 thousand for county detention of prisoners, \$527.8 thousand for the weatherization program, and \$46.7 thousand for state planning districts.

BUDGET ISSUES:

The Department of Finance and Administration (DFA) requested a flat general fund appropriation of \$24.1 million, of which \$14.1 million is for covering operating expenses of agency programs and the remaining \$10 million is allocated toward paying general state expenditures or special appropriations that "pass through" DFA – such as teen court. The overall operating budget request for FY12 is \$3.8 million, or 5.5 percent, lower than the adjusted FY11 operating budget and is attributable to a \$5 million fund balance reduction in the emergency communication E-911 program managed by the Local Government Division.

Despite the hiring freeze, DFA has filled four positions since FY10 and appears to be sufficiently staffed to deliver critical services. By taking advantage of the remaining vacancies, the personal services and employee benefits category remains the area where the agency realized the most general fund savings. The recommendation continues to streamline by translating some of these savings into permanently reduced staffing levels. An exempt policy analyst, which has functioned as a Public Information Officer, is deleted in the Secretary's Office. Two deputy administrator positions – one in the Office of Education Accountability and one in the Board of Finance – are also deleted.

The recommendation completes the reorganization started in FY09 to consolidate personnel for SHARE, the state human resource and financed computer system, at the Department of Information Technology (DoIT) by transferring the 6 FTE SHARE experts left in the Fiscal Control Division (FCD) to DoIT. The funding source of \$595 thousand SHARE enterprise fund would remain at DoIT, thereby eliminating other transfers to DFA. The recommendation also eliminates funding for the building rental for 11 FTE in the Fiscal Control Division, saving about \$80 thousand from the general fund. The lower level of the Bataan Memorial Building will be vacated by FY12, and the General Services Department has yet to reallocate the free space. Consolidating all FCD personnel in one location would improve division efficacy, remove some staff from unsuitable quarters, and provide a better storage area not subject to the mold problem currently compromising stored documents.

Additional options to streamline the agency should be explored. Programs and functions performed by the Local Government Division (LGD), for example, are diverse and expand beyond what could be considered the department's core function of providing support and oversight regarding financial matters and capital outlay. The resulting organizational structure and scope of duties has two primary consequences of concern. The diffused responsibility may be diluting the department's efforts at developing a robust reporting platform that would facilitate transparency, alert stakeholders to significant trends in local fiscal matters, and improve financial expertise and accountability for local entities. Second, the myriad of pass-through appropriations managed under LGD offer little opportunity for the agency to thoroughly assess the efficacy of services delivered or effectiveness of meeting program objectives – two key goals highlighted by the current fiscal crisis.

Moving some of these appropriations to more suitable agencies, such as the youth mentoring program to the Children, Youth and Family Department (CYFD), would better achieve these goals. Other non-operating appropriations that would benefit from more effective oversight or coordination that could be provided by agencies with related expertise include the Law Enforcement Protection disbursements of \$7.8 million (Department of Public Safety), the teen court program – now funded from designated non-general-fund revenues – (CYFD), and food banks (Human Services Department).

Specific programs within LGD are also candidates for relocation to better align objectives with agency core functions, such as the DWI grants program with 7.3 FTE and \$19.4 million DWI fund and the E-911 program (emergency response) of 5.8 FTE and \$14.5 million E-911 fund. This program, in particular, offers significant advantages to the state by moving the administration of the E-911 program from the LGD to Homeland Security and designating the Department of Information Technology as technology provider to coordinate and overlay all telecommunication needs on a consolidated network in the state.

While the E-911 program has successfully met its goal of providing the ability for public safety answering points (PSAPs) to respond to emergency calls from both land lines and voice calls from cell phones in most of the state, enabling PSAPs to respond to new technologies, such as texting, will require a new next generation (NG) infrastructure. The issue is whether to invest in a separate network for connecting local PSAPs to implement the new capabilities as currently mandated by E-911 statute or to coordinate all telecommunication needs on a consolidated network to reduce the investment on duplicate infrastructure. The broader goal of interoperable communication among public safety agencies has to include all entities in the public safety arena and remove the "stovepipe" communication structures.

Resources available at DoIT to leverage for NG capabilities are significant, including a \$1.8 million federal grant for statewide broadband mapping and a \$38 million grant for the digital microwave used for public safety purposes. Thus, in addition to the efficiency gains and savings generated from coordinating all efforts on one telecommunication backbone that would leverage existing state resources and infrastructure, the coordinated approach would result in a faster implementation of NG capabilities for all public safety uses in the state.

In addition to streamlining DFA through a realignment of programs to other agencies, the committee recommends taking a fresh look at program priorities and spending. For example, the Civil Legal Services Commission should renew discussion on how the approximate \$4 million in funding is split between the two statutory mandates of helping low-income individuals: 1) through direct legal representation or 2) improving access to justice through advocacy or outreach. Greater scrutiny of contract activities is warranted to properly balance these two strategies, ensure compliance with law and rules, and ensure contracts do not duplicate efforts by other agencies in addressing critical issues.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$807.5 thousand, consisting of reductions in personal services and employee benefits by \$358.6 thousand, contractual services by \$214.4 thousand, and the other category by \$234.5 thousand. The agency's non-operating appropriations were reduced by \$333 thousand.

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 2012. Repayments of emergency loans 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 2012 exceed two hundred fifty thousand (\$250,000), any additional repayments shall be transferred to the general fund.

The following recommended language applies to the Community Development, Local Government Assistance and Fiscal Oversight Program:

Notwithstanding the provisions of Section 11-6A-3 NMSA 1978 or other substantive law, the other state funds appropriation in the other financing uses category includes one million dollars (\$1,000,000) from the local DWI grant fund to be transferred to the administrative office of the courts for drug courts.

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 and 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)

	FY10 2009-2010 <u>Actuals</u>		FY11 - 2010-2011 <u>Section 14 Reduction</u>	Adjusted <u>Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	LFC Recom- <u>mendation</u>	% Incr (Decr)
SOURCES							
General Fund Transfers	3,553.7	3,570.9	-115.9	3,455.0	3,392.9	3,219.1	-6.8
SOURCES TOTAL	3,553.7	3,570.9	-115.9	3,455.0	3,392.9	3,219.1	-6.8
USES							
Personal Services and Employee Benefits	3,036.4	3,257.5	-105.7	3,151.8	3,140.9	2,967.2	-5.9
Contractual Services	154.9	115.9	-3.8	112.1	83.9	83.9	-25.2
Other	174.3	197.5	-6.4	191.1	168.1	168.0	-12.1
TOTAL USES	3,365.6	3,570.9	-115.9	3,455.0	3,392.9	3,219.1	-6.8
FTE							
Permanent	35.0	36.0	0.0	36.0	36.0	33.0	-8.3
TOTAL FTE POSITIONS	35.0	36.0	0.0	36.0	36.0	33.0	-8.3

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Outcome	General fund reserves as a percent of recurring appropriations	6.4%	4.7%	5%	5%	5%
Outcome	Error rate for the eighteen-month general fund revenue forecast, non-oil and non-gas revenue and corporate income taxes	8.5%	17.6%	± 4%	± 4%	± 4%
Outcome	Error rate for the eighteen-month general fund revenue forecast, oil and gas revenue and corporate income taxes.	32%	1.3%	±8%	± 8%	± 8%
Outcome	Percent of agencies that develop and implement performance monitoring plans	85.6%	97%	100%	100%	100%
Output	Percent of state agencies monitored that are operating within available resources	98%	100%	100%	100%	100%
Outcome	Average number of working days to process budget adjustment requests	5.3	4.8	5	5	5
Quality	Percent of board members satisfied with monthly briefings pursuant to an anonymous annual survey			100%	100%	100%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Return on state treasurer's office investments exceeding the board-of-finance-approved state investment office internal benchmark, in basis points		-63	5	5	5
Output	Average number of bids received at each competitive bond sales	7.5	13	3	3	3
Outcome	Percent of bond projects that expired at the end of the previous fiscal year for which proceeds are reverted six months following fiscal year-end			95%	95%	95%
Efficiency	Percent of state payments processed electronically	50%	64%	≥50%	≥50%	≥50%
Output	Number of reports on such topics as New Mexico prekindergarten, the children's cabinet, high school redesign, and the alignment between p-12 and higher education	3	4	2	2	2
Output	Number of reports on such topics 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	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 educator accountability reporting system	2	3	2	2	2
Output	Percent of school districts reviewed for quality implementation of the annual evaluation component of the three-tiered licensure system	100%	100%	100%	50%	50%
Output	Number of reports using information about education reform nationally to benchmark New Mexico's progress	3	2	3	3	3
Outcome	Number of principals receiving certification through a pilot program of the national board for professional teaching standards				20	20
Output	Number of principals and other staff receiving professional development tools aimed at increasing their ability to use accountability data more effectively	400	137	120	delete	delete
Outcome	Percent of policy recommendations completed within forty-eight hours of assignment	100%	79.5%	100%	delete	delete
Output	Percent of state agency budgets monitored on a quarterly basis	100%	100%	100%	delete	delete
Output	Date of bond sale following appropriate authorization and certification of project readiness	June 29	June 29	June 30	delete	delete
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted	99.2%	98.9%	deleted		
Quality	Percent of meetings for which all attending board members who request a briefing are briefed	100%	100%	deleted		
Quality	Unimpaired capital of fiscal agent, in billions	\$190	155.4	deleted		
Outcome	Percent of meetings for which all attending board members are briefed		100%	deleted		

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance and fiscal oversight program is to help counties, municipalities and special districts to maintain strong communities through sound fiscal advice and oversight, technical assistance, monitoring of project and program progress and timely processing of payments, grant agreements, and contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	4,478.6	4,279.9	-138.9	4,141.0	4,140.9	3,973.6	-4.0
Federal Revenues	14,078.1	14,540.3	0.0	14,540.3	14,741.0	14,741.0	1.4
Other Revenues	32,733.0	31,787.3	0.0	31,787.3	31,787.3	31,787.3	0.0
Fund Balance	14,408.7	8,160.0	0.0	8,160.0	4,180.2	4,180.2	-48.8
SOURCES TOTAL	65,698.4	58,767.5	-138.9	58,628.6	54,849.4	54,682.1	-6.7
USES							
Personal Services and Employee Benefits	3,720.0	3,544.2	-67.9	3,476.3	3,580.5	3,539.9	1.8
Contractual Services	3,986.3	4,161.8	-67.3	4,094.5	4,087.4	3,960.8	-3.3
Other	48,830.8	50,761.5	-3.7	50,757.8	46,881.5	45,881.4	-9.6
Other Financing Uses	300.0	300.0	0.0	300.0	300.0	1,300.0	333.3
TOTAL USES	56,837.1	58,767.5	-138.9	58,628.6	54,849.4	54,682.1	-6.7
FTE							
Permanent	34.0	31.0	0.0	31.0	31.0	31.0	0.0
Term	21.1	21.0	0.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	55.1	52.0	0.0	52.0	52.0	52.0	0.0

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
Outcome	Percent of acceptable payment requests processed within five working days of receipt	97%	99.6%	97%	95%	95%
Outcome	Percent of population served by public safety answering points equipped to provide enhanced wireless service	95.3%	95.57%	95%	Achieved	
Outcome	Percent of population served by public safety answering points equipped with internet-protocol-enabled network connectivity				40%	40%
* Output	Number of capital projects older than five years for which the funding is not expended or reverted	0	0	20	20	20
Output	Dollar amount of capital projects older than five years that are not expended or reverted, in millions	0	0	\$4	\$4	\$4
Efficiency	Average number of days from availability of funds to grant award	85	75	75	75	75
Quality	Percent of tax rate certifications that are accurate in the initial submission to the local entity	99%	99%	99%	99%	99%
Output	Number of local entities participating in the infrastructure capital improvement planning program	326	293	326	325	325
* Output	Percent of local entity budgets submitted to the local government division by established deadline	95%	90%	90%	90%	90%
Outcome	Percent of local capital outlay projects included in the infrastructure capital improvement plan	57%	90%	90%	95%	95%
Output	Percent of state agency capital outlay projects included in the infrastructure capital improvement plan	81%	95%	90%	90%	90%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Number of local entities operating under a continuing resolution for a portion of the fiscal year	12	1	12	14	14
Quality	Number of annual local site visits by DWI staff		36	40	40	40
Output	Number of local DWI program service areas for which benchmarks are developed and implemented to evaluate program effectiveness by June 30, 2016				3	3
Quality	Number of annual local site visits by E-911 staff		92	100	80	80
Outcome	Total number of persons benefitting from closed civil legal services cases per fiscal year, in thousands				900	900
Output	Percent of community development block grant projects closed		80%	75%	90%	90%
Efficiency	Date updated or revised application completed			June 30th	delete	delete
Output	Percent of request for proposals and contracts in place and accurately processed in designated timeframes			95%	delete	delete
Efficiency	Percent of project managers able to use SHARE reporting capabilities by June 30, 2011			100%	delete	delete

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 by providing state agencies and the citizens of New Mexico with timely, accurate and comprehensive information on the financial status and expenditures of the state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	5,847.0	5,128.0	-166.4	4,961.6	4,961.6	4,805.0	-3.2
Other Transfers	593.9	582.9	0.0	582.9	595.0	0.0	-100.0
SOURCES TOTAL	6,440.9	5,710.9	-166.4	5,544.5	5,556.6	4,805.0	-13.3
USES							
Personal Services and Employee Benefits	4,746.3	4,801.8	-136.9	4,664.9	4,666.8	4,009.5	-14.0
Contractual Services	364.3	247.3	-8.0	239.3	245.3	243.1	1.6
Other	849.8	661.8	-21.5	640.3	644.5	552.4	-13.7
TOTAL USES	5,960.4	5,710.9	-166.4	5,544.5	5,556.6	4,805.0	-13.3
FTE							
Permanent	70.0	65.0	0.0	65.0	65.0	59.0	-9.2
TOTAL FTE POSITIONS	70.0	65.0	0.0	65.0	65.0	59.0	-9.2

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months	7	10	7	7	7
Output	Date of submitting the annual statewide cost allocation plan for federal approval				Dec. 31	Dec. 31
Output	Percent of deadlines met for submitting internal revenue service reports				100%	100%
Efficiency	Percent of payments to vendors within the parameters set by the Procurement Code and contractual provisions	95%	95%	95%	90%	90%
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100%	100%	99.5%	99.5%	95%
Efficiency	Percent of vendor and employee payment vouchers processed within five working days				75%	75%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Efficiency	Percent of per diem payments to employees made within three business days of receipt at the financial control division	N/A	90%	90%	delete	delete
Output	Number of regularly scheduled training courses for beginning, intermediate and advanced users of the statewide human resource, accounting and management reporting system	0	0	18	delete	delete
Efficiency	Percent of business days the 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%	98%	deleted		

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 all state professional service contracts.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	1,706.4	1,639.8	-53.3	1,586.5	1,586.5	1,539.0	-3.0
SOURCES TOTAL	1,706.4	1,639.8	-53.3	1,586.5	1,586.5	1,539.0	-3.0
USES							
Personal Services and Employee Benefits	1,458.9	1,481.2	-48.1	1,433.1	1,453.0	1,405.6	-1.9
Contractual Services	80.8	100.3	-3.3	97.0	85.1	85.1	-12.3
Other	39.8	58.3	-1.9	56.4	48.4	48.3	-14.4
TOTAL USES	1,579.5	1,639.8	-53.3	1,586.5	1,586.5	1,539.0	-3.0
FTE							
Permanent	20.0	19.0	0.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	20.0	19.0	0.0	19.0	19.0	19.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of contracts rejected	11.2%	12.4%	10%	10%	10%
* Outcome	Percent of funds reconciled and closed, as an internal process, within 15 days after month end			100%	100%	100%
Output	Minimum number of working days between expenditure of federal funds and request for reimbursement from federal treasury			5	5	5
Output	Minimum number of working days between disbursement of federal funds from federal treasury to expenditure of such funds			5	5	5
Outcome	Percent of funds certified in compliance to the state controller as required, within fifteen days after month end	N/A	N/A	N/A	delete	delete

BUDGET SUMMARY
(dollars in thousands)
FY 2011 - 2012

	FY11 Operating	Section 14 Adjustments	Adjusted FY11 Operating	FY12 Agency Request	FY12 LFC Recommendation	FY12/FY11 Pct increase (decrease)
SOURCES						
General fund transfers	\$10,259.6	-\$333.0	\$9,926.6	\$10,035.2	\$8,268.4	(16.7%)
Other transfers	\$190.0		\$190.0	\$174.3	\$174.3	(8.3%)
Federal program revenues						
Other program revenues						
General revenues	\$7,809.4		\$7,809.4	\$7,809.4	\$7,809.4	0%
Fund balance					\$80.0	100%
TOTAL REVENUE	\$18,259.0	-\$333.0	\$17,926.0	\$18,018.9	\$16,332.1	(8.9%)
USES						
(l) BOF emergency water fund	\$126.8	-\$4.1	\$122.7	\$122.7	\$118.4	(3.5%)
(m) BOF fiscal agent contract	\$755.9	-\$24.5	\$731.4	\$840.0	\$840.0	(14.8%)
Membership and dues	\$663.9	-\$21.6	\$642.3	\$642.3	\$642.3	0%
(o) Citizens review board	\$531.7	-\$11.1	\$520.6	\$504.9	\$493.3	(5.2%)
(p) Youth mentoring program	\$2,364.5	-\$76.7	\$2,287.8	\$2,287.8	\$2,207.7	(3.5%)
(q) New Mexico acequia commission	\$13.8	-\$0.4	\$13.4	\$13.4	\$7.0	(48.1%)
(r) Acequia & community ditch program	\$230.1	-\$7.5	\$222.6	\$222.6	\$0.0	(100%)
(s) Weatherization	\$0.0		\$0.0	\$0.0	\$0.0	
(t) Law enforcement enhancement	\$7,809.4		\$7,809.4	\$7,809.4	\$7,809.4	0%
(u) Food bank	\$363.5	-\$11.8	\$351.7	\$351.7	\$339.4	(3.5%)
(v) State planning districts	\$717.8	-\$23.3	\$694.5	\$694.5	\$670.2	(3.5%)
(w) Leasehold community assistance	\$133.2	-\$4.3	\$128.9	\$128.9	\$124.4	(3.5%)
(x) State Treasurer audit	\$0.0		\$0.0	\$0.0	\$0.0	
(y) County prisoner detention	\$4,366.7	-\$141.7	\$4,225.0	\$4,225.0	\$3,000.0	(29.0%)
(z) Teen court (Luna County)	\$20.6	-\$0.7	\$19.9	\$19.9	\$20.0	0.5%
(aa) Teen court (Santa Fe)	\$61.7	-\$2.0	\$59.7	\$59.7	\$60.0	0.5%
(bb) NM rodeo initiative	\$69.4	-\$2.3	\$67.1	\$67.3	\$0.0	(100%)
(cc) NMMFA-Regional Housing	\$30.0	-\$1.0	\$29.0	\$28.8	\$0.0	(100%)
TOTAL EXPENDITURES	\$18,259.0	-\$333.0	\$17,926.0	\$18,018.9	\$16,332.1	(8.9%)

Recommended Language:

The department of finance and administration shall not distribute a general fund appropriation made in items (l) through (cc) to a New Mexico agency or local public body that is not current on its audit or financial reporting or otherwise in compliance with the Audit Act.
(Note: Lettering may change in actual House Bill 2 to accommodate the individual listing of membership and dues items.)

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: Presbyterian Health Plan, Blue Cross Blue Shield of New Mexico, and CompuSys-Erisa Group.

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)

	FY10		FY11 - 2010-2011		FY12 – 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
Other Transfers	1,250.0	1,296.2	0.0	1,296.2	1,296.2	1,280.2	-1.2
Other Revenues	327,816.8	342,788.1	0.0	342,788.1	336,124.3	336,124.3	-1.9
Fund Balance	0.0	862.8	0.0	862.8	17,682.9	14,241.1	1,550.6
SOURCES TOTAL	329,066.8	344,947.1	0.0	344,947.1	355,103.4	351,645.6	1.9
USES							
Personal Services and Employee Benefits	871.0	867.0	0.0	867.0	881.3	872.2	0.6
Contractual Services	303,454.2	342,547.3	0.0	342,547.3	352,703.6	349,275.8	2.0
Other	209.8	236.6	0.0	236.6	222.3	217.4	-8.1
Other Financing Uses	1,250.0	1,296.2	0.0	1,296.2	1,296.2	1,280.2	-1.2
TOTAL USES	305,785.0	344,947.1	0.0	344,947.1	355,103.4	351,645.6	1.9
FTE							
Permanent	11.0	11.0	0.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	0.0	11.0	11.0	11.0	0.0

BUDGET ISSUES:

The PSIA budget request totaled \$355.1 million, including increases of \$3 million for the Benefits Program and \$7.2 million for the Risk Program. PSIA requested a flat budget of \$1.3 million for Program Support, which receives funding through transfers from the Benefits and Risk programs.

PSIA is self-insured for medical, dental, vision, and disability benefits and provides coverage to approximately 60,000 public school employees and eligible dependents. In recent years, PSIA experienced a significant increase in medical inflation with expenditures exceeding revenues in FY08 and FY09 (see Volume III). This trend resulted in PSIA's decision to implement plan design changes that shifted a larger portion of medical costs to participants through increased copays, deductibles and co-insurance.

In FY11, PSIA received an additional \$10.5 million to support increased employer contributions to the program. This increase is projected to stabilize the financial position of the program and add to the fund balance, projected to reach \$20 million at the end of FY11 compared with negative \$7.4 million at the end of FY09.

In addition, PSIA received \$1.5 million from the Governor's discretionary American Recovery and Reinvestment Act funds to temporarily subsidize public school employee contributions to the Benefits Program. To minimize the administrative requirements associated with artificially reducing employee premiums and provide a noticeable benefit to employees, PSIA issued a credit for the employee portion of health premiums, providing employees with a pre-tax savings of \$80.

The committee recommendation for the Benefits Program supports the agency request to hold funding flat in FY12. The recommendation also includes \$5.5 million from the fund balance to offset the difference between revenues and projected expenditures.

PSIA provides risk coverage, including public liability, public property, and workers compensation to the majority of school districts and other educational entities. Coverage includes \$11 billion in property and content value, 270,000 students, 41,000 employees, 5,000 school buses and other school vehicles, thousand of field trips, 42,000 sports participants, and 6,000 volunteer workers.

PSIA has begun to experience an increase in the frequency and severity of insurance claims, including property damage resulting from weather. In FY10, hail damage caused \$3.5 million in damage to the Los Alamos school district from a single incident. In addition, New Mexico was recently designated as a state prone to hail storms and tornadoes by insurance companies. This designation is expected to increase the cost of purchasing excess coverage policies for protection against large losses.

Also, PSIA recently experienced a spike in the number of sexual molestation claims and a \$14 million increase in workers' compensation-related injuries. The combination of claims activity and potential for significant losses has prompted PSIA to request the use of \$9.1 million of fund balance.

The committee recommendation for the Risk Program is \$64 million and supports the agency request to hold revenues received from school districts flat with FY11 operating levels. The recommendation also supports the use of \$7.8 million from fund balance. However, the recommendation does not support requested increases for contractual services related to claims processing and loss prevention services.

The committee recommendation for Program Support includes minor reductions to all categories related to increased retirement contributions, actuarial services, in-state travel, and board expenses.

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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mentation	(Decr)
SOURCES							
Other Revenues	270,651.5	286,308.1	0.0	286,308.1	280,744.3	280,744.3	-1.9
Fund Balance	0.0	0.0	0.0	0.0	8,536.0	5,555.8	
SOURCES TOTAL	270,651.5	286,308.1	0.0	286,308.1	289,280.3	286,300.1	0.0
USES							
Contractual Services	255,073.1	285,660.0	0.0	285,660.0	288,632.2	285,660.0	0.0
Other Financing Uses	625.0	648.1	0.0	648.1	648.1	640.1	-1.2
TOTAL USES	255,698.1	286,308.1	0.0	286,308.1	289,280.3	286,300.1	0.0
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Outcome	Average number of days to resolve inquiries and appeals related to customer service claims	11	10	12	12	≤10
* Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	-3.6%	-10.4%	</=3%	</=3%	0%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	1.1%	-5.9%	</=3%	</=3%	0%
Quality	Percent of employees expressing satisfaction with group health benefits	TBD	65%	88%	88%	88%
* Output	Number of participants covered by health plans	60,163	58,261	60,000	60,000	58,000
Outcome	Annual two percent increase in mammography screening compliance	54%	54%	58%	57%	58%
Outcome	Annual two percent increase in pap smear screening compliance	51%	53%	55%	58%	58%

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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
Other Revenues	57,165.3	56,480.0	0.0	56,480.0	55,380.0	55,380.0	-1.9
Fund Balance	0.0	862.8	0.0	862.8	9,146.9	8,685.3	906.6
SOURCES TOTAL	57,165.3	57,342.8	0.0	57,342.8	64,526.9	64,065.3	11.7
USES							
Contractual Services	48,193.7	56,694.7	0.0	56,694.7	63,878.8	63,425.2	11.9
Other Financing Uses	625.0	648.1	0.0	648.1	648.1	640.1	-1.2
TOTAL USES	48,818.7	57,342.8	0.0	57,342.8	64,526.9	64,065.3	11.7
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Outcome	Number of workers' compensation claims in the area of ergonomics	53	183	65	192	≤192
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	91%	90%	94%	90%	95%
Output	Number of educational entities enrolled in the risk insurance program	158	175	165	177	177
Output	Number of loss prevention training seminars	108	108	112	112	112
Outcome	Percent change of members' average premium cost per student average daily attendance for current fiscal year as compared with prior fiscal year			≤5%	≤5%	≤5%
* Outcome	Average cost per claim for current fiscal year as compared with prior fiscal year			\$5,000	\$5,250	≤\$5,250
Outcome	Total claims count for current fiscal year as compared with prior fiscal year			1,600	1,760	≤1,760
Outcome	Percent change of members' average premium cost per one hundred dollars of building value for current fiscal year as compared with prior fiscal year			≤5%	≤5%	≤5%
Outcome	Percent change of cost per claim for current fiscal year as compared with prior fiscal year			≤5%	≤5%	≤5%

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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Transfers	1,250.0	1,296.2	0.0	1,296.2	1,296.2	1,280.2	-1.2
SOURCES TOTAL	1,250.0	1,296.2	0.0	1,296.2	1,296.2	1,280.2	-1.2
USES							
Personal Services and Employee Benefits	871.0	867.0	0.0	867.0	881.3	872.2	0.6
Contractual Services	187.4	192.6	0.0	192.6	192.6	190.6	-1.0
Other	209.8	236.6	0.0	236.6	222.3	217.4	-8.1
TOTAL USES	1,268.2	1,296.2	0.0	1,296.2	1,296.2	1,280.2	-1.2
FTE							
Permanent	11.0	11.0	0.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	0.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Efficiency	Percent of employee files that contain employee evaluations completed by employees' anniversary date	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	96.7%	97.8%	95%	95%	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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	10.0	0.0	0.0	0.0	0.0	0.0	
Other Transfers	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1	-1.0
Other Revenues	205,328.0	220,667.6	0.0	220,667.6	247,899.2	237,008.1	7.4
SOURCES TOTAL	207,994.6	223,424.1	0.0	223,424.1	250,799.5	239,738.2	7.3
USES							
Personal Services and Employee Benefits	1,720.4	1,713.9	0.0	1,713.9	1,857.7	1,709.1	-0.3
Contractual Services	205,169.5	218,399.3	0.0	218,399.3	245,487.1	234,766.2	7.5
Other	503.3	554.4	0.0	554.4	554.4	532.8	-3.9
Other Financing Uses	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1	-1.0
TOTAL USES	210,049.8	223,424.1	0.0	223,424.1	250,799.5	239,738.2	7.3
FTE							
Permanent	25.0	25.0	0.0	25.0	28.0	25.0	0.0
TOTAL FTE POSITIONS	25.0	25.0	0.0	25.0	28.0	25.0	0.0

BUDGET ISSUES:

In 2007, a report evaluating the long-term trend and actuarial condition of the RHCA fund was presented to the Legislature. This report indicated the RHCA program was expected to become insolvent by 2014. In response, a range of statutory and administrative solutions were identified to provide affordable and sustainable benefits for current and future retirees.

The solutions adopted by the Legislature included increasing employee and employer contributions to the program over a three-year period, removing the sunset clause for a \$3 million tax suspense fund distribution, and requiring return-to-work employees and their employers to contribute to the fund.

In addition to these changes, the RHCA board reduced the number of plan options from a three-plan design model (gold, silver, and bronze) to a two-plan design model (premier and premier plus); as well as increased premiums and out-of-pocket expenses for retirees. These changes were adopted after a long history of maintaining a rich benefit plan at a low cost.

As a result of plan design changes and increased premiums, retirees have begun to migrate toward the less expensive premier plan with a higher deductible and annual out-of-pocket maximum. This has applied downward pressure on plan costs that grew only 1.9 percent from FY09 to FY10, compared with projected medical inflation of 8 percent. However, this also reduces contributions from retirees.

According to the updated long-term solvency analysis, the RHCA program is expected to become insolvent by 2025, when expenditures are expected to exceed all available revenue sources by \$141 million per year (see Volume III). This analysis assumes the board will continue to increase premiums annually at an amount equal to medical trend and continue to increase out-of-pocket expenses for retirees. However, future retirees can expect to receive a subsidy in excess of the average employee and employer contributions paid to the program over a 25 year period.

According to the latest Governmental Accounting Standards Board (GASB) analysis, RHCA reported unfunded accrued actuarial liabilities of \$2.9 billion. RHCA should begin to emphasize solvency in actuarial terms rather than when projected assets fall to zero.

Despite these challenges, RHCA continues to improve the reporting and tracking of financial data. These improvements resulted in the U.S. Department of Health and Human Services acceptance of RHCA's application for participation in the Early Retiree Reinsurance Program (ERRP). This program is expected to temporarily subsidize premiums for retirees between the ages of 55 and 64. In addition, RHCA engaged in a collective purchasing strategy with the General Services Department, Public School Insurance Authority, and Albuquerque Public Schools for prescription services which is expected to generate \$50 million in savings over the next four years.

As part of a continued strategy aimed at providing current and future retirees with healthcare benefits, RHCA should continue to promote positive behavioral changes by offering free immunizations and biometric screenings. These efforts, in conjunction with penalties for tobacco use, obesity and other costly behaviors, could reduce future costs. RHCA is also encouraged to evaluate current subsidy levels for pre-Medicare retirees under the age of 55, identify whether retirees are eligible for coverage elsewhere, and continue to pursue consolidated purchasing opportunities with other publicly financed health insurance groups.

The RHCA budget request was \$250.8 million, including increases of \$27.3 million for the Healthcare Benefits Administration Program and \$144 thousand and 3 FTE for Program Support, which receives funding through transfers from the health care benefits fund. In FY12, revenues are projected to exceed expenditures by \$21 million, which should be set aside to pre-fund future benefits.

The committee recommendation for the Health Care Benefits Administration Program totals \$237 million, a 7.4 percent increase over the FY11 approved operating budget. The recommendation reflects continued growth in retiree participation, adjustments to retiree premiums in accordance with medical inflation, and plan design changes to limit medical costs, including increased copays, deductibles, and annual out-of-pocket expenses. RHCA is encouraged to discontinue providing free basic life insurance policies and begin charging retirees for the benefit, which would save approximately \$4 million per year and add to the long-term solvency of the fund.

The committee recommends \$2.7 million for Program Support, a 1 percent decrease from FY11 operating levels. This includes technical adjustments to personal services and employee benefits and minor reductions for office supplies, travel, and information technology equipment.

Given the continued availability of discounted pharmaceuticals in the market place and the inception of the Medicare Part D program, the committee recommends eliminating the discount prescription drug program.

RECOMMENDED LANGUAGE:

Any unexpended balance in the program support program of the retiree health care authority remaining at the end of fiscal year 2012 shall revert to the healthcare benefits administration program.

BASE EXPANSION:

The committee recommendation does not support the requested expansion for 3 FTE and \$128 thousand. The committee recommendation encourages RHCA to direct existing resources and FTE toward fulfilling its customer services requirements, which includes reclassifying the director of government affairs to a customer service representative supervisor.

BASE EXPANSION LISTING FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Customer Service Rep - Supervisor	(P634)	39.2	0.0
2	IT Application Developer	(P634)	52.5	0.0
3	<u>Customer Service Representative</u>	<u>(P634)</u>	<u>36.2</u>	<u>0.0</u>
TOTAL			127.9	0.0

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)

	FY10 2009-2010	FY11 - 2010-2011		FY12 - 2011-2012		% Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>
SOURCES						
Other Revenues	205,328.0	220,667.6	0.0	220,667.6	247,899.2	237,008.1
SOURCES TOTAL	205,328.0	220,667.6	0.0	220,667.6	247,899.2	237,008.1
USES						
Contractual Services	204,729.5	217,911.1	0.0	217,911.1	244,998.9	234,278.0
Other Financing Uses	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1
TOTAL USES	207,386.1	220,667.6	0.0	220,667.6	247,899.2	237,008.1
FTE						
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Minimum number of years of long-term actuarial solvency	15	15	15	15	15
* Outcome	Total revenue generated, in millions	\$201	\$205	\$225	\$247.8	\$252
* Efficiency	Total revenue increase to the reserve fund, in millions		\$0	\$14	\$15	\$17.7
* Efficiency	Total healthcare benefits program claims paid, in millions	\$194	\$204	\$222	\$244.9	\$234.3
Efficiency	Average monthly per-participant claim cost, non-medicare eligible	\$519	\$546	\$585	\$631	≤\$631
Output	Average monthly per-participant claim cost, medicare eligible	\$276	\$288	\$298	\$321	≤\$321
Outcome	Percent of participants satisfied with the healthcare benefits program	87%	85%	85%	85%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	1.3%	1.0%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	3.1%	1.5%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	9.2%	9%	9%	9%	9%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	7	7	7	7	≤7
Efficiency	Percent of average medical premium subsidy for non-medicare and medicare	45%	45%	50%	50%	50%
Explanatory	Number of retiree health care participants	43,394	45,446	47,000	47,000	47,000
Outcome	Number of years of projected balanced spending		8	8	6	8
Outcome	Percentage annual increase in the number of non-medicare participants receiving medical insurance coverage		1%	+1%	+1%	1%
Outcome	Percentage annual increase in the number of medicare participants receiving medical insurance coverage		5%	+5%	+5%	5%

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Transfers	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1	-1.0
SOURCES TOTAL	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1	-1.0
USES							
Personal Services and Employee Benefits	1,720.4	1,713.9	0.0	1,713.9	1,857.7	1,709.1	-0.3
Contractual Services	440.0	488.2	0.0	488.2	488.2	488.2	0.0
Other	496.2	554.4	0.0	554.4	554.4	532.8	-3.9
TOTAL USES	2,656.6	2,756.5	0.0	2,756.5	2,900.3	2,730.1	-1.0
FTE							
Permanent	25.0	25.0	0.0	25.0	28.0	25.0	0.0
TOTAL FTE POSITIONS	25.0	25.0	0.0	25.0	28.0	25.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Outcome	Number of prior-year audit findings that recur	2	0	0	0	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	85%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	87%	88%	85%	85%	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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	10.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	10.0	0.0	0.0	0.0	0.0	0.0	
USES							
Other	7.1	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	7.1	0.0	0.0	0.0	0.0	0.0	
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Output	Number of senior prescription drug program participants	6,696	6,680	7,000	7,000	7,000

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	16,192.7	14,670.7	-476.0	14,194.7	15,226.9	13,642.9	-3.9
Other Transfers	10,893.8	10,791.6	0.0	10,791.6	10,784.4	10,314.8	-4.4
Other Revenues	426,908.1	440,266.9	0.0	440,266.9	474,381.4	448,321.3	1.8
Fund Balance	11,833.1	3,333.2	0.0	3,333.2	4,232.7	5,445.4	63.4
SOURCES TOTAL	465,827.7	469,062.4	-476.0	468,586.4	504,625.4	477,724.4	2.0
USES							
Personal Services and Employee Benefits	18,740.6	19,419.5	-268.3	19,151.2	19,811.4	18,140.1	-5.3
Contractual Services	41,439.3	42,153.8	-14.2	42,139.6	45,180.2	43,832.6	4.0
Other	382,915.3	396,952.3	-185.4	396,766.9	428,898.3	405,436.9	2.2
Other Financing Uses	10,824.6	10,536.8	-8.1	10,528.7	10,735.5	10,314.8	-2.0
TOTAL USES	453,919.8	469,062.4	-476.0	468,586.4	504,625.4	477,724.4	2.0
FTE							
Permanent	368.0	352.0	0.0	352.0	351.0	346.0	-1.7
TOTAL FTE POSITIONS	368.0	352.0	0.0	352.0	351.0	346.0	-1.7

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required GSD to reduce the FY10 operating budget from the general fund by \$892 thousand. The plan submitted by GSD and approved by the Department of Finance and Administration reduced expenditures from the Procurement Services Program as follows: \$25 thousand from personal services and employee benefits and \$70 thousand from other costs. Expenditures from the Business Office Space Management and Maintenance Program were reduced as follows: \$152 thousand from personal services and employee benefits, \$124 thousand from contractual services, and \$520 thousand from other costs.

BUDGET ISSUES:

GSD requested \$504.6 million, an increase of \$36.1 million, or 7.7 percent above the FY11 adjusted operating budget. The majority of this increase is related to a proposed \$27.9 million, or 44 percent, increase to the Risk Program and \$18 million, or 5 percent, increase to the Employee Group Health Benefits Program. The request also included a \$1 million general fund increase for the Business Office Space Management and Maintenance Program. The request for all other programs remains flat with FY11 adjusted operating levels.

LFC recently completed a program evaluation of the benefits programs administered by GSD and the Public Schools Insurance Authority (PSIA). The evaluation revealed several short-comings related to the management of these programs, including inadequate oversight of provider reimbursements, failure to track medical and pharmaceutical claims that have been incurred but not reported, and the duplication of services among the two agencies.

For FY12, GSD proposed an \$18 million, or 5 percent, increase in rates charged for group health benefits, citing projected increases to medical inflation and federal healthcare reform. However, further analysis of the request reveals that a 5 percent increase in rates would add an additional \$10.6 million to program reserves and not be needed for medical inflation. Increasing employer and employee contributions to grow reserves and reduce employee take-home pay is not necessary at this time because program reserves currently have a fund balance of \$59 million.

LFC recommends a flat budget for the Employee Group Health Benefits Program. This proposal may require cost-shifting measures, including increased copays, coinsurance, and deductibles, as well as the use of approximately \$60 million in fund balance. This will ensure that employee take-home pay is not adversely impacted by increased employee and employer contributions because this will shift costs to the user of the service rather than all employees.

Overall, the financial condition of the risk program has stabilized in recent years to include significant improvements to the workers compensation, public liability, and public property funds. However, the risk program remains unpredictable because the frequency and severity of claims can vary greatly depending on the number of fires, hailstorms, medical malpractice claims, and other civil liabilities against the state.

For FY11, GSD proposed and the Legislature supported a 25 percent decrease in rates charged for unemployment compensation for state agencies, school districts, and local public bodies. In addition, during the 2009 and 2010 legislative sessions, LFC and the Department of Finance and Administration developed a plan to reduce the risk rates for all lines of coverage under the public property and public liability programs by \$4.6 million and \$7.8 million, respectively. However, in FY10 the number of unemployment compensation claims for these groups increased 300 percent. GSD also reported a significant increase in the number of large property losses from fire, smoke and flood damage to the Hispanic Cultural Center, Zimmerman Library, and Metro Court.

The exorbitant increase in unemployment compensation claims is related to the law that allows former state employees to receive benefits from the state, after separation of employment from other employers, up to 18 months after separating from the state for any reason. Also, the Department of Workforce Solutions (DWS) does not include retirement income when calculating weekly benefits.

The Legislature in 2011 should consider reducing the period of time former employees can draw a benefit from the state after separation, eliminate the dependent allowance, and require DWS and the public employee pension programs to coordinate information. This will ensure the state is not paying for a benefit on top of an employee's pension.

The LFC recommendation for the Risk Management Program is \$94.8 million, an increase of \$13.3 million, or 16.2 percent above FY11 approved operating amounts. This includes increases of \$18.3 million, or 277 percent for unemployment compensation, and \$2.1 million, or 23 percent, for public property insurance. The recommendation includes a \$3.6 million reduction to rates charged for workers' compensation, holds funding for public liability flat with FY11 operating levels, and does not include funding for the employee assistance program, which was eliminated in the 2010 General Appropriation Act but vetoed by the governor (see Volume III). The recommendation deletes 3 exempt FTE: a second deputy director, administrator III, and administrative assistant.

The recommended adjustments to rates charged for risk and employee group health benefits insurance are reflected in all of the FY12 appropriation recommendations for individual agencies made by LFC. These adjustments were made to offset projected increases to unemployment compensation.

In FY10, expenditures exceeded revenues in the State Printing Services Program by nearly \$400 thousand. This program continues to struggle because the demand for state printing services has declined as agencies have cut back on the number of printing and publishing services requested. However, the recommendation assumes a 34 percent increase in revenues from FY10 actuals to reflect projected expenditures during a 30-day legislative session compared to the last 30 day session. The recommendation deletes funding for overtime, temporary services, and unsupported requests for contractual services.

According to GSD, approximately 90 percent of state-owned office space was occupied at the end of FY10. However, data reliability remains an issue given the reduction in the state government workforce of over 2,000 FTE, or 8 percent, since the hiring freeze. GSD should identify opportunities to move agencies that currently lease office space into state-owned office space, renegotiate existing lease agreements to reflect current market conditions, and ensure effective use of state-owned office space.

The LFC recommendation for the Business Office Space Management and Maintenance Program deletes 2 FTE as requested by GSD. The recommendation includes technical adjustments and applies a 5 percent vacancy rate to personnel services and employee benefits. The recommendation supports contractual services as requested by GSD and increases other costs by \$50 thousand for utility costs.

As a result of agency cutbacks, the aviation program continues to experience a decline in the number of hours flown, down 327 in FY10 compared with 497 in FY09. In August 2010, GSD reported the actual costs per flight hour in FY10 varied, with \$2,458 for the King Air, \$2,548 per hour for the Citation Bravo, and \$9,561 per hour for the Turbo Commander. However, GSD only recovers a fraction of the operational cost through rates charged to agencies. These costs are expected to further increase in FY12 because significant maintenance requirements are anticipated. The recommendation for the Transportation Services Program includes a \$200 thousand general fund subsidy to offset the projected increase in maintenance costs. The recommendation includes technical adjustments to personal services and employee benefits and reduces other costs for the purchase of new vehicles.

In the past, the state invested more than \$8 million for a program aimed at reforming the state's procurement process. However, the results of the investment were unclear and data did not support reported savings. Subsequent efforts by GSD to improve the procurement process led to an LFC performance evaluation. The findings and recommendations indicated by this evaluation appear to have been disregarded by GSD, and it is unclear whether the numbers of procurement violations, emergency procurements, and sole source agreements have been reduced.

The LFC recommendation for the Procurement Services Program includes technical adjustments to personal services and employee benefits and reduces out-of-state travel for board members because the program is not governed by a board.

The LFC recommendation for Program Support deletes 1 FTE (a public information officer) and applies technical adjustments to personal services and employee benefits. The recommendation reduces contractual services for employee training and attorney fees. The recommendation reduces other costs for out-of-state travel, rent of equipment, and training and education.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required GSD to reduce the FY11 operating budget from the general fund by \$476 thousand. The plan submitted by GSD and approved by the Department of Finance and Administration reduces expenditures from the Building Office Space Management and Maintenance Program as follows: \$222.8 thousand from personal services and employee benefits, \$14 thousand from contractual services, \$169 thousand from other costs, and \$5.2 thousand from other financing uses. Expenditures from the Procurement Services Program were reduced as follows: \$41.6 thousand from personal services and employee benefits, \$5.4 thousand from other costs, and \$2.3 thousand from other financing uses.

RECOMMENDED LANGUAGE:

Any unexpended balances in program support of the general services department remaining at the end of fiscal year 2012 shall revert to the procurement services, printing services, risk management, employee group benefits, business office space management and maintenance and transportation services programs based on the proportion of each individual programs' assessments for program support.

BASE EXPANSION:

The committee recommendation does not support the requested expansion for 2 FTE and \$259 thousand for the Technology and System Support Bureau of Program Support. The committee recommendation encourages GSD to direct existing resources and FTE toward fulfilling its information technology requirements.

BASE EXPANSION LISTING FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	<u>GSD IT Reallocation</u>	<u>(P598)</u>	<u>258.9</u>	<u>0.0</u>
TOTAL			258.9	0.0

EMPLOYEE GROUP BENEFITS

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Revenues	342,382.7	353,074.5	0.0	353,074.5	371,042.1	353,074.5	0.0
SOURCES TOTAL	342,382.7	353,074.5	0.0	353,074.5	371,042.1	353,074.5	0.0
USES							
Contractual Services	19,216.1	20,280.0	0.0	20,280.0	21,300.9	20,280.0	0.0
Other	311,169.1	331,167.8	0.0	331,167.8	348,114.5	331,167.8	0.0
Other Financing Uses	1,188.0	1,626.7	0.0	1,626.7	1,626.7	1,626.7	0.0
TOTAL USES	331,573.2	353,074.5	0.0	353,074.5	371,042.1	353,074.5	0.0
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Efficiency	Percent change in state employee medical premium compared with the industry average	0%	0%	0%	3%	0%
* Efficiency	Percent change in dental premium compared with the national average	0%	0%	0%	+/- 3%	0%
Outcome	Percent of state group prescriptions filled with generic drugs	76.4%	80.5%	80%	75%	80%
* Explanatory	Percent of eligible state employees purchasing state health insurance	97.5%	91.3%	90%	80%	90%

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability, workers' compensation, state unemployment compensation, 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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Transfers	7,130.3	6,941.0	0.0	6,941.0	6,941.0	6,926.5	-0.2
Other Revenues	73,731.3	74,372.6	0.0	74,372.6	91,653.6	84,490.8	13.6
Fund Balance	9,921.0	280.3	0.0	280.3	74.3	3,407.3	1,115.6
SOURCES TOTAL	90,782.6	81,593.9	0.0	81,593.9	98,668.9	94,824.6	16.2
USES							
Personal Services and Employee Benefits	4,263.2	4,224.7	0.0	4,224.7	4,240.3	4,008.7	-5.1
Contractual Services	21,529.2	21,006.6	0.0	21,006.6	23,264.5	23,064.5	9.8
Other	56,846.6	48,160.8	0.0	48,160.8	62,925.7	59,996.6	24.6
Other Financing Uses	8,143.6	8,201.8	0.0	8,201.8	8,238.4	7,754.8	-5.5
TOTAL USES	90,782.6	81,593.9	0.0	81,593.9	98,668.9	94,824.6	16.2
FTE							
Permanent	65.0	63.0	0.0	63.0	63.0	60.0	-4.8
TOTAL FTE POSITIONS	65.0	63.0	0.0	63.0	63.0	60.0	-4.8

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of state workers' compensation claimants on modified duty (early return to work)	587	890	≥600	625	≥625
* Explanatory	Projected financial position of the public property fund	615%	309%	50%	50%	100%
* Explanatory	Projected financial position of the workers' compensation fund	13%	30%	20%	35%	35%
Explanatory	Projected financial position of the state and local unemployment funds	138%	221%	50%	50%	50%
* Explanatory	Projected financial position of the public liability fund	53%	65%	50%	50%	50%
Outcome	Percent of total liability claims resolved without a trial decision by judge or jury	99%	99.7%	90%	90%	90%
Output	Percent of total risk management division accounts-receivable dollars uncollected ninety days after invoice due date		0.6%	≥5%	5%	≥5%

STATE PRINTING SERVICES

The purpose of the state printing services program is to provide cost-effective printing and publishing services for governmental agencies.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Other Revenues	983.9	1,966.1	0.0	1,966.1	1,966.1	1,318.4	-32.9
SOURCES TOTAL	983.9	1,966.1	0.0	1,966.1	1,966.1	1,318.4	-32.9
USES							
Personal Services and Employee Benefits	817.4	1,178.2	0.0	1,178.2	1,178.2	801.2	-32.0
Contractual Services	3.9	13.0	0.0	13.0	13.0	4.0	-69.2
Other	555.7	682.6	0.0	682.6	681.0	420.9	-38.3
Other Financing Uses	0.0	92.3	0.0	92.3	93.9	92.3	0.0
TOTAL USES	1,377.0	1,966.1	0.0	1,966.1	1,966.1	1,318.4	-32.9
FTE							
Permanent	26.0	18.0	0.0	18.0	18.0	18.0	0.0
TOTAL FTE POSITIONS	26.0	18.0	0.0	18.0	18.0	18.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Revenue generated per employee compared with previous fiscal year	\$113,000	\$62,000	\$90,000	\$70,000	\$113,000
Outcome	Sales growth in state printing revenue compared with previous fiscal year	39%	0%	15%	10%	25%
Quality	Percent of customers satisfied with printing services			90%	82%	90%

BUSINESS OFFICE SPACE MANAGEMENT AND MAINTENANCE SERVICES

The purpose of the business office space management and maintenance services program is to provide employees and the public with effective property management so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	14,454.3	12,665.7	-411.0	12,254.7	13,286.7	12,032.7	-1.8
Other Transfers	0.0	254.5	0.0	254.5	0.0	0.0	-100.0
SOURCES TOTAL	14,454.3	12,920.2	-411.0	12,509.2	13,286.7	12,032.7	-3.8
USES							
Personal Services and Employee Benefits	7,128.7	7,002.7	-222.8	6,779.9	6,990.2	6,469.6	-4.6
Contractual Services	421.5	442.1	-14.1	428.0	212.3	212.3	-50.4
Other	5,957.1	5,312.7	-168.9	5,143.8	5,891.2	5,193.3	1.0
Other Financing Uses	162.7	162.7	-5.2	157.5	193.0	157.5	0.0
TOTAL USES	13,670.0	12,920.2	-411.0	12,509.2	13,286.7	12,032.7	-3.8
FTE							
Permanent	173.0	165.0	0.0	165.0	163.0	163.0	-1.2
TOTAL FTE POSITIONS	173.0	165.0	0.0	165.0	163.0	163.0	-1.2

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Quality	Percent of customers satisfied with custodial and maintenance services	93%	93.5%	95%	85%	95%
* Explanatory	Percent of state-controlled office space occupied	90%	90.4%	95%	90%	95%
Quality	Percent of customers satisfied with property control services	100%	94.1%	90%	90%	90%
Efficiency	Percent of property control capital projects on schedule within approved budget	91.5%	96.2%	90%	90%	90%
Efficiency	Percent of operating costs for Santa Fe state-owned buildings below industry standard	-12%	15.1%	≤5%	≤5%	≤5%
Output	Percent of fully funded projects in design within six months of approved budget			75%	75%	75%
Output	Number of funded projects greater than five hundred thousand dollars (\$500,000) under construction	32	33	≥12	12	≥12
Outcome	Annual percent reduction of greenhouse gas emissions for state-owned buildings served by building services division relative to fiscal year 2005 baseline	-85%	85%	≥3%	3%	≥3%
Quality	Percent of building services division employees satisfied with administrative support, management direction and employee training	86%	86.1%	90%	82%	90%
Output	Percent of major facility equipment (boilers, chillers, elevators, generators and cooling towers) covered by a preventative maintenance service contract	100%	100%	95%	95%	95%
Explanatory	Percent of projects greater than one million dollars (\$1,000,000) in compliance with appropriation guidelines	100%	100%	100%	100%	100%
Outcome	Percent of electricity purchased by the building services division from renewable energy sources	90%	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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	0.0	485.0	-15.7	469.3	469.5	200.0	-57.4
Other Revenues	9,417.1	10,228.5	0.0	10,228.5	9,094.4	8,812.4	-13.8
Fund Balance	912.1	3,052.9	0.0	3,052.9	4,158.4	2,038.1	-33.2
SOURCES TOTAL	10,329.2	13,766.4	-15.7	13,750.7	13,722.3	11,050.5	-19.6
USES							
Personal Services and Employee Benefits	2,241.8	2,408.1	-3.9	2,404.2	2,576.1	2,419.1	0.6
Contractual Services	55.0	85.1	-0.1	85.0	78.1	61.9	-27.2
Other	7,665.6	10,906.4	-11.1	10,895.3	10,577.5	7,978.9	-26.8
Other Financing Uses	366.8	366.8	-0.6	366.2	490.6	590.6	61.3
TOTAL USES	10,329.2	13,766.4	-15.7	13,750.7	13,722.3	11,050.5	-19.6
FTE							
Permanent	38.0	38.0	0.0	38.0	38.0	38.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	0.0	38.0	38.0	38.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Explanatory	Percent of short-term vehicle use	90%	49%	80%	50%	50%
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	100%	100%	100%	100%	100%
* Efficiency	Percent of total available aircraft fleet hours used	64%	43%	65%	40%	40%
Efficiency	Percent of passenger vehicle lease revenues to expenses	99%	100%	100%	100%	100%
Output	Percent of total transportation services division accounts-receivable dollars uncollected one hundred twenty days after invoice due date	21%	17%	≤5%	20%	≤5%
Explanatory	Percent of state vehicle fleet beyond five year or one hundred thousand miles standard	12%	10%	25%	25%	≤25%

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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
General Fund Transfers	1,738.4	1,520.0	-49.3	1,470.7	1,470.7	1,410.2	-4.1
Other Revenues	393.1	625.2	0.0	625.2	625.2	625.2	0.0
SOURCES TOTAL	2,131.5	2,145.2	-49.3	2,095.9	2,095.9	2,035.4	-2.9
USES							
Personal Services and Employee Benefits	1,575.1	1,855.1	-41.6	1,813.5	1,748.9	1,696.4	-6.5
Other	190.5	203.6	-5.4	198.2	254.1	246.1	24.2
Other Financing Uses	86.5	86.5	-2.3	84.2	92.9	92.9	10.3
TOTAL USES	1,852.1	2,145.2	-49.3	2,095.9	2,095.9	2,035.4	-2.9
FTE							
Permanent	29.0	29.0	0.0	29.0	29.0	29.0	0.0
TOTAL FTE POSITIONS	29.0	29.0	0.0	29.0	29.0	29.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent of all price agreement renewals considered for "best value" strategic sourcing option	22.9%	21.2%	10%	15%	20%
* Quality	Percent of customers satisfied with procurement services	84%	83%	95%	82%	90%
* Outcome	Number of small business clients assisted	235	245	250	150	250
* Output	Number of government employees trained on Procurement Code compliance and methods	250	612	500	325	500
Efficiency	Average resolution time for Procurement Code violations under one hundred thousand dollars (\$100,000)			≤30 days	30 days	≤30 days

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
Other Transfers	3,763.5	3,596.1	0.0	3,596.1	3,843.4	3,388.3	-5.8
Fund Balance	1,000.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	4,763.5	3,596.1	0.0	3,596.1	3,843.4	3,388.3	-5.8
USES							
Personal Services and Employee Benefits	2,714.4	2,750.7	0.0	2,750.7	3,077.7	2,745.1	-0.2
Contractual Services	213.6	327.0	0.0	327.0	311.4	209.9	-35.8
Other	530.7	518.4	0.0	518.4	454.3	433.3	-16.4
Other Financing Uses	877.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	4,335.7	3,596.1	0.0	3,596.1	3,843.4	3,388.3	-5.8
FTE							
Permanent	37.0	39.0	0.0	39.0	40.0	38.0	-2.6
TOTAL FTE POSITIONS	37.0	39.0	0.0	39.0	40.0	38.0	-2.6

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Quality	Percent of customers satisfied with internal information technology services	92%	90%	90%	90%	90%
Quality	Percent of internal customers satisfied with administrative service division services	76.5%	90%	80%	80%	90%
Efficiency	Average number of working days to process purchase orders and invoices	PO:1/ln:1.2	PO:1/ln:1.2	PO:2/lnv:2	PO:2/lnv:2	PO:2/lnv:2
Quality	Percent of external customers satisfied with billing services	77%	90.9%	85%	82%	85%
Quality	Percent decrease of audit findings compared with audit findings in the previous fiscal year		70.8%	95%	25%	95%
Efficiency	Percent of checks deposited within twenty-four hours of date of receipt in the administrative services division			80%	95%	95%
Efficiency	Percent of payments made to vendors within forty-eight hours of invoice receipt date			95%	82%	95%

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 secretary of public education 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 of 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	41,766.6	26,908.3	0.0	26,908.3	45,633.0	40,278.1	49.7
SOURCES TOTAL	41,766.6	26,908.3	0.0	26,908.3	45,633.0	40,278.1	49.7
USES							
Personal Services and Employee Benefits	3,624.5	4,197.4	0.0	4,197.4	4,768.8	4,405.5	5.0
Contractual Services	37,347.5	21,826.7	0.0	21,826.7	40,014.8	35,038.0	60.5
Other	794.6	884.2	0.0	884.2	849.4	834.6	-5.6
TOTAL USES	41,766.6	26,908.3	0.0	26,908.3	45,633.0	40,278.1	49.7
FTE							
Permanent	57.0	58.0	0.0	58.0	58.0	58.0	0.0
Term	2.0	0.0	0.0	0.0	2.0	0.0	
TOTAL FTE POSITIONS	59.0	58.0	0.0	58.0	60.0	58.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduced manager fees by 5.9 percent, or \$1.3 million, and increased the vacancy savings by \$173.9 thousand to produce a 5 percent overall reduction.

BUDGET ISSUES:

The Educational Retirement Board request was \$10 million, or 2.8 percent, over the FY11 operating budget – which had been adjusted upward by \$9.8 million from its original appropriation of \$26.9 million through a budget adjustment request (BAR) – mostly for higher investment fees.

These fees have escalated for ERB since the agency experienced lower fees accompanying negative investment returns during FY08-FY09. For example, the strong investment performance of 18.2 percent for FY10 caused investment fees to almost double to \$34.1 million from about \$18 million paid in FY09, when the fund lost 17.3 percent. Thus, investment-related costs continue to drive ERB's budget, and performance-based fee arrangements make these costs particularly difficult to accurately predict. In addition, fees are generally based on an expected fund appreciation of 8 percent; during the last three years, fund returns have deviated significantly, making the estimates even less reliable. ERB also includes some alternative investments in the manager fee calculation, deviating from industry practice.

The committee's recommendation only slightly reduces the agency's \$34 million request for investment fees by \$3.4 million, reflecting a lower expectation for active management in FY12. In addition, the recommendation eliminates the \$22 thousand lobbyist contract and continues language limiting the use of funding for contractual services to purposes specified while allowing for unrestricted investment BARs, which provides flexibility to meet actual investment costs while imposing budgetary constraints. However, ERB and the other investing agencies should pursue avenues to reduce the overall cost to the state for investment advice and managers, such as imposing a statewide fee schedule on all contracts that would reduce the marginal rate charged as additional funds were added, regardless of the agency.

Investment-related legal fees have also increased over this period, both for higher allocations to alternative investments – which require more complex legal review and negotiations – and for legal costs associated with litigation aimed at recovering damages that ERB may have suffered as a result of the actions of Aldus Equity, its principal partner Saul Meyer, and others in recommending certain investments to the ERB while Aldus acted as the private equity investment advisor from late 2006 through mid-2009. Other instances where third-party payments were paid are also being reviewed for potential lawsuits, including the \$40 million Vanderbilt collateralized debt obligation (CDO) loss. Recognizing the need to pursue firms that likely violated their fiduciary duty to the fund, even if litigation costs exceed any recovery, the recommendation supports the full request for legal fees of \$1.7 million, subject to language restricting its use.

The ongoing qui tam and class action lawsuits involving ERB investments have resulted in a \$238.3 thousand increase in the employee liability premium charged by the General Services Department (GSD). So far the Risk Management Division (RMD) has spent more than \$1 million providing legal representation to various people, including \$362 thousand for former Board Chair Bruce Malott and former securities agent Guy Riordan, who GSD determined qualified for legal support by serving for a short time on an ERB task force appointed by Governor Richardson in 2003, even though his ERB affiliation ended long before any of the investments in question were made. Although no staff members have been named in any of the lawsuits or been indemnified by GSD, RMD explains the premium went up due to ERB's increased exposure to loss.

Board members are also indemnified by ERB statute. Because the language is broad and potentially exposed the fund to unrestricted expenses, ERB requested an opinion from the Attorney General (AG) to qualify allowable costs. The legal opinion said New Mexico law does not require the state to reimburse private legal fees when RMD has already provided legal representation. In addition, the AG found reimbursement of expenses relating to other costs, such as those arising from hiring a public relations firm, inappropriate. While New Mexico AG opinions are not legally binding, it appears ERB funds will not be used to reimburse Mr. Malott's private expenses, totaling over \$300 thousand by some accounts.

A combination of events – the increase in the GSD premium, ERB filling six positions that had been subject to the hiring freeze, and raises for the agency head and chief investment officer – produced a \$373.3 thousand, or 9 percent, increase in ERB's request for personal services and employee benefits. The recommendation applies a 3.9 percent vacancy rate of \$165.1 thousand but provides for a 5 percent increase to help pay the higher employee liability premiums. Other expenses, such as employee cell phones and out-of-state travel for board members, are reduced. ERB should join the other investment agencies in looking at ways to coordinate training and reduce travel for board members to be more cost-effective in enhancing board expertise.

As of June 30, 2010, ERB had 33,749 retirees, a 59 percent increase from 2000, while active employees increased only 5 percent over the same decade. This dynamic has reduced the ratio of active member working for each retired member from 3:1 to 2:1 and continues to widen the gap between contributions and pension payroll. With the coming wave of baby boomer retirements and the move toward reduced government spending with fewer active employees, this trend is likely to accelerate. Within 10 years, according to the actuarial firm Buck Consultants hired to provide an independent review of the state's pension plans for the Retirement System Solvency Task Force, the negative cash flow will start eroding the fund asset value so that earnings are made on fewer and fewer assets.

Coupled with the deficit in pension funding caused by the significant investment losses during 2001-2003 and 2008-2009, which are very unlikely to be recouped through investment gains, the resulting gap in pension plan funding is alarming. Even with the additional 1.5 percent employer contribution increase scheduled to be phased in over the next two years (at 0.75 percent per year) and an optimistic 8 percent long-term investment return assumption, the Buck Consultant projection shows the pension plan running out of money within 30 years, given certain assumptions.

Given this outlook in the face of improbable investment returns sufficient to reverse the trend, late in the year the pension board began considering recommendations to restore plan health. Various proposals were made, including altering pension requirements or benefits for current members. The Legislature will consider the board's final proposal as part of any deliberation on legislation making plan changes.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement program of the educational retirement board in the contractual services category includes thirty million six hundred thousand dollars (\$30,600,000) to be used only for investment manager fees.

The other state funds appropriation to the educational retirement program of the educational retirement board in the contractual services category includes one million three hundred fifty thousand dollars (\$1,350,000) for payment of custody services associated with the fiscal agent contract.

The other state funds appropriation to the educational retirement program of the educational retirement board in the contractual services category includes one million seven hundred twenty-seven thousand three hundred dollars (\$1,727,300) for payment of legal services.

BASE EXPANSION:

The agency requested an expansion of 2 FTE and \$1.6 million contractual services to upgrade the pension information technology (IT) system. However, the agency resubmitted the request more appropriately as a nonrecurring IT project spanning two years and totaling \$3.5 million. The project potentially could reduce future operating budgets by improving self-help options available over the Internet, thereby reducing the demand for FTE resources to accommodate the growing population of retirees. In addition, the agency intends to move away from the "hard coding" structure, which would reduce the cost to implement changes for the system.

BASE EXPANSION LISTING
FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>IRIS project upgrade</u>	<u>(P635)</u>	<u>1,750.0</u>	<u>0.0</u>
TOTAL			1,750.0	0.0

EDUCATIONAL RETIREMENT

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Average number of days to process refund requests	21	15	15	15	15
* Outcome	Average rate of return over a cumulative five-year period	2.4%	3.9%	8%	8%	8%
Outcome	Percent of member satisfaction with seminars and trainings	96%	95%	95%	95%	95%
Output	Average number of days to respond to requests for benefit estimates and purchase-of-service requests	17	18	18	18	18
Output	Percent of retirement applications processed within sixty days	95%	95%	95%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	8,361	6,500	8,000	6,250	6,500
Output	Number of member workshops conducted	25	30	35	35	35
Quality	Percent of accurately computed retirements	99.5%	99.5%	99.5%	99.5%	99.5%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	46.2	62.5	≤30	≤30	≤30

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 in addition to that board: Data, Sentencing Reform, Legislative, and Juvenile.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	724.8	679.8	-22.1	657.7	657.7	529.8	-19.4
Other Transfers	30.0	30.0	0.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	754.8	709.8	-22.1	687.7	687.7	559.8	-18.6
USES							
Personal Services and Employee Benefits	0.0	0.0	0.0	0.0	1.7	0.0	
Contractual Services	714.2	705.0	-21.9	683.1	676.2	555.2	-18.7
Other	4.4	4.8	-0.2	4.6	9.8	4.6	0.0
TOTAL USES	718.6	709.8	-22.1	687.7	687.7	559.8	-18.6
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the New Mexico Sentencing Commission to reduce the FY10 operating budget from the general fund by \$7.2 thousand.

BUDGET ISSUES:

The agency's initial FY11 general fund budget of \$679.8 thousand was reduced by \$22.1 thousand, resulting in an adjusted FY11 general appropriation of \$657.7 thousand, which remains the agency's FY12 request. The commission contracts with the University of New Mexico for both administrative and research services and the university is allowed an administrative fee of 10 percent to perform this function. Commission staff are employees of the university. The FY12 general fund recommendation of \$529.8 thousand represents a 19.4 percent reduction from the adjusted FY11 general fund level.

The New Mexico Sentencing Commission is composed of 24 members with different backgrounds related to the criminal justice system. One of the agency's central duties is serving as a clearinghouse for criminal justice data from other state agencies, and the structure in New Mexico is similar to other sentencing commissions in the country that are state agencies also physically located at state universities. The agency provides research reports on topical subjects on a scheduled or ad hoc basis and analyzes and comments on legislation related to criminal justice and public safety issues. 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 and receives a \$30 thousand transfer from the county detention facility reimbursement fund to perform this service.

In the first three months of FY11, the commission released three major reports: "Analysis of the Impact of Juvenile Justice Programming in Six New Mexico Counties," "A Review of Juvenile Justice Programs in New Mexico," and "Number of Offenders Confined in New Mexico Corrections Department Facilities." Reports are shared with the appropriate agencies and are incorporated into the agency's planning and policy implementation processes.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$22.1 thousand. The agency indicates that it will apply general cost savings to administrative processes.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Percent of total possible victims who receive automated victim notification	75%	Unknown	25%	25%	25%
Output	Number of research projects completed	12	13	13	13	13
Output	Number of website hits per month	314,411	346,000	300,000	300,000	300,000
Outcome	Number of uses of offender query by justice personnel per month	90,163	300,000	100,000	100,000	100,000
Efficiency	Percent of total state justice personnel with access to offender query	70%	80%	75%	75%	75%
Output	Percent of criminal and juvenile justice bills analyzed for a legislative session	100%	100%	100%	100%	100%

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.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	42,681.0	40,988.7	-1,329.9	39,658.8	41,818.5	39,048.4	-1.5
Other Revenues	347.1	240.0	0.0	240.0	240.0	240.0	0.0
SOURCES TOTAL	43,028.1	41,228.7	-1,329.9	39,898.8	42,058.5	39,288.4	-1.5
USES							
Personal Services and Employee Benefits	24,013.8	24,867.8	-806.8	24,061.0	25,179.9	23,849.8	-0.9
Contractual Services	11,483.1	10,626.6	-342.4	10,284.2	11,076.1	9,961.8	-3.1
Other	5,541.5	5,734.3	-180.7	5,553.6	5,802.5	5,476.8	-1.4
TOTAL USES	41,038.4	41,228.7	-1,329.9	39,898.8	42,058.5	39,288.4	-1.5
FTE							
Permanent	403.0	411.0	0.0	411.0	411.0	411.0	0.0
TOTAL FTE POSITIONS	403.0	411.0	0.0	411.0	411.0	411.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Public Defender Department to reduce the FY10 operating budget from the general fund by \$854 thousand.

BUDGET ISSUES:

The Public Defender Department's overall base request of \$41.8 million represented a \$2 million increase, or 5.4 percent, over the FY11 adjusted operating budget. The increase is primarily in personal services and employee benefits, 4.7 percent, and contractual services, 7.7 percent. The recommendation, which decreases the general fund appropriation by 1.5 percent, maintains a 14.25 percent vacancy rate, applies rate reductions to certain items and assumes the agency will open a McKinley County office and take on approximately 30 percent of the workload currently handled by contract attorneys.

Included in the recommendation is \$240 thousand from the public defender automation fund. The fund was established to collect \$10 application fees from those unable to obtain counsel on their own and in need of representation by a public defender. The agency reported it will seek a statutory change to increase the \$10 application fee to \$20 to help build the fund. The agency reported an average of \$245 thousand is collected annually. In July 2010, the fund balance was \$524 thousand.

The New Mexico Sentencing Commission's 2010 refreshed workload study of the courts, Public Defender Department and district attorneys indicates a total need of 243 attorneys. Currently, the PDD has 214 attorney FTE, and 30 of its attorney FTE, or 14 percent, are currently vacant.

The Public Service Law Loan Repayment Program (LRAP) is a three-year program that provides participants financial assistance to repay legal educational loans by serving low-income or underserved residents through employment with state or local governments or in the nonprofit sector. Of the 30 participants in FY10, four are currently employed by the Public Defender Department, 13 with district attorney offices, and 13 with nonprofit organizations.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$1.329 million. The agency reports the reduction has resulted in attorneys taking on vacant support staff duties, leaving attorneys unable to meet with clients in time to provide true representation. For example, the high vacancy rate at Albuquerque Metro Court will cause the department to refuse cases and refuse to staff courtrooms, which raises constitutional questions. The agency also indicated that overall staffing problems resulting from the hiring freeze and budget cuts affect the existing staffs' capacity to timely close out cases in the case management system, which translates into inaccurate data reported.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of alternative sentencing treatment placements for felony and juvenile clients	3,890	3,703	4,000	4,000	4,000
Output	Number of expert witness services approved by the department	3,335		Discont.	Discont.	Discont.
* Efficiency	Percent of cases in which application fees were collected	34%	33.4%	35%	35%	35%
* Quality	Percent of felony cases resulting in a reduction of original formally filed charges	36.6%	19%	37%	37%	37%
Explanatory	Annual attorney full-time-equivalent vacancy rate	7.6%	13.14%	7%	Discont.	Discont.
Explanatory	Annual attorney turnover rate	15.9%		Discont.	Discont.	Discont.
Output	Number of cases diverted out of the criminal justice system prior to the return of an indictment				1,100	1,100

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,443.7	3,942.6	-127.9	3,814.7	3,472.2	3,300.9	-13.5
SOURCES TOTAL	4,443.7	3,942.6	-127.9	3,814.7	3,472.2	3,300.9	-13.5
USES							
Personal Services and Employee Benefits	3,383.3	3,304.7	-107.2	3,197.5	2,855.0	2,740.7	-14.3
Contractual Services	63.5	104.2	-3.4	100.8	100.8	63.8	-36.7
Other	560.7	533.7	-17.3	516.4	516.4	496.4	-3.9
TOTAL USES	4,007.5	3,942.6	-127.9	3,814.7	3,472.2	3,300.9	-13.5
FTE							
Permanent	40.3	37.3	0.0	37.3	27.0	27.0	-27.6
TOTAL FTE POSITIONS	40.3	37.3	0.0	37.3	27.0	27.0	-27.6

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of the Governor to reduce the FY10 operating budget from the general fund by \$245 thousand. The plan submitted by the Office of the Governor and approved by the Department of Finance and Administration reduces expenditures by \$245 thousand from personal services and employee benefits.

BUDGET ISSUES:

Overall, the agency budget request of \$3.5 million represented a \$342 thousand reduction below the FY11 adjusted operating budget and deleted 10.3 FTE. The committee recommendation for FY12 reflects a \$514.7 thousand, or 13.5 percent, reduction from the adjusted operating budget. The recommendation deletes 10.3 FTE, setting the total FTE count equal to FY03 administration levels. In addition, the recommendation applies a 4 percent vacancy rate to personal services and employee benefits, which has averaged a 21 percent vacancy rate since FY08.

In addition, the recommendation reduces contractual services by \$37 thousand for constituent and legal services as well as website changes and updates. This recommendation is flat with FY10 actuals. The committee recommendation supports other costs as requested by the agency with minor reductions totaling \$10 thousand from the governor's contingency fund and out-of-state travel.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$128 thousand. The plan submitted by the Office of the Governor and approved by the Department of Finance and Administration reduces expenditures by \$102 thousand from personal services and employee benefits, \$3 thousand from contractual services, and \$17 thousand from other costs.

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

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	20	20	25	25	25
Output	Number of days to answer or refer to the proper entity constituent requests for information	2	3	4	4	4
Output	Number of days to respond to requests for pardons	4	5	14	14	14
Output	Number of days to process extraditions	10	11	13	13	13

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, 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	805.9	777.2	-25.2	752.0	752.0	633.7	-15.7
SOURCES TOTAL	805.9	777.2	-25.2	752.0	752.0	633.7	-15.7
USES							
Personal Services and Employee Benefits	642.8	685.5	-22.2	663.3	663.3	558.2	-15.8
Contractual Services	8.9	33.5	-1.1	32.4	32.4	19.2	-40.7
Other	56.1	58.2	-1.9	56.3	56.3	56.3	0.0
TOTAL USES	707.8	777.2	-25.2	752.0	752.0	633.7	-15.7
FTE							
Permanent	8.0	8.0	0.0	8.0	8.0	6.0	-25.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	6.0	-25.0

BUDGET ISSUES:

For FY12, the agency request of \$752 thousand was flat with the FY11 adjusted operating budget. This included reductions of \$22 thousand for personal services and employee benefits, \$1 thousand for contractual services, and \$2 thousand for other costs.

The committee recommendation for FY12 reflects a 15.7 percent decrease from the FY11 adjusted operating budget. The recommendation deletes the director of media coordination and scheduler for a savings of \$105 thousand from personal services and employee benefits. Additionally, the recommendation deletes funding related to website changes and updates from contractual services and supports other costs as requested by the agency.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$25.2 thousand. The plan submitted by the Lieutenant Governor's Office and approved by the Department of Finance and Administration reduced expenditures by \$22.2 thousand from personal services and employee benefits, \$1 thousand from contractual services, and \$2 thousand from other costs.

STATE OMBUDSMAN

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

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Output	Number of children's cabinet meetings	6	6	6	6	6
Output	Number of youth advisory council meetings	4	4	4	4	4
Output	Number of small business forums	4	141	4	4	4
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	86.7%	93.1%	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 the 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: Compliance and Project Management, Enterprise Services, and Program Support.

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 and 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	926.0	710.1	-23.0	687.1	818.0	662.4	-3.6
Other Transfers	5,225.4	9,394.3	0.0	9,394.3	9,919.3	9,209.2	-2.0
Other Revenues	52,228.3	52,551.5	0.0	52,551.5	54,690.5	50,793.4	-3.3
Fund Balance	2,900.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	61,279.7	62,655.9	-23.0	62,632.9	65,427.8	60,665.0	-3.1
USES							
Personal Services and Employee Benefits	15,188.0	16,002.8	-17.7	15,985.1	16,294.7	15,706.0	-1.7
Contractual Services	6,994.1	8,654.4	0.0	8,654.4	10,579.3	9,050.8	4.6
Other	23,451.2	28,021.0	-0.8	28,020.2	28,040.6	26,582.3	-5.1
Other Financing Uses	6,565.1	9,977.7	-4.5	9,973.2	10,513.2	9,325.9	-6.5
TOTAL USES	52,198.4	62,655.9	-23.0	62,632.9	65,427.8	60,665.0	-3.1
FTE							
Permanent	218.0	201.0	0.0	201.0	201.0	205.0	2.0
TOTAL FTE POSITIONS	218.0	201.0	0.0	201.0	201.0	205.0	2.0

BUDGET ISSUES:

DoIT operates internal service programs that charge fees to other state agencies for information technology and telecommunication services and use of the Statewide Human Resource, Accounting and Management Reporting System (SHARE). DoIT is required to comply with federal Office of Management and Budget's Circular A-87, which provides guidelines for the recovery of indirect costs including depreciation and amortization of equipment involved in providing DoIT services.

DoIT recently completed its third year of operation since the consolidation of the Information Systems Division and Telecommunication Division with the Office of the Chief Information Officer. In August 2010, an LFC program evaluation identified several deficiencies related to rate development, security, and accounts receivable. DoIT has corrected several of the issues identified and is in the process of correcting the issues that could not be immediately corrected.

During the 2010 legislation session, DoIT requested and the Legislature supported the consolidation of all enterprise activities previously designated as enterprise applications and operations into the Enterprise Services Program. To improve accountability and reporting, the Legislature supported establishing a subcategory within the General Appropriation Act reflecting expenditures from the equipment replacement revolving funds.

Prior to the creation of DoIT, depreciation and amortization expenses recovered through rates were spent on operating costs rather than on equipment replacement. As a result, DoIT was unable to replace aging infrastructure and equipment. In response, DoIT developed a three-year plan to replenish the equipment replacement fund, started in FY09. Initially, this plan sought additional revenue in the form of supplemental and special appropriations. However, in FY10 DoIT was able to reduce its internal operating costs and transfer savings totaling \$5.4 million to the equipment replacement fund.

During the 2010 legislative session, the Sunshine Portal Transparency Act was enacted requiring DoIT to create a free public access website. This website will provide information regarding state revenues, expenditures, and government employee salaries. New Mexico will join 31 other states that have mandated government transparency. The deadline for developing this website is July 1, 2011; however, DoIT expects it to be available January 1, 2011.

DoIT was recently awarded a \$39 million grant from the U.S. Department of Commerce National Telecommunications Information Administration to upgrade the state's 99 radio communication sites that provide service to public safety agencies, including the Department of Public Safety, Department of Game and Fish, and Department of Transportation. Also, DoIT received a \$2.9 million grant to expand broadband services across the state.

In October 2010, DoIT announced a \$3.5 million reduction to rates charged for information technology and telecommunication services. Despite this reduction, DoIT maintains its plan to transfer \$4.7 million to the equipment replacement fund for telecommunication and information systems equipment and \$1.3 million for SHARE.

The DoIT budget request was \$65.4 million, including general fund increases of \$108 thousand for the Compliance and Project Management Program and \$2.1 million increase for the Enterprise Services Program from other revenues. DoIT requested a flat budget of \$3.4 million for Program Support, which receives funding through transfers from the other programs.

The committee recommendation totals \$60.6 million, a \$2 million, or 3.1 percent, decrease from FY11. This includes a \$25 thousand general fund decrease and assumes that downward pressure on DoIT's revenue generated through information technology, telecommunication, and radio services will continue given reductions in the state's workforce and fiscal condition. Also, the recommendation encourages DoIT and ITC to coordinate information technology resources, including FTE, equipment, and services across agencies and identify savings opportunities.

The recommendation for the Compliance and Project Management Program applies an 11 percent vacancy rate to personal services and employee benefits and deletes 1 vacant FTE. The recommendation includes funding for the program's share of administrative costs, including transfers to program support.

The recommendation for the Enterprise Services Program of \$50.8 million includes the transfer of 6 FTE from the Department of Finance and Administration (DFA) dedicated to providing services related to SHARE. The recommendation applies technical adjustments to personal services and employee benefits, deletes funding for office space in Santa Fe, and encourages DoIT to locate its SHARE staff in vacant office space in the John F. Simms building.

The recommendation deletes funding for legal fees because the agency maintains a general counsel and can request legal counsel from the Attorney General's Office as recommended by the committee last year. Also, the recommendation does not support requested increases for contractual services.

The recommendation for Program Support includes a \$185 thousand reduction from FY11 operating levels, deletes 1 FTE (a public information officer), and applies technical adjustments to personal services and employee benefits. The recommendation includes a reduction to contractual services for costs related to the agency financial audit. Lastly, the committee recommendation supports requested increases to other costs to reflect the program's share internal costs for information technology and telecommunication services.

The committee recommendation for the equipment replacement fund is flat with FY10 operating levels, which support video conferencing infrastructure, disaster recovery, and billing system integration.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required DoIT to reduce the FY11 operating budget from the general fund by \$23 thousand. The plan submitted by DoIT and approved by the Department of Finance and Administration reduces expenditures by \$18 thousand from personal services and employee benefits, \$1 thousand from other costs, and \$4 thousand from other financing uses.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the enterprise services program of the department of information technology in the other financing uses category includes six million dollars (\$6,000,000) for the equipment replacement revolving funds.

The internal service funds/interagency transfers appropriation to the equipment replacement revolving funds of the department of information technology in the other category includes one million three hundred thousand dollars (\$1,300,000) for the statewide human resources, accounting and management reporting system equipment replacement fund.

COMPLIANCE AND PROJECT MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u>		<u>FY11 - 2010-2011</u>			<u>FY12 - 2011-2012</u>	<u>%</u>
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	926.0	710.1	-23.0	687.1	818.0	662.4	-3.6
SOURCES TOTAL	926.0	710.1	-23.0	687.1	818.0	662.4	-3.6
USES							
Personal Services and Employee Benefits	754.0	544.4	-17.7	526.7	645.5	522.7	-0.8
Other	17.0	25.8	-0.8	25.0	24.0	23.0	-8.0
Other Financing Uses	142.1	139.9	-4.5	135.4	148.5	116.7	-13.8
TOTAL USES	913.1	710.1	-23.0	687.1	818.0	662.4	-3.6
FTE							
Permanent	11.0	7.0	0.0	7.0	7.0	6.0	-14.3
TOTAL FTE POSITIONS	11.0	7.0	0.0	7.0	7.0	6.0	-14.3

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u> 100%	<u>FY10</u> <u>Actual</u> 100%	<u>FY11</u> <u>Budget</u> 100%	<u>FY12</u> <u>Request</u> 100%	<u>FY12</u> <u>Recomm</u> 100%
* Outcome	Percent of executive agency certified projects reviewed monthly for compliance and oversight requirements					
* Output	Percent of information technology projects that require and receive a formal architecture review prior to project implementation		100%	100%	100%	100%

ENTERPRISE SERVICES

The purpose of the enterprise services 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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
Other Revenues	52,228.3	52,551.5	0.0	52,551.5	54,690.5	50,793.4	-3.3
SOURCES TOTAL	52,228.3	52,551.5	0.0	52,551.5	54,690.5	50,793.4	-3.3
USES							
Personal Services and Employee Benefits	11,511.6	12,237.1	0.0	12,237.1	12,542.9	12,221.8	-0.1
Contractual Services	6,957.7	8,605.5	0.0	8,605.5	9,973.1	8,484.9	-1.4
Other	20,220.6	21,871.1	0.0	21,871.1	21,809.8	20,877.5	-4.5
Other Financing Uses	6,423.0	9,837.8	0.0	9,837.8	10,364.7	9,209.2	-6.4
TOTAL USES	45,112.9	52,551.5	0.0	52,551.5	54,690.5	50,793.4	-3.3
FTE							
Permanent	164.0	153.0	0.0	153.0	153.0	159.0	3.9
TOTAL FTE POSITIONS	164.0	153.0	0.0	153.0	153.0	159.0	3.9

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Amount of information technology savings, cost avoidance or both realized through enterprise services and promotion of multi-agency initiatives, in millions	\$5.2	\$3.9	\$5.0	\$4.0	\$4.0
* Output	Queue-time to reach a customer service representative at the help desk, in seconds	0:19.5	0:19.6	0:17	0:20	≤0:19
Outcome	Percent of time the state voice communication network is in service	99.9%	99.9%	99.9%	99.9%	99.9%
Output	Percent of servers successfully backed up as scheduled	88%	100%	100%	100%	100%
* Output	Percent of mission-critical data and applications residing in the enterprise data center not compromised upon a security breach		0%	0%	0%	0%
Output	Percent of department of information technology information technology assets inventoried and managed through an automated asset management system		0%	75%	75%	95%
* Outcome	Percent of unscheduled downtime of the mainframe affecting user access or batch scheduling		0.98%	0.01%	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)		829.5/50	879.5/50	879.5/50	879.5/50
Outcome	Cumulative number of agency applications residing on enterprise servers		241	550	300	300
Outcome	Cumulative number of co-located servers replaced by enterprise servers		91	90	150	150
Output	Percent of business days the statewide human resources, management reporting system (SHARE-HCM) is unavailable due to unscheduled down time during business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday			5%	5%	≤5%
Output	Percent of business days the statewide accounting and management reporting system (SHARE-financials) is unavailable due to unscheduled down time during business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday				5%	≤5%
Outcome	Percent of agency production servers in the enterprise data centers				90%	90%
Output	Percent of service desk incidents resolved within the timeframe specified for their priority level				90%	90%

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Transfers	3,170.2	3,394.3	0.0	3,394.3	3,394.3	3,209.2	-5.5
SOURCES TOTAL	3,170.2	3,394.3	0.0	3,394.3	3,394.3	3,209.2	-5.5
USES							
Personal Services and Employee Benefits	2,922.4	3,221.3	0.0	3,221.3	3,106.3	2,961.5	-8.1
Contractual Services	36.4	48.9	0.0	48.9	81.2	40.9	-16.4
Other	211.4	124.1	0.0	124.1	206.8	206.8	66.6
TOTAL USES	3,170.2	3,394.3	0.0	3,394.3	3,394.3	3,209.2	-5.5
FTE							
Permanent	43.0	41.0	0.0	41.0	41.0	40.0	-2.4
TOTAL FTE POSITIONS	43.0	41.0	0.0	41.0	41.0	40.0	-2.4

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Outcome	Percent of audit corrective action plan commitments completed on schedule	0	22%	95%	75%	95%
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date	67% Avg	42%	75%	75%	75%
Outcome	Dollar amount of account receivables over sixty days, in millions	\$7.1	\$4.7	\$7.5	\$7.5	≤\$5.0
* Outcome	Percent of mainframe services meeting federal standards for cost recovery	100%	100%	100%	100%	100%
* Outcome	Percent of voice, data and radio services meeting federal standards for cost recovery	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for administering 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: Sections 10-11A-1 through 10-11A-7 NMSA 1978 (Volunteer Firefighters Retirement Act); Sections 10-12B-1 through 10-12B-19 NMSA 1978 (Judicial Retirement Act); Sections 10-12C-1 through 10-12C-18 NMSA 1978 (Magistrate Retirement Act); Sections 10-13A-1 through 10-13A-4 NMSA 1978 (Retirement Reciprocity Act); Sections 10-7A-1 through 10-7A-12 NMSA 1978 (Deferred Compensation Act); and the U.S. Internal Revenue Code 457 regarding deferred compensation. 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 trust to meet its current and future obligations to retirees and to provide quality services to association members.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		% Incr (Decr)
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	
SOURCES							
Other Revenues	38,189.3	32,584.3	0.0	32,584.3	30,504.0	30,371.9	-6.8
SOURCES TOTAL	38,189.3	32,584.3	0.0	32,584.3	30,504.0	30,371.9	-6.8
USES							
Personal Services and Employee Benefits	5,482.6	5,951.5	0.0	5,951.5	5,574.8	5,503.0	-7.5
Contractual Services	21,526.1	25,305.4	0.0	25,305.4	23,601.8	23,558.9	-6.9
Other	1,217.6	1,327.4	0.0	1,327.4	1,327.4	1,310.0	-1.3
TOTAL USES	28,226.3	32,584.3	0.0	32,584.3	30,504.0	30,371.9	-6.8
FTE							
Permanent	76.0	76.0	0.0	76.0	76.0	76.0	0.0
Term	12.0	12.0	0.0	12.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	88.0	88.0	0.0	88.0	76.0	76.0	-13.6

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduced investment manager fees by \$1.1 million for an overall budget reduction of 3 percent.

