

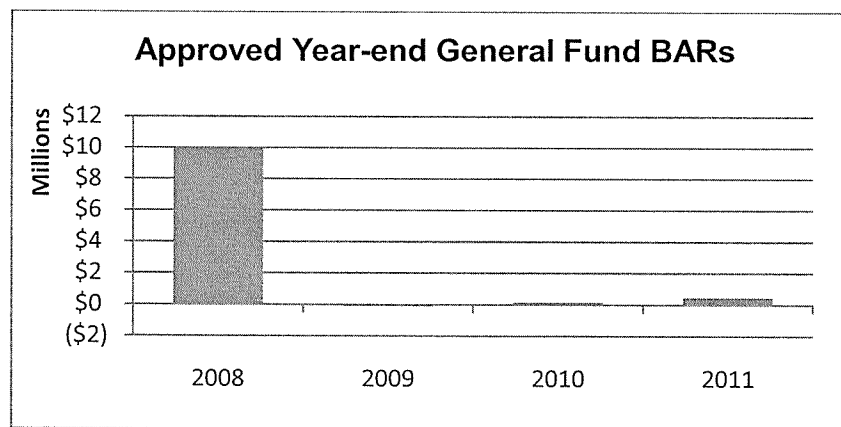
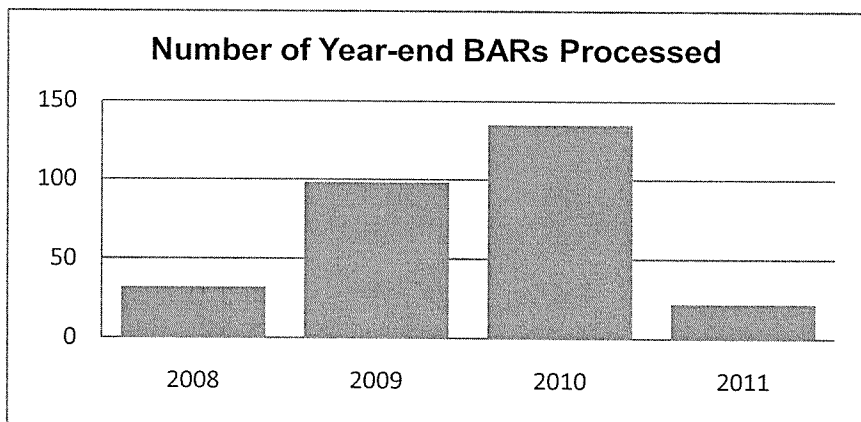
LFC BAR REPORT

June 2011

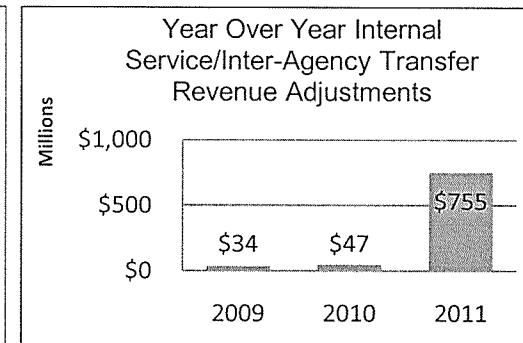
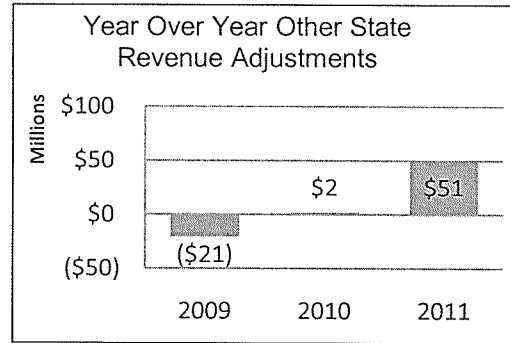
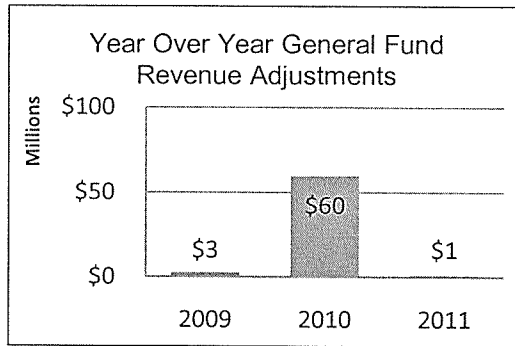
The summary report (Table 1) shows 22 BARs were approved during the month of June. This level of BAR activity is significantly lower than the 135 BARs approved a year ago. The majority of the BAR activity is attributable to budget transfers between divisions and increases from federal sources.

The General Appropriation Act (GAA) of 2011 provided transfer authority between programs within the personal services and employee benefits category. Agencies transferred surplus budget to address other deficient areas of the budget or to plan expenditures in light of FY12 operating budgets. Analysts will continue to monitor year end budget adjustments and may use these year-end budget adjustments during the FY13 budget recommendation process.

The charts below show the number of year-end budget adjustments is down significantly from the prior three years. In addition, the amount of year-end general fund adjustments is up slightly from the prior two years but down significantly from 2008.



Over the last three years, general fund budget adjustments peaked in 2010 as agencies realigned operating budgets due to the state's solvency issues. Over the same period, agencies adjusted and added more revenue from other state revenue sources and from internal service/interagency transfers.