BUDGET ISSUES:

PERA requested a lower budget for FY12, partly due to the end of the data cleansing project, which accounts for about \$567 thousand in reduced spending and the elimination of 12 FTE. The agency reports that all files for members within 10 years of retirement will be audited by the end of FY11, the primary goal of the three-year project. Data was not cleansed prior to being downloaded from the old information technology (IT) system into PERA's current IT system.

The agency's request for investment manager fees was below the FY11 operating budget due to a higher percentage of the portfolio being passively indexed and a more accurate methodology to project costs. In addition a higher percentage of the portfolio is now allocated to alternative assets. Unlike traditional assets, such as stocks and bonds, manager fees for alternatives are "embedded" as part of investment valuations. They are not billed separately and, therefore, lose transparency as part of the appropriation process. For example, PERA's 29 hedge fund managers are not reflected in the contractual services request. Thus, PERA's manager fee request listing only 19 traditional managers understates the true cost of active management of the entire portfolio.

The recommendation supports the resulting \$18.8 million requested for investment manager and consulting fees, a conservative 7 percent increase over the FY10 actual expenditure of \$17.6 million. In recent years, investment costs – highly dependent on investment returns – have ranged from a low of \$13 million to a high of almost \$24 million. In general, the recommendation supports other professional services contracts as requested, except for the \$30 thousand lobbyist contract. In particular, the recommendation includes a \$200 thousand increase in legal fees sought for reviewing and processing legal documentation for alternative investments.

PERA should join the other investment agencies in thoroughly reviewing investment manager fees as well as developing a uniform reporting format for better comparative analysis. This review could identify means for better cooperation among the agencies. Administrative and other costs could be reduced through the establishment of state-wide manager fee schedules, shared internal management of certain assets, shared information regarding due diligence of firms, and coordinated in-state training for board members. Travel for staff and board members totaled over \$92 thousand for FY10 for PERA alone. Implementing austerity measures seems appropriate, given the reductions imposed on most of state government and the concerns regarding PERA's funding status. Thus, the recommendation reduces board travel by 10 percent for FY12. A costless method of adding financial expertise to the board would be to replace the ex officio position of secretary of state with an independent member already possessing this knowledge.

Another change that could reap significant economies of scale and promote efficiencies is the development of a uniform and secure IT interface that would allow the two pension systems and the Retiree Health Care Authority to easily share data. Of particular concern is the configuration of PERA's retirement information online (RIO) system that requires the vendor make any changes, which holds PERA hostage to maintenance and upgrade costs. These charges have added another \$3.6 million over the RIO implementation costs of \$13.5 million. The costs do not appear to be abating, with the vendor assessing a \$100 thousand increase in the maintenance fee for FY12. With the other difficulties PERA has had with RIO, such as the inability to reconcile directly with SHARE that requires PERA to run a parallel general ledger system, it might be time to reconsider this project and start over with one that has proven itself as more adaptable and cost-effective over the long run.

PERA spent \$220 thousand for an actuarial study to design a new tier of benefits for the general and public safety plans to reduce plan costs rather than out of any concern for plan solvency. Called the "ideal" plans, the board supports legislation implementing the new tiers for new hires. Not only will this eventually produce a second group of public employees, it does little to address PERA's growing unfunded liability of current members. The fund's position is projected to weaken even further when 22 percent of PERA's FY08-FY09 market losses, or \$2.5 billion, are recognized in the next two years as part of the four-year method used by actuaries to smooth out market gains and losses.

The board will be seeking contribution increases as the sole means of addressing the funding deficit. Five plans are targeted for a 2 percent increase for the next four years (8 percent total for each plan), the maximum formula dictated by PERA's policies. The fiscal impact of the first 2 percent increase for FY12 would be as follows: \$18.1 million for the state general plan; \$3.9 million for the municipal police plan; \$2.2 million for the municipal fire plan; \$260 thousand for the judicial plan; and \$70 thousand for the magistrate plan. The board did not specify how the increase was to be split between employee and employer. No recommendations were offered for reducing pension benefits for current employees or retirees as an alternative, which would directly reduce the unfunded liability. PERA, as well as the Administrative Office of the Courts, will also be seeking a shift in the funding source of contributions for the magistrate and judicial plans from docket fees to the general fund. While the first year offsets the cost by appropriating \$3 million in docket fees to the general fund, the true cost of the proposal, as a percentage of payroll, remains undetermined. Because PERA's employee contribution rates rank among the highest in the nation, raising them much higher might impair New Mexico's competitiveness for recruitment and retention.

PERA's actuaries caution the maximum policy formula of a 2 percent increase per year for four years might be insufficient for some plans. Buck Consultants, the actuarial firm hired to independently review the pension plans for the Retirement System Solvency Tasks Force, estimated PERA will run out of money by 2058 – or even earlier depending on assumptions. Given this scenario, the board appears reluctant to examine all possible options to preserve the defined benefit plan, including benefit reductions for current members and retirees.

The limited response of combining a new tier – which only takes effect over a long period of time – and increased contributions which might not be feasible – appear insufficient, given the severity of the problem, a problem that can only grow more expensive to fix with delayed action. Additional options for reducing plan costs to improve plan solvency are discussed in Volume I.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes eighteen million seven hundred sixty-eight thousand two hundred dollars (\$18,768,200) 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 dollars (\$2,000,000) 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 one million one hundred fifty-five thousand dollars (\$1,155,000) to be used only for information technology services.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes one million one hundred forty-six thousand dollars (\$1,146,000) to be used only for investment-related legal services.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Quality	Percent of accurately computed retirements	98.5%	99%	99%	99%	99%
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	40-45	35-40	30-40	30-40	30-40
* Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	111	Infinite	≤30	≤30	≤30
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	-718 b.p.	256 b.p.	≥50 b.p.	20 b.p.	≥50 b.p.
* Outcome	Five-year annualized performance ranking in a national survey of fifty to sixty similar large public pension plans in the United States, as a percentile	93rd	23rd	≤49th	≤25th	≤25th

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 State Commission of Public Records is to preserve, protect, and facilitate access to public records held in trust for 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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 – 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	2,884.3	2,589.2	-84.1	2,505.1	2,745.4	2,505.1	0.0
Federal Revenues	48.0	38.6	0.0	38.6	40.4	0.0	-100.0
Other Revenues	137.3	144.6	0.0	144.6	115.7	125.9	-12.9
Fund Balance	0.0	62.4	0.0	62.4	91.5	91.5	46.6
SOURCES TOTAL	3,069.6	2,834.8	-84.1	2,750.7	2,993.0	2,722.5	-1.0
USES							
Personal Services and Employee Benefits	2,315.3	2,440.3	-76.8	2,363.5	2,449.6	2,343.4	-0.9
Contractual Services	89.9	76.8	-1.7	75.1	82.4	36.6	-51.3
Other	486.8	317.7	-5.6	312.1	461.0	342.5	9.7
TOTAL USES	2,892.0	2,834.8	-84.1	2,750.7	2,993.0	2,722.5	-1.0
FTE							
Permanent	40.0	40.0	0.0	40.0	40.0	40.0	0.0
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	0.0	42.0	42.0	42.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The State Commission of Public Records endorsed a 4 percent, or \$115.4 thousand, reduction.

BUDGET ISSUES:

The State Commission of Public Records requested a \$240.3 thousand increase in its general fund appropriation over the adjusted FY11 operating level, or 10 percent. Fueled primarily by a \$60 thousand jump in the premium for arts insurance coverage, the request also fills three vacant positions, restores funding to replace computer equipment and supplies, and shifts some funding back from the agency's revenue fund – which had been increased by 25 percent in FY11 for solvency – to the general fund due to a forecasted decline in the demand for services that generate revenue. The recommendation brings the agency's general fund appropriation flat to the FY11 adjusted level. For the third year, the recommendation adopts the agency's request for using fund balance, which will most likely deplete this funding source by the end of FY12.

The recommendation reflects the LFC's guidelines that support agency core functions and, therefore, helps manage state records and ensure statutory compliance for rule promulgation. As a consequence, funding for desirable but noncritical activities, such as grant programs preserving New Mexico history, has been reduced for FY12. Without the state match, no federal funding for the regrant program is recommended for FY12.

Both the request and the recommendation continue austerity measures already implemented, such as reduced public hours, reduced staffing, and limited offsite training for local and tribal governments. The recommendation relaxes targets for performance measures accordingly. A further reprioritizing of resources is warranted, such as reassigning the second state historian to perform critical duties associated with the vacant deputy director position in the Records Management Division. This division has seen a high turnover and requires leadership to restore records retention and disposition schedules. If implemented, this redeployment would provide sufficient salary savings to pay the arts premium to ensure restoration and recovery in case of a disaster. The commission considered dropping the coverage it has held since 1995 but the request was denied by the General Services Department.

Storage of paper and electronic documents remains a core issue. Due to budget reductions, the temporary measure to expand the Albuquerque location was not executed as planned on July 1, 2010. With the combined 74,000 usable square feet at the Albuquerque and Santa Fe sites at or near capacity, a space needs assessment estimates an additional 5,300 gross square feet (gsf) is needed by 2020 to meet projected demand. The additional 5,300 gsf will provide storage for an additional 21,200 cubic feet of records. According to the agency, prior studies indicate privatizing storage would be cost-prohibitive, leaving state-run facilities as the preferred option. Without addressing its storage needs, the state risks noncompliance with statutory and archive record rules, reduced transparency of state and local government, loss of important documents, and increased liability for not retaining information properly.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$84.1 thousand. This reduction has required the agency to maintain vacancies and shorter public hours, postpone its computer replacement cycle another year, and delay normal records management. In particular, the agency notes the reduction comes at a time of increased records from elected officials leaving office.

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, government agencies, historical record 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 citizens of New Mexico.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Maximum number of days between rule effective date and online availability	30.25	27	30	30	32
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	99.75%	80%	100%	98%	90%
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	100%	94%	100%	98%	0%
Outcome	Percent of annual strategic action plan achieved or on schedule	70%	60%	75%	75%	70%
Output	Number of consultations, research reports and educational activities provided by the state historian	1,290	deleted			
* Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	24.2%	29.3%	30%	30%	30%
Output	Number of research documents and educational activities provided by the state historian		5	7	12	12
Output	Number of times during a fiscal year visitors accessed information on the New Mexico history web site (New Mexico digital history project)		79,468	84,000	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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	4,458.6	4,600.4	-149.2	4,451.2	6,762.8	4,406.7	-1.0
Other Revenues	1,500.0	450.0	0.0	450.0	450.0	1,054.0	134.2
SOURCES TOTAL	5,958.6	5,050.4	-149.2	4,901.2	7,212.8	5,460.7	11.4
USES							
Personal Services and Employee Benefits	2,556.7	2,634.2	-85.5	2,548.7	2,935.8	2,443.9	-4.1
Contractual Services	532.4	614.2	-19.9	594.3	546.1	544.1	-8.4
Other	1,859.9	1,802.0	-43.8	1,758.2	3,730.9	2,472.7	40.6
TOTAL USES	4,949.0	5,050.4	-149.2	4,901.2	7,212.8	5,460.7	11.4
FTE							
Permanent	41.0	40.0	0.0	40.0	40.0	38.0	-5.0
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	42.0	41.0	0.0	41.0	41.0	39.0	-4.9

BUDGET ISSUES:

The agency requested an 8.5 percent general fund base increase, or \$377.1 thousand above the FY11 adjusted operating budget, and an additional \$1.9 million expansion for election expenses, for an overall increase of 51.9 percent above the FY11 adjusted operating budget. The overall FY12 total recommendation is 11.4 percent above the FY11 operating budget. It includes a 1 percent general fund decrease and a 134 percent other revenue increase primarily from the public election fund.

The Administration and Operations Program general fund is reduced 5.3 percent below the FY11 adjusted operating budget. A 5 percent vacancy rate is applied and salaries of vacant positions are reset to the minimum amount. The recommendation cuts a pay increase given to the deputy director for double filling the elections director position in favor of the agency filling the elections director position. Two special project coordinator positions are eliminated. The recommendation redirects \$1 million other revenue from the public election fund, ordinarily included in the Administration and Operations Program for judicial and PRC candidates, to the Election Program to cover 2012 election expenses.

The committee recommends a 12.1 percent base increase above the FY11 adjusted operating budget for the Election Program. The increase continues the move away from perpetual special appropriations to fund recurring primary and general election expenses.

Election expenses for the 2010 primary totaled \$2.9 million and included \$2.3 million from the general fund, \$217 thousand from the public election fund, and \$385.9 thousand from a Board of Finance loan. Four million dollars was appropriated for the 2010 general election. The agency projects it will be short \$184.8 thousand; however, substantial cost-saving opportunities exist.

For example, timely purging of inactive voters from the voter registration list would reduce the cost of printing ballots. In 2007, SOS failed to mail confirmation cards to all registered voters before December of that odd-numbered year as required by the New Mexico Administrative Code. Voters whose cards were returned as undeliverable would have been placed on the inactive list for two election cycles and then permanently removed in 2011, unless of course they voted during that four-year timeframe. Because the agency did not comply with the administrative code until November 2009, inactive voters will not get purged until 2014. The result is bloated voter files, erroneous numbers used to purchase election ballots, and inaccurate voter mailing list being sold.

Further savings may also be found by switching from polling locations to vote centers. For example, Doña Ana County currently has 115 election day precincts at a cost of \$104.3 thousand. If the state switched to vote centers, the county would have 36 and projects a 66 percent, or \$69.1 thousand, savings. This would likely translate into a smaller savings for the state, but an analysis should be performed by the Secretary of State.

Another significant expenditure, \$717.4 thousand according SOS records, is for printing and mailing voter information cards before every general election. Section 1-11-12.1 NMSA 1978 requires the Secretary of State to print and issue voter information to active registered voters. The cards are not required to vote, they are duplicative of cards mailed out by the county clerks when a person registers to vote, and the information can be obtained online. If the law was repealed, money would be saved.

Next, the state and counties may need to better coordinate activities and expenses. Both entities indicate they are holding separate trainings for presiding judges, and both are paying election school costs. Also, SOS is paying for storage on some voting machines when Chapter 28, Laws 2010, empowers SOS to ensure voting machines are stored properly by the counties.

Finally, for the 2010 primary election SOS spent \$10 thousand on temporary employees to serve as what the agency called "troubleshooters/liaisons in areas that have been problematic in the past." However, troubleshooters are not statutorily required. SOS also lists expenses that need more justification, including the need for tally sheets, which the county clerks also purchase, contracting out election rule-writing, nonpartisan advertising, and contracting with Election Systems and Software (ES&S) for election training.

The Legislature appropriated \$176.5 thousand in 2008 to replace the complaint-ridden campaign finance reporting system. The agency opted to mirror the state of Washington's system, which Washington gave to New Mexico free of charge. After modifications to the Washington system were made, the system went live in time for the April 2010 filings. Although SOS is now reliant on a different vendor than ES&S for system maintenance and support, staff is not trained to maintain and support this system.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$149.2 thousand. The agency is meeting the reductions by keeping positions vacant, renegotiating a contract, returning a leased copier, reducing the number of leased vehicles, and eliminating voice mail on phones where it is not necessary.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Section 1-19A-10 NMSA 1978, the other state funds appropriation to the elections program of the secretary of state includes one million fifty thousand dollars (\$1,050,000) for election expenses is from the public election fund.

BASE EXPANSION:

An expansion of \$1.9 million was requested for election-related expenses and \$1 million is recommended. It assumes other revenue of \$4 thousand from election school registration fees and \$1 million from the above-mentioned public election fund.

BASE EXPANSION LISTING FY12 - 2011-2012

Agency Rank		(Program) (P783)	Agency Request	LFC Recommendation
1	2012 Primary Election		1,934.5	1,054.0
TOTAL			1,934.5	1,054.0

ADMINISTRATION AND OPERATIONS

The purpose of the administration and operations 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 - and to provide administrative services needed to carry out elections.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	3,612.5	3,468.2	-112.5	3,355.7	3,732.8	3,178.4	-5.3
Other Revenues	1,500.0	450.0	0.0	450.0	450.0	0.0	-100.0
SOURCES TOTAL	5,112.5	3,918.2	-112.5	3,805.7	4,182.8	3,178.4	-16.5
USES							
Personal Services and Employee Benefits	2,556.7	2,634.2	-85.5	2,548.7	2,925.8	2,443.9	-4.1
Contractual Services	532.4	589.2	-19.1	570.1	519.1	519.1	-8.9
Other	1,013.8	694.8	-7.9	686.9	737.9	215.4	-68.6
TOTAL USES	4,102.9	3,918.2	-112.5	3,805.7	4,182.8	3,178.4	-16.5
FTE							
Permanent	41.0	40.0	0.0	40.0	40.0	38.0	-5.0
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	42.0	41.0	0.0	41.0	41.0	39.0	-4.9

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of prior-year audit findings resolved		80%	100%	100%	100%
* Output	Percent of partnership registration requests processed within the three-day statutory deadline		100%	100%	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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	846.1	1,132.2	-36.7	1,095.5	3,030.0	1,228.3	12.1
Other Revenues	0.0	0.0	0.0	0.0	0.0	1,054.0	
SOURCES TOTAL	846.1	1,132.2	-36.7	1,095.5	3,030.0	2,282.3	108.3
USES							
Personal Services and Employee Benefits	0.0	0.0	0.0	0.0	10.0	0.0	
Contractual Services	0.0	25.0	-0.8	24.2	27.0	25.0	3.3
Other	846.1	1,107.2	-35.9	1,071.3	2,993.0	2,257.3	110.7
TOTAL USES	846.1	1,132.2	-36.7	1,095.5	3,030.0	2,282.3	108.3
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of administrative errors	0.25%				
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	25,000				
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office		97%	97%	97%	97%
Output	Number of newly registered voters	129,651				
Output	Number of training sessions provided to all county clerks on changes to the Election Code	2	2	2	2	2
* Outcome	Percent of eligible registered voters who are registered to vote		76%	78%	78%	78%
Output	Number of users electronically filing legal documents or receiving educational materials	1,020,023				
* Outcome	Percent of campaign reports filed electronically by the due date		91%	98%	98%	98%
Output	Number of meetings sponsored by the secretary of state to promote Native American voting	36				
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	1				
Output	Percent of laws in the Election Code that require rules for which rules have been promulgated	100%	100%	100%	100%	100%
* Outcome	Percent of voting machines tested		100%	100%	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	21,502				
Efficiency	Percent of public requests and complaints responded to within the three-day statutory deadline		100%	100%	100%	100%
Outcome	Percent of eligible Native American voters who are registered to vote		71%	80%	80%	80%
Outcome	Percent of new voting machines tested	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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	4,462.7	4,127.7	-133.9	3,993.8	4,550.4	3,827.2	-4.2
Fund Balance	60.0	29.0	0.0	29.0	29.0	29.0	0.0
SOURCES TOTAL	4,522.7	4,156.7	-133.9	4,022.8	4,579.4	3,856.2	-4.1
USES							
Personal Services and Employee Benefits	4,065.5	3,924.0	-126.4	3,797.6	4,208.3	3,597.0	-5.3
Contractual Services	31.4	28.6	-0.9	27.7	76.4	26.4	-4.7
Other	360.0	204.1	-6.6	197.5	294.7	232.8	17.9
TOTAL USES	4,456.9	4,156.7	-133.9	4,022.8	4,579.4	3,856.2	-4.1
FTE							
Permanent	0.0	58.0	0.0	58.0	58.0	54.0	-6.9
TOTAL FTE POSITIONS	0.0	58.0	0.0	58.0	58.0	54.0	-6.9

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Personnel Board to reduce the operating budget from the general fund by \$89.5 thousand.

BUDGET ISSUES:

The State Personnel Board requested a FY12 budget increase of \$422.7 thousand, or 13.9 percent, and did not follow executive direction to submit its budget at or below the adjusted FY11 level. The request included an increase of \$50 thousand for attorney fees. Given the legal staff currently available at SPO, LFC recommends that further legal assistance should be handled by the Attorney General's Office should it be necessary.

SPO did not apply a vacancy rate in the FY12 budget. The current vacancy rate for the department is approximately 16 percent and historically the vacancy rate has averaged over 18 percent. LFC recommends that four positions vacant prior to the hiring freeze in November 2008 be deleted and a vacancy rate of 10 percent be applied.

Because SPO does not provide easily accessible aggregated or disaggregated data on its website or through electronic distribution, LFC compiles monthly FTE and vacancy data for state employees from the Table of Organizational Listing report. Given its immediate access to current and relevant data concerning salary adjustments, its organizational mission as defined under the Personnel Act, and its organizational expertise, SPO should be more effective and responsive in timely and transparent data aggregation, analysis, and dissemination. Significant gaps exist in data analysis and this negatively impacts efforts by the Legislature to create policy concerning state employee recruitment, retention, and training. It also provokes concern among the public as it relates to perceptions of good governance.

In the last quarter of FY11, more than 18 months into the hiring freeze, SPO gave temporary salary adjustments to 7 agency employees of up to 15 percent, or close to 15 percent of its workforce. SPO provided reasonable management justification for these adjustments given its needs, but in a time of fiscal austerity, SPO should pursue personnel actions that act as a viable fiscal adjustment model for other state agencies.

Quality assurance should be an emphasis within SPO as it allows the agency, the Legislature, and the public to gauge its overall efficacy and efficiency in pursuing its mission. A very limited number of staff are currently assigned to this task at SPO. New-hire turnover is 20 percent, 13 percent of which is voluntary and 7 percent of which is involuntary. A new baseline for new-hire turnover has been established by SPO, designed to allow more effective monitoring of the issue. Only 66 percent of eligible state employees had a completed performance appraisal on record at the close of the year in FY10, compared with 79 percent in FY09. Outputs more consistent with the performance measure of 99 percent should be obtained.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$133.9 thousand. The agency did not submit a budget reduction plan.

RECOMMENDED LANGUAGE:

Any unexpended balances remaining in the state employees' career development conference fund at the end of fiscal year 2012 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>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Average number of days to fill a vacant position	44	49	40	40	40
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	84%	89%	85%	80%	85%
* Outcome	Percent of union grievances resolved prior to formal arbitration	75%	95.5%	95%	95%	98%
* Explanatory	Percent of new employees who successfully complete their probationary period	71%	71%	85%	85%	85%
* Outcome	Number of rule compliance audit reviews performed during the fiscal year	25	6	5	5	5
* Output	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year	79%	66%	99%	99%	99%
* Outcome	Number of personnel system review audits performed during the fiscal year	12	3	4	4	4
Output	Percent of rule compliance review audit exceptions corrected within six months of discovery	93%		100%		100%
* Outcome	Average employee pay as a percent of board-approved comparator market based on legislative authorization	103%	103%	100%	100%	100%
* Explanatory	Percent of new-hire employee turnover		20%	25%	25%	20%
Explanatory	Statewide classified service vacancy rate				15	10

STATUTORY AUTHORITY:

Sections 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	323.4	261.8	-8.4	253.4	253.4	214.8	-15.2
SOURCES TOTAL	323.4	261.8	-8.4	253.4	253.4	214.8	-15.2
USES							
Personal Services and Employee Benefits	246.0	207.9	-6.7	201.2	191.6	169.7	-15.7
Contractual Services	4.1	4.1	-0.1	4.0	4.3	4.1	2.5
Other	71.4	49.8	-1.6	48.2	57.5	41.0	-14.9
TOTAL USES	321.5	261.8	-8.4	253.4	253.4	214.8	-15.2
FTE							
Permanent	3.0	2.0	0.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	3.0	2.0	0.0	2.0	3.0	2.0	0.0

BUDGET ISSUES:

The Public Employee Labor Relations Board hears prohibited practice complaints initiated by public employees. The board is responsible for the implementation and oversight of the State Public Employee Relations Act. The board also approves local boards for school districts, counties, cities, universities, and other public authorities. The board requested a decrease 8.4 thousand, or 3 percent less than the FY11 operating budget in accordance with allotment reductions issued by the executive. For FY11, a vacant exempt deputy director position was eliminated. The agency should consider entering into a joint powers agreement to have its administrative duties performed by another agency.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$8,400. The major program this reduction affected were personal services and employee benefits.

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

		FY09 <u>Actual</u> 100%	FY10 <u>Actual</u> 100%	FY11 <u>Budget</u> 100%	FY12 <u>Request</u> 100%	FY12 <u>Recomm</u> 100%
Outcome	Percent compliance with statutes, with particular attention to due process, equal protection, the Public Employee Bargaining Act and board rules					
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%	100%	100%	100%
Output	Percent of prohibited practice complaints decided within one hundred eighty days of filing	93%	90%	94%	94%	94%
Output	Percent of petitions processed within one hundred eighty days of filing	93%	90%	95%	95%	95%
Outcome	Percent of cases resolved through agreement, mediation or arbitration	55%	65%	65%	65%	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 all 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,043.3	3,916.6	-127.1	3,789.5	3,789.5	3,634.7	-4.1
Other Transfers	41.0	122.3	0.0	122.3	122.3	122.3	0.0
SOURCES TOTAL	4,084.3	4,038.9	-127.1	3,911.8	3,911.8	3,757.0	-4.0
USES							
Personal Services and Employee Benefits	3,145.8	3,192.1	-103.6	3,088.5	3,049.1	2,918.6	-5.5
Contractual Services	208.1	143.0	-4.6	138.4	206.0	191.0	38.0
Other	712.7	703.8	-18.9	684.9	656.7	647.4	-5.5
TOTAL USES	4,066.6	4,038.9	-127.1	3,911.8	3,911.8	3,757.0	-4.0
FTE							
Permanent	42.0	42.0	0.0	42.0	42.0	41.0	-2.4
TOTAL FTE POSITIONS	42.0	42.0	0.0	42.0	42.0	41.0	-2.4

BUDGET ISSUES:

The total agency request of \$3.9 million represented a flat budget from FY11 after the 3.2 percent adjustment. However, the request included a 0.6 percent increase in personal services and employee benefits and a 3.8 percent increase in contractual services. These increases would be offset by a 4.1 percent decrease in other costs.

The LFC recommendation of \$3.8 million represents a 4.1 percent decrease in the agency's general fund appropriation. The general fund appropriation is supplemented with \$122.3 thousand of management fees charged to participants in the Local Government Investment Pool (LGIP). These fees require legislative appropriation for use at the Treasurer's Office, and if not appropriated for use in the management of the LGIP, revert directly to the general fund. The LFC recommendation eliminates 1 FTE, a public relations specialist position unfilled since 2006. The LFC recommendation also includes an additional 5.5 percent vacancy rate, which translates to approximately \$120 thousand in savings.

The extremely low interest rate environment and the state's almost critically low liquidity have had a negative impact on the investment returns of the funds under the Treasurer's purview. Interest earnings on state balances have decreased significantly, from over \$100 million in FY08 to \$22 million in FY10. The base for many short-term interest rates, the federal funds rate, was 0.12 percent in the second quarter of FY10, compared with 5.25 percent in the second quarter of FY07.

The balance of the State Treasurer's general fund, comprising state general fund and other self-earning accounts, was only \$1.16 billion as of October 31, 2010, approximately \$400 million less than a year ago. The decrease is almost solely attributable to the state's current budget situation. Low balances have also required the State Treasurer's Office to keep a short duration on the general fund portfolio. This translates to much lower yields than a longer duration portfolio. Currently, three-month treasury bills yield approximately 2.6 percentage points less than a 10-year treasury note. Although the economy is showing signs of improvement, the Federal Reserve has indicated it intends to keep interest rates at all-time lows "for an extended period," further extending the problem of low yields.

As a result of low yields, the State Treasurer's Office has invested heavily in callable bonds, 32 percent of the general fund core. Although callable bonds have relatively higher yields, they expose investors to reinvestment risk. Also, in a difficult fiscal environment, well-maintained control over the state's liquidity is important, and holding a large proportion of callable bonds makes this much more complicated. Specifically, laddering the maturities of the bonds is difficult because they can be called prior to maturity.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$127.1 thousand. The agency has not identified the impacts of the reduction.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u> delete
Outcome	Percent of employee development and appraisal assessments closed out by the deadline	100%	100%	100%		
* Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	-31	-22	5	5	5
Outcome	Percent of agencies rating overall satisfaction with state investment office services on a scale of one to seven with a score of five or better.	N/A	-0-	80%	80%	80%
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	-53	-1.26	5	5	5
Outcome	Percent of employees rating their employment experience on a scale of one to seven with a score of five or higher	N/A	-0-	80%	80%	80%
Outcome	Percent of reconciling items cleared within thirty days of identification	0	100%	90%	90%	90%
Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end	-42.4%	-30.5%	5%		delete
Outcome	Maximum number of audit findings	8	8	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. As of June 30, 2010, 2,058 architects were registered in New Mexico: 704 in-state registrants and 1,354 out-of-state registrants.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	655.7	105.3	0.0	105.3	362.1	362.1	243.9
Fund Balance	293.9	256.8	0.0	256.8	0.0	0.0	-100.0
SOURCES TOTAL	949.6	362.1	0.0	362.1	362.1	362.1	0.0
USES							
Personal Services and Employee Benefits	209.2	253.0	0.0	253.0	253.0	253.0	0.0
Contractual Services	10.3	14.4	0.0	14.4	8.4	8.4	-41.7
Other	76.3	94.7	0.0	94.7	100.7	100.7	6.3
TOTAL USES	295.8	362.1	0.0	362.1	362.1	362.1	0.0
FTE							
Permanent	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	0.0	4.0	4.0	4.0	0.0

BUDGET ISSUES:

In FY10, the board generated \$655 thousand in other revenues, primarily from licensing fees paid by architects renewing their licenses. This increase is related to the renewal cycle that occurs on December 31 of every odd-numbered calendar year, which left a \$654 thousand fund balance at the end of FY10. The Board of Examiners for Architects is scheduled for a sunset hearing.

For FY12, the board requested a flat budget totaling \$362.1 thousand from other revenues. This includes requested increases related to information technology rates, totaling \$13.4 thousand in the other costs category. The committee recommendation supports an increase in other costs totaling \$6 thousand offset by a corresponding decrease in contractual services related to audit fees, hearing officers, and information technology support.

ARCHITECTURAL REGISTRATION

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

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Output	Number of registration applications processed	2,244	2,058	2,100	2,100	2,100
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%	2%	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver the complaint to the enforcement subcommittee	6.1	12.3	10	10	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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	513.6	377.0	-12.3	364.7	364.7	349.3	-4.2
Other Revenues	40.0	40.0	0.0	40.0	40.0	40.0	0.0
Fund Balance	14.0	25.0	0.0	25.0	25.0	40.0	60.0
SOURCES TOTAL	567.6	442.0	-12.3	429.7	429.7	429.3	-0.1
USES							
Personal Services and Employee Benefits	369.5	289.9	-8.0	281.9	302.7	302.5	7.3
Contractual Services	75.1	37.9	-1.1	36.8	32.2	32.2	-12.5
Other	103.8	114.2	-3.2	111.0	94.8	94.6	-14.8
TOTAL USES	548.4	442.0	-12.3	429.7	429.7	429.3	-0.1
FTE							
Permanent	5.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	5.0	4.0	0.0	4.0	4.0	4.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Border Authority to reduce the FY10 operating budget from the general fund by \$25.7 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures as follows: \$20 thousand in the contractual services category and \$5.7 thousand in the other category.

BUDGET ISSUES:

The Border Authority is tasked with overseeing the development of the state's border infrastructure and promoting the use of New Mexico's ports of entry at Santa Teresa, Columbus and Antelope Wells. The department notes that economic activity increased along the New Mexico border despite the national economic downturn and the increased violence on the Mexican side of the border and at a time when trade at other ports along U.S border with Mexico decreased.

The department was instrumental in obtaining a \$10 million grant from the American Recovery and Reinvestment Act (ARRA) to expand the number of passenger vehicle and commercial inspection lanes that cross the border at the Santa Teresa port of entry. The number of commercial trucks using the Santa Teresa port is expected to double from a year ago, while the value of the traffic is projected to reach \$10 billion to \$12 billion this year. The additional traffic lanes will help keep the time it takes to cross the border low at the port. The department will also use a portion of the ARRA grant funds to improve pedestrian safety by adding a sidewalk along the traffic lanes.

In addition, the Border Authority received a \$1.2 million grant from the U.S. Economic Development Administration (EDA) to resume a study that was previously sidelined on the feasibility of building a rail bypass to re-route commercial rail traffic from downtown El Paso to Santa Teresa. The department is working with the city of Sunland Park to allocate the funds necessary to match the grant funds and may use a portion of a \$12 million grant from the Sunland Park Racetrack and Casino to develop border infrastructure.

With broad authority to develop, acquire, own, construct, and maintain border development projects the Border Authority can develop revenue-generating opportunities to reduce its dependence on revenues from the general fund. As part of its statutory authority, the Border Authority can issue bonds and impose tolls and fees for the use of the authority's facilities, programs, or services. The department has increased revenue from fees collected at a parking facility and plans to lease its old office space for custom brokers and trade support companies.

Revenues from the general fund were reduced 34 percent in FY11 from the FY10 operating level, then were reduced an additional 3.2 percent. The recommendation maintains the overall budget at the adjusted FY11 level; however, general fund revenue is reduced \$15.4 thousand, or 4.2 percent. The reduced level of general fund revenue is offset by an increased use of fund balance revenues.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$12.3 thousand, or 3.2 percent. The department reduced the budgeted amount for travel, office supplies, and postage. To offset a portion of the general fund decrease, the department is allocating a portion of the building's utility expense to the Economic Development Department's Office of Mexican Affairs for satellite office space the program uses in the Border Authority's building.

BORDER AUTHORITY

The purpose of the border development program is to encourage and foster trade development in 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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	4.69%	4.8%	4.9%	3.1%	5%
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%	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	250	260	260	260	265
Outcome	Number of commercial and noncommercial vehicles traveling through New Mexico ports	790,240	800,000	830,000	830,000	830,000

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. The act separated the Travel and Tourism Division from the former Economic Development and Tourism Department to form 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	11,074.3	9,368.4	-303.7	9,064.7	9,102.8	8,314.0	-8.3
Other Transfers	893.8	1,336.1	0.0	1,336.1	1,007.6	1,307.6	-2.1
Other Revenues	4,660.2	4,429.3	0.0	4,429.3	4,195.7	4,186.4	-5.5
SOURCES TOTAL	16,628.3	15,133.8	-303.7	14,830.1	14,306.1	13,808.0	-6.9
USES							
Personal Services and Employee Benefits	5,170.7	4,622.2	-105.6	4,516.6	4,538.1	4,177.0	-7.5
Contractual Services	1,670.1	1,749.7	-24.0	1,725.7	1,554.9	1,436.5	-16.8
Other	8,789.7	8,761.9	-174.1	8,587.8	8,213.1	8,194.5	-4.6
TOTAL USES	15,630.5	15,133.8	-303.7	14,830.1	14,306.1	13,808.0	-6.9
FTE							
Permanent	86.5	80.5	0.0	80.5	80.5	75.5	-6.2
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	87.5	81.5	0.0	81.5	81.5	76.5	-6.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Tourism Department to reduce the FY10 operating budget from the general fund by \$332.3 thousand.

BUDGET ISSUES:

The FY12 recommendation is \$13.8 million, a decrease of 6.9 percent from the FY11 adjusted level of \$14.3 million. However, the general fund recommendation for FY12 is reduced by a more modest 8.3 percent, to \$8.3 million from the FY11 adjusted level.

In FY11, the Legislature reduced the number and the funding level for personal services and employee benefits to prioritize the state's advertising and promotion campaign. However, the department ignored FTE levels in the General Appropriation Act and maintained a level of staff above the appropriated level and applied the Section 14 appropriation reductions to the advertising and promotion budget. The recommendation prioritizes the Marketing and Promotion Program and reduces administrative and exempt personnel such as the exempt chief legal counsel, exempt senior regional manager, exempt director of the Sports Authority Program, a vacant classified executive secretary, and a vacant La Bajada visitor information center position.

Despite marginal success supporting local, minor-level sporting events throughout the state, the Sports Authority program has been challenged to attract and retain professional or major sporting events. The continued need for a separate program focused on sports tourism is questionable when the same outcome could be achieved through the cooperative advertising initiative or the state's advertising campaign. The recommendation eliminates the funding and the FTE for the exempt director and reallocates the majority of the administrative budget to the cooperative advertising budget to be managed by the remaining FTE.

The Tourism Development Program helps local communities and tribal governments promote tourism by providing cooperative marketing and Clean and Beautiful Program grants. The cooperative advertising program provided grants ranging from as little as \$500 to \$29 thousand to 130 different entities in FY11. The department does not collect data to support the effectiveness of each program and does not have the resources to ensure compliance with the provisions of the grants. It is unclear how several small grants less than \$1 thousand can compete with other million dollar advertising campaigns. The department should consider

requiring all cooperative advertising grantees to report performance outcomes to quantify conversion rates, increased economic activity, or hotel occupancy rates. Although the department request reflects a decreased level of funding from a \$50 vehicle registration fee for the Clean and Beautiful Program, the recommendation supports a budget flat with FY11. The department has no data to support a projected decrease in the number of vehicles registered.

The recommendation reallocates funding for the ecotourism contract to the cooperative advertising program so that the funding is awarded competitively and matched with funds by the grantee.

The department needs to develop a set of performance measures that are more comprehensive, benchmarked to other states, and incorporate return on investment data. Evaluating what is working in the department, or the success of one advertising campaign over another is difficult, without comparative data. The department should require comparative data or a scorecard in advertising, promotion, and marketing contracts. In addition, the department should reallocate staff to collect and analyze data-driven performance results that communicate meaningful information to the public.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$303.7 thousand, or 3.2 percent. The department plans to rearrange the budget so the 3.2 percent reduction is applied to the tourism advertising budget.

RECOMMENDED LANGUAGE:

The general fund appropriation to the tourism development program of the tourism department in the other category includes six hundred thousand dollars (\$600,000) for the cooperative advertising program.

The general fund appropriation to the marketing and promotion program of the tourism department include four hundred thousand dollars (\$400,000) in the contractual services category and three million forty-five thousand dollars (\$3,045,000) in the other category for direct marketing, promotion and advertising. Of the appropriation 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.

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES						
General Fund Transfers	7,179.9	6,194.7	-201.0	5,993.7	5,993.7	-3.1
Other Revenues	90.0	90.0	0.0	90.0	85.0	0.0
SOURCES TOTAL	7,269.9	6,284.7	-201.0	6,083.7	6,078.7	-3.1
USES						
Personal Services and Employee Benefits	2,002.9	1,677.2	-54.4	1,622.8	1,647.3	-1.1
Contractual Services	706.3	563.6	-18.3	545.3	450.3	-17.4
Other	4,461.1	4,043.9	-128.3	3,915.6	3,886.1	-1.9
TOTAL USES	7,170.3	6,284.7	-201.0	6,083.7	6,078.7	-3.1
FTE						
Permanent	40.5	39.5	0.0	39.5	37.5	-5.1
Term	1.0	1.0	0.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	41.5	40.5	0.0	40.5	38.5	-4.9

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	New Mexico's domestic tourism market share	N/A	1.1%	1.25%	1.2%	1.25%
* Output	Print advertising conversion rate	-	-	25%	25%	25%
* Output	Broadcast conversion rate			34%	34%	34%
* Explanatory	Number of visits to visitor information centers	1,289,175	1,263,997	1,300,000	1,100,000	1,300,000
Explanatory	Unique visitors to website	1,351,849	1,760,672	3,100,000	2,000,000	3,100,000
Outcome	Percent change in visits to New Mexico visitor information centers	89.0%	6.7%	1.2%	1.2%	2.0%
Quality	Number of domestic qualified leads generated	1,454	936	1,500	1,500	1,500
Output	Number of events increasing awareness of New Mexico as a visitor destination	109	139	109	130	150
Outcome	Average wait time for vacation guide, in days	14	11	11	12	10
Quality	Number of stories placed in the media	1,542	527	1,600	170	1,600
Quality	Number of international qualified leads generated	5,006	2,472	5,000	4,100	5,000
Outcome	Percent increase in lodgers tax revenue	N/A	0.5%	0.5%	4%	1.0%
Outcome	Number of stories featured in the media as a result of external efforts	820	851	290	300	860
Outcome	Economic impact of tourism in the state of New Mexico	\$5.10	\$5.25	\$5.1	\$6.0	\$6.0
Output	Website conversion rate	48%		48%	48%	48%
* Efficiency	Number of return visitors to New Mexico	17,800,000	18,960,000		17,800,000	19,000,000

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)

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	1,517.0	1,162.4	-37.6	1,124.8	1,162.4	986.2	-12.3
Other Transfers	893.8	1,336.1	0.0	1,336.1	1,007.6	1,307.6	-2.1
SOURCES TOTAL	2,410.8	2,498.5	-37.6	2,460.9	2,170.0	2,293.8	-6.8
USES							
Personal Services and Employee Benefits	391.2	357.5	-6.1	351.4	360.5	344.3	-2.0
Contractual Services	150.0	180.8	-3.1	177.7	91.7	91.7	-48.4
Other	1,824.1	1,960.2	-28.4	1,931.8	1,717.8	1,857.8	-3.8
TOTAL USES	2,365.3	2,498.5	-37.6	2,460.9	2,170.0	2,293.8	-6.8
FTE							
Permanent	7.0	5.0	0.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	7.0	5.0	0.0	5.0	5.0	5.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Pounds of litter removed by communities awarded grants by the New Mexico clean and beautiful program	3,545,982	3,160,544	3,500,000	3,000,000	3,200,000
Outcome	Number of anti-litter educational outreach events	381	450	381	450	460
Outcome	Number of active New Mexico community scenic byway organizations	26	15	26	15	17
* Outcome	Number of partnered cooperative advertising applications received	21	23	21	25	25
Output	Number of New Mexico community and volunteers in New Mexico clean and beautiful clean-up events	51/20,823	60/21,000	65/30,000	63/30,000	65/30,000
Outcome	Value of matching dollars and in-kind contributions to tribes to promote joint Indian tourism activities.		\$99,550	\$20,000	\$100,000	\$100,000
Outcome	Value of matching dollars and in-kind contributions by tribes to promote joint Indian tourism activities	\$129.0	\$0	\$130.0	\$45,000	\$45,000
Outcome	Number of calls to 1-800 toss no mas telephone line		98	60	60	100

NEW MEXICO MAGAZINE

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Other Revenues	4,570.2	4,339.3	0.0	4,339.3	4,110.7	4,096.4	-5.6
SOURCES TOTAL	4,570.2	4,339.3	0.0	4,339.3	4,110.7	4,096.4	-5.6
USES							
Personal Services and Employee Benefits	1,198.4	1,194.8	0.0	1,194.8	1,193.8	1,181.3	-1.1
Contractual Services	720.3	923.4	0.0	923.4	836.9	836.9	-9.4
Other	1,766.8	2,221.1	0.0	2,221.1	2,080.0	2,078.2	-6.4
TOTAL USES	3,685.5	4,339.3	0.0	4,339.3	4,110.7	4,096.4	-5.6
FTE							
Permanent	17.0	17.0	0.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	0.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Advertising revenue per issue, in thousands	\$103.0	\$68.9	\$105.0	\$110.0	\$110.0
Efficiency	Net acquisition cost per subscriber	\$4.53	\$7.32	\$1.84	\$1.84	\$1.84
Efficiency	Revenue per subscriber			\$41.0		\$41.0
* Outcome	Circulation rate	85,264	96,500	90,000	100,000	100,000
* Output	Collection rate	99.1%	98.5%	99.2%	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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	555.9	356.1	-11.5	344.6	345.1	105.0	-69.5
SOURCES TOTAL	555.9	356.1	-11.5	344.6	345.1	105.0	-69.5
USES							
Personal Services and Employee Benefits	242.9	207.7	-6.7	201.0	189.9	75.0	-62.7
Contractual Services	70.0	53.4	-1.7	51.7	53.4	30.0	-42.0
Other	241.4	95.0	-3.1	91.9	101.8	0.0	-100.0
TOTAL USES	554.3	356.1	-11.5	344.6	345.1	105.0	-69.5
FTE							
Permanent	3.0	2.0	0.0	2.0	2.0	1.0	-50.0
TOTAL FTE POSITIONS	3.0	2.0	0.0	2.0	2.0	1.0	-50.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Output	National television audience share for New Mexico bowl	2.6	2.78	2.5	2.5	2.8
Output	Attendance at New Mexico bowl	24,735	24,892	25,000	23,000	25,000
Outcome	Number of new major sporting events attracted to New Mexico	1	2	1	1	2
Outcome	Number of new minor sporting events attracted to New Mexico	12	13	10	5	13
Output	Number of New Mexico communities hosting minor or major sporting events		22	3	2	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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	1,821.5	1,655.2	-53.6	1,601.6	1,601.6	1,417.6	-11.5
SOURCES TOTAL	1,821.5	1,655.2	-53.6	1,601.6	1,601.6	1,417.6	-11.5
USES							
Personal Services and Employee Benefits	1,335.3	1,185.0	-38.4	1,146.6	1,146.6	971.8	-15.2
Contractual Services	23.5	28.5	-0.9	27.6	27.6	27.6	0.0
Other	496.3	441.7	-14.3	427.4	427.4	418.2	-2.2
TOTAL USES	1,855.1	1,655.2	-53.6	1,601.6	1,601.6	1,417.6	-11.5
FTE							
Permanent	19.0	17.0	0.0	17.0	17.0	15.0	-11.8
TOTAL FTE POSITIONS	19.0	17.0	0.0	17.0	17.0	15.0	-11.8

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Efficiency	Number of repeat audit findings	-	3	0	0	0
Outcome	Acceptance rate of payment vouchers	95%	95%	95%	95%	96%
Explanatory	Percent of administrative costs of overall agency operating budget	11%	11%	10%	12%	10%
Output	Number of payment vouchers processed weekly	125	125	125	100	130
Efficiency	Number of audit findings	-	8		0	0

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-55 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 (EDD) 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 Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	9,209.5	7,987.4	-259.1	7,728.3	7,728.3	6,520.6	-15.6
SOURCES TOTAL	9,209.5	7,987.4	-259.1	7,728.3	7,728.3	6,520.6	-15.6
USES							
Personal Services and Employee Benefits	4,964.6	4,653.9	-151.0	4,502.9	4,502.9	3,912.5	-13.1
Contractual Services	3,153.9	2,662.5	-86.4	2,576.1	2,576.1	2,055.0	-20.2
Other	1,023.8	671.0	-21.7	649.3	649.3	553.1	-14.8
TOTAL USES	9,142.3	7,987.4	-259.1	7,728.3	7,728.3	6,520.6	-15.6
FTE							
Permanent	65.0	65.0	0.0	65.0	65.0	56.0	-13.8
TOTAL FTE POSITIONS	65.0	65.0	0.0	65.0	65.0	56.0	-13.8

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Economic Development Department to reduce the FY10 operating budget from the general fund by \$466.6 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures as follows: \$236.6 thousand in the Economic Development Program, \$47.5 thousand in the Film Program, \$19 thousand in the Mexican Affairs Program, \$11.3 thousand in the Technology Commercialization Program, and \$152.2 thousand in Program Support.

BUDGET ISSUES:

The Economic Development Department (EDD) is charged with expanding and diversifying employment opportunities for the state through business development. The challenges have been considerable for the department in regards to job creation due to national and statewide economic conditions. Performance data shows how difficult of a year the department faced in FY10 with nearly every outcome at a level lower than FY09.

With the economy stalled, the recommendation prioritizes and consolidates resources. During better economic times, the department received additional staff and funding to try new initiatives or grow programs. Without a proper ranking of economic development programs and outcomes, on a return on investment basis or cost-per job basis, the recommendation focuses on reducing duplication, inefficiency, and staff levels.

The recommendation reduces the staffing level by nine positions to 56 FTE from the 65 FTE appropriated to the department for FY11. The department did not fill three exempt vacant division director positions and maintained 4 other classified FTE vacant for much of the year for a total of 7 vacant FTE. The eliminated positions represent the seven vacant positions plus two other positions. The deleted positions include the exempt public information officer and 3 exempt division directors. After deleting positions for two consecutive years, the recommended level of funding for personal services and employee benefits no longer has an assumed vacancy rate applied.

The New Mexico Economic Development Partnership was created in 2003 as a 501(c) nonprofit organization and is not bound by the state's procurement code or the Public Records Act. At times, the partnership may have overstepped its role or duplicated the Economic Development Department's Office of International Trade, the Mexican Affairs Program, or the Film Program by paying for high-level state government officials to travel internationally, sponsoring dinners or entertainment overseas, and acting as a

fiscal agent for the Border Governors Conference. Funneling expenditures and revenue through the partnership instead of EDD clouds fiscal transparency. Prior to FY07, appropriations for the partnership were generally nonrecurring special appropriations but over several subsequent years the funding shifted to recurring appropriations and was increased to \$1.4 million. The recommended level of funding for the partnership is reduced \$479.8 thousand, or 37.5 percent, from the FY10 expenditure level. The partnership is encouraged to build other revenue streams from private and local government sources.

As indicated by FY10 Film Program performance data, both the number of media industry worker days and the economic impact of media production fell below FY09 levels. The dip in performance outcomes may be attributable to the weak economy, or that the film industry in New Mexico has reached maturity, or that the increased level of film incentive competition from other states is luring productions away. When the Film Program was trying to build industry infrastructure, the staff level and budget grew year after year. Today, with most film locales and assets inventoried and many local government entities opening film offices and hiring liaisons, the need for a large state program is reduced. The recommendation implements the third year of significant budget reductions by deleting 2 FTE and the associated funding, reducing the recommended funding level for contractual location scouts, and reducing funding levels for overhead expenditures such as out of state travel, advertising, and subscriptions and dues. The Government Restructuring Task Force proposed to reduce the size and consolidate the 30-member film commission with other economic development commissions, and the recommendation supports the proposal with a significantly lower level of funding for the commission.

Continuing to prioritize, the recommendation eliminates the Mexican Affairs Program FTE and the associated funding. However, the recommendation recognizes that the current staff could be transferred to vacant positions in other EDD Programs. From the onset, the Mexican Affairs Program struggled to solidify a genuine role in the economic development arena. Much of the Mexican Affairs work ended up diplomatic and facilitative in nature rather than quantitative. Meaningful performance measures were not developed. In addition, some of the functions of the Mexican Affairs Program seem to duplicate those of the Border Authority, and at times the staff of the two departments worked together on the same projects. The Government Restructuring Task Force recognized the overlap between the two programs and recommended transferring the functions of the Border Authority to EDD or the proposed consolidated Commerce Department.

The Technology Commercialization Program is another EDD program that duplicates the function of another state entity. The University Research Park Act and the New Mexico Research Applications Act both provide for governmental nonprofit corporations to foster technological investment and the development of intellectual property. The recommendation continues the process of phasing down the Technology Commercialization Program by deleting the remaining 2 FTE and the associated funding. As with deleted Mexican Affairs Program FTE, the existing staff of the Technology Commercialization Program could be transferred to vacant positions in other EDD programs.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$259.1 thousand. In addition to reducing travel, supplies, and postage, the department plans to increase the vacancy rate by keeping a couple of additional positions vacant.

ECONOMIC DEVELOPMENT

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

BUDGET SUMMARY (dollars in thousands)							
	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	<u>Adjusted Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	<u>LFC Recom- mendation</u>	% Incr (Decr)
SOURCES							
General Fund Transfers	3,395.9	3,120.4	-101.3	3,019.1	3,019.1	2,921.4	-3.2
SOURCES TOTAL	3,395.9	3,120.4	-101.3	3,019.1	3,019.1	2,921.4	-3.2
USES							
Personal Services and Employee Benefits	1,964.0	1,783.1	-57.9	1,725.2	1,725.2	1,706.4	-1.1
Contractual Services	1,204.6	1,166.8	-37.9	1,128.9	1,128.9	1,057.4	-6.3
Other	281.2	170.5	-5.5	165.0	165.0	157.6	-4.5
TOTAL USES	3,449.8	3,120.4	-101.3	3,019.1	3,019.1	2,921.4	-3.2
FTE							
Permanent	26.0	26.0	0.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	26.0	26.0	0.0	26.0	26.0	26.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of workers trained by the job training incentive program	1,369	811	2,000	2,000	2,000
* Outcome	Percent of employees whose wages were subsidized by the job training incentive program	35%	60%	60%	60%	60%
Output	Number of leads created through the economic development partnership	417	282	400	400	400
* Outcome	Total number of jobs created due to economic development department efforts	4,570	1,840	4,500	2,200	2,200
* Outcome	Number of rural jobs created	1,641	739	1,500	1,000	1,000
* Outcome	Number of jobs created through business relocations facilitated by the economic development partnership	2,225	582	3,000	2,200	2,200
* Outcome	Number of jobs created by mainstreet	549	600	570	570	570
Output	Number of rural businesses participating in the job training incentive program			8	8	8
Output	Average annual cost per economic development partnership job created		\$500	\$500	\$500	\$500
Output	Number of urban jobs created	2,929	1,101	3,300	3,300	1,300
Output	Number of locates through the economic development partnership	7	5	12	12	6
Outcome	Number of jobs created through business expansions	554	367	600	600	350
Outcome	Number of business expansions assisted by economic development department	42	27	40	40	30
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	36	22	28	28	22
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	6	5	12	12	10
Outcome	Number of communities participating in mainstreet	24	23	25	25	25
Outcome	Number of communities certified through the certified communities initiative	39	40	40	40	41
Output	Number of businesses participating in the job training incentive program			16	16	16
Outcome	Number of international trade transactions	9	4	30	10	10
Output	Average annual cost per job training incentive program trainee		\$2,500	\$2,500	\$2,500	\$2,500
Output	Number of jobs created by aerospace and aviation companies	4	3	200	200	200
Outcome	Average wage of jobs funded through the job training incentive program					TBD
Outcome	Estimated sales value of international trade transactions					TBD

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	1,441.2	1,162.6	-37.7	1,124.9	1,124.9	875.7	-22.2
SOURCES TOTAL	1,441.2	1,162.6	-37.7	1,124.9	1,124.9	875.7	-22.2
USES							
Personal Services and Employee Benefits	768.3	888.4	-28.8	859.6	859.6	656.1	-23.7
Contractual Services	311.8	119.7	-3.9	115.8	115.8	97.8	-15.5
Other	283.8	154.5	-5.0	149.5	149.5	121.8	-18.5
TOTAL USES	1,363.9	1,162.6	-37.7	1,124.9	1,124.9	875.7	-22.2
FTE							
Permanent	11.0	11.0	0.0	11.0	11.0	9.0	-18.2
TOTAL FTE POSITIONS	11.0	11.0	0.0	11.0	11.0	9.0	-18.2

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Output	Number of media industry worker days	143,165	142,524	177,000	150,000	150,000
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$674.1	\$558.6	\$300	\$300	\$600
Outcome	Number of films and media projects principally made in New Mexico	89	109	85	60	100
Outcome	Number of major film productions made in New Mexico greater than \$1 million		20	17	17	20

MEXICAN AFFAIRS

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	493.5	349.7	-11.3	338.4	338.4	88.3	-73.9
SOURCES TOTAL	493.5	349.7	-11.3	338.4	338.4	88.3	-73.9
USES							
Personal Services and Employee Benefits	166.3	200.7	-6.5	194.2	194.2	0.0	-100.0
Contractual Services	76.4	69.0	-2.2	66.8	66.8	51.8	-22.5
Other	137.9	80.0	-2.6	77.4	77.4	36.5	-52.8
TOTAL USES	380.6	349.7	-11.3	338.4	338.4	88.3	-73.9
FTE							
Permanent	4.0	4.0	0.0	4.0	4.0	0.0	-100.0
TOTAL FTE POSITIONS	4.0	4.0	0.0	4.0	4.0	0.0	-100.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of leads generated for potential maquiladora supplier projects annually		15	10	7	15
* Output	Number of jobs created by maquiladora suppliers	80		230	230	230
Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	\$347.3	\$399	\$350	\$350	\$400
Output	Number of jobs created by the Mexican affairs program					TBD
Outcome	Number of leads generated for New Mexico companies through Mexican affairs program trade missions and other activities					TBD

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 Mexicans the opportunity for high-paying jobs.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	249.3	108.6	-3.5	105.1	105.1	20.0	-81.0
SOURCES TOTAL	249.3	108.6	-3.5	105.1	105.1	20.0	-81.0
USES							
Personal Services and Employee Benefits	208.3	83.5	-2.7	80.8	80.8	0.0	-100.0
Contractual Services	12.4	6.2	-0.2	6.0	6.0	6.0	0.0
Other	23.7	18.9	-0.6	18.3	18.3	14.0	-23.5
TOTAL USES	244.4	108.6	-3.5	105.1	105.1	20.0	-81.0
FTE							
Permanent	2.0	2.0	0.0	2.0	2.0	0.0	-100.0
TOTAL FTE POSITIONS	2.0	2.0	0.0	2.0	2.0	0.0	-100.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of business contacts and counseling sessions	802	511	450	450	500
Output	Number of new jobs created as a result of office of science and technology efforts	666	90	200	200	200
Output	Number of businesses trained by New Mexico 9,000 quality management standards	23	28	18	18	29
* Outcome	Amount of investment as a result of office of science and technology efforts, in millions	\$31.7	\$63.5	\$10	\$10	\$40
* Output	Number of new angel investors found as a result of office of science and technology efforts	52	11	18	18	18
Output	Number of current and previous New Mexico 9,000 customers that become ISO 9,000 certified					TBD
Output	Number of new angel investments completed as a result of science and technology efforts					TBD

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	3,629.6	3,246.1	-105.3	3,140.8	3,140.8	2,615.2	-16.7
SOURCES TOTAL	3,629.6	3,246.1	-105.3	3,140.8	3,140.8	2,615.2	-16.7
USES							
Personal Services and Employee Benefits	1,857.7	1,698.2	-55.1	1,643.1	1,643.1	1,550.0	-5.7
Contractual Services	1,548.7	1,300.8	-42.2	1,258.6	1,258.6	842.0	-33.1
Other	297.2	247.1	-8.0	239.1	239.1	223.2	-6.6
TOTAL USES	3,703.6	3,246.1	-105.3	3,140.8	3,140.8	2,615.2	-16.7
FTE							
Permanent	22.0	22.0	0.0	22.0	22.0	21.0	-4.5
TOTAL FTE POSITIONS	22.0	22.0	0.0	22.0	22.0	21.0	-4.5

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u> <u>delete</u>
Efficiency	Time to fill vacant positions from date position becomes vacant	60				
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt	60	50	40	40	50
Outcome	Percent of performance measure targets in the general appropriation act that were met	56%	50%	85%	85%	85%

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 the responsibility of licensing and enforcement for 29 professional boards and commissions. 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).

RLD consists of five programs. The Construction Industries and Manufactured Housing divisions are combined into one program, as are the Financial Institutions 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.

MISSION:

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)							
	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	15,861.3	14,045.1	-455.9	13,589.2	13,692.2	12,767.9	-6.0
Other Transfers	1,823.8	1,794.9	0.0	1,794.9	1,905.4	1,741.0	-3.0
Federal Revenues	94.7	107.0	0.0	107.0	107.0	107.0	0.0
Other Revenues	10,513.6	8,320.1	0.0	8,320.1	8,659.7	7,983.7	-4.0
Fund Balance	4,109.9	578.6	0.0	578.6	813.3	583.0	0.8
SOURCES TOTAL	32,403.3	24,845.7	-455.9	24,389.8	25,177.6	23,182.6	-4.9
USES							
Personal Services and Employee Benefits	17,429.8	18,300.4	-394.9	17,905.5	18,863.7	17,602.1	-1.7
Contractual Services	647.8	1,067.0	-5.9	1,061.1	909.3	835.2	-21.3
Other	3,525.6	4,084.2	-55.1	4,029.1	3,906.5	3,534.6	-12.3
Other Financing Uses	5,855.1	1,394.1	0.0	1,394.1	1,498.1	1,210.7	-13.2
TOTAL USES	27,458.3	24,845.7	-455.9	24,389.8	25,177.6	23,182.6	-4.9
FTE							
Permanent	310.9	308.9	0.0	308.9	313.9	299.6	-3.0
Term	6.0	6.0	0.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	316.9	314.9	0.0	314.9	319.9	305.6	-3.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Regulation and Licensing Department to reduce the FY10 operating budget from the general fund by \$873.1 thousand.

BUDGET ISSUES:

For FY12, the Regulation and Licensing Department (RLD) requested \$13.7 million from the general fund, a 0.7 percent increase. Overall RLD requested \$25.1 million, a 3.3 percent budget increase. Increases were concentrated in the personal services and employee benefits category and aimed at reducing the agency's vacancy levels. The agency has 26 vacant positions in the Construction Industries Program, five in the Financial Institutions Program, two in the Alcohol and Gaming Program, eight in the program support division, and 12 within the boards and commissions.

LFC recommends \$12.7 million from the general fund, a 6 percent reduction for RLD. The recommendation prioritizes spending for personal services and employee benefits category and essential operating and service costs in the other costs category. The recommendation also reduces administration and overhead costs particularly in the Program Support Division.

The FY12 budget request submitted by RLD applied average vacancy rates of 6 percent, slightly below the agency's typical vacancy rates. LFC applies additional vacancy savings rates of 2 percent on average to RLD's FY12 request. In addition, the LFC recommendation makes technical adjustments to personal services and employee benefits to align projected expenditures with actual costs, while reducing vacant positions to entry-level salaries. The recommendation also eliminates five vacant inspector positions in Construction Industries and Manufactured Housing Division, two vacant administrative positions in the Financial Institutions and Securities Division, and two vacant administrative positions in the Program Support Division.

In the contractual services category, the recommendation reduces professional services contracts, ranging from attorney services to hearing officers and contracts for employee training were reduced. The LFC recommendation includes an increase in other revenues for contractual services needed to maintain upgraded e-licensing systems and purchase automated e-licensing software.

In the other costs category, funding for off-site meetings and travel unrelated to inspections is eliminated. Fuel was recommended at FY11 levels, or \$2.80 a gallon. Funding for new information technology equipment is significantly reduced. No funding for new furniture or advertising is recommended.

All divisions within the Regulation and Licensing Department (RLD), with the exception of Program Support, administer statutes relating to licensing and the regulation of industry activities. RLD currently has centralized information technology, financial, human resources and regulatory systems to facilitate the delivery of essential services to all boards, commissions, and divisions. However, with declining general fund revenues, RLD must maximize limited resources to serve their licensees, enforce liquor control and predatory lending rules, service construction markets, and meet the justified expectations that all regulatory services be provided effectively and professionally.

In FY10, the Financial Institutions Division issued approximately 4,300 individual licenses to people and companies, while the Securities Division issued licenses to over 85,000 people and companies. Investment in automated services has allowed both divisions to do more with less. The Securities Division has effectively been able to decrease the number of clerks required to process securities filings from two to one by increasing mutual fund industry use of the automated filing system. Meanwhile, the Financial Institutions Division has successfully implemented new regulations and added hundreds of new licenses in the mortgage loan industry, in part due to the electronic licensing capabilities of the National Mortgage Licensing system. The costs of expanded regulation of the mortgage industry have been funded by licensing fees assessed on the mortgage industry as required by legislation passed in the 2009 session.

New Mexico's construction industry has been in severe decline for the past three years. Still, numerous major commercial construction projects, including expansions at Intel, Spaceport America, LES Uranium Enrichment Facility in Eunice have kept CID occupied with plan review, permitting, and inspections. Also contributing to CID's workload has been significant growth in renewable energy development, including solar, wind, photovoltaic, and geothermal projects funded by the American Recovery and Reinvestment Act (ARRA).

New Mexico security guard companies are regulated by the Private Investigations Advisory Board. According to RLD, dozens of security companies are operating without a license. This means all of the employees these illegal companies hire are not subject to the criminal background checks and training required by state law. RLD has found unlicensed security companies hiring convicted felons. At the start of 2010, RLD had seven on-going security company investigations. LFC recommends the board develop an immediate action plan to address unlicensed activity in New Mexico and present it before the Courts, Justice, and Corrections Committee for review.

In 2009, more than 90,000 unwanted animals were euthanized in New Mexico animal shelters. Currently only the Animal Sheltering Board is responsible for licensing and maintaining humane euthanasia standards and developing standards of operation to promote safe, healthy, and clean living conditions for animals housed in shelters. Since its creation in 2007, the Animal Sheltering Board has been completely funded from the general fund. The low number of licenses and fees do not provide enough revenue to consistently meet operational requirements. To reduce administrative inefficiencies and create a sustainable operation, LFC recommends the Legislature consider consolidating the Animal Sheltering Board under the Board of Veterinary Medicine.

Boards and Commissions, with the exception of the 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. The LFC recommendation for the boards and commissions reduces their budgets by an average of 8 percent. LFC targeted contracts unessential to core board services. LFC also recommends the use of available nonreverting fund balances to fund many of the boards and commissions.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$276.5 thousand. The Regulation and Licensing Department achieved the reduction by increasing vacancy levels. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures by \$394.9 thousand from personal services and employee benefits, \$5.9 thousand from contractual services, and \$55.1 thousand from other costs.

BASE EXPANSION:

RLD requested five expansion positions. Expansions are not recommended due to high vacancy rates in the program requesting expansion or because expansion was not justified or consistent with LFC guidelines.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Mortgage Regulatory Fund (5 FTE)	(P600)	422.3	0.0
2	1of4 Reallocate Boards FTE	(BDPR)	-75.9	0.0
2	2of4 Reallocate Boards FTE	(BDPR)	0.0	0.0
2	3of4 Reallocate Boards FTE	(BDPR)	45.7	0.0
2	4of4 Reallocate Boards FTE	(BDPR)	33.4	0.0
3	Appraisal Management Co. Audits	(BDPR)	50.0	0.0
4	1of 2Transfer .3 FTE to Overhead	(BDPR)	-31.5	0.0
4	<u>Boards And Commissions Overhead Expansion</u>	<u>(P602)</u>	<u>31.5</u>	<u>0.0</u>
TOTAL			475.5	0.0

BOARDS AND COMMISSIONS

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Section 14 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	99.9	90.6	-3.0	87.6	90.6	29.5	-66.3
Other Transfers	260.8	110.8	0.0	110.8	110.8	0.0	-100.0
Other Revenues	7,927.8	7,364.6	0.0	7,364.6	7,091.5	6,882.7	-6.5
Fund Balance	4,094.8	578.6	0.0	578.6	774.1	543.8	-6.0
SOURCES TOTAL	12,383.3	8,144.6	-3.0	8,141.6	8,067.0	7,456.0	-8.4
USES							
Personal Services and Employee Benefits	4,311.2	4,836.9	-1.9	4,835.0	5,051.7	4,817.4	-0.4
Contractual Services	231.8	532.2	-0.9	531.3	318.2	256.7	-51.7
Other	1,121.6	1,381.4	-0.2	1,381.2	1,259.5	1,171.2	-15.2
Other Financing Uses	5,755.1	1,394.1	0.0	1,394.1	1,437.6	1,210.7	-13.2
TOTAL USES	11,419.7	8,144.6	-3.0	8,141.6	8,067.0	7,456.0	-8.4
FTE							
Permanent	84.2	82.2	0.0	82.2	81.9	81.9	-0.4
TOTAL FTE POSITIONS	84.2	82.2	0.0	82.2	81.9	81.9	-0.4

CONSTRUCTION INDUSTRIES AND MANUFACTURED HOUSING

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

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	9,450.3	8,520.6	-276.5	8,244.1	8,244.1	7,903.1	-4.1
Other Transfers	250.0	250.0	0.0	250.0	250.0	250.0	0.0
Federal Revenues	94.7	107.0	0.0	107.0	107.0	107.0	0.0
Other Revenues	11.8	100.0	0.0	100.0	100.0	100.0	0.0
Fund Balance	15.1	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	9,821.9	8,977.6	-276.5	8,701.1	8,701.1	8,360.1	-3.9
USES							
Personal Services and Employee Benefits	7,491.0	7,229.7	-234.6	6,995.1	6,995.1	6,835.2	-2.3
Contractual Services	36.3	54.3	-1.8	52.5	53.2	48.4	-7.8
Other	1,397.1	1,693.6	-40.1	1,653.5	1,641.7	1,476.5	-10.7
Other Financing Uses	0.0	0.0	0.0	0.0	11.1	0.0	
TOTAL USES	8,924.4	8,977.6	-276.5	8,701.1	8,701.1	8,360.1	-3.9
FTE							
Permanent	131.0	131.0	0.0	131.0	131.0	126.0	-3.8
Term	3.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	134.0	134.0	0.0	134.0	134.0	129.0	-3.7

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	94%	76%	96%	90%	90%
Outcome	Percent of permitted manufactured housing projects inspected	90%	85%	80%	90%	90%
Efficiency	Percent of record inspections request and inspections results in database within twenty-four hours	96%				
* Efficiency	Percent of all inspections performed, including installations of manufactured homes in the field within seven days of inspection request		80%	70%	85%	85%

FINANCIAL INSTITUTIONS AND SECURITIES

The purpose of the financial institutions and securities program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; 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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,997.0	2,639.8	-85.7	2,554.1	2,554.1	2,337.2	-8.5
Other Revenues	2,574.0	855.5	0.0	855.5	1,468.2	1,001.0	17.0
Fund Balance	0.0	0.0	0.0	0.0	39.2	39.2	
SOURCES TOTAL	5,571.0	3,495.3	-85.7	3,409.6	4,061.5	3,377.4	-0.9
USES							
Personal Services and Employee Benefits	2,733.3	2,903.0	-77.6	2,825.4	3,349.6	2,801.7	-0.8
Contractual Services	144.2	203.4	-0.9	202.5	183.2	200.2	-1.1
Other	318.0	388.9	-7.2	381.7	479.3	375.5	-1.6
Other Financing Uses	100.0	0.0	0.0	0.0	49.4	0.0	
TOTAL USES	3,295.5	3,495.3	-85.7	3,409.6	4,061.5	3,377.4	-0.9
FTE							
Permanent	46.0	46.0	0.0	46.0	51.0	44.0	-4.3
TOTAL FTE POSITIONS	46.0	46.0	0.0	46.0	51.0	44.0	-4.3

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	96.4%	98.7%	95%	95%	95%
Outcome	Percent of all mutual fund filings processed within ten business days	99%				
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	95.5%	100%	95%	95%	95%
Outcome	Percent of all applications for broker-dealer and investment adviser registration processed within thirty days of receipt by the securities division of the completed application		100%	96%	99%	99%
Outcome	Percent of investment adviser registrants examined annually		24%	35%	25%	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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	1,011.3	912.9	-29.7	883.2	928.2	857.6	-2.9
SOURCES TOTAL	1,011.3	912.9	-29.7	883.2	928.2	857.6	-2.9
USES							
Personal Services and Employee Benefits	836.5	829.3	-26.9	802.4	847.4	785.4	-2.1
Contractual Services	23.8	44.8	-1.5	43.3	43.0	39.1	-9.7
Other	79.6	38.8	-1.3	37.5	37.8	33.1	-11.7
TOTAL USES	939.9	912.9	-29.7	883.2	928.2	857.6	-2.9
FTE							
Permanent	16.0	16.0	0.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	0.0	16.0	16.0	16.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Outcome	Number of days to process a dispenser license application that requires a hearing	137	128	139	139	139
* Output	Number of days to resolve an administrative citation that does not require a hearing	52	69	30	70	70
* Outcome	Number of days to issue a restaurant (beer and wine) liquor licenses	120	118	120	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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	2,302.8	1,881.2	-61.0	1,820.2	1,875.2	1,640.5	-9.9
Other Transfers	1,313.0	1,434.1	0.0	1,434.1	1,544.6	1,491.0	4.0
SOURCES TOTAL	3,615.8	3,315.3	-61.0	3,254.3	3,419.8	3,131.5	-3.8
USES							
Personal Services and Employee Benefits	2,057.8	2,501.5	-53.9	2,447.6	2,619.9	2,362.4	-3.5
Contractual Services	211.7	232.3	-0.8	231.5	311.7	290.8	25.6
Other	609.3	581.5	-6.3	575.2	488.2	478.3	-16.8
TOTAL USES	2,878.8	3,315.3	-61.0	3,254.3	3,419.8	3,131.5	-3.8
FTE							
Permanent	33.7	33.7	0.0	33.7	34.0	31.7	-5.9
Term	3.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	36.7	36.7	0.0	36.7	37.0	34.7	-5.4

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of prior-year audit findings resolved	54%	73%	50%	50%	50%
Output	Percent of payment vouchers that the administrative services division submitted to the department of finance administration without errors	98.6%	98%	95%	95%	95%
Output	Percent of information service support tasks completed within the timeframe requested	N/A	N/A	94%	85%	90%
Quality	Percent of accurate payroll and personnel information entered into human resource management system	90%	90%	90%	90%	90%
Quality	Percent of customers satisfied with information service internal support services	85%	N/A	94%	90%	90%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			30	30	30

PUBLIC ACCOUNTANCY BOARD

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and respond to written correspondence within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	Complaints logged and processed within five 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		88%	75%	75%	75%
Output	Average number of days to process a completed application and issue a license	3				
Efficiency	Average number of hours to respond to telephone complaints	6				
Output	Average number of days to review and investigate a complaint	15				

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process completed application and issue a license	1-5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of phone calls returned within twenty-four hours	95%				
Output	Average number of days to review and investigate a complaint	30				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Efficiency	Process initial applications and renewals within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Efficiency	Percent of complaints processed and adjudicated annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

ATHLETIC TRAINERS 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	95%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	90%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

BOARD OF BARBERS AND COSMETOLOGISTS

The purpose of the barbers and cosmetology 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	90%				
Output	Percent of barber, cosmetology and body art establishments inspected once every eighteen months		82%	80%	80%	80%
Efficiency	Process initial applications and renewals within three days of receipt of completed application		94%	75%	75%	75%
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%

CHIROPRACTIC EXAMINERS 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-2				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

COUNSELING AND THERAPY 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-4				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

DENTAL HEALTH CARE BOARD

The purpose of the dental health care 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	95%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

LANDSCAPE ARCHITECTS BOARD

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	98%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

MASSAGE THERAPY BOARD

The purpose of the message 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5				
Efficiency	Average number of hours to respond to telephone complaints	48				
Outcome	Percent of telephone calls returned within twenty-four hours	75%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

NURSING HOME ADMINISTRATORS BOARD

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	2-4				
Efficiency	Average number of hours to respond to telephone complaints	20				
Outcome	Percent of telephone calls returned within twenty-four hours	90%				
Output	Average number of days to review and investigate a complaint	25				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	90%				
Output	Average number of days to review and investigate a complaint					
Output	Percent of complaints reviewed and processed annually					
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

OCCUPATIONAL THERAPY PRACTICE BOARD

The purpose of the examiners for occupational 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	85%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

OPTOMETRY BOARD

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	22				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	98%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	36				
Outcome	Percent of telephone calls returned within twenty-four hours	85%				
Output	Average number of days to review and investigate a complaint	30				
Outcome	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	98%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	85%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	98%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

PRIVATE INVESTIGATORS AND POLYGRAPHERS BOARD

The purpose of the private investigations 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	4				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	98%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	36				
Outcome	Percent of telephone calls returned within twenty hours	75%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	80%				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	80%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

RESPIRATORY CARE BOARD

The purpose of the respiratory care practitioners 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Efficiency	Average number of hours to respond to telephone complaints	36				
Outcome	Percent of telephone calls returned within twenty-four hours	85%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	95%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

BOARD OF SOCIAL WORK EXAMINERS

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Efficiency	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		88%	75%	75%	75%

SPEECH LANGUAGE HEARING AND AUDIOLOGY 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5				
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	100%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually	100%				
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3				
Outcome	Percent of complaints processed and adjudicated annually					
Efficiency	Average number of hours to respond to telephone complaints	24				
Outcome	Percent of telephone calls returned within twenty-four hours	95%				
Output	Average number of days to review and investigate a complaint	30				
Output	Percent of complaints reviewed and processed annually					
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	Percentage of Funeral establishments and crematories inspected once every eighteen months		90%	75%	75%	75%

NAPRAPATHY BOARD

The purpose of the naprapathic 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	75%	75%

SIGNED LANGUAGE INTERPRETING PRACTICE BOARD

The purpose of the signed language interpreting 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to correspondence written within three days of receipt		91%	75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application		94%	80%	80%	80%
Output	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		88%	75%	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, Firefighter Training Academy, and Pipeline Safety Bureau; and to register all corporations doing business in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	10,592.6	9,840.7	-319.4	9,521.3	9,521.3	8,248.6	-13.4
Other Transfers	13,332.7	13,302.9	0.0	13,302.9	14,299.4	12,676.7	-4.7
Federal Revenues	595.0	573.5	0.0	573.5	547.7	547.7	-4.5
Fund Balance	10,766.3	10,959.1	0.0	10,959.1	13,180.5	13,180.5	20.3
SOURCES TOTAL	35,286.6	34,676.2	-319.4	34,356.8	37,548.9	34,653.5	0.9
USES							
Personal Services and Employee Benefits	18,839.7	18,978.4	-271.3	18,707.1	19,288.1	17,621.0	-5.8
Contractual Services	1,052.9	1,426.4	-9.8	1,416.6	1,765.7	1,340.2	-5.4
Other	13,669.7	13,860.2	-38.3	13,821.9	15,997.8	15,195.0	9.9
Other Financing Uses	277.4	411.2	0.0	411.2	497.3	497.3	20.9
TOTAL USES	33,839.7	34,676.2	-319.4	34,356.8	37,548.9	34,653.5	0.9
FTE							
Permanent	284.0	272.0	0.0	272.0	272.0	262.0	-3.7
Term	1.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	285.0	274.0	0.0	274.0	274.0	264.0	-3.6

BUDGET ISSUES:

The FY12 LFC recommendation from the general fund for the Public Regulation Commission is \$8.2 million, a \$1.2 million, or 13.4 percent, decrease from the FY11 adjusted operating budget. However, considering other revenue sources, the total agency recommendation increased \$296.7 thousand from the adjusted FY11 level.

The agency's budget request included an increase of \$2.2 million for the patient's compensation fund (PCF) program, a flow-through expenditure program, to pay physician malpractice settlements. The number of malpractice settlements have increased in recent years. The most recent actuarial study showed the PCF fund to be sound, with a possible surplus of \$1.9 million, depending on what assumptions are used.

The agency's budget request did not apply a vacancy rate to projected personal services and employee benefits and included General Services Department risk rate increases, accounting for an increased funding request of \$309.7 thousand. The recommendation applies vacancy rates that vary from 5 percent to 9 percent by program and sub-program. To coincide with reduced appropriation levels and to keep vacancy rates at an acceptable level, the recommendation eliminates 10 FTE and the associated funding. In the Insurance Policy Program, the deleted positions include the vacant deputy insurance superintendent, a financial specialist, and an office administrator. The deleted positions in the Policy and Regulation Program are all vacant and include two exempt executive assistants, two economists, an exempt special projects coordinator, and an office clerk. The recommendation deletes a vacant office clerk position in Program Support. The adequacy of staff qualifications, training, and industry oversight was highlighted in a recent report by the National Association of Insurance Commissioners (NAIC) that led to New Mexico being placed on a probationary status. In addition, weak revenue collection efforts led to over-distributions to the fire protection fund and the fire protection grant fund, impacting the general fund reversions. The recommendation does not delete front-line regulation staff, but instead it reduces the number of management positions and administrative staff.

The agency request added \$350 thousand to the contractual services category compared with the adjusted FY11 operating budget. The increase is attributable to a projected need for professional service contracts for expert witnesses, attorney fees, and accounting services. The agency executes contracts for additional help with difficult regulatory and rate cases to support staff work. The requested professional service contract increase was not supported with documentation to show the methodology behind the projections. Nevertheless, the recommendation funds the contractual service category above the FY10 expenditure level but lower than the FY11 adjusted operating budget.

Finally, the agency requested and the recommendation supplants some general fund revenues with other revenues sources, especially where the supplanted revenue does not have a residual impact to general fund disbursements or reversions. Cash balances in the pipeline safety fund, the reproduction fund, and the patient's compensation fund do not revert to the general fund. Both the agency request and the recommendation increase the allocation from these nonreverting cash balances to support administrative expenditures in the Policy and Regulation Program and Program Support.

Considering the budget reductions, performance outcomes increased from FY09 levels, particularly in the use of online or web-based information technology (IT) usage, Fire Marshal audits and inspections, the percentage of fire districts with insurance office ratings of eight or better, and the number of kilowatt hours of electricity and therms of natural gas saved as a result of utility-led energy-efficiency programs. Where agency performance slipped was in the number of docketed cases completed or opened and in the number of days for a rate case to reach a final order.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$319.4 thousand. The department plans to increase the vacancy rate to accommodate the reductions and will use budget adjustment authority to transfer vacancy savings to other categories of the budget.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission in personal services and employee benefits category includes two hundred nineteen thousand two hundred dollars (\$219,200) from the pipeline safety fund, four hundred fourteen thousand dollars (\$414,000) from the insurance operations fund, one hundred thirty-eight thousand five hundred dollars (\$138,500) from the patient's compensation fund, fifty-six thousand two hundred dollars (\$56,200) from the fire protection fund and one hundred three thousand six hundred dollars (\$103,600) from the public regulation commission reproduction fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million two hundred thousand one hundred dollars (\$2,200,100) 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 four hundred ninety-four thousand five hundred dollars (\$1,494,500) 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 eight hundred eighty-four thousand six hundred dollars (\$884,600) 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 one hundred seven thousand seven hundred dollars (\$107,700) from the insurance fraud fund, three hundred seventy thousand seven hundred dollars (\$370,700) from the fire protection fund, fifty-one thousand five hundred dollars (\$51,500) from the title insurance maintenance fund, eighty-four thousand six hundred dollars (\$84,600) from the public regulation commission reproduction fund, one hundred twenty-three thousand eight hundred dollars (\$123,800) from the patient's compensation fund and fifty thousand eight hundred dollars (\$50,800) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include thirty-two thousand nine hundred sixteen dollars (\$32,916) from the title insurance maintenance fund, eighty-nine thousand two hundred ninety-five (\$89,295) from the insurance fraud fund, two hundred six thousand seven hundred eighty dollars (\$206,780) from the patient's compensation fund, and four million five hundred twenty-seven thousand nine hundred nine dollars (\$4,527,909) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include nine hundred ninety-five thousand six hundred dollars (\$995,600) for the insurance fraud bureau from the insurance fraud fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include two hundred eighty-eight thousand one hundred dollars (\$288,100) for the title insurance bureau from the title insurance maintenance assessment fund.

POLICY AND REGULATION PROGRAM

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 the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	7,654.1	7,072.8	-229.5	6,843.3	6,843.3	5,890.9	-13.9
Other Transfers	155.4	479.0	0.0	479.0	931.5	931.5	94.5
SOURCES TOTAL	7,809.5	7,551.8	-229.5	7,322.3	7,774.8	6,822.4	-6.8
USES							
Personal Services and Employee Benefits	6,761.5	6,601.3	-198.6	6,402.7	6,855.2	6,073.1	-5.1
Contractual Services	151.9	205.3	-6.7	198.6	198.6	145.1	-26.9
Other	638.9	745.2	-24.2	721.0	721.0	604.2	-16.2
TOTAL USES	7,552.3	7,551.8	-229.5	7,322.3	7,774.8	6,822.4	-6.8
FTE							
Permanent	89.7	83.7	0.0	83.7	83.7	77.7	-7.2
TOTAL FTE POSITIONS	89.7	83.7	0.0	83.7	83.7	77.7	-7.2

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of docketed cases closed in a fiscal year	108.6%	77%	90%	75%	92%
Output	Number of formal complaints processed by the transportation division	84		75		85
Output	Number of docketed cases completed	402	250	425	300	425
* Efficiency	Average number of days for a rate case to reach final order	177	214	<210	<215	<210
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	1.8%	4.3%	+/-4%	+/-4%	+/-4%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$1,117.6	\$1,347.0	\$1,900.0	\$1,500.0	\$1,900.0
Explanatory	Number of docketed cases opened in a fiscal year	390	324	425	324	425
* Explanatory	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	5%	6%	6%	11%	6.1%
Efficiency	Therms of natural gas saved as a result of utility energy-efficiency programs	188,940	200,000	1,000,000	500,000	250,000
* Explanatory	Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states	4.48%	2.2%	+/-5%	+/-%5	+/-5%
Efficiency	Kilowatt hours of electricity saved as a result of utility energy-efficiency programs		68,000,000	1,000,000	68,000,000	69,000,000

INSURANCE POLICY PROGRAM

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Transfers	7,177.8	6,783.1	0.0	6,783.1	7,279.1	6,140.6	-9.5
SOURCES TOTAL	7,177.8	6,783.1	0.0	6,783.1	7,279.1	6,140.6	-9.5
USES							
Personal Services and Employee Benefits	5,731.5	5,797.1	0.0	5,797.1	5,874.1	5,302.0	-8.5
Contractual Services	379.0	327.5	0.0	327.5	541.3	281.4	-14.1
Other	530.0	658.5	0.0	658.5	863.7	557.2	-15.4
TOTAL USES	6,640.5	6,783.1	0.0	6,783.1	7,279.1	6,140.6	-9.5
FTE							
Permanent	88.0	86.0	0.0	86.0	86.0	83.0	-3.5
TOTAL FTE POSITIONS	88.0	86.0	0.0	86.0	86.0	83.0	-3.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	99.8%	98.8%	97%	90%	99%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	80%	75%	80%		80%
Output	Percent of producer applications, appointments and renewals processed within ten business days	95%	98%	90%	90%	90%
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 insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum	100%	100%	100%	100%	100%
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	88%	86%	86%	85%	88%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	95%	100%	95%	100%
Output	Percent of form and rate filings processed within ninety days	97%	97%	95%	95%	97%
Output	Number of managed healthcare outreach presentations conducted annually	93	139	100	100	140
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees	100%	100%	95%	95%	100%

PUBLIC SAFETY PROGRAM

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Transfers	5,489.3	5,373.2	0.0	5,373.2	5,319.7	4,815.5	-10.4
Federal Revenues	595.0	573.5	0.0	573.5	547.7	547.7	-4.5
SOURCES TOTAL	6,084.3	5,946.7	0.0	5,946.7	5,867.4	5,363.2	-9.8
USES							
Personal Services and Employee Benefits	3,462.2	3,609.9	0.0	3,609.9	3,557.1	3,401.6	-5.8
Contractual Services	206.8	364.1	0.0	364.1	364.1	314.8	-13.5
Other	1,107.9	1,972.7	0.0	1,972.7	1,946.2	1,646.8	-16.5
TOTAL USES	4,776.9	5,946.7	0.0	5,946.7	5,867.4	5,363.2	-9.8
FTE							
Permanent	53.3	53.3	0.0	53.3	53.3	53.3	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	54.3	54.3	0.0	54.3	54.3	54.3	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Output	Number of inspection and audit hours performed by the state fire marshal's office	18,013	30,927	25,000	28,000	31,000
* Output	Number of personnel completing training through the state firefighter training academy	3,003	2,505	4,050	3,000	4,050
Quality	Pass rate for state certification exams administered by the state firefighter academy	91%	85%	90%	90%	91%
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	62%	72%	65%	75%	75%
* Outcome	Percent of fire departments' insurance service office ratings of nine or ten that have been reviewed by survey or audit	98%	100%	96%	100%	100%
* Outcome	Percent of statewide fire districts with insurance office ratings of eight or better	63%	66%	65%	65%	67%
Explanatory Output	Number of fire districts statewide	390	393	392	350	393
Output	Number of inspection and audit hours performed by the pipeline safety bureau	18,013	5,284	8,000	6,800	17,000

PATIENT'S COMPENSATION FUNDBUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
Fund Balance	10,766.3	10,959.1	0.0	10,959.1	13,180.5	13,180.5	20.3
SOURCES TOTAL	10,766.3	10,959.1	0.0	10,959.1	13,180.5	13,180.5	20.3
USES							
Personal Services and Employee Benefits	0.0	62.9	0.0	62.9	65.7	65.7	4.5
Contractual Services	289.1	435.0	0.0	435.0	570.3	570.3	31.1
Other	10,983.4	10,050.0	0.0	10,050.0	12,047.2	12,047.2	19.9
Other Financing Uses	277.4	411.2	0.0	411.2	497.3	497.3	20.9
TOTAL USES	11,549.9	10,959.1	0.0	10,959.1	13,180.5	13,180.5	20.3
FTE							
Term	0.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	0.0	1.0	0.0	1.0	1.0	1.0	0.0

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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
General Fund Transfers	2,938.5	2,767.9	-89.9	2,678.0	2,678.0	2,357.7	-12.0
Other Transfers	510.2	667.6	0.0	667.6	769.1	789.1	18.2
SOURCES TOTAL	3,448.7	3,435.5	-89.9	3,345.6	3,447.1	3,146.8	-5.9
USES							
Personal Services and Employee Benefits	2,884.5	2,907.2	-72.7	2,834.5	2,936.0	2,778.6	-2.0
Contractual Services	26.1	94.5	-3.1	91.4	91.4	28.6	-68.7
Other	409.5	433.8	-14.1	419.7	419.7	339.6	-19.1
TOTAL USES	3,320.1	3,435.5	-89.9	3,345.6	3,447.1	3,146.8	-5.9
FTE							
Permanent	53.0	49.0	0.0	49.0	49.0	48.0	-2.0
TOTAL FTE POSITIONS	53.0	49.0	0.0	49.0	49.0	48.0	-2.0

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	100%	100%	100%	100%	100%
Efficiency	Percent of fully functional information technology applications systems	100%		100%	100%	100%
Output	Average number of days to issue charter documents	3 Days	3 days	5 days	5 days	5 days
Outcome	Opinion of previous fiscal year independent agency audit	Unqual.	Unqual.	Unqual.	Unqual.	Unqual.
Outcome	Number of user sessions on public regulation commission webpages	2,804,954	11,922,447	2,000,000	2,000,000	12,000,000
Outcome	Percent of prior-year audit findings eliminated	80%	90%	100%	100%	100%
Explanatory	Percent increase in public use of info share	37.8%	100%	7%	7%	7%
Explanatory	Number of prior-year audit findings	2	1	0	0	0

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	1,708.1	1,653.7	0.0	1,653.7	1,653.7	1,603.1	-3.1
Fund Balance	1,000.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	2,708.1	1,653.7	0.0	1,653.7	1,653.7	1,603.1	-3.1
USES							
Personal Services and Employee Benefits	938.7	1,043.5	0.0	1,043.5	1,062.3	1,062.3	1.8
Contractual Services	247.5	311.5	0.0	311.5	283.3	241.7	-22.4
Other	277.0	298.7	0.0	298.7	308.1	299.1	0.1
Other Financing Uses	1,000.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	2,463.2	1,653.7	0.0	1,653.7	1,653.7	1,603.1	-3.1
FTE							
Permanent	14.0	14.0	0.0	14.0	14.0	14.0	0.0
TOTAL FTE POSITIONS	14.0	14.0	0.0	14.0	14.0	14.0	0.0

BUDGET ISSUES:

The board issued a total of 943 new licenses in FY10, of which 527 were for physicians. This was a 3.7 percent increase from the FY10 level of 508 newly licensed physicians. The board continues to increase the use of License 2000, an online license application and renewal system. The system not only streamlines the application process for board staff but also allows licensure applicants to be simultaneously credentialed at a participating New Mexico hospital while being licensed with the board.

In FY10, 18 physicians and three physician assistants participated in the board's voluntary monitored-treatment program. In addition, 81 physicians and four physician assistants received mandatory monitored treatment. There were two physician relapses, and nine individuals successfully completed their programs.

For FY12, the board requested a flat budget totaling \$1.7 million from other revenues. In light of current economic conditions, the LFC recommendation for contractual services is at the level of FY10 spending.

In FY10, \$1 million was transferred from the medical board fund balance to the general fund. The FY12 projected fund balance is \$1.7 million, similar to that of FY11.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to healthcare providers regulated by the New Mexico medical board and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Number of consumers provided with information through written license verification and website access	1,179,534	915,883	1,000,000	900,000	900,000
* Output	Number of tri-annual physician licenses issued or renewed	3,546	3,213	2,600	3,000	3,000
* Output	Number of biennial physician assistant licenses issued or renewed	277	300	200	200	225
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	11	2	10	2	2
Output	Number of complaints resolved within 12 months	214	242	200	200	200
Output	Number of participants in monitored treatment program	180	106	50	50	50
Outcome	Percent of participants who relapse	0%	1.88%	5%	5%	5%
* Outcome	Number of days to issue a physician license	79	83	80	80	80

STATUTORY AUTHORITY:

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate nursing schools and practice.

MISSION:

The mission of the Board of Nursing is to regulate nursing practice, nursing education, medication aide practice and education, and hemodialysis practice and education in the interest of public health, safety, and welfare.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	1,635.4	1,671.3	0.0	1,671.3	1,756.0	1,756.0	5.1
Fund Balance	1,064.9	696.5	0.0	696.5	1,034.7	347.2	-50.2
SOURCES TOTAL	2,700.3	2,367.8	0.0	2,367.8	2,790.7	2,103.2	-11.2
USES							
Personal Services and Employee Benefits	1,022.8	1,163.3	0.0	1,163.3	1,309.3	1,165.3	0.2
Contractual Services	116.3	222.9	0.0	222.9	259.8	116.3	-47.8
Other	811.2	981.6	0.0	981.6	1,221.6	821.6	-16.3
Other Financing Uses	750.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	2,700.3	2,367.8	0.0	2,367.8	2,790.7	2,103.2	-11.2
FTE							
Permanent	19.0	19.0	0.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	0.0	19.0	19.0	19.0	0.0

BUDGET ISSUES:

The state has been successful in addressing the nursing shortage. The board issued 14,943 licenses in FY10, a 19 percent increase over the FY09 level of 12,581. Over this same period, fee revenue decreased by about \$26 thousand. The change in fee revenue resulted from the mix of number and type of practitioners applying and the board's fee structure. The board's fees differ depending on the service provided but, in general, range from about \$50 to \$160. FY11 and FY12 projected revenue is \$1.67 million and \$1.8 million, respectively.

Pursuant to FY09 and FY10 solvency legislation, \$1 million and \$750 thousand were transferred from the board of nursing fund balance to the general fund, respectively. At the end of FY10, the board had a fund balance of about \$1.1 million. For FY12, the board requested \$2.8 million, an increase of \$423 thousand, or 18, percent over the FY11 operating budget. The request would budget all projected fund balance and is not a sustainable spending level.

The LFC recommendation for personal services and employee benefits applies a vacancy-rate reduction. Contractual services and other costs are generally at the level of FY10. Contractual services for information technology increased from \$20 thousand in FY10 to \$123.9 thousand in FY11. The increase was for License 2000, web-based services, network administration, and desktop applications. The FY12 request includes an additional \$160 thousand for this purpose.

The board, as part of its strategic plan to address the nursing shortage within New Mexico, is requesting \$400 thousand in fund balance for 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. In FY10, more than \$400 thousand was transferred to the fund for 26 scholarships and special projects. The current recession has minimized the impact of the nursing shortage as more nurses have returned to the workforce, thus mitigating the immediate need for this funding. LFC recommends \$100 thousand for this purpose.

LICENSING AND CERTIFICATION

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

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of licensed practical nurse, registered nurse and advanced practice licenses issued	12,581	14,943	14,500	14,500	14,500
Output	Percent of nursing education programs in full compliance with rule requirements	0	99%	100%	100%	100%
Quality	Number of public information announcements	7	4	4	4	4
* Output	Number of months to resolution of a disciplinary matter	6	6	6	6	6
* Quality	Number of rule reviews	0	1	3	1	1
Efficiency	Number of registered nurse, licensed practical nurse and advanced practice licenses issued within fifteen business days	14	14	12	10	10
Quality	Number of quality assurance audits reviewed for continuing education for unlicensed assistive personnel, licensed practical nurses, registered nurses and advanced practice nurses				12	12
Output	Number of certificates issued for unlicensed assistive personnel		60	50	60	60
Efficiency	Number of scholarships and special projects funded		26	6	8	8
Output	Number of complaints resolved	235	444	400	400	400
Efficiency	Number of certificates issued within one month for certified medication aides and certified hemodialysis technicians per rule requirements		5	4	5	5
Quality	Percent of unlicensed assistive personnel programs in full compliance with rule requirements			100%	100%	100%

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in and governed by Sections 16-6-1 through 16-6-31 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	435.1	391.8	-12.7	379.1	379.3	318.6	-16.0
Other Transfers	1,026.9	695.0	0.0	695.0	695.0	695.0	0.0
Other Revenues	11,837.4	12,793.5	0.0	12,793.5	12,793.5	12,387.8	-3.2
SOURCES TOTAL	13,299.4	13,880.3	-12.7	13,867.6	13,867.8	13,401.4	-3.4
USES							
Personal Services and Employee Benefits	7,217.0	6,482.5	-2.8	6,479.7	6,482.5	6,060.3	-6.5
Contractual Services	3,516.4	3,633.1	-7.0	3,626.1	3,492.0	3,471.2	-4.3
Other	4,115.2	3,764.7	-2.9	3,761.8	3,893.3	3,869.9	2.9
TOTAL USES	14,848.6	13,880.3	-12.7	13,867.6	13,867.8	13,401.4	-3.4
FTE							
Permanent	78.0	73.0	0.0	73.0	73.0	62.5	-14.4
TOTAL FTE POSITIONS	78.0	73.0	0.0	73.0	73.0	62.5	-14.4

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the State Fair Commission to reduce the FY10 operating budget from the general fund by \$21.8 thousand.

BUDGET ISSUES:

For FY12, the New Mexico State Fair requested a slight decrease from the FY11 adjusted budget. The recommendation includes 10 percent general fund reductions for the African American Performing Arts Center Foundation and the Charlie Morrissey Education Center. These are not core strategic activities and do not produce income for the fair.

As an enterprise agency, revenues must be generated to cover expenses. The preliminary total revenue for the 2010 New Mexico State Fair was \$6.2 million, a 14 percent increase over total revenue for the 2009 New Mexico State Fair. This is a remarkable number given that the State Fair was open four and one half days less than the previous year. The management decision to close days where attendance was sub-optimal and focus on days where attendance and spending increased offers a potential model for other agencies now facing budget shortfalls.

From FY09 to FY10, the State Fair decreased its operating deficit by \$1.1 million, from \$3 million to \$1.9 million. The majority of this decrease has occurred through reduction of personnel expenses.

The largest current single account payable expense for the State Fair is \$1.3 million owed for the General Services Department insurance premium. This account is being paid in increments designed to pay off the debt in 2.5 years in increments of \$20 thousand payments every other week.

In the last three fiscal years, the average cost of temporary employees was \$2.5 million and was under-budgeted by as much as \$1 million. The hiring of temporary employees is dependent on the number of events held on the fairgrounds. The recommendation for FY12 funds temporary employees at \$2 million.

Also contributing to agency budget outcomes is the number of exempt positions at the agency. As of September 1, 2010, the agency had six exempt positions that account for approximately \$744 thousand in salary and benefits. The FY11 General Appropriation Act authorized and funded 73 FTE and the agency again requested 73 FTE in the FY12 budget. The agency currently has 20 vacancies, including positions in business operations, human resources, information technology, accounting and audits, landscaping, and facilities maintenance. The high number of vacancies reflects both the need to transfer revenue to

unauthorized positions and the lack of sufficient revenue to fill authorized positions. The recommendation for FY12 decreases the number of exempt positions to two and the number of authorized FTE to 63, the intent being to have the agency fill authorized positions critical to program activities. Additional reductions in positions should be considered.

The FY12 capital outlay request for the State Fair totals \$4 million, including both critical and deferred projects. The critical projects request is required to bring existing facilities in compliance with codes. In FY11, the State Fair received nearly \$3 million in capital outlay to renovate and improve Tingley Coliseum and other facilities.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$12.7 thousand. This reduction had no measurable impact on program activities due to the availability of other revenue sources.

RECOMMENDED LANGUAGE:

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

The general fund appropriation to the New Mexico state fair includes one hundred eighty seven thousand two hundred dollars (\$187,200) for the operation of the African American performing arts center and exhibit hall at the New Mexico state fair.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	97.3%	96.8%	90%	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	446,159	342,375	500,000	400,000	400,000
Output	Percent of surveyed attendees at the annual state fair event indicating the state fair has improved	45.9%	50.1%	45%	48%	75%
* Output	Number of total attendees at annual state fair event	602,504	611,231	650,000	625,000	625,000

STATUTORY AUTHORITY:

The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, established a 10-member State Board of Licensure for Professional Engineers and Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. There are more than 8,100 practicing engineers and surveyors currently licensed in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	912.7	798.3	0.0	798.3	798.3	743.8	-6.8
SOURCES TOTAL	912.7	798.3	0.0	798.3	798.3	743.8	-6.8
USES							
Personal Services and Employee Benefits	418.2	511.1	0.0	511.1	494.4	440.9	-13.7
Contractual Services	43.1	64.6	0.0	64.6	103.7	102.7	59.0
Other	190.7	222.6	0.0	222.6	200.2	200.2	-10.1
TOTAL USES	652.0	798.3	0.0	798.3	798.3	743.8	-6.8
FTE							
Permanent	7.0	7.0	0.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	0.0	7.0	7.0	7.0	0.0

BUDGET ISSUES:

For FY12, the board requested \$798.3 thousand, flat with the FY11 operating budget. The board's projected FY11 and FY12 fund balances are \$910 thousand for both years. This agency is subject to sunset review in 2010.

In 2009, the board received approval for two new positions. In FY10, the two new positions were eliminated because neither had been filled. Despite the elimination of two positions, most related funding remained in the FY11 budget. This additional funding of \$60 thousand was used to pay for two temporary positions because a finance and human resources staff person has been on extended leave. The LFC recommendation of \$743.8 thousand reflects the nonrecurring nature of temporary staffing and reduces the personal services and employee benefits category by \$53.5 thousand. A minor adjustment was also made in contractual services.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%	100%
Output	Number of examinations administered	593	528	600	550	550
* Output	Number of licenses or certifications issued	802	654	800	700	750
Output	Number of complaints processed	78	65	70	60	70
Efficiency	Percent of cases resolved through compliance or legal action within one year	90%	82%	98%	70%	80%

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	6,275.7	5,589.7	-181.3	5,408.4	5,713.4	5,463.4	1.0
SOURCES TOTAL	6,275.7	5,589.7	-181.3	5,408.4	5,713.4	5,463.4	1.0
USES							
Personal Services and Employee Benefits	4,079.6	3,928.8	-127.5	3,801.3	3,928.8	3,856.3	1.4
Contractual Services	765.5	731.9	-23.7	708.2	771.0	708.2	0.0
Other	1,021.3	929.0	-30.1	898.9	1,013.6	898.9	0.0
TOTAL USES	5,866.4	5,589.7	-181.3	5,408.4	5,713.4	5,463.4	1.0
FTE							
Permanent	63.0	63.0	0.0	63.0	63.0	63.0	0.0
Temporary	0.5	0.5	0.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	63.5	63.5	0.0	63.5	63.5	63.5	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Gaming Control Board to reduce the FY10 operating budget from the general fund by \$314 thousand.

BUDGET ISSUES:

For FY12, the agency requested \$5.7 million from the general fund, a \$305 thousand increase over the adjusted FY11 general fund level. The agency requested no additional FTE or other expansion items.

The FY12 general fund recommendation of \$5.4 million represents a 1 percent increase over the agency's adjusted FY11 general fund level. The increase is primarily attributed to \$50 thousand in the personal services category to support one, currently vacant audit position to be assigned to tribal gaming-related oversight efforts. These funds will be applied at the level of the agency's adjusted FY11 personal services budget of \$3.8 million. Additionally, the board should reassign two of the existing six auditors currently assigned to nonprofit licenses, which produce little general fund revenue, to tribal gaming review or enforcement and compliance activities.

In FY10, the total general fund revenue generated by legalized gaming, including taxes, revenue sharing, fees, penalties, and horseman's purses, was \$178 million. The statewide gaming machine count is 2,670 in racetrack casinos, 653 machines in nonprofit venues, and 14,550 machines in tribal locations, although the board notes that this number is a combination of an actual count and estimates based on tribal websites for tribal facilities because board auditors have not yet visited the venues due to a lack of audit staff.

The committee anticipates the agency's tribal gaming regulatory activities will be of considerable importance in FY12. Currently, five gaming tribes and pueblos have not signed the 2007 amended gaming compact. The members of the 2001 gaming compact include Jicarilla Apache, Mescalero Apache, Navajo Nation, Pueblo of Acoma, and Pojoaque Pueblo. The 2001 compacts expire at midnight on June 30, 2015.

The important distinctions between the two compacts include a difference in revenue sharing rates (8 percent compared with 9.25 percent to 10.75 percent); duration of the compact (expiration in 2015 as opposed to 2037); net win definition; confidentiality of compulsive gambling expenditures; and a cap on the number of gaming facilities.

The Indian Gaming Regulatory Act (IGRA) separates gaming into three distinct categories that designate whether the tribe, state or federal government has civil regulatory jurisdiction. Under the IGRA, Class I gaming includes social games of minimal value or traditional forms of gaming. Tribes have exclusive jurisdiction of Class I games. The IGRA defines Class II gaming, in part, as the game of chance known as bingo (whether or not electronic, computer, or other technologic aids are used in connection therewith). Tribes and the National Indian Gaming Commission have exclusive jurisdiction of Class II games. The New Mexico Gaming Control Board has no authority to monitor Class II gaming. The state and tribe have primary regulatory jurisdiction in accordance with a compact. When the new compacts are renegotiated, the state should look at excluding Class II gaming machines and dealing with the possibility of Internet gambling by tribes.

Of immediate concern is the Navajo Nation's recent opening of a Class II gaming facility, with 120 Class II gaming machines, located in Hogback, New Mexico. These are the first Class II gaming machines operated in New Mexico. These gaming machines may be operated without a tribal-state compact and do not require any revenue sharing to the state. Moreover, the opening of a Class II gaming facility will set precedent for other tribes and pueblos that seek to include Class II gaming machines in their gaming facilities. To address these issues, and to preserve the regulatory criteria associated with the tribal revenue sharing agreements, the recommendation includes funds to fill to vacant audit positions.

Another issue for FY12 is the matter of fines and fees associated with state gaming activities. The board may impose fines up to \$25 thousand for the first offense and \$50 thousand for subsequent violations. These fine limits are set in Section 60-2E-7 NMSA 1978 and have not been amended since the inception of the Gaming Control Act. While the committee recognizes that there is not an industry standard on maximum fines, the board should consider aligning its fines and penalties to achieve parity with other jurisdictions.

Gaming license, certification, and work permit fees are established in Section 60-2E-7 NMSA 1978. The licensing fees are generally lower than the industry norm and, in the case of work permits, do not cover the actual cost of the background investigation. Many newer jurisdictions impose much larger initial gaming operator licensing fees used not only to cover the cost of the initial license background investigation costs but as start-up fees for a gaming operator entering into the industry. The state of Maryland, for example, charges an initial \$3 million licensing fee for every 500 gaming machines. The committee recommends the board also reevaluate the existing fee structures to more closely align with industry standards.

In May 2010 the board voted to revoke the gaming license for a planned racetrack casino in Raton. There was concern that the developer did not possess sufficient financial wherewithal to operate the casino. This raises a flag regarding the adequacy board's internal background investigation processes. The board should review its financial background investigation processes to preclude similar situations in the future.

The agency's contract costs are significant and comprise about 18 percent of the total agency budget request. The largest portion of these costs, \$741 thousand, can be attributed to the agency's central monitoring system maintenance. The committee recommends the agency renegotiate the terms of the contract to reflect the reality of decreasing revenues. The committee also recommends a similar approach with the agency's building rental costs, presently \$645 thousand a year.

The Government Restructuring Task Force (GRTF) has suggested the regulation of gaming and racing in by two agencies New Mexico is unnecessarily duplicative and the New Mexico Gaming Control Board and the New Mexico Racing Commission should be merged into one new regulatory agency. GRTF has prepared discussion draft legislation that would transfer responsibility for the regulation of horse racing, parimutuel wagering, simulcasting, interstate common pool wagering, licensing authority, and other administrative functions relating to horse racing to the Gaming Control Board. This bill would also transfer functions, appropriations, money, property, contractual obligations, and statutory references and amend, repeal, and enact sections of the New Mexico statutes. The two agencies currently share the same office space and combining administrative functions will increase efficiency and reduce organizational costs. The proposed legislation continues the provision for the three salaried board members, but the committee urges the agency to monitor board member workload, accountability, and potential conflicts of interest.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$181.3 thousand. The agency indicates it will absorb the reduction through the realignment of investigative and audit staff and contract renegotiation efforts.

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 that the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited revenue sharing as calculated by the gaming control board for the current calendar year	4%	7%	<10%	<10%	<10%
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%
* Outcome	Ratio of gaming revenue generated to general funds expended	29.7:1	30:1	28:1	28:1	28:1
Output	Percent of bingo and raffle licensees correctly meeting the reporting requirements	85%	97%	80%	75%	75%
Output	Number of citations issued to licensed gaming operators	8.1%	22%	50	50	50
Quality	Percent of work permit and work permit renewal licensees processed within seventy-two hours	82%	91%	85%	90%	90%
Output	Percent decrease in repeat violations by licensed gaming operators	88%	86%			

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,311.3	2,154.8	-69.9	2,084.9	2,209.2	1,878.2	-9.9
SOURCES TOTAL	2,311.3	2,154.8	-69.9	2,084.9	2,209.2	1,878.2	-9.9
USES							
Personal Services and Employee Benefits	1,175.1	1,217.1	-39.5	1,177.6	1,301.9	1,058.5	-10.1
Contractual Services	813.3	737.6	-23.9	713.7	713.7	713.7	0.0
Other	281.8	200.1	-6.5	193.6	193.6	106.0	-45.2
TOTAL USES	2,270.2	2,154.8	-69.9	2,084.9	2,209.2	1,878.2	-9.9
FTE							
Permanent	17.3	17.3	0.0	17.3	17.3	16.3	-5.8
Term	0.6	0.6	0.0	0.6	0.6	0.6	0.0
Temporary	1.8	1.8	0.0	1.8	1.8	1.8	0.0
TOTAL FTE POSITIONS	19.7	19.7	0.0	19.7	19.7	18.7	-5.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the State Racing Commission to reduce the FY10 operating budget from the general fund by \$115.7 thousand.

BUDGET ISSUES:

For FY12, the agency requested \$2.2 million from the general fund, a \$124.3 thousand increase over the adjusted FY11 general fund level. The agency requested no additional FTE or other expansion items.

The FY12 general fund recommendation of \$1.8 million represents a 9.9 percent reduction from the agency's adjusted FY11 general fund level. The agency currently supports both an agency director and a deputy agency director. Both are exempt positions. The recommendation includes the elimination of the exempt deputy director position and reduces the associated general fund level by \$111 thousand in salaries and benefits. The agency is co-located with the Gaming Control Board. The recommendation eliminates \$87.4 thousand in surplus building rental fees because annual building rental costs are included in the budget recommendation for the Gaming Control Board, the primary lessee. The reduction also includes lower amounts associated with General Services Department rate projections.

The gaming excise tax amount is equal to 26 percent of the net take, the amount less the actual cost to the licensee of any personal property distributed to a patron as the result of a legitimate wager. In addition to the gaming excise tax, a gaming operator is required to pay 20 percent of its net take to purses and spend no less than 0.25 percent of the net take of its gaming machines to fund or support programs for the treatment and assistance of compulsive gamblers.

Race meets in New Mexico are classified as either A or B licenses. A class A racetrack license is issued to a track that received from all race meets in the preceding calendar year a gross amount wagered of \$10 million or more. A class B track is one that received less than \$10 million. New racetracks are given a classification by the commission based on estimates of the anticipated gross amounts projected to be received from all parimutuel wagering in the racetrack licensee's first full calendar year of racing. After the racetrack licensee's first full calendar year of racing, the commission reviews the classification and changes it if necessary.

There are three different base taxes for horse racing: licensee commissions, daily tax and license fee, and the parimutuel tax. Each class A licensee shall charge a commission of 19 percent of the gross amount wagered on a win, place and show through the parimutuel system. Of this 19 percent tax, 18.75 percent is kept by the licensee and 0.25 percent is allocated to the general fund. Class B licensees are not required to allocate a share of the commissions to the general fund.

Licensee commission taxes are also collected on exotic wagers. Exotic wagers are any wage that is not win, place or show (exacta, trifecta, superfecta). Class A tracks can retain between 21 percent and 25 percent of the gross amount wagered in exotic wagers. A class B racetrack retains between 21 percent and 30 percent of the gross amount wagered in exotic wagers. Statute does not suggest tax collection for class B tracks on these exotic wagers. The New Mexico horse breeders' association also receives money from exotic wagers: 0.625 percent of the gross amount wagered on win, place and show as well as 1.375 percent of the gross amount wagered in exotic wagers. Tracks must notify the commission 30 days prior to each race meet of the amount of exotic wagers it will retain.

The daily tax is paid whenever the licensee offers parimutuel wagering on live on-track races. For a class A racetrack, the daily rate for each race day is \$650 and for class B racetracks the rate is 0.125 percent of the licensee's gross daily handle, up to a maximum of \$300 per racing day. The daily tax on simulcast races is 0.125 percent of the licensee's gross daily handle, up to a maximum of \$300 for each racing day (regardless of class). An additional daily license fee of \$500 per racing day applies to all licensees.

A parimutuel tax (i.e. capital improvement tax) is collected from racetracks offering parimutuel wagering on both live on-track horse races and simulcasts. A tax of 2.1875 percent is levied on the gross amount wagered each day and the tax is to be paid from the commissions of the licensee. The tax on both class A and B tracks when only simulcast parimutuel wagering is offered is 0.125 percent of the racetrack licensee's gross daily handle, not to exceed \$300 per race day. New Mexico racetracks have exemptions from the gross receipts tax. The receipts of horsemen, jockeys, and trainers from race purses are exempted from the gross receipts tax. The receipts of a racetrack from the commissions are also exempt.

The Government Restructuring Task Force (GRTF) has suggested the state has an unnecessary dual agency approach to gaming and racing in New Mexico, and the New Mexico Gaming Control Board and the New Mexico Racing Commission should be merged into one new regulatory agency. GRTF has prepared discussion draft legislation that would transfer responsibility for the regulation of horse racing, parimutuel wagering, simulcasting, interstate common pool wagering, licensing authority, and other administrative functions relating to horse racing to the Gaming Control Board. This bill would also transfer functions, appropriations, money, property, contractual obligations, and statutory references and amend, repeal, and enact sections of the New Mexico statutes. The two agencies currently share adjacent office space and combining administrative functions will increase efficiency and reduce organizational costs.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$69.9 thousand. Due to retirement savings, the agency indicates the reduction will have no significant impact on agency activities.

HORSE RACING REGULATION

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

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	.01%	.01%	.8%	.8%	.8%
* Output	Total amount collected from parimutuel revenues, in millions	\$.8	\$.9	\$.9	\$.9	\$.9
Efficiency	Average regulatory cost per live race day at each racetrack	\$4,300	\$4,490	\$4,300	\$5,000	\$5,000
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	2	0	1	1
Outcome	Percent of prior-year audit findings resolved	90%	95%	100%	100%	100%
Outcome	Timely collections of penalty fees 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.

MISSION:

The mission of the Board of Veterinary Medicine is to protect the public by promoting quality veterinary care through regulation of the practice of veterinary medicine. The board also serves as a resource in providing assistance and disseminating current information affecting the public, applicants, and licensees.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	275.7	268.5	0.0	268.5	275.7	275.7	2.7
Fund Balance	60.3	61.4	0.0	61.4	54.2	49.2	-19.9
SOURCES TOTAL	336.0	329.9	0.0	329.9	329.9	324.9	-1.5
USES							
Personal Services and Employee Benefits	149.4	149.4	0.0	149.4	151.3	149.6	0.1
Contractual Services	105.4	127.0	0.0	127.0	126.3	124.5	-2.0
Other	49.1	53.5	0.0	53.5	52.3	50.8	-5.0
TOTAL USES	303.9	329.9	0.0	329.9	329.9	324.9	-1.5
FTE							
Permanent	3.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	0.0	3.0	3.0	3.0	0.0

BUDGET ISSUES:

The FY12 projected fund balance is \$96.5 thousand, compared with an FY10 fund balance of \$214.8 thousand and a projected FY11 balance of \$150.7 thousand. The projected FY12 fund balance represents 29 percent of the FY11 operating budget. Although the board is taking a cautious approach to fee increases, future increases of all application, examination, and licensing fees is under consideration. This agency is subject to sunset review in 2010.

For FY12, the board requested a flat budget totaling \$329.9 thousand. The committee recommendation includes a 1.5 percent reduction from the FY11 operating budget with minor adjustments in contractual services and other costs.

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 to protect the public.

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Number of months to resolution of disciplinary matter	6	6	6	6	6
Outcome	Percent of facilities in full compliance	65%	95%	95%	95%	95%
* Output	Number of veterinarian licenses issued annually	29	1003	31	1,030	1,030
Output	Number of facility licenses issued annually	35	300	37	330	330
Output	Number of registered veterinary technicians licenses issued annually	61	141	70	160	160
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	3	5	5	7	7
Outcome	Attrition rate of all licensees annually	4%	5%	4%	5%	5%
Outcome	Percent of New Mexico-registered veterinary technicians employed in state	99%	93%	98%	98%	98%
Outcome	Percent of New Mexico-licensed veterinarians employed in the state	62%	57%	60%	60%	65%
Outcome	Percent of formal complaints resolved without disciplinary action	79%	85%	85%	88%	88%
Outcome	Percent of complaints resolved through adjudication	0%	2%	10%	8%	8%
Output	Number of facilities inspected annually	153	150	152	155	155
Outcome	Percent of inspected facilities requiring a plan of correction	34%	2%	25%	20%	15%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	10%	5%	5%	3%	3%

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 1978 (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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	99.2	93.7	-3.0	90.7	90.7	87.0	-4.1
Other Revenues	3,710.9	3,657.4	0.0	3,657.4	3,487.5	3,483.8	-4.7
SOURCES TOTAL	3,810.1	3,751.1	-3.0	3,748.1	3,578.2	3,570.8	-4.7
USES							
Personal Services and Employee Benefits	125.0	119.1	-1.8	117.3	124.7	117.3	0.0
Contractual Services	3,478.9	3,559.8	-0.2	3,559.6	3,387.2	3,387.2	-4.8
Other	27.5	72.2	-1.0	71.2	66.3	66.3	-6.9
TOTAL USES	3,631.4	3,751.1	-3.0	3,748.1	3,578.2	3,570.8	-4.7
FTE							
Permanent	2.9	2.9	0.0	2.9	2.1	2.1	-28.3
TOTAL FTE POSITIONS	2.9	2.9	0.0	2.9	2.1	2.1	-28.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Cumbres and Toltec Scenic Railroad Commission to reduce the FY10 operating budget from the general fund by \$5 thousand. The LFC FY11 recommendation was adjusted accordingly.

BUDGET ISSUES:

The 2010 season exceeded the target in ticket revenues by almost \$100 thousand, while ridership decreased primarily due to the economic downturn. Total ticket revenue for FY10 was \$3.4 million. Ridership declined from 44,802 in FY09 to 40,487 in FY10, a decrease of 4,315, or 10 percent. Revenue increased despite fewer riders because of premium class services offered, such as parlor car and tourist-class car. However, on June 23, 2010, a fire on the Lobato trestle occurred, and the resulting need for trestle replacement will severely impact FY11 performance results. The railroad projects both revenues and ridership will decline by 40 percent.

After the trestle is repaired, the railroad will continue to address its greatest need: refurbishing track and engines through the implementation of a five-year capital improvement plan. 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. New Mexico appropriated \$1 million in both 2008 and 2009 and \$400 thousand 2010 in support of this plan. 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 been eliminated. Once this rehabilitation program is completed, the railroad will move to a less expensive capital asset maintenance program.

Both the states of New Mexico and Colorado share the costs associated with the operation of the rail. While New Mexico has been consistent in its support of the operating and capital plans of the railroad, Colorado, due to budget shortfalls, has not always been able to meet its obligations. The railroad's combined and consolidated financial statements separate operating revenue and nonrecurring revenue. A full disclosure of nonrecurring revenue is important because both New Mexico's and Colorado's contributions to ongoing infrastructure maintenance are shown.

The loss of Lobato trestle greatly hampered train operations. The route was modified to bypass the trestle, but in the process a very scenic 13 miles of the trip, from Chama to Cumbres station, at the top of the pass, had to be eliminated. Rather, the railroad is bussing passengers to Cumbres station, where they board the train and continue on to Antonito, Colorado. This has also resulted in an economic hardship for the village of Chama.

Total estimated repair costs are \$1.91 million. The Cumbres and Toltec Scenic Railroad Commission had \$500 thousand initially available from insurance, Colorado American Recovery and Reinvestment Act (ARRA) funding, and donations. Of this amount, \$60 thousand has been spent on damage investigation and load rating, leaving an available balance of \$440 thousand. Adding to this amount, the New Mexico State Board of Finance authorized the uncommitted balance of \$250 thousand in 2010 capital track rehabilitation funds to be re-purposed to trestle repair. Similarly, the commission is requesting that Colorado ARRA funds amounting to \$300 thousand be redirected for the same purpose. This lowers needed repair costs to \$920 thousand in a best-case scenario.

The commission is aggressively pursuing the restoration of the Lobato trestle, with an engineering company under contract to prepare the plans. When the plans are ready, steel girder fabrication will be bid and a contract awarded. Girder fabrication is being done first because this phase is expected to take four months. The goal is that the railroad be up and running by the beginning of the 2011 season.

To ensure continued operation, the commission requested a \$717 thousand FY11 supplemental appropriation to cover lost revenue, which would normally pay for required work on locomotives, passenger cars, and other aspects of railroad operation to prepare for anticipated reopening of the entire route in 2011. An FY12 special appropriation request was also submitted in anticipation of contingencies, such as Colorado's inability to contribute to the project or other factors that might affect the opening season goal. Finally, a capital project request was submitted for \$1.39 million for trestle restoration. All requested amounts may be reduced if Colorado participates fully.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$3 thousand. Operating expenses were reduced to accommodate the change.

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2012, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use toward operating expenses of the railroad.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec Scenic Railroad is to provide railroad excursions through, into and over the scenic San Juan Mountains.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Total number of passengers	44,802	40,487	44,000	40,000	40,000
* Output	Revenue generated from ticket sales, in millions	\$3,227	\$3,418	\$3,459	\$3,280	\$3,280

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	148.7	136.7	-4.5	132.2	132.2	120.8	-8.6
SOURCES TOTAL	148.7	136.7	-4.5	132.2	132.2	120.8	-8.6
USES							
Personal Services and Employee Benefits	110.4	110.4	-3.6	106.8	106.8	105.0	-1.7
Contractual Services	10.0	7.8	-0.3	7.5	7.5	0.0	-100.0
Other	28.3	18.5	-0.6	17.9	17.9	15.8	-11.7
TOTAL USES	148.7	136.7	-4.5	132.2	132.2	120.8	-8.6
FTE							
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	0.0	1.0	1.0	1.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of Military Base Planning and Support to reduce the FY10 operating budget from the general fund by \$11.3 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces the contractual services category.

BUDGET ISSUES:

The department is supported by 1 FTE and relies on the Economic Development Department (EDD) and Keystone International, a contractor, for administrative support. A portion of the budget supports a 17-member Military Base Planning Commission.

The recommendation eliminates the budget for contractual administrative support and reduces the budget for commission expenditures.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$4.5 thousand. The department is recommending the number of commission meetings be reduced to two or three times per year, instead of four times per year.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Outcome	Number of military units impacted by the activities of the commission and the office	9	10	10	5	10
Outcome	Number of community support organizations benefiting from the activities of the commission and the office	5	5	5	5	8
Output	Number of communities assisted by the office of military base planning and support	5	8	5	5	8

STATUTORY AUTHORITY:

The Spaceport Authority was created pursuant to the Spaceport Development Act, Section 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,245.5	1,167.3	-37.9	1,129.4	1,129.4	835.0	-26.1
Other Revenues	0.0	0.0	0.0	0.0	0.0	80.0	
Fund Balance	20.1	0.0	0.0	0.0	0.0	20.0	
SOURCES TOTAL	1,265.6	1,167.3	-37.9	1,129.4	1,129.4	935.0	-17.2
USES							
Personal Services and Employee Benefits	697.6	789.8	-25.6	764.2	764.2	675.8	-11.6
Contractual Services	176.8	187.7	-6.1	181.6	181.6	119.4	-34.3
Other	210.7	189.8	-6.2	183.6	183.6	139.8	-23.9
TOTAL USES	1,085.1	1,167.3	-37.9	1,129.4	1,129.4	935.0	-17.2
FTE							
Permanent	9.0	9.0	0.0	9.0	9.0	7.0	-22.2
TOTAL FTE POSITIONS	9.0	9.0	0.0	9.0	9.0	7.0	-22.2

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Spaceport Authority to reduce the FY10 operating budget from the general fund by \$62.3 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures as follows: \$12.3 thousand in the contractual services category and \$50 thousand in the other cost category.

BUDGET ISSUES:

The Spaceport Authority reports that, as of September, several of the phase one construction projects are progressing toward completion. The construction of the wastewater system is complete, the 10,000-foot runway is 92 percent complete, the apron surrounding the terminal hangar facility (THF) is 90 percent complete, and the fuel storage facility is 96 percent complete. With a ceremony in late October, the Spaceport Authority was to celebrate the completion of the runway with a dedication ceremony. The department is proceeding with planning for phase two infrastructure construction projects, which includes improvements to the vertical launch area, visitor or welcome facilities, on-site roads, and southern access road improvements. Although construction of the spaceport facility is progressing rapidly, the base budget request does not reflect the transition to an operational phase. Many more milestones will have to be met before commercial operations begin earnestly.

The main operations building, also referred to as the THF, is 30 percent complete and is expected to be ready for Virgin Galactic to begin tenant-specific build-out by the end of FY11. Following the leasehold improvements Virgin Galactic will fly several months of test flights before commercial operations begin toward the end of FY12. It is anticipated that Virgin may start paying rent in the final quarter of FY12 and other commercial enterprises may use the vertical launch facilities more frequently than before. The committee recommendation offsets a portion of general fund revenues with enterprise revenues comprising lease payments and vertical launch fees. In addition, the statutory authority authorizes the department to keep all money received from public and private sources in a nonreverting fund. The recommendation includes \$20 thousand of fund balance carried over from FY10 to help offset the reduced level of funding from the general fund. In addition, the recommendation anticipates the department will move its administrative offices to the THF sometime during the second half of FY12; therefore, the recommendation includes a reduced funding level for leased office space.

As the department transitions to an operational phase, there will be a diminishing need for an on-site general counsel FTE and contracted specialized legal expertise. The recommendation eliminates the funding for the general counsel position and reduces the authorized FTE by 1.

During the 2009 legislative session, the committee authorized \$130 thousand for the salary and benefits of a technical director. The director position was authorized with a high salary to attract a director with specialized aerospace industry technical abilities; however, the department recently hired a director with no aerospace experience and exceeded the authorized funding level by \$50 thousand. The committee notes the department reclassified a position to create a deputy director position; however, there are few departments with only 9 FTE that include a director and deputy director. The recommendation eliminates the funding for the deputy director position and reduces the authorized FTE accordingly.

The department requested funding for a public relations contract; however, the Legislature already provides a significant level of funding for public relations in the Tourism Department budget. The recommendation eliminates funding for a separate public relations contract in the Spaceport Authority budget but encourages the department to work with the Tourism Department when public relations support is required.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$37.9 thousand, or 3.2 percent. The department plans to rearrange the budget so the 3.2 percent reduction is applied to travel, office supplies, and postage.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Annual aerospace jobs created due to spaceport authority efforts	170	150	200	200	200
Efficiency	Number of key project milestones completed within established timeframes	11	10	11	11	11
Output	Number of visitors to the x-prize cup	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 18-11-1 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	33,622.5	30,340.3	-984.5	29,355.8	29,507.1	27,838.5	-5.2
Other Transfers	730.1	1,763.1	0.0	1,763.1	1,735.0	1,735.0	-1.6
Federal Revenues	2,866.1	3,379.6	0.0	3,379.6	3,284.2	3,284.2	-2.8
Other Revenues	5,297.8	5,372.5	0.0	5,372.5	4,821.9	4,821.9	-10.2
Fund Balance	23.1	1,009.9	0.0	1,009.9	1,515.0	1,515.0	50.0
SOURCES TOTAL	42,539.6	41,865.4	-984.5	40,880.9	40,863.2	39,194.6	-4.1
USES							
Personal Services and Employee Benefits	27,914.7	28,901.4	-709.6	28,191.8	29,501.3	28,040.2	-0.5
Contractual Services	3,917.7	4,678.6	-90.5	4,588.1	3,226.8	3,186.6	-30.5
Other	7,557.2	8,285.4	-184.4	8,101.0	8,135.1	7,967.8	-1.6
TOTAL USES	39,389.6	41,865.4	-984.5	40,880.9	40,863.2	39,194.6	-4.1
FTE							
Permanent	471.2	446.2	0.0	446.2	446.2	422.2	-5.4
Term	102.8	86.0	0.0	86.0	86.0	86.0	0.0
Temporary	8.0	8.0	0.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	582.0	540.2	0.0	540.2	540.2	516.2	-4.4

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Cultural Affairs Department to reduce the FY10 operating budget from the general fund by \$1.7 million.

BUDGET ISSUES:

The department's FY12 overall general fund request was \$29.5 million, an increase of \$151.3 thousand over the FY11 adjusted operating budget. The committee recommends a base general fund decrease from the department FY11 operating budget of \$1.5 million, or 5.2 percent.

The department requested \$132.6 thousand for operational costs at the Los Luceros property near Espanola. In 2009, the Legislature appropriated \$150 thousand for operational costs and \$100 thousand as a special appropriation for the development of a master plan. In October 2010, the department received \$1.75 million from the America Recovery and Reinvestment Act of 2009 through the governor's discretionary fund to improve the property consistent with the master plan and use it as a film education facility. The committee acknowledges the uniqueness and importance of the property to the heritage of New Mexico and recommends the request for \$132.6 thousand at this time to ensure proper maintenance of the facilities. However, the committee also recommends that the department immediately establish viable mechanisms for the property to sustain itself fully in the future through economic activities.

The recommendation eliminates 24 FTE the State Personnel Office indicates have been vacant since prior to the implementation of the hiring freeze in December 2008. In the current fiscal environment, these positions are unlikely to be filled. The eliminated positions are as follows: Monuments and Museums (22); Program Support (1), and; Arts (1).

The department made significant and sometimes difficult reductions in contract requests for each program for FY12. These adjustments are consistent with the economic conditions facing the state. The committee recommends an additional reduction of 5 percent in the Arts Program in arts services grants, the distribution of Arts Trails brochures, and updates to Arts Trails publications. Sufficient general funds are retained to ensure federal matching requirements for the National Endowment of the Arts.

Attendance data for museums and monuments in the state have remained relatively steady over the last several fiscal years, but specific attendance data for FY08 provided by the department indicate significant variations in attendance at specific locations depending on day and month of the year. Because additional revenue for either personnel or operations is unlikely, the department should consider plans specifically designed to realign its current operating schedules based on attendance. In accordance with operational needs required to preserve and protect collections, buildings, and sites, seasonal closures for monuments and full- or half-day closures for museums should be considered. Personnel should be shifted as needed to resolve problems of understaffing in some of the facilities.

Given the current economic conditions in the state, increased attention should be focused on the revenue obtained by the Museums and Monuments Program from the Museum of New Mexico Foundation and the capacity of Museums and Monuments to obtain additional funding from external sources to ensure the effective and efficient operation of its facilities across the state.

The department undesignated unreserved operating fund balance projection in FY10 was \$3.8 million and in FY11 it was \$1.5 million, a change of 60 percent. The projection for the fund balance for June 30, 2012, is \$800 thousand. The majority of this operating fund will be used for personnel expenses.

According to the most recent table of organizational listing report provided by the State Personnel Office, the department has 20 authorized exempt positions, and 19 of those positions are filled. This stands in contrast to 26 authorized exempt positions at the time of the hiring freeze in December 2008.

The audit completed by the New Mexico Office of the State Auditor for the year ending June 30, 2009, found significant deficiencies in a number of financial control areas at the department. The department should make every effort to remedy these deficiencies to ensure its financial integrity and reinforce the public trust.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$984.5 thousand. The reduction was distributed equally across all programs at the department, but the primary impact was on personnel.

RECOMMENDED LANGUAGE:

Any unexpended balances in the cultural affairs department remaining at the end of fiscal year 2012 from appropriations made from the general fund shall not revert.

The internal service funds/interagency transfers appropriations to the preservation program of the cultural affairs department includes one million (\$1,000,000) from the department of transportation for archaeological studies related to highway projects.

BASE EXPANSION:

The Department of Cultural Affairs requested and LFC recommends \$151.3 thousand for FY12 for building operations at the New Mexico Archaeology Center, which includes security, utilities, and maintenance costs. The building is scheduled to open in January 2011.

BASE EXPANSION LISTING FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
	<u>NM Archaeology Ctr Operations FY12</u>	<u>(P536)</u>	<u>151.3</u>	<u>151.3</u>
TOTAL			151.3	151.3

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	22,343.2	19,950.7	-647.4	19,303.3	20,417.8	19,145.5	-0.8
Other Transfers	117.0	205.0	0.0	205.0	205.0	205.0	0.0
Federal Revenues	306.4	91.9	0.0	91.9	91.9	91.9	0.0
Other Revenues	3,238.1	3,645.1	0.0	3,645.1	3,090.7	3,090.7	-15.2
Fund Balance	0.0	725.0	0.0	725.0	1,240.0	1,240.0	71.0
SOURCES TOTAL	26,004.7	24,617.7	-647.4	23,970.3	25,045.4	23,773.1	-0.8
USES							
Personal Services and Employee Benefits	17,595.3	17,827.9	-495.9	17,332.0	18,514.5	17,376.2	0.3
Contractual Services	1,114.1	1,244.2	-16.8	1,227.4	1,082.3	1,069.3	-12.9
Other	5,391.4	5,545.6	-134.7	5,410.9	5,448.6	5,327.6	-1.5
TOTAL USES	24,100.8	24,617.7	-647.4	23,970.3	25,045.4	23,773.1	-0.8
FTE							
Permanent	335.0	322.0	0.0	322.0	322.0	300.0	-6.8
Term	46.8	39.0	0.0	39.0	39.0	39.0	0.0
TOTAL FTE POSITIONS	381.8	361.0	0.0	361.0	361.0	339.0	-6.1

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs	843,475	827,281	845,000	830,000	830,000
* Output	Number of participants to off-site educational, outreach and special events related to museum missions	191,730	94,638	185,000	80,000	80,000
* Output	Number of participants at on-site educational, outreach and special events related to museum missions	317,437	323,054	320,000	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)

	FY10 2009-2010		FY11 - 2010-2011			FY12 - 2011-2012	%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	919.8	843.2	-27.4	815.8	815.8	797.5	-2.2
Other Transfers	613.1	1,558.1	0.0	1,558.1	1,530.0	1,530.0	-1.8
Federal Revenues	890.3	952.6	0.0	952.6	1,200.0	1,200.0	26.0
Other Revenues	1,899.9	1,624.8	0.0	1,624.8	1,628.6	1,628.6	0.2
Fund Balance	23.1	49.2	0.0	49.2	0.0	0.0	-100.0
SOURCES TOTAL	4,346.2	5,027.9	-27.4	5,000.5	5,174.4	5,156.1	3.1
USES							
Personal Services and Employee Benefits	3,364.2	4,236.3	-23.6	4,212.7	3,935.8	3,935.8	-6.6
Contractual Services	206.9	269.7	-0.4	269.3	518.6	518.6	92.6
Other	400.8	521.9	-3.4	518.5	720.0	701.7	35.3
TOTAL USES	3,971.9	5,027.9	-27.4	5,000.5	5,174.4	5,156.1	3.1
FTE							
Permanent	35.0	31.0	0.0	31.0	31.0	31.0	0.0
Term	37.5	29.5	0.0	29.5	29.5	29.5	0.0
Temporary	6.0	6.0	0.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	78.5	66.5	0.0	66.5	66.5	66.5	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Number of participants in educational, outreach and special events related to preservation mission	19,063	13,422	15,000	10,000	10,000
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	81%	100%	60%	60%	60%
* Output	Annually completed number of historic structures preserved, using preservation tax credits	48	41	48	41	41
* Output	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$23.2	\$34.9	\$5.0	\$5.0	\$5.

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,341.1	3,942.2	-127.9	3,814.3	3,195.2	3,195.2	-16.2
Federal Revenues	997.7	1,782.0	0.0	1,782.0	1,439.2	1,439.2	-19.2
Other Revenues	33.1	35.0	0.0	35.0	35.0	35.0	0.0
Fund Balance	0.0	46.8	0.0	46.8	95.5	95.5	104.1
SOURCES TOTAL	5,371.9	5,806.0	-127.9	5,678.1	4,764.9	4,764.9	-16.1
USES							
Personal Services and Employee Benefits	2,684.2	2,776.4	-66.7	2,709.7	2,767.6	2,767.6	2.1
Contractual Services	931.4	1,218.3	-24.2	1,194.1	428.1	428.1	-64.1
Other	1,354.3	1,811.3	-37.0	1,774.3	1,569.2	1,569.2	-11.6
TOTAL USES	4,969.9	5,806.0	-127.9	5,678.1	4,764.9	4,764.9	-16.1
FTE							
Permanent	42.0	39.0	0.0	39.0	39.0	39.0	0.0
Term	14.0	13.0	0.0	13.0	13.0	13.0	0.0
TOTAL FTE POSITIONS	56.0	52.0	0.0	52.0	52.0	52.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	87%	89%	85%	88%	88%
* 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	1,018,29	940,633	900,000	900,000	900,000
* Output	Number of participants in educational, outreach and special events related to library mission	21,922	19,803	19,500	18,500	18,500

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,958.2	1,838.4	-59.6	1,778.8	1,568.1	1,502.7	-15.5
Federal Revenues	671.7	553.1	0.0	553.1	553.1	553.1	0.0
Fund Balance	0.0	0.0	0.0	0.0	55.2	55.2	
SOURCES TOTAL	2,629.9	2,391.5	-59.6	2,331.9	2,176.4	2,111.0	-9.5
USES							
Personal Services and Employee Benefits	987.7	1,000.0	-27.7	972.3	1,027.5	995.5	2.4
Contractual Services	1,365.2	1,262.5	-27.8	1,234.7	1,024.0	999.6	-19.0
Other	162.5	129.0	-4.1	124.9	124.9	115.9	-7.2
TOTAL USES	2,515.4	2,391.5	-59.6	2,331.9	2,176.4	2,111.0	-9.5
FTE							
Permanent	11.5	11.5	0.0	11.5	11.5	10.5	-8.7
Term	4.5	4.5	0.0	4.5	4.5	4.5	0.0
TOTAL FTE POSITIONS	16.0	16.0	0.0	16.0	16.0	15.0	-6.3

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of arts trails brochures marketing cultural tourism loops distributed statewide		170,000			
Output	Number of professional organizations supported throughout New Mexico for arts activities	173	164			
* Output	Number of clients provided professional development training in arts industry	4,179	5,753	3,450	3,450	3,450
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	44%	39%	35%	35%	35%
* Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,306,9	1,233,604	1,000,000	1,200,000	1,200,000
* Output	Number of musicians, music groups and businesses supporting the music industry that have registered on nmusic.org website	1,430	1,610	1,250	1,250	1,250
* Output	Number of participants in educational and outreach programs and workshops, including participants from rural areas	4,377	9,847	3,000	3,000	3,000
Output	Number of individuals or businesses provided training in establishing and marketing arts-based cottage industries	624	1,321			

PROGRAM SUPPORT

The purpose of the program support program is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	4,060.2	3,765.8	-122.2	3,643.6	3,510.2	3,197.6	-12.2
Other Revenues	126.7	67.6	0.0	67.6	67.6	67.6	0.0
Fund Balance	0.0	188.9	0.0	188.9	124.3	124.3	-34.2
SOURCES TOTAL	4,186.9	4,022.3	-122.2	3,900.1	3,702.1	3,389.5	-13.1
USES							
Personal Services and Employee Benefits	3,283.3	3,060.8	-95.7	2,965.1	3,255.9	2,965.1	0.0
Contractual Services	300.1	683.9	-21.3	662.6	173.8	171.0	-74.2
Other	248.2	277.6	-5.2	272.4	272.4	253.4	-7.0
TOTAL USES	3,831.6	4,022.3	-122.2	3,900.1	3,702.1	3,389.5	-13.1
FTE							
Permanent	47.7	42.7	0.0	42.7	42.7	41.7	-2.3
Temporary	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	49.7	44.7	0.0	44.7	44.7	43.7	-2.2

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of performance targets in the General Appropriation Act met	83%	55%	80%	70%	80%
* Output	Percent of department supervisory and managerial staff who complete targeted professional development training		95%	5%	50%	50%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		45	23	45	45
Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues	-25%				

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 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 and to help control the spread of dangerous diseases of livestock.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,171.4	662.1	-21.5	640.6	640.6	370.2	-42.2
Other Revenues	4,396.4	4,012.0	0.0	4,012.0	4,716.9	4,708.0	17.3
Fund Balance	178.0	1,089.2	0.0	1,089.2	600.0	600.0	-44.9
SOURCES TOTAL	5,745.8	5,763.3	-21.5	5,741.8	5,957.5	5,678.2	-1.1
USES							
Personal Services and Employee Benefits	4,477.8	4,607.6	-21.5	4,586.1	4,672.6	4,402.1	-4.0
Contractual Services	298.2	189.1	0.0	189.1	187.2	187.2	-1.0
Other	892.4	966.6	0.0	966.6	1,097.7	1,088.9	12.7
TOTAL USES	5,668.4	5,763.3	-21.5	5,741.8	5,957.5	5,678.2	-1.1
FTE							
Permanent	75.0	75.0	0.0	75.0	75.0	75.0	0.0
TOTAL FTE POSITIONS	75.0	75.0	0.0	75.0	75.0	75.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Livestock Board to reduce the FY10 operating budget from the general fund by \$58.7 thousand.

BUDGET ISSUES:

For FY12, the overall Livestock Board request was \$5.95 million, up \$216 thousand relative to the FY11 adjusted operating budget of \$5.74 million. This included a flat request from the general fund of \$640.6 thousand but an increase of \$705 thousand from other revenues and a decrease of \$490 thousand of fund balance. The agency did not request an expansion. The request did not include any vacancy savings.

The LFC recommendation totals \$5.7 million that includes \$370.2 thousand from the general fund, a decrease of 42.2 percent. However, the entire recommendation, including all revenue sources, is only 1.1 percent lower than the FY11 adjusted amount of \$5.7 million. The reduction from the general fund is a result of applying a 6 percent vacancy rate, closer to the historical rate of approximately 9 percent than the zero vacancy rate reflected in the request. Because the agency applies the general fund to the personal services and employee benefits category, the 6 percent vacancy rate resulted in the \$270.4 thousand reduction in the recommendation from the general fund.

The key to the continued financial stability of the agency is its ability to maintain or increase fees associated with its services. For FY12, the board has increased the tri-annual brand re-record fee from \$75 to \$100, instituted a new horse transportation permit, and investigated efficiencies and opportunities for optimum and accurate assessments and revenues from the livestock mill levy. Also, the FY12 other revenue category anticipates livestock fees increasing due to stronger markets and better moisture conditions, which may result in ranchers rebuilding herds. Another area to potentially investigate is the disparity between the mill levy for dairy and beef cattle. These various fees gain even greater importance when the spending from fund balance is examined. With the reduction in the appropriation from the general fund, the use of fund balance has allowed a fairly stable budget situation. However, after expenditure of the FY12 recommendation of \$600 thousand, very little fund balance will be available for FY13. This enhances the need for both an effective and efficient fee collection strategy and program operation. If appropriations from the general fund are not available in future years, the agency will become critically dependent on collection of other revenue. This will require excellent service to the livestock industry and a balanced, fair fee structure.

The recommendation does support the agency request to purchase an estimated seven vehicles. The seven vehicles in question all have over 150,000 miles and will tack on another 25,000 to 30,000 annually before replacement. The vehicles are used by inspectors primarily in rural areas over rough, undeveloped roads. Vehicles must be upgraded as required to maintain a safe and dependable fleet.

New Mexico is in its second year of an agreement with the US Department of Agriculture to maintain Curry and Roosevelt counties in a bovine tuberculosis zone and continued surveillance is necessary to release the zone by 2011. Bovine trichomoniasis has caused over 65 herd quarantines across the state. These as well as equine diseases demand constant Livestock Board time and attention to provide a safe environment for the \$2.5 billion New Mexico livestock industry.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$21.5 thousand. The agency reports the reduction will be managed by higher vacancy rates.

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)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	<u>Adjusted Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	<u>LFC Recom- mendation</u>	% Incr (Decr)
SOURCES							
General Fund Transfers	1,025.0	579.2	-18.8	560.4	560.4	309.9	-44.7
Other Revenues	4,092.7	4,012.0	0.0	4,012.0	4,606.9	4,598.0	14.6
Fund Balance	0.0	414.5	0.0	414.5	0.0	0.0	-100.0
SOURCES TOTAL	5,117.7	5,005.7	-18.8	4,986.9	5,167.3	4,907.9	-1.6
USES							
Personal Services and Employee Benefits	3,964.7	3,993.4	-18.8	3,974.6	4,051.4	3,800.8	-4.4
Contractual Services	264.3	151.7	0.0	151.7	126.7	126.7	-16.5
Other	830.0	860.6	0.0	860.6	989.2	980.4	13.9
TOTAL USES	5,059.0	5,005.7	-18.8	4,986.9	5,167.3	4,907.9	-1.6
FTE							
Permanent	67.0	67.0	0.0	67.0	67.0	67.0	0.0
TOTAL FTE POSITIONS	67.0	67.0	0.0	67.0	67.0	67.0	0.0

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Efficiency	Average percentage of investigation findings completed within one month	65%	82%	60%	60%	60%
* Output	Number of road stops per month	68	56	75	75	75
* Outcome	Number of livestock thefts reported per one thousand head inspected	.1	.32	1.0	1.0	1.0
* Outcome	Number of disease cases per one thousand head inspected		.15	.05	.15	.15
Outcome	Percent of retail meat dealers holding valid licenses		46%	55%	50%	50%
Output	Number of on-site verifications of animal health, disease control and movement		3,065	3,000	3,000	3,000

ADMINISTRATION

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	146.4	82.9	-2.7	80.2	80.2	60.3	-24.8
Other Revenues	303.7	0.0	0.0	0.0	110.0	110.0	
Fund Balance	178.0	674.7	0.0	674.7	600.0	600.0	-11.1
SOURCES TOTAL	628.1	757.6	-2.7	754.9	790.2	770.3	2.0
USES							
Personal Services and Employee Benefits	513.1	614.2	-2.7	611.5	621.2	601.3	-1.7
Contractual Services	33.9	37.4	0.0	37.4	60.5	60.5	61.8
Other	62.4	106.0	0.0	106.0	108.5	108.5	2.4
TOTAL USES	609.4	757.6	-2.7	754.9	790.2	770.3	2.0
FTE							
Permanent	8.0	8.0	0.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Output	Number of payment vouchers processed	3,038	3,168	3,000	3,000	3,000
Outcome	Percent of vouchers processed within 10 business days	90%	90%	90%	90%	90%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		120	5	120	120

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 agency wide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for administration of the department.

MISSION:

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
Other Transfers	360.0	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	10,942.5	11,293.7	0.0	11,293.7	9,073.7	9,015.3	-20.2
Other Revenues	23,423.5	25,093.9	0.0	25,093.9	26,091.3	24,702.3	-1.6
Fund Balance	1,930.4	2,081.3	0.0	2,081.3	3,812.9	3,239.4	55.6
SOURCES TOTAL	36,656.4	38,468.9	0.0	38,468.9	38,977.9	36,957.0	-3.9
USES							
Personal Services and Employee Benefits	17,719.4	20,621.1	0.0	20,621.1	20,891.7	19,130.5	-7.2
Contractual Services	2,913.7	4,081.0	0.0	4,081.0	4,042.4	3,932.4	-3.6
Other	10,660.2	13,268.5	0.0	13,268.5	13,545.5	13,396.8	1.0
Other Financing Uses	497.3	497.3	0.0	497.3	497.3	497.3	0.0
TOTAL USES	31,790.6	38,467.9	0.0	38,467.9	38,976.9	36,957.0	-3.9
FTE							
Permanent	296.0	293.0	0.0	293.0	296.0	293.0	0.0
Term	10.0	10.0	0.0	10.0	10.0	10.0	0.0
Temporary	2.0	2.0	0.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	308.0	305.0	0.0	305.0	309.0	305.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

As a non-general fund agency, Executive Order 2009-044 required the Department of Game and Fish to develop an expenditure restriction proposal.

BUDGET ISSUES:

For FY12, DGF's overall base request of \$38.5 million represents no increase over the FY11 operating budget. In addition, the agency requested an expansion of \$509 thousand and 4 FTE, increasing the totals to \$39 million and 309 FTE. The agency receives no support from the general fund; revenue is generated from fees, penalties, income from department-owned property, and federal revenues.

The game protection fund is the department's operating fund and 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 FY12 unreserved/undesignated fund balance is \$16.9 million. The hunting and fishing license sales total approximately \$19.7 million annually and are budgeted in the various programs.

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 FY12 unreserved/undesignated fund balance is \$765 thousand. The fund has an estimated annual revenue of approximately \$140 thousand and \$4.2 thousand is included in the FY12 recommendation.

The Sikes Act fund is a nonreverting federal 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 FY12 unreserved/undesignated fund balance is \$1.3 million. Game and Fish estimates annual revenue at \$912 thousand through FY14 and \$851 thousand is included in the FY12 recommendation.

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 FY12 unreserved/undesignated fund balance is \$1.5 million. The annual revenue is estimated as \$748 thousand through FY14 and \$557 thousand is included in the FY12 recommendation.

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 FY11 unreserved/undesignated fund balance is \$264.9 thousand. The annual fund revenue is estimated as \$426 thousand through FY14 and \$405 thousand is included in the FY12 recommendation.

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 FY12 unreserved/undesignated fund balance is \$2 million. The annual revenue is estimated as at least \$500 thousand through FY14 and \$708 thousand is included in the FY12 recommendation.

The trail safety fund is supported by fees associated with off-highway motor vehicles (OHVs) regulations designed to protect the safety of all OHV users and ensure responsible and sensitive OHV use. The law requires all OHV users to register or acquire a permit for their OHV if it is used on public land. During the 2009 legislative session, Chapter 53 (Senate Bill 379) transferred this program, including a fund balance of \$1.2 million and 2 FTE, to DGF from the Tourism Department. The projected FY12 unreserved/undesignated fund balance is \$1.2 million. The agency estimates annual revenue of approximately \$700 thousand for this fund and \$460 thousand is included in the FY12 recommendation.

For the past three years the Sport Hunting and Fishing Program, Conservation Services Program and Administration Program have had vacancy rates near 14 percent. The FY12 LFC recommendation includes a vacancy rate of approximately 7 percent for each, which will allow an increase in employees from the current level. The agency has been included in the hiring freeze even though it has no general fund appropriation so the vacancy rate will remain high unless Game and Fish is exempted from the restriction.

The committee recommendation of \$37 million for the agency represents a 3.9 percent reduction from the FY11 operating budget. However, for FY10 and FY11 the actual agency expenditures were approximately \$32 million, far below the \$37 million committee recommendation.

For FY12, the agency's capital request was \$4.7 million primarily for the Lake Roberts dam and spillway, and replacement of a water pipeline at the Red River hatchery. Further, the balance of the agency's bond interest and retirement fund, currently approximately \$1.8 million, should be applied to capital projects that benefit DGF licensees.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

Game and Fish is a non-general fund agency so the 2010 General Appropriation Act did not require the agency to reduce the FY11 operating budget.

BASE EXPANSION:

The agency request included an expansion of a total of 4 FTE, two for the Off Highway Vehicle Program and two to defend against the non-native invasive species invasion. Both programs are areas of citizen and legislative interest, however, expansion of FTE during a period of such low revenue cannot be recommended, even for a non-general fund agency. However, as stated previously, the vacancy rate for the Sport Hunting and Fishing Program has been approximately 14 percent for the past three years. For FY12 a vacancy rate of 7 percent is included in the recommendation, potentially leaving funds available for an internal reallocation of resources to focus on these issues.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	OHV Educational Coordinator	(P716)	103.0	0.0
2	OHV Law Enforcement Coordinator	(P716)	193.0	0.0
3	Aquatic Invasive Species	(P716)	213.0	0.0
TOTAL			509.0	0.0

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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Other Transfers	360.0	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	7,996.6	8,066.0	0.0	8,066.0	6,341.6	5,916.0	-26.7
Other Revenues	11,805.6	12,497.6	0.0	12,497.6	12,790.1	11,823.2	-5.4
Fund Balance	677.2	757.6	0.0	757.6	2,743.6	2,690.4	255.1
SOURCES TOTAL	20,839.4	21,321.2	0.0	21,321.2	21,875.3	20,429.6	-4.2
USES							
Personal Services and Employee Benefits	11,510.7	13,336.8	0.0	13,336.8	13,607.4	12,400.1	-7.0
Contractual Services	1,121.2	1,390.7	0.0	1,390.7	1,373.1	1,263.1	-9.2
Other	5,089.2	6,095.4	0.0	6,095.4	6,396.5	6,269.1	2.8
Other Financing Uses	497.3	497.3	0.0	497.3	497.3	497.3	0.0
TOTAL USES	18,218.4	21,320.2	0.0	21,320.2	21,874.3	20,429.6	-4.2
FTE							
Permanent	197.0	197.0	0.0	197.0	200.0	197.0	0.0
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
Temporary	1.5	1.5	0.0	1.5	2.5	1.5	0.0
TOTAL FTE POSITIONS	200.5	200.5	0.0	200.5	204.5	200.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Angler opportunity and success	82%				
* Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	166,312	166,312	165,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	83%	87.4%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	423,501	485,375	455,000	455,000	455,000
Output	Number of mentored or youth hunting opportunities	5,062	4,972	2,000	2,000	2,000
Output	Acres of private land enrolled in access programs, open gate	120,000				
Outcome	Percent of anglers satisfied with opportunity and success	82%	85%	80%	80%	80%
* Output	Acres of accessible sportsperson opportunity through the open gate program	120,000	163,000	60,000	60,000	60,000

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)

	<u>FY10</u> <u>2009-2010</u>		<u>FY11 - 2010-2011</u>		<u>FY12 - 2011-2012</u>		<u>%</u>
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u>	<u>Adjusted</u>	<u>Agency</u>	<u>LFC Recom-</u>	<u>Incr</u>
			<u>Reduction</u>	<u>Budget</u>	<u>Request</u>	<u>mentation</u>	<u>(Decr)</u>
SOURCES							
Federal Revenues	2,645.9	2,922.2	0.0	2,922.2	2,611.1	2,978.3	1.9
Other Revenues	4,152.5	4,535.2	0.0	4,535.2	4,677.3	4,625.5	2.0
Fund Balance	608.2	351.3	0.0	351.3	520.3	0.0	-100.0
SOURCES TOTAL	7,406.6	7,808.7	0.0	7,808.7	7,808.7	7,603.8	-2.6
USES							
Personal Services and Employee Benefits	2,224.1	2,615.7	0.0	2,615.7	2,615.7	2,410.9	-7.8
Contractual Services	1,397.8	1,863.9	0.0	1,863.9	1,865.4	1,865.4	0.1
Other	3,132.6	3,329.1	0.0	3,329.1	3,327.6	3,327.5	0.0
TOTAL USES	6,754.5	7,808.7	0.0	7,808.7	7,808.7	7,603.8	-2.6
FTE							
Permanent	33.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	8.0	8.0	0.0	8.0	8.0	8.0	0.0
Temporary	0.5	0.5	0.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	41.5	40.5	0.0	40.5	40.5	40.5	0.0

PERFORMANCE MEASURES

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	82				
* Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	76,861	106,138	65,000	100,000	100,000
Output	Number of recreational days of access provided by the gaining access into nature project	13,501	10,000	10,000	10,000	10,000
* Output	Number of state threatened and endangered species studied and conserved through recovery planning and the comprehensive wildlife conservation strategy for New Mexico	82	46	35	35	35

WILDLIFE DEPREDATION 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)

	<u>FY10</u> <u>2009-2010</u>		<u>FY11 - 2010-2011</u>		<u>FY12 - 2011-2012</u>		<u>%</u>
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u>	<u>Adjusted</u>	<u>Agency</u>	<u>LFC Recom-</u>	<u>Incr</u>
			<u>Reduction</u>	<u>Budget</u>	<u>Request</u>	<u>mentation</u>	<u>(Decr)</u>
SOURCES							
Other Revenues	1,041.5	944.8	0.0	944.8	936.9	936.9	-0.8
Fund Balance	145.0	111.0	0.0	111.0	118.9	118.9	7.1
SOURCES TOTAL	1,186.5	1,055.8	0.0	1,055.8	1,055.8	1,055.8	0.0
USES							
Personal Services and Employee Benefits	191.9	285.8	0.0	285.8	285.8	285.8	0.0
Contractual Services	9.4	130.7	0.0	130.7	130.7	130.7	0.0
Other	497.7	639.3	0.0	639.3	639.3	639.3	0.0
TOTAL USES	699.0	1,055.8	0.0	1,055.8	1,055.8	1,055.8	0.0
FTE							
Permanent	5.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	5.0	4.0	0.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	75%	83%	95%	95%	95%
* Output	Number of educational publications distributed with a message about minimizing potentially dangerous encounters with wildlife		1,400,000	250,000	250,000	250,000
Output	Number of wildlife complaints responded to	271	568	100	100	100

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Federal Revenues	300.0	305.5	0.0	305.5	121.0	121.0	-60.4
Other Revenues	6,423.9	7,116.3	0.0	7,116.3	7,687.0	7,316.7	2.8
Fund Balance	500.0	861.4	0.0	861.4	430.1	430.1	-50.1
SOURCES TOTAL	7,223.9	8,283.2	0.0	8,283.2	8,238.1	7,867.8	-5.0
USES							
Personal Services and Employee Benefits	3,792.7	4,382.8	0.0	4,382.8	4,382.8	4,033.7	-8.0
Contractual Services	385.3	695.7	0.0	695.7	673.2	673.2	-3.2
Other	1,940.7	3,204.7	0.0	3,204.7	3,182.1	3,160.9	-1.4
TOTAL USES	6,118.7	8,283.2	0.0	8,283.2	8,238.1	7,867.8	-5.0
FTE							
Permanent	61.0	60.0	0.0	60.0	60.0	60.0	0.0
TOTAL FTE POSITIONS	61.0	60.0	0.0	60.0	60.0	60.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	76%				
Output	Percent of special hunt applications processed without error	99.8%	99.8%	99.8%	99.8%	99.8%
Outcome	Percent of vacancies filled within one hundred twenty days of occurrence	46%	0%	10%	75%	75%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period		14	20	20	20

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	24,850.8	22,417.4	-727.3	21,690.1	22,178.7	20,288.2	-6.5
Other Transfers	2,949.9	3,466.6	0.0	3,466.6	3,579.1	3,579.1	3.2
Federal Revenues	14,278.1	28,014.5	0.0	28,014.5	19,268.2	19,494.0	-30.4
Other Revenues	13,070.2	13,574.2	0.0	13,574.2	14,009.0	14,009.0	3.2
Fund Balance	2,236.8	4,243.5	0.0	4,243.5	4,439.3	4,161.0	-1.9
SOURCES TOTAL	57,385.8	71,716.2	-727.3	70,988.9	63,474.3	61,531.3	-13.3
USES							
Personal Services and Employee Benefits	29,056.3	29,254.4	-641.0	28,613.4	30,220.5	28,623.1	0.0
Contractual Services	6,808.3	14,464.5	-15.0	14,449.5	12,539.6	12,307.1	-14.8
Other	17,013.5	23,929.1	-71.3	23,857.8	16,085.7	15,974.4	-33.0
Other Financing Uses	3,616.6	4,068.2	0.0	4,068.2	4,628.5	4,626.7	13.7
TOTAL USES	56,494.7	71,716.2	-727.3	70,988.9	63,474.3	61,531.3	-13.3
FTE							
Permanent	444.0	420.0	0.0	420.0	420.0	390.0	-7.1
Term	42.0	42.0	0.0	42.0	43.0	42.0	0.0
Temporary	48.0	48.0	0.0	48.0	48.0	52.0	8.3
TOTAL FTE POSITIONS	534.0	510.0	0.0	510.0	511.0	484.0	-5.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Energy, Minerals and Natural Resources Department to reduce the FY10 operating budget from the general fund by \$995.4 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduced expenditures as follows: Personal Services, \$627.1 thousand; Contractual Services, \$78.6 thousand; and Other Costs, \$289.7 thousand.

BUDGET ISSUES:

For FY12, the agency's overall request of \$63.4 million represented a \$7.5 million reduction from the FY11 adjusted operating budget of \$71 million. However, the request included a reduction in federal funds of \$8.8 million, meaning nonfederal revenues increased almost \$1.2 million. The request from the general fund totaled \$22.2 million, an increase of \$500 thousand over the FY11 adjusted general fund appropriation of \$21.7 million. Included is a Mine Reclamation Program expansion request of 1 term FTE and federal funds revenue of \$68.1 thousand.

The LFC recommendation totals \$61.5 million, a reduction of \$9.5 million, or 13.3 percent, from the FY11 adjusted operating budget. The appropriation recommendation from the general fund is \$20.3 million, 6.5 percent, or \$1.4 million lower, than the FY11 adjusted operating budget. Partially offsetting the reduction from the general fund is a \$700 thousand increase in other revenues and \$360 thousand of American Recovery and Reinvestment Act (ARRA) administrative funds. For the agency as a whole, the recommendation for personal services and employee benefits actually increases \$10 thousand. The number of FTE is reduced from 510 to 484. Twenty of the deleted positions have been vacant more than one year.

The Renewable Energy and Energy Efficiency Program recommendation totals \$1.2 million, with \$688 thousand from the general fund and \$553 thousand from federal funds. The recommendation is a 31.5 percent reduction, \$317 thousand, from the general fund. When the administrative funds from ARRA are included in the recommendation, the total reduction is 12.6 percent. For

FY11 the program has a total of 15 FTE, including a division director, an executive, two general managers, and two staff managers. This represents a disproportionate level of upper management. Three of the positions are not recommended. In recognition of the nonrecurring nature of the ARRA funding, the recommendation reclassifies four permanent positions as temporary for FY12. A small program such as Renewable Energy and Energy Efficiency might be more appropriately reclassified as a bureau within another division, possibly Program Support. The program's recent mission has been dominated by distribution of the ARRA funds totaling over \$38 million. This is essentially grants management, typically performed by program support in other agencies.

State Parks is by far the largest division, with FY11 adjusted operating budget of \$32.7 million and \$10.1 million from the general fund. LFC recommends \$9.6 million from the general fund, a 5.2 percent reduction. Federal revenues are down 40 percent from FY11, and this is reflected in the 19 percent and 23 percent reductions in the contractual services and other expenditure categories, respectively. Operation of state parks is a labor intensive pursuit, and the recommendation recognizes this with a 1.8 percent increase in the personal services and employee benefits category.

The State Parks' other revenues category recommendation totals \$9.8 million, an increase of 4.9 percent. These revenues include governmental gross receipts tax, \$3.8 million; park admissions, \$1.4 million; campground rentals, \$2.7 million; boat licenses and fees, \$1 million; and other park-related incomes. Not including federal funds, these other revenues comprise 40 percent of the state parks total revenue. The recommendation also includes \$2.6 million of nonrecurring fund balance. The program reports FY10 revenue per visitor of 99 cents. It may be challenging to increase fees and collect fees in a state park environment, but an increase of just 10 cents would add \$400 thousand for park operations. Section 16-2-7 NMSA 1978 provides, "The secretary shall promulgate and adopt rules for each park as circumstances may demand to the end that each state park may be made as nearly self-supporting as possible."

State Park Division's proposed expansion of the Cerrillos Hills State Park is problematic until recurring revenue is available for new park operations. Pecos Canyon Park is already approved, but lacks funding. The committee expects approved but unfunded parks should prevail over expansions. It is particularly difficult to understand a Cerrillos Hills expansion when State Parks reports it as the least visited park in FY10 (2,689 visitors, see park visitation report in Volume III), which implies it has the least immediate opportunity to become self-sufficient as required by Section 16-2-7 NMSA 1978. Pecos Canyon, by contrast, has an established customer base as reported in the USDA Forest Service Report "Pecos Canyon Recreation Use Capacity Assessment." The report identifies over 3,787 automobiles with four to five persons each that visited Pecos Canyon on just one day in May 2008. Visitor counts of this level could convert to immediate revenue if State Park's applied its management and marketing resources.

The recommendation for the personal services and employee benefits expenditure category of the Oil and Gas Conservation Division is up 3.5 percent in an effort to sustain customer service related to permitting and inspection efforts. If these services are hindered, the result could be a slow-down of oil and gas industry economic activity and subsequent state revenues. The recommendation deletes 3 FTE vacant for over 12 months.

As in the Energy Efficiency and Conservation Division, the recommendation deletes 3 FTE in Program Leadership. Lawyer positions have effectively functioned as division directors but were assigned to Program Leadership. Because the division director positions are funded in the respective divisions, the Program Leadership positions become redundant. In addition, the exempt deputy secretary position is eliminated because the agency of just 484 recommended FTE already has a secretary and six division directors. The Program Leadership recommendation from the general fund was reduced approximately \$300 thousand, but the other transfers category was increased more than \$500 thousand, offsetting the reduction. The agency transferred funds from each division as an administrative allocation to create a revenue source for Program Leadership. This effectively left a need for general fund dollars at each division to make up for the administrative allocation. The recommendation reduces the Program Leadership appropriation from the general fund to make up for the additional requirement in each division.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$586.9 thousand. The agency indicated the reduction would be achieved by restricting hiring, reducing services, or budget increases from available other state funds.

BASE EXPANSION:

The Mine Reclamation Program request included an expansion of 1 FTE for the Abandoned Mine Program and \$68.1 thousand in federal funds. The federal funds are included in the recommendation with no additional FTE. The committee recommends conversion of an existing vacancy to accommodate this newly funded position, because it is unlikely, with both a hiring freeze and low revenue, that any vacant position can be filled.