Approved BARs include 12 budget transfers between divisions, 1 decrease, and 9 increases. Overall a net increase of \$8.9 million was added to agency budgets: \$315.7 thousand from cash balances, \$4.9 million from federal grant revenue, \$2.6 million from interagency/internal service revenues, \$566.7 thousand from other state revenues, and \$466.2 thousand from the general fund.

- Table 2 reports all BARs greater than \$250 thousand approved during June.
- Select BARs of interest, highlighted with a box, on Table 2 of the report include the following:
 - On page 4, the General Services Department (GSD) added \$2 million to the budget from the public liability fund to pay higher than expected attorney and claim costs. Since January, including this BAR, GSD has added \$20 million to the operating budget from the public liability fund to pay legal fees and settle claims.
 - On page 4, the Border Authority added \$1.8 million to the budget from revenue received from the City of Sunland Park to match with federal grant revenue. The funds will be used for the Santa Teresa rail bypass feasibility study.
 - On page 4, the Secretary of State added \$466 thousand to the budget with revenue from a Board of Finance loan to pay the county portion of the Election System Software for the voter registration system maintenance past due balance.
 - On page 4, the Human Services Department (HSD) transferred \$34.9 million from the Medicaid Behavioral Health Program to the Medical Assistance Program. This between program budget transfer will help align the Medicaid budget for year-end expenditures and help to reduce the expenditure carry forward into FY12.
 - On page 4, with two BARs, the Workforce Solutions Department (WSD) added \$3.6 million from ARRA funds to the budget in preparation for FY12. The funds will be used for high growth green jobs, the unemployment insurance (UI) information system modernization, and for UI administrative processing expenses.
 - On page 4, the Department of Public Safety (DPS) added \$750 thousand of ARRA funds to the budget to help address vehicle fuel costs. The BAR will help the department carry forward the ARRA funds into FY12.

Table 1

**Department of Finance and Administration
Budget Adjustment Review System
Summary of Approved BARs**

6/1/2011 - 6/30/2011

Bar Type	# DFA Processed	Amount Increase	Amount Decrease	Net Increase	General Fund	Other State	IS/IAT	Federal Funds	Cash Balance
Trans - Between Division	12	\$35,228,023	\$35,220,423	\$7,600	\$0	\$0	\$7,600	\$0	\$0
Budget Decrease	1	\$0	\$101,954	(\$101,954)	\$0	\$0	(\$101,954)	\$0	\$0
Budget Increase	9	\$8,986,919	\$0	\$8,986,919	\$466,146	\$566,768	\$2,750,000	\$4,888,241	\$315,764
Grand Total	22	\$44,214,942	\$35,322,377	\$8,892,565	\$466,146	\$566,768	\$2,655,646	\$4,888,241	\$315,764

**Budget Adjustment Requests
LFC Monthly Report**

06/01/11 to 06/30/11

Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
General Services Department	111123	\$2,000,000	\$0	\$0	Laws 2010 Ch 6 Sec 3 (H)	The Risk Management Program, with a 10-day waiver request, increases the budget with revenue from the public liability fund in the contractual services category and the other cost category to ensure sufficient expense authority to pay higher than expected attorney and claim costs through the remainder of the fiscal year.
Secretary of State	111134	\$466,146	\$0	\$0	Laws 2010 2nd SS Ch 6	The Secretary of State, with a 10-day waiver request, increases the contractual services with a new loan of \$466 thousand from the Board of Finance. The funds will pay the county portion of the past due balance with Election System Software (ES&S) for voter registration system maintenance (VREMS) before fiscal year end.
Border Authority	111109	\$1,800,000	\$0	\$0	Section 58-27-25 NMSA 1978 & Section 6-3-23 NMSA 1978	This BAR increases the budget with \$566.8 thousand of other state funds from the City of Sunland Park to use as a match for \$1.2 million of federal funds from the federal Economic Development Administration for the Santa Teresa rail bypass feasibility study. This action is necessary to establish SHARE accounts so that the funds may begin to be spent. The funds are held in the Border Development Fund, a nonreverting fund established to carry out the Border Development Act.
Human Services Department	111133	\$0	\$34,947,800	\$0	Laws 2010 Ch 6, Section 9 (31)	This BAR transfers \$34.9 million (\$3.4 million from the general fund and \$31.5 million of federal funds) from the Medicaid Behavioral Health Program to the Medical Assistance program. Expenditures are lower than projected in behavioral health. With this BAR, HSD hopes to reduce the amount of budget carry forward at the end of FY11.
Workforce Solutions Department	111120	\$383,897	\$0	\$0	Section 6-3-23 (D) NMSA	This BAR adds \$384 thousand to the FY12 Workforce Solutions Budget. With unexpended ARRA funding via the Labor Market Improvement award for high growth green jobs.
Workforce Solutions Department	111130	\$3,246,112	\$0	\$0	Section 6-3-23 (D) NMSA	This BAR provides for an increase of \$3.2 million to the Workforce Solutions FY12 budget. The increase is provided by a ARRA funding via UI Modernization One-Third Plan unexpended in FY11. This funding ensures WSD has funding available in FY12 for the UI Claims and Tax System Modernization projects as planned.

**Budget Adjustment Requests
LFC Monthly Report**

06/01/11 to 06/30/11

Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Department of Public Safety	111131	\$750,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	This BAR increases the other cost category to pay for fuel for the state police and motor transportation police in FY12 with ARRA Government Services Funds. DPS projects a shortfall of nearly \$900 thousand for fuel for its law enforcement activities.
Higher Education Department	111024	\$295,764	\$0	\$0	Laws 2010 Ch 6 Sec 9 (E)	This BAR increases the budget with Education Trust Board funds for Pathways Scholarship.