BASE EXPANSION LISTING
FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Authorization One Existing Unauthorized FTE</u>	<u>(P743)</u>	<u>68.1</u>	<u>68.1</u>
TOTAL			68.1	68.1

RENEWABLE ENERGY AND ENERGY EFFICIENCY

The purpose of the renewable energy and energy efficiency program is to develop and implement clean energy programs in order to decrease per capita energy consumption, utilize New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,282.0	1,040.1	-33.7	1,006.4	1,006.4	688.9	-31.5
Other Transfers	0.0	194.4	0.0	194.4	0.0	0.0	-100.0
Federal Revenues	133.7	221.5	0.0	221.5	193.0	553.7	150.0
SOURCES TOTAL	1,415.7	1,456.0	-33.7	1,422.3	1,199.4	1,242.6	-12.6
USES							
Personal Services and Employee Benefits	1,191.7	1,363.4	-32.0	1,331.4	1,137.6	1,180.9	-11.3
Contractual Services	115.6	11.8	-0.2	11.6	3.1	3.1	-73.3
Other	82.4	80.8	-1.5	79.3	58.7	58.6	-26.1
TOTAL USES	1,389.7	1,456.0	-33.7	1,422.3	1,199.4	1,242.6	-12.6
FTE							
Permanent	13.0	13.0	0.0	13.0	13.0	6.0	-53.8
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	4.0	
TOTAL FTE POSITIONS	15.0	15.0	0.0	15.0	15.0	12.0	-20.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* 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 Facility Energy Efficiency Act and Water Conservation Act or the clean energy projects program	10%	15%	10%	15%	15%
* Output	Number of inventoried clean energy projects evaluated annually	50	183	50	50	50
* Outcome	Percent of retail electricity sales from investor-owned utilities in New Mexico from renewable energy sources	9%	12%	10%	10%	10%
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds, assuming all state approvals are in place and contact provisions are met			30	30	30

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,692.0	3,482.4	-113.0	3,369.4	3,400.6	3,245.5	-3.7
Federal Revenues	6,132.1	11,351.7	0.0	11,351.7	5,214.0	5,128.9	-54.8
Other Revenues	403.6	449.1	0.0	449.1	437.6	437.6	-2.6
Fund Balance	22.1	94.1	0.0	94.1	85.8	85.8	-8.8
SOURCES TOTAL	10,249.8	15,377.3	-113.0	15,264.3	9,138.0	8,897.8	-41.7
USES							
Personal Services and Employee Benefits	4,354.8	4,386.0	-96.1	4,289.9	4,320.8	4,143.6	-3.4
Contractual Services	1,055.9	2,127.5	-4.0	2,123.5	574.6	554.6	-73.9
Other	4,492.0	8,863.8	-12.9	8,850.9	4,223.9	4,180.9	-52.8
Other Financing Uses	0.0	0.0	0.0	0.0	18.7	18.7	
TOTAL USES	9,902.7	15,377.3	-113.0	15,264.3	9,138.0	8,897.8	-41.7
FTE							
Permanent	59.0	58.0	0.0	58.0	58.0	54.0	-6.9
Term	11.0	11.0	0.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	70.0	69.0	0.0	69.0	69.0	65.0	-5.8

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	2,898	1,339	500	500	500
* Outcome	Percent of at-risk communities participating in collaborative wildfire protection planning	44%	25%	25%	25%	25%
* Output	Number of acres restored in New Mexico's forests and watersheds	17,993	17,133	8,000	8,000	8,000

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	11,375.2	10,448.5	-339.0	10,109.5	10,254.7	9,582.2	-5.2
Other Transfers	2,620.0	2,617.0	0.0	2,617.0	2,735.4	2,735.4	4.5
Federal Revenues	2,677.9	8,079.0	0.0	8,079.0	4,844.1	4,794.3	-40.7
Other Revenues	9,574.4	9,390.0	0.0	9,390.0	9,849.4	9,849.4	4.9
Fund Balance	1,470.4	2,550.0	0.0	2,550.0	2,890.7	2,644.0	3.7
SOURCES TOTAL	27,717.9	33,084.5	-339.0	32,745.5	30,574.3	29,605.3	-9.6
USES							
Personal Services and Employee Benefits	13,127.1	12,990.0	-294.7	12,695.3	13,741.9	12,929.6	1.8
Contractual Services	1,359.4	4,176.2	-6.7	4,169.5	3,454.3	3,368.1	-19.2
Other	10,734.8	13,452.5	-37.6	13,414.9	10,394.8	10,324.3	-23.0
Other Financing Uses	2,468.8	2,465.8	0.0	2,465.8	2,983.3	2,983.3	21.0
TOTAL USES	27,690.1	33,084.5	-339.0	32,745.5	30,574.3	29,605.3	-9.6
FTE							
Permanent	246.0	233.0	0.0	233.0	233.0	220.0	-5.6
Term	6.0	6.0	0.0	6.0	6.0	6.0	0.0
Temporary	48.0	48.0	0.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	300.0	287.0	0.0	287.0	287.0	274.0	-4.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Explanatory	Number of visitors to state parks	4,518,390	4,568,339	4,000,000	4,000,000	4,000,000
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.93	\$0.99	\$0.87	\$0.87	\$1.09
* Output	Number of interpretive programs available to park visitors	3,345	3,582	2,600	2,600	2,600
Output	Number of acres added to state parks	40	1,113	220	220	0
Outcome	Percent of visitors satisfied with state parks	98.5%	98%			
Output	Miles added to state parks trails and the Rio Grande trail	20	2	25	5	5
Output	Number of persons who complete a certified New Mexico boating safety education course	800	1,209	800	1,000	1,000

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	605.2	511.5	-16.6	494.9	494.9	476.6	-3.7
Federal Revenues	3,232.7	5,801.6	0.0	5,801.6	6,650.2	6,650.2	14.6
Other Revenues	743.8	735.1	0.0	735.1	772.0	772.0	5.0
Fund Balance	72.1	64.1	0.0	64.1	137.5	114.1	78.0
SOURCES TOTAL	4,653.8	7,112.3	-16.6	7,095.7	8,054.6	8,012.9	12.9
USES							
Personal Services and Employee Benefits	2,606.7	2,820.2	-14.3	2,805.9	2,872.7	2,757.3	-1.7
Contractual Services	1,496.5	3,806.3	-1.5	3,804.8	4,671.3	4,745.0	24.7
Other	410.4	485.8	-0.8	485.0	439.8	439.8	-9.3
Other Financing Uses	0.0	0.0	0.0	0.0	70.8	70.8	
TOTAL USES	4,513.6	7,112.3	-16.6	7,095.7	8,054.6	8,012.9	12.9
FTE							
Permanent	17.0	17.0	0.0	17.0	17.0	17.0	0.0
Term	15.0	15.0	0.0	15.0	16.0	15.0	0.0
TOTAL FTE POSITIONS	32.0	32.0	0.0	32.0	33.0	32.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Percent of abandoned uranium mines with current site assessments	23%	70%	50%	75%	75%
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	96.5%	98%	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%	100%	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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,369.5	3,936.9	-127.7	3,809.2	3,961.2	3,721.0	-2.3
Other Transfers	142.8	441.4	0.0	441.4	75.0	75.0	-83.0
Federal Revenues	297.5	350.2	0.0	350.2	363.6	363.6	3.8
Other Revenues	2,348.4	3,000.0	0.0	3,000.0	2,950.0	2,950.0	-1.7
Fund Balance	672.2	1,535.3	0.0	1,535.3	1,325.3	1,317.1	-14.2
SOURCES TOTAL	7,830.4	9,263.8	-127.7	9,136.1	8,675.1	8,426.7	-7.8
USES							
Personal Services and Employee Benefits	4,149.4	4,051.1	-106.6	3,944.5	4,130.2	4,081.3	3.5
Contractual Services	2,765.0	4,322.9	-2.6	4,320.3	3,685.7	3,485.7	-19.3
Other	658.9	774.8	-18.5	756.3	677.9	680.2	-10.1
Other Financing Uses	99.1	115.0	0.0	115.0	181.3	179.5	56.1
TOTAL USES	7,672.4	9,263.8	-127.7	9,136.1	8,675.1	8,426.7	-7.8
FTE							
Permanent	63.0	57.0	0.0	57.0	57.0	54.0	-5.3
Term	5.0	5.0	0.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	68.0	62.0	0.0	62.0	62.0	59.0	-4.8

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of inspections of oil and gas wells and associated facilities	38,318	38,352	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		42%			
* Output	Renewal of uncontested discharge permits within thirty days of expiration				75%	75%
Outcome	Percent increase in the amount of water diverted from disposal for other uses	425.8%		10%		

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>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	3,526.9	2,998.0	-97.3	2,900.7	3,060.9	2,574.0	-11.3
Other Transfers	187.1	213.8	0.0	213.8	768.7	768.7	259.5
Federal Revenues	1,804.2	2,210.5	0.0	2,210.5	2,003.3	2,003.3	-9.4
SOURCES TOTAL	5,518.2	5,422.3	-97.3	5,325.0	5,832.9	5,346.0	0.4
USES							
Personal Services and Employee Benefits	3,626.6	3,643.7	-97.3	3,546.4	4,017.3	3,530.4	-0.5
Contractual Services	15.9	19.8	0.0	19.8	150.6	150.6	660.6
Other	635.0	271.4	0.0	271.4	290.6	290.6	7.1
Other Financing Uses	1,048.7	1,487.4	0.0	1,487.4	1,374.4	1,374.4	-7.6
TOTAL USES	5,326.2	5,422.3	-97.3	5,325.0	5,832.9	5,346.0	0.4
FTE							
Permanent	46.0	42.0	0.0	42.0	42.0	39.0	-7.1
Term	3.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	49.0	45.0	0.0	45.0	45.0	42.0	-6.7

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of prior-year financial audit findings resolved	86%	100%	100%	100%	100%
Output	Number of waste isolation pilot plant related emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	55	45	45	45	45
Outcome	Percent of time local area computer network is available	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:

The Youth Conservation Corps' mission is 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	3,074.0	2,885.8	0.0	2,885.8	3,074.0	3,074.0	6.5
Fund Balance	73.3	661.5	0.0	661.5	1,186.8	680.8	2.9
SOURCES TOTAL	3,147.3	3,547.3	0.0	3,547.3	4,260.8	3,754.8	5.8
USES							
Personal Services and Employee Benefits	179.6	158.1	0.0	158.1	161.9	156.0	-1.3
Contractual Services	2,696.9	2,986.4	0.0	2,986.4	3,900.1	3,400.0	13.8
Other	74.2	52.8	0.0	52.8	48.8	48.8	-7.6
Other Financing Uses	50.0	350.0	0.0	350.0	150.0	150.0	-57.1
TOTAL USES	3,000.7	3,547.3	0.0	3,547.3	4,260.8	3,754.8	5.8
FTE							
Permanent	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	0.0	2.0	2.0	2.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Although not specifically included in Executive Order 2009-044, the Youth Conservation Corps reduced the FY10 operating budget by \$36 thousand in other revenues.

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 governmental gross receipt tax revenues and fund balances from the youth conservation corps fund.

For FY12, the agency requested a base budget of \$4.3 million, a \$713.5 thousand increase from the FY11 operating budget level. Of this amount, \$3.9 million is in the contractual services category for contracts with local government and state agencies, nonprofit organizations, and Native American tribes and pueblos. To support this level of expenditure, the request includes \$1.2 million of fund balance, up \$525 thousand from FY11 and \$1.1 million over FY10. This level of fund balance use would leave no fund balance available for FY13.

The LFC recommendation is \$3.75 million, using only \$680.8 thousand from the fund balance. This will leave a cushion for FY13, a cautious approach driven by the unpredictability of revenue in the current economic environment. In the event of higher than expected qualified demand for grants, the agency may increase the budget through the budget adjustment process.

In 2010, projects were funded in each of the 32 counties and 621 New Mexico youth were employed. The funding is equally distributed between two categories, rural and urban counties. The urban counties are designated as Bernalillo, Sandoval, Valencia, Dona Ana, Los Alamos, Santa Fe and San Juan, with all others tagged as rural. Examples of projects funded in 2009 include trail construction in the Manzano Mountains, restoration of historic adobe structures, and the removal of vegetation to enhance watershed health and fire prevention.

The Legislature in 1994 (Section 7-1-6.38 NMSA 1978) authorized distribution of 25 percent of governmental gross receipts tax revenue 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.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act did not require the agency to reduce the FY11 operating budget because it does not have an appropriation from the general fund.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation program 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

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Number of youth employed annually	830	925	800	925	800
Outcome	Percent of grant awards used toward wages for corps members	75%	73.03%	70%	70%	70%
Outcome	Percent of projects completed within one year	98%	98%	95%	95%	95%

STATUTORY AUTHORITY:

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 to 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3.7	87.6	-2.8	84.8	84.8	30.0	-64.6
Other Transfers	7.3	0.0	0.0	0.0	0.0	0.0	
Fund Balance	72.3	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	83.3	87.6	-2.8	84.8	84.8	30.0	-64.6
USES							
Contractual Services	80.0	87.6	-2.8	84.8	84.8	30.0	-64.6
TOTAL USES	80.0	87.6	-2.8	84.8	84.8	30.0	-64.6
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Intertribal Ceremonial Office to reduce the FY10 operating budget from the general fund by \$200.00.

BUDGET ISSUES:

Following the veto of a substantial portion of the FY10 operating budget, the Gallup Intertribal Ceremonial Association (GICA) updated its business plan to restructure the budget and accounting processes and issued a contract to hire an executive director.

The updated business plan identified a strategy to build broad local and regional support to sustain the ceremonial and develop a marketing or media plan to promote the ceremonial. To that end, the community is well on its way to build the capacity necessary to continue the ceremonial. Over the last two years, GICA has successfully competed for cooperative advertising grants from the Tourism Department and received \$20 thousand in FY10 and \$12 thousand for FY11.

The interim Government Restructuring Task Force noted that the office may have outlived its statutory purpose and recommended the office and Intertribal Ceremonial Board be repealed. The task force is considering legislation to transfer the assets and function of the office to the Tourism Department.

The recommendation supports the Government Restructuring Taskforce's plan to consolidate the functions of the office with the Tourism Department and GICA's business plan that outlines a plan toward self-sufficiency. The general fund recommendation for FY12 represents the third step toward the gradual elimination of direct appropriations to the office and ceremonial.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$2,819.00

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Number of intertribal ceremonial tickets sold	6,337	7,000	7,000	7,000	7,000
Output	Dollar value of sponsorships	\$132,700	\$132,000	\$150,000	\$132,000	\$150,000
Output	Number of sponsorships	75	5	100	5	10
Outcome	Percent of operating revenue from sources other than the general fund	10%	10%	90%	10%	90%

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 19.1-1-1 through 19.1-1-24 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.

MISSION:

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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
Other Revenues	15,270.5	13,502.2	0.0	13,502.2	13,070.1	13,070.1	-3.2
SOURCES TOTAL	15,270.5	13,502.2	0.0	13,502.2	13,070.1	13,070.1	-3.2
USES							
Personal Services and Employee Benefits	10,305.8	10,430.0	0.0	10,430.0	10,512.8	10,512.8	0.8
Contractual Services	526.4	676.7	0.0	676.7	519.8	519.8	-23.2
Other	1,572.0	1,849.4	0.0	1,849.4	1,538.6	1,538.6	-16.8
Other Financing Uses	571.7	546.1	0.0	546.1	498.9	498.9	-8.6
TOTAL USES	12,975.9	13,502.2	0.0	13,502.2	13,070.1	13,070.1	-3.2
FTE							
Permanent	153.0	153.0	0.0	153.0	151.0	151.0	-1.3
TOTAL FTE POSITIONS	153.0	153.0	0.0	153.0	151.0	151.0	-1.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Although not specifically included in Executive Order 2009-044, the State Land Office has initiated expenditure restrictions of 3 percent in other revenues.

BUDGET ISSUES:

The State Land Office's FY12 request of \$13 million is solely other program revenue from the land office maintenance fund. Surplus balances of the maintenance fund are distributed to 21 beneficiaries, including schools. These allotments are an important revenue source for the receiving entities. Because the SLO operating revenue comes from the maintenance fund, the higher the SLO appropriation, the lower the balance that can be distributed to the beneficiaries. The SLO request is 3.2 percent lower than the FY11 appropriation, consistent with the FY11 Section 14 reduction imposed on the general fund appropriation of other agencies. This action lowers the request to the \$13.1 million, less than the FY06 operating budget level of \$13.3 million. Because the State Land Office functions as an important revenue collection source for the state and in recognition of the actual decrease from six years ago, the committee recommendation is at the agency request. The request includes a vacancy rate of 1.5 percent and a reduction of 2 FTE.

For FY12 SLO estimates total revenue of \$423.4 million with \$357.1 million in royalties transferred to the permanent fund. After operating expenses are deducted, the total available for direct allocation to the beneficiaries is approximately \$53 million.

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

		FY09	FY10	FY11	FY12	FY12
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Total trust revenue generated, in millions	536.5	\$420.3	\$299.7	\$423.4	\$423.4
* Outcome	Bonus income per leased acre from oil and gas activities	\$143.78	\$424.23	\$200.00	\$280.50	\$280.5
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$2.1	\$2.4	\$1.5	\$1.5	\$1.5
* Output	Average income per acre from oil, natural gas and mineral activities	\$155.99	\$260.89	\$150.00	\$200.00	\$200
Output	Average income per acre from agriculture leasing activities	\$.86	\$.60	\$.63	\$.74	\$.74
Output	Average income per acre from commercial leasing activities	\$6.62	\$8.51	\$6.15	\$5.75	\$5.75
Output	Number of lease and attachment documents imaged	418,324				
* Output	Percent of total trust revenue generated allocated to beneficiaries	98%	97%	95%	97%	97%
Output	Number of acres restored to desired conditions for future sustainability	1,816	2,261	1,500	1,510	1,510
Output	Percent of active lease and attachment documents imaged	22%	11.75%	14.5%	12.5%	12.5%

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 72-2-18 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	22,141.5	18,090.8	-586.9	17,503.9	17,503.9	15,927.7	-9.0
Other Transfers	13,783.6	17,662.1	0.0	17,662.1	18,172.5	18,172.5	2.9
Federal Revenues	458.6	476.0	0.0	476.0	357.3	357.3	-24.9
Other Revenues	13,233.1	9,784.3	0.0	9,784.3	11,122.0	11,123.6	13.7
Fund Balance	576.4	4,278.5	0.0	4,278.5	3,750.7	3,750.7	-12.3
SOURCES TOTAL	50,193.2	50,291.7	-586.9	49,704.8	50,906.4	49,331.8	-0.8
USES							
Personal Services and Employee Benefits	23,929.0	22,906.9	-575.1	22,331.8	22,862.2	21,820.6	-2.3
Contractual Services	8,015.7	7,824.3	-4.3	7,820.0	7,680.0	7,211.5	-7.8
Other	5,426.0	6,181.0	-7.5	6,173.5	6,162.5	6,098.0	-1.2
Other Financing Uses	10,177.9	13,379.5	0.0	13,379.5	14,201.7	14,201.7	6.1
TOTAL USES	47,548.6	50,291.7	-586.9	49,704.8	50,906.4	49,331.8	-0.8
FTE							
Permanent	354.5	341.5	0.0	341.5	341.5	324.5	-5.0
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	358.5	345.5	0.0	345.5	345.5	328.5	-4.9

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of the State Engineer to reduce the FY10 operating budget from the general fund by \$1.2 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Personal Services \$336.2 thousand, Contractual Services \$613.7 thousand, and Other Costs \$268.1 thousand.

BUDGET ISSUES:

For FY12, OSE's overall base request of \$51 million represented a \$300 thousand increase from the FY11 adjusted operating budget of \$49.7 million. The request included \$17.5 million from the general fund, unchanged from FY11. The request also included federal funds of \$357 thousand and reflected an across-programs average vacancy savings rate of over 10 percent.

The recommendation totals \$49.3 million, a reduction of \$400 thousand, or 0.8 percent. Personal services and employee benefits are reduced 2.3 percent that includes 3 exempt FTE totaling an approximate \$300 thousand reduction from the general fund. With five attorneys in the Interstate Stream Commission, the work of one exempt general counsel can be absorbed by the remaining four attorneys and two paralegals. In addition, the Litigation and Adjudication Program has 22 attorneys and five

paralegals who can help with overflow workload. The recommendation deletes two exempt positions from Program Support; the administrative services director position has been vacant since February 2009 and the deputy director for planning and communications serves a program of only 2.5 FTE, including the director. In addition, the state retirement contribution is recommended at the anticipated reduced level of 15.09 percent rather than 16.59 percent. The agency request included a vacancy rate of over 12 percent and the recommendation does not include a higher vacancy rate. To achieve a 2.3 percent reduction the recommendation shifts other state funds from the contractual services and other categories to personal services and employee benefits. The reductions in the contracts and other categories can be accomplished by renegotiation of automatic rent escalators, leasing fewer automobiles, and requiring lower unit costs in service contracts. In addition to the exempt FTE, an additional 14 classified FTE positions vacant over 12 months were deleted.

The agency revenue is derived from several primary sources: the general fund, the irrigation works construction fund, the improvement of Rio Grande fund, the emergency drought water agreement fund and the New Mexico Finance Authority water project fund. The irrigation works construction fund and the improvement of Rio Grande fund receive an annual revenue distribution from the land grant permanent fund and State Land Office plus other minor sources. The irrigation works construction fund revenue is projected to be \$6.3 million for FY12 and with a year-end fund balance of \$18.2 million. The improvement of the Rio Grande Fund revenue estimate is \$2.1 million and the ending fiscal year balance \$6.9 million. The FY12 recommendation includes these two fund revenues along with associated fund balance totaling \$14.2 million and is distributed among all four programs.

Funds from the emergency drought water agreement fund are derived from New Mexico water purchased by the U.S. Bureau of Reclamation to sustain endangered species. For FY12, the recommendation includes \$788 thousand appropriated to the Interstate Stream Commission from this fund. Without additional water sales to the Bureau of Reclamation, the fund balance will be approximately \$200 thousand by the end of FY12. The agency receives 10 percent of the water project fund's annual distribution. The anticipated total for FY12 is estimated to be \$300 thousand.

The agency submitted an ambitious FY12 capital projects request totaling \$39.5 million. Top ranked projects included additional Pecos settlement funding (\$8 million), dam emergency repair (\$5 million), and Indian water rights settlements (\$15.2 million).

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$586.9 thousand. The agency indicated the reduction would be achieved by restricting hiring or budget increases from available other state funds.

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 nine hundred fifteen thousand two hundred dollars (\$1,915,200) from the New Mexico irrigation works construction fund.

For the Interstate Stream Commission:

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include one million six hundred seventy-nine thousand one hundred dollars (\$1,679,100) from the improvement of Rio Grande income fund and seven million two hundred sixty-two thousand eight hundred dollars (\$7,262,800) from the irrigation works construction fund.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred eighty-eight thousand five hundred dollars (\$788,500) from revenue received under the emergency drought water agreement and the conservation water agreement.

The internal service funds/interagency transfers appropriation to the interstate stream compact compliance and water development program of the state engineer includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations. Any unexpended balances remaining at the end of fiscal year 2012 from this appropriation shall revert to the game protection fund.

The internal service funds/interagency transfer appropriation 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. Any unexpended balance remaining at the end of fiscal year 2012 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 Rio Grande fund and provided that no more than two hundred fifty thousand dollars (\$250,000) shall be allocated to one acequia per fiscal year; and (b) for 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 the state funds up to three hundred thousand dollars (\$300,000) 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 irrigation works construction fund includes two million dollars (\$2,000,000) for 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.

For the Litigation and Adjudication Program:

The internal service funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include two million three hundred thirteen thousand dollars (\$2,313,000) from the New Mexico irrigation works construction fund and three million dollars (\$3,000,000) 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 eight hundred eighty-four thousand dollars (\$884,000) from the New Mexico irrigation works construction fund.

IRRIGATION WORKS CONSTRUCTION FUND

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	Section 14 <u>Reduction</u>	Adjusted <u>Budget</u>	Agency <u>Request</u>	LFC Recom- <u>mendation</u>	Incr (Decr)
SOURCES							
Other Revenues	10,146.0	7,274.3	0.0	7,274.3	8,624.3	8,624.3	18.6
Fund Balance	0.0	4,278.5	0.0	4,278.5	3,750.7	3,750.7	-12.3
SOURCES TOTAL	10,146.0	11,552.8	0.0	11,552.8	12,375.0	12,375.0	7.1
USES							
Other Financing Uses	9,637.0	11,552.8	0.0	11,552.8	12,375.0	12,375.0	7.1
TOTAL USES	9,637.0	11,552.8	0.0	11,552.8	12,375.0	12,375.0	7.1
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

IMPROVEMENT OF THE RIO GRANDE INCOME FUND**BUDGET SUMMARY**
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES							
Other Revenues	2,479.1	1,826.7	0.0	1,826.7	1,826.7	1,826.7	0.0
SOURCES TOTAL	2,479.1	1,826.7	0.0	1,826.7	1,826.7	1,826.7	0.0
USES							
Other Financing Uses	540.9	1,826.7	0.0	1,826.7	1,826.7	1,826.7	0.0
TOTAL USES	540.9	1,826.7	0.0	1,826.7	1,826.7	1,826.7	0.0
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state to any person so they can maintain their quality of life 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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	11,475.4	10,690.1	-346.8	10,343.3	10,343.3	9,875.9	-4.5
Other Transfers	1,746.9	1,767.7	0.0	1,767.7	2,062.8	2,062.8	16.7
Federal Revenues	103.6	0.0	0.0	0.0	0.0	0.0	
Other Revenues	500.9	563.3	0.0	563.3	551.0	552.6	-1.9
SOURCES TOTAL	13,826.8	13,021.1	-346.8	12,674.3	12,957.1	12,491.3	-1.4
USES							
Personal Services and Employee Benefits	11,204.1	10,770.9	-335.0	10,435.9	10,788.1	10,462.3	0.3
Contractual Services	1,028.7	697.8	-4.3	693.5	693.5	618.5	-10.8
Other	1,591.0	1,552.4	-7.5	1,544.9	1,475.5	1,410.5	-8.7
TOTAL USES	13,823.8	13,021.1	-346.8	12,674.3	12,957.1	12,491.3	-1.4
FTE							
Permanent	184.5	177.0	0.0	177.0	177.0	169.0	-4.5
TOTAL FTE POSITIONS	184.5	177.0	0.0	177.0	177.0	169.0	-4.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Output	Average number of unprotested new and pending applications processed per month	74	66	65	55	65
Output	Average number of protested and aggrieved applications processed per month	12				
* Explanatory	Number of unprotested and unaggrieved water right applications backlogged	481	435	597	650	600
Explanatory	Number of protested and aggrieved water rights backlogged	342				
* Outcome	Number of dams inspected per year to establish baseline		101	110	90	100
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	96%	97%	100%	98%	100%
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	77%	80%	79%	83%	83%
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	25,047	25,707	22,000	22,000	22,000
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	76%	79%	78%	81%	81%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	5,522.9	2,718.7	-88.2	2,630.5	2,630.5	2,294.7	-12.8
Other Transfers	6,038.9	9,824.5	0.0	9,824.5	9,912.7	9,912.7	0.9
Federal Revenues	343.0	476.0	0.0	476.0	357.3	357.3	-24.9
Other Revenues	107.1	120.0	0.0	120.0	120.0	120.0	0.0
Fund Balance	555.3	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	12,567.2	13,139.2	-88.2	13,051.0	13,020.5	12,684.7	-2.8
USES							
Personal Services and Employee Benefits	4,355.2	3,868.7	-88.2	3,780.5	3,868.8	3,726.0	-1.4
Contractual Services	5,239.8	5,492.5	0.0	5,492.5	5,338.5	5,145.0	-6.3
Other	2,922.1	3,778.0	0.0	3,778.0	3,813.2	3,813.7	0.9
TOTAL USES	12,517.1	13,139.2	-88.2	13,051.0	13,020.5	12,684.7	-2.8
FTE							
Permanent	54.0	48.0	0.0	48.0	48.0	47.0	-2.1
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	58.0	52.0	0.0	52.0	52.0	51.0	-1.9

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of calendar year, in acre feet	98,500	100,100	0	0	0
* Outcome	Rio Grande river compact accumulated delivery credit or deficit at end of calendar year, in acre feet	116,000	100,500	0	0	0
Outcome	Number of acres purchased to complete implementation phase of Pecos settlement	11,745	11,986	2,000	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	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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	1,638.4	1,368.7	-44.4	1,324.3	1,324.3	896.3	-32.3
Other Transfers	5,291.9	5,313.0	0.0	5,313.0	5,313.0	5,313.0	0.0
Fund Balance	21.1	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	6,951.4	6,681.7	-44.4	6,637.3	6,637.3	6,209.3	-6.4
USES							
Personal Services and Employee Benefits	4,832.6	4,856.1	-44.4	4,811.7	4,811.7	4,583.7	-4.7
Contractual Services	1,611.1	1,466.5	0.0	1,466.5	1,466.5	1,266.5	-13.6
Other	363.8	359.1	0.0	359.1	359.1	359.1	0.0
TOTAL USES	6,807.5	6,681.7	-44.4	6,637.3	6,637.3	6,209.3	-6.4
FTE							
Permanent	71.0	71.0	0.0	71.0	71.0	65.0	-8.5
TOTAL FTE POSITIONS	71.0	71.0	0.0	71.0	71.0	65.0	-8.5

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Outcome	Number of offers to defendants in adjudications	2,972	1,071	1,000	800	800
* Outcome	Percent of all water rights that have judicial determinations	43%	48%	45%	50%	50%

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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	3,504.8	3,313.3	-107.5	3,205.8	3,205.8	2,860.8	-10.8
Other Transfers	705.9	756.9	0.0	756.9	884.0	884.0	16.8
Federal Revenues	12.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	4,222.7	4,070.2	-107.5	3,962.7	4,089.8	3,744.8	-5.5
USES							
Personal Services and Employee Benefits	3,537.1	3,411.2	-107.5	3,303.7	3,393.6	3,048.6	-7.7
Contractual Services	136.1	167.5	0.0	167.5	181.5	181.5	8.4
Other	549.1	491.5	0.0	491.5	514.7	514.7	4.7
TOTAL USES	4,222.3	4,070.2	-107.5	3,962.7	4,089.8	3,744.8	-5.5
FTE							
Permanent	45.0	45.5	0.0	45.5	45.5	43.5	-4.4
TOTAL FTE POSITIONS	45.0	45.5	0.0	45.5	45.5	43.5	-4.4

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Output	Percent of department contracts that include performance measures	100%	100%	100%	100%	100%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			10	10	10

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	310.2	24.9	-0.8	24.1	24.1	0.0	-100.0
Other Revenues	136.7	281.2	0.0	281.2	305.6	172.4	-38.7
Fund Balance	0.0	0.0	0.0	0.0	0.0	152.0	
SOURCES TOTAL	446.9	306.1	-0.8	305.3	329.7	324.4	6.3
USES							
Personal Services and Employee Benefits	251.9	95.8	-0.8	95.0	197.7	189.8	99.8
Contractual Services	86.5	108.7	0.0	108.7	89.5	89.5	-17.7
Other	62.1	101.6	0.0	101.6	42.5	45.1	-55.6
TOTAL USES	400.5	306.1	-0.8	305.3	329.7	324.4	6.3
FTE							
Permanent	5.0	5.0	0.0	5.0	5.0	3.0	-40.0
TOTAL FTE POSITIONS	5.0	5.0	0.0	5.0	5.0	3.0	-40.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Organic Commodity Commission to reduce the FY10 operating budget from the general fund by \$9.3 thousand.

BUDGET ISSUES:

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. Additional revenue is generated through annual assessment fees totaling one-half of 1 percent on organic sales for certified producers whose annual gross sales exceed \$2 thousand; the fee is capped at \$10 thousand for producers whose gross exceeds \$2 million annually. For FY12, at the current fee structure revenue would approximate \$135 thousand.

The agency currently finds itself in a bit of disarray without an executive director or financial officer to provide accurate financial records and history. The New Mexico Department of Agriculture (NMDA) has stepped in on a temporary contractual basis through a memo of understanding to provide support. NMDA has expressed interest in assuming the responsibilities of the commission on a permanent basis but this can only be accomplished through statutory change. The change would dissolve the commission as an independent entity with its functions assumed by NMDA. The commission would fit well with NMDA's overall mission as a producer, consumer, and regulatory agency that plays a fundamental role in multiple sectors of New Mexico's agricultural and consumer services industries.

The U.S. Department of Agriculture reports that in 2008 there were 197 certified organic agriculture operators in New Mexico operating on 44,602 acres. This is up substantially from the 2006 numbers of 152 operators and 23,208 acres. This growth points to the increasing importance of organic products in the food supply and the value of the organic label. However, increasing the fees for state certification will be necessary without the prior years' financial supplement from the general fund. Statute allows for collecting fees higher than the current schedule and such action will be necessary to support the expenditures anticipated by the committee FY12 recommendation. An approximate fund balance of \$150 thousand will allow the higher fees to be phased in over a two-year period.

The number of FTE was reduced by two in anticipation of NMDA assuming the administrative duties. However, the personal services and employee benefits category was reduced only \$9.9 thousand as NMDA will need funding to perform the services. Ultimately, the funds may be required in contractual services depending on the final composition of an agreement with NMDA.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$800.00. The agency noted travel for client education regarding organic certification requirements will be eliminated.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	40%	35%	10%	10%	10%
* Output	Percent of organic farms inspected annually	100%	100%	100%	100%	100%
Output	Number of certified organic businesses	187	202	190	200	200
Output	Number of spot-checks performed	6	21	15	5	5
Output	Number of attendees at the annual organic farming conference	400	586	500	550	550
Output	Number of client requests for assistance	1,700	2,716	1,350	2,500	2,500

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 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	792.2	736.4	-23.9	712.5	712.5	686.0	-3.7
Other Transfers	1,371.7	1,000.0	0.0	1,000.0	1,000.0	850.0	-15.0
Other Revenues	42.8	60.0	0.0	60.0	80.0	80.0	33.3
SOURCES TOTAL	2,206.7	1,796.4	-23.9	1,772.5	1,792.5	1,616.0	-8.8
USES							
Personal Services and Employee Benefits	822.0	745.1	-17.0	728.1	757.8	699.4	-3.9
Contractual Services	788.0	673.0	-1.3	671.7	691.9	596.3	-11.2
Other	537.2	378.3	-5.6	372.7	342.8	320.3	-14.1
TOTAL USES	2,147.2	1,796.4	-23.9	1,772.5	1,792.5	1,616.0	-8.8
FTE							
Permanent	8.0	8.0	0.0	8.0	8.0	8.0	0.0
Term	7.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	15.0	12.0	0.0	12.0	12.0	12.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Commission on the Status of Women to reduce the FY10 operating budget from the general fund by \$39.6 thousand.

BUDGET ISSUES:

The commission submitted an FY12 base budget request of \$1.8 million, reflective of the 3.2 percent general fund reduction to the FY11 operating budget. The request included \$712.5 thousand from the general fund, a \$1 million transfer from the Human Services Department from the federal TANF block grant, and \$80 thousand from donations and ticket sales.

The LFC recommendation is \$1.76 million, reducing the general fund by approximately 3.7 percent in the personal services and employee benefits category through a vacancy rate reduction. The commission's 12-year TeamWorks program was not impacted by the 3.2 percent general fund reduction but was reduced from \$1.44 million to \$1 million in FY11 (31 percent). Further reductions in the TANF contract may be necessary to manage the FY11 shortfall of available TANF funding due to a miscalculation of carry-forward balances and caseload increases. The budget recommendation includes \$850 thousand of TANF funding for FY12.

The Governor's Women's Health Advisory Council was transferred to the commission to provide greater visibility to women's health issues. The committee previously recommended that performance measures for this activity be developed. In FY11, performance measures were submitted to the Department of Finance and Administration, but were not approved. New performance measures have been developed but were not submitted by the deadline. They will be submitted for FY13.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$23.9 thousand. As a result, the number of girls' institutes and the displaced homemaker program community outreach will be limited to the greater Albuquerque area. Overall trainings and workshops will be reduced by one third.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the status of women program of the commission on the status of women include eight hundred fifty thousand dollars (\$850,000) for the teamworks program directed toward workforce development for adult women on temporary assistance for needy families from the federal block grant to New Mexico.

The other state funds appropriation to the status of women program of the commission on the status of women includes twenty thousand dollars (\$20,000) from the girls fund to host conferences and seminars and associated expenses; forty thousand dollars (\$40,000) from the commission on the status of women conference fund to host conferences and seminars and associated expenses and the governor's award for outstanding New Mexico women, the pioneer award, the trailblazer award and various conference booths; and twenty thousand dollars (\$20,000) from the commission on the status of women women's health office fund to host conferences and seminars and associated expenses and various women's health events.

Revenue collected in excess of expenses in other state funds for conference, awards, seminars and various events shall not revert to the general fund.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of teamworks life skills class sessions for clients per year			25	28	28
Output	Number of teamworks computer class sessions for clients per year			25	28	28
Outcome	Job placement expected outcomes/target for teamworks clients			708	708	708
* Outcome	Percent of 12-month job retention of teamworks clients			60%	60%	60%
Outcome	Percent of 24-month job retention of teamworks clients			50%	50%	50%
Outcome	Percent of teamworks employment placements earning ≥ \$7.50 per hour			95%	95%	95%
Outcome	Percent of teamworks clients meeting federal temporary assistance for needy families requirements.			50%	50%	50%
Output	Number of temporary assistance for needy families clients served through the teamworks program	1,178	1,303	1,050	1,000	1,000
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	225	200	200	200	200
Output	Number of publications distributed annually			2,000	2,000	2,000
Output	Number of award programs conducted annually	3	2	2	3	3
Output	Number of informational conferences or trainings sponsored or hosted			2	2	2
Output	Number of workshops on elderly women and money			4	4	4
Output	Number of workshops on women and financial planning			12	12	12
* Output	Number of one-to-one coaching hours performed			200	200	200
Outcome	Number of information fairs	1	3	2	1	1
Outcome	Number of workshops on women, divorce and finances	12	12	12	12	12
Output	Number of workforce conferences or trainings sponsored or hosted (live or polycom)			16	12	12
Output	Number of informational conferences for teenage girls		1	2	1	1
Output	Number of girls leadership institutes		3	3	6	6

STATUTORY AUTHORITY:

The Office of African American Affairs was established pursuant to the African American Affairs Act, Sections 28-21-1 through 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	820.7	740.2	-24.1	716.1	716.1	604.1	-15.6
SOURCES TOTAL	820.7	740.2	-24.1	716.1	716.1	604.1	-15.6
USES							
Personal Services and Employee Benefits	337.8	356.4	-11.6	344.8	362.2	261.9	-24.0
Contractual Services	176.5	205.6	-6.7	198.9	181.5	181.5	-8.7
Other	168.0	178.2	-5.8	172.4	172.4	160.7	-6.8
TOTAL USES	682.3	740.2	-24.1	716.1	716.1	604.1	-15.6
FTE							
Permanent	5.0	5.0	0.0	5.0	5.0	4.0	-20.0
TOTAL FTE POSITIONS	5.0	5.0	0.0	5.0	5.0	4.0	-20.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of African American Affairs to reduce the FY10 operating budget from the general fund by \$41 thousand.

BUDGET ISSUES:

The Office of African American Affairs shares similar goals with the Martin Luther King, Jr. Commission. Efficiencies would be gained by having the two agencies share administrative costs. The LFC recommendation supports co-locating the Martin Luther King, Jr. Commission with the Office of African American Affairs and having the director of the Office of African American Affairs also be the director of the Martin Luther King, Jr. Commission. Currently, the Office of African American Affairs leases 1,735 square feet in office space in Albuquerque that can accommodate the additional 2 FTE from Martin Luther King, Jr. Commission.

The LFC recommendation includes the following for FY12: \$100.3 thousand reduction in personal services and employee benefits category from the deletion of 1 FTE deputy director position and \$11.4 thousand reduction in the other category from reductions in printing and transportation pool.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$24.1 thousand, or 3.2 percent.

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

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
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	5%	77%	25%	35%	75%
Output	Number of New Mexican African-Americans recognized per year, statewide, for their achievements	50	54	50	50	50
Output	Number of churches, organizations and counties receiving information	750	815	600	650	650
Output	Number of informative meetings, documents and publications to increase awareness of health disparities that adversely affect the New Mexico African-American community	2	5	5	5	5
Output	Number of educational conferences, town hall meetings, workshops and forums to increase awareness pertaining to the New Mexico African-American community	5	12	10	10	10
Output	Number of educational regional conferences	5				
Output	Number of African-American organizations and churches statewide to be included in a database	500				
Output	Number of town hall meetings conducted per year	8				
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	7				

STATUTORY AUTHORITY:

Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978 created the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing. Three members are exofficio and four are appointed by the governor without regard for party affiliation. Statutory duties of the commission comprise identifying the needs of deaf and hard-of-hearing persons and advocating for their needs, providing educational assistance to state agencies and ensuring agency compliance with regulations pertaining to 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 is responsible for overseeing the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens in government agencies, institutions, and businesses, as well as for hearing individuals affiliated with those who have a hearing loss. The commission operates a single program providing advocacy, outreach, referral and educational services and oversight of the telecommunications relay network for deaf and hard-of-hearing persons.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
Other Transfers	3,478.2	3,568.5	0.0	3,568.5	3,200.0	3,530.6	-1.1
Fund Balance	248.4	119.5	0.0	119.5	488.0	0.0	-100.0
SOURCES TOTAL	3,726.6	3,688.0	0.0	3,688.0	3,688.0	3,530.6	-4.3
USES							
Personal Services and Employee Benefits	951.7	971.1	0.0	971.1	1,125.2	986.6	1.6
Contractual Services	1,666.3	1,847.3	0.0	1,847.3	2,064.6	1,805.4	-2.3
Other	481.8	292.8	0.0	292.8	387.4	272.6	-6.9
Other Financing Uses	626.8	576.8	0.0	576.8	110.8	466.0	-19.2
TOTAL USES	3,726.6	3,688.0	0.0	3,688.0	3,688.0	3,530.6	-4.3
FTE							
Permanent	15.0	15.0	0.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	0.0	15.0	15.0	15.0	0.0

BUDGET ISSUES:

Revenue for the commission comes from a surcharge of 0.33 percent on telephone services, including most mobile phone services. In FY10, revenue for the fund totaled about \$3.48 million. Although FY11 revenue is budgeted at about \$3.57 million, the recommendation assumes slower growth from FY10, reaching \$3.53 million in FY12. This revenue does not support the commission's budget request, and the commission must align expenditures with its revenue stream, instead of relying on nonreverting balances in the telecommunications access fund. The fund balance at the end of FY10 was about \$781 thousand.

With a full-time director now in place, funding for personal services and employee benefits is sufficient to meet the agency's current needs. Additional funding is not recommended for reclassifying positions and providing salary increases, as requested.

The recommendation for contractual services provides for increased spending over FY10, especially for equipment purchases and relay services. The commission should seek to reduce contractual services on administrative support functions.

The commission's 15 employees also operate out of three offices in Santa Fe, Albuquerque, and Las Cruces. The commission should consolidate the Santa Fe and Albuquerque offices and reconsider the need for an office in Las Cruces for 2 FTE.

The recommendation does not include a transfer to the Sign Language Interpreting Practices Board at the Regulation and Licensing Department. The board has a balance of more than \$300 thousand in its fund and does not need 2.4 FTE, as authorized, to license an estimated 250 sign language interpreters.

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 four hundred sixty-six thousand dollars (\$466,000) 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.

COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS

The purpose of the deaf and hard-of-hearing program is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing citizens of New Mexico by being the recognized advocate on important issues impacting the deaf and hard-of-hearing community; the proactive provider of innovative programs and services; and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of workshops and training sessions conducted	80	107	50	60	75
Output	Number of information referrals, outreach and clients served	7,225				
* Output	Hours provided by the sign language interpreter referral service	32,428	33,161	32,500	30,000	32,500
* Output	Number of accessible technology equipment distributions	805	492	920	800	800
* Output	Number of clients provided assistance to reduce or eliminate communication barriers		867	1,300	1,000	1,000
Output	Number of information referral and outreach contacts		5,363	10,000	10,000	10,000
Output	Number of newly issued New Mexico community sign language interpreter licenses		N/A		15	15

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. Commission is to promote Martin Luther King Jr.'s principles and philosophy to the people of New Mexico to improve interracial cooperation and reduce youth conflicts in our communities.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	380.0	319.5	-10.4	309.1	309.1	176.5	-42.9
SOURCES TOTAL	380.0	319.5	-10.4	309.1	309.1	176.5	-42.9
USES							
Personal Services and Employee Benefits	172.8	146.6	-4.8	141.8	149.6	76.5	-46.1
Contractual Services	34.9	42.0	-1.4	40.6	38.9	12.9	-68.2
Other	135.4	130.9	-4.2	126.7	120.6	87.1	-31.3
TOTAL USES	343.1	319.5	-10.4	309.1	309.1	176.5	-42.9
FTE							
Permanent	3.0	3.0	0.0	3.0	3.0	2.0	-33.3
TOTAL FTE POSITIONS	3.0	3.0	0.0	3.0	3.0	2.0	-33.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduced the FY10 operating budget by \$11.4 thousand, or 3 percent.

BUDGET ISSUES:

Martin Luther King, Jr. Commission's mission is very narrow and duplicates the Office of African American Affairs. The Office of African American Affairs participates in many of the same events as the commission. To have administrative costs for two agencies with common goals is inefficient. The LFC recommendation supports co-locating the Martin Luther King, Jr. Commission with the Office of African American Affairs and having the director of Office of African American Affairs also be the director of the Martin Luther King, Jr. Commission. Currently, the Office of African American Affairs leases 1,735 square feet in office space in Albuquerque that can accommodate the additional staff from Martin Luther King, Jr. Commission.

LFC recommendation includes the following for FY12: \$73.1 thousand reduction in personal services and employee benefits category from deleting the 1 FTE director position and funding the remaining 2 FTE secretary and administrative assistant I positions, \$26 thousand reduction in contractual services category due to eliminating the contract for a chief financial officer whose duties can be assumed by current staff, \$26 thousand reduction from savings in property insurance and leasing of office space, and \$7.5 thousand reduction in the other category to align with spending in FY10.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$10.4 thousand, or 3.2 percent.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of program objectives achieved	100%	100%	100%	100%	100%
Output	Number of annual statewide youth conferences using Dr. King's principles of nonviolence	1	1	1	1	1
Output	Number of statewide holiday commemorative programs supported	11	15	10	10	10
Output	Number of youth anti-violence workshops conducted	9	10	9	9	9

STATUTORY AUTHORITY:

The Commission for the Blind was created by Sections 28-7-15 through 28-7-23 NMSA 1978. The commission consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

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 to living an independent and meaningful life.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14	Adjusted	Agency	LFC Recom-	Incr
			Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	2,067.7	1,993.8	-64.6	1,929.2	1,929.2	1,898.0	-1.6
Federal Revenues	4,619.8	5,362.6	0.0	5,362.6	5,330.9	5,255.1	-2.0
Other Revenues	405.7	405.1	0.0	405.1	411.6	411.6	1.6
SOURCES TOTAL	7,093.2	7,761.5	-64.6	7,696.9	7,671.7	7,564.7	-1.7
USES							
Personal Services and Employee Benefits	4,030.8	4,643.2	-38.6	4,604.6	4,672.6	4,575.6	-0.6
Contractual Services	114.7	207.1	-1.7	205.4	207.8	197.8	-3.7
Other	2,503.7	2,911.2	-24.3	2,886.9	2,791.3	2,791.3	-3.3
TOTAL USES	6,649.2	7,761.5	-64.6	7,696.9	7,671.7	7,564.7	-1.7
FTE							
Permanent	106.5	92.5	0.0	92.5	91.5	91.5	-1.1
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	107.5	93.5	0.0	93.5	92.5	92.5	-1.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Commission for the Blind to reduce the FY10 operating budget from the general fund by \$41.4 thousand.

BUDGET ISSUES:

As measured by the Rehabilitation Services Administration, the commission continues to be one of the nation's leading rehabilitation agencies in its ability to place blind persons in well-paying positions, ranking first for the average starting wage of consumers measured against the average state wage, first for the percentage of consumers with quality employment outcomes, and second for the effectiveness of services. The independent living and older blind programs are more difficult to measure, but the commission continues to serve an increasing caseload of elderly persons who are blind.

Federal funding is the primary revenue source for the commission, providing about 70 percent of the total revenue under a variety of general fund matching requirements. In FY11, total full-time-equivalent (FTE) positions were reduced by 14. With the commission shifting its employees from factory production of textile goods to senior living and education services, most deleted positions had been vacant for long periods of time. In addition to the commission's budgeted vacancy rate of 5.6 percent, the recommendation applies another 2 percent.

Despite a 1.6 percent general fund reduction, the FY12 total recommendation represents a 13.8 percent increase over actual FY10 expenditures. If and when the commission identifies an appropriate enterprise activity other than production of textile goods, then the deleted positions can be restored.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$64.6 thousand. To avoid maintenance-of-effort penalties, the reduction was applied to the independent living and emergency eye care programs.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balances in the vocational rehabilitation program of the commission for the blind remaining at the end of fiscal year 2012 from appropriations made from the general fund shall not revert.

COMMISSION FOR THE BLIND

The purpose of the blind services program is to assist blind or visually impaired citizens of New Mexico to achieve economic and social equality so they can have independence based on their personal interests and abilities.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of quality employment opportunities obtained for agency's blind or visually impaired consumers	45	40	45	38	38
* 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	614	609	600	600	600
* Outcome	Average employment wage for the blind or visually impaired person	\$16.04	\$13.32	\$15.00	\$13.50	\$13.50
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	33	32	32	32	32
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			45	45	45

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,421.0	3,070.3	-99.6	2,970.7	2,970.7	2,413.2	-18.8
Other Transfers	293.8	293.8	0.0	293.8	263.6	255.7	-13.0
SOURCES TOTAL	3,714.8	3,364.1	-99.6	3,264.5	3,234.3	2,668.9	-18.2
USES							
Personal Services and Employee Benefits	1,071.6	1,148.9	-37.3	1,111.6	1,132.6	1,077.0	-3.1
Contractual Services	660.2	750.0	-24.3	725.7	609.8	501.9	-30.8
Other	1,602.7	1,465.2	-38.0	1,427.2	1,491.9	1,090.0	-23.6
TOTAL USES	3,334.5	3,364.1	-99.6	3,264.5	3,234.3	2,668.9	-18.2
FTE							
Permanent	15.0	15.0	0.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	0.0	15.0	15.0	15.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Indian Affairs Department to reduce the FY10 operating budget from the general fund by \$188 thousand.

BUDGET ISSUES:

The Indian Affairs Department has been an effective advocate for the improvement of state-tribal relations. The agency has been successful in assisting other agencies of state government develop tribal consultation plans and improve their outreach to tribal governments. Indeed, this core function of IAD should be the focus of its efforts in FY12. To that end, the recommendation for personal services and employee benefits is fully funded for this small agency's personnel to work across governments. The agency should use its expertise to help tribal entities and governments access the health, education, and economic development programs funded elsewhere in state government. In addition, oversight of state capital outlay spending on tribal projects should remain a key function.

With the department focused on its consultative role, the recommendation reduces funding for grants and contracts to about \$1.4 million, about a 25 percent reduction from FY10. While individually these projects may have merit, many of them are duplicated by other state government programs -- from economic development to healthcare promotion to utility assistance. Projects in FY11 range widely in scope and include \$410 thousand for the Santa Fe Indian School leadership program, \$300 thousand for Navajo Nation emergency management, \$35 thousand for the University of New Mexico tribal language program, \$50 thousand for economic development programs at the American Indian Chamber of Commerce, \$50 thousand for the Isleta Pueblo recreation program, and \$40 thousand to provide case management services to victims of radiation exposure.

Generally, the department provides limited budget oversight and management of the projects. As the funding is reduced, the department should prioritize remaining funds based on strategic initiatives and filling gaps in other state programs.

The other transfer revenue source includes \$255.7 thousand from the tobacco settlement program fund for Native American tobacco cessation efforts, a 3 percent reduction from the adjusted FY11 appropriation.

IAD currently oversees over \$33.9 million for more than 138 capital projects with 4 FTE, although one position is currently vacant. Since 2005, \$25.5 million has been appropriated to the tribal infrastructure fund for more than 72 projects. Beginning in FY12, 5 percent of the annual estimated severance tax bonding (STB) capacity will be deposited in the fund for infrastructure projects on tribal lands. The July 2010 STB capacity forecast was \$12.1 million for this distribution.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$99.6 thousand. The agency reduced grants, some by as much as 10 percent, including the grant to the Navajo Nation for emergency services.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the Indian affairs program of the Indian affairs department includes two hundred fifty-five thousand seven hundred dollars (\$255,700) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

INDIAN AFFAIRS DEPARTMENT

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	100%	100%			
Outcome	Number of audit findings	2	0			
* Output	Number of capital projects over fifty thousand dollars (\$50,000) completed and closed	60	72	75	70	75
Output	Number of capital outlay process training sessions conducted for tribes	15	0	13		
Output	Percent of grants and service contracts with more than two performance measures	100%	100%			
* Output	Number of capital outlay projects under fifty thousand dollars (\$50,000) completed and closed	70	85	80		80
Output	Percent of special project appropriation contracts sent out by June 30 to tribal entities that have submitted an acceptable scope of work			75%	75%	75%
Output	Number of cabinet-level agencies that have fully complied with the State-Tribal Collaboration Act			20	20	20
Output	Percent of fiscal impact report requests completed annually			90%	90%	90%
Outcome	Number of hits to the Indian affairs department website			50,000	10,000	10,000
Outcome	Number of Indian affairs department news items printed in press or aired on broadcast media			15	5	5

STATUTORY AUTHORITY:

Sections 9-23-1 through 9-23-12 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 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, which investigates cases of elder neglect, abuse, and exploitation; 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	49,002.3	46,331.5	-1,503.2	44,828.3	45,855.0	40,845.1	-8.9
Other Transfers	6,245.9	6,630.8	0.0	6,630.8	6,287.4	2,660.0	-59.9
Federal Revenues	11,026.4	9,946.5	0.0	9,946.5	9,946.5	10,535.4	5.9
Other Revenues	306.5	72.6	0.0	72.6	72.6	72.6	0.0
SOURCES TOTAL	66,581.1	62,981.4	-1,503.2	61,478.2	62,161.5	54,113.1	-12.0
USES							
Personal Services and Employee Benefits	18,259.4	16,858.8	-445.2	16,413.6	16,661.5	14,718.3	-10.3
Contractual Services	5,549.1	5,777.0	-44.1	5,732.9	5,644.7	3,588.3	-37.4
Other	38,671.7	38,108.0	-941.3	37,166.7	37,871.8	35,806.5	-3.7
Other Financing Uses	2,027.9	2,237.6	-72.6	2,165.0	1,983.5	0.0	-100.0
TOTAL USES	64,508.1	62,981.4	-1,503.2	61,478.2	62,161.5	54,113.1	-12.0
FTE							
Permanent	272.5	267.5	0.0	267.5	267.5	238.5	-10.8
Term	19.0	13.5	0.0	13.5	13.5	8.5	-37.0
TOTAL FTE POSITIONS	291.5	281.0	0.0	281.0	281.0	247.0	-12.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Aging and Long-Term Services Department to reduce the FY10 operating budget from the general fund by \$1.3 million. Reductions were taken in all programs with the Consumer and Elder Rights Program being reduced by the highest percentage from personal services and employee benefits.

BUDGET ISSUES:

The agency's FY12 base request was \$62.2 million, an increase of \$683.3 thousand, or 1 percent, over the adjusted FY11 operating budget. The requested increase is \$1.03 million from the general fund, offset by a reduction of \$350 thousand in transfer from the HSD federal Temporary Assistance to Needy Families (TANF) grant. The increase from the general fund is to maintain current funding levels for the Aging Network. In FY11, the program was reduced \$859.2 thousand by the Section 14 reductions required by the 2010 General Appropriation Act. Also, augmentation funding from the federal American Recovery and Reinvestment Act of 2009 has ended. The act provided an additional \$735 thousand that was not reflected in the FY11 operating budget.

The loss of the TANF transfers from HSD affects the senior employment and mentor program known as the Golden Opportunities for Lifelong Development (GOLD). In FY09, the agency received \$750 thousand for this program from HSD. The transfer was reduced to \$350 thousand in FY11. Reductions in carry-forward balances from TANF and increased caseloads have reduced HSD's ability to transfer funds for other services. The GOLD program was ended on October 31, 2010.

No expansions were requested.

The recommendation is \$54.1 million, a reduction of \$7.4 million, or 12 percent, from the adjusted FY11 operating budget. The recommendation eliminates the Long-Term Services Program and transfers responsibilities for the Medicaid waiver programs managed by the department to the HSD. The recommendation transfers 27 FTE and funding to the Consumer and Elder Rights Program, responsible for the operation of the resource center where these individuals are currently working. The remaining FTE and funding are eliminated. The HSD recommendation will include an increase of 16 FTE and \$979.1 thousand from the general fund with matching federal funds to manage these programs.

The transfer of the functions of the Long-Term Services Program is a result of duplication of responsibilities between ALTSD and the Coordination of Long-Term Care Services (CoLTS) contractors. CoLTS was implemented in August 2008 to provide services to individuals enrolled under the disabled and elderly (D&E) Medicaid waiver, individuals using the personal care option, nursing facility residents, Medicare recipients eligible for Medicaid (dual eligibles), and those approved for services under the Mi Via program. As of September 2010, more than 38,000 individuals were enrolled in CoLTS. The contracts are administered by HSD. Even though the program has been in existence more than two years, the 2004 joint powers agreement (JPA) between ALTSD and HSD has not been renegotiated. Transfer of FTE and funding to HSD will provide for better contract oversight and management by putting responsibilities for all waiver programs, except developmental disabilities, into one state agency. With the exception of brain injury, funding for the Medicaid waiver programs resides in HSD.

The agency needs to reorganize its departments and bureaus to match the way it actually operates. Last year, the agency requested phase one of an organizational change and moved FTE and funding into program support. Phase two was to be included in this request to realign other FTE into appropriate programs. However, this was not included. The recommendation to transfer FTE to the agency Aging and Disability Resource Center who actually work there is a start, but the aging network has 1.5 FTE and additional support comes from program support, which oversees the operation of the program. The agency should request realignments in the next appropriation request. Proper alignment should improve organizational responsibilities and enable better tracking of all program costs.

The recommendation for the Consumer and Elder Rights Program is a \$3.5 million increase or 78.3 percent; FTE are increased by 27, a 105.9 percent increase. The recommendation continues the existing program plus transfers FTE and funding from the Long-Term Services Program. These FTE have been working in the agency Aging and Disability Resource Center since its creation, and the realignment puts them organizationally into the program in which they actually work. This should streamline staff reporting and budget preparation requirements. The center received over 16,000 calls for assistance in FY10. The call volume continues to increase, and in October 2010, 3,690 calls were received, averaging 185 calls per day. A year ago, calls were approximately 2,400 for the month of October. The MEDBANK program continues to assist seniors and others in obtaining prescription drugs by working with pharmaceutical companies to get free or reduced price items.

The Aging Network recommendation is \$33.5 million, a reduction of \$679 thousand, or 2 percent. The reduction is largely from the loss of the TANF grant. The loss of this funding will severely impact senior employment programs throughout the state. The agency requested general fund dollars to replace federal revenues no longer available with the end of distributions from the federal American Recovery and Reinvestment Act of 2009 for senior meals and for the TANF funds. However, this additional funding is not available. Distributions to the area agencies on aging were also reduced by \$100 thousand. General fund support for the program is recommended at \$25.3 million, a reduction of \$329 thousand, or 1.3 percent. In FY10, approximately 2 million meals were provided to seniors over the age of 55 either through congregate meals at senior centers or through home-delivered meals. Because of the importance of this program as expressed at legislative hearings, the recommendation continues support at close to the current levels. Approximately 290 seniors received employment through agency efforts during the same period. For FY11, this target was cut to 150 due to decreased TANF funding and will continue to decline in FY12.

The recommendation for the Adult Protective Services (APS) Program is \$12.7 million, a decrease of 0.1 percent over the FY11 adjusted operating budget. Allocations from the general fund are decreased by 0.2 percent to \$10.2 million. Reductions are found in contracts and other costs to increase personal services and employee benefits 4.8 percent to \$7.7 million. This increase reduces the budgeted vacancy rate to 6 percent from the requested 7.8 percent. Vacancies averaged 12.1 percent in FY10, and this rate needs to be reduced because of the increasing number of investigations being conducted. The caseload has increased approximately 4 percent a year over the last five years. The annual number of investigations has increased almost 1,000 cases from FY06 to the present without an increase in personnel in this vital area. The need to protect seniors from abuse, neglect, and exploitation is critical, and additional staff resources are needed to carry out this effort. Reductions are recommended in adult daycare services, which should be provided on a temporary basis with the individuals transferred to long-term programs as soon as practicable. Reductions in other costs are recommended based on FY10 expenditures or to the FY11 operating budget. The mission of the program is carried out by the personnel resources available, and the recommendation puts the emphasis in that area.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$1.5 million. The program reduced aging network contracts, which results in fewer meals provided to seniors, reductions in adult day care, respite care, senior olympics and legal services. Coupled with reductions in transfers from the Human Services Department, the number of seniors hired by the GOLD mentor program will drop by 10.

RECOMMENDED LANGUAGE:

Any unexpended balances remaining at the end of fiscal year 2012 in other state funds from conference registration fees shall not revert.

The general fund appropriation to the aging network program of the aging and long-term services department in the other category to supplement the federal Older Americans Act shall be contracted to the designated area agencies on aging.

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	936.6	823.7	-26.7	797.0	797.0	1,577.6	97.9
Other Transfers	122.1	164.9	0.0	164.9	165.0	161.4	-2.1
Federal Revenues	1,018.0	1,020.0	0.0	1,020.0	1,020.0	1,794.2	75.9
Other Revenues	4.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	2,080.7	2,008.6	-26.7	1,981.9	1,982.0	3,533.2	78.3
USES							
Personal Services and Employee Benefits	1,690.9	1,462.9	-21.5	1,441.4	1,441.6	2,942.9	104.2
Contractual Services	74.3	113.1	-0.8	112.3	112.3	120.6	7.4
Other	413.9	432.6	-4.4	428.2	428.1	469.7	9.7
TOTAL USES	2,179.1	2,008.6	-26.7	1,981.9	1,982.0	3,533.2	78.3
FTE							
Permanent	18.5	18.5	0.0	18.5	18.5	45.5	145.9
Term	7.5	7.0	0.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	26.0	25.5	0.0	25.5	25.5	52.5	105.9

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of ombudsman complaints resolved	4,313	3,795	5,000	3,900	3,900
Output	Percent of people accessing consumer and elder rights programs in need of two or more daily living services who receive information, referral and assistance			25%	27%	27%
Output	Number of granny cams loaned	12	12			
* Output	Number of persons accessing the aging and long-term services department's resource center	68,014	50,331	20,000	25,000	25,000
Output	Number of individuals receiving free or low cost drugs through the prescription drug assistance program	606	7,038	4,500	5,000	5,000
* Outcome	Percent of resident-requested transitions from nursing homes to home- and community-based services that are completed to the satisfaction of the resident within nine months from the request			100%	80%	80%
Outcome	Percent of critical medicare cases resolved within three hundred sixty days			75%	75%	75%
Outcome	Number of individuals assisted with application for the low-income subsidy			90%	1,000	1,000

AGING NETWORK

The purpose of the aging network is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the work force and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	27,387.6	26,483.6	-859.2	25,624.4	26,651.0	25,295.4	-1.3
Other Transfers	323.1	350.0	0.0	350.0	0.0	0.0	-100.0
Federal Revenues	8,858.0	8,096.8	0.0	8,096.8	8,096.8	8,096.8	0.0
Other Revenues	119.7	72.6	0.0	72.6	72.6	72.6	0.0
SOURCES TOTAL	36,688.4	35,003.0	-859.2	34,143.8	34,820.4	33,464.8	-2.0
USES							
Personal Services and Employee Benefits	8.4	121.3	-2.8	118.5	118.5	118.5	0.0
Contractual Services	101.1	105.0	-3.2	101.8	101.6	101.6	-0.2
Other	35,137.2	34,589.1	-847.1	33,742.0	34,600.3	33,244.7	-1.5
Other Financing Uses	171.1	187.6	-6.1	181.5	0.0	0.0	-100.0
TOTAL USES	35,417.8	35,003.0	-859.2	34,143.8	34,820.4	33,464.8	-2.0
FTE							
Permanent	0.0	1.0	0.0	1.0	1.0	1.0	0.0
Term	0.5	0.5	0.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	0.5	1.5	0.0	1.5	1.5	1.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of individuals exiting from the federal older worker program who obtain unsubsidized employment	13.1%	21.4%	18.5%	18.5%	18.5%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	78%	89.8%	76.5%	76.5%	76.5%
Output	Number of older adults placed in meaningful employment	394	292	150	150	150
Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	20.2%	37.5%	36%		
Output	Number of adult daycare service hours provided	126,558	132,092			
Output	Number of hours of respite care provided	122,072	101,572	135,000	130,000	130,000

		PERFORMANCE MEASURES				
		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of one-way trips provided to community services for eligible consumers	863,005	798,012	705,000	700,000	700,000
Output	Number of homemaker hours provided in the state fiscal year	141,482	138,721			
Output	Number of children served through the foster grandparent program	1,933	2,610	1,600	1,600	1,600
* Output	Number of persons receiving aging network community services			75,000	50,000	50,000
* Outcome	Number of persons whose food insecurity is alleviated by meals received through the aging network			25,000	25,000	25,000
Output	Number of home-delivered meals provided through the aging network	2,096,850	1,957,076			
Output	Number of families served through the grandparents-raising-grandchildren initiative	619	614	285	394	394

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)							
	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	Adjusted <u>Budget</u>	FY12 - 2011-2012 Agency <u>Request</u>	LFC Recom- <u>mendation</u>	% Incr <u>(Decr)</u>
SOURCES							
General Fund Transfers	4,696.3	4,337.3	-140.7	4,196.6	4,196.6	0.0	-100.0
Other Transfers	3,156.6	3,617.3	0.0	3,617.3	3,623.8	0.0	-100.0
Federal Revenues	702.3	185.0	0.0	185.0	185.0	0.0	-100.0
Other Revenues	182.8	0.0	0.0	0.0	0.0	0.0	-100.0
SOURCES TOTAL	8,738.0	8,139.6	-140.7	7,998.9	8,005.4	0.0	-100.0
USES							
Personal Services and Employee Benefits	3,915.2	3,497.0	-57.1	3,439.9	3,440.6	0.0	-100.0
Contractual Services	1,965.6	1,988.0	-5.8	1,982.2	1,993.8	0.0	-100.0
Other	523.5	604.6	-11.3	593.3	587.5	0.0	-100.0
Other Financing Uses	1,856.8	2,050.0	-66.5	1,983.5	1,983.5	0.0	-100.0
TOTAL USES	8,261.1	8,139.6	-140.7	7,998.9	8,005.4	0.0	-100.0
FTE							
Permanent	56.0	54.0	0.0	54.0	54.0	0.0	-100.0
Term	7.0	5.0	0.0	5.0	5.0	0.0	-100.0
TOTAL FTE POSITIONS	63.0	59.0	0.0	59.0	59.0	0.0	-100.0

		PERFORMANCE MEASURES				
		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of total personal care option cases that are consumer-directed	19.3%	19.9%	10.8%	20%	
Outcome	Percent of disabled and elderly coordinated long-term services waiver clients who receive services within ninety days of eligibility determination	98.6%	92.0%	90%	90%	
Outcome	Average number of months that individuals are on the coordinated long-term services c waiver registry prior to receiving an allocation for services	42	56	60	85	
Output	Number of clients enrolled in coordinated long-term services	39,630				
Outcome	Average annual cost per client in the coordinated long-term services program.	N/A	\$17,320	18,000	TBD	
Output	Number of brain injury clients served through the self-directed waiver	317	347			
Output	Number of individuals on the self-directed mi via waiver	970	514	800	1,000	
Output	Number of consumers who transition from nursing facilities placement to community-based services	156	212	135	135	

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>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	11,287.1	10,602.5	-344.0	10,258.5	10,258.5	10,240.6	-0.2
Other Transfers	2,249.9	2,498.6	0.0	2,498.6	2,498.6	2,498.6	0.0
SOURCES TOTAL	13,537.0	13,101.1	-344.0	12,757.1	12,757.1	12,739.2	-0.1
USES							
Personal Services and Employee Benefits	7,862.5	7,610.2	-246.9	7,363.3	7,610.2	7,719.2	4.8
Contractual Services	3,243.5	3,413.8	-29.7	3,384.1	3,284.5	3,221.8	-4.8
Other	2,069.7	2,077.1	-67.4	2,009.7	1,862.4	1,798.2	-10.5
TOTAL USES	13,175.7	13,101.1	-344.0	12,757.1	12,757.1	12,739.2	-0.1
FTE							
Permanent	140.0	139.0	0.0	139.0	139.0	139.0	0.0
TOTAL FTE POSITIONS	140.0	139.0	0.0	139.0	139.0	139.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Outcome	Percent of adults with repeat maltreatment	13.5%	Unknown			
* Output	Number of adults receiving adult protective services investigations of abuse, neglect or exploitation	6,633	6,236	6,250	6,000	6,000
* Outcome	Number of incapacitated adults who receive in-home services or interventions through adult protective services as a result of an investigation of abuse, neglect or exploitation			800	1,100	1,100
* Outcome	Percent of adult protective services investigations requiring emergency or priority response within twenty-four hours or less			10.5%	10.5%	10.5%

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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	4,694.7	4,084.4	-132.6	3,951.8	3,951.9	3,731.5	-5.6
Other Transfers	394.2	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	448.1	644.7	0.0	644.7	644.7	644.4	0.0
SOURCES TOTAL	5,537.0	4,729.1	-132.6	4,596.5	4,596.6	4,375.9	-4.8
USES							
Personal Services and Employee Benefits	4,782.4	4,167.4	-116.9	4,050.5	4,050.6	3,937.7	-2.8
Contractual Services	164.6	157.1	-4.6	152.5	152.5	144.3	-5.4
Other	527.4	404.6	-11.1	393.5	393.5	293.9	-25.3
TOTAL USES	5,474.4	4,729.1	-132.6	4,596.5	4,596.6	4,375.9	-4.8
FTE							
Permanent	58.0	55.0	0.0	55.0	55.0	53.0	-3.6
Term	4.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	62.0	56.0	0.0	56.0	56.0	54.0	-3.6

PERFORMANCE MEASURES

		<u>FY09 Actual</u> 100%	<u>FY10 Actual</u> 100%	<u>FY11 Budget</u> 100%	<u>FY12 Request</u> 100%	<u>FY12 Recomm</u> 100%
Output	Percent of contractors assessed with no significant findings					
Output	Number of working days between payment of state funds and the draw of federal funds		30	30	30	30

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 325.

Additional authority and definition of responsibilities are found in the Public Assistance Act (Sections 27-2-1 through 27-2-47 NMSA 1078) for the Income Support, Medical Assistance, and Child Support Enforcement divisions.

MISSION:

The Human Services Department (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. The agency manages nearly \$4.6 billion of federal and state funding that provide life's most basic services to New Mexico's poorest individuals and families, touching the lives of one in three New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	716,210.5	708,904.0	-3,498.8	705,405.2	1,083,873.8	953,891.2	35.2
Other Transfers	125,970.1	129,815.6	0.0	129,815.6	141,581.4	152,233.2	17.3
Federal Revenues	3,752,230.6	3,584,397.3	0.0	3,584,397.3	3,588,304.0	3,343,974.2	-6.7
Other Revenues	69,788.9	81,164.6	0.0	81,164.6	119,590.6	117,578.6	44.9
Fund Balance	112.6	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	4,664,312.7	4,504,281.5	-3,498.8	4,500,782.7	4,933,349.8	4,567,677.2	1.5
USES							
Personal Services and Employee Benefits	99,446.4	101,750.9	-1,074.0	100,676.9	100,208.0	99,254.8	-1.4
Contractual Services	124,323.0	125,489.8	-1,620.9	123,868.9	128,791.5	122,284.6	-1.3
Other	4,326,449.7	4,164,566.2	-794.8	4,163,771.4	4,650,339.8	4,279,496.5	2.8
Other Financing Uses	89,365.6	112,474.6	-9.1	112,465.5	54,010.5	66,641.3	-40.7
TOTAL USES	4,639,584.7	4,504,281.5	-3,498.8	4,500,782.7	4,933,349.8	4,567,677.2	1.5
FTE							
Permanent	1,920.0	1,877.0	0.0	1,877.0	1,878.0	1,894.0	0.9
Term	62.0	53.0	0.0	53.0	47.0	50.0	-5.7
Temporary	50.0	50.0	0.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	2,032.0	1,980.0	0.0	1,980.0	1,975.0	1,994.0	0.7

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Human Services Department to reduce the FY10 operating budget from the general fund by \$28.7 million. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures in care and support services by \$25.8 million, including \$21.9 million from Medicaid, of which \$16 million was replaced by increased federal funds and appropriations from the tobacco settlement program fund. The action in Medicaid amounts to an additional 1 percent, or \$5.9 million, reduction not contemplated by the Legislature during the special session. Another \$3.9 million was reduced from the state-funded TANF program in the Income Support Program. The order also reduced contracts by \$1.7 million -- \$730 thousand in the Behavioral Health Services Division, \$800 thousand in Medical Assistance, and \$190 thousand in Program Support. In personal services and employee benefits, the order reduced the general fund by about \$1.2 million, mostly by swapping \$1.1 million of federal revenue, including American Recovery and Reinvestment Act (ARRA) funds, for general fund revenue in Program Support and Child Support Enforcement.

BUDGET ISSUES:

The department will face a dual challenge in fiscal year 2012. Additional federal funds from ARRA will have dried up even though demand for services might still be at historically high levels. Enrollment growth across the department's programs during the economic recession has strained resources available for service delivery, from growing caseloads in the Income Support field offices to depleted balances and cash assistance in the Temporary Assistance for Needy Families program. Even though enrollment growth may peak in 2011, declining state revenue will require the department to further curtail services.

The recommendation places emphasis on maintaining critical services, while eliminating some social service programs and functions. This is especially true in the Medical Assistance Program and Income Support Program, where, for example, major spending reductions in the Medicaid Coordination of Long Term Services (CoLTS) program will be required and state funding for seniors in the Supplemental Nutrition Assistance Program (SNAP) is eliminated. The department will have to maintain vacancy rates averaging more than 11 percent and reduce spending in the other category. To achieve these reductions, the department must continue to seek reductions in nonessential services and administrative costs to maintain its core programs. The following presents the changes by program.

Medicaid provides comprehensive medical care (hospitalization, doctor visits, pharmaceuticals, etc), vision services, and dental services to almost 500,000 New Mexicans – primarily children, pregnant mothers, parents in the TANF program, and certain elderly and disabled individuals receiving supplemental security income (SSI). Eligibility for Medicaid and the Children's Health Insurance Program (CHIP) depends on income, and all children (19 and younger) are eligible if the family income is below 235 percent of the federal poverty level (FPL) (\$51,818 per year for a family of four). Children make up more than half of the individuals covered by the program – 332,000 in June 2010. With another 52,000 adults receiving coverage through the State Coverage Insurance (SCI) program, the total number of individuals enrolled in Medicaid and similar programs has risen to more than 554,000.

Medicaid enrollment is at its highest point in state history and has grown more than 20 percent since FY08. At the same time, Medicaid has experienced corresponding growth in expenditures, increasing by some \$700 million, or 22 percent, from FY08 (\$3.12 billion) to FY10 (\$3.82 billion). This growth occurred without increases to the general fund share of the operating budget due to ARRA, which raised the federal Medicaid matching rate, known as the Federal Medical Assistance Percentage or FMAP, by about 10 percent. This enhanced rate begins to phase out on December 31, 2010, and ends on June 30, 2011.

The appropriation recommendation for the Medicaid program makes several assumptions about the program that the department did not make in its projections, including the implementation of more cost-containment efforts, the appropriation of additional revenue from other state funds, lower enrollment projections, and a supplemental appropriation for the FY11 Medicaid shortfall. These program change recommendations reduce the total spending projection to \$3.61 billion in FY12, some \$305 million lower than the October 2010 projection from the Human Services Department.

First, as a part of the lower spending projection, the recommendation assumes the department will undertake an additional \$93.2 million in expenditure reductions, or cost containment, to reduce general fund spending by \$30.2 million. While there are a range of options available to the department, the recommendation assumes a reduction of provider reimbursement rates, elimination of some healthcare benefits for adults, and a reduction in rates to managed care organizations (MCOs). The recommendation assumes a 1 percent reduction in reimbursement rates to all providers, including home health care programs and facilities (e.g., hospitals). As reimbursement rates decline, doctors and other providers might refuse to see Medicaid-covered patients. This risk is mitigated somewhat by New Mexico's higher than average Medicaid fee-for-service reimbursement rates, which in 2008 were 42 percent higher than the national average. Fee-for-service rates largely shape rates paid to providers in the managed-care programs. In addition, every state in the southwest region, including New Mexico, has reduced provider rates in FY10 and FY11.

The recommendation also assumes a 1 percent reduction in the administrative allowance for the managed-care organizations. By contract, HSD has limited administrative expenses to 13 percent of capitated payments in FY12. This calculation excludes the 4 percent premium tax and the approximately 1 percent New Mexico Medical Insurance Pool (NMMIP) assessment that MCOs pay as a part of doing business in New Mexico. Including these costs reduces the required spending on true direct services to about 82 percent of revenue, instead of the stated target of 87 percent in FY12. While the recommendation does not propose to count these costs as administrative expenses, it does assume the department will reduce the MCO administrative allowance by 1 percent, saving approximately \$7.2 million in general fund spending. Implementing this change may be costly for the MCOs, and it may require MCOs to spend down reserve levels above that required by the state Insurance Division.

The reductions in benefits assumed in the recommendation are limited to adult enrollees. While any single benefit may not produce significant savings, the elimination of three benefits are assumed here to save about \$1 million in general fund spending: vision services, physical and occupational therapy services, and hearing services for adults.

Two changes to the State Coverage Insurance (SCI) program – a more limited health benefit package for adults not otherwise eligible for Medicaid – are a part of the cost-containment assumptions. By eliminating the SCI program at the University of New Mexico Hospital (UNMH), the department could save about \$12.5 million in general fund spending. While clients would continue to receive coverage under the UNM Cares program, this change would be costly to UNM Hospital because federal participation through SCI would end. As an alternative, an intergovernmental transfer from UNMH to HSD has been discussed, and remains a viable option, to maintain the program. Secondly, the recommendation assumes a premium increase for SCI clients with incomes above 100 percent of the FPL and all employers in the program. These premium increases should reduce general fund spending by \$2.8 million. This change, however, will also reduce enrollment in the program, as clients and employers who cannot afford the increase drop coverage.

The second change to SCI might require federal approval due to the maintenance of effort (MOE) requirements in the federal healthcare reform law -- the Patient Protection and Affordable Care Act (PPACA). Under this law, states are not allowed to change eligibility for their Medicaid programs. If interpreted broadly, changes to premiums could violate the MOE requirement because of their broad impact. States may apply for an exemption to the MOE requirement by certifying a budget shortfall. If New Mexico were to apply for such an exemption, the state could also pursue a change to SCI eligibility and eliminate coverage for adults with incomes above 133 percent of the FPL. This change might eliminate coverage for 3,000 to 5,000 adults and save \$7 million to \$13 million in general fund spending. However, depending on legal interpretations of PPACA, eligibility changes could be limited to fewer than 1,000 SCI clients.

The second major component of the \$300 million spending reduction could be achieved by redesigning the Coordination of Long Term Services (CoLTS) waiver program. The Aging and Long-Term Services Department (ALTSD) and HSD implemented CoLTS on August 1, 2008. A Medicaid managed-care program, CoLTS is designed to provide services to clients who receive in-home care through the disability and elderly waiver program, personal care option consumers, nursing facility residents, and eligible individuals with brain injuries. As of September 10, 2010, 38,092 clients were enrolled in CoLTS, which has two contractors: Evercare and Amerigroup.

The managed-care program was supposed to provide better care and save money. In practice, however, costs have increased at a rapid rate, and the ability of the two managed-care organizations to manage care is limited by the program silos operating within CoLTS. The CoLTS "C" waiver, formerly the disabled and elderly waiver, maintains separate eligibility criteria and has limited enrollment. More than 14,000 are on a waiting list to receive services. The personal care option (PCO), a similar program for those who need some in-home care, is an entitlement benefit for all Medicaid recipients who meet the health status criteria. Implemented in 2000, the program has seen explosive growth, rising to \$218.5 million in FY08. In 2006, spending per client in this program was the fifth highest in the country. These programs are designed to allow clients to receive care in a home setting instead of a nursing or long-term care facility. But given the current structure of the programs, some clients actually have to enter a nursing home before being allowed access to home-based services in the CoLTS "C" waiver. Arguably, the MCOs should be able to assess the health needs of clients and direct care. The waiver-within-a-waiver structure, however, restricts this program. Redesigning the CoLTS "C" waiver to enable clients to access the right services in the right setting should improve care and reduce costs. This redesign, however, could also limit services, especially in the PCO program.

To further improve the administration of the CoLTS program, 16 FTE from the Aging and Long-Term Services Department are transferred to the Medical Assistance Program. By combining the state administrative staff, duplicate staff functions are eliminated, and consolidated administration should ease the implementation of a waiver redesign. In addition, a review of program administration reveals duplication in efforts between ALTSD staff and the two contractors, and the management agreement between ALTSD and HSD has not been updated to define responsibilities under CoLTS.

For Medicaid revenue, the committee recommends continuing the additional appropriation of tobacco settlement payment funds to Medicaid. The committee is recommending legislation to continue the 100 percent distribution of the settlement payment to the tobacco settlement program fund, allowing the entire payment to be appropriated. Another \$1 million is assumed from enhanced fraud detection activities. The PPACA requires states to enter into new recovery audit contracts (RACs) to audit payments to Medicaid providers by December 31, 2010. These contingency-fee-based contract services are designed to ensure Medicaid is the payer of last resort. These new programs, coupled with continued improvements in the collaborative activities of the Attorney General's Office and HSD, should return revenue to the state. Also, by making an FY11 supplemental appropriation for the Medicaid shortfall, the department will not push forward expenditures into FY12. The department, however, must continue to seek all anticipated savings in FY11 from its cost-containment plan.

Many of these changes will be difficult to implement and might not result in the savings anticipated in the recommendation. Other opportunities for savings and new revenue exist and might need to be pursued. New Medicaid waiver programs included in PPACA allow states to expand coverage and receive additional federal funding. For example, a new long-term care waiver, the Community First Choice Option, could increase community-based care services to individuals with incomes up to 150 percent of the FPL. States implementing this option will receive a 6 percent enhanced federal matching rate, and HSD should consider this as part of any CoLTS redesign.

In California, the federal government approved a waiver under PPACA to expand Medicaid coverage to all individuals with incomes under 133 percent of the FPL before 2014. California will reduce spending on its long-term care and disabled population and will receive an equal amount from the federal government for coverage expansion based on county health and public safety-net hospital expenditures. Potentially, the waiver allows the state to replace state and local spending on healthcare program with federal Medicaid funds.

States have also expanded their use of provider fees or assessments. About 44 states collect a fee from providers, usually hospitals or nursing homes, which is then matched with federal funds for Medicaid expenditures. The scheme is often employed to maintain reimbursement rates to facilities.

No less important, HSD should take full advantage of the quality initiatives available through PPACA. The new law promotes "medical homes," accountable care organizations, and global payment systems to boost incentives for better coordinated primary care. Embedded in these reforms is the notion that payment reform is essential to improving quality and reducing cost in the healthcare system. By paying for quality instead of quantity, healthcare systems should reverse the current incentive to provide unnecessary tests, procedures, and visits. While difficult to estimate potential savings from such efforts, the new pilot programs offer opportunities to bring true healthcare reform.

Separately, the Centers for Medicaid and Medicare Services (CMS) notified the department of potential errors in the drawdown of federal Medicaid grants. Since the implementation of the statewide accounting system known as SHARE, HSD has had difficulty reconciling the spending reported by the Medicaid Management Information System (MMIS, also known as Omnicaid) and the state's financial reports in SHARE. In spring 2010, the department grew more concerned about potential liability the state may face from the more than \$103 million in unreconciled funds. HSD expanded the scope of its Medicaid audit firm, Meyers and Stauffer, and hired a contract manager to find the reason for reporting errors and determine what liability the state may have. Although the state's ultimate liability had not been not determined at the time of this writing, the issue bears close monitoring.

In the 2009 session, the Legislature separated the Medicaid appropriation at HSD into a third program -- Medicaid physical health managed care. The intent was to improve oversight of and set priorities for the department's spending of the Medicaid appropriations. Due to administrative burden and loss of flexibility, the executive did not separate the appropriation in the operating budget. Given the concern about additional administrative burden, the committee is not recommending a separated appropriation for FY12. However, the Legislature should consider changes to the department's authorizing statute and the Public Assistance Act to require the department to report to the Legislature about state plan amendments, federal waiver applications, and other program changes that carry budget and service impacts.

Much like Medicaid, HSD faces enrollment increases and shrinking federal revenue in the Income Support Program. The TANF caseload has grown more than 47 percent since June 2008 to 21,091 in September 2010. Federal stimulus funding and cash balances have largely been depleted. For FY11, the department cut cash benefits by 15 percent and reduced support services at the Children, Youth and Families Department, the Public Education Department, and other agencies. The state should receive an additional \$3.7 million in federal TANF contingency funds, significantly less than the \$22.1 million initially projected that would have maintained childcare services at CYFD in FY11. In place of the TANF funds, the committee recommends an \$8.7 million supplemental from the general fund for transfer to CYFD.

For FY12, the department will have to continue with the reduced cash benefit payments, the recommendation eliminates the once-per-year clothing allowance (which was down from twice per year in FY10), transportation funding for the Job Access and Reverse Commute (JARC) program, and assistance for client's employment related expenses. The recommendation provides \$74.2 million for cash assistance, \$ 9.8 million for TANF administration, and \$36.3 million for support services. Of this latter amount, just over \$26 million will be transferred to CYFD for childcare assistance and \$10.2 million is available for the NM Works contracts with New Mexico State University and Commission on the Status of Women.

The appropriation from the general fund for the TANF program is reduced due to the elimination of the employee retention bonus program. The program began in 2008 and provided a \$200 monthly payment for TANF clients meeting their work goals. The recommendation also continues the reduced general fund support for other Income Support programs, as adjusted in the FY11 operating budget. In addition, it eliminates state supplemental funding for seniors eligible for the minimum benefit in the federal Supplemental Nutrition Assistance Program (SNAP). The state funding began in FY08 to bring the minimum benefit up to \$30 per month. In FY10, about 4,000 individuals received an extra \$12 per month in this program. The appropriation for the Education Works Act program is eliminated. Without general fund support for cash benefits to stay in school, these clients become eligible for assistance through the NM Works program. If the clients do not meet the work requirement, however, it will impact the state's federally-required work participation rates.

Funding for the General Assistance Program is increased by \$100 thousand to \$9.6 million, of which \$6.7 million is from the general fund. The program provides an average cash payment of \$245 per month to individuals, mostly disabled adults, who are waiting for or have been denied benefits under the federal Supplemental Security Income Program. About 2,000 clients receive benefits through the General Assistance Program.

The Behavioral Health Services Program administers non-Medicaid federal and state funds for substance abuse and mental health services. In FY11, the program received a third federal "access to recovery" grant, which was not included in the FY11 operating budget but will be available from FY12 through FY14. The addition of this grant accounts for an increase in federal revenue and contractual services spending. Three of the 5 term FTE recommended in this program will work on the access to recovery grant, and 2 term FTE are recommended as an expansion for the Office of Substance Abuse Prevention. This federal funds increase also offsets a reduction in appropriations from the general fund for contracts. The recommendation eliminates \$650 thousand for operation of the Los Lunas substance abuse treatment facility. HSD should better coordinate substance abuse facility operations with Department of Health facilities. Given excess bed capacity in state facilities, the state should determine which facilities should be phased out.

Higher caseloads and decline in ARRA funding also impact the Child Support Enforcement Program (CSEP). Many temporary positions, established with ARRA funding, will be eliminated in FY11, and the program will have to maintain a 10 percent vacancy rate to operate in FY12. Decreases in general fund appropriations are offset by increases in federal incentive payments, leading to an overall reduction of 3.8 percent from FY11. However, recommended appropriations in FY12 are 4.8 percent higher than spending in FY10.

As in other programs, Program Support will have to maintain a 10 percent vacancy rate to manage its budget in FY12. With several large information technology projects, especially the replacement of the ISD-2 system, the recommendation should allow the information technology division of Program Support to hire necessary staff for these important projects.

In each program, the recommendation assumes a 10 percent reduction in projected lease costs. Since the December 2008 hiring freeze, HSD has 170 fewer FTE, an 8.7 percent decrease. With fewer FTE and high vacancy rates, the department should need less office space. Moreover, with historically high levels of commercial rental space available, the department should renegotiate leases across the agency's programs. This is particularly true in Santa Fe, where the executive has pursued a new human services complex to be built under a lease purchase arrangement at Las Soleras. The proposal would use existing lease payments for bonded debt service over 30 years. While the project may have merit over time, given the state's revenue outlook, achieving rent savings in the short term is more prudent.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$3.5 million. The reductions will require higher vacancy rates and cuts to information technology, behavioral health, and income support contracts.

RECOMMENDED LANGUAGE:

The appropriations to each program of the human services department in the other category include a ten percent reduction to estimated costs for leased office space.

The other state funds appropriations to the medical assistance program of the human services department include one million three hundred forty-five thousand nine hundred dollars (\$1,345,900) from the tobacco settlement program fund for the breast and cervical cancer treatment program and eight million one hundred nine thousand five hundred dollars (\$8,109,500) for other Medicaid programs.

The other state funds appropriations to the medical assistance program of the human services department include nineteen million seven hundred seventy-six thousand dollars (\$19,776,000) from the tobacco settlement program fund, contingent on enactment of legislation during the first session of the fiftieth 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 nine million eight hundred forty-five thousand five hundred dollars (\$9,845,500) 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 five hundred eighty-seven thousand one hundred dollars (\$587,100) from the general fund and seventy-four million two hundred thirty-eight thousand two hundred dollars (\$74,238,200) 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, wage subsidies for participants, 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 ten million two hundred thousand dollars (\$10,200,000) from the federal temporary assistance for needy families block grant for job training and placement.

The federal funds appropriations to the income support program of the human services department include twenty-six million fifty-two thousand four hundred dollars (\$26,052,400) from the temporary assistance for needy families block grant for transfer to the children, youth and families department for childcare programs.

The appropriations to the income support program of the human services department include six million seven hundred thousand dollars (\$6,700,000) from the general fund and two million nine hundred thirty-six thousand seven hundred dollars (\$2,936,700) from other state funds for general assistance. Any unexpended balances remaining at the end of fiscal year 2012 from the other state funds appropriation derived from reimbursements received from the social security administration for the general assistance program shall not revert.

The general fund appropriations to the income support program of the human services department include two hundred ten thousand nine hundred dollars (\$210,900) 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-one thousand dollars (\$31,000) 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:

The committee recommends the transfer of the Office of Substance Abuse and 4 FTE from the Department of Health to the Behavioral Health Services Program. The funding for the office has always been with the Behavioral Health Services Program.

BASE EXPANSION LISTING FY12 - 2011-2012

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Office of Substance Abuse and Prevention	35.0	0.0
TOTAL		35.0	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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	544,691.3	539,651.0	0.0	539,651.0	873,335.8	770,299.4	42.7
Other Transfers	123,882.2	128,926.1	0.0	128,926.1	141,581.4	152,233.2	18.1
Federal Revenues	2,813,279.5	2,605,836.5	0.0	2,605,836.5	2,619,273.2	2,366,926.3	-9.2
Other Revenues	60,135.6	67,883.0	0.0	67,883.0	106,070.0	104,058.0	53.3
Fund Balance	112.6	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	3,542,101.2	3,342,296.6	0.0	3,342,296.6	3,740,260.4	3,393,516.9	1.5
USES							
Personal Services and Employee Benefits	11,024.0	10,815.0	0.0	10,815.0	11,245.0	12,049.4	11.4
Contractual Services	27,695.2	32,190.9	0.0	32,190.9	39,398.5	32,602.5	1.3
Other	3,448,964.4	3,234,458.5	0.0	3,234,458.5	3,651,136.7	3,310,384.8	2.3
Other Financing Uses	37,903.8	64,832.2	0.0	64,832.2	38,480.2	38,480.2	-40.6
TOTAL USES	3,525,587.4	3,342,296.6	0.0	3,342,296.6	3,740,260.4	3,393,516.9	1.5
FTE							
Permanent	153.0	149.5	0.0	149.5	149.5	165.5	10.7
Term	11.0	11.0	0.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	164.0	160.5	0.0	160.5	160.5	176.5	10.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of total personal care option cases that are consumer-directed	19.3%	19.9%	10.8%	20%	20%
* Outcome	Percent of coordinated long-term services c waiver clients who receive services within ninety days of eligibility determination	98.6%	92.0%	90%	90%	92%
* Outcome	Average number of months that individuals are on the coordinated long-term services c waiver registry prior to receiving an allocation for services	42	56	60	85	80
* Output	Number of individuals on the self-directed mi via waiver	970	514	800	1,000	1,000
Outcome	Average annual cost per client in the coordinated long-term services program.	N/A	\$17,320	\$18,000	TBD	
* Output	Number of consumers who transition from nursing facilities placement to community-based services	156	212	135	135	150
* Output	Percent of eligible children six to twenty-one years of age who get healthcare coverage through medical assistance programs			65%	65%	65%
* Output	Percent of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs			35%	35%	35%
* Output	Percent of eligible children through age five, who get healthcare coverage through medical assistance programs			90%	90%	90%
* Outcome	The percent of children two to twenty-one years of age enrolled in medicaid managed care who had at least one dental visit during the measurement year				65%	70%
* Outcome	The percent of infants in medicaid managed care who had six or more well-child visits with a primary care physician during the first fifteen months				60%	65%
* Outcome	The percent of children and youth in medicaid managed care who received one or more well-child visits with a primary care physician during the measurement year				70%	70%
Outcome	The percent of individuals in medicaid managed care eighteen through seventy-five years of age with diabetes (type 1 or type 2) who had a HbA1c test during the measurement year				85%	85%
Outcome	The percent of children in medicaid managed care five to eleven years of age who are identified as having persistent asthmas and who were appropriately prescribed medication during the measurement year				92%	92%
* Outcome	Rate of growth since the close of the previous fiscal year in the number of children and youth receiving services in medicaid school-based service programs				3%	3%
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screenings as measured by healthcare effectiveness data and information set	73%	74%	72%		
Output	Number of adults enrolled in state coverage insurance	37,918	53,818	40,000		
Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services as measured by health care effectiveness data and information set	60%	60%	70%		
Output	Number of employers participating in state coverage insurance	1,300	1,615	1,400		
Output	Percent increase of eligible children under age twenty-one who get healthcare coverage through medical assistance programs	4.1%	5.2%			
Output	Percent increase of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs	10.6%	7.3%			

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent increase of eligible children under age five who get healthcare coverage through medical assistance programs	4%	3.2%			
Outcome	Percent of children enrolled in medicaid managed care who have a dental exam as measured by healthcare effectiveness data and information set	60%	64.4%	65%		
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screenings as measured by healthcare effectiveness data and information set	51%	53%	55%		
Outcome	Number of children and youth receiving services in the medicaid school-based services program	16,795	18,038			
Output	Number of brain injury clients served through the self-directed waiver	317	347			
Output	Number of clients enrolled in coordinated long-term services	39,630				

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
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	56,333.3	61,416.5	0.0	61,416.5	88,104.0	84,226.7	37.1
Federal Revenues	222,725.7	245,784.3	0.0	245,784.3	201,556.0	194,937.6	-20.7
SOURCES TOTAL	279,059.0	307,200.8	0.0	307,200.8	289,660.0	279,164.3	-9.1
USES							
Other	277,609.0	307,200.8	0.0	307,200.8	289,660.0	279,164.3	-9.1
TOTAL USES	277,609.0	307,200.8	0.0	307,200.8	289,660.0	279,164.3	-9.1
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	9%	0%	8%	Baseline	8%
* Output	Number of individuals served annually in substance abuse or mental health programs administered through the behavioral health collaborative statewide entity contract	76,105	77,558	75,000	75,000	77,000

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. Eligibility requirements are established by state law within broad federal statutory guidelines.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	47,485.9	42,566.3	-1,381.1	41,185.2	59,500.6	38,285.4	-7.0
Federal Revenues	655,907.8	673,860.9	0.0	673,860.9	710,964.9	724,184.3	7.5
Other Revenues	3,796.1	4,637.6	0.0	4,637.6	4,288.2	4,288.2	-7.5
SOURCES TOTAL	707,189.8	721,064.8	-1,381.1	719,683.7	774,753.7	766,757.9	6.5
USES							
Personal Services and Employee Benefits	50,198.6	50,438.2	-717.6	49,720.6	48,496.9	48,060.0	-3.3
Contractual Services	22,407.6	22,384.0	-85.4	22,298.6	21,902.9	20,332.9	-8.8
Other	580,917.1	602,392.4	-578.1	601,814.3	690,176.3	671,556.6	11.6
Other Financing Uses	49,648.3	45,850.2	0.0	45,850.2	14,177.6	26,808.4	-41.5
TOTAL USES	703,171.6	721,064.8	-1,381.1	719,683.7	774,753.7	766,757.9	6.5
FTE							
Permanent	1,075.0	1,049.0	0.0	1,049.0	1,049.0	1,049.0	0.0
Term	34.0	34.0	0.0	34.0	34.0	34.0	0.0
Temporary	50.0	50.0	0.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	1,159.0	1,133.0	0.0	1,133.0	1,133.0	1,133.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Percent of temporary assistance for needy families clients who receive a job	39%	35.9%	60%		
* Outcome	Percent of parent participants who meet temporary assistance for needy families federally required work participation requirements	38.4%	45.2%	50%	50%	50%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements	47%	61.9%	90%	60%	90%
* Outcome	Percent of children eligible for supplemental nutrition assistance program participating in the program at one hundred thirty percent of the federal poverty level	79.6%	98.5%	75%	82%	82%
Outcome	Percent of expedited supplemental nutrition assistance program cases meeting federally required measure of timeliness within seven days	97.8%	98.2%	98%	98%	98%
Outcome	Percent of regular supplemental nutrition assistance program cases meeting the federally required measure of timeliness within thirty days	98.5%	99.1%	98%	98%	98%
* Outcome	Percent of eligible individuals receiving supplemental nutrition assistance program benefits at one hundred thirty percent of the federal poverty level			69%	75%	75%
* Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year				50%	50%
* Outcome	Percent of adult temporary assistance for needy families recipients employed in one quarter during the report year who are still employed in the next two consecutive quarters				55%	55%
Outcome	Number of families receiving supplemental nutrition assistance program at one hundred thirty percent of the federal poverty level				150,000	150,000
Outcome	Number of New Mexico families receiving food stamps	111,140	142,796			
Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	42.8%	46.5%			
Output	Number of New Mexico works clients referred to one-stop programs	1,535	21,345	3,000		
Outcome	Percent of temporary assistance for needy families participants who retain a job for six or more months			60%		

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so that the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	44,411.1	43,531.0	-1,412.4	42,118.6	42,153.6	41,366.7	-1.8
Other Transfers	2,087.9	889.5	0.0	889.5	0.0	0.0	-100.0
Federal Revenues	15,725.4	11,942.8	0.0	11,942.8	10,941.1	14,197.1	18.9
Other Revenues	21.0	21.0	0.0	21.0	21.0	21.0	0.0
SOURCES TOTAL	62,245.4	56,384.3	-1,412.4	54,971.9	53,115.7	55,584.8	1.1
USES							
Personal Services and Employee Benefits	2,361.5	1,983.6	-55.8	1,927.8	2,088.8	2,179.2	13.0
Contractual Services	56,626.7	52,186.1	-1,337.1	50,849.0	49,156.5	51,560.6	1.4
Other	568.6	422.4	-10.4	412.0	517.7	492.3	19.5
Other Financing Uses	1,786.3	1,792.2	-9.1	1,783.1	1,352.7	1,352.7	-24.1
TOTAL USES	61,343.1	56,384.3	-1,412.4	54,971.9	53,115.7	55,584.8	1.1
FTE							
Permanent	26.0	26.0	0.0	26.0	28.0	28.0	7.7
Term	17.0	8.0	0.0	8.0	2.0	5.0	-37.5
TOTAL FTE POSITIONS	43.0	34.0	0.0	34.0	30.0	33.0	-2.9

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Percent of children receiving behavioral health services who have achieved age appropriate scores in math and reading			50%	50%	50%
Outcome	Percent of individuals with mental illness or substance abuse disorders or both receiving services who report satisfaction with staff's assistance with their housing need	TBD	TBD	80%	80%	80%
Outcome	Number of driving-while-intoxicated arrests among persons receiving substance abuse treatment or services provided by the statewide entity	TBD	TBD	1,400	1,400	1,400
Output	Percent of adults on probation who were served by the statewide entity	TBD	TBD	25%	25%	25%
* Output	Percent of youth on probation who were served by the statewide entity	TBD	TBD	45%	45%	45%
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days			37%	37%	37%
* Outcome	Percent of people receiving substance abuse treatments who demonstrate improvement in the alcohol domain on the addiction severity index	80.4%	80%	80%	80%	80%
* Outcome	Percent of people receiving substance abuse treatments who demonstrate improvement in the drug domain on the addiction severity index	62%	66%	75%	75%	75%
* Outcome	Number of youth suicides among fifteen to nineteen year olds served by the statewide entity	4	1	3	3	3
Outcome	Number of suicides among adults age twenty and older served by the statewide entity				20.5	20.5
Outcome	Youth suicide rate among fifteen to nineteen year olds served by statewide entity	4.0	1.0	3.0		
Outcome	Suicide rate among children age fifteen to nineteen per one hundred thousand (based on three-year averages)	17.9	TBD	14.0		
Outcome	Suicide rate among adults twenty years and older served by the statewide entity			20.5		

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	8,909.8	8,559.3	-277.8	8,281.5	8,281.5	7,752.6	-6.4
Federal Revenues	19,524.0	20,227.1	0.0	20,227.1	19,922.0	18,895.3	-6.6
Other Revenues	3,057.6	4,734.2	0.0	4,734.2	5,322.6	5,322.6	12.4
SOURCES TOTAL	31,491.4	33,520.6	-277.8	33,242.8	33,526.1	31,970.5	-3.8
USES							
Personal Services and Employee Benefits	18,559.6	20,954.3	-173.3	20,781.0	20,429.0	19,867.6	-4.4
Contractual Services	6,424.6	7,165.0	-59.6	7,105.4	7,496.6	7,008.4	-1.4
Other	5,496.2	5,401.3	-44.9	5,356.4	5,600.5	5,094.5	-4.9
TOTAL USES	30,480.4	33,520.6	-277.8	33,242.8	33,526.1	31,970.5	-3.8
FTE							
Permanent	408.0	400.0	0.0	400.0	400.0	400.0	0.0
TOTAL FTE POSITIONS	408.0	400.0	0.0	400.0	400.0	400.0	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
* Outcome	Amount of child support collected, in millions	\$111.1	\$115.4	\$110.1	\$111.0	\$116.0
* Outcome	Percent of current support owed that is collected	59.3	57.8%	60%	60%	60%
* Outcome	Percent of cases with support orders	66.2%	67.5%	70%	70%	70%
Outcome	Percent of children born out of wedlock with paternity establishment in child support cases	105.4%	73.6%	75%	79%	79%
Outcome	Percent of children with court-ordered medical support covered by private health insurance	40%	40%	40%		
Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections	60.3%				

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	14,379.1	13,179.9	-427.5	12,752.4	12,498.3	11,960.4	-6.2
Federal Revenues	25,068.2	26,745.7	0.0	26,745.7	25,646.8	24,833.6	-7.1
Other Revenues	2,778.6	3,888.8	0.0	3,888.8	3,888.8	3,888.8	0.0
SOURCES TOTAL	42,225.9	43,814.4	-427.5	43,386.9	42,033.9	40,682.8	-6.2
USES							
Personal Services and Employee Benefits	17,302.7	17,559.8	-127.3	17,432.5	17,948.3	17,098.6	-1.9
Contractual Services	11,168.9	11,563.8	-138.8	11,425.0	10,837.0	10,780.2	-5.6
Other	12,894.4	14,690.8	-161.4	14,529.4	13,248.6	12,804.0	-11.9
Other Financing Uses	27.2	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	41,393.2	43,814.4	-427.5	43,386.9	42,033.9	40,682.8	-6.2
FTE							
Permanent	258.0	252.5	0.0	252.5	251.5	251.5	-0.4
TOTAL FTE POSITIONS	258.0	252.5	0.0	252.5	251.5	251.5	-0.4

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of invoice payments completed within thirty days of date of a payable invoice	99%	98.8%	100%	100%	100%
Output	Percent of timely final decisions on administrative disqualification hearings	100%	100%	100%	100%	100%
Output	Number of days for validating general ledger activity after the close of the accounting cycle	TBD	TBD	45 days	45	45
Efficiency	Percent compliance with schedule approved by department of finance and administration for turnaround time associated with the expenditure of federal funds and the request for reimbursement for expenditures from federal treasury			100%	100%	100%
* Outcome	Percent of federal grant reimbursements completed that minimize the use of state cash reserves in accordance with established cash management plans				100%	100%
* Output	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general that are completed and referred for an administrative disqualification hearing within ninety days from the date of assignment				70%	70%
Outcome	Percent of federal financial reports completed accurately by due date				100%	100%
Outcome	Rate of administrative cost used to collect total claims in all programs administered by restitution services bureau				Baseline	
Outcome	Percent of audit findings that are material weaknesses	0%	0%	0%		
Outcome	Number of office of inspector general claims over thirty-six months old	4,245	3,555	3,470		
Outcome	Percent of federal grant reimbursements completed that meet the federal standards for timeliness	88.9%	93%	100%		
Output	Percent of investigations referred to the office of the inspector general completed within ninety days from the date assigned	34.6%	60.3%			
Output	Percent of supplemental nutrition assistance program allegations of an intentional program violation referred to the investigation bureau that are completed within ninety days and referred for an administrative disqualification hearing			50%		

STATUTORY AUTHORITY:

The Workforce Solutions Department was created in 2007 by Sections 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 1993 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	7,317.9	4,942.7	-160.4	4,782.3	7,554.8	2,427.7	-49.2
Other Transfers	4,166.7	4,579.2	0.0	4,579.2	5,263.1	6,263.0	36.8
Federal Revenues	36,057.8	40,713.0	0.0	40,713.0	43,091.3	43,091.3	5.8
Other Revenues	0.0	3,647.1	0.0	3,647.1	4,412.9	4,412.9	21.0
SOURCES TOTAL	47,542.4	53,882.0	-160.4	53,721.6	60,322.1	56,194.9	4.6
USES							
Personal Services and Employee Benefits	26,375.3	26,830.1	-126.7	26,703.4	27,633.7	25,595.7	-4.1
Contractual Services	3,469.7	3,133.4	-13.5	3,119.9	4,594.5	3,172.4	1.7
Other	17,697.4	20,971.4	-20.2	20,951.2	23,681.0	23,013.9	9.8
Other Financing Uses	0.0	2,947.1	0.0	2,947.1	4,412.9	4,412.9	49.7
TOTAL USES	47,542.4	53,882.0	-160.4	53,721.6	60,322.1	56,194.9	4.6
FTE							
Permanent	499.0	483.0	0.0	483.0	479.0	478.0	-1.0
Term	31.5	26.5	0.0	26.5	26.5	26.5	0.0
TOTAL FTE POSITIONS	530.5	509.5	0.0	509.5	505.5	504.5	-1.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required WSD to reduce the FY10 operating budget from the general fund by \$402.9 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures as follows: \$203.3 thousand in personal services and employee benefits, \$89.2 thousand in contractual services, and \$110.4 thousand in other costs.

BUDGET ISSUES:

LFC recommends reducing support from the general fund by approximately \$2.4 million through reductions in contractual services, miscellaneous cuts in the other category, reduced GSD rates, not funding the incremental Public Employees Retirement Association rate increase, technical adjustments in personal services and employee benefits, and deletion of one exempt public information officer. WSD's FY12 budget request included an overall vacancy rate of 5.7 percent. LFC recommends a 9.2 percent vacancy rate, well below the agency's FY10 vacancy rate of 15.6 percent. WSD's FY12 budget request included an expansion of \$1.3 million from the general fund to replace Reed Act funding for 25 FTE in the Workforce Transition Services Program. The department reported without the general fund increase the 25 positions would have to be vacant, creating a high vacancy rate for the program. The FY11 operating budget includes \$1 million in Reed Act funding from the American Recovery and Reinvestment Act (ARRA) unemployment insurance modernization grant. LFC recommends miscellaneous cuts to the contractual services and other categories to replace some of the nonrecurring federal funding in the base budget to support a vacancy rate of 9.8 percent in the Workforce Transition Services Program. Also, the LFC recommendation shifts \$730 thousand of employment security department fund balance from Program Support to the Workforce Technology Program.

WSD's increase in federal funding for FY12 is largely due to an additional \$1.9 million in Workforce Investment Act (WIA) funding. WIA allows for 85 percent of the state's grant funds to be allocated to local workforce development boards to provide quality employment and training services to assist eligible individuals in finding and qualifying for meaningful employment. Currently, workforce training services exist in several state agencies, creating problems with coordination and duplication of services. The

Human Services Department contracts with New Mexico State University and others to operate the New Mexico Works Program. Although targeting a specific set of clients, these work training programs may be similar to those of WIA. Also, the Division of Vocational Rehabilitation provides work training programs, and some WIA services are duplicated by Wagner-Peyser, Adult Basic Education, and various state adult literacy programs. WSD could request a waiver from the U.S. Department of Labor to become a single service delivery area and reduce the number of workforce development boards. This would assist in making the WIA programs more efficient and would give WSD the ability to better coordinate WIA and Wagner-Peyser Act services at the workforce connection centers statewide. LFC recommends WSD consider the option of New Mexico becoming a single service delivery area for WIA funding.

The executive recommended the transfer of workers' compensation administration fund balance to the New Mexico Department of Labor in FY05, which has continued each year since. LFC recommends continuing the transfer from the workers' compensation administration fund in FY12 and increasing the amount to \$1 million to support the operations of the Labor Relations Program. The workers' compensation administration fund is projected to have a balance on June 30, 2011, of \$4.4 million.

Employer taxes are collected by WSD and deposited in the federal treasury in the New Mexico unemployment insurance (UI) trust fund. Three years ago the fund was among the most solvent in the United States, with a balance of \$553.3 million. Due to high unemployment rates over the past two years, WSD has experienced an unprecedented demand for UI benefits, paying out \$375.9 million in FY10. The trust fund is declining at a rate of approximately \$850 thousand a day. In the 2010 legislative session, the Legislature enacted the following changes to address the declining New Mexico UI trust fund: increase the employer tax rate from schedule 0 to schedule 1 effective from January 1, 2011, through December 31, 2011; eliminate the state UI trust fund and transfer the fund balance to New Mexico's UI trust fund; and discontinue temporary increases to weekly benefit amounts. The estimated net increase in revenues from the changes are approximately \$133 million for FY11. However, WSD still projects the trust fund will have a negative fund balance by August 2011. If New Mexico's UI trust fund becomes insolvent, the state will be required to take out a loan from the U.S. Department of Labor and pursuant to Section 51-1-11 NMSA 1978 employer taxes will automatically go from schedule 1 to schedule 6 at an estimated average yearly cost of \$512 per employee, an increase of \$298 per employee from schedule 1. As an alternative, the Legislature might want to consider eliminating benefits enacted in 2003 and made permanent in the 2007 legislative session for part-time workers and full-time students, along with benefits for dependent allowance and alternative base period. The following are the FY10 expenditures for those benefits: \$10.8 million for full-time students, \$4.8 million for the alternative base period, \$7.2 million for part-time workers, and \$10 million for dependent allowance. WSD reports that discontinuing benefits to individuals already receiving them could be subject to court challenge.

Laws 2009, Chapter 206 (Senate Bill 33), directed the Labor Industrial Division director to set the prevailing wage rates on public works projects by using collective bargaining agreements. The fiscal impact report noted the General Service Department (GSD), Public School Finance Authority (PSFA), and NM Department of Transportation (NMDOT) estimated the fiscal impact would be approximately \$137.4 million for FY09 through FY11. The change in determining prevailing wage rates has affected PSFA and school districts using a construction-management-at-risk delivery system for some projects in which builders are brought into the process during early design. Currently, there are no rules or regulations on how prevailing wage decisions are to be applied to construction-management-at-risk contracts, which stretch on for years. For example, PSFA estimates cost of the Las Cruces High School construction will increase by approximately \$1 million due to changes in prevailing wages.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$160 thousand.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the labor relations program of the workforce solutions department includes one million dollars (\$1,000,000) from fund balances in the workers' compensation administration fund.

BASE EXPANSION:

WSD requested the following expansions for FY12: \$1.3 million from the general fund to replace nonrecurring Reed Act funding for 25 FTE in the Workforce Transition Services Program; \$850 thousand from the general fund for individual development accounts and at-risk youth programs; and a deletion of \$226.9 thousand in federal funding and related FTE as directed by the Department of Finance and Administration. The Legislature appropriated \$1 million in FY11 in Reed Act funding from the ARRA unemployment insurance modernization grant for expenditures in the Workforce Transition Services Program. Agencies generally realign funding for and reductions to existing FTE in the base budget request. The LFC recommendation adjusts for the loss of nonrecurring federal revenue and deletion of 4 exempt FTE in the base budget. Also, the committee does not recommend the expansion request for the individual development accounts and at-risk youth programs.

BASE EXPANSION LISTING
FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Replace Reed Act funding with general fund	(P775)	1,312.0	0.0
2	IDA and at-risk youth programs	(P779)	850.0	0.0
3	Delete exempt division director (1 FTE)	(P776)	-81.0	0.0
4	Delete exempt policy analyst (1 FTE)	(P779)	-59.3	0.0
5	Delete exempt positions (2 FTE)	(P779)	-86.6	0.0
TOTAL			1,935.1	0.0

WORKFORCE TRANSITION SERVICES

The purpose of the workforce transition 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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recommendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,459.7	1,756.0	-57.0	1,699.0	3,011.0	1,246.9	-26.6
Other Transfers	1,152.4	1,467.3	0.0	1,467.3	2,147.0	2,147.0	46.3
Federal Revenues	14,785.1	13,816.3	0.0	13,816.3	14,223.7	14,223.7	2.9
Other Revenues	0.0	1,491.9	0.0	1,491.9	1,577.0	1,577.0	5.7
SOURCES TOTAL	19,397.2	18,531.5	-57.0	18,474.5	20,958.7	19,194.6	3.9
USES							
Personal Services and Employee Benefits	15,044.6	14,001.1	-49.9	13,951.2	14,830.1	13,784.6	-1.2
Contractual Services	1,012.5	851.1	0.0	851.1	1,275.5	851.1	0.0
Other	3,340.1	2,887.4	-7.1	2,880.3	3,276.1	2,981.9	3.5
Other Financing Uses	0.0	791.9	0.0	791.9	1,577.0	1,577.0	99.1
TOTAL USES	19,397.2	18,531.5	-57.0	18,474.5	20,958.7	19,194.6	3.9
FTE							
Permanent	295.0	285.0	0.0	285.0	285.0	285.0	0.0
Term	28.5	22.5	0.0	22.5	22.5	22.5	0.0
TOTAL FTE POSITIONS	323.5	307.5	0.0	307.5	307.5	307.5	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Percent of new employer status determinations that will be completed within ninety days of the quarter ending date	81%	82%	80%	80%	80%
* Outcome	Percent of adult participants receiving workforce development services through the public workforce system who are employed in the first quarter after the exit quarter	85%	69%	86%	66%	72%
* Outcome	Percent of Workforce Investment Act dislocated workers receiving workforce development services who are employed in the first quarter after the exit quarter	88%	77%	88%	68%	80%
* Outcome	Percent of youth participants who are in employment or enrolled in postsecondary education or advanced training in the first quarter after the exit quarter	66%	57%	71%	51%	60%
Outcome	Total number of individuals receiving Workforce Investment Act and Wagner-Peyser services			100,000	100,000	100,000
Outcome	Average earnings of adult Workforce Investment Act participants who are employed in the second and third quarter following the exit quarter		\$15,741	\$15,000	\$11,200	\$15,000
Outcome	Average earnings of Workforce Investment Act dislocated worker participants who are employed in both the second and third quarter following the exit quarter			\$19,000	\$14,200	\$19,000

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of veterans entering employment after receiving workforce development services				81%	81%
Outcome	Percent of disabled veterans entering employment after receiving workforce development services				81%	81%
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	86%	74%	80%	80%	80%
* Output	Percent of adult Workforce Investment Act participants employed in both the second and third quarter following the exit quarter		85%	72%	72%	85%
* Output	Percent of Workforce Investment Act dislocated worker participants employed in both the second and third quarter following the exit quarter	93%	94%	90%	74%	90%
Output	Annual number of workers provided training services		3,635	1,000	1,000	3,900
* Output	Average time to complete a transaction with the unemployment insurance call center, in minutes				20	<5
Output	Average unemployment insurance call center wait time to reach an agent, in minutes	24	47.5	<5		

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>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	1,400.3	1,400.3	-45.4	1,354.9	1,965.4	790.1	-41.7
Other Transfers	1,660.0	1,768.7	0.0	1,768.7	1,377.2	2,377.2	34.4
Federal Revenues	250.0	250.0	0.0	250.0	250.0	250.0	0.0
Other Revenues	0.0	1,077.2	0.0	1,077.2	1,377.2	1,377.2	27.8
SOURCES TOTAL	3,310.3	4,496.2	-45.4	4,450.8	4,969.8	4,794.5	7.7
USES							
Personal Services and Employee Benefits	2,078.6	2,186.8	-38.9	2,147.9	2,210.2	2,035.0	-5.3
Contractual Services	9.5	11.5	-0.3	11.2	23.5	23.5	109.8
Other	1,222.2	1,220.7	-6.2	1,214.5	1,358.9	1,358.8	11.9
Other Financing Uses	0.0	1,077.2	0.0	1,077.2	1,377.2	1,377.2	27.8
TOTAL USES	3,310.3	4,496.2	-45.4	4,450.8	4,969.8	4,794.5	7.7
FTE							
Permanent	42.0	38.0	0.0	38.0	37.0	37.0	-2.6
TOTAL FTE POSITIONS	42.0	38.0	0.0	38.0	37.0	37.0	-2.6

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Number of backlogged human rights commission hearings pending each quarter	0	0	0	0	0
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	100%	81%	96%	90%	90%
* Output	Number of targeted public works inspections completed	1,915	1,451	1,800	1,450	1,500
* Outcome	Number of discrimination claims investigated				500	500
Outcome	Percent of discrimination cases referred to alternative dispute resolution that were settled	59%	64%	78%		

WORKFORCE TECHNOLOGY

The workforce technology program provides and maintains customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	1,365.6	1,273.5	-41.4	1,232.1	1,232.1	390.7	-68.3
Other Transfers	165.6	75.0	0.0	75.0	313.3	1,043.3	1,291.1
Federal Revenues	2,949.9	3,176.6	0.0	3,176.6	2,972.0	2,972.0	-6.4
Other Revenues	0.0	35.6	0.0	35.6	274.2	1,004.2	2,720.8
SOURCES TOTAL	4,481.1	4,560.7	-41.4	4,519.3	4,791.6	5,410.2	19.7
USES							
Personal Services and Employee Benefits	2,789.4	2,806.1	-27.0	2,779.1	2,842.5	2,827.5	1.7
Contractual Services	934.5	812.2	-7.5	804.7	888.3	812.2	0.9
Other	757.2	906.8	-6.9	899.9	786.6	766.3	-14.8
Other Financing Uses	0.0	35.6	0.0	35.6	274.2	1,004.2	2,720.8
TOTAL USES	4,481.1	4,560.7	-41.4	4,519.3	4,791.6	5,410.2	19.7
FTE							
Permanent	41.0	41.0	0.0	41.0	41.0	41.0	0.0
Term	1.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	42.0	41.0	0.0	41.0	41.0	41.0	0.0

PERFORMANCE MEASURES

	<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Outcome Percent of system availability during scheduled up-time	98%	99%	98%	98%	98%
Outcome Percent of time unemployment insurance benefits are paid within two business days of claimant certification				95%	95%
Output Percent of new unemployment insurance claimants in the New Mexico virtual one stop system using the unemployment insurance claims online system				90%	90%

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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	308.4	3.2	-0.1	3.1	3.1	0.0	-100.0
Federal Revenues	4,560.5	4,962.8	0.0	4,962.8	4,883.2	4,883.2	-1.6
SOURCES TOTAL	4,868.9	4,966.0	-0.1	4,965.9	4,886.3	4,883.2	-1.7
USES							
Personal Services and Employee Benefits	1,707.3	1,664.4	-0.1	1,664.3	1,658.0	1,666.8	0.2
Contractual Services	207.4	283.6	0.0	283.6	310.6	310.6	9.5
Other	2,954.2	3,018.0	0.0	3,018.0	2,917.7	2,905.8	-3.7
TOTAL USES	4,868.9	4,966.0	-0.1	4,965.9	4,886.3	4,883.2	-1.7
FTE							
Permanent	32.0	30.0	0.0	30.0	30.0	30.0	0.0
TOTAL FTE POSITIONS	32.0	30.0	0.0	30.0	30.0	30.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u> 94%	<u>FY10 Actual</u> 96%	<u>FY11 Budget</u> 90%	<u>FY12 Request</u> 90%	<u>FY12 Recomm</u> 90%
* Outcome	Percent of employers sampled reporting customer satisfaction					
Output	Number of days to publish, at the state level, seasonally adjusted business employment dynamics quarterly data on receipt from the bureau of labor statistics	9	8	9	9	9
* Output	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services to provide actual services	104,033	32,803	30,000	30,000	30,000

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>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	783.9	509.7	-16.5	493.2	1,343.2	0.0	-100.0
Other Transfers	1,188.7	1,268.2	0.0	1,268.2	1,425.6	695.5	-45.2
Federal Revenues	13,512.3	18,507.3	0.0	18,507.3	20,762.4	20,762.4	12.2
Other Revenues	0.0	1,042.4	0.0	1,042.4	1,184.5	454.5	-56.4
SOURCES TOTAL	15,484.9	21,327.6	-16.5	21,311.1	24,715.7	21,912.4	2.8
USES							
Personal Services and Employee Benefits	4,755.4	6,171.7	-10.8	6,160.9	6,092.9	5,281.8	-14.3
Contractual Services	1,305.8	1,175.0	-5.7	1,169.3	2,096.6	1,175.0	0.5
Other	9,423.7	12,938.5	0.0	12,938.5	15,341.7	15,001.1	15.9
Other Financing Uses	0.0	1,042.4	0.0	1,042.4	1,184.5	454.5	-56.4
TOTAL USES	15,484.9	21,327.6	-16.5	21,311.1	24,715.7	21,912.4	2.8
FTE							
Permanent	89.0	89.0	0.0	89.0	86.0	85.0	-4.5
Term	2.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	91.0	93.0	0.0	93.0	90.0	89.0	-4.3

PERFORMANCE MEASURES

		<u>FY09 Actual</u> 75%	<u>FY10 Actual</u> 25%	<u>FY11 Budget</u> 100%	<u>FY12 Request</u> 75%	<u>FY12 Recomm</u> 100%
Outcome	Percent of annual independent state audit prior-year findings resolved					
Output	Percent completion of program and fiscal monitoring of all state and federal services providers, including distribution of final report on an annual basis within forty-five days after the exit conference			100%	100%	100%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		4.75 days	5 days	5 days	5 days

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)

	FY10 2009-2010 Actuals		FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES		Budgeted					
Other Revenues	12,263.0	11,607.5	0.0	11,607.5	11,607.5	11,620.0	0.1
Fund Balance	4,500.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	16,763.0	11,607.5	0.0	11,607.5	11,607.5	11,620.0	0.1
USES							
Personal Services and Employee Benefits	8,089.8	8,038.1	0.0	8,038.1	8,738.5	7,924.2	-1.4
Contractual Services	381.6	448.7	0.0	448.7	448.7	448.7	0.0
Other	1,882.2	2,429.2	0.0	2,429.2	2,420.3	2,247.1	-7.5
Other Financing Uses	5,191.5	691.5	0.0	691.5	0.0	1,000.0	44.6
TOTAL USES	15,545.1	11,607.5	0.0	11,607.5	11,607.5	11,620.0	0.1
FTE							
Permanent	143.0	130.0	0.0	130.0	130.0	130.0	0.0
TOTAL FTE POSITIONS	143.0	130.0	0.0	130.0	130.0	130.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies funded by other state funds were included in Executive Order 2009-044 and directed to generate budget savings for FY10. The plan submitted by the agency increased vacancy savings by \$347 thousand to produce a 2.7 percent overall reduction.

BUDGET ISSUES:

LFC recommends an increase of \$12.5 thousand in FY12 from the FY11 operating budget. WCA's budget request does not include the transfer of \$691.5 thousand to the Workforce Solutions Department (WSD), which would increase the agency's operating budget for FY12. The committee recommends the transfer to WSD continue and increase to \$1 million in FY12.

WCA factored a vacancy rate of 0.3 percent for the personal services and employee benefits category in FY12. The committee recommends the application of a vacancy rate of 8 percent, totaling \$451.2 thousand and below the agency's historic vacancy rate of 12.3 percent. Additional reductions in the recommendation in personal services and employee benefits category are due to not funding a rate increase for the Public Employee Retirement Association, reductions in General Service Department rates, and budgeting vacant positions at entry-level. The other category shows a reduction of \$173.2 thousand in miscellaneous reductions, such as office supplies, furniture and equipment, building leases, employee training, and out-of-state travel.

WCA receives funding from quarterly fees of \$2 collected from employees, and matched by an employer contribution of \$2, and a 30 cent assessment, for a combined annual total of \$17.20 per employee. The 30 cent assessment supports claims filed against employers that are noncompliant with the law requiring workers' compensation insurance. The base assessment for workers' compensation has not increased since it was first established back in 1993. In 2004, the Workers' Compensation Administration Act was amended to provide for the 30 cent assessment from employers to support the uninsured employers' fund. WCA projects the fund balance to be \$4.4 million for the workers compensation administration fund and \$1.7 million for the uninsured employers' fund at the end of FY11. Laws 2009, 1st Special Session, Chapter 2, Section 1, reduced the workers' compensation administration fund by \$3.5 million and the uninsured employers fund by \$1 million to address the state's budget shortfall in FY10.

In the past, the workers' compensation administration fund balance has been used for budget shortfalls for WCA's operating budget, the construction of WCA buildings in Albuquerque and Las Vegas, computers, support of Workforce Solutions Department's Labor Relations Program through an interagency transfer, support of the Forest Worker Safety Certification Program through an interagency transfer to the Public Regulation Commission, and addressing the state's budget shortfalls in FY09 and FY10 through transfers to the general fund. Historically, the workers' compensation fees have provided more than adequate funding for WCA's operating budget, leading to a healthy annual fund balances of around \$10 million to \$11 million from 2002-2008. WCA's revenues were higher than the agency's program expenses by \$2.1 million in FY09 and preliminary projections show an operating surplus of \$592.8 thousand in FY10. It is uncertain what the effect of declining employment will

have on fee collections in FY11. WCA projects the fund balance for the workers' compensation administration fund will be \$4.4 million at the end of FY11 and FY12. Based on the projected stability of the fund balance, reductions in the operating budget over the last three years, and actual fees collected in FY08 and FY09 being more than operating expenses for WCA, the Legislature may want to consider reducing the workers' compensation administration fees.

WCA has seven offices statewide in Albuquerque, Farmington, Las Cruces, Las Vegas, Lovington, Roswell, and Santa Fe. The Albuquerque and Las Vegas offices are state-owned buildings and the rest of the offices are leased space. The Albuquerque office is the largest with 38,000 square feet (sf), and the office averages 2,800 walk-ins and 746 hearings or mediations a month. The second highest in average walk-ins a month is Las Cruces with 72 and in average hearings or mediations is Santa Fe with 30. The Las Vegas office has 7,000 sf, but only has on average 30 walk-ins and six hearings or mediations a month. Another underutilized office is Lovington, with on average 17 walk-ins and nine hearings or mediations a month. The LFC recommends that WCA consider closing the Las Vegas and Lovington offices.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The Workers' Compensation Administration is funded from other revenues and, therefore, was not affected.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	<u>Adjusted Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	<u>LFC Recom- mendation</u>	% Incr (Decr)
SOURCES							
Other Revenues	11,339.0	10,438.4	0.0	10,438.4	10,438.4	10,450.9	0.1
Fund Balance	3,500.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	14,839.0	10,438.4	0.0	10,438.4	10,438.4	10,450.9	0.1
USES							
Personal Services and Employee Benefits	8,089.8	8,038.1	0.0	8,038.1	8,738.5	7,924.2	-1.4
Contractual Services	342.0	348.7	0.0	348.7	348.7	348.7	0.0
Other	1,181.4	1,360.1	0.0	1,360.1	1,351.2	1,178.0	-13.4
Other Financing Uses	4,191.5	691.5	0.0	691.5	0.0	1,000.0	44.6
TOTAL USES	13,804.7	10,438.4	0.0	10,438.4	10,438.4	10,450.9	0.1
FTE							
Permanent	143.0	130.0	0.0	130.0	130.0	130.0	0.0
TOTAL FTE POSITIONS	143.0	130.0	0.0	130.0	130.0	130.0	0.0

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Output	Number of first reports of injury processed	36,151	34,742	38,400	37,200	37,200
Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	3,989				
Output	Number of serious injuries and illnesses caused by workplace conditions	5,147				
* Outcome	Percent of formal claims resolved without trial	93%	87.6%	85%	86%	86%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers		.640	.620	.620	.620
* Outcome	Percent of employers referred for investigation that are determined to be in compliance with insurance requirements of the Workers' Compensation Act	62%	65.1%	65%	67%	67%
Outcome	Percent of employers with worker compensation premium liabilities above five thousand dollars that have met reporting requirements for safety inspections		28.6%	35%	35%	35%
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		72.4%	56%	65%	65%

UNINSURED EMPLOYERS' FUNDBUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> Section 14 <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> Agency <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	% Incr (Decr)
SOURCES							
Other Revenues	924.0	1,169.1	0.0	1,169.1	1,169.1	1,169.1	0.0
Fund Balance	1,000.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	1,924.0	1,169.1	0.0	1,169.1	1,169.1	1,169.1	0.0
USES							
Contractual Services	39.6	100.0	0.0	100.0	100.0	100.0	0.0
Other	700.8	1,069.1	0.0	1,069.1	1,069.1	1,069.1	0.0
Other Financing Uses	1,000.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	1,740.4	1,169.1	0.0	1,169.1	1,169.1	1,169.1	0.0
FTE							
TOTAL FTE POSITIONS	0.0	0.0	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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	5,888.1	5,693.1	-184.7	5,508.4	5,515.4	5,383.4	-2.3
Other Transfers	1,459.1	1,453.8	0.0	1,453.8	975.5	975.5	-32.9
Federal Revenues	33,744.2	38,083.0	0.0	38,083.0	36,311.7	36,178.7	-5.0
Other Revenues	2.5	0.0	0.0	0.0	0.0	0.0	
Fund Balance	757.3	83.0	0.0	83.0	132.2	132.2	59.3
SOURCES TOTAL	41,851.2	45,312.9	-184.7	45,128.2	42,934.8	42,669.8	-5.4
USES							
Personal Services and Employee Benefits	17,825.9	19,738.9	-85.9	19,653.0	18,849.6	18,769.1	-4.5
Contractual Services	562.1	1,098.1	-5.1	1,093.0	1,069.0	1,068.2	-2.3
Other	22,729.2	24,475.9	-93.7	24,382.2	23,016.2	22,832.5	-6.4
TOTAL USES	41,117.2	45,312.9	-184.7	45,128.2	42,934.8	42,669.8	-5.4
FTE							
Permanent	280.0	280.0	0.0	280.0	280.0	280.0	0.0
Term	19.0	19.0	0.0	19.0	24.0	24.0	26.3
TOTAL FTE POSITIONS	299.0	299.0	0.0	299.0	304.0	304.0	1.7

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Division of Vocational Rehabilitation to reduce the FY10 operating budget from the general fund by \$117.8 thousand.

BUDGET ISSUES:

The overall general fund recommendation of \$5.4 million for the agency represents a 2.3 percent decrease compared with the FY11 operating budget. The basic support federal grant is matched at 78.7 percent federal funds to 21.3 percent from the general fund and represents the majority of the rehabilitation services program. Anticipated federal funds for the rehabilitation services program decreased from FY11 due to reductions in general fund monies and the corresponding match. In addition to the general fund match, the committee recommends transfer of \$466 thousand from the Commission for the Deaf and Hard-of-Hearing Persons to increase vocational training for hearing-disabled individuals. These funds qualify as state matching funds.

The general fund recommendation for the Rehabilitation Services Program is flat with the FY11 adjusted operating budget. The program includes the Access to Teleworks program, a statewide, low-interest loan program that allows a disabled New Mexico resident to purchase assistive technology or make home modifications so that he or she can live more independently or productively. Access to Teleworks funding, a federal grant program, has increased because the administering agency is spending the grant down in preparation to turn it over to the San Juan Independent Living Center for oversight. In addition to federal funding, the program is supported by agency fund balance and is a cooperative service of the San Juan Independent Living Center, Four Corners Community Bank, and DVR. The division eliminated one term position because a grant program ended. Financial and economic conditions continue to create challenges in the labor market, making it more difficult for persons with disabilities to obtain employment. Despite this, the program was able to achieve relatively high percentages in performance outcomes.

The Independent Living Services program contracts with five centers throughout the state to provide services in their communities. The general fund recommendation includes a decrease of \$125 thousand, or 10.3 percent, of non-matching funds. Federal funds are flat with FY11.

The Disability Determination Program is 100 percent federally funded through the Social Security Administration. The program adjudicates eligibility for Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) for all applicants from the state of New Mexico. In FY12, the program anticipates an increase in federal funding of \$1.3 million, or 8.9 percent.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$184.7 thousand. The funding decrease applied to the Rehabilitation Services Program will result in the loss of federal matching funds and may impose a maintenance-of-effort penalty. The funding decrease applied to the Independent Living Services Program compounds the department's ability to meet public needs.

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 four hundred sixty-six thousand dollars (\$466,000) 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 2012 from appropriations made from the general fund shall not revert.

BASE EXPANSION:

The department requested expansion items totaling \$465.6 thousand. The Rehabilitation Services Program requested \$140 thousand to continue the New Mexico Work Incentive Program, 95 percent funded by the Social Security Administration. The general fund portion is \$7 thousand. The committee suggests the agency reprioritize operating resources within the program to meet this need.

The Disability Determination Program requested \$325.6 thousand in this 100 percent federally funded program to create six disability adjudicator positions. These positions are needed to assist in processing all disability applications and continuing disability reviews within the time constraints set by federal performance criteria. The program has been unable to assign all new claims due to the increased number of claims and extremely high adjudicative caseloads. The committee recommends funding this request.

BASE EXPANSION LISTING FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Continuation of the NMWIP Federal Grant Progr	(P508)	140.0	0.0
2	ADM LAW JDG/ADJCTR - A	(P511)	63.8	63.8
3	ADM LAW JDG/ADJCTR - O	(P511)	52.6	52.6
4	ADM LAW JDG/ADJCTR - O	(P511)	52.4	52.4
5	ADM LAW JDG/ADJCTR - O	(P511)	52.4	52.4
6	ADM LAW JDG/ADJCTR - O	(P511)	52.3	52.3
7	ADM LAW JDG/ADJCTR - O	(P511)	52.1	52.1
TOTAL			465.6	325.6

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	4,552.3	4,435.8	-143.9	4,291.9	4,298.9	4,291.9	0.0
Other Transfers	1,459.1	1,453.8	0.0	1,453.8	975.5	975.5	-32.9
Federal Revenues	21,779.8	23,454.9	0.0	23,454.9	20,397.9	20,264.9	-13.6
Other Revenues	2.5	0.0	0.0	0.0	0.0	0.0	
Fund Balance	189.7	83.0	0.0	83.0	132.2	132.2	59.3
SOURCES TOTAL	27,983.4	29,427.5	-143.9	29,283.6	25,804.5	25,664.5	-12.4
USES							
Personal Services and Employee Benefits	12,414.1	13,490.7	-85.9	13,404.8	12,648.7	12,568.2	-6.2
Contractual Services	408.2	854.1	-5.1	849.0	822.2	821.4	-3.3
Other	14,159.6	15,082.7	-52.9	15,029.8	12,333.6	12,274.9	-18.3
TOTAL USES	26,981.9	29,427.5	-143.9	29,283.6	25,804.5	25,664.5	-12.4
FTE							
Permanent	190.0	190.0	0.0	190.0	190.0	190.0	0.0
Term	19.0	19.0	0.0	19.0	18.0	18.0	-5.3
TOTAL FTE POSITIONS	209.0	209.0	0.0	209.0	208.0	208.0	-0.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,544	1,488	1,700	1,700	1,700
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	56%	53%	60%	60%	60%
* Outcome	Percent of persons achieving suitable employment outcomes competitively employed or self-employed	94%	98%	95%	95%	95%
* Outcome	Percent of persons with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	94%	96%	95%	95%	95%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,335.8	1,257.3	-40.8	1,216.5	1,216.5	1,091.5	-10.3
Federal Revenues	293.9	250.0	0.0	250.0	250.0	250.0	0.0
SOURCES TOTAL	1,629.7	1,507.3	-40.8	1,466.5	1,466.5	1,341.5	-8.5
USES							
Other	1,485.2	1,507.3	-40.8	1,466.5	1,466.5	1,341.5	-8.5
TOTAL USES	1,485.2	1,507.3	-40.8	1,466.5	1,466.5	1,341.5	-8.5
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of independent living plans developed	739	724	700	550	550
* Output	Number of individuals served for independent living	997	1,008	900	800	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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Federal Revenues	11,670.5	14,378.1	0.0	14,378.1	15,663.8	15,663.8	8.9
Fund Balance	567.6	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	12,238.1	14,378.1	0.0	14,378.1	15,663.8	15,663.8	8.9
USES							
Personal Services and Employee Benefits	5,411.8	6,248.2	0.0	6,248.2	6,200.9	6,200.9	-0.8
Contractual Services	153.9	244.0	0.0	244.0	246.8	246.8	1.1
Other	7,084.4	7,885.9	0.0	7,885.9	9,216.1	9,216.1	16.9
TOTAL USES	12,650.1	14,378.1	0.0	14,378.1	15,663.8	15,663.8	8.9
FTE							
Permanent	90.0	90.0	0.0	90.0	90.0	90.0	0.0
Term	0.0	0.0	0.0	0.0	6.0	6.0	
TOTAL FTE POSITIONS	90.0	90.0	0.0	90.0	96.0	96.0	6.7

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	Number of days for completing an initial disability claim	80.4	92	80	80	80
* Quality	Percent of disability determinations completed accurately	97.7%	98.5%	98.5%	98.5	98.8

STATUTORY AUTHORITY:

Sections 28-10-1 through 28-10-8 NMSA 1978 created the Governor's Commission on Disability. The commission has 15 members, nine appointed by the governor. Six members are representatives of other state agencies: secretary of the Human Services Department, secretary of the Labor Department, director of the Division of Vocational Rehabilitation of the Public Education Department, secretary of the Children, Youth and Families Department, secretary of the Aging and Long-Term Services Department and director of the Behavioral Health Services Division of the Human Services Department. Section 28-10-1 NMSA 1978 expanded the number of appointed commissioners from 13 to the current 15 members.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	1,168.9	1,120.9	-36.5	1,084.4	1,084.4	658.0	-39.3
Other Transfers	45.0	58.5	0.0	58.5	58.7	58.7	0.3
Fund Balance	0.0	0.0	0.0	0.0	0.0	150.0	
SOURCES TOTAL	1,213.9	1,179.4	-36.5	1,142.9	1,143.1	866.7	-24.2
USES							
Personal Services and Employee Benefits	658.3	739.1	-23.6	715.5	706.7	650.7	-9.1
Contractual Services	305.4	306.7	-9.0	297.7	326.3	108.5	-63.6
Other	168.1	133.6	-3.9	129.7	110.1	107.5	-17.1
TOTAL USES	1,131.8	1,179.4	-36.5	1,142.9	1,143.1	866.7	-24.2
FTE							
Permanent	10.0	10.0	0.0	10.0	9.0	8.0	-20.0
TOTAL FTE POSITIONS	10.0	10.0	0.0	10.0	9.0	8.0	-20.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Governor's Commission on Disability to reduce the FY10 operating budget from the general fund by \$58.5 thousand.

BUDGET ISSUES:

Two significant changes in the commission's workload allow for the recommended 24 percent reduction in funding for FY12. First, contracts to promote services for deaf-blind individuals are better handled by the Commission for Deaf and Hard of Hearing Persons, which has contracts with organizations providing similar services. These direct-service contracts are also outside of the agency's core mission of coordination and consultation. Therefore, \$217.8 thousand from the general fund is not recommended in the contractual services category.

Second, the recommendation supports the commission's request to eliminate 1 vacant FTE and use the funding in the contractual services for an adaptive driving program. While to date the commission has not had success in establishing the new program, demand for the service remains high. The recommendation also eliminates an administrative position. With fewer "quality of life" grants to manage and an overall smaller administrative workload, the commission can manage with one fewer administrative position. The commission may also seek administrative support from the Department of Finance and Administration, to which it is administratively attached. Similarly, the recommendation does not include funding for lease payments for its one-person Albuquerque office.

The FY12 recommendation also budgets cash balances that have accrued in the nonreverting disability fund.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$36.5 thousand. Most of the reduction will be taken from vacancy savings in the personal services and employee benefits category. According to the commission, the reduction will lead to fewer trainings on reasonable accommodations and accessibility for the disabled.

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 on the issues facing New Mexicans with disabilities, especially as they relate to Americans with Disability Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of persons seeking technical assistance on disability issues	5,238	5,240		5,000	5,000
* Output	Number of architectural plans reviewed and sites inspected	211	204		200	200
* 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	211	410	150	250	250
Outcome	Number of presentations and events in which agency participates and contributes	75	76	50	50	50
Outcome	Percent of requested architectural plan reviews and site inspection completed			90%	90%	90%

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 (Sections 28-16A NMSA 1978). The council is composed of no fewer than 18 members, at least 60 percent 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). 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	4,396.9	4,197.5	-136.0	4,061.5	4,964.9	4,150.0	2.2
Other Transfers	75.0	75.0	0.0	75.0	175.0	175.0	133.3
Federal Revenues	513.7	510.5	0.0	510.5	510.5	510.5	0.0
Other Revenues	93.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	5,078.6	4,783.0	-136.0	4,647.0	5,650.4	4,835.5	4.1
USES							
Personal Services and Employee Benefits	997.0	986.0	-27.1	958.9	1,094.1	993.8	3.6
Contractual Services	3,515.3	3,305.8	-97.2	3,208.6	4,079.8	3,517.0	9.6
Other	554.5	491.2	-11.7	479.5	476.5	324.7	-32.3
TOTAL USES	5,066.8	4,783.0	-136.0	4,647.0	5,650.4	4,835.5	4.1
FTE							
Permanent	15.0	15.0	0.0	15.0	15.0	13.0	-13.3
TOTAL FTE POSITIONS	15.0	15.0	0.0	15.0	15.0	13.0	-13.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Developmental Disabilities Planning Council to reduce the FY10 operating budget from the general fund by \$131.9 thousand.

BUDGET ISSUES:

The DDPC base appropriation request was \$5.7 million, \$1 million or 21.5 percent over the adjusted FY11 operating budget of \$4.6 million. The majority of the requested increase, \$870 thousand, was to address estimated growth in the guardianship program. For FY11, DDPC received almost \$210 thousand from the governor's discretionary government services fund established by funds provided by the federal American Recovery and Reinvestment Act of 2009. The purpose of the distribution was to cover anticipated budget shortfalls that would have prevented compliance with the "50 percent rule" covering agency funding in an election year.

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 and the Human Services Department. The Consumer Services Program operates the Center for Self-Advocacy to support and assist individuals with disabilities.

The council has submitted nominees to the governor's office to replace members whose terms have expired. Due to inaction by the governor in appointing new members, the council has had difficulty in meeting the requirement that 60 percent of the members have developmental disabilities or be the parent, immediate relative, or legal guardian of a person with a disability.

For the guardianship program, the number of clients receiving corporate guardianship at the end of FY10 was 784, an increase of 94 from FY09 or 13.6 percent. DDPC projects growth at approximately 100 wards per year until the program stabilizes at approximately 1,500.

Since the guardianship program was transferred from the Attorney General in 2004, the program has grown from \$2.39 million to \$3.3 million, an increase of 37.9 percent, and in FTE from 2.5 to 5.5, an increase of 120 percent. As true with other social services programs, the need for state guardianship services has increased faster than growth in revenues to support it. Guardianship has assumed a significantly increased role for the DDPC and, eventually, additional staff will be required.

DDPC reports meeting all the performance targets; however, requested targets for some measures were significantly below the FY10 performance.

The recommendation is \$4.8 million, which represents a 4.1 percent increase. Transfers from the general fund are recommended at \$4.15 million, an increase of 2.2 percent. Personal services and employee benefits were recommended as requested; however, General Services Department and Department of Information Technology rates were reduced to those recommended by the committee. Guardianship contractual services are recommended at \$3.2 million, an increase of 10.9 percent. The recommendation restores the 2010 General Appropriation Act Section 14 reductions; however, to fund the rest of the increase, the recommendation deletes all general fund transfers and the 3 FTE supporting the Consumer Services Program (CSP). The \$75 thousand in transfers from HSD is budgeted as grants and services. This will allow some expansion of some corporate and treatment guardianships at a mix determined by the program. The agency had a list of 42 individuals waiting for guardianship services at the end of FY10. Legal services should be provided by the in-house legal staff or legal staff at the Aging and Long-Term Services Department. Continuation of pro-bono legal services is encouraged. The director should try to negotiate an agreement with the University of New Mexico Center for Development and Disability or Department of Health to continue services provided by the CSP. The agency should move into a state facility to save on lease costs as soon as possible so that services can be expanded. At a minimum, lease costs should be renegotiated based on the high office space vacancy in Santa Fe.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$136 thousand. The reduction will eliminate new treatment guardians services for the remainder of the fiscal year and fund legal services for only those individuals with extreme emergencies.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities for persons with disabilities so that they may realize their dreams and potentials and become integrated members of society.

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	508.5	465.8	-15.1	450.7	483.8	468.4	3.9
Federal Revenues	513.7	510.5	0.0	510.5	510.5	510.5	0.0
SOURCES TOTAL	1,022.2	976.3	-15.1	961.2	994.3	978.9	1.8
USES							
Personal Services and Employee Benefits	491.6	486.8	-11.0	475.8	507.2	501.6	5.4
Contractual Services	286.9	311.8	-0.1	311.7	314.6	315.8	1.3
Other	216.0	177.7	-4.0	173.7	172.5	161.5	-7.0
TOTAL USES	994.5	976.3	-15.1	961.2	994.3	978.9	1.8
FTE							
Permanent	6.5	6.5	0.0	6.5	6.5	6.5	0.0
TOTAL FTE POSITIONS	6.5	6.5	0.0	6.5	6.5	6.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 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	5,800	4,617	4,500	4,500	4,500
* Output	Number of monitoring site visits conducted	45	71	40	60	60
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	212	135	150	60	150
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	90%	86%	85%	80%	85%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the utilization and implementation of programs provided through the aging and long-term services department's brain injury services fund so that they may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	128.0	96.5	-3.1	93.4	93.4	86.7	-7.2
SOURCES TOTAL	128.0	96.5	-3.1	93.4	93.4	86.7	-7.2
USES							
Personal Services and Employee Benefits	64.6	65.6	-2.1	63.5	67.8	64.5	1.6
Contractual Services	15.2	6.9	-0.2	6.7	2.5	2.0	-70.1
Other	38.1	24.0	-0.8	23.2	23.1	20.2	-12.9
TOTAL USES	117.9	96.5	-3.1	93.4	93.4	86.7	-7.2
FTE							
Permanent	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	0.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	98%	96%	95%	95%	95%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship is to enter into, monitor and enforce guardianship contracts for income-eligible persons and to help 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)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	3,518.3	3,406.4	-110.4	3,296.0	4,166.3	3,594.9	9.1
Other Transfers	0.0	0.0	0.0	0.0	100.0	100.0	
Other Revenues	93.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	3,611.3	3,406.4	-110.4	3,296.0	4,266.3	3,694.9	12.1
USES							
Personal Services and Employee Benefits	358.3	349.4	-11.3	338.1	431.8	427.7	26.5
Contractual Services	3,207.8	2,981.6	-96.7	2,884.9	3,761.5	3,199.2	10.9
Other	83.4	75.4	-2.4	73.0	73.0	68.0	-6.8
TOTAL USES	3,649.5	3,406.4	-110.4	3,296.0	4,266.3	3,694.9	12.1
FTE							
Permanent	5.5	5.5	0.0	5.5	5.5	5.5	0.0
TOTAL FTE POSITIONS	5.5	5.5	0.0	5.5	5.5	5.5	0.0

PERFORMANCE MEASURES

		<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Budget</u>	<u>FY12</u> <u>Request</u>	<u>FY12</u> <u>Recomm</u>
Quality	Percent of protected persons provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey	95%	87%	90%	75%	80%
* Outcome	Percent of protected persons properly served with the least restrictive means, as evidenced by an annual technical compliance audit	100%	95%	95%	80%	85%
Quality	Percent of protected persons properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey	N/A	90%	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 life.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u> <u>2009-2010</u> <u>Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011</u> <u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>FY12 - 2011-2012</u> <u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>%</u> <u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	242.1	228.8	-7.4	221.4	221.4	0.0	-100.0
Other Transfers	75.0	75.0	0.0	75.0	75.0	75.0	0.0
SOURCES TOTAL	317.1	303.8	-7.4	296.4	296.4	75.0	-74.7
USES							
Personal Services and Employee Benefits	82.5	84.2	-2.7	81.5	87.3	0.0	-100.0
Contractual Services	5.4	5.5	-0.2	5.3	1.2	0.0	-100.0
Other	217.0	214.1	-4.5	209.6	207.9	75.0	-64.2
TOTAL USES	304.9	303.8	-7.4	296.4	296.4	75.0	-74.7
FTE							
Permanent	2.0	2.0	0.0	2.0	2.0	0.0	-100.0
TOTAL FTE POSITIONS	2.0	2.0	0.0	2.0	2.0	0.0	-100.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs	5,803	13,644	5,000	5,000	
Output	Number of individuals trained on self-advocacy and disability-related issues	476	1,502	400	100	
Output	Number of trainings conducted annually on self-advocacy and disability-related issues	47	106	40	50	
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings	96%	96%	90%	90%	
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests	85%	82%	80%	80%	

STATUTORY AUTHORITY:

Sections 23-3-1 through 23-3-3 NMSA 1978.

MISSION:

The mission of the Miners' Hospital of New Mexico, 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Transfers	6,989.3	5,094.1	0.0	5,094.1	5,094.1	5,023.8	-1.4
Federal Revenues	321.9	321.8	0.0	321.8	321.8	321.8	0.0
Other Revenues	22,168.7	22,702.3	0.0	22,702.3	22,702.3	22,632.0	-0.3
Fund Balance	1,500.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	30,979.9	28,118.2	0.0	28,118.2	28,118.2	27,977.6	-0.5
USES							
Personal Services and Employee Benefits	12,929.8	12,312.9	0.0	12,312.9	12,904.9	12,904.9	4.8
Contractual Services	4,013.0	4,646.1	0.0	4,646.1	3,908.8	3,908.8	-15.9
Other	5,921.4	6,065.1	0.0	6,065.1	6,210.4	6,140.1	1.2
Other Financing Uses	6,989.3	5,094.1	0.0	5,094.1	5,094.1	5,023.8	-1.4
TOTAL USES	29,853.5	28,118.2	0.0	28,118.2	28,118.2	27,977.6	-0.5
FTE							
Permanent	211.5	211.5	0.0	211.5	211.5	211.5	0.0
Term	13.5	13.5	0.0	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	225.0	225.0	0.0	225.0	225.0	225.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 requested Miners' Hospital of New Mexico to reduce the FY10 operating budget by responsible but meaningful savings. The agency submitted a reduction of \$474.4 thousand or 2 percent; however, the LFC recommendation was still below the reduced FY10 operating budget.

BUDGET ISSUES:

The request of \$28.2 million was flat compared with the FY10 operating budget. The agency projected the same earned revenues and distribution from the miners' trust fund. The fund is part of the land grant permanent fund and had a balance of \$91.6 million. The FY12 distribution to the miners' trust income fund is estimated at \$6.5 million. The income fund had a balance of \$8 million at the end of FY10. The committee recommendation is almost \$28 million, a reduction of 0.5 percent from FY11. Vacant positions are budgeted as requested, and the agency-proposed vacancy rate of 7.7 percent is applied. Contractual services are as requested but are down 15.9 percent from the FY11 operating budget. Other costs are reduced due to lack of justification for requested expenditures. The agency traditionally has budget adjustment authority to bring in distributions from the trust when revenues exceed the appropriated amount. The recommendation includes transfers of \$5 million from income fund distributions for FY12. The debt and interest payments for the hospital are \$1.3 million, and earnings from the miners' trust fund were used to secure the financing.

The chief executive officer (CEO) has aggressively acted to improve the financial condition of the hospital. The application for designation as a critical access hospital has been submitted to the Centers for Medicare and Medicaid Services, and required inspections have been conducted by the Department of Health. If the designation is approved, the hospital will be able to bill Medicare-eligible charges at 101 percent of authorized cost. This is conservatively estimated to generate \$1.3 million of additional earned revenues. Collection activity has improved and now is at almost 100 percent, up 7 percent from FY09. These actions have reduced concerns about declining distributions from the miners' trust fund beginning in FY13.

In addition to being a hospital designated for miners, the hospital serves as the county hospital for Colfax County. The acute care hospital is being maintained to high standards. It provides in-patient and out-patient care and has two state-of-the-art operating rooms. The CEO has recruited surgeons to the hospital to provide needed care and maximize use of facilities. The hospital has reduced the infection rate following treatment from 7.7 percent to 5 percent per 1,000 thousand patient days; this, however, is still above the goal of less than 2 percent. The percent of emergency patients returning with the same or similar diagnosis is 1.3 percent, which is commendable.

The long-term care facility has a reputation for providing quality service and was designated in an article in "US News and World Reports" as one of the best nursing homes in the country. Patients in the facility display positive attitudes because of the quality of the care received.

The hospital and long-term care facility is the largest employer in the area.

The status of the old hospital needs to be resolved. The agency and local representatives have been unable to find suitable occupants. Tentatively, the facility is scheduled for demolition in FY14 at an estimated cost of \$650 thousand.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the healthcare program of miners' hospital of New Mexico in the other financing uses category includes five million twenty-three thousand eight hundred dollars (\$5,023,800) from the miners' trust fund.

MINERS' HOSPITAL OF NEW MEXICO

The purpose of Miners' Hospital of New Mexico is to provide quality acute care, long-term care, and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

PERFORMANCE MEASURES

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
Outcome	Percent of billed revenue collected	92%	99%	100%	80%	95%
* Outcome	Percent of budgeted revenue collected	97%	100%	100%	100%	100%
* Outcome	Infection rates following treatment per one thousand patient days	7.7%	5.0%	<2%	<2.0%	<2.0%
Outcome	Average patient length of stay, in days, for the acute care facility	3.7	3.3	4.0	4.0	4.0
* Outcome	Patient fall rates per one thousand patient days	.3%	.4%	0.5%	0.5%	0.5%
Output	Number of outpatient visits	16,298	127,671	16,000	15,840	16,000
Output	Number of outreach clinics conducted	15	16	18	18	18
Output	Number of emergency room visits	5,170	5,431		5,250	5,250
Output	Number of patient days at the acute care facility	5,198	4,403		6,900	6,900
Output	Number of admissions to the acute care facility	1,558	1,302	1,600	1,600	1,600
Output	Number of discharges from the acute care facility	1,568	1,322	1,500	1,500	1,500
Output	Number of visits to the black lung clinic	189	32	150	150	150
Output	Number of patient days at the long-term care facility	10,699	12,582		11,000	11,000
Output	Number of admissions to the long-term care facility	37	44	35	35	35
Output	Number of visits to the outreach clinic	519	406	500	500	500
Output	Number of specialty clinic visits	1,406	756		900	900
Output	Number of surgeries performed	888	755	800	800	800
Outcome	Percent of occupancy at nursing home based on licensed beds		73%	85%	85%	85%
Efficiency	Gross number of days in accounts receivable		67	70	70	70
* Quality	Percent of patients readmitted to hospital within 30 days with same or similar diagnosis		15.9%	<15%	<15%	<15%
Quality	Percent of time that provider fails to respond to emergency room patient within required timeframes		13.7%	<5%	<5%	<5%
Quality	Percent of emergency department patients returning to the emergency room department with same or similar diagnosis		1.3%	<15%	<15%	<15%

STATUTORY AUTHORITY:

The Department of Health (DOH) was created by Sections 9-1-7 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 counties, 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 community programs.

In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Veterans' Home in Truth or Consequences, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	285,434.3	265,323.9	-5,370.5	259,953.4	306,170.2	282,652.0	8.7
Other Transfers	29,535.7	30,175.9	0.0	30,175.9	27,463.5	27,241.4	-9.7
Federal Revenues	91,664.8	106,509.6	0.0	106,509.6	103,982.6	103,978.0	-2.4
Other Revenues	110,110.3	116,092.8	0.0	116,092.8	114,901.1	114,606.7	-1.3
Fund Balance	900.3	0.0	0.0	0.0	219.7	219.7	
SOURCES TOTAL	517,645.4	518,102.2	-5,370.5	512,731.7	552,737.1	528,697.8	3.1
USES							
Personal Services and Employee Benefits	213,591.8	219,110.2	-3,248.5	215,861.7	220,500.4	212,872.0	-1.4
Contractual Services	87,904.8	80,539.2	-890.7	79,648.5	74,664.9	68,708.1	-13.7
Other	136,207.6	154,765.4	-1,211.9	153,553.5	153,314.2	154,618.2	0.7
Other Financing Uses	61,679.1	63,687.4	-19.4	63,668.0	104,257.6	92,499.5	45.3
TOTAL USES	499,383.3	518,102.2	-5,370.5	512,731.7	552,737.1	528,697.8	3.1
FTE							
Permanent	3,103.5	3,017.5	0.0	3,017.5	3,016.5	2,924.5	-3.1
Term	1,064.5	1,057.5	0.0	1,057.5	1,059.5	985.5	-6.8
Temporary	26.0	27.0	0.0	27.0	22.0	21.0	-22.2
TOTAL FTE POSITIONS	4,194.0	4,102.0	0.0	4,102.0	4,098.0	3,931.0	-4.2

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Health to reduce the FY10 operating budget from the general fund by \$10.4 million. The agency reduced the Developmental Disability Support Program by \$8 million.

BUDGET ISSUES:

The agency FY12 base request was \$552.7 million, an increase of \$40 million over the adjusted FY11 operating budget. Transfers from the general fund were requested at \$306.2 million, an increase of \$46.2 million or 17.7 percent. Most of this increase was related to other financing uses in the Developmental Disability (DD) Support Program due to the reduction in the federal medical assistance percentage (FMAP), the rate for Medicaid matching funds, which was temporarily increased due to additional funding from the federal American Recovery and Reinvestment Act of 2009. The matching rate will fall from a projected 78.69 percent to the base rate of 69.78 percent on July 1, 2011, with a further decline to 69.36 percent on October 1, 2011. The request for an additional \$40.6 million from the general fund for the DD Medicaid waiver program was based on an FMAP rate of 69.03 percent. When recalculated, the need is \$39.8 million. Additional requests for increases from the general fund included \$4 million for debt service and interest payments to Grant County for the new Fort Bayard Medical Center (a \$60 million loan at 5.112 percent), and \$2.2 million for General Services Department (GSD) rate increases.

The recommendation is \$528.7 million, of which \$282.7 million is from the general fund, an increase of 8.7 percent. It also includes a reduction of 171 FTE vacant before November 2008, the start of the governor's hiring freeze. In most cases, funding was not reduced for the deleted positions because the vacancy was likely caused by budgeted vacancy rates. GSD rates were reduced per committee guidance. The recommendation for the DD Medicaid waiver program was based on containing costs to an average of \$72.5 thousand per client or the amount recommended for FY10 appropriation request. The rationale for this recommendation will be provided under a discussion of the program. Facility leases were reduced 5 percent. Due to the high vacancy rates for offices throughout the state and particularly in Santa Fe County, in conjunction with GSD, DOH should renegotiate lease rates.

The recommendation for the Public Health Program is \$184.6 million, a reduction of \$10.3 million from the adjusted FY11 operating budget and \$5.1 million less than the request. FTE are reduced by 28 by deleting vacant positions and transferring 4 FTE to the Human Services Department (HSD), requested as an expansion. Funding for these 4 FTE was previously transferred from HSD, and this aligns the FTE with the funding, which will no longer transfer. The request reduced contracts by \$4 million and included reductions in chronic disease prevention and control as a result of the loss of \$700 thousand in federal revenues and almost \$800 thousand in transfers. Other reductions were requested in health systems, which funds primary health care clinics statewide, as a result of a loss of \$2.8 million in federal funding. The federal Department of Health and Human Services instead issued grants directly to federally qualified health centers; \$20.1 million was awarded for expansion of services and \$26.6 million for construction and renovation of facilities. The recommendation further reduces contracts by \$2.5 million with reductions in contracts for primary care, school-based health, and a continuing air quality study. An additional \$500 thousand is reduced in other costs for care and support and lease costs. Transfers from the tobacco settlement program fund are reduced \$213.3 thousand in contractual services.

The Public Health Program is the key component in preventing infectious disease and responded very well in coordinating actions related to H1N1 influenza outbreak. This was considered a priority situation by the federal Centers for Disease Control and Prevention (CDC). The efforts at immunizing, training, distributing vaccines, recording data and monitoring results were considerable and taxed staff at public health offices. CDC recognized New Mexico for exceeding the national average for H1N1 immunizations and having the highest percentage for all persons and those with chronic conditions in health region 6. New Mexico results exceed those of all surrounding states.

The recommendation for the Epidemiology and Response Program is \$25.4 million, a 4 percent decrease from the FY11 adjusted operating budget. General fund appropriations are recommended at \$8.1 million, a reduction of 8.9 percent. Remaining revenues are as requested but also show a reduction of \$493 thousand, partially offset by using \$220 thousand from fund balance. Contracts were requested at a reduction of \$1.5 million from the FY11 budget, reflecting the loss of federal funding. The recommendation is at a 9 percent vacancy rate based on a high historical vacancy rate of approximately 20 percent. The program continues to provide valuable reports of health status in the state and was a key player in the H1N1 response. Particularly noteworthy is the New Mexico indicator-based information system, which provides up-to-date information of health issues. The database is an in-house-developed program that provides access to health data to users in a simple, easy-to-use web-based system.

The Laboratory Services Program (LSP) has struggled in meeting performance requirements for driving while intoxicated (DWI) testing. The decision in a recent U.S. Supreme Court case, *Melendez-Diaz v. Massachusetts*, requires laboratory scientists to be present during DWI court cases so defense attorneys can question them about test procedures and related issues. This has considerably reduced the availability of these scientists to work in the lab and has affected turnaround times for test results. Subpoenas for court appearance have increased 76 percent since the decision and peaked in October 2010 at 183 subpoenas. The reporting of DWI test results within seven days has declined to 42.4 percent in FY10 versus a target of 90 percent. Results in FY09 were 63.5 percent.

As a result of this new court requirement, the recommendation for the Laboratory Services Program is a 4 percent increase over the FY11 adjusted operating budget. Personal services and employee benefits are increased 7.5 percent to reduce the budgeted vacancy rate to 4 percent from the requested 10.3 percent. Currently vacancies are at 16 percent. This recommendation will allow the program to hire additional scientists for doing laboratory tests. One proposal being evaluated by the judiciary is to allow video conferencing to obtain testimony by laboratory personnel at court cases, which could improve the situation. The program provides "free testing," equivalent to \$3.6 million from the general fund appropriation, to the Office of Medical Investigator, Environment Department, the Judiciary, internal DOH programs, and the dairy industry. A study should be conducted by DOH to determine the feasibility of charging these agencies for the laboratory testing. The program moved into a new facility, part of the State Laboratories that includes the Scientific Laboratory Program, Office of the Medical Investigator, and Department of Agriculture Veterinary Diagnostic Services. DOH has been designated by GSD as the primary user and is responsible for upkeep of the new building. The facility has new equipment properly installed to provide a systematic flow and should improve working conditions, leading to better output. Initial maintenance costs should be low but needs to be evaluated over the next several years to determine the baseline for the maintenance costs.

The Facilities Management Program request was \$142 million, an increase of \$4.8 million from the FY11 adjusted operating budget. The major reason for the requested increase was the bond and interest payments to Grant County for the recently completed Fort Bayard Medical Center (FBMC). These payments will be \$4.05 million per year for the next 25 years. Transfers from the general fund, the source of this increase, were requested at \$64.2 million.

Despite efforts by the department to increase revenues from third-party payers, the percentage of general fund in the total operating budget for the Facilities Management Program has continued to increase. In FY07, support from the general fund was 38.4 percent of the operating budget. The FY12 request was 45.2 percent. The department states in its request, "The program cannot continue to sustain additional reductions to the general fund budget without seriously jeopardizing patient care levels and accreditation, licensing and certification." The recommendation is \$136.8 million, a reduction of 0.3 percent from the FY11 adjusted operating budget. The general fund amount is \$59.2 million, a reduction of 0.1 percent. The recommendation is based on the following programmatic changes: a reduction of \$2 million from the general fund for personal services and employee benefits and lease costs at the New Mexico Behavioral Institute (NMBHI) for outpatient services provided for San Miguel, Mora and Guadalupe counties, which will require reducing these services to the revenue collected or having the counties pay for the general fund costs associated with these services; closing the alcohol treatment program at FBMC and expanding services provided at the newly constructed New Mexico Rehabilitation Center (NMRC), which included six additional beds for alcohol treatment, saving approximately \$240 thousand in personnel costs; increasing the vacancy rate at FBMC to 5 percent versus the 1.9 percent requested, saving \$500 thousand; and reducing the overtime paid at Los Lunas Community Program (LLCP), saving \$475 thousand. LLCP has approximately the same overtime costs (\$1.9 million) with 350 FTE as NMBHI with 1,022.5 FTE.

LFC recommends DOH implement findings of the September 28, 2009, "Department of Health, Review of Facilities Management Division" program evaluation to include staffing changes that allow adjustment to changing facility census, consolidating purchases for goods and services common to the facilities, and closing LLCP and transferring clients to private providers. The Facilities Management program needs to reduce transfers from the general fund and aggressively collect all available revenues from other payers.

At the end of FY10, 3,848 developmentally disabled clients were receiving services from the DOH Developmental Disabilities Support Program. However, 4,988 were on the waiting list. The department's FY12 request for this program was \$152.3 million, a 35 percent increase. Transfers from the general fund were requested at \$140.5 million, an increase of 40 percent. The major factor for the increase is the reduction of the federal FMAP rate from the artificially high rate provided by the federal stimulus funds. General funds appropriated for this program was reduced from a high of \$80 million in FY08 to \$62.95 million in FY11 because of the favorable matching rate. In addition, the FMAP masked increased average cost per client during this period, estimated by the department to be \$82 thousand in FY12, an increase of 11.2 percent from FY11. The reason provided is the increased use of services requested and approved. As pointed out in the LFC performance evaluation, "Departments of Health and Human Services Evaluation of Developmental Disabilities Program," June 9, 2010, requests for additional services by the case manager go to the third-party assessor, which approves or denies the request without regard to the program appropriated budget. This approach is not sustainable with the existing general fund projections. In the past few years, additional revenues appropriated were mostly used to expand services to existing clients rather than reduce the waiting list. The current wait for services is approximately eight years and the wait is growing longer. Recommendations to contain costs of the program are found in Volume I.

The recommendation is \$140 million, an increase of 24.6 percent; the appropriation from the general fund is \$128.2 million, an increase of 28.5 percent. The basis for the recommendation is to cap the average cost per client at \$72.5 thousand, approximating the basis for the FY11 recommendation. The recommendation is in line with proposed cost-containment actions by the department.

The program is providing good support to clients. The latest customer satisfaction survey for the National Core Indicators Project rated favorable responses at 90.3 percent, placing the state third of the 24 participating states. In addition, the agency received recognition from the Supported Employment Leadership Network, a part of the National Association of State Directors of Developmental Disabilities Services, for its efforts to find meaningful employment for clients.

The program has made significant progress on the Jackson Lawsuit in the past year by disengaging from nine more of the 58 outcomes required to end the lawsuit. Currently, 49 of the 58 stipulated outcomes have been disengaged. The state notified plaintiff attorneys on September 16, 2010, of the intent to file a motion for complete disengagement from the 23-year old lawsuit because the state has moved from institutions to community-based care, the constitutional violations have been corrected and the cost of the lawsuit continues to rise. Plaintiff attorneys argued the lawsuit needs to remain in effect because of poor performance by some contractors in providing services and the need for continued emphasis on supported employment. The outcome from the request is pending.

The department has a new draft for the DD waiver, submitted to HSD and due to the federal Centers for Medicare and Medicaid Services in April 2011. It incorporates many of the recommendations from the LFC program evaluation in the rewrite. In addition, a cost-containment plan has been proposed to reduce general fund requirements by \$5.9 million in FY11 and approximately twice that amount for FY12. These cost containment actions include an 8 percent reduction in individual annual budgets, partially offset by cuts in rates for services, a 5 percent rate reduction for providers, elimination of the purchase of goods and services from individual budgets, and edits in the financial system to deny payments of services in excess of annual budgets.

The recommendation for the Health Certification, Licensing and Oversight Program is \$12.1 million, a decrease of 2.5 percent. Transfers from the general fund are reduced 6.5 percent to \$4.4 million. The FY11 LFC appropriation recommendation stated the program should raise licensing fees to the statutory maximum to raise an additional \$399 thousand for operational expenses. This has not been done; raising these fees would provide an increase of 3 percent in funds available, which would cover some of the reduction in funding included in this recommendation.

The recommendation for the Administration Program is \$18 million, a reduction of 0.4 percent. Sexual Assault and Trauma funding are at requested levels. FTE are reduced by three positions, including two exempt employees providing administrative support to the secretary. Funding for the Bernalillo Off-Reservation Commission is recommended for elimination; the commission should request funding from Bernalillo County.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$5.4 million. This has resulted in reductions to the trauma fund, clinical services, school-based health clinics, and other delays in laboratory testing, reduction or elimination of some services in facilities, shortfalls in developmental disabilities Medicaid waiver funding, and reductions in compliance oversight and community-based program surveys.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the public health program of the department of health includes five million eight hundred twenty-seven thousand four hundred dollars (\$5,827,400) from the tobacco settlement program fund for smoking cessation and prevention programs, seven hundred sixty-seven thousand one hundred dollars (\$767,100) from the tobacco settlement program fund for diabetes prevention and control services, three hundred thousand five hundred dollars (\$300,500) from the tobacco settlement program fund for human immunodeficiency virus/acquired immunodeficiency syndrome prevention, services and medicine and one hundred thirty-one thousand eight hundred dollars (\$131,800) from the tobacco settlement program fund 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 health care services related to the Rural Primary Health Care Act remaining at the end of fiscal year 2012 shall not revert.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes ninety-one million nine hundred twenty-one thousand five hundred dollars (\$91,921,500) for medicaid waiver services in local communities: two million three hundred ninety-four thousand eight hundred dollars (\$2,394,800) for medically fragile services and eighty-nine million five hundred twenty-six thousand seven hundred dollars (\$89,526,700) for services to the developmentally disabled.

BASE EXPANSION:

The Public Health Program requested a reduction of 4 FTE performing behavioral health services. This responsibility was transferred to the Human Services Department in 2007, and the change is recommended.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	<u>Behavioral Health Services Prevention FTE</u>	<u>(P002)</u>	0.0	0.0
TOTAL			0.0	0.0

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, cultural competent, health care.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10</u>		<u>FY11 - 2010-2011</u>		<u>FY12 - 2011-2012</u>		<u>%</u>
	<u>2009-2010</u>		<u>Section 14</u>	<u>Adjusted</u>	<u>Agency</u>	<u>LFC Recom-</u>	<u>Incr</u>
	<u>Actuals</u>	<u>Budgeted</u>	<u>Reduction</u>	<u>Budget</u>	<u>Request</u>	<u>mentation</u>	<u>(Decr)</u>
SOURCES							
General Fund Transfers	80,110.8	70,708.2	-2,294.1	68,414.1	68,815.6	63,967.6	-6.5
Other Transfers	17,357.3	15,500.3	0.0	15,500.3	13,699.3	13,486.0	-13.0
Federal Revenues	68,692.0	80,170.0	0.0	80,170.0	77,584.0	77,584.0	-3.2
Other Revenues	28,499.8	30,777.5	0.0	30,777.5	29,518.5	29,518.5	-4.1
SOURCES TOTAL	194,659.9	197,156.0	-2,294.1	194,861.9	189,617.4	184,556.1	-5.3
USES							
Personal Services and Employee Benefits	54,556.9	56,226.3	-1,027.0	55,199.3	57,893.2	55,579.6	0.7
Contractual Services	56,094.1	45,025.4	-651.3	44,374.1	39,241.5	35,282.4	-20.5
Other	81,229.6	95,306.9	-596.4	94,710.5	91,904.7	93,116.1	-1.7
Other Financing Uses	593.7	597.4	-19.4	578.0	578.0	578.0	0.0
TOTAL USES	192,474.3	197,156.0	-2,294.1	194,861.9	189,617.4	184,556.1	-5.3
FTE							
Permanent	382.5	349.5	0.0	349.5	349.5	343.5	-1.7
Term	646.5	641.5	0.0	641.5	639.5	613.5	-4.4
Temporary	1.0	1.0	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	1,030.0	992.0	0.0	992.0	989.0	957.0	-3.5

PERFORMANCE MEASURES

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of adults who use tobacco	19.3%	17.9%	19.0%		19%
Output	Number of participants in youth suicide prevention awareness and outreach activities				2,500	2,500
* Output	Number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics		5,380	7,400	7,000	7,000
Output	Number of eligible women, infant and children program participants receiving services	186,019	118,299	123,000	123,000	123,000
Outcome	Percent of individuals re-enrolling in the syringe exchange program who are not sharing syringes		97%	70%	70%	70%
Output	Number of calls to the tobacco cessation helpline		12,367	14,000	14,000	14,000
Output	Number of providers using the statewide immunization registry	330	453			
Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes project	3,641	1,452			
Output	Number of new enrollees in syringe exchange programs	1,111	1,309			

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent of partners of individuals with syphilis who are identified and treated		94.9%			
Outcome	National ranking of New Mexico children who are fully immunized					
Output	Percent of partners of individuals with gonorrhea who are identified and treated		90.5%			
Output	Number of operating school-based health centers	84	84			
Output	Number of youth served at school-based health centers	22,130	29,414			
Output	Number of students receiving behavioral health services in school-based health centers	5,097	6,730			
* Output	Percent of preschoolers fully immunized	95%		82%	82%	82%
* Output	Number of human immunodeficiency virus and acquired immunodeficiency syndrome prevention interventions	26,740	26,288	18,000	22,000	22,000
Output	Number of calls to the agency-funded crisis line	18,717	23,580	18,000		
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	84.1%	84.6%			
Outcome	Persons enrolled in the agency's human immunodeficiency virus services and receiving combination therapy who demonstrate an undetectable viral load		71.7%	75%	75%	75%
Output	Annual number of births registered at vital records for females age fifteen to seventeen	1,480	1,358			
Output	Unduplicated number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	5,351				
Outcome	Percent of individuals diagnosed with primary or secondary syphilis treated within thirty days of diagnosis		89%	95%	90%	90%
Outcome	National ranking of New Mexico teen birth rate per one thousand girls ages fifteen to seventeen	49th				
Output	Number of visits to agency-funded school-based health centers	43,421	60,817	40,000	50,000	50,000
Output	Number of syringes returned to the syringe exchange program		3,167,360	3,500,000	3,200,000	3,200,000

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)

	<u>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	9,850.3	9,203.9	-298.7	8,905.2	8,942.2	8,108.8	-8.9
Other Transfers	139.7	296.7	0.0	296.7	276.0	276.0	-7.0
Federal Revenues	13,750.0	15,975.7	0.0	15,975.7	15,514.9	15,514.9	-2.9
Other Revenues	1,563.3	1,335.3	0.0	1,335.3	1,323.9	1,323.9	-0.9
Fund Balance	0.0	0.0	0.0	0.0	219.7	219.7	
SOURCES TOTAL	25,303.3	26,811.6	-298.7	26,512.9	26,276.7	25,443.3	-4.0
USES							
Personal Services and Employee Benefits	11,821.0	13,348.2	-140.6	13,207.6	13,836.4	13,058.4	-1.1
Contractual Services	4,778.4	6,002.9	-28.5	5,974.4	4,500.2	4,500.2	-24.7
Other	7,828.8	7,460.5	-129.6	7,330.9	7,940.1	7,884.7	7.6
TOTAL USES	24,428.2	26,811.6	-298.7	26,512.9	26,276.7	25,443.3	-4.0
FTE							
Permanent	58.0	49.0	0.0	49.0	50.0	45.0	-8.2
Term	153.0	152.0	0.0	152.0	149.0	127.0	-16.4
TOTAL FTE POSITIONS	211.0	201.0	0.0	201.0	199.0	172.0	-14.4

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fee	97.0%	98.7%			
* Output	Number of designated trauma centers in the state	6	8	10	9	10
* Output	Number of health emergency exercises conducted to assess and improve state and local capability	53	105	60	60	60
Output	Number of hospitals reporting data in the state trauma registry	17	16			

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the state of New Mexico in order to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	6,534.3	6,779.6	-220.0	6,559.6	6,590.3	7,020.4	7.0
Federal Revenues	1,784.3	1,740.0	0.0	1,740.0	1,740.0	1,737.5	-0.1
Other Revenues	1,925.7	3,023.3	0.0	3,023.3	3,023.3	3,020.1	-0.1
SOURCES TOTAL	10,244.3	11,542.9	-220.0	11,322.9	11,353.6	11,778.0	4.0
USES							
Personal Services and Employee Benefits	7,125.8	7,394.2	-156.3	7,237.9	7,268.6	7,779.5	7.5
Contractual Services	473.7	1,244.7	-19.4	1,225.3	1,244.7	200.3	-83.7
Other	2,369.5	2,904.0	-44.3	2,859.7	2,840.3	3,798.2	32.8
TOTAL USES	9,969.0	11,542.9	-220.0	11,322.9	11,353.6	11,778.0	4.0
FTE							
Permanent	84.0	84.0	0.0	84.0	84.0	84.0	0.0
Term	50.0	49.0	0.0	49.0	49.0	45.0	-8.2
TOTAL FTE POSITIONS	134.0	133.0	0.0	133.0	133.0	129.0	-3.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses that are analyzed within specified turnaround times	98.5%	95.4%			
* Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are analyzed and reported within ten business days		63.5%	75%	75%	75%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within seven business days	63.49%	38.8%			
Output	Number of laboratory tests performed each year	355,948	316,851			
Outcome	Percent of office of medical investigator toxicology cases completed within ninety days		98.69%	80%	90%	90%

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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		% Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	<u>(Decr)</u>
SOURCES							
General Fund Transfers	63,551.5	61,225.3	-1,986.5	59,238.8	64,217.5	59,155.3	-0.1
Other Transfers	904.7	716.0	0.0	716.0	716.0	716.0	0.0
Federal Revenues	196.4	231.1	0.0	231.1	0.0	0.0	-100.0
Other Revenues	74,102.2	76,939.4	0.0	76,939.4	77,050.4	76,900.3	-0.1
SOURCES TOTAL	138,754.8	139,111.8	-1,986.5	137,125.3	141,983.9	136,771.6	-0.3
USES							
Personal Services and Employee Benefits	110,401.5	111,694.1	-1,625.3	110,068.8	111,271.8	106,845.3	-2.9
Contractual Services	7,082.9	6,637.1	-102.1	6,535.0	7,811.0	7,445.9	13.9
Other	18,770.5	20,780.6	-259.1	20,521.5	22,901.1	22,480.4	9.5
TOTAL USES	136,254.9	139,111.8	-1,986.5	137,125.3	141,983.9	136,771.6	-0.3
FTE							
Permanent	2,299.0	2,279.0	0.0	2,279.0	2,279.0	2,206.0	-3.2
Term	0.0	0.0	0.0	0.0	5.0	0.0	
Temporary	23.0	23.0	0.0	23.0	22.0	21.0	-8.7
TOTAL FTE POSITIONS	2,322.0	2,302.0	0.0	2,302.0	2,306.0	2,227.0	-3.3

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 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 or adult protective services	0	0	0	0	0
* Output	Percent of operational capacity beds filled at all agency facilities		88.36%	90%	91%	91%
* Efficiency	Percent of billed third party revenues collected at all agency facilities			75%	75%	75%
* Explanatory	Total dollar amount in millions of uncompensated care at all agency facilities		\$34.1	\$40	\$38	\$38
Output	Percent of clients at sequoyah adolescent treatment center without relapses at three to six months post discharge	95%	92%	92%	92%	
Output	Percent of clients at turquoise lodge without relapses at three to six months post discharge	49%	55%			
Output	Percent of clients at New Mexico rehabilitation center with continued improvement on medical rehabilitation goals three to six months post discharge	96%	93%	90%		
Output	Percent of low-risk residents at New Mexico behavioral health institute's long-term care program who have pressure sores	0.9%	1.25%			
Output	Percent of low-risk residents at Fort Bayard who have pressure sores	5.7%	0.4%			
Output	Percent of clients at turquoise lodge without relapses at three to ninety days post discharge			45%		

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support in order 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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	107,073.5	99,806.6	0.0	99,806.6	140,489.0	128,227.2	28.5
Other Transfers	6,507.8	8,626.8	0.0	8,626.8	7,807.6	7,802.7	-9.6
Federal Revenues	1,264.8	2,571.7	0.0	2,571.7	2,603.2	2,603.2	1.2
Other Revenues	1,258.6	1,400.0	0.0	1,400.0	1,400.0	1,400.0	0.0
SOURCES TOTAL	116,104.7	112,405.1	0.0	112,405.1	152,299.8	140,033.1	24.6
USES							
Personal Services and Employee Benefits	9,525.5	11,058.3	0.0	11,058.3	10,241.8	10,191.4	-7.8
Contractual Services	16,644.0	18,390.5	0.0	18,390.5	18,390.5	18,090.5	-1.6
Other	18,058.6	20,006.3	0.0	20,006.3	20,127.9	19,829.7	-0.9
Other Financing Uses	61,085.4	62,950.0	0.0	62,950.0	103,539.6	91,921.5	46.0
TOTAL USES	105,313.5	112,405.1	0.0	112,405.1	152,299.8	140,033.1	24.6
FTE							
Permanent	72.0	69.0	0.0	69.0	69.0	69.0	0.0
Term	89.0	102.0	0.0	102.0	102.0	97.0	-4.9
Temporary	1.0	1.0	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	162.0	172.0	0.0	172.0	171.0	166.0	-3.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget 30%	FY12 Request 30%	FY12 Recomm 30%
* Outcome	Percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment					
Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services					
Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development		94.3%			
Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	83%	100%			
* Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	95%	100%	98%	95%	95%
Output	Percent of Jackson requirements from the plan of action and appendix a to the joint stipulation completed	76%	76%			
Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	89%	90.4%			
Output	Number of children with autism spectrum disorder who receive legislative appropriation funded respite, adaptive skill building services or both	172	128			
Explanatory	Number of individuals on developmental disabilities waiver receiving services	3,792	3,848	3,792		
Explanatory	Number of individuals on developmental disabilities waiver waiting list		4,988	4,720		
* Efficiency	Percent of requests to increase a level of care reviewed by the department of health				40%	40%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	5,324.7	4,842.2	-157.2	4,685.0	4,730.6	4,378.9	-6.5
Other Transfers	3,701.5	3,542.1	0.0	3,542.1	3,470.6	3,466.9	-2.1
Federal Revenues	1,657.9	1,649.9	0.0	1,649.9	1,945.0	1,943.4	17.8
Other Revenues	2,317.1	2,532.3	0.0	2,532.3	2,445.0	2,303.9	-9.0
SOURCES TOTAL	13,001.2	12,566.5	-157.2	12,409.3	12,591.2	12,093.1	-2.5
USES							
Personal Services and Employee Benefits	9,612.3	8,721.9	-112.8	8,609.1	9,317.1	9,206.5	6.9
Contractual Services	64.1	532.9	-16.7	516.2	514.4	332.0	-35.7
Other	2,452.2	3,171.7	-27.7	3,144.0	2,619.7	2,554.6	-18.7
Other Financing Uses	0.0	140.0	0.0	140.0	140.0	0.0	-100.0
TOTAL USES	12,128.6	12,566.5	-157.2	12,409.3	12,591.2	12,093.1	-2.5
FTE							
Permanent	55.0	48.0	0.0	48.0	48.0	44.0	-8.3
Term	123.0	110.0	0.0	110.0	110.0	100.0	-9.1
TOTAL FTE POSITIONS	178.0	158.0	0.0	158.0	158.0	144.0	-8.9

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Number of developmental disabilities providers receiving an unannounced survey	131	145			
Explanatory	Number of applicants screened for caregiver criminal history check	33,932				
Output	Percent of abuse, neglect and exploitation incidents for community-based programs investigated within forty-five days	94.15%	95.17%	95%	95%	95%
* Output	Percent of required compliance surveys completed for adult residential care and adult daycare facilities	100%	119%	95%	75%	95%
Explanatory	Number of allegations of abuse, neglect and exploitation reported	1,501	1,108			
Explanatory	Average length of time between the notice of disqualification to the final determination for individuals requesting caregiver criminal history screening	35	21			
Output	Percent of intermediate care facilities for the mentally retarded receiving an unannounced survey by health facility and licensing	100%	100%	100%	100%	100%
* Output	Percent of developmental disabilities, family infant toddler, medically fragile and behavioral health providers receiving a survey by the quality management bureau	88%	72%	75%	50%	75%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	12,989.2	12,758.1	-414.0	12,344.1	12,385.0	11,793.8	-4.5
Other Transfers	924.7	1,494.0	0.0	1,494.0	1,494.0	1,493.8	0.0
Federal Revenues	4,319.4	4,171.2	0.0	4,171.2	4,595.5	4,595.0	10.2
Other Revenues	443.6	85.0	0.0	85.0	140.0	140.0	64.7
Fund Balance	900.3	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	19,577.2	18,508.3	-414.0	18,094.3	18,614.5	18,022.6	-0.4
USES							
Personal Services and Employee Benefits	10,548.8	10,667.2	-186.5	10,480.7	10,671.5	10,211.3	-2.6
Contractual Services	2,767.6	2,705.7	-72.7	2,633.0	2,962.6	2,856.8	8.5
Other	5,498.4	5,135.4	-154.8	4,980.6	4,980.4	4,954.5	-0.5
TOTAL USES	18,814.8	18,508.3	-414.0	18,094.3	18,614.5	18,022.6	-0.4
FTE							
Permanent	153.0	139.0	0.0	139.0	137.0	133.0	-4.3
Term	3.0	3.0	0.0	3.0	5.0	3.0	0.0
Temporary	1.0	2.0	0.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	157.0	144.0	0.0	144.0	142.0	136.0	-5.6

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Percent of capital project funds expended over a five-year period	46.3%	11%			
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	72.8%	84.5%	75%	87%	87%
Outcome	Number of community health improvement councils that address health disparities in their plan	37	38			
Output	Number of telehealth sites throughout the state used for patient services	257	29			
Output	Number of patient encounters provided through telehealth sites statewide	4,687	4,339			
Output	Number of hours of health-related training and consultation delivered using New Mexico telehealth networks	3,344	3,917	3,500		
Output	Number of working days between expenditure of federal funds and request for reimbursement			5	5	5

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 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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	15,998.7	14,723.8	-477.6	14,246.2	14,246.2	13,376.9	-6.1
Other Transfers	30,586.5	33,591.7	0.0	33,591.7	33,571.4	33,335.9	-0.8
Federal Revenues	19,904.3	20,143.9	0.0	20,143.9	19,196.7	18,955.7	-5.9
Other Revenues	39,908.5	34,734.1	0.0	34,734.1	37,241.2	37,054.3	6.7
Fund Balance	4,121.3	6,374.6	0.0	6,374.6	4,565.3	4,313.5	-32.3
SOURCES TOTAL	110,519.3	109,568.1	-477.6	109,090.5	108,820.8	107,036.3	-1.9
USES							
Personal Services and Employee Benefits	43,544.9	49,749.9	-397.9	49,352.0	49,281.4	48,163.3	-2.4
Contractual Services	13,956.0	13,300.7	-9.9	13,290.8	13,944.0	13,894.3	4.5
Other	13,012.3	16,332.0	-69.8	16,262.2	15,668.5	15,490.5	-4.7
Other Financing Uses	29,110.6	30,185.5	0.0	30,185.5	29,926.9	29,488.2	-2.3
TOTAL USES	99,623.8	109,568.1	-477.6	109,090.5	108,820.8	107,036.3	-1.9
FTE							
Permanent	316.5	308.0	0.0	308.0	308.0	306.0	-0.6
Term	408.5	377.0	0.0	377.0	383.0	377.0	0.0
TOTAL FTE POSITIONS	725.0	685.0	0.0	685.0	691.0	683.0	-0.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Environment to reduce the FY10 operating budget from the general fund by \$800.4 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduced expenditures as follows: \$193 thousand in the Environmental Health Program, \$185.5 thousand in the Water Quality Program, \$96.5 thousand in the Environmental Protection Program, \$197.3 thousand in the Water and Wastewater Infrastructure Development Program, and \$128.1 thousand in Program Support.

BUDGET ISSUES:

For FY12, the agency's overall base request of \$108.4 million represented a \$180.6 thousand reduction from the FY11 adjusted operating budget. Its general fund request was flat to its FY11 adjusted operating budget. With the exception of American Recovery and Reinvestment Act funds directed to the Water and Wastewater Infrastructure Development Program, the agency expects federal funding to continue to decrease by approximately \$947.2 thousand in FY12.

The FY12 general fund recommendation represents a \$869.3 thousand, or 6.1 percent, reduction from the FY11 adjusted operating general fund level of \$14.2 million. The recommendation also reflects GSD rates at or near FY11 and FY10 levels, assumes an extension of Laws 2009, Chapter 127, which temporarily decreased the employer retirement contribution rate, applies an average vacancy rate of 5.8 percent, and eliminates 2 FTE – one that has been vacant for more than two years and a public information officer. The recommendation supports filling permitting positions that will help generate revenue, such as those in the Environmental Health and Water Quality programs. Historic vacancy rates average 15 percent, and the high vacancies have in most cases, resulted in reduced performance, particularly in permitting programs.

Permitting and user fees should support related programs. Some fee revenues have declined more than general fund appropriations, putting additional fiscal pressure on the agency. The committee recommends the agency continue to review its fee structure, identifying fees that may provide higher and more sustainable revenue.

The agency collected \$4.5 million in civil penalties and fines in FY10, some of which is deposited in the general fund and some allocated to remediation. Since 2008, penalties and settlements have contributed \$18.1 million to the state's general fund. Some of the more recent settlements include \$6.9 million in stipulated penalties from the Public Service Company of New Mexico to settle air quality violations involving the San Juan Generating Station in northwestern New Mexico; \$5.1 million in environmental projects and penalties from Marathon Oil Corporation to resolve air quality violations at the company's Indian Basin Gas Plant near Carlsbad; \$34.9 million settlement agreement with Targa Midstream Services and Versado Gas Processors for numerous air quality violations at three of the companies' natural gas plants in southeastern New Mexico; \$1.75 million in civil penalties and environmental projects from Williams Four Corners, LLC, to resolve violations at six of the company's facilities in the San Juan Basin; and \$1.3 million in civil penalties and \$960 thousand in stipulated penalties from Los Alamos National Laboratory for failure to comply with conditions of an administrative compliance order on consent for environmental investigation and cleanup at the laboratory. In addition, Kirtland Air Force Base agreed to two supplemental environmental projects valued at \$10.68 million.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$477.6 thousand. The department primarily reduced positions, limited expenses in the other cost category, and prioritized workload. It is also relying on special revenue funds.

BASE EXPANSION:

The agency requested three expansions to the Water and Wastewater Infrastructure Development Program. The expansions total \$399.7 thousand and include federal funds and other transfers and 6 FTE. LFC does not recommend the expansion.

BASE EXPANSION LISTING FY12 - 2011-2012

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Water Quality Protection - PWSS (P774)	138.8	0.0
2	Water Quality Protection - State Programs (P774)	158.7	0.0
3	Clean Water Revolving Loan Fund (P774)	102.2	0.0
TOTAL		399.7	0.0

SPECIAL REVENUE

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	<u>Adjusted Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	<u>LFC Recommendation</u>	% Incr (Decr)
SOURCES							
Other Revenues	39,860.7	34,634.1	0.0	34,634.1	37,148.2	36,961.3	6.7
Fund Balance	4,121.3	6,374.6	0.0	6,374.6	4,565.3	4,313.5	-32.3
SOURCES TOTAL	43,982.0	41,008.7	0.0	41,008.7	41,713.5	41,274.8	0.6
USES							
Personal Services and Employee Benefits	409.5	449.5	0.0	449.5	399.1	399.1	-11.2
Contractual Services	6,553.1	3,240.0	0.0	3,240.0	4,000.0	4,000.0	23.5
Other	5,502.6	7,133.7	0.0	7,133.7	7,387.5	7,387.5	3.6
Other Financing Uses	29,110.6	30,185.5	0.0	30,185.5	29,926.9	29,488.2	-2.3
TOTAL USES	41,575.8	41,008.7	0.0	41,008.7	41,713.5	41,274.8	0.6
FTE							
Permanent	4.5	5.0	0.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	4.5	5.0	0.0	5.0	5.0	5.0	0.0

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 are conducted in a manner protective of public health and environmental quality.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,029.0	2,665.1	-86.4	2,578.7	2,578.7	2,304.9	-10.6
Other Transfers	8,290.7	7,222.0	0.0	7,222.0	7,873.3	7,873.3	9.0
Federal Revenues	8,858.8	11,586.8	0.0	11,586.8	10,913.0	10,913.0	-5.8
SOURCES TOTAL	20,178.5	21,473.9	-86.4	21,387.5	21,365.0	21,091.2	-1.4
USES							
Personal Services and Employee Benefits	12,550.8	13,935.0	-77.1	13,857.9	14,130.0	13,864.5	0.0
Contractual Services	3,877.8	5,377.0	0.0	5,377.0	4,965.9	4,965.9	-7.6
Other	1,747.4	2,161.9	-9.3	2,152.6	2,269.1	2,260.8	5.0
TOTAL USES	18,176.0	21,473.9	-86.4	21,387.5	21,365.0	21,091.2	-1.4
FTE							
Permanent	46.0	46.0	0.0	46.0	46.0	46.0	0.0
Term	158.5	147.5	0.0	147.5	147.5	147.5	0.0
TOTAL FTE POSITIONS	204.5	193.5	0.0	193.5	193.5	193.5	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	94%				
* Output	Percent of groundwater discharge permitted facilities receiving annual field inspections and compliance evaluations		42%	50%	50%	50%
* Outcome	Percent of permitted facilities where monitoring results demonstrate compliance with groundwater standards		72%	75%	70%	70%
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with Los Alamos national laboratory and Sandia national laboratory consent orders		100%	95%	90%	90%
Output	Percent of cases in which Sandia and Los Alamos national laboratories are notified of agency action on document submittals within the timeframe specified in the executed consent orders	93%	94%	90%	90%	90%
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	93%	100%	80%	80%	80%
Output	Percent reduction of active facilities that have never been inspected		9%	3.5%	0%	0%
* Output	Percent of large quantity hazardous waste generators inspected		40.7%	20%	20%	20%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	634/124K	643/19K	125/40K	125/40K	125/40K
Output	Number of miles or acres of active watershed restoration, including wetlands projects, river ecosystem restoration projects and federal Clean Water Act projects		116/170	200	200	200
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	100%				
Outcome	Percent of permitted facilities where monitoring results do not exceed standards	73%				

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	61% of 935				
Output	Percent of inspections that are first-time inspections for hazardous waste notifies, generators and transporters	77%				
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five-year goal	53/22				
Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality	TBD				
Explanatory	Approximate number of hazardous waste notifiers in the state	1,904				

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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	6,263.8	5,908.8	-191.7	5,717.1	5,717.1	5,573.0	-2.5
Other Transfers	3,391.4	4,097.4	0.0	4,097.4	4,259.1	4,259.1	3.9
Federal Revenues	295.7	274.7	0.0	274.7	277.1	277.1	0.9
SOURCES TOTAL	9,950.9	10,280.9	-191.7	10,089.2	10,253.3	10,109.2	0.2
USES							
Personal Services and Employee Benefits	7,839.7	8,331.4	-162.7	8,168.7	8,229.0	8,229.0	0.7
Contractual Services	55.6	173.4	-0.5	172.9	185.4	169.4	-2.0
Other	1,668.3	1,776.1	-28.5	1,747.6	1,838.9	1,710.8	-2.1
TOTAL USES	9,563.6	10,280.9	-191.7	10,089.2	10,253.3	10,109.2	0.2
FTE							
Permanent	111.0	109.0	0.0	109.0	109.0	109.0	0.0
Term	25.0	23.0	0.0	23.0	23.0	23.0	0.0
TOTAL FTE POSITIONS	136.0	132.0	0.0	132.0	132.0	132.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of free well-water tests	1,687	1,104	1,000	0	0
Outcome	Percent of homeowners with contaminated wells advised on how to eliminate or reduce health risks		100%	100%	0%	0%
* Output	Percent of new septic tanks inspections completed	93%	78%	90%	60%	60%
Explanatory	Number of targeted domestic well investigations		7	6	0	0
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks	22	8	TBD	TBD	TBD
* Outcome	Percent of high-risk food-related violations corrected within the timeframes noted on the inspection report issued to permitted commercial food establishments	85%	86%	100%	100%	100%
Output	Percent of annual permitted commercial food establishment inspections completed	100%	82%	90%	100%	100%
Output	Percent of license inspections completed within the timeframes identified in radiation control bureau policies	95%	98%	85%	85%	85%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies	91%	94%	85%	85%	85%
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	91%	100%	97%	97%	97%
Output	Number of food-related inspections performed by environmental health division environmental scientists	9,613				
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days of receipt of application	100%				

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>FY10 2009-2010 Actuals</u>	<u>FY11 - 2010-2011 Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	2,780.8	2,534.3	-82.2	2,452.1	2,452.1	2,249.6	-8.3
Other Transfers	10,888.0	11,078.3	0.0	11,078.3	10,490.6	10,490.6	-5.3
Federal Revenues	3,293.6	4,256.2	0.0	4,256.2	3,791.3	3,791.3	-10.9
SOURCES TOTAL	16,962.4	17,868.8	-82.2	17,786.6	16,734.0	16,531.5	-7.1
USES							
Personal Services and Employee Benefits	12,644.8	13,946.7	-65.5	13,881.2	13,670.8	13,468.3	-3.0
Contractual Services	422.9	895.6	-2.8	892.8	648.6	648.6	-27.4
Other	2,487.7	3,026.5	-13.9	3,012.6	2,414.6	2,414.6	-19.8
TOTAL USES	15,555.4	17,868.8	-82.2	17,786.6	16,734.0	16,531.5	-7.1
FTE							
Permanent	71.0	70.0	0.0	70.0	70.0	70.0	0.0
Term	132.0	126.5	0.0	126.5	126.5	126.5	0.0
TOTAL FTE POSITIONS	203.0	196.5	0.0	196.5	196.5	196.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
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	5 Days				
Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	100%	100%	100%	100%	100%
Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	95.9%	95.7%	96%	95%	95%
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		95.7%	95%	95%	95%
Outcome	Number of confirmed release sites contaminated by petroleum products that achieve no further action status as a result of aggressive remediation	47	46	30	30	30

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of storage tank sites with confirmed releases of petroleum products that are high risk and are undergoing aggressive corrective action	148	60	150	50	50
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection requirements of the petroleum storage tanks regulations	58%	55%	90%	90%	90%
* 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		82%	75%	75%	75%
Outcome	Percent of landfills compliant with groundwater sampling and reporting requirements		95%	75%	75%	75%
Explanatory	Annual number of registered and closed landfills in substantial compliance with post-closure requirements		39	TBD	TBD	TBD
Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters	No data				
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	No data				
Output	Percent of worker health and safety complaints responded to within five days	100%				
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	No data				
Explanatory	Number of new, confirmed releases from leaking storage tank sites that are being assessed for environmental and human health risk	23				
Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	81%				
Outcome	Percent of landfills meeting groundwater monitoring requirements	72%				

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 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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	447.4	398.4	-12.9	385.5	385.5	314.4	-18.4
Other Transfers	5,805.3	8,467.7	0.0	8,467.7	8,301.2	8,142.5	-3.8
Federal Revenues	5,143.3	1,471.3	0.0	1,471.3	1,997.1	1,756.1	19.4
SOURCES TOTAL	11,396.0	10,337.4	-12.9	10,324.5	10,683.8	10,213.0	-1.1
USES							
Personal Services and Employee Benefits	4,086.0	6,427.5	-11.0	6,416.5	6,298.6	5,868.2	-8.5
Contractual Services	2,301.5	2,822.0	-0.2	2,821.8	3,351.3	3,351.1	18.8
Other	770.1	1,087.9	-1.7	1,086.2	1,033.9	993.7	-8.5
TOTAL USES	7,157.6	10,337.4	-12.9	10,324.5	10,683.8	10,213.0	-1.1
FTE							
Permanent	34.0	30.0	0.0	30.0	30.0	30.0	0.0
Term	60.0	49.0	0.0	49.0	55.0	49.0	0.0
TOTAL FTE POSITIONS	94.0	79.0	0.0	79.0	85.0	79.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
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	97%			100%	100%
Outcome	Number 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		9	TBD	TBD	TBD
* Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	100%	100%	100%	100%	100%
Explanatory	Number of new projects funded from the clean water state revolving fund program and the rural infrastructure revolving loan program	11	23	TBD	TBD	TBD
Output	Number of site visits and assistance actions provided to public water systems to ensure compliance with the federal Safe Drinking Water Act regulations		4,239	180	180	180
* Explanatory	Number of uniform funding applications processed for water, wastewater and solid waste projects		277	300	TBD	TBD
Outcome	Percent of environmental protection agency clean water state revolving fund capitalization grant and matching state funds committed to New Mexico communities for wastewater infrastructure development in the state fiscal year following receipt of an environmental protection agency award			75%	75%	75%
Outcome	Percent of public water systems surveyed to ensure compliance with drinking water regulations	99%				
Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	73%				
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	98%			100%	100%
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	8/1/09				
Output	Number of assistance actions including site visits provided to public water systems to assist them in returning to compliance with safe drinking water act requirements	7,647				
* Output	Percent of public water systems surveyed to ensure compliance with drinking water regulations		92%	90%	90%	90%
Output	Percent of sanitary surveys on public water systems conducted to ensure compliance with drinking water regulations				90%	90%
Explanatory	Dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program, in millions	\$12.4	\$20	TBD	TBD	TBD

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, administrative, legal and information management support to 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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,477.7	3,217.2	-104.4	3,112.8	3,112.8	2,935.0	-5.7
Other Transfers	2,211.1	2,726.3	0.0	2,726.3	2,647.2	2,570.4	-5.7
Federal Revenues	2,312.9	2,554.9	0.0	2,554.9	2,218.2	2,218.2	-13.2
Other Revenues	47.8	100.0	0.0	100.0	93.0	93.0	-7.0
SOURCES TOTAL	8,049.5	8,598.4	-104.4	8,494.0	8,071.2	7,816.6	-8.0
USES							
Personal Services and Employee Benefits	6,014.1	6,659.8	-81.6	6,578.2	6,553.9	6,334.2	-3.7
Contractual Services	745.1	792.7	-6.4	786.3	792.8	759.3	-3.4
Other	836.2	1,145.9	-16.4	1,129.5	724.5	723.1	-36.0
TOTAL USES	7,595.4	8,598.4	-104.4	8,494.0	8,071.2	7,816.6	-8.0
FTE							
Permanent	50.0	48.0	0.0	48.0	48.0	46.0	-4.2
Term	33.0	31.0	0.0	31.0	31.0	31.0	0.0
TOTAL FTE POSITIONS	83.0	79.0	0.0	79.0	79.0	77.0	-2.5

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	100%	100%	100%	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				
Output	Percent of prior-year significant audit findings resolved	57%	71%	100%	100%	100%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	100%	99%	90%	90%	90%
Efficiency	Percent of clients contacted within two weeks of assignment of case	99%				
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	100%				
Output	Number of working days between expenditure of federal funds, which is defined as when the department of finance and administration issues a warrant and request for reimbursement from federal treasury			5	30	30

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.

MISSION:

The Office of the Natural Resources Trustee (ONRT) is charged with restoring or replacing natural resources or resource services damaged by hazardous substances released into the environment or by oil discharges into water. Natural resources include air, surface waters, ground waters, biological resources, and geological resources. Resource services are defined as resources used in functional applications, such as reservoirs being used for irrigation, recreation, or fishing.

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) emphasizes restoration and replacement of injured natural resources and resource services due to releases of hazardous substances or oil into the environment. The focus of ONRT is to assess natural resource damages throughout the state, successfully negotiate and settle damage claims without legal intervention, and manage natural resource restoration plans.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	422.7	303.4	-9.8	293.6	293.6	230.1	-21.6
Other Revenues	288.1	1,800.0	0.0	1,800.0	1,800.0	1,800.0	0.0
Fund Balance	419.7	200.0	0.0	200.0	200.0	200.0	0.0
SOURCES TOTAL	1,130.5	2,303.4	-9.8	2,293.6	2,293.6	2,230.1	-2.8
USES							
Personal Services and Employee Benefits	305.6	251.0	-8.1	242.9	244.8	220.8	-9.1
Contractual Services	565.2	2,006.3	-0.2	2,006.1	2,006.9	2,000.0	-0.3
Other	38.3	46.1	-1.5	44.6	41.9	9.3	-79.1
Other Financing Uses	150.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	1,059.1	2,303.4	-9.8	2,293.6	2,293.6	2,230.1	-2.8
FTE							
Permanent	3.8	3.8	0.0	3.8	3.8	3.8	0.0
TOTAL FTE POSITIONS	3.8	3.8	0.0	3.8	3.8	3.8	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of the Natural Resources Trustee to reduce the FY10 operating budget from the general fund by \$14.4 thousand.

BUDGET ISSUES:

The Office of Natural Resources Trustee (ONRT) FY12 budget request was flat to its FY11 adjusted operating budget. This included a general fund request of \$293.6 thousand and \$2 million from other revenues awarded by the courts in settlement cases. The committee's general fund recommendation is \$63.5 thousand, or 21.6 percent below the FY11 adjusted operating budget. The recommendation applies a 9 percent vacancy rate and assumes the agency will save in rent by moving into one of the Department of Environment's buildings.

ONRT is implementing the following new restoration projects: \$1 million to stabilize mine tailings at the Blackhawk Mine in Grant County, \$4 million to clean up an abandoned, contaminated groundwater plume in Bernalillo County, and \$230 thousand to replace substandard septic systems for indigent home owners in Sandoval, Socorro, and Valencia counties.

The Government Restructuring Task Force has proposed merging ONRT into the Environment Department. Since December 2009, the Environment Department cabinet secretary assumed the trustee responsibilities. This appears to be functioning, but to formalize the merger, statutory changes would be required. The merger may also create opportunities for ONRT administrative workload to be absorbed by the Environment Department staff.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$9.8 thousand. To comply with the reduction, ONRT has discontinued recycling services, newspaper subscription, conferences and staff training. It has reduced information technology, office supplies, copying, postage, telecommunications, travel, and audit expenses.

OFFICE OF THE NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Number of acres of habitat restoration	1,385	1,353	500	500	500
* Outcome	Number of acre-feet of water conserved through restoration	1,017	1,288	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 of 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	805.7	150.6	-4.9	145.7	818.0	137.5	-5.6
Other Revenues	3.9	5.0	0.0	5.0	3.4	3.4	-32.0
SOURCES TOTAL	809.6	155.6	-4.9	150.7	821.4	140.9	-6.5
USES							
Personal Services and Employee Benefits	487.1	150.6	-4.9	145.7	675.0	140.9	-3.3
Contractual Services	9.0	0.0	0.0	0.0	7.7	0.0	
Other	109.2	5.0	0.0	5.0	138.7	0.0	-100.0
TOTAL USES	605.3	155.6	-4.9	150.7	821.4	140.9	-6.5
FTE							
Permanent	14.0	9.0	0.0	9.0	9.0	2.0	-77.8
TOTAL FTE POSITIONS	14.0	9.0	0.0	9.0	9.0	2.0	-77.8

BUDGET ISSUES:

For FY12, the commission's base budget request was \$821.4 thousand, an increase of \$670.7 thousand or 445 percent over the FY11 operating budget. The commission is requesting the restoration of the FY10 operating budget after significantly being reduced in the 2010 General Appropriation Act. Because of the reductions, significant changes were made in the commission operation. Staff was reduced considerably, the remaining staff was moved into Department of Health (DOH) space in the Runnels building, the DOH division director of health policy and performance was appointed by the governor to be the director of HPC, and a memorandum of agreement was negotiated with DOH for it to assume data-reporting requirements.

The Legislature needs to review the status of HPC as an independent agency and consider merging the functions with DOH.

The committee recommendation is \$140.9 thousand and 2 FTE.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$4.9 thousand. The agency will delay risk management payments until after January 1, 2011, to meet the 50 percent requirement.

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

		FY09 <u>Actual</u>	FY10 <u>Actual</u>	FY11 <u>Budget</u>	FY12 <u>Request</u>	FY12 <u>Recomm</u>
* Outcome	Number of health-related bills analyzed during the legislative session	240	90	100	30	30
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	71%	100%	80%		
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	98%	100%	90%		

STATUTORY AUTHORITY:

Sections 28-13-1 through 28-13-16 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 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,241.3	2,931.7	-95.0	2,836.7	2,836.7	2,740.6	-3.4
Federal Revenues	166.0	150.0	0.0	150.0	0.0	0.0	-100.0
Other Revenues	20.0	0.0	0.0	0.0	0.0	0.0	
Fund Balance	0.0	40.0	0.0	40.0	100.0	100.0	150.0
SOURCES TOTAL	3,427.3	3,121.7	-95.0	3,026.7	2,936.7	2,840.6	-6.1
USES							
Personal Services and Employee Benefits	1,779.6	1,960.6	-59.3	1,901.3	1,767.6	1,749.3	-8.0
Contractual Services	736.0	821.3	-26.6	794.7	794.7	744.7	-6.3
Other	504.0	339.8	-9.1	330.7	374.4	346.6	4.8
TOTAL USES	3,019.6	3,121.7	-95.0	3,026.7	2,936.7	2,840.6	-6.1
FTE							
Permanent	38.0	36.0	0.0	36.0	38.0	36.0	0.0
Term	4.0	5.0	0.0	5.0	4.0	2.0	-60.0
TOTAL FTE POSITIONS	42.0	41.0	0.0	41.0	42.0	38.0	-7.3

BUDGET ISSUES:

VSD submitted a flat budget from the reduced FY11 appropriation. The agency is funded from the general fund augmented by a small amount from the license plate fund. The agency requested vacancy rate is high (15.3 percent). The FY12 appropriation request lacks justifications for expenditures, critical during the current revenue situation.

VSD continues to support the approximately 180,000 veterans throughout the state by improving access and dissemination of information of value to veterans. Outreach is primarily provided by the 19 field offices, staffed by one individual each, that are geographically dispersed throughout the state. Three of the positions are vacant. Recently, the agency has placed significant emphasis on veterans returning from Iraq and Afghanistan, with particular attention to those suffering from post-traumatic stress disorder (PTSD). The secretary is trying to develop support from various veterans' groups to open a PTSD treatment center in the old Fort Bayard facilities being vacated because of construction of a new medical center. The Veterans' Enterprise and Training Program continues to serve veterans desiring to start businesses. The director was recognized by the U. S. Small Business Administration as the 2010 National Veterans' Champion. The director has counseled over 200 veterans on starting businesses, resulting in over \$37 million in federal government contracts being awarded to veterans participating in the program. In discussion with the agency, LFC recommended developing performance measures for this new effort, but none were included in the request. The agency continues to contract with veterans' organizations to provide honor guards at funerals of veterans if support from active duty bases is unavailable. Through partnership with the Workforce Solutions Department, VSD continues to promote job fairs through its Heroes Hiring Heroes program. Over 1,000 veterans attended the latest event. The Call for Photos project to collect pictures of individuals killed in the Vietnam war has been particularly successful. More than half of the 400 pictures have been collected since the program was initiated this year. The secretary has set the goal of being the first state to collect all of the photos.

The recommendation is \$2.8 million, a 6.2 percent reduction resulting from a loss of \$150 thousand in federal revenues. The appropriation from the general fund is reduced 3.4 percent, including a reduction of two \$50 thousand contracts providing direct care services instead of ensuring the federal Veterans' Administration provide the care earned by veterans due to their military service. From the license plate fund, \$100 thousand is recommended from earnings and fund balance to reduce the need for general fund. The fund had a balance of \$92.2 thousand as of June 2010. Earnings are estimated at almost \$51 thousand annually and expenditures for FY11 are budgeted at \$40 thousand. This recommendation will use the available fund balance, and expenditures in future years will need to return to anticipated earnings.

The agency under-performed on three performance measures: number of homeless veterans provided overnight shelter for a period of two weeks or more; compensation received by New Mexico veterans as a result of the department's contracts with veterans' organization, in millions; and number of property tax waiver and exemption certificates issued to New Mexico veterans. Because these are largely controlled by outside requests, the agency may want to revise targets based on historical data.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$95 thousand. Through budget adjustment requests, most of the reduction was taken in contractual services by reducing contracts to veterans' organizations.

VETERANS' SERVICES DEPARTMENT

The purpose of the veterans' services 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 the benefits to which they are entitled in order to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of veterans served by veterans' services department field offices	24,426	37,878	35,000	35,000	35,000
Output	Number of referrals from veterans' services officers to contract veterans organizations	18,258	20,520	19,000	19,000	19,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	24,181	21,861	20,000		
Output	Number of educational programs reviewed, approved and audited	1,839	1,363	1,500		
* Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	182	190	300	200	200
* Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions of dollars	92	76	85	85	85
* Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	8,348	7,241	8,500	8,000	8,000
Outcome	Percent of New Mexico veterans impacted by department programs	13.61%	21.2%	20%	20%	20%
Output	Number of external prior year-audit findings	0	0	0		

STATUTORY AUTHORITY:

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	200,592.3	189,713.1	-6,155.1	183,558.0	214,745.8	190,600.1	3.8
Other Transfers	48,817.6	45,765.3	0.0	45,765.3	16,386.1	30,367.0	-33.6
Federal Revenues	139,866.2	140,428.6	0.0	140,428.6	141,643.5	141,643.5	0.9
Other Revenues	6,076.3	6,221.4	0.0	6,221.4	6,001.4	6,001.4	-3.5
Fund Balance	1,333.6	380.4	0.0	380.4	0.0	0.0	-100.0
SOURCES TOTAL	396,686.0	382,508.8	-6,155.1	376,353.7	378,776.8	368,612.0	-2.1
USES							
Personal Services and Employee Benefits	122,907.0	119,445.1	-2,842.1	116,603.0	122,395.9	122,149.4	4.8
Contractual Services	69,712.9	68,020.6	-1,489.9	66,530.7	62,810.3	59,737.5	-10.2
Other	177,588.3	194,803.1	-1,823.1	192,980.0	193,330.6	186,485.1	-3.4
Other Financing Uses	4,138.2	240.0	0.0	240.0	240.0	240.0	0.0
TOTAL USES	374,346.4	382,508.8	-6,155.1	376,353.7	378,776.8	368,612.0	-2.1
FTE							
Permanent	2,068.1	2,048.1	0.0	2,048.1	2,047.1	2,036.1	-0.6
Term	63.0	72.0	0.0	72.0	72.0	72.0	0.0
TOTAL FTE POSITIONS	2,131.1	2,120.1	0.0	2,120.1	2,119.1	2,108.1	-0.6

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Children, Youth and Families Department to reduce the FY10 operating budget from the general fund by \$6 million. The agency reduced expenditures as follows: \$1 million in personal services and employee benefits, \$4 million in contractual services, and \$1 million in other costs.

BUDGET ISSUES:

For FY12, CYFD's requested base budget increased the general fund appropriation by approximately \$31.2 million. The base budget increases included \$26.4 million for child care, \$2 million for domestic violence services and \$1 million for prekindergarten to replace lost federal Temporary Assistance for Needy Families (TANF) carry-forward funding with general fund revenue. Also, the department requested a general fund increase of approximately \$1.8 million in the Protective Services Program to lower the vacancy rate to from 10.5 percent to 8.2 percent. The agency's budget request for FY12 also included transferring 1 FTE from Program Support to the Juvenile Justice Facilities Program, transferring 1 FTE from the Juvenile Justice Facilities Program to the Protective Services Program, and deleting 1 exempt FTE in the Early Childhood Services Program. CYFD reports the Department of Finance and Administration requested the deletion of the division director position in the Early Childhood Services Program.

The Legislature appropriated \$86 million in FY11 for childcare assistance, of which \$38.5 million was from TANF funding. In July 2010, the Human Services Department (HSD) reported an \$18 million miscalculation in TANF carry-forward balances available for FY11. HSD, along with CYFD, began to implement a plan that would require CYFD's FY11 budget be reduced by \$13.5 million in childcare assistance. To avoid the disenrollment of approximately 7,000 children, the following occurred: as proposed by childcare providers, provider pay rates were cut 4 percent for an estimated savings of \$2.2 million; CYFD increased co-payments by 10 percent for an estimated savings of \$265 thousand; the governor allocated \$2 million in American Recovery and Reinvestment Act government services fund; and HSD is pursuing \$8.7 million in TANF contingency funding.

CYFD's FY12 budget request included an increase from the general fund of \$26.4 million and \$12.1 million in TANF funding to maintain the FY11 operating budget level for child care of \$86.3 million. By continuing the 10 percent increase in co-payments and the 4 percent provider rate reduction, projected childcare expenditures are reduced by \$3.5 million in FY12, bringing total expenditures to \$82.8 million. The LFC recommends \$26.1 million in TANF grant funds transferred from HSD and a \$5.9 million increase from the general fund to fund childcare assistance at \$79.7 million in FY12. The recommendation should fund continued enrollment of children in families with incomes at 100 percent federal poverty level (FPL) or below. At this funding level, CYFD estimates it could be necessary to disenroll children of the families with incomes above 150 percent FPL. The department projects this will affect approximately 850 children currently in the program.

The LFC recommendation addresses the LFC budget guideline priority to preserve the most critical services. The recommendation emphasizes services for early childhood and the safety and welfare of children. This includes supporting a relatively flat budget for the Juvenile Justice Facilities Program, funding increases for the Protective Services Program, and maintaining the funding for home visiting services and prekindergarten at the levels in the FY11 adjusted operating budget. LFC recommends a \$7 million increase from the general fund for FY12 to lower vacancy rates and address lost TANF funding for child care and prekindergarten. CYFD requested for FY12 and the LFC supports budgeting approximately \$1.7 million in fund balances from the domestic violence offender treatment and intervention fund for domestic violence programs. The LFC recommendation also reduces the general fund appropriation by approximately \$2.9 million through reductions in contractual services, miscellaneous cuts in the other category, reduced General Service Department rates, not funding the incremental Public Employees Retirement Association rate increase, and technical adjustments in personal services and employee benefits category. The recommendation includes deletion of 11 vacant administrative FTE.

CYFD's Protective Service Program saw an increase of 2,606 accepted reports of child abuse between FY09 and FY10. Along with increases in caseload, the department has noted child welfare cases have become more complex with some involving families whose children are diagnosed with disabilities, parents who are incarcerated, and families lacking adequate housing. Between January 1 and November 23, 2010, 29 child fatalities have been reported to CYFD in addition to 137 reports of fatalities or serious injuries to children. These numbers do not reflect all injuries or fatalities of children to-date in 2010, only those reported to the department. CYFD reports the increase in caseloads and severity of caseloads has led to higher turnover of social workers in the Protective Services Program. Social workers in the Protective Services Program are exempt from the state hiring freeze. However, the high turnover of social workers and the department's inability to fill administrative support positions are starting to create problems with delivery of services.

CYFD's FY12 budget request included an overall vacancy rate of 9.2 percent; the agency's vacancy rate in FY10 was 12.4 percent. In FY10, CYFD submitted four budget adjustment requests (BARs) that moved \$2.7 million in general fund revenue from the contractual services and other categories to the personal services and employee benefits category. The department noted the BARs were necessary due to budget shortfalls in salaries and benefits. CYFD projects the Juvenile Justice Facilities Program will have a budget shortfall in salaries and benefits of around \$3 million in FY11. The department plans to cover the shortfall through additional funding from the land grant permanent fund. CYFD's Juvenile Justice Services Program, Protective Services Program, and Youth and Family Services Program all deal directly with public safety. LFC recommendation supports the \$1.8 million increase from the general fund as requested by CYFD for the Protective Services Program to reduce the vacancy rate and an increase of \$1.1 million from the general fund to reduce the overall agency vacancy rate to 6.8 percent in FY12. The following are the LFC recommendations for vacancy rates by program: 7.1 percent, Juvenile Justice Facilities Program; 5.7 percent, Protective Services Program; 8.2 percent, Early Childhood Services Program; 8 percent, Youth and Family Services Program; and 8 percent, Program Support.

LFC recommends \$2.2 million for home visiting services for FY12. Federal funds for home-visiting services have been made available to states through the Patient Protection and Affordable Care Act of 2010. New Mexico is estimated to receive \$952 thousand for two years, of which up to \$500 thousand may be used for planning, implementation, and data collection. Priority is given to serving low-income families in at-risk communities, as identified by a statewide needs assessment, and use of an evidence-based home-visiting model for 75 percent of service delivery. Promising new home-visiting models may be funded with the remaining 25 percent. LFC recommends the home-visiting programs follow the same criteria as the federal government by targeting at-risk infants and families and providing research-based home-visiting models. CYFD's home-visiting services should be assessed for targeted and intensive services, professional staff, and duration of services to assure New Mexico is well-positioned to seek additional federal funding.

The LFC recommendation supports CYFD's request of \$8 million for the prekindergarten program in FY12. For the past five years, the department has contracted with the National Institute for Early Education Research (NIEER) at Rutgers University to conduct a study that randomly selects 4-year-olds attending prekindergarten and nonparticipants to evaluate the effectiveness of the program. The research has consistently shown prekindergarten positively impacts young children's language, literacy, and math development. LFC does not recommend funding the external evaluation for prekindergarten in FY12.

CYFD has fully implemented Cambiar New Mexico, a juvenile justice approach, at the J. Paul Taylor Center and Youth, Diagnostic and Development Center and projects training will be completed at the Camino Nuevo facility by the end of 2010. CYFD is working on aligning after-care services for the Cambiar model with the Youth and Family Services Program's probation and parole division for juveniles reintegrating back into their home communities. Each secure juvenile facility has a transition coordinator who assists with release plans. The department is also requiring Juvenile Community Correction Program contractors to focus on life skills training. New performance measures in FY12 will assist in evaluating the effectiveness of Cambiar New Mexico. Missouri Youth Services Institute received contracts of \$999.6 thousand in FY10 and \$750 thousand in FY11 to train CYFD staff on Cambiar New Mexico, developed from the Missouri model. CYFD requested \$250 thousand in FY12 to contract with Missouri Youth Services Institute for continued support with training on the Cambiar model. LFC recommends \$150 thousand to support continued training by the Missouri Youth Services Institute in FY12.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by approximately \$6.2 million. The budget reductions were mainly in the personal services and employee benefits category, cut around \$2.8 million.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the early childhood services program of the children, youth and families department includes twenty-six million, fifty-two thousand, four hundred dollars (\$26,052,400) for childcare programs from the temporary assistance for needy families block grant to New Mexico.

The general fund and internal service funds/interagency transfers appropriations to the early childhood services program of the children, youth and families department include seven million two hundred twenty-four thousand dollars (\$7,224,000) for direct services and eight hundred two thousand seven hundred dollars (\$802,700) for administrative and program support in the prekindergarten program.

The federal funds appropriations to the early childhood services program of the children, youth and families department include twenty-nine million four hundred sixty-eight thousand two hundred dollars (\$29,468,200) for childcare programs from the child care and development block grant to New Mexico.

Notwithstanding the provisions of Section 31-12-12 NMSA 1978, the other state funds appropriations to the youth and family services program of the children, youth and families department include one million six hundred sixty-seven thousand dollars (\$1,667,000) from the domestic violence offender treatment or intervention fund for domestic violence programs.

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including but not limited to medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY (dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	39,480.8	38,795.4	-1,258.6	37,536.8	37,457.5	37,437.5	-0.3
Other Transfers	895.9	1,678.3	0.0	1,678.3	1,678.3	1,678.3	0.0
Other Revenues	1,578.9	1,555.2	0.0	1,555.2	1,555.2	1,555.2	0.0
SOURCES TOTAL	41,955.6	42,028.9	-1,258.6	40,770.3	40,691.0	40,671.0	-0.2
USES							
Personal Services and Employee Benefits	32,104.9	31,279.6	-922.6	30,357.0	31,877.0	32,138.7	5.9
Contractual Services	4,652.3	5,851.1	-186.9	5,664.2	4,465.4	4,320.4	-23.7
Other	3,994.3	4,898.2	-149.1	4,749.1	4,348.6	4,211.9	-11.3
TOTAL USES	40,751.5	42,028.9	-1,258.6	40,770.3	40,691.0	40,671.0	-0.2
FTE							
Permanent	564.5	565.5	0.0	565.5	565.5	561.5	-0.7
TOTAL FTE POSITIONS	564.5	565.5	0.0	565.5	565.5	561.5	-0.7

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent of possible education credits earned by clients in juvenile justice division facilities	38.4%	60.3%	47%		
Output	Number of physical assaults in juvenile justice facilities				baseline	baseline
* Outcome	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury	4%	2.7%	3%	3%	3%
* Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities	10.1%	7.5%	10%	10%	9%
Outcome	Percent of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility	3.7%	3.7%	6%	6%	5%
Outcome	Percent of clients with improvement in reading on standardized pre- and post testing				baseline	baseline
Outcome	Percent of clients with improvement in math on standardized pre- and post testing				baseline	baseline
Outcome	Percent of clients successfully completing term of supervised release				baseline	baseline

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>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	60,383.5	58,487.9	-1,897.6	56,590.3	58,296.0	58,286.0	3.0
Other Transfers	795.0	722.9	0.0	722.9	722.9	722.9	0.0
Federal Revenues	49,604.2	50,345.7	0.0	50,345.7	50,955.7	50,955.7	1.2
Other Revenues	2,848.4	1,873.8	0.0	1,873.8	1,873.8	1,873.8	0.0
SOURCES TOTAL	113,631.1	111,430.3	-1,897.6	109,532.7	111,848.4	111,838.4	2.1
USES							
Personal Services and Employee Benefits	48,985.7	47,654.5	-886.2	46,768.3	49,439.3	49,654.7	6.2
Contractual Services	9,929.1	11,551.9	-78.7	11,473.2	10,327.1	10,117.6	-11.8
Other	48,885.3	51,983.9	-932.7	51,051.2	51,842.0	51,826.1	1.5
Other Financing Uses	185.1	240.0	0.0	240.0	240.0	240.0	0.0
TOTAL USES	107,985.2	111,430.3	-1,897.6	109,532.7	111,848.4	111,838.4	2.1
FTE							
Permanent	840.0	842.0	0.0	842.0	843.0	843.0	0.1
Term	0.0	6.0	0.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	840.0	848.0	0.0	848.0	849.0	849.0	0.1

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Percent of children who are not the subject of substantiated maltreatment while in foster care	99.5%	99.67%	99.68%		99.68%
Output	Percent of children reentering foster care in less than twelve months				10%	10%
* Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	93.6%	91.4%	93%	93%	93%
* Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	72%	71.5%	69.9%	69.9%	72%
Outcome	Percent of children in foster care for twelve months with no more than two placements	86.1%	77%	80.5%	80.5%	80.5%
Outcome	Percent of children adopted within twenty-four months from entry into foster care	28.3%	23.4%	28.3%	28.3%	28.3%

EARLY CHILDHOOD SERVICES

The purpose of the early childhood services program is to provide quality childcare, nutrition services, early childhood education and training to enhance the physical, social and emotional growth and development of children.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	36,459.2	31,784.1	-1,031.2	30,752.9	58,076.9	37,502.8	21.9
Other Transfers	42,251.1	40,575.6	0.0	40,575.6	13,172.5	27,153.4	-33.1
Federal Revenues	76,835.3	79,794.3	0.0	79,794.3	80,699.2	80,699.2	1.1
Other Revenues	776.5	900.0	0.0	900.0	750.0	750.0	-16.7
Fund Balance	0.0	380.4	0.0	380.4	0.0	0.0	-100.0
SOURCES TOTAL	156,322.1	153,434.4	-1,031.2	152,403.2	152,698.6	146,105.4	-4.1
USES							
Personal Services and Employee Benefits	7,851.6	7,043.4	-80.0	6,963.4	7,572.4	7,572.4	8.7
Contractual Services	18,592.6	16,321.4	-404.0	15,917.4	15,154.0	15,100.7	-5.1
Other	117,768.3	130,069.6	-547.2	129,522.4	129,972.2	123,432.3	-4.7
TOTAL USES	144,212.5	153,434.4	-1,031.2	152,403.2	152,698.6	146,105.4	-4.1
FTE							
Permanent	104.5	104.5	0.0	104.5	103.5	100.5	-3.8
Term	47.0	50.0	0.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	151.5	154.5	0.0	154.5	153.5	150.5	-2.6

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent of children receiving state subsidy in stars/aim high programs level two through five or with national accreditation	69.2%	69.8%	69%	69%	72%
Outcome	Percent of licensed childcare providers participating in stars/aim high levels two through five or with national accreditation	68.9%	70.7%	65%	65%	72%
Outcome	Percent of children in state-funded prekindergarten showing measurable progress on the preschool readiness kindergarten tool		70.2%	68.5%	baseline	70%
Output	Percent of family providers participating in the child- and adult-care food program	94.9%	94.7%	95%		
Output	Percent of families participating in home-visiting programs with a completed family plan		100%	75%		
* Outcome	Percent of mothers participating in home visiting who are identified as having symptoms of post-partum depression				baseline	baseline

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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	52,221.3	48,685.1	-1,579.6	47,105.5	49,026.4	45,944.6	-2.5
Other Transfers	4,675.5	2,652.2	0.0	2,652.2	652.2	652.2	-75.4
Federal Revenues	4,067.1	4,518.5	0.0	4,518.5	4,518.5	4,518.5	0.0
Other Revenues	872.5	1,892.4	0.0	1,892.4	1,822.4	1,822.4	-3.7
Fund Balance	1,333.6	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	63,170.0	57,748.2	-1,579.6	56,168.6	56,019.5	52,937.7	-5.8
USES							
Personal Services and Employee Benefits	22,278.3	22,224.1	-704.9	21,519.2	22,126.2	21,650.0	0.6
Contractual Services	34,337.3	32,748.5	-788.8	31,959.7	31,157.0	28,622.0	-10.4
Other	2,512.1	2,775.6	-85.9	2,689.7	2,736.3	2,665.7	-0.9
Other Financing Uses	1,220.8	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	60,348.5	57,748.2	-1,579.6	56,168.6	56,019.5	52,937.7	-5.8
FTE							
Permanent	384.1	376.1	0.0	376.1	376.1	372.1	-1.1
Term	12.0	12.0	0.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	396.1	388.1	0.0	388.1	388.1	384.1	-1.0

PERFORMANCE MEASURES

		FY09	FY10	FY11	FY12	FY12
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan	72.5%	92.4%	70%	70%	95%
* Outcome	Percent of domestic violence offenders who complete a batterers' intervention program	60.4%	60.5%	70%	70%	70%
* Outcome	Percent of clients who complete formal probation	91%	90.6%	90%	90%	90%
Outcome	Percent of multi-systemic therapy clients who have not committed a subsequent juvenile offense within two years of discharge from service	78%	NA	86.5%		
* Output	Percent of clients readjudicated within two years of previous adjudication	6.4%	6.2%	5.8%	5.8%	5.8%
Output	Percent of adult victims or survivors receiving domestic violence services who are made aware of other available community services		87.1%	87.1%	85%	90%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	12,047.5	11,960.6	-388.1	11,572.5	11,889.0	11,429.2	-1.2
Other Transfers	200.1	136.3	0.0	136.3	160.2	160.2	17.5
Federal Revenues	9,359.6	5,770.1	0.0	5,770.1	5,470.1	5,470.1	-5.2
SOURCES TOTAL	21,607.2	17,867.0	-388.1	17,478.9	17,519.3	17,059.5	-2.4
USES							
Personal Services and Employee Benefits	11,686.5	11,243.5	-248.4	10,995.1	11,381.0	11,133.6	1.3
Contractual Services	2,201.6	1,547.7	-31.5	1,516.2	1,706.8	1,576.8	4.0
Other	4,428.3	5,075.8	-108.2	4,967.6	4,431.5	4,349.1	-12.5
Other Financing Uses	2,732.3	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	21,048.7	17,867.0	-388.1	17,478.9	17,519.3	17,059.5	-2.4
FTE							
Permanent	175.0	160.0	0.0	160.0	159.0	159.0	-0.6
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	179.0	164.0	0.0	164.0	163.0	163.0	-0.6

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent vacancy rate for youth care specialists	10.6%	9%	8%	8%	8%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		7	7	7	7

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	7,442.1	6,643.9	-215.6	6,428.3	6,628.3	6,371.6	-0.9
Other Transfers	113.5	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	10,448.4	11,942.5	0.0	11,942.5	11,907.6	11,907.6	-0.3
Other Revenues	121.3	227.8	0.0	227.8	168.7	168.7	-25.9
SOURCES TOTAL	18,125.3	18,814.2	-215.6	18,598.6	18,704.6	18,447.9	-0.8
USES							
Personal Services and Employee Benefits	7,420.7	7,977.4	-98.6	7,878.8	7,808.3	7,767.6	-1.4
Contractual Services	2,464.0	3,903.0	-12.8	3,890.2	3,622.4	3,622.4	-6.9
Other	7,346.5	6,933.8	-104.2	6,829.6	7,273.9	7,057.9	3.3
TOTAL USES	17,231.2	18,814.2	-215.6	18,598.6	18,704.6	18,447.9	-0.8
FTE							
Permanent	32.0	31.0	0.0	31.0	29.0	29.0	-6.5
Term	131.0	102.0	0.0	102.0	102.0	102.0	0.0
TOTAL FTE POSITIONS	163.0	133.0	0.0	133.0	131.0	131.0	-1.5

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Military Affairs to reduce the FY10 operating budget from the general fund by \$566.3 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: personal services and employee benefits, \$174.5 thousand; contractual services, \$56.8 thousand; and, other, \$335 thousand.

BUDGET ISSUES:

The Department of Military Affairs revenue is primarily money from the general fund and federal funds. The agency's initial FY11 general fund budget of \$6.6 million was reduced by \$215.6 thousand, resulting in an adjusted FY11 general fund appropriation of \$6.4 million. For FY12, the agency requested \$6.6 million from the general fund, a \$200 thousand increase over the adjusted FY11 general fund level. The agency did not request additional FTE or other expansion items.

The FY12 general fund recommendation of \$6.3 million represents a \$256.7 thousand reduction from the agency request and a 0.9 percent reduction from the agency's adjusted FY11 general fund level. The reduction includes lower amounts associated with General Services Department rate projections and terminal leave payouts. Additionally, the FY12 recommendation includes \$11.9 million in federal funds and \$168 thousand in other revenues, which corresponds with the agency request.

Prior-year budget reductions have impacted the operations of New Mexico Youth Challenge Academy (NMYCA), which provides two 22-week resident courses per year for at-risk teens. The NMYCA budget is built on a formula of \$16 thousand per student. NMYCA total appropriations were reduced from a high of \$2.8 million in FY10 to \$2.45 million in FY11, a reduction of 12.5 percent. At the same time, the ratio of federal support was also increased from 60 percent in FY10 to 75 percent in FY11, after the agency appealed to National Guard Bureau for more support. Staff for the academy was decreased from 41 FTE to 14 FTE for FY11, and the number of students per fiscal year was reduced from 200 to 75. For this reason, the second cycle for FY10 only graduated 36 students, as compared with the original target of 100 cadets. Due to budget issues, the agency failed to meet both performance measures related to NMYCA for FY10 and is requesting adjustments to lower its performance targets for FY12.

The agency indicates that budget reprioritization, such as the downsizing of the NMYCA, has allowed the department to better support the maintenance and repair of armories statewide. Related FY12 capital requests include \$12.3 million (75 percent federally funded) for the renovations and expansion of the Farmington Readiness Center, and \$500 thousand to address statewide maintenance and energy modernization efforts.

The agency requested \$50 thousand to support the Civil Air Patrol (CAP) proficiency flying program which allows CAP pilots to log flight hours to remain or reacquire proficiency while assisting with unfunded state mission, such as patrols over reservoirs and lakes in support of the Coast Guard Auxiliary or other agencies. The committee supports the CAP funding.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$215.6 thousand. The agency indicates that the reduction will be absorbed in armory maintenance and repair activities.

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 in maintaining a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Rate of attrition of the New Mexico army national guard	15.5%	16.5%	16%	15.5%	15.5%
* Outcome	Percent of strength of the New Mexico national guard	100%	96%	91%	92%	92%
* Output	Number of New Mexico youth challenge academy cadets who earn their high school equivalency annually	114	76	97	38	38
* Outcome	Percent of cadets successfully graduating from the youth challenge academy	99%	67%	91%	92%	92%
Output	Number of major environmental compliance findings from inspections	0	0	5	4	4
Output	Percent of New Mexico youth challenge academy cadets who earn their high school equivalency annually	TBD	N/A		N/A	

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	485.4	474.2	-15.4	458.8	541.9	449.4	-2.0
SOURCES TOTAL	485.4	474.2	-15.4	458.8	541.9	449.4	-2.0
USES							
Personal Services and Employee Benefits	315.3	326.4	-10.6	315.8	403.3	315.8	0.0
Contractual Services	7.5	17.5	-0.6	16.9	7.5	7.5	-55.6
Other	118.3	130.3	-4.2	126.1	130.8	126.1	0.0
Other Financing Uses	0.0	0.0	0.0	0.0	0.3	0.0	
TOTAL USES	441.1	474.2	-15.4	458.8	541.9	449.4	-2.0
FTE							
Permanent	6.0	6.0	0.0	6.0	7.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	0.0	6.0	7.0	6.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Parole Board to reduce the FY10 operating budget from the general fund by \$14.6 thousand.

BUDGET ISSUES:

For FY12, the agency requested a \$541.9 thousand general fund appropriation, a 14 percent increase over the original FY11 general fund level. The FY12 general fund recommendation for the agency is \$449.4 thousand, an amount generally consistent with the FY11 adjusted general fund appropriation of \$458.8 thousand.

The board conducted 3,843 hearings in FY10, compared with 3,808 in FY09. Of these, 2,613 were regular hearings defining parolee release conditions. Another 1,230 were revocation hearings that determine whether a parole violation requires the parolee to return to prison or if other sanctions are appropriate. In addition, the board coordinated information and provided recommendations to the governor for 148 executive clemency applications.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$15.4 thousand. To address the reduction, the agency indicates that it will reduce the number of general board meetings to reduce mileage and per diem costs.

BASE EXPANSION:

The agency requested one expansion hearing officer position at \$59.3 thousand. The recommendation does not support the expansion.

BASE EXPANSION LISTING
FY12 - 2011-2012

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Proposed Hearing Officer</u>	<u>(P704)</u>	<u>59.3</u>	<u>0.0</u>
TOTAL			59.3	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	92.6%	95.1%	95%	95%	95%
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	30	25	30	15	15
* Outcome	Percent of parole certificates issued within ten days of hearing or ten days of receiving relevant information needed		80.7%	95%	90%	90%
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
Efficiency	Percent of initial parole hearings held a minimum of thirty days prior to the inmate's projected release date	93.7%				
Outcome	Percent of parole certificates issued within ten days of hearing	83%				

STATUTORY AUTHORITY:

Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 created the Juvenile Public Safety Advisory Board (JPSAB). The board is administratively attached to the Children, Youth and Families Department (CYFD).

MISSION:

The mission of the JPSAB is to provide citizen oversight, review programs and initiatives, and make recommendations to CYFD on all matters relating to adjudicated youth program operations; conduct onsite facility inspections and visits; and ensure the appropriate care and treatment services are being provided to youth.

BUDGET SUMMARY
(dollars in thousands)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 – 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	224.2	24.9	-0.8	24.1	24.1	0.0	-100.0
SOURCES TOTAL	224.2	24.9	-0.8	24.1	24.1	0.0	-100.0
USES							
Personal Services and Employee Benefits	184.4	0.0	0.0	0.0	0.0	0.0	
Contractual Services	5.9	0.0	0.0	0.0	3.8	0.0	
Other	18.6	24.9	-0.8	24.1	20.3	0.0	-100.0
TOTAL USES	208.9	24.9	-0.8	24.1	24.1	0.0	-100.0
FTE							
Permanent	3.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	3.0	0.0	0.0	0.0	0.0	0.0	

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Juvenile Public Safety Advisory Board to reduce the FY10 operating budget from the general fund by \$6.7 thousand.

BUDGET ISSUES:

In FY10, JPSAB's budget was reduced by \$210.6 thousand, or 48.4 percent, from the FY09 adjusted budget and 3 FTE were eliminated. In FY11, JPSAB's budget was reduced to only board expenses and the agency's 3 FTE were eliminated. The board is administratively attached to CYFD, and the board's administrative needs are being taken care of by the department.

In 2008, CYFD implemented the Cambiar New Mexico initiative based on the Missouri model. In the 2009 legislative session, statute created a release panel similar to the Missouri model within CYFD that is now the releasing authority for committed youth in state juvenile facilities. The Juvenile Parole Board become JPSAB and its mission changed to citizen oversight. Citizen oversight for state juvenile justice facilities and services is also provided by the American Civil Liberties Union, Juvenile Justice Commission, New Mexico Sentencing Commission's Juvenile Committee and various other advocacy groups.

The LFC recommendation, as does preliminary recommendations by the Government Restructuring Task Force, supports eliminating the JPSAB. The LFC recommendation is contingent on passage of a bill that repeals Sections 32A-7A-1 through 32A-7A-8 NMSA 1978, which created the Juvenile Public Safety Advisory Board. If a bill repealing Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 fails to pass in the 2011 legislative session prior to passage of the General Appropriation Act (GAA), the Legislature will need to add an appropriation to the GAA for the Juvenile Public Safety Advisory Board.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$800, or 3.2 percent.

JUVENILE PUBLIC SAFETY ADVISORY BOARD

The purpose of the juvenile public safety advisory board is to monitor each youth's rehabilitative process through therapy and support services to assure that there is a low risk for reoffending or re-victimizing the community.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Percent of clients reviewed at 40 days	97%				
Output	Percent of clients reviewed every 90 days	100%	NA	95%	95%	
Output	Number of client reviews held by the staff	741				
Outcome	Percent of clients successfully completing term of supervised release	47%	NA	85.5%	85.5%	
Outcome	Number of individual parole hearings held by the juvenile parole board	264				

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	284,588.8	271,591.3	-8,811.7	262,779.6	273,020.0	251,882.7	-4.1
Other Transfers	527.4	452.0	0.0	452.0	468.6	468.6	3.7
Federal Revenues	21,551.8	976.0	0.0	976.0	184.0	909.0	-6.9
Other Revenues	21,282.0	21,481.2	0.0	21,481.2	20,991.8	20,991.8	-2.3
Fund Balance	3,545.7	1,750.0	0.0	1,750.0	1,050.0	1,050.0	-40.0
SOURCES TOTAL	331,495.7	296,250.5	-8,811.7	287,438.8	295,714.4	275,302.1	-4.2
USES							
Personal Services and Employee Benefits	130,490.9	135,834.7	-3,973.2	131,861.5	134,102.8	125,488.7	-4.8
Contractual Services	51,868.9	47,977.0	-1,550.6	46,426.4	50,176.9	46,400.3	-0.1
Other	115,509.6	112,438.8	-3,287.9	109,150.9	111,434.7	103,413.1	-5.3
Other Financing Uses	3,000.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	300,869.4	296,250.5	-8,811.7	287,438.8	295,714.4	275,302.1	-4.2
FTE							
Permanent	2,489.5	2,447.5	0.0	2,447.5	2,447.5	2,447.5	0.0
Term	48.0	37.0	0.0	37.0	37.0	37.0	0.0
TOTAL FTE POSITIONS	2,537.5	2,484.5	0.0	2,484.5	2,484.5	2,484.5	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the New Mexico Corrections Department to reduce the FY10 operating budget from the general fund by \$11.4 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Inmate Management and Control, \$8.2 million in medical and private prison contract savings and \$1.5 million in federal funds supplants general fund; \$1.6 million in various other category reductions in Community Offender Management; and, \$150 thousand of contract reductions in Community Corrections.

BUDGET ISSUES:

For FY12, the agency requested \$273 million from the general fund, a \$10.3 million increase over the adjusted FY11 general fund level. The agency requested no additional FTE or other expansion items.

The FY12 general fund recommendation of \$251.8 million represents a 4.1 percent decrease from the agency's adjusted FY11 general fund level. The total agency recommendation is \$275.2 million, which includes \$20.9 million in federal funds and \$2.3 million in other revenues.

The total New Mexico inmate population on June 30, 2006, reached a high of 6,803. By May 2008 the population dropped to 6,361, representing 6.6 percent reduction in the prison population over a two-year period. The reduction can be attributed to more nonviolent and drug offenders being released than being admitted into prison and violent offenders being admitted and released at the same rate. As of August 2010, the department had a total of 6,408 inmates, 5,826 males and 582 females. The men are housed in nine facilities, six publicly and three privately operated. The females are housed in the state-operated facility in Grants. The average cost per day in department-operated institutions is \$123 dollars, as opposed to \$84 dollars in privately-operated facilities.

Questions have been raised concerning the department's oversight of private prison contracts and the associated operational costs. Private prison contracts specify required staffing patterns of facilities, including penalties for facilities with vacant positions

over 30-60 days (depending on the type of position) and not manning mandatory posts. The department has elected to not enforce financial penalties for staffing patterns at the private prisons, which, in accordance with the contracts, is within the cabinet secretary's discretion. Based on LFC follow-up analysis of department contract monitor reports, it appears vacancy salary savings may have totaled almost \$5 million per year for positions open more than 30 days and unmanned posts. Private prisons also accrue savings from not having to pay benefits for vacant positions, which total an additional estimated \$1.1 million.

Recognizing that these vacancy trends existed across facilities for the past four fiscal years (two fiscal years at northeast correctional facility), an estimated \$22.7 million in salary and benefit vacancy savings accrued to the contractor. However, the contracts allow only for vacant salaries, not benefits, to be included in penalty calculations. This results in \$18.6 million in salaries that could have potentially been recovered if the department had chosen to enforce the provisions of the contract.

The LFC follow-up analysis indicates the department does not regularly compile vacancy rates, contractor staff pays rates, or contractor vacancy savings or review potential penalty amounts in its central office. Although the agency request contains no provisions for contract escalation in FY12, the committee recommends department staff perform staff vacancy rate compilations to assist the cabinet secretary in enforcing contractually required staffing patterns and associated penalties.

The recommendation includes a 4.1 percent general fund reduction of \$10.8 million from the agency's adjusted FY11 general fund level. This includes \$5.8 million in additional vacancy savings. The agency applied the following vacancy rates in the base request: Program Support (6.7 percent), Inmate Management and Control (7.9 percent), Corrections Industries (6.8 percent), Community Offender Management (9.9 percent), and Community Corrections (8.9 percent). In recognition of hiring restrictions, and to more closely align the programs with their historical vacancy rate, additional vacancy savings are applied as follows: Program Support (4 percent), Inmate Management and Control (5 percent), Corrections Industries (0 percent - program has no general fund impact), Community Offender Management (2 percent), and Community Corrections (2 percent).

Additional general fund reductions include \$333.7 thousand in rate adjustments for workers' compensation, employee liability, and General Services Department rates; \$750 thousand to be offset by federal Criminal Alien Assistance Program funding offset that was not included in the request; and \$3 million projected to reduce costs associated with private prison contracts for FY12. With respect to the Corrections Industries Program, as an enterprise activity, the agency should work with the Department of Finance and Administration to develop a monitoring and contingency plan to deal with potential revenue reductions due to economic conditions.

For FY12, the department must issue a request for proposal on a new medical contract that will provide medical, dental, and psychiatric care for inmates. The current medical vendor for inmate care is Corrections Medical Services, in the fourth and final year of its agreement with the department. Under the FY11 contract, the state pays a flat fee of \$41.5 million for basic services for up to 6,779 inmates rather than a per-diem rate. With add-ons for certain pharmaceuticals and tax, the total jumps to \$47.3 million. If the inmate population reaches the maximum number, the annual cost per client is \$7 thousand. While the aggregate costs are for comprehensive care, there are exceptions for such diseases such as hepatitis (a common but serious ailment among the prison population) and acquired immunodeficiency syndrome. When negotiating the new contract, the committee encourages the department to reduce unit costs, base per-diem rates on the lower current and projected inmate numbers, and deliver acceptable care in line with affordable costs similar to those in the Medicare, Medicaid or private sector programs. Additionally, no automatic escalation provisions should be included in the contract.

The agency requested the performance target for daily costs per inmate be raised from the FY11 level of \$95.50 to \$106.65 for FY12. This adjustment is based on actual costs of \$106.65 for FY08, the projection that costs will be higher in FY09, and the fact the department has not been able to meet prior-year targets due to inflation costs, new facilities, inmate population growth, increases in programming, and operational costs.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$8.8 million. The agency indicates the decrease will be absorbed with reductions in personnel costs, inmate education programs, and probation and parole services.

RECOMMENDED LANGUAGE:

The appropriations for the community offender management/vendor-run program of the corrections department are appropriated to the community corrections grant fund.

No more than five hundred thousand dollars (\$500,000) of the general fund appropriations to the community offender management program of the corrections department shall be used for detention costs for parole violators.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	241,891.2	231,363.2	-7,506.5	223,856.7	234,341.7	214,652.4	-4.1
Other Transfers	283.7	202.2	0.0	202.2	212.5	212.5	5.1
Federal Revenues	21,526.8	976.0	0.0	976.0	84.0	809.0	-17.1
Other Revenues	15,144.4	14,594.1	0.0	14,594.1	14,966.0	14,966.0	2.5
Fund Balance	0.0	1,500.0	0.0	1,500.0	100.0	100.0	-93.3
SOURCES TOTAL	278,846.1	248,635.5	-7,506.5	241,129.0	249,704.2	230,739.9	-4.3
USES							
Personal Services and Employee Benefits	102,752.0	107,139.4	-3,160.2	103,979.2	105,944.2	98,554.1	-5.2
Contractual Services	51,321.1	47,423.5	-1,533.3	45,890.2	49,662.6	45,890.2	0.0
Other	97,573.3	94,072.6	-2,813.0	91,259.6	94,097.4	86,295.6	-5.4
TOTAL USES	251,646.4	248,635.5	-7,506.5	241,129.0	249,704.2	230,739.9	-4.3
FTE							
Permanent	1,946.5	1,921.5	0.0	1,921.5	1,921.5	1,921.5	0.0
Term	44.0	34.0	0.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	1,990.5	1,955.5	0.0	1,955.5	1,955.5	1,955.5	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Recidivism rate of the success for offenders after release program by thirty-six months	39.80%	31.60%	35%	35%	35%
* Outcome	Percent of female offenders successfully released in accordance with their scheduled release dates	92%	95%	90%	90%	90%
* Outcome	Percent turnover of correctional officers in public facilities	10.01%	11.45%	13%	13%	13%
Output	Graduation rate of correctional officer cadets from the corrections department training academy	87.59%	85%	90%	90%	90%
Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed	78.90%	79%	78%	78%	78%
Output	Percent of eligible inmates who earn a general equivalency diploma	89%	86%	78%	78%	78%
Output	Percent of participating inmates completing adult basic education	31%	66%	32%	32%	32%
* Outcome	Percent of male offenders successfully released in accordance with their scheduled release dates	81%	86%	90%	90%	90%
* Efficiency	Daily cost per inmate, in dollars, for prior fiscal year	TBD	TBD	\$95.50	\$106.65	\$106.65
Outcome	Percent of therapeutic community graduates reincarcerated within thirty-six months of release		44.60%	40%	40%	40%
Output	Number of inmates with a history of domestic violence receiving domestic violence prevention education		37.1%	100%	37.1%	37.1%
Output	Number of victims of domestic violence receiving domestic violence education to include availability of resources or support or both		0%	100%	100%	100%
* Output	Percent of inmates testing positive for drug use or refusing to be tested in a random monthly drug test	2.20%	1.83%	<=2%	<=2%	<=2%
* Output	Number of inmate-on-inmate assaults with serious injury	19	19	23	23	23

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of inmate-on-staff assaults with serious injury	7	6	6	10	10
* Output	Number of escapes from a publicly run corrections department facility		1	0	0	0
* Output	Number of escapes from a secure non-New Mexico corrections department facility		0	0	0	0
* Output	Average number of days an inmate waits for medical, dental or psychiatric services		3	3	3	3
Outcome	Percent of standard healthcare requirements met by medical contract vendor	100%	TBD	100%	87%	87%
* Outcome	Percent of eligible sex offenders within three years of release that are receiving treatment	46.16%	45.6%	65%	65%	65%
Output	Percent of inmate grievances resolved informally		44.82%	85%	85%	85%

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>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Other Revenues	3,791.8	4,742.5	0.0	4,742.5	3,975.3	3,975.3	-16.2
SOURCES TOTAL	3,791.8	4,742.5	0.0	4,742.5	3,975.3	3,975.3	-16.2
USES							
Personal Services and Employee Benefits	1,627.0	2,106.5	0.0	2,106.5	1,854.1	1,854.1	-12.0
Contractual Services	0.1	20.7	0.0	20.7	25.1	25.1	21.3
Other	2,076.4	2,615.3	0.0	2,615.3	2,096.1	2,096.1	-19.9
TOTAL USES	3,703.5	4,742.5	0.0	4,742.5	3,975.3	3,975.3	-16.2
FTE							
Permanent	38.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	4.0	3.0	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	42.0	35.0	0.0	35.0	35.0	35.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Profit and loss ratio	TBD	TBD	break even	break even	break even
* Outcome	Percent of eligible inmates employed	7.80%	5.42%	11%	6%	6%

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	30,405.7	28,425.1	-922.2	27,502.9	27,412.9	26,845.7	-2.4
Federal Revenues	25.0	0.0	0.0	0.0	0.0	0.0	
Other Revenues	2,003.4	2,000.0	0.0	2,000.0	2,000.0	2,000.0	0.0
Fund Balance	1,500.0	250.0	0.0	250.0	250.0	250.0	0.0
SOURCES TOTAL	33,934.1	30,675.1	-922.2	29,752.9	29,662.9	29,095.7	-2.2
USES							
Personal Services and Employee Benefits	18,993.7	19,465.6	-592.9	18,872.7	19,015.0	18,453.0	-2.2
Contractual Services	29.5	39.4	-1.3	38.1	30.9	30.9	-18.9
Other	11,140.3	11,170.1	-328.0	10,842.1	10,617.0	10,611.8	-2.1
Other Financing Uses	1,500.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	31,663.5	30,675.1	-922.2	29,752.9	29,662.9	29,095.7	-2.2
FTE							
Permanent	392.0	387.0	0.0	387.0	387.0	387.0	0.0
TOTAL FTE POSITIONS	392.0	387.0	0.0	387.0	387.0	387.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Outcome	Percent turnover of probation and parole officers	21.40%	15.40%	20%	20%	20%
* Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	91.68%	91.3%	90%	90%	90%
Quality	Average standard caseload per probation and parole officer	91	95	92	95	95
Quality	Average intensive supervision program caseload per probation and parole officer	19	19	20	20	20
Output	Percent of absconders apprehended	10.42%	11%	15%	10%	10%
Quality	Average number of offenders in intensive or high-risk supervision	26.25	25	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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,790.6	3,787.1	-122.9	3,664.2	3,098.8	2,904.1	-20.7
Other Revenues	258.1	42.1	0.0	42.1	37.8	37.8	-10.2
Fund Balance	2,045.7	0.0	0.0	0.0	700.0	700.0	
SOURCES TOTAL	6,094.4	3,829.2	-122.9	3,706.3	3,836.6	3,641.9	-1.7
USES							
Personal Services and Employee Benefits	736.7	763.4	-24.8	738.6	912.3	722.1	-2.2
Contractual Services	1.7	24.9	-0.8	24.1	0.5	0.5	-97.9
Other	3,144.5	3,040.9	-97.3	2,943.6	2,923.8	2,919.3	-0.8
Other Financing Uses	1,500.0	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	5,382.9	3,829.2	-122.9	3,706.3	3,836.6	3,641.9	-1.7
FTE							
Permanent	17.0	17.0	0.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	0.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Percent of male offenders who complete the residential treatment center program at Fort Stanton	15.67%				
Output	Average community corrections program caseload per probation and parole officer	30	29	30	30	30
* Output	Percent of male offenders who complete the residential treatment center program	15.67%	46%	75%	75%	75%
* Output	Percent of female offenders who complete the residential treatment center program	15.58%	80%	75%	75%	75%
* Output	Percent of female offenders who complete the halfway house program	32.25%	86.5%	75%	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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14</u> <u>Reduction</u>	<u>Adjusted</u> <u>Budget</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES							
General Fund Transfers	8,501.3	8,015.9	-260.1	7,755.8	8,166.6	7,480.5	-3.5
Other Transfers	243.7	249.8	0.0	249.8	256.1	256.1	2.5
Federal Revenues	0.0	0.0	0.0	0.0	100.0	100.0	
Other Revenues	84.3	102.5	0.0	102.5	12.7	12.7	-87.6
SOURCES TOTAL	8,829.3	8,368.2	-260.1	8,108.1	8,535.4	7,849.3	-3.2
USES							
Personal Services and Employee Benefits	6,381.5	6,359.8	-195.3	6,164.5	6,377.2	5,905.4	-4.2
Contractual Services	516.5	468.5	-15.2	453.3	457.8	453.6	0.1
Other	1,575.1	1,539.9	-49.6	1,490.3	1,700.4	1,490.3	0.0
TOTAL USES	8,473.1	8,368.2	-260.1	8,108.1	8,535.4	7,849.3	-3.2
FTE							
Permanent	96.0	90.0	0.0	90.0	90.0	90.0	0.0
TOTAL FTE POSITIONS	96.0	90.0	0.0	90.0	90.0	90.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Outcome	Percent of prisoners reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	29.46%				
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	39.34%				
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	46.34%				
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	36.22%				
* Outcome	Percent of prisoners reincarcerated back into the corrections department system within thirty-six months due to new charges or pending charges		19.75%	40%	40%	40%
Outcome	Percent of prisoners reincarcerated back into the corrections department within thirty-six months due to technical parole violations		23.47%	40%	40%	40%
* Outcome	Percent of prisoners reincarcerated back into the corrections department within thirty-six months	46.34%	43.58%	47%	47%	47%
* Outcome	Percent of sex offenders reincarcerated back into the corrections department within thirty-six months	36.22%	23.53%	40%	40%	40%
Output	Percent of department staff trained on legal subjects to include but not limited to unlawful discrimination, sexual harassment and internal policy and procedures		0	100%	100%	100%
Output	Percent of department staff trained in motivational interviewing techniques		0%	100%	100%	100%
Outcome	Percent of employee union grievances resolved prior to arbitration		94%	90%	90%	90%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission 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 enforcement 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 Victims 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	2,387.0	1,865.8	-60.6	1,805.2	1,805.2	1,684.1	-6.7
Federal Revenues	5,047.1	4,647.5	0.0	4,647.5	5,196.5	5,196.5	11.8
Other Revenues	518.5	499.5	0.0	499.5	499.5	499.5	0.0
Fund Balance	412.9	117.2	0.0	117.2	80.0	80.0	-31.7
SOURCES TOTAL	8,365.5	7,130.0	-60.6	7,069.4	7,581.2	7,460.1	5.5
USES							
Personal Services and Employee Benefits	1,123.5	1,131.9	-27.9	1,104.0	1,168.8	1,115.2	1.0
Contractual Services	261.6	263.0	-7.6	255.4	255.4	242.7	-5.0
Other	5,996.1	5,035.1	-25.1	5,010.0	5,457.0	5,402.2	7.8
Other Financing Uses	663.6	700.0	0.0	700.0	700.0	700.0	0.0
TOTAL USES	8,044.8	7,130.0	-60.6	7,069.4	7,581.2	7,460.1	5.5
FTE							
Permanent	16.0	16.0	0.0	16.0	16.0	16.0	0.0
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	20.0	20.0	0.0	20.0	20.0	20.0	0.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Crime Victims Reparation Commission to reduce the FY10 operating budget from the general fund by \$71.6 thousand.

BUDGET ISSUES:

The Crime Victims Reparation Commission (CVRC) is composed of two programs, Victim Compensation and Federal Grants Administration. Agency revenue is a combination of money from the general fund, reimbursement from perpetrators, and federal funds. There is no matching requirement from the general fund to receive the federal funds. The agency's initial FY11 general fund budget was reduced by \$60.6 thousand resulting in an adjusted FY11 general appropriation of \$1.8 million, the agency's FY12 general fund request. The FY12 general fund recommendation of \$1.6 million represents a 6.7 percent reduction from the adjusted FY11 general fund level.

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 FY10, reimbursement included \$137,929 for 397 claims for child sexual abuse and 212 for physical abuse. A total of 152 homicide claims were approved at \$488,174, of which 15 were drunken driving homicide cases totaling \$33,558. Domestic violence incidents resulted in a payout of \$597,197 for 391 claims that included 31 homicides.

The Federal Grants Administration Program manages federal funds from the Office of Justice programs Victims of Crime Act and Violence Against Women Act. For FY12, \$5.1 million is recommended from these grants. Primarily the other category expenditures are awarded to state agencies and community organizations to fund victim advocate positions in judicial districts.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$60.6 thousand. The agency indicates that the reduction will have a modest impact on the processing of claims.

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)

	FY10 2009-2010 <u>Actuals</u>	<u>Budgeted</u>	FY11 - 2010-2011 Section 14 <u>Reduction</u>	<u>Adjusted Budget</u>	FY12 - 2011-2012 <u>Agency Request</u>	<u>LFC Recom- mendation</u>	% Incr (Decr)
SOURCES							
General Fund Transfers	2,387.0	1,865.8	-60.6	1,805.2	1,805.2	1,684.1	-6.7
Other Revenues	518.5	499.5	0.0	499.5	499.5	499.5	0.0
Fund Balance	412.9	117.2	0.0	117.2	80.0	80.0	-31.7
SOURCES TOTAL	3,318.4	2,482.5	-60.6	2,421.9	2,384.7	2,263.6	-6.5
USES							
Personal Services and Employee Benefits	864.0	858.4	-27.9	830.5	893.7	840.1	1.2
Contractual Services	241.7	235.0	-7.6	227.4	227.4	214.7	-5.6
Other	1,892.9	1,389.1	-25.1	1,364.0	1,263.6	1,208.8	-11.4
TOTAL USES	2,998.6	2,482.5	-60.6	2,421.9	2,384.7	2,263.6	-6.5
FTE							
Permanent	16.0	16.0	0.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	0.0	16.0	16.0	16.0	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* 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
* Efficiency	Average number of days to process applications	134	136	119	<120	<120
Outcome	Percent increase in number of reparation applications received	38%	4%	2%	2%	2%
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%	68%	90%	50%	50%
Outcome	Percent increase in victims receiving direct advocacy	31%	5%	5%	5%	5%
Output	Number of victims receiving direct advocacy	270	1,846	269	1,800	1,800

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Federal Revenues	5,047.1	4,647.5	0.0	4,647.5	5,196.5	5,196.5	11.8
SOURCES TOTAL	5,047.1	4,647.5	0.0	4,647.5	5,196.5	5,196.5	11.8
USES							
Personal Services and Employee Benefits	259.5	273.5	0.0	273.5	275.1	275.1	0.6
Contractual Services	19.9	28.0	0.0	28.0	28.0	28.0	0.0
Other	4,103.2	3,646.0	0.0	3,646.0	4,193.4	4,193.4	15.0
Other Financing Uses	663.6	700.0	0.0	700.0	700.0	700.0	0.0
TOTAL USES	5,046.2	4,647.5	0.0	4,647.5	5,196.5	5,196.5	11.8
FTE							
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	0.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Efficiency	Percent of sub-recipients that receive compliance monitoring via desk audits	83%	90%	85%	83%	83%
* Output	Number of training workshops conducted for sub-recipients	12	12	14	12	12
* Efficiency	Percent of site visits conducted	40%	30%	50%	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	5	5	6	6	6
Outcome	Percent increase in number of services provided to victims of crime by grant sub-recipients	2%	40%	4%	2%	2%
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds			5		
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		5	5	5	5

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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	94,827.6	91,038.8	-2,953.8	88,085.0	88,465.2	85,981.7	-2.4
Other Transfers	8,922.4	12,319.0	0.0	12,319.0	14,046.0	13,841.7	12.4
Federal Revenues	7,930.8	20,880.3	0.0	20,880.3	14,727.4	14,727.4	-29.5
Other Revenues	12,514.6	6,117.9	0.0	6,117.9	7,012.3	7,012.3	14.6
Fund Balance	1,557.1	940.0	0.0	940.0	1,305.0	1,305.0	38.8
SOURCES TOTAL	125,752.5	131,296.0	-2,953.8	128,342.2	125,555.9	122,868.1	-4.3
USES							
Personal Services and Employee Benefits	81,718.1	90,052.9	-2,326.9	87,726.0	87,562.0	86,173.3	-1.8
Contractual Services	3,101.2	5,808.2	-63.1	5,745.1	5,368.5	4,922.8	-14.3
Other	33,492.8	35,434.9	-563.8	34,871.1	32,625.4	31,772.0	-8.9
TOTAL USES	118,312.1	131,296.0	-2,953.8	128,342.2	125,555.9	122,868.1	-4.3
FTE							
Permanent	1,218.5	1,133.5	0.0	1,133.5	1,133.5	1,130.5	-0.3
Term	106.0	102.0	0.0	102.0	102.0	102.0	0.0
Temporary	24.2	24.2	0.0	24.2	24.2	24.2	0.0
TOTAL FTE POSITIONS	1,348.7	1,259.7	0.0	1,259.7	1,259.7	1,256.7	-0.2

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Public Safety to reduce the FY10 operating budget from the general fund by \$2.8 million. A reduction plan was submitted by the agency and approved by the Department of Finance and Administration.

BUDGET ISSUES:

For FY12, the agency requested \$88.4 million from the general fund, a \$380 thousand increase over the adjusted FY11 general fund level. The agency requested no additional FTE or other expansion items.

The FY12 general fund recommendation of \$85.9 million represents a 2.4 percent decrease from the agency's adjusted FY11 general fund level. The total agency recommendation is \$122.8 million, which includes \$14.7 million in federal funds and \$22.3 million in additional revenue sources. The agency applied the following vacancy rates in the base request: Program Support (7.7 percent), Law Enforcement (10.4 percent), and Motor Transportation (6.9 percent). No additional vacancy savings were applied. Miscellaneous general fund adjustments include \$350.1 thousand in rate adjustments for workers' compensation and employee liability rates. In light of recent American Recovery and Reinvestment Act stimulus awards, funding for vehicles has been reduced.

The FY11 general fund recommendation for the Law Enforcement Program is \$64.1 million, a 1.9 percent decrease from the FY11 adjusted operating budget. A central issue facing the department for FY12 is State Police staffing and allocation levels. State Police were at an authorized strength of 605 before 37 vacant positions were eliminated from the executive request in the

2010 legislative session. This results in an authorized strength of 568 officers. The department was at 537 on January 1, 2010; however, since that time, 35 officers have left, 25 of which, the department indicates, have gone to other police agencies due to salary incentives. This resulted in officer strength of 502, as of September 2010. The department indicated that although the recruit school that began in October was to start with between 22 and 25 officer candidates, the department anticipates that no more than 15 officers will graduate from the school at the end of March. An additional 2011 class has not been announced.

As indicated in Volume III, between FY98 and FY10 the number of officers assigned to the chief's office increased 75 percent (from four to seven officers). The number of officers assigned to governor's security increased 56 percent (from nine to 14 officers). The department should review these staffing levels and, if warranted, reassign officers to meet the needs of understaffed district offices. The committee also recommends the department increase recruitment and retention efforts so as to preclude a reduction of essential law enforcement services, particularly in more rural areas.

The FY11 general fund recommendation for the Motor Transportation Program is \$9 million, a 2.6 percent decrease from the FY11 adjusted operating budget. Included in the other transfers is \$6.9 million from the Department of Transportation state road fund. This funding level is consistent with prior years. The program's federal funding request was significantly reduced, primarily due to reductions in the Motor Carrier Safety Assistance Program. Motor Transportation monitors five major ports of entry in Gallup, San Jon, Lordsburg, Anthony, and Raton, 24 hours, seven days a week. Eleven additional ports of entry are open on a random basis. The FY11 request notes the program has seized over \$1.44 million in U.S. currency, over 9,200 pounds of marijuana, 283.4 pounds of cocaine, and 11.3 pounds of methamphetamine and made 39 arrests in relation to these seizures.

The FY11 general fund recommendation for Program Support is \$12.8 million, a 4.6 percent decrease from the FY11 adjusted operating budget. The recommendation also eliminates three positions in the program, including an exempt public information officer, for a total general fund savings of \$163.5 thousand.

The agency has received two discretionary federal stimulus awards from the governor. The first award of \$150 thousand was to stop and prosecute illegal cockfighting and dog fighting and respond to animal hoarding cases. The award will support an investigator, training, and a field manual for officers across the state. The second award of \$1 million is to support the purchase of 11 new police cars and pay for additional fuel for the State Police fleet. However, despite the additional funding, the department expects to lose 10 additional officers between by December 31, 2010, and another 10 officers between January 1 and March 31, 2011.

Following up on the January 14, 2010, report of the Committee on Government Efficiency, the Government Restructuring Task Force (GRTF) has suggested the state has an unnecessary dual agency approach to statewide homeland security and public safety functions, and the Department of Homeland Security and Emergency Management (DHSEM) should be merged into DPS. The task force is proposing draft legislation to address this issue and also seeks to streamline related functions by transferring administration of the enhanced 911 service program to the newly aligned DPS Homeland Security and Emergency Management Division. The Department of Information Technology would provide the infrastructure for enhanced 911 services. The draft legislation additionally transfers the Fire Marshal Division of the Public Regulation Commission (PRC) to the Department of Public Safety.

From both budgetary and operational perspectives, the proposed realignment appears to have merit. The adjusted FY11 appropriation to DHSEM is some \$2.7 million from the general fund and federal funding of \$35.4 million, with the majority of federal funds (some \$26 million) being passed through as grants to various state and local agencies to support homeland-security-related initiatives. The adjusted DPS FY11 appropriation is some \$88 million from the general fund and federal funding of \$20.8 million, with some \$6 million being passed through as grants to various state and local agencies in support of various law enforcement initiatives. Considering that DPS has an FY11 FTE count of 1,259, contrasted with Homeland Security's 66 FTE, it appears the homeland security function could be absorbed back into DPS at the program level with the grants management function for the most part being assumed by existing DPS infrastructure.

Additionally, because the homeland security function is primarily directed to coordination and consultation – with no actual incident operational control – it would support the primary DPS mission to "...protect and secure the people of New Mexico in their lives, homes, and communities." This realignment could not only streamline chain of command issues, but could potentially result in the reduction of 12 FTE – including five exempt positions – and save approximately \$779.8 thousand in general fund dollars. Finally, it should be noted the new agency alignment will present a return to the original DPS organizational structure that existed prior to the elevation of homeland security responsibilities to cabinet-level status while maintaining the current level of service.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$2.9 million. The agency indicates the decrease will be absorbed with reductions in personnel costs through vacancy rates and the realignment of resources.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the motor transportation program of the department of public safety include six million nine hundred nine thousand two hundred dollars (\$6,909,200) from the state road fund.

Any unexpended balances in the department of public safety remaining at the end of fiscal year 2012 made from appropriations from the state road fund shall revert to the state road fund.

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Section 14 Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	FY12 - 2011-2012 LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	69,489.6	67,554.8	-2,191.9	65,362.9	65,640.9	64,118.4	-1.9
Other Transfers	1,257.2	4,150.8	0.0	4,150.8	4,402.8	4,402.8	6.1
Federal Revenues	1,716.9	4,297.7	0.0	4,297.7	4,097.4	4,097.4	-4.7
Other Revenues	10,842.1	3,887.9	0.0	3,887.9	4,317.3	4,317.3	11.0
Fund Balance	1,557.1	940.0	0.0	940.0	1,205.0	1,205.0	28.2
SOURCES TOTAL	84,862.9	80,831.2	-2,191.9	78,639.3	79,663.4	78,140.9	-0.6
USES							
Personal Services and Employee Benefits	56,145.0	60,902.8	-1,791.2	59,111.6	59,728.5	58,862.1	-0.4
Contractual Services	1,106.4	1,816.4	-36.6	1,779.8	1,430.8	1,106.4	-37.8
Other	22,795.4	18,112.0	-364.1	17,747.9	18,504.1	18,172.4	2.4
TOTAL USES	80,046.8	80,831.2	-2,191.9	78,639.3	79,663.4	78,140.9	-0.6
FTE							
Permanent	833.0	766.0	0.0	766.0	766.0	766.0	0.0
Term	9.0	4.0	0.0	4.0	4.0	4.0	0.0
Temporary	24.2	24.2	0.0	24.2	24.2	24.2	0.0
TOTAL FTE POSITIONS	866.2	794.2	0.0	794.2	794.2	794.2	0.0

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Explanatory	Number of fatal crashes in New Mexico per year	343	330	400	325	325
* Output	Number of driving-while-intoxicated arrests by department of public safety commissioned personnel in New Mexico	3,694	4,311	3,200	3,200	3,200
Output	Number of first time driving-while-intoxicated arrests per year	2,362	2,406	2,000	2,000	2,000
Output	Number of repeat driving-while-intoxicated arrests per year	1,332	1,905	1,200	1,200	1,200
* Output	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel	216	192	200	200	200
* Output	Number of drug arrests by department of public safety commissioned personnel in New Mexico	1,256	1,404	1,000	1,000	1,000
* 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	558	546	200	200	200

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of cadets who successfully complete training and pass the law enforcement officer certification exam	100%	100%	98%	98%	98%
* Output	Number of criminal cases investigated by department of public safety commissioned personnel in New Mexico	17,525	18,694	15,000	15,000	15,000
* Output	Number of criminal citations or arrests for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division	230	235	150	150	150
Outcome	Percent of strength of department of public safety commissioned personnel	84.2%	85.3%	81%	81%	81%

MOTOR TRANSPORTATION DIVISION

The purpose of the motor transportation program is to provide the highest quality of commercial motor vehicle enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	10,277.3	9,609.0	-311.7	9,297.3	9,342.4	9,057.8	-2.6
Other Transfers	7,612.4	8,094.5	0.0	8,094.5	9,569.5	9,365.2	15.7
Federal Revenues	3,889.1	8,740.9	0.0	8,740.9	5,017.3	5,017.3	-42.6
Other Revenues	3.2	25.0	0.0	25.0	80.0	80.0	220.0
SOURCES TOTAL	21,782.0	26,469.4	-311.7	26,157.7	24,009.2	23,520.3	-10.1
USES							
Personal Services and Employee Benefits	14,717.0	17,216.8	-219.6	16,997.2	16,084.7	16,013.4	-5.8
Contractual Services	1,587.8	2,968.2	-13.2	2,955.0	2,884.7	2,856.7	-3.3
Other	4,515.2	6,284.4	-78.9	6,205.5	5,039.8	4,650.2	-25.1
TOTAL USES	20,820.0	26,469.4	-311.7	26,157.7	24,009.2	23,520.3	-10.1
FTE							
Permanent	218.5	218.5	0.0	218.5	218.5	218.5	0.0
Term	55.0	55.0	0.0	55.0	55.0	55.0	0.0
TOTAL FTE POSITIONS	273.5	273.5	0.0	273.5	273.5	273.5	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of commercial motor vehicle citations issued				40,256	40,256
* Output	Number of narcotic seizures by the motor transportation division	74	46	52	52	52
* Output	Number of commercial motor vehicle safety inspections by the motor transportation division	114,628	126,927	91,680	85,000	85,000
Output	Number of special weight-distance tax operations conducted by motor transportation division	7	4			
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	3,076	1,019	384		
Outcome	Percent of strength of commissioned officers	80.0%	79.5%	83%	90%	90%
Outcome	Percent of strength of transportation inspectors		88.0%	90%	90%	90%
* Output	Number of motor carrier safety audits completed		298	200	200	200
Output	Number of noncommercial motor vehicle citations issued				11,152	11,152

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	15,060.7	13,875.0	-450.2	13,424.8	13,481.9	12,805.5	-4.6
Other Transfers	52.8	73.7	0.0	73.7	73.7	73.7	0.0
Federal Revenues	2,324.8	7,841.7	0.0	7,841.7	5,612.7	5,612.7	-28.4
Other Revenues	1,669.3	2,205.0	0.0	2,205.0	2,615.0	2,615.0	18.6
Fund Balance	0.0	0.0	0.0	0.0	100.0	100.0	
SOURCES TOTAL	19,107.6	23,995.4	-450.2	23,545.2	21,883.3	21,206.9	-9.9
USES							
Personal Services and Employee Benefits	10,856.1	11,933.3	-316.1	11,617.2	11,748.8	11,297.8	-2.7
Contractual Services	407.0	1,023.6	-13.3	1,010.3	1,053.0	959.7	-5.0
Other	6,182.2	11,038.5	-120.8	10,917.7	9,081.5	8,949.4	-18.0
TOTAL USES	17,445.3	23,995.4	-450.2	23,545.2	21,883.3	21,206.9	-9.9
FTE							
Permanent	167.0	149.0	0.0	149.0	149.0	146.0	-2.0
Term	42.0	43.0	0.0	43.0	43.0	43.0	0.0
TOTAL FTE POSITIONS	209.0	192.0	0.0	192.0	192.0	189.0	-1.6

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Output	Number of grants management bureau compliance site visits made to each grantee per year	43	37	60	60	60
Outcome	Percent of deoxyribonucleic acid cases processed within seventy days from submission	93.7%				
Outcome	Percent of applicants' criminal background checks completed within twenty-eight days of submission	108.4%				
Outcome	Percent of criminal fingerprint cards completed within thirty-five days of submission	93.9%				
Outcome	Percent of prior-year audit findings resolved	58.8%	47.8%	100%	100%	100%
Outcome	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99.9%	99.9%		
Outcome	Percent of help desk tickets resolved within forty-eight work hours of receipt	99.9%	99.9%	98%	98%	98%
Output	Number of unfilled forensic scientist vacancies within the deoxyribonucleic acid discipline	6	4	5	4	4
Output	Number of unfilled forensic scientist vacancies in the chemistry unit	3	4	4	4	4
Output	Number of unfilled forensic scientist vacancies in the latent prints unit	0	0	1		
Output	Number of unfilled forensic scientist vacancies in the firearms/toolmark unit	0	0	1		
* Outcome	Percent of forensic cases completed within thirty working days	71.3%	57.1%	70%	60%	60%
Output	Number of criminal record jackets updated per year	1,204	1,292	1,200	1,200	1,200
* Outcome	Percent of sex offender registrations processed within forty-eight work hours of receipt				70%	70%
Explanatory	Percent of incoming New Mexico law enforcement telecommunications system transactions per day increase	Not Avail	22.2%	5%	10%	10%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Efficiency	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds		0	10	10	10
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury		65	5	75	75

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.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
General Fund Transfers	3,332.0	2,802.0	-90.9	2,711.1	2,711.1	2,486.6	-8.3
Other Transfers	162.4	208.2	0.0	208.2	181.6	181.6	-12.8
Federal Revenues	25,959.9	35,447.2	0.0	35,447.2	30,229.5	30,229.5	-14.7
Other Revenues	63.1	10.0	0.0	10.0	10.0	10.0	0.0
SOURCES TOTAL	29,517.4	38,467.4	-90.9	38,376.5	33,132.2	32,907.7	-14.3
USES							
Personal Services and Employee Benefits	4,357.6	4,091.1	-47.3	4,043.8	4,139.8	3,929.9	-2.8
Contractual Services	1,735.8	1,799.1	-1.3	1,797.8	1,627.0	1,612.4	-10.3
Other	19,902.1	32,577.2	-42.3	32,534.9	27,365.4	27,365.4	-15.9
TOTAL USES	25,995.5	38,467.4	-90.9	38,376.5	33,132.2	32,907.7	-14.3
FTE							
Permanent	22.0	20.0	0.0	20.0	20.0	16.0	-20.0
Term	56.0	46.0	0.0	46.0	46.0	46.0	0.0
TOTAL FTE POSITIONS	78.0	66.0	0.0	66.0	66.0	62.0	-6.1

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Homeland Security and Emergency Management Department to reduce the FY10 operating budget from the general fund by \$166.6 thousand.

BUDGET ISSUES:

Agency revenue is primarily a combination of money from the general fund and federal funds. The agency's initial FY11 general fund budget of \$2.8 million was reduced by \$90.9 thousand, resulting in an adjusted FY11 general fund appropriation of \$2.7 million. For FY12, the agency requested \$2.7 million in general fund monies, an amount equal to the adjusted FY11 general fund level, and \$30.2 million in federal funding. Additionally, the request includes \$181.6 thousand in other transfers from the Energy, Minerals and Natural Resources Department associated with activities at the Waste Isolation Pilot Project (WIPP) for radiation and hazardous materials training and related public safety support efforts.

The FY12 general fund recommendation of \$2.4 million represents an 8.2 percent reduction from the agency's adjusted FY11 general fund level. The recommendation eliminates 3 vacant permanent FTE positions not supported by federal funds and also eliminates the exempt deputy cabinet secretary position for a general fund savings of \$209 thousand.

The Government Restructuring Task Force (GRTF) has suggested the state has an unnecessary dual agency approach to homeland security and public safety in New Mexico and that DHSEM should be merged as a program into the New Mexico Department of Public Safety (DPS). In 2007, Chapter 291 (House Bill 227) 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 (DHSEM).

GRTF has prepared discussion draft legislation that would essentially repeal the establishing legislation and return homeland security to program-level status under DPS. This bill would also transfer functions, appropriations, money, property, contractual obligations, and statutory references and amend, repeal, and enact sections of the New Mexico statutes. It is anticipated that combining administrative functions will increase efficiency and reduce organizational costs.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$90.9 thousand. The agency indicates it will absorb the costs by reductions in personal services and reduced expenditures for equipment.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Number of exercises conducted annually in compliance with federal guidelines	34	23	34	34	34
* Outcome	Number of program and administrative team compliance visits conducted each year on all grants	38	41	38	38	38
Outcome	Number of local emergency operation plans current within three years	31	31	32	32	32
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds			5	3	3
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			15	38	38

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the New Mexico Department of Transportation (NMDOT), the State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico, establishes 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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Federal Revenues	400,474.1	400,540.6	0.0	400,540.6	400,411.2	400,411.2	0.0
Other Revenues	424,892.5	399,308.6	0.0	399,308.6	406,885.7	424,892.5	6.4
Fund Balance	2,697.9	3,184.2	0.0	3,184.2	2,569.2	2,569.2	-19.3
SOURCES TOTAL	828,064.5	803,033.4	0.0	803,033.4	809,866.1	827,872.9	3.1
USES							
Personal Services and Employee Benefits	143,875.2	153,172.5	0.0	153,172.5	153,452.3	143,155.5	-6.5
Contractual Services	273,762.9	329,502.5	0.0	329,502.5	328,975.2	364,829.5	10.7
Other	289,308.9	313,420.4	0.0	313,420.4	320,500.6	312,985.9	-0.1
Other Financing Uses	6,949.9	6,938.0	0.0	6,938.0	6,938.0	6,902.0	-0.5
TOTAL USES	713,896.9	803,033.4	0.0	803,033.4	809,866.1	827,872.9	3.1
FTE							
Permanent	2,663.0	2,448.0	0.0	2,448.0	2,448.0	2,440.0	-0.3
Term	93.5	56.5	0.0	56.5	56.5	54.5	-3.5
TOTAL FTE POSITIONS	2,756.5	2,504.5	0.0	2,504.5	2,504.5	2,494.5	-0.4

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate expenditure restriction plans. The plan submitted by NMDOT reduced personal services and employee benefits by \$10.1 million. NMDOT reduced road contract maintenance by \$14 million, which represented a 42 percent reduction. The plan included a \$6.4 million reduction to field supplies, rest area closures, reduced maintenance, and heavy equipment purchases. Other reductions of \$4.1 million included \$2.3 million for traffic safety grants to communities. Because of declining state road fund revenues, an additional \$1.5 million was not spent and assisted in cash flow operations.

BUDGET ISSUES:

Due to cautious optimism related to federal and state revenues, the NMDOT budget request for FY12 reflects an increase of \$6.8 million from the FY11 operating budget but a decrease of \$18.2 million from FY10 actuals. For FY12, \$2.2 million of debt service and debt service principal is considered to be an adjustment to the base budget as it was created through prior obligations.

State road fund revenue has declined substantially in recent years, from a peak of \$394 million in FY07 to a low of \$365.2 million in FY10. Revenue of \$370 million in FY09 suggests that some rough stabilization has occurred. However, the June 30, 2009, audit report for the department states a full recovery to FY07 revenue highs will take at least four years.

July 2010 state road fund projections for FY11 forecast revenue of \$363.4 million, which reflects a slight decrease from FY10 numbers. Year-to-date actuals for three months are \$98.1 million, which reflects a 1.5 percent increase over previous forecasts. Across all state road fund revenue sources, FY11 year-to-date actuals increased an average of 5.6 percent compared with FY10 actuals. Weight-distance fees levied for trucking activities showed the most substantial increase at 18 percent, while special fuels revenues increased 8.1 percent. However, gasoline revenues decreased .9 percent and motor vehicle registration decreased 1.1 percent.

Lingering concerns over the long-term recovery prospects of the state road fund have prompted NMDOT to defer additional transportation construction projects worth approximately \$390 million. It has also significantly impacted the department's capacity to maintain New Mexico's highways, roads, and bridges. NMDOT is currently projecting a gap in routine maintenance of \$184 million, affecting activities such as pavement preservation, chip seal, drainage work, striping, bridge maintenance, and equipment repair. The chip seal program projects a gap \$16.2 million and the bridge repair program an additional gap of \$50 million.

Perceived uncertainty in state road fund revenues prompted the department to request \$404.7 million in FY12, an \$18 million decrease from FY10 actuals of \$424.9 million. Some of this request derives from conservative projections on state road fund revenue and some derives from a desire on the part of the department to replenish state road fund balances. The LFC recommendation is \$424.9 million, the same as the FY10 actuals reported by the department. Given the significant gaps that exist between available revenue and current maintenance requirements, the committee recommends this revenue be directed entirely to state maintenance and reconstruction projects that do not qualify for federal assistance.

Current accounting practices at NMDOT make it exceptionally difficult to obtain recent, accurate data on revenue streams. This should be remedied immediately to ensure that budget requests are precise and committee recommendations are effective.

The existing authorization for federal surface transportation programs provided by the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expired on September 30, 2009, and Congress continues to debate provisions for re-authorization. Potential legislation has become increasingly complex in structure and politics as states and other program beneficiaries compete for federal resources in a constrained budget environment. As a result, transportation programs will almost certainly continue to operate on the basis of authority provided in continuing resolutions or extensions. Solvency issues related to the highway trust fund (HTF) remain a concern. Although funding levels are expected to stay equivalent to previous years, rescissions may occur again. NMDOT and the Legislature should remain attentive to trends in the economic conditions in the United States and the political environment in Washington because federal funding levels might not meet expectations.

In 2003, the Legislature increased transportation-related taxes and fees to support the state road fund and authorized the New Mexico Finance Authority (NMFA) to issue \$1.585 billion in bonds over an eight-year period to fund 37 transportation projects under the Governor Richardson Infrastructure Project (GRIP). These bonds also covered the construction of the Rail Runner commuter rail system along the Interstate 25 corridor. Debt service for these bonds came from increased revenue streams passed in the 2003 special session and the state's existing federal and state transportation revenue sources. In 2008, the Legislature increased GRIP funding by over \$53 million to address the inflationary impact of a 30 percent increase in construction materials.

On August 26, 2010, the NMFA approved the sale of \$200 million of GRIP bonds to retire a Bank of America line of credit. The line of credit had been used to provide low-cost, short-term financing for GRIP projects. According to NMFA staff and financial advisors, the refunding of the bonds at 2.19 percent was the lowest rate in the history of the bond market. The net funding available to NMDOT for GRIP projects after the transaction was \$200 million.

In September 2010, with State Transportation Commission concurrence, NMFA authorized the sale of \$437.2 million in bonds to refund fixed-rate bonds initially issued at higher interest rates. According to NMFA, the action allowed a net present value debt service savings of \$22.4 million. More than \$1.3 billion in bonds have been issued to date; \$260.4 million remains unissued.

The NMDOT budget request indicates FY12 debt obligations totaling \$160.8 million. Debt service financing is requested from the following sources: state road fund, \$40 million; Federal Highway Administration (FHWA), \$116 million; and highway infrastructure, \$4.8 million. Long-term debt obligations represents nearly 20 percent of revenue obtained from federal and state sources.

In November 2010, NMDOT updated its memorandum of understanding (MOU) with NMFA to establish more stringent and transparent debt management guidelines, including limitations on long-term debt issuance and speculative financing mechanisms. Because the GRIP portfolio contains both variable-rate and auction-rate security products, the department, in cooperation with NMFA, continue its efforts to refinance existing bonds at market competitive rates.

Rio Metro's year-end unaudited final report indicates the Rail Runner had an operating surplus of \$254 thousand in FY10. This will be rolled over as revenue into the FY11 budget. Ridership on the Rail Runner is currently down 15 percent for September 2010 when compared with September 2009. Federal revenues through the Congestion Mitigation and Air Quality Improvement Program have been the primary source of funding for the Rail Runner, and the potential elimination of these funds in FY13 could place a significant burden on the state. Because the Rail Runner is fundamentally an enterprise operation, transition plans that

remove the need for state government funding entirely should be developed by the Legislature. The Legislature in 2011 should consider separating the Transit and Rail budget from the Programs and Infrastructure budget and create a distinct program for Transit and Rail.

New Mexico Park and Ride is an inter-city service designed to mitigate traffic on the state's highways and provide cost-effective alternatives to the state's commuters. After a peak ridership level of 370,315 in FY08, numbers declined to 316,220 in FY09 and then to 258,086 in FY10. This is attributable primarily to a decrease in gas prices, which creates disincentives for public transportation with the commuting public. The target level for ridership set by NMDOT is 225,000. To decrease travel time and increase ridership, efforts should be made to ensure that a minimal number of stops are approved between Park and Ride origination and destination points.

NMDOT currently has 2,504.5 authorized positions of which 320 are vacant, primarily in the Transportations and Highway Program. Keeping the core mission of the department and obstacles created by the hiring freeze in mind, a significant number of FTE positions should be eliminated. An effective and realistic long-term strategic plan should be developed under the umbrella of the Statewide Improvement Transportation Program (STIP) that outlines the specific personnel needs of the programs, including the elimination of FTE positions that have been vacant for over two years. This will prevent ad hoc responses to complex personnel problems and will ensure revenues are used in an efficient manner.

To partially mitigate the shortfall in state road fund revenue and maximize the resources available for highway maintenance and operational expenses, the committee recommends the application of a 5 percent vacancy rate across all NMDOT programs, the reduction of 2 FTE (public information officer and ombudsman) in the Program Support program, and a significant reduction in miscellaneous requests across all three NMDOT programs. It does not recommend the request for 8 additional FTE and concurs with the request for the elimination of 8 FTE. Savings from these reductions will be redirected into contractual and other services dedicated to keeping the New Mexico transportation infrastructure in good condition. Nonessential contract services in the Program Support budget were eliminated, with savings redirected toward state maintenance and reconstruction projects that do not qualify for federal assistance.

This additional funding is not sufficient to meet the challenges ahead. Emphasis should be placed on developing a coherent strategy that identifies viable alternative revenue sources and establishes realistic spending priorities for transportation initiatives to address current and future demands for an enhanced transportation infrastructure that mitigates congestion and facilitates movement.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	PINF FTE Reconciliation	(P562)	(267.7)	(267.7)
2	THOPs FTE Reconciliation	(P563)	381.6	0.0
3	Business Support FTE Expansion Reconciliation	(P564)	(113.9)	(113.9)
4	PINF-Budget Interest 2008A	(P562)	1283.4	0.0
5	<u>PINF-Budget Interest 2008C</u>	<u>(P562)</u>	<u>944.0</u>	<u>0.0</u>
TOTAL			2227.4	(381.6)

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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		% Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>LFC Recom- mendation</u>	
SOURCES							
Federal Revenues	394,653.2	394,538.1	0.0	394,538.1	394,653.2	394,653.2	0.0
Other Revenues	146,647.3	138,083.2	0.0	138,083.2	141,611.9	164,702.3	19.3
Fund Balance	2,697.9	3,184.2	0.0	3,184.2	2,569.2	2,569.2	-19.3
SOURCES TOTAL	543,998.4	535,805.5	0.0	535,805.5	538,834.3	561,924.7	4.9
USES							
Personal Services and Employee Benefits	25,455.3	28,015.1	0.0	28,015.1	27,736.7	25,686.7	-8.3
Contractual Services	235,087.5	297,406.4	0.0	297,406.4	296,463.7	325,518.7	9.5
Other	202,018.6	210,384.0	0.0	210,384.0	214,633.9	210,719.3	0.2
TOTAL USES	462,561.4	535,805.5	0.0	535,805.5	538,834.3	561,924.7	4.9
FTE							
Permanent	411.0	368.0	0.0	368.0	363.0	363.0	-1.4
Term	41.0	37.0	0.0	37.0	38.0	37.0	0.0
TOTAL FTE POSITIONS	452.0	405.0	0.0	405.0	401.0	400.0	-1.2

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
* Explanatory	Annual number of riders on park and ride	316,233	258,086	>=225,000	>250,000	>250,000
				0		
* Outcome	Annual number of riders on the rail runner corridor, in millions		1.2	>= 1.5	>= 1.2	>=1.2
* Outcome	Total number of traffic fatalities		351	<= 405	<390	<390
* Outcome	Number of alcohol-related traffic fatalities	144	147	< 155	<145	<145
* Outcome	Number of non-alcohol-related traffic fatalities	231	204	< 260	<240	<240
* Outcome	Number of passengers not wearing seatbelts in motor vehicle fatalities		147	< 180	<178	<178
* Output	Number of crashes in established safety corridors	700	Not avail	<= 790	<700	<700
* Explanatory	Percent of projects in production let as scheduled	75%	66%	>= 75%	>75%	>75%
Outcome	Percent of airport runways in satisfactory or better condition		60%	> 70%	> 70%	>70%
* Quality	Ride quality index for new construction	4.1	4.1	>= 4.0	>4.0	>4.0
Quality	Percent of final cost-over-bid amount on highway construction projects	5.2%	4.0%	< 5.8%	<6.0%	<6.0%
Outcome	Percent of front-occupant seatbelt usage	90.1%	90.1%	> 90%	>91%	>90%
Outcome	Number of pedestrian fatalities		35	< 50	<45	<45
Outcome	Number of head-on crashes per one hundred million vehicle miles traveled	1.30	1.18	< 2.55	<2.40	<2.40
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled	0.53	.55	< 0.88	<.80	<.80
Output	Number of non-alcohol-related traffic fatalities per one hundred million vehicle miles traveled	0.84	.76	< 0.90	<=.95	<=.95
Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	1.37	1.30	< 1.5	<1.9	<1.9
Outcome	Number of alcohol-related fatal crashes		125	< 137	<130	<130
Outcome	Number of alcohol-related injury crashes		1143	Baseline	<1,100	<1,100
Outcome	Number of alcohol-related crashes		2,698	Baseline	<2,550	<2,550
Outcome	Fiscal year total dollar amount of airport projects completed, in millions	\$25.3				
Output	Revenue dollars per passenger on park and ride	\$2.91				

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo	N/A	N/A			
Outcome	Percent of airport runways in good condition	75%				
Output	Number of welfare-to-work transportation ridership	56116				
Output	Annual number of rail riders to and from Santa Fe	509,225	804,128			

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)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
Federal Revenues	4,500.0	4,500.0	0.0	4,500.0	4,500.0	4,500.0	0.0
Other Revenues	223,372.9	208,966.1	0.0	208,966.1	213,129.6	212,614.8	1.7
SOURCES TOTAL	227,872.9	213,466.1	0.0	213,466.1	217,629.6	217,114.8	1.7
USES							
Personal Services and Employee Benefits	93,111.4	99,778.1	0.0	99,778.1	100,171.6	94,355.1	-5.4
Contractual Services	34,299.5	26,743.3	0.0	26,743.3	27,643.3	34,682.7	29.7
Other	74,891.2	86,944.7	0.0	86,944.7	89,814.7	88,077.0	1.3
TOTAL USES	202,302.1	213,466.1	0.0	213,466.1	217,629.6	217,114.8	1.7
FTE							
Permanent	1,972.0	1,827.0	0.0	1,827.0	1,833.0	1,827.0	0.0
Term	47.7	15.7	0.0	15.7	16.7	15.7	0.0
TOTAL FTE POSITIONS	2,019.7	1,842.7	0.0	1,842.7	1,849.7	1,842.7	0.0

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of statewide pavement preservation lane miles	3,787	2,432	>= 4,000	>2,600	>4,000
Efficiency	Maintenance expenditures per lane mile of combined systemwide miles	\$2,997	2,092	> \$3,500	\$3,500	\$3500
* Outcome	Percent of non-interstate lane miles rated good		86%	>= 88%	>88%	>88%
* Output	Amount of litter pickup off department roads, in tons	15,459	15,522	>= 16,000	>14,000	>16,000
* Outcome	Percent of interstate lane miles rated good		99%	>= 97%	>97%	>97%
* Quality	Customer satisfaction levels at rest areas	98%	98.7%	>= 98%	>98%	>98%
Outcome	Number of combined systemwide miles in deficient condition	2,951	3171	< 2,500		
Outcome	Percent of road betterments to construction and maintenance			Baseline		
Outcome	Number of non-interstate miles rated good	19,663	19,399			
Outcome	Number of interstate miles rated good	3,983	4,028			

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)

	FY10 2009-2010 Actuals	FY11 - 2010-2011 Budgeted	Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Federal Revenues	1,320.9	1,502.5	0.0	1,502.5	1,258.0	1,258.0	-16.3
Other Revenues	54,872.3	52,259.3	0.0	52,259.3	52,144.2	47,575.4	-9.0
SOURCES TOTAL	56,193.2	53,761.8	0.0	53,761.8	53,402.2	48,833.4	-9.2
USES							
Personal Services and Employee Benefits	25,308.5	25,379.3	0.0	25,379.3	25,544.0	23,113.7	-8.9
Contractual Services	4,375.9	5,352.8	0.0	5,352.8	4,868.2	4,628.1	-13.5
Other	12,399.1	16,091.7	0.0	16,091.7	16,052.0	14,189.6	-11.8
Other Financing Uses	6,949.9	6,938.0	0.0	6,938.0	6,938.0	6,902.0	-0.5
TOTAL USES	49,033.4	53,761.8	0.0	53,761.8	53,402.2	48,833.4	-9.2
FTE							
Permanent	280.0	253.0	0.0	253.0	252.0	250.0	-1.2
Term	4.8	3.8	0.0	3.8	1.8	1.8	-52.6
TOTAL FTE POSITIONS	284.8	256.8	0.0	256.8	253.8	251.8	-1.9

PERFORMANCE MEASURES

		FY09 Actual	FY10 Actual	FY11 Budget	FY12 Request	FY12 Recomm
Quality	Number of external audit findings	TBD	Not Avail.	< 6	<6	<6
Quality	Percent of prior-year audit findings resolved	no	Not Avail.	100%	85%	100%
* Efficiency	Percent of invoices paid within thirty days	95%	94%	>= 95%	>95%	>95%
Outcome	Vacancy rate in all programs	14.4%	17%	<= 13%	<13%	<=13%
Output	Percent of information technology projects on-time and on-budget	92%	100%	100%	100%	100%
Output	Number of employee work days lost due to accidents	340	379	< 125	<350	<=110
* Output	Number of employee injuries		107	<= 100	<100	<100
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			10 days		
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds					

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)

	FY10 2009-2010		FY11 - 2010-2011		FY12 - 2011-2012		%
	Actuals	Budgeted	Section 14 Reduction	Adjusted Budget	Agency Request	LFC Recom- mendation	Incr (Decr)
SOURCES							
General Fund Transfers	15,979.3	14,423.3	-467.9	13,955.4	14,331.7	12,469.3	-10.6
Other Transfers	300.0	90.6	0.0	90.6	38.0	38.0	-58.1
Federal Revenues	18,885.4	56,639.5	0.0	56,639.5	27,048.3	27,048.3	-52.2
Other Revenues	995.4	1,542.3	0.0	1,542.3	2,028.1	2,215.2	43.6
SOURCES TOTAL	36,160.1	72,695.7	-467.9	72,227.8	43,446.1	41,770.8	-42.2
USES							
Personal Services and Employee Benefits	19,908.3	20,374.8	-387.7	19,987.1	20,178.2	18,786.5	-6.0
Contractual Services	15,702.9	35,394.9	-44.9	35,350.0	18,495.6	18,465.6	-47.8
Other	3,150.0	16,926.0	-35.3	16,890.7	4,772.3	4,518.7	-73.2
TOTAL USES	38,761.2	72,695.7	-467.9	72,227.8	43,446.1	41,770.8	-42.2
FTE							
Permanent	216.6	208.2	0.0	208.2	208.2	196.2	-5.8
Term	109.0	102.0	0.0	102.0	98.0	91.0	-10.8
Temporary	4.6	4.6	0.0	4.6	4.6	4.6	0.0
TOTAL FTE POSITIONS	330.2	314.8	0.0	314.8	310.8	291.8	-7.3

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Public Education Department to reduce the FY10 operating budget from the general fund by \$479.9 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: personal services and employee benefits - \$186.9 thousand, contractual services - \$156 thousand, and other costs - \$137 thousand.

BUDGET ISSUES:

The Public Education Department (PED) budget request for FY12 totaled \$43.4 million, an overall decrease of \$29.2 million, or 40 percent from the adjusted FY11 operating budget. Much of this decrease is attributed to a 47.8 percent reduction in the department's federal funds request. The Department of Finance and Administration is allowing the department to budget expenditures over multiple years for federal grants. This will allow the department to continuously flow federal funds to districts uninterrupted by annual audit requirements; audits of multi-year grants will occur at the end of the grant period. Although the department's overall request decreased, the FY12 general fund request for the agency increased by \$376.3 thousand. The department requested a base increase to cover increased unemployment liability insurance costs and audit fee increases due to the increase of state-authorized charter schools, considered component units of PED. In FY11, component units numbered 41. For FY12, component units will number 58 and will continue to increase with the approval of state-authorized charter schools. The department reverted \$1 million in FY10.

The request included a 10.8 percent vacancy savings rate and all vacant positions, excluding exempt positions, were requested at the minimum. PED requested the elimination of 4 term FTE in the FY11 base request associated with the reduction of federal funds. Since 2004, permanent FTE have increased 17 percent, from 177.2 authorized in FY04 to 208.2 authorized in FY11, and term FTE have increased 27.5 percent from 80 authorized in FY04 to 102 authorized in FY11. Historically, the department reports a vacancy rate of almost 20 percent. The department continues to operate with 48 vacant permanent FTE, 34 vacant term FTE, and 2 vacant temporary FTE. Prior to the executive hiring freeze in FY09, the department's high vacancy rate appeared to be self imposed to accommodate the salary requirements of numerous exempt positions. The vacancy rate continues to increase as a result of the executive hiring freeze, resulting in the department being unable to fill critical school finance and oversight positions.

The LFC recommendation assumes a mid-range salary for six vacant exempt positions; the department currently has 19 exempt positions. The recommendation eliminates the department's request for funding for two unauthorized exempt positions and eliminates funding for the Legislative and Community Relations Bureau that duplicates efforts of other divisions. The recommendation eliminates 12 permanent FTE, nine of which have been vacant for over a year, and 11 term FTE, all of which have been vacant for over a year. These changes result in a technical adjustment of \$609 thousand. The LFC recommendation applies a 4.5 percent vacancy savings rate in addition to the 10.8 percent vacancy savings rate budgeted by the agency. This results in a total reduction of \$1.5 million.

Of particular concern is the department's role of providing financial oversight. The department continues to experience problems with a number of financial operations and with providing timely reimbursements to school districts. Districts continue to complain about the extra time needed for the department to process and pay reimbursements. Since FY09, \$271 million in federal funds have been awarded to districts to assist with reduced general fund availability. As of September 2010, \$181.7 million remains unexpended. With decreased general fund allocations, distribution of these federal funds in an accurate and timely manner is more critical than ever.

During the 2010 legislative session, LFC suggested the department develop a two-program structure consisting of a program and policy division and a financial operations division during the 2010 interim in order to allocate sufficient resources into financial operations. The LFC evaluation of selected school districts was presented to the committee in November 2009, and the evaluation of charter schools was presented to the committee in July 2010. Both demonstrate the need for the department to invest substantially more resources into direct oversight, financial compliance, and more efficient distribution of flow-through funds to districts. The LFC recommendation includes language to appropriate funding specifically for financial operations functions and once again encourages the department to work with LFC and Department of Finance and Administration staff to develop 2 programs during the 2011 interim.

Since 2003, the Legislature has made extraordinary financial commitment to teacher pay with the expectation that schools would demonstrate significant student improvement. Much of that expected improvement has not appeared. Student achievement continues to progress slowly and the achievement gap continues to be a significant issue, despite the department reporting that in FY10 71 percent of tier one teachers passed all strands of the professional development dossier on the first submittal. The committee recommends the department update the annual teacher and principal evaluation systems and the professional dossier to require the use of student performance as a factor in determining overall teacher and principal effectiveness.

A recent LFC program evaluation of charter schools identified numerous instances where department oversight of charter schools could be strengthened. The Charter Schools Division of the department appears to serve as an advocacy unit for charter schools rather than that of a strong oversight and compliance division. Due to the increased growth in funding accompanying the rapid expansion of charter schools in the state, the committee recommends the department focus its efforts on providing strong oversight of charter schools.

The department continues to perform statutorily prescribed duties peripheral to the core educational mission of student learning, such as duties related to bilingual and multicultural education, gifted education, fine arts education, and student transportation. Additionally, state and federal mandates have steadily increased, though not always with funding, commonly because policy decisions are made before the problem is diagnosed. These initiatives have diluted the ability of the department to provide quality oversight and quality technical assistance. The committee recommends the department comprehensively review state statutes and regulations for compliance with the department's core mission. Elimination of requirements not directly tied to the department's educational mission should be considered.

The department leases space in Albuquerque at an annual cost of \$140 thousand per year and one location in Santa Fe at an annual cost of \$70.5 thousand, while several buildings they occupy in Santa Fe remain significantly empty. The department has been advised to use leased spaces more efficiently and consolidate these three offices into three other locations in Santa Fe that have high vacancy rates. The LFC recommendation eliminates \$210.5 thousand for lease payments for three leased spaces and suggests the department continue to analyze space use needs.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required the agency to reduce the FY11 operating budget from the general fund by \$467.9 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: personal services and employee benefits - \$387.7 thousand, contractual services - \$44.9 thousand, and other costs - \$35.3 thousand.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public education department in the personal services and employee benefits category includes four million nine hundred forty-three thousand dollars (\$4,943,000) for the office of the deputy secretary for finance and administration, the office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau, and the school budget and finance analysis bureau.

The general fund appropriation to the public education department in the contractual services category includes seven hundred thirty six thousand dollars (\$736,000) for the office of the deputy secretary for finance and administration, office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau, and the school budget and finance analysis bureau.

The general fund appropriation to the public education department in the other category includes three hundred forty-two thousand dollars (\$342,000) for the office of the deputy secretary for finance and administration, office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau, and the school budget and finance analysis bureau.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of Elementary and Secondary Education Act adequate yearly progress designations accurately reported by August 1	100%	100%	100%	100%	100%
* Outcome	Average processing time for school district budget adjustment requests, in days	4	4DG/18.2FT	7	7DG/14FT	7
Outcome	Percent of public education department contracts issued within ninety days of receipt of completed request for proposals		100%	90%	90%	100%
Outcome	Percent of current-year appropriations that require a request for proposal or grant application sent to school districts by September 30	100%	100%	100%	100%	100%
Outcome	Percent of completion of the agreed-upon audit schedule for the public education department internal audit section	In Prog	In Prog	100%	100%	100%
Outcome	Percent of prior-year audit finding resolved and not repeated	Not Met	In Prog	100%	100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value	.53%	1.8%	2%	2%	2%
Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers	81%		95%		
* Outcome	Percent of teachers passing all strands of professional dossiers upon the first submittal		In Prog	85%	85%	75%
Outcome	Percent of customers interacting with the public education department who report satisfaction with their telephone communications with the department	92.5%	95%	97%	95%	97%
Outcome	Percent of data collection and reporting bureau meeting the public education department's customer service standards					100%
Outcome	Percent of assessment and accountability bureau meeting the public education department's customer service standards					100%
Outcome	Percent of special education bureau meeting the public education department's customer service standards					100%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of school budget and finance analysis bureau meeting the public education department's customer service standards					100%
Outcome	Percent of capital outlay bureau meeting the public education department's customer service standards					100%
Outcome	Percent of public education department bureaus meeting the public education department's customer service standards		98%	90%	90%	100%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury					5
Outcome	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds					10
Outcome	Percent of the nine New Mexico rural revitalization initiative school districts that will engage in stakeholder discussions: develop and begin implementation of school/community improvement strategies		80%	50%		
Output	Current fiscal year special appropriations statute dependent awards made no later than February 28					100%
Output	Current fiscal year special appropriations statute dependent awards made no later than six months after appropriation		100%	100%		
Output	Current fiscal year special appropriations distributed through the request for applications or request for information process awards made by October 30					100%
Output	Current fiscal year special appropriations distributed through the request for applications or request for information process awards made by September 30		75%	65%		
Output	Current fiscal year special appropriations site-specific awards made by October 30					100%
Output	Current fiscal year special appropriations site-specific awards made by September 30		75%	65%		
Output	Percent of school district budget adjustment requests processed in under fifteen days					90%
Output	Percent of school district budget adjustment requests processed in under thirty days		81.3%	100%		
Explanatory	Percent completion of the data warehouse project	100%	100%			
Explanatory	Percent of elementary schools participating in the state-funded elementary school breakfast program					
* Explanatory	Number of elementary schools participating in the state-funded elementary school breakfast program		223			
Explanatory	Percent of eligible children served in state-funded prekindergarten					
* Explanatory	Number of eligible children served in state-funded prekindergarten		4,963			

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.

Prior to FY09, RECs did not receive direct general fund appropriations. Historically, an REC received 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. In FY06, to comply with provisions of the federal Cash Management Improvement Act of 1990, PED changed the way funds are distributed to RECs from an advance allotment to a reimbursement for costs incurred. RECs complained that these changes caused some cash-flow issues to arise, resulting in some late payments to vendors. In FY10, RECs received a recurring appropriation of \$1.2 million to cover a portion of the REC base operating costs. As a result of solvency measures, the appropriation was reduced by \$78 thousand.

In FY11, PED received a flow-through appropriation of \$975 thousand to allocate to RECs. The appropriation was reduced by \$36.9 thousand as a result of solvency measures. PED has authority to allocate funding to one or more REC provided that the REC application adequately justifies a need for the allocation and PED finds that the REC has submitted quarterly financial reports, is in compliance with state and federal financial reporting requirements, and is otherwise financially stable. All RECs applied for and were awarded equal allocations, including REC #2 in Chama (formerly Gallina) despite the REC's noncompliance with state financial reporting requirements. It is unclear whether PED adequately reviewed REC requests for allocations and compliance with statutory requirements.

All of the REC audits are current for FY09 except for REC #2. REC #2 has not submitted an audit since 2005, and the State Auditor has included REC #2 on its list of at-risk agencies since 2007. FY10 annual audits were due September 30, 2010. As of December 15, 2010 REC #2 is the only REC that has not submitted a FY10 audit.

Given the importance of the REC to rural school district operations, the committee recommends continuation of a PED flow-through appropriation in the amount of \$567.2 thousand, to be allocated to RECs that meet all conditions of the appropriation, and that PED establish performance measures to be met by each REC.

RECOMMENDED LANGUAGE:

Recommended language for public education department flow-through appropriation.

A regional education cooperative may submit an application to the public education department for an allocation from the five hundred sixty seven thousand two hundred dollar (\$567,200) appropriation. The public education department may allocate amounts to one or more regional education cooperative provided that the regional education cooperative's application has adequately justified a need for the allocation, and the department finds that the cooperative has submitted timely quarterly financial reports, is in compliance with state and federal financial reporting requirements, including annual audit requirement pursuant to the Audit Act, and is otherwise financially stable. The public education department shall not make an allocation to a regional education cooperative that is not in compliance with the Audit Act.

REGIONAL EDUCATION COOPERATIVES APPROPRIATION FOR FY12								
Cooperative	FY11 General Fund ¹	Other State Funds	Federal Funds	FY11 Total	FY12 LFC Recommendation			
					General Fund ²	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$104.2	\$0.0	\$1,593.0	\$1,697.2	\$0.0	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative #3 (Raton)	\$104.2	\$3,357.5	\$2,854.8	\$6,316.5	\$0.0	\$3,357.5	\$2,854.8	\$6,212.3
Northeast Regional Education Cooperative #4 (Las Vegas)	\$104.2	\$0.0	\$2,415.4	\$2,519.6	\$0.0	\$0.0	\$2,415.4	\$2,415.4
Central Regional Education Cooperative #5 (Albuquerque)	\$104.2	\$2,000.0	\$2,000.0	\$4,104.2	\$0.0	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$104.2	\$335.7	\$1,700.0	\$2,139.9	\$0.0	\$335.7	\$1,700.0	\$2,035.7
Lea Regional Education Cooperative #7 (Hobbs)	\$104.2	\$0.0	\$3,900.0	\$4,004.2	\$0.0	\$0.0	\$3,900.0	\$3,900.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$104.2	\$1,321.5	\$1,371.8	\$2,797.5	\$0.0	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative #9 (Ruidoso)	\$104.2	\$4,000.0	\$4,800.0	\$8,904.2	\$0.0	\$4,000.0	\$4,800.0	\$8,800.0
Southwest Regional Cooperative #10 (T or C)	\$104.2	\$300.0	\$4,500.0	\$4,904.2	\$0.0	\$300.0	\$4,500.0	\$4,800.0
TOTAL	\$937.8	\$11,314.7	\$25,135.0	\$37,387.5	\$0.0	\$11,314.7	\$25,135.0	\$36,449.7

¹No general fund support was directly appropriated to RECs in FY11. A flow through appropriation was made to PED in the amount of \$975 thousand. The allocation was reduced by \$36.9 thousand as a result of solvency measures. All RECs applied to PED for an allotment, and all applications were approved by PED. PED divided the flow-through appropriation evenly between the RECs.

²The committee does not recommend direct recurring general fund support of RECs in FY12. However, the committee recommends a PED flow-through appropriation be made in the amount of \$562.7 thousand to be allocated to RECs that meet all conditions.

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)

	FY10 2009-2010 Actuals	Budgeted	FY11 - 2010-2011 Section 14 Reduction	Adjusted Budget	FY12 - 2011-2012 Agency Request	LFC Recom- mendation	% Incr (Decr)
SOURCES							
Other Revenues	6,178.6	5,847.0	-187.1	5,659.9	5,861.5	5,696.3	0.6
SOURCES TOTAL	6,178.6	5,847.0	-187.1	5,659.9	5,861.5	5,696.3	0.6
USES							
Personal Services and Employee Benefits	3,830.0	4,013.6	0.0	4,013.6	4,019.0	3,888.7	-3.1
Contractual Services	188.0	235.1	-187.1	48.0	235.1	232.1	383.5
Other	1,515.9	1,598.3	0.0	1,598.3	1,607.4	1,575.5	-1.4
TOTAL USES	5,533.9	5,847.0	-187.1	5,659.9	5,861.5	5,696.3	0.6
FTE							
Permanent	55.0	51.0	0.0	51.0	51.0	50.0	-2.0
TOTAL FTE POSITIONS	55.0	51.0	0.0	51.0	51.0	50.0	-2.0

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature were included in Executive Order 2009-044 and requested to generate budget savings of 3 percent. The Public School Capital Outlay Council, which oversees the agency, directed the agency to decrease the FY10 budget 3 percent.

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 bonds (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. Historically the agency has maintained expenses below 3 percent of annual awards. In FY10, this grew to 3.4 percent and in FY11 is expected to be 3.8 percent. Much of this growth is due to the implementation of new web-based software to assist districts with facilities management and construction management efforts; however, increased pressure on the fund to pay for expanding initiatives remains problematic.

For FY12, the agency requested \$5.9 million from PSCOF to cover all agency operational costs, a 3.6 percent increase over the adjusted FY11 base. For FY10, the agency reverted \$288 thousand. The agency has a historical vacancy rate of 7.8 percent and has budgeted a 0.7 percent vacancy rate for FY12. The recommendation assumes a 2 percent vacancy rate in addition to

the 0.7 percent vacancy rate budgeted by the agency. The recommendation assumes the elimination of 1 FTE, decreasing the total authorized FTE to 50. Over the past three years, the agency has continued to improve on performance measures with fewer than 50 FTE. The recommendation reflects reduced workload from fewer projects being funded statewide and assumes cost savings from more efficient space utilization. Currently the agency leases office space in Albuquerque and Santa Fe and has several employees with offices at both locations. The agency should consider consolidating the Santa Fe and Albuquerque offices, locating these offices in available state facilities, or other cost savings options including elimination of multiple offices for individual employees.

In recent years PSCOF has been an attractive target as a source of revenue to fund an ever-growing list of initiatives for PSFA, schools, and school districts. These include 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 with statutory caps on total expenditures removed, master plan assistance, building demolition, and reimbursements to the Construction Industries Division and the State Fire Marshal for inspection services. Combined, these initiatives reduce funding for the core agency mission of building and repairing schools.

Since FY03, PSCOC has awarded approximately \$1.4 billion to fund over 800 standards-based and deficiency-corrections projects in districts. As a result, the state has made significant progress toward ensuring children are taught in adequately sized, well lit, safe, and attractive buildings. Since 2004, when the standards-based process for school facilities funding was implemented, the average New Mexico Condition Index (NMCI) score for all school building has gone from 70 percent to 37 percent, with the top 100 projects on the ranked list of school facility needs improving from 172 percent to 64 percent. This indicates that the magnitude of need among all school facilities across the state has dropped dramatically in the past five years and that most projects going forward should focus on renovation rather than replacement.

The PSCOC approach of only funding planning and design until a project is ready to bid and only then awarding construction dollars is paying off with a significant reduction in the amount of time needed to complete projects and a reduction in the long-term costs associated with project delays.

The agency continues to be successful in providing oversight and assistance to districts in pre-project planning, project design, project approval, and construction for more than \$1.4 billion in projects authorized by the council and continues to oversee master planning efforts that will allow districts to better maintain facilities. For example, project development times have improved sharply. In 2005, just over 10 percent of projects were under contract by the end of the first year; in 2009 this improved to 74 percent.

The agency and school districts are using a construction management at risk (CMAR) delivery system for some projects in which builders are brought into the process at early design to offer constructability reviews and value improvements to the project during design. This process establishes a maximum guaranteed budget early, ensuring the project is adequately funded. Ongoing review helps to prevent scope creep during the process. These projects must also abide by the prevailing wage decision issued by the Department of Workforce Solutions (DWS). Prevailing wage decisions are valid for a single project, and currently there are no rules or regulations outlining how prevailing wage decisions are to be applied to CMAR contracts. This raises serious concern about unforeseen cost increases and completion of CMAR projects within the guaranteed budget in instances where DWS inspectors issue a new prevailing wage rate for different components of a single project.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The 2010 General Appropriation Act required agencies to reduce FY11 operating budgets from the general fund by 3.2 percent. The Public School Capital Outlay Council, which oversees the agency, directed the agency to reduce the FY11 operating budget by \$187.1 thousand, or 3.2 percent. The agency reduced the contracts category by \$187.1 thousand.

PUBLIC SCHOOL FACILITIES AUTHORITY

The purpose of the program is to oversee public school facilities in all eighty-nine school districts ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department approved educational programs.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of total submitted school construction plans reviewed and acted on	84%	85%	90%	100%	100%
* Outcome	Percent compliance with prompt payment provision of Prompt Payment Act for all direct payments to vendors	99%	98%	100%	100%	100%
* Outcome	Percent of projects meeting all contingencies completed within the specified period of awards	80%	82	80%	80%	85%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council	18	12	20	20	15
* Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year	36.69%	36.69%			
Explanatory	Average processing time of final action on plans submitted	16 days	14 days	16 days	16 days	16 days

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 administers the adult basic education program and is responsible for licensing proprietary postsecondary schools, for which it charges fees. 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, 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)

	FY10		FY11 - 2010-2011		FY12 - 2011-2012		%
	2009-2010		Section 14	Adjusted	Agency	LFC Recom-	Incr
	Actuals	Budgeted	Reduction	Budget	Request	mendation	(Decr)
SOURCES							
General Fund Transfers	44,903.9	40,217.8	-1,304.9	38,912.9	41,047.7	37,523.3	-3.6
Other Transfers	49,360.8	44,302.7	0.0	44,302.7	44,637.8	44,637.8	0.8
Federal Revenues	8,333.0	19,317.5	0.0	19,317.5	11,708.3	11,251.6	-41.8
Other Revenues	615.6	5,090.5	0.0	5,090.5	2,743.1	4,877.3	-4.2
Fund Balance	8.5	7,197.3	0.0	7,197.3	7,205.3	7,205.3	0.1
SOURCES TOTAL	103,221.8	116,125.8	-1,304.9	114,820.9	107,342.2	105,495.3	-8.1
USES							
Personal Services and Employee Benefits	4,126.9	3,713.6	-85.2	3,628.4	4,190.1	3,754.5	3.5
Contractual Services	1,196.3	1,747.0	-20.1	1,726.9	1,828.9	1,758.4	1.8
Other	23,268.0	23,286.7	-507.7	22,779.0	24,507.5	24,178.9	6.1
Other Financing Uses	72,053.2	87,378.5	-691.9	86,686.6	76,815.7	75,803.5	-12.6
TOTAL USES	100,644.4	116,125.8	-1,304.9	114,820.9	107,342.2	105,495.3	-8.1
FTE							
Permanent	34.5	32.5	0.0	32.5	34.5	33.5	3.1
Term	19.5	19.5	0.0	19.5	23.5	17.5	-10.3
TOTAL FTE POSITIONS	54.0	52.0	0.0	52.0	58.0	51.0	-1.9

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Higher Education Department to reduce the FY10 operating budget from the general fund by \$1.5 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Flow-through funding reductions including \$271.6 thousand to New Mexico Learning Network and \$125.5 thousand for supplemental nursing compensation for nursing faculty and staff; student financial aid by \$260.2 thousand; educational retirement board contributions by \$180.7 thousand; adult basic education programs by \$124.9 thousand; and agency operations by \$102 thousand.

BUDGET ISSUES:

The Higher Education Department (HED) budget request for FY12 reflected an overall decrease of \$7.9 million, or 22.7 percent from the FY11 adjusted operating budget. Most of this decrease was attributed to a reduction of federal appropriations and federal funds carryover. The committee recommendation for FY12 reflects general fund revenues of \$37.5 million, a 3.6 percent reduction from FY11 as adjusted. To prioritize funding for students, the recommendation assumes higher reductions to the department's operating budget to reduce the effect on student financial aid.

The department continues to experience problems with delayed financial aid payments to students and institutions. In FY08 and FY09, some payments did not occur until late October, potentially causing students to be dropped from all courses for nonpayment. The department refined the budget structure in FY10 to address the issues but continues to struggle. An analysis

of staffing suggests the department is not allocating sufficient resources into financial operations and planning. With the number of authorized staff, current staffing patterns and the inability to fill vacancies, the department is unable to meet all of its responsibilities efficiently. The agency is authorized 10 exempt FTE with some division directors responsible for a division of one. In addition, 3 of the exempt FTE are currently vacant. This type of inefficiency needs to be addressed immediately to direct resources to those activities that support the agency's core function. The committee recommends the agency restructure its management team, reduce the number of divisions, reclassify some director positions to meet other staff needs and reclassify vacant exempt FTE to add staff to the Institutional Finance and Planning divisions.

Historically, the department carries an 18 percent vacancy rate, severely impacting department operations. While the department included an 8.1 percent vacancy rate in its budget request for personal services and employee benefits, the committee recommendation assumes a 6 percent vacancy rate. The difference will allow the agency to use federal funds, grant funds, and fee revenue to reclassify vacant positions for the private and proprietary schools program, the veteran state approving agency program and the college access challenge grant program. The committee urges the department to work with the executive to ease the hiring freeze, restructure the agency to become more efficient, and work to fill positions quickly.

The Innovative Digital Education and Learning (IDEAL) initiative continues to be a priority for the agency, despite significant ongoing challenges. Although intended to be a statewide program, the initiative appears unable to get traction in many institutions and school districts under its umbrella program. Many institutions and school districts, including the University of New Mexico (UNM), New Mexico State University (NMSU), Central New Mexico Community College (CNM) and the Albuquerque Public Schools, pay for similar licensing in addition to what HED is paying, using their own operational dollars. The program is seeking funding of more than \$2.6 million for FY12 to expand its licensing, hosting and training, at a time when it is having trouble just getting off of the ground. Both PED and HED need to think hard as to whether this program is viable; if so, it needs to be strengthened and all entities required to participate or ended and resources used elsewhere.

The agency request for student financial aid included a general fund increase of \$2.2 million, or 9.7 percent over the FY11 adjusted budget. The increase is primarily to be used to replace fund balances and other revenues that were used by the agency in FY11. The department has not provided fund balances for the related financial aid funds, although the recommendation assumes some fund balance use. The committee recommends \$22.5 million from the general fund for student financial aid, a 1.5 percent decrease from FY11 as adjusted.

LFC recommends \$42.3 million from the lottery tuition fund and \$7.2 million in fund balance to support the lottery scholarship program in FY11. Lottery fund revenues are relatively stable; however, total gross revenues have declined slightly in the last few fiscal years, at a time when lottery fund expenses, a function of rising tuition costs and an increasing number of recipients, have risen rapidly. The long-term viability of the lottery fund is at risk and stakeholders are encouraged to update key assumptions and consider alternative scenarios regarding the future solvency of the program.

LAWS 2010, 2ND SPECIAL SESSION, CHAPTER 6, SECTION 14 APPROPRIATION REDUCTIONS:

The General Appropriation Act required the agency to reduce FY11 operating budgets from the general fund by \$538.5 thousand in the Policy Development and Institutional Financial Oversight Program and by \$766.4 thousand in the Student Financial Aid Program. The agency has indicated it can withstand the reductions but raises concerns about continuing to hold positions vacant. The agency also notes reductions to student financial aid will reduce the number of students receiving \$1 thousand scholarships funded through the general fund.

RECOMMENDED LANGUAGE:

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2012 from appropriations made from the general fund shall revert to the general fund.

BASE EXPANSION:

The department requested an expansion of 7 FTE for FY12. This included 1 FTE for the Private and Proprietary School Bureau to increase compliance and oversight of the private institutions in the state. The number of private institutions has increased greatly and with 1 FTE currently assigned to oversee institutional compliance, mandatory site visits have not been completed. Recognizing the need for increased oversight, the committee recommends the department reclassify an existing vacant position to meet this need.

In FY11, the Veterans Affairs Department transferred responsibility to the department to serve as the state approving agency for educational matters to the federal government. The agency request is for 2 FTE to assist the current program manager in meeting federal compliance activities. Funding for the request is from federal funds. Veteran education continues to be an area of concern and the committee recommends the department reclassify existing vacant positions to meet this need.

For FY12, the college access challenge grant for New Mexico was extended. The agency requested expansion of 4 FTE to continue to manage the grant. While additional support appears to be warranted, the grant has been managed in the past with fewer staff. The committee recommends the department reclassify existing vacant positions to meet this need.

The agency included a term-to-permanent reclassification in its personnel request but did not include it as a base expansion. The reclassification is for the capital projects coordinator. When the position was created, the only available slot in the table of organizational listings was a term position. The position is funded from the general fund, is a core position and will not require additional funding. The committee recommends the expansion.

BASE EXPANSION LISTING
FY12 - 2011-2012

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	CONVERT TERM FTE TO PERM	(P505)	0.0	0.0
1	PRIVATE & PROPRIETARY SCHOOLS	(P505)	53.9	0.0
2	VETERAN STATE APPROVING AGENCY	(P505)	149.9	0.0
3	<u>COLLEGE ACCESS CHALLENGE GRANT</u>	<u>(P505)</u>	<u>306.7</u>	<u>0.0</u>
TOTAL			510.5	0.0

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

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 and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	18,849.1	16,594.9	-538.5	16,056.4	15,962.8	15,638.7	-2.6
Other Transfers	155.6	0.0	0.0	0.0	400.0	400.0	
Federal Revenues	7,816.6	18,503.0	0.0	18,503.0	10,783.3	10,326.6	-44.2
Other Revenues	9.5	175.0	0.0	175.0	198.9	145.0	-17.1
SOURCES TOTAL	26,830.8	35,272.9	-538.5	34,734.4	27,345.0	26,510.3	-23.7
USES							
Personal Services and Employee Benefits	4,126.9	3,713.6	-85.2	3,628.4	4,190.1	3,754.5	3.5
Contractual Services	1,142.5	1,747.0	-20.1	1,726.9	1,775.4	1,704.9	-1.3
Other	10,112.5	8,405.9	-161.1	8,244.8	9,894.9	9,566.3	16.0
Other Financing Uses	8,871.5	21,406.4	-272.1	21,134.3	11,484.6	11,484.6	-45.7
TOTAL USES	24,253.4	35,272.9	-538.5	34,734.4	27,345.0	26,510.3	-23.7
FTE							
Permanent	34.5	32.5	0.0	32.5	34.5	33.5	3.1
Term	19.5	19.5	0.0	19.5	23.5	17.5	-10.3
TOTAL FTE POSITIONS	54.0	52.0	0.0	52.0	58.0	51.0	-1.9

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
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	42.39%	42.24%	43%	43%	43%
Outcome	Percent of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	21.43%	23.29%	22%	22%	24%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
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	157:148	162:158	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	18.5%	20.72%	19%	19%	22%
Outcome	Number of degrees awarded in career-technical programs geared toward New Mexico's needs	4,564	13,637	4,800	14,000	14,000
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	20%	17%	23%	20%	22%
Output	Number of students enrolled in dual credit programs	9,951	10,985	13,000	13,000	13,000
Output	Percent of adult basic education students who set and attain the goal of passing the general education development diploma	22%	36%	40%	40%	40%
Output	Percent of adult basic education students who set and attain the goal of entry into postsecondary education or training	50.2%	61%	60%	63%	63%
Output	Number of adult basic education students who set and attain the goal of obtaining employment	1,355	1,272	1,500	1,500	1,500
Output	Percent of New Mexico high school graduates who are first-time undergraduates who take developmental education courses	50.53%	49.63%	40%	40%	40%
Outcome	Number of adult basic education students who set passing the general educational development test as a goal	4,353	3,912	4,500	4,000	4,000
Output	Number of recent New Mexico high school graduates who are first-time undergraduates who take developmental education courses	8,709	10,053	6,000	6,000	6,000
Output	Number of adult basic education students who set passing the general educational development test as a goal	4,353	3,912	4,500	4,500	4,500
Output	Number of first-time freshman from New Mexico public high schools	15,329	16,884	15,000	15,000	16,500
Output	Number of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	12,559	14,461	13,000	13,000	15,000
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	4,398	573	4,500	7,000	4,500
Output	Percent of capital projects evaluations and audits performed to ensure institutional accountability and responsibility	88%	0%	68%	0%	10%
Explanatory	Percent of public secondary education unique student identification numbers collected from public postsecondary students that came from New Mexico public high schools					
Explanatory	Percent of first-time freshman from New Mexico public high schools	74%	74.58%	75%	75%	75.5%
Explanatory	Facility condition index for public postsecondary institutions					
* Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	91%	100%	95%	95%	100%
Outcome	Number of family members participating in gaining early awareness and readiness for undergraduate program events	2,611	4,400	2,900	3,650	4,000

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	60%	100%	90%	90%	100%
* Outcome	Percent of adult basic education students who set and attain the goal of obtaining employment	55%	56%	58%	58%	58%
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution after six years	39.40%	40.3%	40%	40%	40.5%
Outcome	Percent of New Mexico public high schools participating in dual credit programs	89.88%	91.48%	97%	97%	100%
Outcome	Percent of New Mexico public postsecondary institutions participating in dual credit programs	100%	100%	100%	100%	100%
Outcome	Persistence rate of high school graduates who are first-time undergraduates who take developmental education courses	77%	77.4%	78%	78%	80%
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed	1,654	1,394		1,700	1,700

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 may benefit from post-secondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY10 2009-2010 Actuals</u>	<u>Budgeted</u>	<u>FY11 - 2010-2011 Section 14 Reduction</u>	<u>Adjusted Budget</u>	<u>FY12 - 2011-2012 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>% Incr (Decr)</u>
SOURCES							
General Fund Transfers	26,054.8	23,622.9	-766.4	22,856.5	25,084.9	21,884.6	-4.3
Other Transfers	49,205.2	44,302.7	0.0	44,302.7	44,237.8	44,237.8	-0.1
Federal Revenues	516.4	814.5	0.0	814.5	925.0	925.0	13.6
Other Revenues	606.1	4,915.5	0.0	4,915.5	2,544.2	4,732.3	-3.7
Fund Balance	8.5	7,197.3	0.0	7,197.3	7,205.3	7,205.3	0.1
SOURCES TOTAL	76,391.0	80,852.9	-766.4	80,086.5	79,997.2	78,985.0	-1.4
USES							
Contractual Services	53.8	0.0	0.0	0.0	53.5	53.5	
Other	13,155.5	14,880.8	-346.6	14,534.2	14,612.6	14,612.6	0.5
Other Financing Uses	63,181.7	65,972.1	-419.8	65,552.3	65,331.1	64,318.9	-1.9
TOTAL USES	76,391.0	80,852.9	-766.4	80,086.5	79,997.2	78,985.0	-1.4
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of first-time freshman lottery recipients graduated from college after the ninth semester	70%	73%	71%	71%	73%
Outcome	Percent of students who receive state loan-for-service funding who provided service after graduation	91.2%	94%	92%	92%	95%
Outcome	Percent of first-time freshman participating in work study programs enrolling in their second year	79.14%	80.24%	88%	88%	88%
Outcome	Percent of first-time freshman participating in merit-based programs enrolling in their second year	71.46%	70.57%	83%	83%	83%
Outcome	Percent of first-time freshman participating in need-based grant programs enrolling in their second year	68.06%	68.8%	80%	80%	80%
Outcome	Percent of state financial aid funds used for need-based aid	31.99%	29.86%	35%	35%	35%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Annual average federal student loan debt for all students enrolled at four-year public schools	\$9,866	\$8,109	\$9,500	\$11,000	8,500
Output	Annual average federal student loan debt for all students enrolled at two-year public schools	\$5,916	\$5,431	\$6,000	\$7,000	\$5,500
* Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	81.31%	90%	82%	82%	82%
* Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	64.62%	62%	68%	68%	68%
* Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	63.35%	62%	66%	66%	66%
Outcome	Percent of state funds for need-based aid relative to pell grant aid	31.96%	27.28%	33%	33%	33%
* Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	3,221	3,318	3,300	3,300	3,500
Output	Number of students receiving college affordability awards	2,340	2,387	2,000	1,943	2,000

Student Financial Aid Program Detail (Dollars in Thousands)	FY10	FY11	FY11	FY11	FY12	FY12	LFC
	Actual	OPBUD	Section 14 Reduction	Adjusted Budget	HED Request	LFC Recommendation	\$ inc/dec
Student Incentive Grant							
general fund	12,052.3	12,052.3	(391.0)	11,661.3	11,661.3	11,311.5	
fund balance	-	-	-	-	-	-	
general revenues	-	-	-	-	-	-	
federal funds	323.9	349.0	-	349.0	349.0	349.0	
total	12,376.2	12,401.3	(391.0)	12,010.3	12,010.3	11,660.5	-2.9%
College Affordability Endowed Scholarships							
Other Program Revenues	1,999.8	2,000.0	-	2,000.0	-	-	
interest income	-	-	-	-	1,935.1	1,935.1	
total	1,999.8	2,000.0	-	2,000.0	1,935.1	1,935.1	-3.2%
Nursing Student Loan							
general fund	237.3	167.0	(5.4)	161.6	290.3	156.7	
other revenues	-	133.0	-	133.0	-	129.0	
total	237.3	300.0	(5.4)	294.6	290.3	285.7	-3.0%
Nurse Educators Fund							
general fund	30.0	-	-	-	145.1	-	
other revenues	-	150.0	-	150.0	-	145.5	
total	30.0	150.0	-	150.0	145.1	145.5	-3.0%
Medical Student Loan Prog.							
general fund	299.3	-	-	-	322.5	-	
other revenues	-	333.0	-	333.0	-	323.0	
total	299.3	333.0	-	333.0	322.5	323.0	-3.0%
Work-Study							
general fund	5,891.8	5,478.9	(177.7)	5,301.2	5,670.3	5,142.1	
other revenues	-	381.5	-	381.5	-	370.1	
total	5,891.8	5,860.4	(177.7)	5,682.7	5,670.3	5,512.2	-3.0%
Student Choice							
general fund	300.2	304.7	(9.9)	294.8	294.8	-	
total	300.2	304.7	(9.9)	294.8	294.8	-	-100.0%
Vietnam Veterans Scholarship							
general fund	149.4	113.6	(3.7)	109.9	109.9	106.6	
total	149.4	113.6	(3.7)	109.9	109.9	106.6	-3.0%
Graduate Scholarship							
general fund	549.7	619.2	(20.1)	599.1	599.1	581.1	
total	549.7	619.2	(20.1)	599.1	599.1	581.1	-3.0%
NM Scholars							
general fund	903.3	1,000.0	(32.4)	967.6	967.6	938.5	
total	903.3	1,000.0	(32.4)	967.6	967.6	938.5	-3.0%
Minority Doctoral Assistance							
general fund	120.0	132.0	(4.3)	127.7	127.7	123.9	
total	120.0	132.0	(4.3)	127.7	127.7	123.9	-3.0%
Teacher Loan-for-Service							
general fund	56.5	100.2	(3.3)	96.9	242.3	94.0	
other revenues	-	150.2	-	150.2	-	145.7	
total	56.5	250.4	(3.3)	247.1	242.3	239.7	-3.0%
Allied Health							
general fund	107.5	-	-	-	104.5	-	
other revenues	-	108.0	-	108.0	-	104.8	
total	107.5	108.0	-	108.0	104.5	104.8	-3.0%
Health Professional Loan Repayment							
general fund	1,363.2	1,146.7	(37.2)	1,109.5	1,109.5	1,076.2	
federal funds	192.5	200.0	-	200.0	200.0	200.0	
total	1,555.7	1,346.7	(37.2)	1,309.5	1,309.5	1,276.2	-2.5%
Legislative Endowment Fund							
other program revenues	112.8	112.8	-	112.8	109.1	109.4	
total	112.8	112.8	-	112.8	109.1	109.4	-3.0%
WICHE Loan-for-Service							
general fund	2,176.8	2,153.9	(69.9)	2,084.0	2,084.0	2,021.5	
total	2,176.8	2,153.9	(69.9)	2,084.0	2,084.0	2,021.5	-3.0%
Lottery Scholarship							
other program revenues	47,205.4	42,302.7	-	42,302.7	42,302.7	42,302.7	
fund balance	8.5	7,197.3	-	7,197.3	7,197.3	7,197.3	
total	47,213.9	49,500.0	-	49,500.0	49,500.0	49,500.0	0.0%

Student Financial Aid Program Detail (Dollars in Thousands)	FY10	FY11	FY11	FY11	FY12	FY12	LFC
	Actual	OPBUD	Section 14 Reduction	Adjusted Budget	HED Request	LFC Recommendation	\$ inc/dec
Dentistry Loan for Service							
general fund	86.4	54.7	(1.8)	52.9	52.9	51.3	
fund balance	-	-	-	-	-	-	
total	-	-	-	-	-	-	
Higher Education Disability Act*							
general fund	-	-	-	-	-	-	
total	-	-	-	-	-	-	
Dental Residency Program							
general fund	1,000.0	-	-	-	967.6		
other revenues	-	1,000.0	-	1,000.0	-	970.0	
total	1,000.0	1,000.0	-	1,000.0	967.6	970.0	-3.0%
Merit-based Scholarships							
general fund	47.0	-	-	-	45.0		
othe revenue	-	47.0	-	47.0	-	45.6	
total	500.0	500.0	-	500.0	500.0	500.0	0.0%
HED Outreach							
general fund	-	-	-	-	-	-	
total	-	-	-	-	-	-	
Robert C. Byrd							
federal funds	-	265.5		265.5	276.0	276.0	
total	-	265.5	-	265.5	276.0	276.0	4.0%
John R. Justice Loan Repayment							
federal funds	-	-	-	-	100.0	100.0	
total	-	-	-	-	100.0	100.0	
GRAND TOTAL	75,834.1	78,852.9	(766.4)	78,086.5	78,053.6	77,087.8	-1.3%
GF GRAND TOTAL	25,491.2	23,622.9	(766.4)	22,856.5	25,084.4	21,884.6	-4.3%
Note: Fund balances not submitted and not available from HED.							

HIGHER EDUCATION APPROPRIATIONS FOR FY12			
	FY11	FY12	
	Laws 2010, Second Special Session, Chapter 6	HED Recommendation	LFC Recommendation
I&G			
OPERATING BASE	627,487.3	605,350.8	605,350.8
Four-year net workload growth		9,144.2	9,144.2
Two-year net workload growth		10,859.0	10,859.0
Reduce ER&R from 23.25% to 0%			(6,981.8)
ER&R Adjustment		(376.6)	
3 percent scholarship adjustment		1,684.1	
Tuition Revenue Credit - 4 year institutions - 3.1% resident (\$100/student), 9.5% non-resident			(7,676.2)
Tuition Revenue Credit - 2 year institutions - 9.5% resident (\$100/student), 15% non-resident			(6,125.7)
HSC I&G reduction (-2.5%)			(1,442.5)
BAMD - HSC			400.0
Dual Credit Tuition Adjustment		721.8	
Revenue Credits (LGPF, Mil Levy)		1,586.9	
Transfer BR&R from NMSU to AES - technical clean-up		(123.5)	
Return to Work Employee Savings Reduction			(581.0)
Reduce Non-discrimination Waiver 40%			(4,183.7)
Reduce Non-Resident Part-Time Waiver 50%			(6,082.9)
Prorated I&G reduction		(18,899.3)	(3,010.7)
INSTRUCTION AND GENERAL CHANGES	-	4,596.6	(15,681.3)
Laws 1020, 2nd S.S., Ch. 6, Section 10 (0.544% reduction)	(1,837.4)		
Laws 1020, 2nd S.S., Ch. 6, Section 14 (3.244% reduction)	(20,299.1)		
HIGHER EDUCATION ADJUSTED BASE I&G	605,350.8	609,947.4	589,669.5
Percent Change to I&G		0.8%	-2.6%
OTHER CATEGORICAL	124,226.8	118,018.1	118,018.1
Reduce athletics budgets --- athletics (excl. NMMI)		(387.4)	(1,640.5)
Reduce public television -- 3 institutions		(96.8)	(156.7)
Reduce research and public service projects		(2,660.3)	(9,861.5)
Special schools --- reductions		(178.3)	(208.3)
OTHER CATEGORICAL CHANGES	-	(3,322.8)	(11,867.0)
Laws 1020, 2nd S.S., Ch. 6, Section 10 (0.544% reduction)	(2,251.5)		
Laws 1020, 2nd S.S., Ch. 6, Section 14 (3.244% reduction)	(3,957.2)		
OTHER CATEGORICAL SUBTOTAL	118,018.1	114,695.3	106,151.1
Percent Change to Other Categorical		-2.8%	-10.1%
HIGHER EDUCATION	40,566.3	38,912.9	38,912.9
Higher Ed Dept. Op. Bud. + Flow Through		(1,273.8)	(1,389.6)
HIGHER EDUCATION DEPARTMENT CHANGES	-	(1,273.8)	(1,389.6)
Laws 1020, 2nd S.S., Ch. 6, Section 10 (0.544% reduction)	(348.5)		
Laws 1020, 2nd S.S., Ch. 6, Section 14 (3.244% reduction)	(1,304.9)		
HIGHER EDUCATION DEPARTMENT SUBTOTAL	38,912.9	37,639.1	37,523.3
Percentage Increase/Decrease		-3.3%	-3.6%
TOTAL HIGHER EDUCATION	762,281.8	762,281.8	733,343.9
Dollar Increase from FY11 Adjusted OPBUD			(28,937.9)
Percentage Increase/Decrease		0.0%	-3.8%

**HIGHER EDUCATION
INSTITUTIONAL GENERAL FUND SUMMARY**
(dollars in thousands)

Agency/Institution/Program	FY11 (2010-2011)	FY12 2011-2012			
	ADJUSTED OPERATING BUDGET	HED REQUEST	LFC RECOMMENDATION	DOLLAR CHANGE	PERCENT CHANGE
UNM					
I&G	169,803.7	168,628.8	163,288.1	(6,515.6)	-3.8%
Athletics	2,376.6	2,305.2	2,138.9	(237.7)	-10.0%
Educational Television	1,088.4	1,055.7	1,034.0	(54.4)	-5.0%
Gallup	8,498.2	8,673.6	8,241.2	(257.0)	-3.0%
Nursing Expansion	31.5	30.6	-	(31.5)	-100.0%
Los Alamos	1,941.0	1,791.7	1,741.5	(199.5)	-10.3%
Taos	2,896.3	2,941.7	2,905.2	8.9	0.3%
Valencia	5,110.0	5,266.5	5,139.6	29.6	0.6%
Advanced Materials Research	39.9	38.7	-	(39.9)	-100.0%
African American Studies	21.8	21.1	-	(21.8)	-100.0%
BBER-Census & Pop. Analysis	389.3	377.6	369.8	(19.5)	-5.0%
Student Mentoring Programs			283.6	(50.1)	-15.0%
College mentoring program	105.7	102.5	-	-	
College Prep Mentoring	88.3	85.6	-	-	
Law College Prep Mentoring Program	139.7	135.5	-	-	
Community Based Education	501.6	486.5	451.4	(50.2)	-10.0%
Corrine Wolfe Children's Law Center	195.3	189.4	175.8	(19.5)	-10.0%
Disabled Student Services	226.3	219.5	192.4	(33.9)	-15.0%
Graduate Research Dev. Fund	59.6	57.8	-	(59.6)	-100.0%
Ibero-American Education			87.9	(87.9)	-50.0%
Ibero-American Ed. Consortium	97.3	94.4	-	-	
Spanish Resource Center	78.5	76.1	-	-	
Morrissey Hall Programs			45.8	(45.8)	-50.0%
Integrate Morrissey Hall & African American Perform	46.2	44.8	-	-	
Morrissey Hall Research	45.4	44.0	-	-	
International education initiatives	204.7	198.5	102.4	(102.4)	-50.0%
Judicial Education Center	134.4	130.4	67.2	(67.2)	-50.0%
Judicial Selection	44.2	42.9	22.1	(22.1)	-50.0%
Land grant studies program	60.9	59.1	30.5	(30.5)	-50.0%
Latin American Student Recruitment	148.3	143.8	74.2	(74.2)	-50.0%
Mfg. Engineering Program.	389.4	377.7	331.0	(58.4)	-15.0%
Minority Student Services			681.2	(75.7)	-10.0%
African American Student Services Program	25.2	24.4	-	-	
ENLACE	70.1	68.0	-	-	
Hispanic Student Center	117.5	114.0	-	-	
Min. Grad Recruit & Retention	129.7	125.8	-	-	
Native American Intervention	196.7	190.8	-	-	
Pre-college minority student math/science	217.7	211.2	-	-	
Mock Trials Program	91.7	88.9	87.1	(4.6)	-5.0%
Natural Heritage Program	60.0	58.2	30.0	(30.0)	-50.0%
New Mexico Historical Review	52.0	50.4	-	(52.0)	-100.0%
Resource Geographic Info Sys	74.4	72.2	67.0	(7.4)	-10.0%
Saturday Science and Math Academy	47.8	46.4	-	(47.8)	-100.0%
Small Business Innovation & Research Outreach	120.3	116.7	-	(120.3)	-100.0%
Southwest Indian Law Clinic	196.1	190.2	176.5	(19.6)	-10.0%
Southwest Research Center	1,261.2	1,223.3	1,135.1	(126.1)	-10.0%
Student athlete retention	182.9	177.4	-	(182.9)	-100.0%
Substance Abuse Program	179.5	174.1	161.6	(18.0)	-10.0%
Utton Transboundary Resources Center	336.4	326.3	302.8	(33.6)	-10.0%
Wildlife Law Education	97.8	94.9	48.9	(48.9)	-50.0%
Youth Educ. Recreation Program.	113.3	109.9	56.7	(56.7)	-50.0%
Youth Leadership Development	57.3	55.6	-	(57.3)	-100.0%
UNM Total	198,390.1	197,138.4	189,469.2	(8,920.9)	-4.5%

**HIGHER EDUCATION
INSTITUTIONAL GENERAL FUND SUMMARY**
(dollars in thousands)

Health Sciences Center					
I & G	57,698.6	55,799.3	55,924.9	(1,773.7)	-3.1%
Transfer to I&G			2,288.8	(120.5)	-5.0%
Hemophilia Program	532.4	516.4	-		
Integrative Medicine Program	110.0	106.7	-		
Locum Tenens	671.0	650.8	-		
Nurse Advice Line	29.1	28.2	-		
Telemedicine	483.9	469.4	-		
Young Children's Health Center	582.9	565.4	-		
Cancer Center	2,727.8	2,645.8	2,591.4	(136.4)	-5.0%
Carrie Tingley Hospital	4,957.8	4,808.8	4,709.9	(247.9)	-5.0%
Children's Psychiatric Hospital	6,868.9	6,662.5	6,525.5	(343.4)	-5.0%
Hepatitis C Comm. Health Outcomes	913.2	885.8	867.5	(45.7)	-5.0%
Native American Health Center	296.1	287.2	251.7	(44.4)	-15.0%
Newborn Intensive Care	3,359.1	3,258.1	3,191.1	(168.0)	-5.0%
Nursing Expansion	1,462.8	1,418.8	731.4	(731.4)	-50.0%
Office of Medical Investigator	4,002.7	3,882.4	4,002.7	-	0.0%
Out-of-County Indigent	1,116.7	1,083.1	949.2	(167.5)	-15.0%
Pediatric Oncology	1,007.3	977.0	956.9	(50.4)	-5.0%
Poison Control Center	1,363.3	1,322.3	1,295.1	(68.2)	-5.0%
Health Sciences Total	88,183.6	85,368.0	84,286.2	(3,897.4)	-4.4%
NMSU					
I&G	109,704.7	109,218.0	105,515.3	(4,189.4)	-3.8%
Athletics	3,262.3	3,164.3	2,536.1	(726.2)	-22.3%
Educational Television	1,011.1	980.7	960.5	(50.6)	-5.0%
Alamogordo	6,949.8	7,172.2	6,799.1	(150.7)	-2.2%
Carlsbad	4,134.2	4,694.7	4,333.5	199.3	4.8%
Nursing Expansion	106.3	103.1	53.2	(53.2)	-50.0%
Dona Ana	19,460.8	19,796.8	19,003.7	(457.1)	-2.3%
Grants	3,325.3	3,550.3	3,459.3	134.0	4.0%
Department of Agriculture	10,353.9	10,042.7	9,836.2	(517.7)	-5.0%
Agricultural Experiment Station	13,750.4	13,456.9	13,062.9	(687.5)	-5.0%
Cooperative Extension Service	11,417.2	11,074.1	10,846.3	(570.9)	-5.0%
Move to CES			573.0	(30.2)	-5.0%
Chile Industry	202.2	196.1	-		
Tribal extension program	214.3	207.9	-		
Viticulturist	186.7	181.1	-		
Minority Student Services			421.4	(46.8)	-10.0%
Alliance for Under Represented. Students	313.6	304.2	-		
College assistance migrant program	154.6	150.0	-		
Alliance teaching and learning advancement	86.1	83.5	77.5	(8.6)	-10.0%
Arrowhead Center for Business Dev.	111.0	107.7	99.9	(11.1)	-10.0%
Carlsbad Mfg. Sector Development	253.0	245.4	126.5	(126.5)	-50.0%
Coordination of Mexico Program.	43.2	41.9	-	(43.2)	-100.0%
Indian Resources Development	341.4	331.1	307.3	(34.1)	-10.0%
Institute for International Relations	158.3	153.5	79.2	(79.2)	-50.0%
Mental health nurse practitioner program	355.5	344.8	177.8	(177.8)	-50.0%
Mfg. Sector Development Program	329.0	319.1	164.5	(164.5)	-50.0%
Nursing Expansion	732.9	710.9	366.5	(366.5)	-50.0%
Space consortium and outreach program	61.8	59.9	30.9	(30.9)	-50.0%
Speech & hearing special program	48.1	46.7	-	(48.1)	-100.0%
Waste Mgmt. Ed./Res. Cons.	232.3	225.3	116.2	(116.2)	-50.0%
Water Resources Research	212.1	205.7	106.1	(106.1)	-50.0%
NMSU Total	187,512.1	187,168.6	179,052.5	(8,459.6)	-4.5%

**HIGHER EDUCATION
INSTITUTIONAL GENERAL FUND SUMMARY**
(dollars in thousands)

NMHU					
I&G	25,229.2	25,149.5	25,235.5	6.3	0.0%
Athletics, Wrestling and Rodeo	1,951.7	1,893.0	1,756.5	(195.2)	-10.0%
Advanced Placement	241.3	234.0	229.2	(12.1)	-5.0%
Bilingual Education Materials	48.8	47.3	-	(48.8)	-100.0%
Forest and watershed institute	246.2	238.8	123.1	(123.1)	-50.0%
Minority Student Services			349.9	(38.9)	-10.0%
Ben Lujan Leadership Institute	44.8	43.5	-		
Diverse Populations Study	124.4	120.7	-		
Native American Rec. & Ret.	21.7	21.0	-		
Spanish Program	197.9	192.0	-		
Upward Bound	57.8	56.1	-	(57.8)	-100.0%
NMHU Total	28,163.8	27,995.9	27,694.3	(469.5)	-1.7%
WNMU					
I&G	14,551.9	15,306.9	14,850.0	298.1	2.0%
Athletics	1,815.8	1,761.2	1,634.2	(181.6)	-10.0%
Child Development Center	235.2	228.1	211.7	(23.5)	-10.0%
Instructional Television	87.1	84.5	78.4	(8.7)	-10.0%
Nursing Expansion	405.2	393.0	202.6	(202.6)	-50.0%
Web-based Teacher Licensure	166.4	161.4	149.8	(16.6)	-10.0%
WNMU Total	17,261.6	17,935.1	17,126.6	(135.0)	-0.8%
ENMU					
I&G	23,376.1	24,136.1	23,586.0	209.9	0.9%
Athletics	2,072.8	2,010.5	1,865.5	(207.3)	-10.0%
Educational Television	1,034.3	1,003.2	982.6	(51.7)	-5.0%
Roswell	12,101.8	11,701.7	11,294.9	(806.9)	-6.7%
Nursing Expansion	66.5	64.5	33.3	(33.3)	-50.0%
Ruidoso	1,988.7	2,050.0	2,025.2	36.5	1.8%
Ruidoso-Adult Basic Education	43.1	41.8	-	(43.1)	-100.0%
Allied Health	183.1	177.6	164.8	(18.3)	-10.0%
At Risk Student Tutoring	83.9	81.4	75.5	(8.4)	-10.0%
Blackwater Draw Site & Mus.	85.3	82.7	76.8	(8.5)	-10.0%
Nursing Expansion	37.1	36.0	-	(37.1)	-100.0%
Student Success Programs	455.8	442.1	410.2	(45.6)	-10.0%
ENMU Total	41,528.5	41,827.6	40,514.8	(1,013.7)	-2.4%
NMIMT					
I&G	25,658.6	25,409.3	25,304.1	(354.5)	-1.4%
Athletics	214.9	208.4	193.4	(21.5)	-10.0%
Aquifer mapping	224.2	217.5	213.0	(11.2)	-5.0%
Bureau of Mine Inspection	271.9	263.7	258.3	(13.6)	-5.0%
Bureau of Mines	3,661.2	3,551.2	3,478.1	(183.1)	-5.0%
Cave & Karst Research	444.3	430.9	399.9	(44.4)	-10.0%
Energetic Materials Research Center	748.7	726.2	673.8	(74.9)	-10.0%
Geophysical Research Center	866.5	840.5	779.9	(86.7)	-10.0%
Homeland Security	600.5	582.5	540.5	(60.1)	-10.0%
Institute for Complex Additive Sys Ana	864.1	838.1	777.7	(86.4)	-10.0%
MESA	135.0	130.9	128.3	(6.8)	-5.0%
Petroleum Recovery Research	2,069.4	2,007.2	1,965.9	(103.5)	-5.0%
Science Fair/Science Olympiad	287.9	279.2	273.5	(14.4)	-5.0%
Southeast NM center for energy studies	90.2	87.5	45.1	(45.1)	-50.0%
NMIMT Total	36,137.4	35,573.1	35,031.4	(1,106.0)	-3.1%

**HIGHER EDUCATION
INSTITUTIONAL GENERAL FUND SUMMARY**
(dollars in thousands)

NNMC					
I&G	9,884.1	9,943.5	9,957.9	73.8	0.7%
Athletics	207.8	201.6	187.0	(20.8)	-10.0%
Northern Pueblo's Institute	85.8	83.2	77.2	(8.6)	-10.0%
Special Projects Expansion and Flexibility	243.5	236.2	-	(243.5)	-100.0%
Faculty salaries	102.4	99.3	51.2	(51.2)	-50.0%
NNMC Total	10,523.6	10,563.8	10,273.3	(250.3)	-2.4%
SFCC					
I&G	8,331.5	9,030.8	8,696.2	364.7	4.4%
Small Business Development. Centers	4,432.2	4,299.0	3,989.0	(443.2)	-10.0%
Nursing Expansion	81.7	79.2	40.9	(40.9)	-50.0%
SFCC Total	12,845.4	13,409.0	12,726.1	(119.3)	-0.9%
CNMCC					
I&G	47,695.1	51,156.9	45,855.1	(1,840.0)	-3.9%
Tax Help New Mexico	156.0	151.3	78.0	(78.0)	-50.0%
CNMCC Total	47,851.1	51,308.2	45,933.1	(1,918.0)	-4.0%
LCC					
I&G	7,212.9	7,156.7	7,082.6	(130.3)	-1.8%
Athletics	171.3	166.2	154.2	(17.1)	-10.0%
Equine and other related Economic Development	255.0	247.3	242.3	(12.8)	-5.0%
Nursing Expansion	31.8	30.8	-	(31.8)	-100.0%
Special Projects Expansion and Flexibility	90.3	87.6	-	(90.3)	-100.0%
LCC Total	7,761.3	7,688.6	7,479.0	(282.3)	-3.6%
MCC					
I&G	4,101.0	4,099.7	4,108.3	7.3	0.2%
Athletics	63.0	61.1	56.7	(6.3)	-10.0%
Special Projects Expansion and Flexibility	41.9	40.6	-	(41.9)	-100.0%
MCC Total	4,205.9	4,201.4	4,165.0	(40.9)	-1.0%
NMJC					
I&G	5,815.3	5,838.6	5,346.6	(468.7)	-8.1%
Athletics	268.9	260.8	242.0	(26.9)	-10.0%
Lea County distance education consortium	32.9	31.9	-	(32.9)	-100.0%
Nursing Expansion	145.8	141.4	72.9	(72.9)	-50.0%
Oil and Gas Training Center	61.1	59.3	55.0	(6.1)	-10.0%
NMJC Total	6,324.0	6,332.0	5,716.5	(607.5)	-9.6%
SJC					
I&G	21,284.0	22,549.6	21,208.5	(75.5)	-0.4%
Dental Hygiene	184.4	178.9	166.0	(18.4)	-10.0%
Nursing Expansion	326.7	316.9	163.4	(163.4)	-50.0%
SJC Total	21,795.1	23,045.4	21,537.8	(257.3)	-1.2%
CCC					
I&G	8,598.0	8,884.5	8,767.4	169.4	2.0%
Nursing Expansion	63.4	61.5	31.7	(31.7)	-50.0%
CCC Total	8,661.4	8,946.0	8,799.1	137.7	1.6%
Four-Year/Two-Year Total	717,144.9	718,501.1	689,804.9	(27,340.0)	-3.8%
NMMI					
I&G	769.5	746.4	746.4	(23.1)	-3.0%
Athletics	288.1	279.4	279.5	(8.6)	-3.0%
Knowles Legislative Scholarship	834.5	809.4	792.8	(41.7)	-5.0%
NMMI Total	1,892.1	1,835.2	1,818.6	(73.5)	-3.9%

**HIGHER EDUCATION
INSTITUTIONAL GENERAL FUND SUMMARY**
(dollars in thousands)

NMSBVI					
I&G	297.1	288.2	288.2	(8.9)	-3.0%
Low vision clinic programs	18.3	17.8	17.8	(0.5)	-3.0%
Early childhood center	384.9	373.3	373.4	(11.5)	-3.0%
NMSBVI Total	700.3	679.3	679.3	(21.0)	-3.0%
NM School for the Deaf					
I&G	3,387.5	3,285.7	3,285.9	(101.6)	-3.0%
Statewide outreach services	244.1	236.8	231.9	(12.2)	-5.0%
School for the Deaf Total	3,631.6	3,522.5	3,517.8	(113.8)	-3.1%
Special School GF Total	6,224.0	6,037.0	6,015.7	(208.3)	-3.3%
Higher Education Department					
Operating	3,086.2	2,993.5	2,993.6	(92.6)	-3.0%
IDEAL-NM	689.8	669.1	637.1	(52.7)	-7.6%
Adult Basic Education	5,670.3	5,499.9	5,386.8	(283.5)	-5.0%
Student Financial Aid	22,856.5	22,169.6	22,513.7	(342.8)	-1.5%
High Skills	486.6	472.0	462.3	(24.3)	-5.0%
NM MESA, Inc.	990.5	960.7	960.8	(29.7)	-3.0%
Program Development Enhancement Fund	3,203.8	3,107.5	3,059.6	(144.2)	-4.5%
Dental Hygiene Program	345.1	334.7	334.7	(10.4)	-3.0%
ENLACE	1,032.3	1,001.3	1,001.3	(31.0)	-3.0%
Laws of 2007, Chapter 21 (SB 611 Flow-through)	371.7	344.7	100.7	(271.0)	-72.9%
Laws of 2008, Chapter 6 (SB 165 Flow-through)	180.1	190.7	72.7	(107.4)	-59.6%
HED Total	38,912.9	37,743.7	37,523.3	(1,389.6)	-3.6%
HIGHER EDUCATION TOTAL	762,281.8	762,281.8	733,343.9	(28,937.9)	-3.8%

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 higher education funding formula, in theory, calculates the costs associated with providing a system of higher education in New Mexico. The formula begins with the current appropriation, recognizes increases or decreases in workload, and adjusts for inflationary and compensation increases. Formula-generated transfers (e.g. building renewal and replacement, equipment renewal and replacement, 3 percent scholarships) are added, then revenue credits (e.g. land and permanent fund, mill levy, tuition credit) are subtracted, and the result is the requested general fund appropriation. Over time, a number of factors on the expenditure side of the funding formula, as well as the revenue side, have been changed and are causing inequities in funding among institutions. The formula--first created in the 1970s, restructured in 2002, and based on data from as far back as 1994--is primarily enrollment driven and doesn't address a number of identified policy goals, such as improving student completion rates, or funding research, teacher preparation, or other institutional missions. As a result, the formula only serves to distribute legislative appropriations among institutions.

For FY12, workload, based on the average of FY09 and FY10 student credit hours, expanded significantly, with the number of credit hours at two-year institutions up by 178,000, or 13.6 percent, and at four-year institutions up by 98,000, or 9.5 percent. (See Volume III for enrollment details by institution.) Three institutions did not qualify for workload increases: the Roswell branch of Eastern New Mexico University, the Los Alamos branch of the University of New Mexico, and Luna Community College.

The Higher Education Department's (HED) request of \$762.3 million from the general fund for FY12 reflected a flat appropriation level for higher education institutions and special schools. To achieve this, the department offset workload with \$23.6 million in prorated reductions among the institutions, special schools, research and special projects, and the department, including student financial aid. For FY12, the higher education secretary adopted changes to the formula recommended by the Higher Education Funding Task Force. The modifications move away from the current method focused on changes above or below an enrollment band for each institution to a calculation based on a two-year average for enrollment and tuition revenue credits. This reduced the incremental cost of workload, primarily driven by student credit hours, from \$40 million to just over \$20 million.

The funding formula task force and HED request did not address concerns that the cost of educating students does not grow linearly with enrollment and that all institutions have some capacity to absorb additional students at very little additional cost. An article posted by the Center for College Affordability and Productivity suggests that, in most cases, unless an institution is capacity constrained, the marginal cost of educating a student equals about 25 percent of average cost. In New Mexico, few if any institutions lack the physical capacity to handle more students and should be able to address most enrollment growth at a modest cost. Changes to the formula should be made to fund annual enrollment growth at the marginal cost only.

The LFC recommendation for instruction and general expenditures (I&G) is \$589.7 million, a decrease of \$15.7 million, or 2.6 percent, compared with FY11 appropriations as adjusted. The recommendation starts with the workload request of \$20 million: \$9.1 million for the universities and \$10.9 million for the two-year institutions. Then, several reductions are applied as detailed below.

The recommendation takes credit for increases in resident tuition for FY12 of 3.1 percent for the four-year institutions and 9.5 percent for the two-year institutions and for increases to nonresident tuition of 9.5 percent for the four-year schools and 15 percent for the two-year schools. According to the Western Interstate Commission for Higher Education (WICHE) "Tuition and Fees in Public Higher Education in the West," New Mexico's two-year colleges charge the lowest tuition of any WICHE state other than California. At least one institution does not charge any tuition for technical and vocational courses. In addition, the governing boards of two-year institutions have the discretion to draw on mill levy revenues not accounted for in the higher education funding formula. The use of the tuition credit reflects the need for students and families to be contributing partners in the cost of their education. The net effect of the differentiated tuition credit rate is that the average full-time student in New Mexico is being treated equally and will see an approximately \$100 annual increase in tuition regardless of where the student goes to school.

The Educational Retirement Board (ERB) return-to-work program (RTW) program allows retirees to return to work and collect both a salary and a pension. Current statute requires the entire ERB contribution to be paid by the employer, while changes made to the Public Employees Retirement Association (PERA) RTW program for FY11 require the employee to make the employees' portion of the PERA contribution. The committee recommends aligning both programs by shifting responsibility for the employee's ERB contribution to the employee, saving approximately \$581 thousand. This would affect approximately 200 higher education RTW employees.

Currently, New Mexico supports 14 programs that allow out-of-state tuition students to pay in-state tuition, generally as an incentive to attend a particular institution. Although not specified in statute or rule, institutions are held harmless for providing these tuition waivers through a reduction of their tuition revenue credit, resulting in a significant general fund increase. It is unclear why the difference between out-of-state tuition and in-state tuition is credited to the institution. The cost of educating these students is no different than educating resident students. For FY12, these waivers are expected to have a general fund impact of almost \$85 million, an amount significantly greater than what is spent on need-based student financial aid programs for New Mexico students. The Legislature and executive should consider the public policy implications of whether the general fund should pick-up the cost of waivers and whether the state should continue to pay more than \$85 million for a program that has merit but greatly exceeds what the state pays in financial aid for its own students to attend New Mexico institutions.

The recommendation reduces two waiver programs for FY12. The nonresident waiver provides for any nonresident student to take up to six credit hours and pay in-state tuition. This includes students from other states and countries taking distance learning classes who may never set foot in the state. The recommendation reduces funding for this waiver by 50 percent, reducing the general fund recommendation by \$6.1 million. The nondiscrimination waiver applies to any student who attended a high school in New Mexico for at least a year and received a diploma or who has earned a general education development diploma (GED) in state. These students are to receive the same tuition or financial aid opportunities as resident students, regardless of immigration status. The statute does not direct what is being waived and how the amounts are determined. Of the \$10.5 million waived annually, \$8.6 million, or 82.3 percent, is claimed by Central New Mexico Community College. The recommendation reduces funding for the nondiscrimination waiver by 40 percent, resulting in a general fund reduction of \$4.2 million.

The formula provides funding for equipment with a cost greater than \$1 thousand. The practice of funding equipment requires significant data collection and analysis yet accounts for only 1.2 percent of I&G. The committee recommends the equipment renewal and replacement (ER&R) component be eliminated from the funding formula and deletes funding for FY12.

Concerns persist regarding the number of research and public service projects supported from the general fund and the lack of associated accountability and performance outcomes. A 2008 evaluation of selected research and public service projects suggested the need for improved strategic planning, program management, and program results. Of the four-year institutions, the University of New Mexico has made strides in addressing these concerns but continues to have difficulty eliminating and reducing programs. The recommendation reduces funding for research and public service projects by \$9.9 million from the FY11 appropriation as adjusted, consolidates a number of individual budget lines, and moves a modest number of projects into the I&G line at the Health Sciences Center. This reflects reductions of 5 percent for statewide projects and certain projects with statutory requirements; 10 percent for research projects, public service projects, and the preschool-to-college (P-20) pipeline; 15 percent for I&G-related projects and academic projects receiving start-up funding; and 50 percent for projects that duplicate activities of HED, other state agencies, or other programs within the higher education budget. Projects of \$60 thousand or less, some duplicative programs, and special project expansion funding are eliminated. The committee again recommends enhanced HED emphasis on oversight and accountability of these projects and higher education budgets overall. In 2008, the Legislature provided \$50 thousand and an additional full-time-equivalent employee to enhance HED capacity to engage in research and public service project oversight and, in 2007, the Legislature provided an additional full-time-equivalent employee for the Higher Education Department to engage in institutional audits. It appears these FTE have been assigned other responsibilities within the department. The department should return these staff to the responsibilities for which they were funded to improve agency oversight and compliance.

The University of New Mexico Health Sciences Center (UNM HSC) recommendation includes a reduction of \$1.8 million, or 3.1 percent from the HSC I&G line, reflecting similar reductions to all institutions and a prorated reduction for the elimination of ER&R. The recommendation also includes \$400 thousand for the Bachelor of Arts/Medical Doctor program. The recommendation limits reductions to the HSC research and public service lines with statewide responsibilities and moves a limited number of lines into I&G. While UNM HSC closed FY10 with \$43 million of net operating income, revenues for FY11 are somewhat sluggish and balances are expected to be down. HSC should be able to use the indirect costs portion of federal funding to assist with the overall operating costs. HSC had an FY10 ending fund balance of \$63.2 million, and although a large portion is restricted to certain uses, some amounts remain for HSC to use for general purposes.

The New Mexico School for the Blind and Visually Impaired and the New Mexico School for the Deaf are primarily kindergarten-12 schools and since FY09 have received reductions similar to the institutions of higher education, rather than the lower cuts experienced by public schools. For the state's special schools, the committee recommends budget reductions of 3.3 percent for FY12.

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.

Except as otherwise provided, any unexpected balances remaining at the end of fiscal year 2012 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.

The other states funds appropriations to the university of New Mexico health sciences center include three million thirty seven thousand nine hundred dollars (\$3,037,900) from the tobacco settlement fund.

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of first-time freshmen from New Mexico who are Native American	169	153			
Output	Total number of baccalaureate degrees awarded	3,054	3,159	3,175	3,200	3,200
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	77.3%	79.2%	77.2%	77.4%	78.4%
Output	Number of post-baccalaureate degrees awarded	1,291	1,318	1,425	1,450	1,450
Output	Number of degrees awarded using extended services	193	266	250	270	270
* Outcome	Amount of external dollars for research and public service, in millions	\$116.9	\$122.3	\$122	\$124	\$124
* Output	Number of undergraduate transfer students from two-year colleges	1,584	1,532	1,690	1,710	1,710
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	44.1%	42.7%	45.5%	46%	46%
* Outcome	Percent of enrolled Native American students among all degree-seeking undergraduates as of fall census date	6.7%	6.6%	6.8%	6.9%	6.9%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two- or four-year degree)	75.0%	76.1%	76.2%	76.4%	76.4%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	39.9%	37.1%	42%	42%	42%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	6.9%	4.5%	8%	8.0%	8.0%
* Outcome	Percent of graduates placed in jobs in New Mexico	58.4%	57.8%	60%	60%	65%
Outcome	Percent of Hispanic students enrolled	9.6%	9.1%	10%	10%	10%
Outcome	Percent of Hispanic graduates	9.5%	8%	10%	10%	10%
Output	Number of students enrolled in the adult basic education program	704	970	725	750	800
* Output	Number of students enrolled in the area vocational schools program	413	366	420	400	420
Efficiency	Percent of programs having stable or increasing enrollments	45.9%	63.9%	60%	64%	64%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	82.3%	81.4%	83%	83%	83%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.1%	80.4%	79%	80%	82%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	60.9%	69%	57%	57.5%	67%
* 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	55.8%	56.9%	56%	56.5%	56.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	77%	85.6%	46%	46.5%	85%
Outcome	Percent of Asian graduates	4.5%	2%	4.5%	4.5%	4.5%
Output	Number of students enrolled in the adult basic education program	315	448	400	415	450
* Output	Number of students enrolled in the small business development center program	529	434	310	325	450
Efficiency	Percent of programs having stable or increasing enrollments	33.3%	57.6%	66%	66%	66%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.6%	80.9%	77%	79.5%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.5%	92%	67%	67.5%	90%
Outcome	Percent of white students enrolled	47.5%	47.6%	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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	73.8%	72.1%	70%	70%	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	5.9%	5.4%	8%	0%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	68.8%	67.1%	69%	68%	69%
Outcome	Percent of Native Americans enrolled	3.6%	4.4%	4.4%	5%	5%
Outcome	Percent of Native American graduates	1.2%	0.6%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	1,043	1,546	950	0	1,500
Output	Number of students enrolled in the community services program	2,887	2,179	3,000	0	3,000
Efficiency	Percent of programs having stable or increasing enrollments	78%	76.5%	75%	0%	76%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.2%	75.5%	80%	0%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.6%	91.9%	85%	85%	88%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	52.8%	45.7%	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	6.4%	6.8%	8%	8%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	67.5%	67.9%	66%	66%	67%
Outcome	Percent of males enrolled	30.7%	33.3%	33%	33%	33%
Outcome	Percent of male graduates	22.6%	18.9%	23%	20%	23%
Output	Number of students enrolled in the adult basic education program	360	256	300	275	300
* Output	Number of students enrolled in the concurrent enrollment program	459	424	400	400	424
Efficiency	Percent of programs with stable or increasing enrollment	73%	79.4%	57%	55%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.3%	76.7%	70%	70%	72%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.5%	88.5%	80%	80%	85%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Output	Number of degrees awarded using extended university courses	62	50	25	25	50
* Output	University of New Mexico hospital inpatient readmission rate	4.6 %	4.3 %	4.0%	4%	4%
Outcome	University of New Mexico inpatient satisfaction rate	81.7%	81.5%	81.6%	82.1%	82.1%
* Output	Number of University of New Mexico cancer research and treatment center clinical trials	188	212	190	190	190
Outcome	Pass rate on licensure test by college of nursing students	76.4%	89.0%	85%	85%	87%
Outcome	Number of health science center technology commercialization activities	93	87			
Output	First-time pass rate on the north American pharmacist licensure examination by doctor of pharmacy graduates from the college of pharmacy	99%	96%	95%	95%	96%
Output	College of nursing graduate students' pass rates on American nurses credentialing center family nurse practitioner certification exam	100%	100%	95%	95%	97%
Output	Number of autopsies performed each year by the office of the medical investigator	1,987	2,029	2,090	2,153	2,153
Output	Number of patient days at Carrie Tingley hospital per year	4,336	4,155	4,172	4,118	4,118
Output	Pass rate for the United States medical licensing exam, step two clinical skills	n/a	n/a	n/a	95%	95%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Number of post-baccalaureate degrees awarded	283	278	296	328	328
* Outcome	External dollars for research and public service, in millions	\$272.6	\$301.1	\$278.1	\$283.6	\$283.6
* Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	98%	92%	98%	95%	95%
Outcome	Percent of medical students who secured one of their top three choices in the residency program	94%		86%		
Outcome	Medical student satisfaction rates on national standardized survey	91.1%				
Output	Number of university of New Mexico hospital clinic visits	422,112	437,757	457,993	499,124	499,124
Output	Number of university of New Mexico hospital inpatient discharges	26,580	27,843	29,361	28,751	28,571
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	69%	67%	71%	72%	72%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of enrolled Native American first-year students from New Mexico	82	115			
Output	Number of nursing degrees conferred	214	163	175	185	185
Outcome	Number of Hispanic undergraduate degree-seeking students	5,775	6,304	6,400	7,100	7,100
Outcome	Second-year students who are still enrolled two fall semesters later or have completed a degree (two- or four-year degree)	80.3%	78.5%	60%	80%	80%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	74.8%	75.9%	78%	75%	76%
Output	Number of degree programs offered via distance education	28	29	29	30	30
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	77%	75%	76%	75%	77%
* Outcome	External dollars for research and creative activity, in millions	\$182.7	\$182.4	\$189.9	\$205.8	\$205.8
* Output	Number of teacher preparation programs available at New Mexico community college sites	4	4	4	4	4
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	43.5%	44.1%	45%	45%	45%
* Outcome	Number of undergraduate transfer students from two-year colleges	628	531	750	925	925

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of new students taking nine or more credit hours successful after three years	60.3%	63.9%	65%	65%	65%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	8.7%	9.1%	14%	14%	14%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.3%	71%	69.5%	71.5%	71.5%
Outcome	Percent of Hispanic students enrolled	31.4%	34.5%	33%	36%	36%
Outcome	Percent of Native Americans graduates	4.2%	4.0%	4.8%	4.8%	4.8%
Output	Number of students enrolled in the adult basic education program	563	536	675	600	600
* Output	Number of students enrolled in the small business development center program	575	449	725	575	575
Efficiency	Percent of programs having stable or increasing enrollments	66.7%	71.9%	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	75%	77.1%	79.5%	79.8%	79.8%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.5%	86.8%	83%	87.5%	87.5%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	62.6%	50.9%	65%	55%	65%
* Outcome	Percent of graduates placed in jobs in New Mexico	81%	82.3%	82%	85%	85%
Outcome	Percent of Hispanic students enrolled	43.5%	45%	45%	47%	47%
Outcome	Percent of Hispanic graduates	35.2%	36.2%	42.5%	40%	40%
* Output	Number of students enrolled in the contract training program	300	n/a	350	350	350
Output	Number of students enrolled in concurrent enrollment	623	701	625	625	700
Efficiency	Percent of programs having stable or increasing enrollments	64.4%	75.9%	68%	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	63.1%	69%	71%	71%	71%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	90%	90.3%	90%	90%	90%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50.6%	50.1%	46%	47%	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	6.8%	6.6%	15%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	73.8%	73.9%	77%	77%	77%
Outcome	Percent of males enrolled	42.6%	43%	45%	45%	45%
Outcome	Percent of Hispanic graduates	61.6%	62.1%	61%	61%	61%
Output	Number of students enrolled in the contract training program	1,222	1,577	1,500	1,500	1,500
* Output	Number of students enrolled in the adult basic education program	5,427	5,387	5,000	5,000	5,300
Efficiency	Percent of programs having stable or increasing enrollments	89.4%	60.4%	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	81.5%	82.6%	81%	81%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	88.5%	92%	85%	86%	90%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	51.9%	51.2%	53%	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	24.7%	24.7%	25%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	74.5%	72.8%	76%	74%	76%
Outcome	Percent of Hispanic students enrolled	35.7%	38%	33%	33%	37%
Outcome	Percent of Native American graduates	43.2%	42.7%	36%	36%	42%
Output	Number of students enrolled in the adult basic education program	444	485	360	400	440
* Output	Number of students enrolled in the community services program	500	650	550	550	600
Efficiency	Percent of programs having stable or increasing enrollments	77.8%	79.4%	78%	78%	78%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77.9%	76%	78%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	87%	90.2%	88%	88%	88%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of Native American students enrolled	4.8%	7.9%	4%		
Output	Total number of baccalaureate degrees awarded	335	302	330	330	330
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	44.6%	45.3%	53%	53%	53%
Output	Number of students enrolled in extended services	1,190	1,324	1,100	1,100	1,200
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	92.5%	95.2%	90%	90%	90%
* Outcome	Percent of total funds generated by grants and contracts	17%	22%	16%	18%	19%
* Output	Number of undergraduate transfer students from two-year colleges	438	492	450	450	450
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	21.4%	18.6%	20%	20%	20%
Outcome	Number of enrolled Native American students among all degree-seeking undergraduates as of fall census date	140	162	170	170	170
Outcome	Percent of first time, full-time, degree-seeking students still enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two- or four-year degree)	59.4%	56.8%	58%	58%	58%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of entering first-time, full-time freshmen who are Native American	1.2%	3%	1.5%		
Outcome	Percent of first-time full-time, degree-seeking students enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two- or four- year degree)	61.8%	54.4%	58%	58%	58%
Output	Total number of baccalaureate degrees awarded	185	176	180	180	180
* Outcome	Percent of full-time, degree seeking, first-time freshmen retained to second year	48.3%	52.2%	53%	53%	53%
Output	Number of courses available through instructional television and online via the internet	284	304	300	515	515
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	5.7%	10.2%	3-5%	3-5%	3-5%
* Output	Number of graduates from the school of education	136	143	150	150	150
* Outcome	External dollars to be used for programs to promote student success, in millions	\$2.9	\$2.8	\$3	\$3	\$3
* Output	Number of undergraduate transfer students from two-year colleges	179	167	170	170	170
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	23.3%	19.4%	22%	20%	22%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Percent of enrolled Hispanic and Native American students among all degree-seeking undergraduates as of fall census date	50.3%	53%	55%	55%	55%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of Hispanic first-year students enrolled	169	207			
Outcome	Percent of first-time, full-time, degree-seeking students still enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two- or four-year degree)	63.01%	63.8%	64.0%	64%	64%
Output	Total number of baccalaureate degrees awarded	496	570	533	530	530
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	59.5%	61.2%	61.5%	62%	62%
Output	Number of internet-based courses offered	311	421	425	500	500
* Outcome	External dollars supporting research and student success, in millions	\$7.4	\$5.2	\$8	\$6	\$6
* Output	Number of undergraduate transfer students from two-year colleges	437	551	430	575	575
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	28.5%	29.2%	34%	34.5%	34.5%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience	95.5%	95.8%	95%	95%	95%
Outcome	Percent of enrolled Hispanic students among all degree-seeking undergraduates as of fall census date	29.56%	28.58%	29%	33%	33%

ENMU ROSWELL BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	47.2%	45.4%	49%	46%	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	17.5%	16.8%	14.5%	15%	16%
* Outcome	Percent of graduates placed in jobs in New Mexico	67.7%	68.3%	68%	68%	68%
Outcome	Percent of males enrolled	45.9%	46%	46.8%	46.9%	46.9%
Outcome	Percent of male graduates	61.8%	58.3%	55%	55%	58%
Output	Number of students enrolled in the concurrent enrollment program	892	1,029	700	750	750
Output	Number of students enrolled in the distance education program	2,892	3,024	2,300	2,400	3,000
* Efficiency	Percent of programs having stable or increasing enrollments	51.9%	58.1%	55%	56%	56%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.3%	75.9%	75.9%	76%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	81.3%	83%	75%	76%	80%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.3%	49.3%	54%	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	3.7%	5.7%	20%	20%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	79.3%	74.6%	78%	78%	78%
Outcome	Percent of Hispanic students enrolled	24.5%	25.5%	25%	25.5%	25.5%
Outcome	Percent of Hispanic student graduates	27.8%	29.4%	28%	28.5%	28.5%
Output	Number of students enrolled in adult basic education	583	426	500	500	500
Output	Number of students enrolled in the contract training program	1,086	1,050	775	850	1,000
* Output	Percent of programs having stable or increasing enrollments	72.9%	74.1%	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	66.7%	67%	64%	65%	66.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	90.2%	92.6%	90%	91%	91%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	101	109	100	100	100
Output	Total number of degrees awarded	303	308	300	300	300
* Outcome	Percent of first-time freshmen retained to sophomore year	70.7%	71.7%	75%	75%	75%
Output	Number of students enrolled in distance education courses	493	674	500	500	550
* Output	Number of students registered in master of science teaching program	150	160	170	170	170
* Outcome	External dollars for research and creative activity, in millions	\$86	\$87	\$85	\$85	\$85
* Output	Number of undergraduate transfer students from two-year colleges	41	40	40	40	40

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	45.3%	45.4%	50%	50%	50%
Outcome	Percent of enrolled Native American and Hispanic students among all degree-seeking undergraduates as of fall census date			28%	28%	28%
Outcome	Number of second-year students who are still enrolled two fall semesters later or have completed a degree (two- or four-year degree)	54.71%	56.89%	58%	58%	58%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	67%	57.5%	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	7.4%	6.8%	15%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	73.5%	85%	73%	75%	80%
Outcome	Percent of Native Americans enrolled	8.4%	8.2%	9.5%	9.5%	9.5%
Outcome	Percent of Native American graduates	7.2%	7%	9.5%	9.5%	9.5%
* Output	Number of students enrolled in the adult basic education program	451	382	450	450	450
Output	Number of students enrolled in the concurrent enrollment program	261	265	300	300	300
Efficiency	Percent of programs having stable or increasing enrollments	62.8%	60.9%	62%	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	76.9%	76.9%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	81.9%	91.2%	82%	85%	85%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	52.9%	52.8%	54%	53%	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	8.4%	9.1%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	78.6%	77.1%	79%	78%	79%
Outcome	Percent of Hispanic students enrolled	33.8%	34.2%	43%	42%	42%
Outcome	Percent of Hispanic graduates	43.5%	42.6%	46%	44%	46%
Output	Number of students enrolled in the adult basic education program	2,029	1,723	2,100	2,000	2,000
* Output	Number of students enrolled in the contract training program	3,012	3,290	3,350	3,350	3,350
Efficiency	Percent of programs having stable or increasing enrollments	69.1%	76.5%	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	79.5%	79.4%	80%	79%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	87.5%	88.8%	88%	87%	88%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50.6%	52.4%	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	8.4%	7.7%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.4%	78.7%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	40.8%	40.6%	42%	42%	42%
Outcome	Percent of Hispanic graduates	39.6%	40%	40%	41%	41%
* Output	Number of students enrolled in distance education program	7,873	10,077	6,500	8,500	9,000
Output	Number of students enrolled in concurrent enrollment program	1,635	1,818	1,400	1,700	1,800
Efficiency	Percent of programs having stable or increasing enrollments	70.1%	76.8%	85%	85%	85%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77.9%	79.7%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	91.2%	92.9%	92%	93%	93%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	46.4%	41.1%	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	14.6%	15.8%	25%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	89.2%	87.8%	90%	90%	90%
Outcome	Percent of white students enrolled	13.8%	14.4%	16%	16%	16%
Outcome	Percent of male graduates	22.8%	22.9%	25%	25%	25%
Output	Number of students enrolled in the health education center program	3,081	4,057	3,100	4,000	4,000
* Output	Number of students enrolled in the small business development center program	356	361	400	400	400
Efficiency	Percent of programs having stable or increasing enrollments	60.1%	61.6%	70%	70%	70%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	69.1%	67.9%	80%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	94.7%	95%	95%	95%	95%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	51.6%	51.4%	51.7%	51.5%	51.7%
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	21.1%	18.3%	21.2%	21.2%	21.2%
* Outcome	Percent of graduates placed in jobs in New Mexico	58.5%	47.7%	58.6%	47.8%	58.6%
Outcome	Percent of Hispanic students enrolled	35.4%	35.8%	35.5%	35.9%	35.9%
Outcome	Percent of female graduates	28.1%	25.3%	28.2%	25.4%	30%
Output	Number of students enrolled in the adult basic education program	183	124	184	125	184
* Output	Number of students enrolled in the small business development center program	65	75	66	76	76
Efficiency	Percent of programs having stable or increasing enrollments	80%	88.9%	81%	89%	89%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	64.6%	67.8%	64.7%	67.9%	67.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.7%	81.7%	78.8%	81.8%	81.8%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	58.6%	61.7%	60%	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	24.1%	18.2%	33%	33%	33%
* Outcome	Percent of graduates placed in jobs in New Mexico	72.4%	75.8%	75%	75%	75%
Outcome	Percent of Hispanic students enrolled	39.7%	38.8%	39%	39%	39%
Outcome	Percent of Hispanic graduates	40.1%	42.1%	45%	45%	45%
Output	Number of students enrolled in the area vocational school program	320		400		400
* Output	Number of students enrolled in distance education program	15,412	18,548	15,000	17,000	17,000
Efficiency	Percent of programs having stable or increasing enrollments	62.9%	65%	82%	82%	82%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	61.8%	62%	73.5%	73.5%	73.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83.3%	85.7%	85%	85%	85%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	63.2%	66.3%	64%	67%	67%
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	12.2%	10.7%	13%	11%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	66.6%	72.6%	67%	67%	67%
Outcome	Percent of Native Americans enrolled	30.7%	28.7%	28%	29%	29%
Outcome	Percent of Native American graduates	23.8%	25.3%	24%	25.5%	25.5%
Output	Number of students enrolled in the community services program	3,396	2,580	3,500	2,910	3,000
* Output	Number of students enrolled in the service learning program	621	733	650	675	675
* Efficiency	Percent of programs having stable or increasing enrollments	64.8%	72.8%	65%	73%	73%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.4%	76.8%	76%	77%	77%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75%	82.8%	76%	76%	78%

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	63.9%	51.4%	71%	60%	71%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	8.7%	16.8%	12%	12%	14%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.3%	72.2%	72%	72%	72%
Outcome	Percent of Hispanic students enrolled	27.8%	27.5%	30%	30%	30%
Outcome	Percent of Hispanic graduates	33%	32.6%	32%	32%	32%
Output	Number of students enrolled in the distance education program	1,998	2,895	1,400	1,400	2,400
* Output	Number of students enrolled in the concurrent enrollment program	736	815	650	633	800
Efficiency	Percent of programs having stable or increasing enrollments	56.3%	64.8%	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	74%	70.6%	79%	74%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	87.1%	85%	87%	87%

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Output	Percent of full-time-equivalent capacity enrolled each fall term	86%	86%	96%	96%	96%
* Outcome	American college testing composite scores for graduating high school seniors	21.7	21.0	22.1	22.1	22.1
Outcome	Senior reserve officer training corps percent of early commissioning program commissions	81%	85%	85%	85%	85%
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	60.2	57.9	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	58.2	56.6	58.3	58.3	58.3
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	63		64		64
* Efficiency	Percent of legislative scholarships (Knowles) awarded	94%	92%	100%	85%	100%
Efficiency	Total annual cost of attendance	\$8,696	\$9,128	\$8,700	\$9,128	\$9,128

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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Quality	Percent of parents' rating of overall quality of services as good or excellent based on annual survey	93%		91%	91%	91%
* Output	Number of students receiving direct services through a full continuum of services	1,258		1,278	1,278	1,278
Outcome	Increase number of contacts with outside agencies	185		85	85	85

NEW MEXICO SCHOOL FOR THE DEAF

The purpose of the New Mexico school for the deaf 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of students in kindergarten through twelfth grade demonstrating academic improvement across curriculum domains	68%	90%	75%	75%	80%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	100%	90%	100%	100%	100%
* 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	93%	85%	93%	93%	93%
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	80%	72%	80%	80%	80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	96.2%	98.2%	90%	96%	96%
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies	11	8	11	11	11
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	100%	77.7%	100%	100%	100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	100%	100%	100%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY12

(dollars in thousands)

	ADJUSTED FY11 APPROPRIATION	FY 12 PED REQUEST	FY 12 LFC RECOMMENDATION
School Year 2010-2011 Initial Unit Value (combined)= \$3,712.45			
1 PROGRAM COST	\$2,171,012.2	\$2,255,050.1	\$2,255,050.1
2 State Fiscal Stabilization Fund (American Recovery and Reinvestment Act)	(\$23,898.0)		
3 Replace Federal Fiscal Stabilization Funds	\$164,700.0	\$88,767.6	\$88,275.6 ¹
4 Adjustment for Laws 2010, Chapter 6, Section 10 0.544% Sanding of SEG	(\$12,407.6)		
5 Adjustment for Laws 2010, Chapter 6, Section 14 Executive Reduction to SEG	(\$73,597.3)		
6 ENROLLMENT GROWTH	\$14,016.9	\$10,573.0	\$4,500.0
7 FIXED COSTS	\$3,723.9	\$3,880.0	
8 INSURANCE COSTS	\$11,500.0	\$2,536.0	
9 Correct formula inefficiencies. (Statute Change Required)			(\$21,500.0)
10 PUBLIC SCHOOL EMPLOYEE COMPENSATION:			
11 Eliminate one non-instructional day			(\$12,193.3)
12 Increase in Employer's ERB Contribution (2.25 percent)		\$35,061.6	
13 Increase in RTW ERB Contribution (9.4 percent) (Statutory Change Required)			(\$4,860.5)
14 Assessment and Test Development-School District Costs		\$4,239.2	
15 PROGRAM COST	\$2,255,050.1	\$2,400,107.5	\$2,309,271.9
16 Dollar Increase/Decrease Over Prior Year Appropriation	\$84,037.9	\$145,057.4	\$54,221.8
17 Percentage Increase	3.9%	6.4%	2.4%
18 LESS PROJECTED CREDITS	(\$59,400.0)	(\$62,400.0)	(\$72,900.0)
19 LESS OTHER STATE FUNDS (from driver's license fees)	(\$850.0)	(\$850.0)	(\$850.0)
20 STATE EQUALIZATION GUARANTEE	\$2,194,800.1	\$2,336,857.5	\$2,235,521.9
21 Dollar Increase/Decrease Over Prior Year Appropriation	\$89,037.9	\$142,057.4	\$40,721.8
22 Percentage Increase	4.2%	6.5%	1.9%
23 CATEGORICAL PUBLIC SCHOOL SUPPORT			
24 TRANSPORTATION			
25 Operational (includes 1.5% employer/employee contribution switch for ERB)	\$83,049.3	\$82,903.0	\$82,339.0
26 Rental Fees (Contractor-owned Buses)	\$11,578.2	\$11,724.4	\$11,724.4
27 Increase in Employer's ERB Contribution (2.25 percent)		\$476.8	
28 TOTAL TRANSPORTATION	\$94,627.5	\$95,104.2	\$94,063.4
29 SUPPLEMENTAL DISTRIBUTIONS			
30 Out-of-state Tuition	\$333.0	\$346.0	\$346.0
31 Emergency Supplemental	\$1,924.6	\$1,989.1	\$1,924.6
32 INSTRUCTIONAL MATERIAL FUND	\$14,603.2	\$15,092.8	\$15,092.8
33 DUAL CREDIT TEXTBOOK FUND	\$962.3	\$962.3	\$812.3
34 EDUCATIONAL TECHNOLOGY FUND		\$1,000.0	
35 INDIAN EDUCATION FUND	\$1,924.6	\$1,924.6	\$1,924.6 ²
36 TOTAL CATEGORICAL	\$114,375.0	\$116,419.0	\$114,163.7
37 TOTAL PUBLIC SCHOOL SUPPORT	\$2,309,175.1	\$2,453,276.5	\$2,349,685.6
38 Dollar Increase/Decrease Over Prior Year Appropriation	\$78,745.9	\$144,101.4	\$40,510.5
39 Percentage Increase	3.5%	6.2%	1.8%

¹ The LFC recommendation for FY12 includes the replacement of \$23.9 million in federal funds from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act used in FY11 to offset general fund reductions and \$64.4 million in federal Educations Jobs Fund.

² The LFC recommendation for FY12 includes \$300 thousand for Teach for America.

	ADJUSTED FY11 APPROPRIATION	FY 12 PED REQUEST	FY 12 LFC RECOMMENDATION
40 RELATED APPROPRIATIONS: RECURRING (to PED unless otherwise noted)			
41 Public Education Department	\$13,955.4	\$14,331.7	\$12,469.3
42 Regional Education Cooperatives Operations	\$938.1	\$938.2	\$567.2
43 EARLY CHILDHOOD EDUCATION			
44 Kindergarten-three Plus	\$5,292.6	\$5,292.6	\$5,292.6
45 Pre-kindergarten Program	\$5,292.6	\$5,292.6	\$6,292.6
46 EDUCATOR QUALITY			
47 Summer Reading, Math and Science Institutes	\$158.8	\$158.8	
48 NEW MEXICO CYBER ACADEMY/INNOVATIVE DIGITAL EDUCATION AND LEARNING (IDEAL)			
49 New Mexico Cyber Academy	\$685.2	\$2,285.0	
50 SCHOOL FINANCE			
51 OBMS/STARS Hosting and Operational Costs	\$673.6	\$673.6	
52 STUDENT ACHIEVEMENT			
53 Advanced Placement	\$541.8	\$541.8	
54 After School Enrichment Program/Twenty-First Century Community Learning Centers	\$144.3	\$144.3	
55 Apprenticeship Assistance	\$192.5	\$192.4	\$192.4
56 STUDENT HEALTH, SAFETY AND WELL-BEING			
57 Breakfast for Elementary Students	\$1,924.6	\$1,924.6	\$1,924.6
58 GRADS - Teen Pregnancy Prevention	\$288.7	\$288.7	
59 Athletics Equity Act		\$25.0	
60 TOTAL RELATED APPROPRIATIONS: RECURRING	\$30,088.1	\$32,089.3	\$26,738.7
61 GRAND TOTAL	\$2,339,263.3	\$2,485,365.8	\$2,376,424.3
62 Dollar Increase/Decrease Over Prior Year Appropriation	\$63,183.9	\$146,102.5	\$37,161.0
63 Percentage Increase	2.8%	6.2%	1.6%

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:

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. As part of 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. School districts may spend formula dollars according to local priorities; however, they must comply with statutory requirements and relevant PED directives.

The department request for program cost of \$2.4 billion included a \$145.1 million, or 6.4 percent increase over the adjusted FY11 appropriation. This amount included \$88.8 million to replace federal fiscal stabilization funds, \$23.9 million of which was used to replace general fund in FY11, and \$64.9 million in federal education jobs fund, including \$500 thousand retained by the department. The department request also included \$10.6 million for enrollment growth, \$3.9 million for fixed costs (e.g. energy and utility costs, maintenance and repair of buildings and grounds, and general materials and supplies), \$2.5 million for increased insurance costs, \$35.1 million to fund a 2.25 percent increase in the employer's ERB contribution, and \$4.2 million for district assessment and test development.

The LFC program cost recommendation is \$2.3 billion, an increase of \$54.2 million, or 2.4 percent over the adjusted FY11 general fund appropriation. The program cost recommendation includes \$88.3 million to replace \$23.9 million of federal fiscal stabilization funds used in the FY11 appropriation and \$64.4 million in education jobs fund. The recommendation includes \$4.5 million to fund enrollment growth. Reductions of \$38.6 million are assumed in the program cost recommendation: \$21.5 million to account for formula changes to correct formula inefficiencies and unit dilution, \$12.2 million to eliminate one noninstructional day, and \$4.9 million to decrease the employer's liability to pay the employee portion of the education retirement board (ERB) contribution for return to work (RTW) employees. All of these adjustments should minimize direct impact on classroom funding.

The recommendation assumes a total of \$72.9 million in credits: \$56 million from federal impact aid, \$12.2 million from the local 0.5 mill levy, and \$4.7 million from federal forest funds. Of the increase, \$9 million is the result of increases in the operational portion of impact aid, \$500 thousand from increased property valuation statewide in FY10, and \$4 million from increased federal forest funds. For FY10, credits were estimated to be \$64.4 million. The actual amount received was \$76.2 million, of which \$11 million reverted to the general fund. 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 general fund recommendation is \$2.2 billion, or a 1.9 percent increase from the adjusted FY11 general fund appropriation.

Recent committee program evaluations of school districts and charter schools, budget recommendations and interim research and analysis have identified various means by which "unit chasing" by districts and charter schools is rewarded by the funding formula. Unit chasing leads to a dilution of the unit value, and less funding distributed per unit. The recommendation assumes credit for \$21.5 million to correct for some of these inefficiencies. The following discussion reviews examples of formula adjustments to provide more targeted and equitable formula funding.

Small School and Small District Units. Small school and small district units continue to lock in wasteful administrative practices that discourage districts and schools from taking advantage of economies of scale. For example, school districts and charter schools operate different school programs located in the same building, share administrators, teachers, educational assistants, and other support services, yet receive formula funding as two separate schools in order to generate size units. A number of districts operate within miles of each other and in one case within the same city. While LFC recognizes the importance of local autonomy and the importance of schools and districts to local communities, the state should not be expected to pay the extra administrative costs associated with operating artificially small schools and districts.

Special Education. According to the National Center for Education Statistics, New Mexico's rate of identifying special education students is historically above the national average. Funding for these programs is determined by multiplying the number of eligible members times the unit weight and the unit value. Currently, an unlimited number of students can be identified as needing special education services, leading to what appears to be over-identification in some districts. The committee recommends the Legislature establish special education funding criteria that eliminate the need to identify children in particular special education categories, and sets a fixed identification rate, removing fiscal incentives to over-identify special education students.

Ancillary Services. Ancillary services, also called related services, are provided to special education students, and include occupational therapy, physical therapy, speech-language therapy, and diagnostic service personnel. Ancillary service personnel are funded through the formula at 25 units per FTE. In addition, these units are multiplied by a district's training and experience (T&E) index, generating as much as 30 percent more per FTE depending on district staff. Calculation of an individual employee's related service FTE is not contained in statute or regulation and results in districts hiring more ancillary service personnel than needed at maximum caseloads. The committee recommends the Legislature consider statutory changes to clearly define ancillary staff eligible for funding through the formula, establish FTE calculation criteria, and consider removing related services from those base units multiplied by the T&E index, instead including them after program units are adjusted for T&E.

Cost-Effectiveness of 12th Grade and Dual Credit. The funding formula applies the largest cost differential factor to 12th grade to determine base program for 12th graders enrolled in at least one half of the minimum course requirements approved by PED. This is one of the most costly groups of students to educate, yet some students may already have achieved subject matter mastery or satisfied graduation requirements before their senior year. Dual credit double funding also continues to be of concern as the number of high school students enrolled in dual credit courses continues to increase. Both the school district or charter school where the student is enrolled and the institute of higher education are allowed to claim funding for the student. Legislative agencies and the University of New Mexico plan a performance review in 2011 reviewing this issue.

The Educational Retirement Board (ERB) return-to-work (RTW) program allows retirees to return to work and collect both a paycheck and a pension. Arguably, the program is needed for hard-to-fill teacher positions, such as math, science, and special education teachers. Statute requires the employer pay both the employer and employee ERB contribution, while changes made to the Public Employees Retirement Association (PERA) RTW program beginning in FY11 require the employee to make the employee's portion of the PERA contribution. The committee recommends shifting responsibility for the employee's ERB contribution to the employee for a savings of \$4.9 million. This would affect approximately 1,100 RTW employees.

On average, districts build 5.8 professional development days into annual calendars, and charter schools build 10 into annual calendars. These days are negotiated in teacher contracts and are paid for by the district out of the SEG distribution. Professional development days are noninstructional days used to provide ongoing educational opportunities to educators meant to increase educator effectiveness, raise student achievement, and close the achievement gap; however, much of the anticipated outcomes have not been realized. The committee recommendation eliminates funding for one noninstructional day, resulting in a \$12.2 million reduction in the program cost recommendation.

Specific recommendations are as follows:

Fiscal year 12 funding is based on an average of 80th and 120th day enrollment for FY11 except for those districts and charter schools with membership growth greater than 1 percent. These districts and charter schools receive 0.5 units per member for all growth, provided the 1 percent threshold has been met, and an additional 1.5 units per member over 1 percent. The committee recommendation includes \$4.5 million for enrollment growth. These costs should be reevaluated prior to the 2011 legislative session when more current information will be available.

A recent LFC evaluation noted that charter schools disproportionately benefit from funding student population growth under the current funding formula because of their very small size. The department estimates that charter schools will generate approximately 75 percent of growth funding in FY12 for what is generally planned growth. In some instances, an increase in only one student qualifies a charter school for enrollment growth units. The committee recommends the Legislature clarify the growth required to qualify for additional units based on the size of the school district or charter school.

The department request includes \$3.9 million for fixed costs (e.g. energy and utility costs, maintenance and repair of buildings and grounds, and general materials and supplies increases) based on a consumer price index of 1.8 percent. Similar to budget development for all other state government programs, the recommendation does not include funding for fixed cost increases and inflation.

The department requested \$2.5 million to cover insurance increases in FY12. The committee does not recommend funding for insurance increases in FY12. The New Mexico Public School Insurance Authority (NMPSIA) did not request funding for insurance increases in FY12. NMPSIA made plan changes during FY11 and will not need to make plan changes or increase premiums for FY12. Albuquerque Public Schools (APS) requested \$4.7 million to provide for the employer's share of increased insurance premiums for members, including a 4.7 percent increase for medical insurance, an 8.6 percent increase for vision insurance, and a 10 percent increase for life and disability insurance. Because insurance funding is distributed through the funding formula, APS has historically received more insurance funding than it has requested. The committee notes the district is projecting cash balances in its insurance accounts of \$8.6 million at the end of December 2011 and recommends the district use these balances to offset insurance increases for its employees.

Categorical Public School Support.

The committee recommends a number of measures be taken to reprioritize categorical appropriations to protect program cost and minimize the impact on districts and charter schools. The recommendation includes \$114.2 million for categorical expenditures, a \$200 thousand decrease from the adjusted FY11 appropriation. 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 covers operational costs and rental and lease fees for buses. The committee recommends \$94.1 million. The transportation recommendation assumes extension of the 1.5 percent ERB swap, in which the employee is making 1.5 percent of the employer's required contribution.

The annual adoption of instructional materials follows a six-year cycle in all core curriculum areas. The FY12 adoption is scheduled for K-12 science, health education, and physical education. 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 department reverted \$361 thousand from the dual credit instructional materials fund in FY10. The committee recommends \$15.9 million for instructional materials and dual credit instructional materials and urges districts to maximize the use of remaining federal stimulus funding for Title I, the program for low-income students, and IDEA-B, the special education program, to purchase instructional materials as per the adoption cycle.

Balances in the Indian education fund continue to be high, approximately \$2.9 million at the end of FY10. In previous years, balances remaining in the fund at the end of the fiscal year have been in excess of \$3.5 million annually. For FY11, the division budgeted \$4.6 million, including \$2.2 million transferred through the budget adjustment request process, effectively depleting the fund balance. This is a 27 percent increase over the division's FY10 budget. The committee urges the department to ensure fund balances are available to use in FY12. The FY12 request for Indian education was \$1.9 million. The division appears to be moving funding with more ease, though the division's prioritization of spending should be reviewed, particularly given the division does not support continuation of programs that show substantial annual gains in student achievement. The committee recommends \$1.9 million for Indian education, including \$300 thousand for a nonprofit organization that provides teaching support in schools with a high proportion of Native American students. Teach for America has provided this support for FY10 and FY11. During FY10 Teach for America produced student achievement gains above the state average. For FY12, the committee would urge the selected vendor to consider placing teachers for more than two years and to recruit teachers from within New Mexico.

Recognizing the ongoing need for emergency supplemental funding, the recommendation includes \$1.9 million for FY12. Historically, small districts have been primary users of these funds; however, a growing number of large districts are applying for supplemental assistance. In addition to ongoing concerns regarding the number of districts with late annual audits applying for emergency supplemental, districts with large year-end cash balances are also applying for and receiving emergency supplemental assistance. It is unclear how PED evaluates a district's cash position in order to approve or disapprove emergency requests and what criteria PED uses to determine whether allocating emergency supplemental is warranted. The committee urges the Legislature to consider requiring districts to be in compliance with the audit act to qualify for emergency supplemental funds and only allowing emergency supplemental funding to districts with emergency and operational cash balances less than 50 percent of those allowable by Section 22-8-41 NMSA 1978.

Related Appropriations.

Categorical or earmarked appropriations are problematic in that they tend to dis-equalize school funding and divert resources away from core educational needs, as well as dilute funding that would normally be directed into the SEG. With the current economic climate, recommended funding for individual categorical initiatives is limited to targeted statewide programs, including prekindergarten, the kindergarten-three-plus program, elementary breakfast, and apprenticeship assistance.

The department requested \$16.8 million in related appropriations, a \$1.6 million increase over the adjusted FY11 appropriation. The committee recommends \$13.7 million in related appropriations, a decrease of \$1.5 million, or 9.8 percent, from the adjusted FY11 appropriation.

The kindergarten-three-plus program is in its fourth year and continues to demonstrate success in addressing the achievement gap. Districts implementing the program note 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. Utah State University was awarded a \$15 million federal grant that required a \$5 million private match, to study the effectiveness of the program. The five-year study will follow two cohorts of students to analyze the effect of the program on student achievement. Recognizing the significant impact of this program on improved student achievement through increased time on task, the committee recommends funding of \$5.3 million from the general fund.

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 FY11 appropriation included \$1 million from the public prekindergarten fund and \$1.5 million from the Temporary Assistance for Needy Families (TANF) grant that will not be available for the prekindergarten program in FY12. The committee recommends funding of \$6.3 million, an increase of \$1 million from the general fund, to account for the loss of fund balance and federal funds in FY12.

Additional recommendations include \$1.9 million for breakfast for elementary students and \$192 thousand for apprenticeship assistance.

RECOMMENDED LANGUAGE:

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2012.

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 2011-2012 school year and then, upon verification of the number of units statewide for fiscal year 2012 but no later than January 31, 2012, 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 education 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 secretary of public education, in collaboration with the department of finance and administration, office of education accountability, shall ensure all principals and assistant school principals have been evaluated under the highly objective uniform statewide standards of evaluation and have the professional competencies to serve as a principal or assistant principal. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any principal or assistant principal who has not been evaluated.

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 of public education shall annually determine the programs and the consequent numbers of students in elementary physical education that will be used to calculate the number of elementary physical education program units.

For the 2011-2012 school year, the state equalization distribution includes 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".

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.

Categorical Distributions:

Prior to the distribution of emergency supplemental funds to any public school district or charter school, the secretary of public education shall verify with the New Mexico state auditor that the school district or charter school is in compliance with all provisions of Section 12-6-12 NMSA 1978 and Chapter 2.2.2 NMAC. No emergency supplemental distributions shall be made to any school district or charter school not current with its audits.

Prior to the distribution of emergency supplemental funds to any public school district or charter school, the secretary of public education shall verify that the school district or charter school had no more than fifty percent of allowable emergency fund balance carried forward from the previous fiscal year pursuant to paragraph B of Section 22-8-41 NMSA 1978 and no more than fifty percent of allowable operational fund balance carried forward from the previous fiscal year pursuant to paragraph C of Section 22-8-41 NMSA 1978. No emergency supplemental distributions shall be made to any school district or charter school that has carried forward from the previous fiscal year more than fifty percent of the amount allowable pursuant to Section 22-8-41 NMSA 1987.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2012 from appropriations made from the general fund shall revert to the general fund.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2012 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 Mineral Lands Leasing Act (30 USCA 181, et. seq.) receipts.

The general fund appropriation to the public education department for the Indian Education Act includes three hundred thousand (\$300,000) for a nonprofit organization that provides teaching support in schools with a high proportion of Native American students.

Public Education Special Appropriations:

The general fund appropriation to the public education department for the prekindergarten program and the kindergarten-three-plus program shall be used only for direct instruction, transportation and approved administrative costs.

Any unexpended balances in the special appropriations to the public education department remaining at the end of fiscal year 2012 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>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>	<u>FY12 Request</u>	<u>FY12 Recomm</u>
* Outcome	Percent of fourth grade students who achieve proficiency or above on the standards-based assessment in reading	52%	51.4%	74%	65%	78%
Outcome	Percent of fourth grade charter school students who achieve proficiency or above on the standards-based assessments in reading					78%
* Outcome	Percent of fourth grade students who achieve proficiency or above on the standards-based assessment in mathematics	42%	45.4%	67%	50%	77%
Outcome	Percent of fourth grade charter school students who achieve proficiency or above on the standards-based assessments in mathematics					77%
* Outcome	Percent of eighth grade students who achieve proficiency or above on the standards-based assessment in reading	62%	60.5%	72%	65%	76%
Outcome	Percent of eighth grade charter school students who achieve proficiency or above on the standards-based assessments in reading					76%
* Outcome	Percent of eighth grade students who achieve proficiency or above on the standards-based assessment in mathematics	42%	39.2%	63%	40%	74%
Outcome	Percent of eighth grade charter school students who achieve proficiency or above on the standards-based assessments in mathematics					74%
Outcome	Number of schools making adequate yearly progress according to Elementary and Secondary Education Act designation	261	193	300		300
Outcome	Number of schools identified as needing improvement according to Elementary and Secondary Education Act designations	508	547	400	400	400
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	40.1%	47.1%	40%	40%	40%
Outcome	Percent of public school students habitually truant	12.5%	16.7%	12%	12%	12%
Outcome	Percent of elementary public school students habitually truant					3%
Outcome	Percent of middle public school students habitually truant					10%
Outcome	Percent of high school public school students habitually truant					12%
Outcome	Percent of students in full-day kindergarten meeting benchmark for phoneme segmentation fluency		82.39%	65%	65%	85%
Outcome	Percent of kindergarten through third grade students scoring at benchmark on reading first assessments	70%	65%	70%	N/A	70%
Outcome	Percent of elementary students receiving physical education through the elementary physical education program funded through the public education department	50%	50%	50%		50%
Output	Number of innovative digital education and learning New Mexico courses completed by New Mexico school-age students	920	1,231	1,225	1,250	1,300
Output	Number of students in dual credit programs within New Mexico public high schools and postsecondary institutions		9,932	10,000	10,000	10,000
* Quality	Current year's cohort graduation rate using four-year cumulative method	66.1%	In Prog	80%		75%

PERFORMANCE MEASURES

		<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u> 80%	<u>FY12 Request</u> 80%	<u>FY12 Recomm</u>
Quality	Current year's cohort graduation rate using five-year cumulative method					
Quality	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	98.2%	99.5%	100%	100%	100%
Quality	Annual percent of core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	98.2%	99.2%	100%	100%	100%
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	88.3%	91.7%	93%	93%	93%
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	84.6%	85.7%	83%	83%	85%
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	79.7%	82.3%	85%	83%	85%
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students	100%	100%	100%	100%	
Explanatory	Number of American Indian language teachers, independent of the public education department, certified to teach native languages in the public schools		224	500	300	

NEW MEXICO FINANCE AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, created the New Mexico Finance Authority (NMFA) in 1992 as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA is able to use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by a 12-member board, 10 of whom are appointed by the governor. Managed through rules and policies and public and private partnerships, the authority administers 15 programs. The authority develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is empowered to monitor and oversee the operations of the authority.

MISSION:

The principle mission of NMFA is to assist qualified entities in financing capital equipment and infrastructure programs, including loans for transportation, water, economic development, and private lending. The authority meets its statutory mandate for financing state and local projects, including meeting its obligation to both the executive and legislative bodies.

TOTAL ASSETS:

NMFA oversees \$2.17 billion in total assets consisting of invested cash and loans receivable. Total assets include NMFA assets and assets of Governor Richardson's Investment Partnership program (GRIP I), which the authority manages for the New Mexico Department of Transportation. Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. Gross assets increased by \$300 million between FY2009 and FY2010. The revenue forecast for FY2011 is approximately \$151 million. Non-operational expenditures (bond and loan interest, bond issuance, contractual services, grants, depreciation, and contracts for service) total \$132.6 million.

BUDGET ISSUES:

The authority's general operating budget for FY2011 totals approximately \$8.6 million, an increase of 4.7 percent over FY2010 "actual" expenditures (\$8.2 million). The budget includes "potential" recurring expansion items totaling \$135 thousand and one-time capital expenditures totaling \$130 thousand. The authority attributes the expansion items to staffing the American Recovery and Reinvestment Act, a newly created Water Department to oversee all water programs administered by the authority, and the recent legislation creating the new colonias program within the authority. The authority had 43 authorized positions, of which five are currently vacant. The authority pays 100 percent for all health-related employee benefits and provides a money purchase retirement plan (403B) with mandatory participation—3 percent paid by the employee and a 15 percent match paid by the authority. For FY2011, salary increase eligibility was based on performance and maximized at 3 percent compared with 5 percent in FY2010. Approximately 60 percent of the authority's operational costs are related to PPRF. The authority does not budget "state general fund" appropriations for operating purposes. However, as an instrumentality of the state (Laws 2003, Chapter 273), NMFA is subject to the State Audit Act. The authority received an unqualified audit opinion on its financial statements for FY10.

PROGRAMS:

The authority currently administers 15 finance programs, but the most significant infrastructure loan program is the public project revolving fund (PPRF). PPRF is capitalized from an annual distribution equal to 75 percent of the net revenue of the state's governmental gross receipts tax (GGRT) deposited into PPRF. In the last five years, an average of \$20.8 million annually is deposited into PPRF. The authority leverages GGRT capital in PPRF, makes loans, and replenishes PPRF by issuing bonds. PPRF has evolved into a broader financier of state and local government credits for providing financial assistance to a greater diversity of entities and credits, thus helping PPRF attain higher bond ratings and lower costs of issuance thereby allowing the authority to offer a variety of program enhancements to its borrowers. The fiscal year ending cash balance for PPRF is \$59.7 million. In 2007, the NMFA board approved depositing \$20.7 million in a contingent liquidity account, and in 2010 deposited \$22.3 million into a "common debt reserve fund", leaving \$16.7 million available for loans from PPRF. According to NMFA, the reserve funds will provide additional security to bondholders and assurances to rating agencies of the fiscal soundness and integrity of the PPRF program and will provide liquidity for unforeseen extraordinary events or obligations of the authority. During the 2010 interim, LFC considered options to use a portion of PPRF undesignated balances to help address the state's persistent solvency issues.

EXPANSION:

Recurring expansion items for FY11 include financial advisor services for the newly created colonias program to take effect July 1, 2011. The colonias program will be capitalized by 5 percent of severance tax bond capacity as of January 15, 2012. The second item is for legal services for the conduit bond program authorized within the Statewide Economic Development Act in 2003. Nonrecurring capital items totaling \$130 thousand include document client database system, management software, private lending software, and furniture and fixtures.

NEW MEXICO FINANCE AUTHORITY

Consolidated Operating Budget - Sources & Uses Actual FY 2010, Budgeted FY 2010, Projected FY 2012

	Revised FYE 2010 Budget	Actual FYE 2010 Expenditures	FYE 2011 Budget	FYE 2012 Projected
<u>Sources - Operating Revenues</u>				
Administrative/Processing Fees	6,895,335	8,466,097	6,804,775	4,966,500
Interest in Investments	1,100,000	1,343,523	1,500,000	1,750,000
Interest on Loans	866,600	242,729	222,500	247,500
Federal Grant Revenue	553,582	369,123	500,000	380,000
Accumulated Admin Fees - PPRF Fund	-	-	-	1,819,218
Total Operating Revenues	9,415,517	10,421,472	9,027,275	9,163,218
<u>Operational Expenses</u>				
Personnel services*	3,015,245	2,858,245	3,026,111	3,334,689
Employee benefits	1,211,453	1,235,953	1,363,797	1,457,987
In-state travel	152,880	109,880	130,080	131,381
Maintenance/Repairs	36,500	31,500	34,865	34,865
Office supplies	52,335	42,335	50,258	50,258
Contractual services	3,409,377	3,016,377	2,922,294	2,863,848
Operating costs	953,723	887,723	998,602	1,018,574
Out-of state travel	103,050	56,050	100,610	101,616
Subtotal - Operational Expenses	8,934,563	8,238,063	8,626,617	8,993,218
<u>Operational Expenses - New Programs</u>				
Personnel & Benefits			85,000	75,000
Contractual Services			50,000	50,000
Capital Expenditures**			130,000	45,000
Subtotal - Operating Expenses - New Programs			265,000	170,000
TOTAL - OPERATIONAL EXPENSES			8,891,617	9,163,218

*Base amount includes new employees added for new programs from previous budget years.

**CAPITAL EXPENDITURES (Funded from beginning fiscal year cash balance of PPRF Program Fund)

NEW MEXICO MORTGAGE FINANCE AUTHORITY

STATUTORY AUTHORITY:

In 1975 the New Mexico Mortgage Finance Authority was created pursuant to the Mortgage Finance Authority Act in Sections 58-18-4 through 58-18-27 NMSA 1978 as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for persons and families of low or moderate income within the state.

MFA is governed by a seven-member board including the lieutenant governor, state treasurer, and state attorney general. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA. The Land Title Trust Fund Advisory Committee (Section 15-28-8 NMSA 1978) advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. Other advisory committees that advise MFA in carrying out its mission and vision include the New Mexico Housing Advisory Committee and the Housing Credit Allocation Review Committee.

MISSION:

MFA provides innovative policies, products, education, and services in collaboration with strategic partners to ensure all New Mexicans have access to affordable housing. The authority engages in self-sustaining practices to strengthen the social and economic development of New Mexico's communities and families by financing, developing, and preserving homes.

MANAGED GROSS ASSETS:

MFA manages more than \$3 billion in gross assets, consisting primarily of invested cash, mortgage-backed securities, loans receivable, low-income housing tax credits, private activity bond cap used to issue single and multi-family mortgage revenue bonds, and United States Housing and Urban Development (HUD) Section 8 properties.

BUDGET ISSUES:

MFA's fiscal year runs October 1, 2010, to September 30, 2011. The authority's general operating budget for FY11 totals \$12.7 million, an increase of 31 percent from the FY10 budget due to the increased costs associated with administering American Recovery and Reinvestment Act of 2009 programs. MFA is not a state agency and, therefore, does not receive an annual appropriation for operations. Rather, the state mandates the authority to generate its own funding to maintain operations and to carry out its affordable housing mission. The primary program funding sources available to MFA to carry out its statewide housing mission are interest income, mortgage revenue bond proceeds, and federal program fund administrative fees. MFA is experiencing a decline of its operational general fund attributed to loan and investment yields. About 2 percent of the authority's program revenue sources are funded by state appropriations and state tax credits. As an instrumentality of the state, MFA is subject to the State Audit Act.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Budget Summary (dollars in thousands)

	FY10 2009-2010 Operating Budget	FY10 2009-2010 Operating Budget Actuals	FY11 2010-2011 Operating Budget	FY12 2011-2012 Projected Operating Budget
SOURCES				
Interest on Loans	\$3,660.8	\$3,642.3	\$3,920.6	\$4,156.0
Housing Program Income	3,673.8	4,114.4	6,284.8	4,000.0
Bond Program Administrative Fees	2,571.7	2,514.5	2,174.5	2,305.0
Interest on Cash/Investments	1,341.0	870.5	1,312.0	1,000.0
Servicing Fees	304.9	345.0	322.6	342.0
Other Income	239.8	500.4	177.9	190.0
SOURCES TOTAL	\$11,792.0	\$11,987.1	\$14,192.4	\$11,993.0
USES				
Compensation (Salaries & Benefits)	\$5,575.4	\$5,387.8	\$5,714.5	\$6,060.0
Travel & Public Information	433.2	346.1	432.0	445.0
Office Expenses	535.1	520.0	557.7	574.0
Other Operating Expenses	1,653.5	1,118.3	1,792.6	1,846.0
Non-Operating Expenses (Training and Technical Assistance, Program Development and Capacity Building)	686.8	729.9	3,274.6	730.0
Capital Outlay & Servicing	87.7	72.9	96.5	99.0
Other (non-cash)	665.9	687.5	784.1	808.0
TOTAL USES	\$9,637.6	\$8,862.5	\$12,652.0	\$10,562.0
TOTAL FTE POSITIONS	68.0	69.8	70.75	70.75

NEW MEXICO MORTGAGE FINANCE AUTHORITY

PERFORMANCE MEASURES (dollars in millions)

	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Budget</u>
Average financial assets	\$1,645.8	\$1,650.2	\$1,632.2
Average assets under management	\$2,805.0	\$3,009.2	\$3,042.7
Funds disbursed through:			
Federal and state programs	\$42.8	\$89.4	\$77.7
MFA programs	\$6.2	\$8.7	\$15.0
General fund non-operating (capacity building)	\$.32	\$.73	\$3.3
Single-family first mortgage loans:			
Number of units purchased	1,313	1,451	1,225
Dollar of loans purchased	\$161.7	\$180.5	\$150.0
Multi-family loans and bonds closed and tax credits allocated:			
Number of units	2,228	2,855	900
Dollar of loans and subsidies	\$82.7	\$127.2	\$50.0
Housing programs:			
Homeless nights served	18,365	18,964	17,000
Single family homeowner rehab	2,135	2,913	4,193
Under compliance:			
Household units (avg)	20,319	20,936	23,856
Contracts/properties	534	488	484
Loans serviced:			
Number of loans (avg)	1,415	2,639	2,785
Dollar of loans (avg)	\$188.1	\$203.4	\$214.3

RENEWABLE ENERGY TRANSMISSION AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Renewable Energy Transmission Authority (RETA) Act, Section 62-16A-1 through 62-16A-15 NMSA 1978, created the New Mexico RETA to develop new transmission projects to promote renewable energy in New Mexico and to export it to its neighboring states. RETA is governed by an eight-member board and has oversight from the New Mexico Finance Authority Oversight Committee. RETA's primary focus is on developing renewable energy-related transmission infrastructure and energy storage projects.

RETA is composed of a board vested with the ability to issue revenue bonds to finance electric transmission projects that draw at least 30 percent of their energy from renewable sources. Under the act, three members of the board are appointed by the governor with the advice and consent of the Senate, one member is appointed by the Speaker of the House of Representatives, and one member is appointed by the president pro tem of the Senate. Statutorily, the other members are the State Investment Officer or designee, the State Treasurer or designee, and the cabinet secretary for the Department of Energy, Minerals and Natural Resources, a nonvoting member.

MISSION:

The New Mexico RETA is the nation's first state-level financing authority whose primary focus is on developing renewable energy-related transmission infrastructure. Through RETA, New Mexico is taking action to address global climate change by assisting the development of energy sources that will reduce greenhouse gas emissions and lessen dependency on foreign sources of fuel. At the same time, RETA activity will increase economic development opportunities for businesses and landowners.

BUDGET ISSUES:

As a quasi-governmental, 3-FTE agency, RETA's budget was composed of prior-year general fund appropriations to the Energy, Minerals and Natural Resources Department (EMNRD) transferred to the agency's operating account. A total of \$1 million was appropriated from the general fund through the Energy, Minerals and Natural Resources Department for FY08 and FY09 that essentially constituted start-up funds for RETA. An additional \$500 thousand from the general fund was appropriated for FY10 for a total of \$1.5 million from the general fund for RETA operating expenses. These funds are deposited in the nonreverting renewable energy transmission authority operating fund.

The annual operating expenses have been approximately \$565 thousand and the agency anticipates that FY12 budget requirements will be approximately \$594 thousand; however, the agency has indicated it will not pursue support from the general fund for FY12, instead using existing cash balances, estimated to be \$700 thousand at the end of FY11 and \$116 thousand at the end of FY12. These balances are predicated on project fees of \$550 thousand earned from a bond issuance for the High Lonesome Mesa wind turbine project in Torrance County. There was a complaint filed that included a request to invalidate the transmission rights of the High Lonesome Mesa project. This made the bonds difficult to sell because the revenue stream was jeopardized by the uncertain transmission rights. It seems unlikely the complaint action will be successful but the project fees are not available to RETA until the bonds sell. In the event the \$550 thousand in fees do not accrue, insufficient funds for FY12 would put the RETA financial and operating future in question. Even if the fees are earned by RETA, this will be a continuing concern that fees are earned to support the agency's functions. Without fees, an appropriation from the general fund will be required to maintain operations. Consideration may be given to transferring the duties of RETA to the New Mexico Finance Authority or the Energy, Minerals and Natural Resources Department in the 2011 legislative session.

RENEWABLE ENERGY TRANSMISSION AUTHORITY

Operating Budgets FY10, FY11, and FY12

	FY10 Actual	FY11 Budget	FY 12 Request
OPERATIONAL EXPENDITURES			
<u>Personnel Services</u>			
Salaries	\$ 292,600	\$ 309,750	\$ 325,238
Total Salaries	292,600	309,750	325,238
<u>Employee Benefits</u>			
Group Insurance	-	-	-
Retirement	21,000	18,750	20,762
FICA	20,000	20,000	20,000
Workers Comp	6,000	-	-
Unemployment Insurance	2,000	2,000	2,000
Total Employee Benefits	49,000	40,750	42,762
<u>Travel</u>			
Board Travel & Per Diem	4,500	5,000	5,000
Staff In-State Travel	8,000	10,000	10,000
Staff Out-of State Travel	10,000	14,000	15,000
Total All Travel	22,500	29,000	30,000
<u>Office Supplies</u>	8,000	10,000	10,000
<u>Contractual Services</u>			
Financial Advisor - Other	15,000	5,000	5,000
Legal Counsel	50,000	60,000	60,000
Accounting-Audit (External)	15,000	20,000	20,000
Trustee/Banking Fees	2,000	2,500	5,000
Contracted Services	15,000	-	-
IT Support	7,000	4,500	4,500
Technical Support Services	40,000	35,000	33,000
Total Contractual Services	144,000	127,000	127,500
<u>Operating Costs</u>			
Business Insurance	2,000	2,000	2,000
Advertising & Promotion	1,500	1,000	1,000
Reporting & Recording	1,000	900	900
Postage/Overnight	1,300	1,000	1,000
Office Rental	21,600	24,000	24,000
Telephone, Fax & Internet	12,000	12,000	12,000
Education & Training - Staff	5,000	4,000	4,000
Dues and Subscriptions	1,000	500	500
Hardware & Software, Furnishings	4,000	3,000	3,200
Total Operating Costs	49,400	48,400	48,600
TOTAL OPERATIONAL EXPENDITURES	\$ 565,500	\$ 564,900	\$ 584,100

AGENCY FUNDING SOURCES (Since Inception)

2007 – HB2, Section 5 (53): \$500.0 thousand, and SB710, Section 18: \$500.0 thousand
 2008 – HB2, Section 5 (64): \$250.0 thousand, and SB165, Section 17(8): \$250.0 thousand
 2009 – HB2, Section 4 (Program Support): \$250.0 thousand, and Section 5 (36): \$250.0 thousand



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