

LFC BAR REPORT

May 2011

- The summary report (Table 1) shows 214 BARs were approved during the month of May. This level of BAR activity is significantly greater than the 105 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.
- Approved BARs include 104 budget transfers between divisions, 31 decreases, and 79 increases.
- Overall a net increase of \$150.2 million was added to agency budgets: \$11.4 million from cash balances, \$112.5 million from federal grant revenue, \$7.6 million from interagency/internal service revenues, and \$18.7 million from other state revenues.
- Table 2 reports all BARs greater than \$250 thousand approved during May.
- Select BARs of interest, highlighted with a box, on Table 2 of the report include the following:
 - On page 5, the Administrative Office of the Courts (AOC) transferred \$800 thousand from the other cost category to the personal services and employee benefits category to prevent a salary shortfall.
 - On page 5, the Attorney General added \$3 million to the budget from the Southwest Border Anti-Money Laundering Alliance Program. The funds will be used for administrative costs for law enforcement affiliate members that work on task force operations.
 - On page 6, with two BARs, the Department of Finance and Administration (DFA) reduced the budget \$3.3 million to reconcile the operating budget and SHARE grant balances to reflect federal Community Development Block Grant balances. then added \$859 thousand as part of the reconciliation.
 - On page 6, with 3 BARs, the General Services Department (GSD) added \$12.5 million from fund balances from the public liability reserve fund. The increased budget is distributed with \$3.5 million allocated to pay legal costs and associated fees; \$3.5 million to pay claim costs, settlements, and court ordered costs; \$5 million for unemployment claims; and \$500 thousand public property claims.

- On page 7, the Economic Development Department requested to add \$2 million to the operating budget from cash balances. The LFC objected to this BAR and the department subsequently withdrew the request. The BAR objection was based on a lack of legal authority to increase the budget. The cash balance was attributed to a 1983 appropriation to a nonreverting fund authorized for making low interest loans to political subdivisions of the state.
- On page 7, with two BARs, the Energy, Minerals and Natural Resources Department (EMNRD) added \$746 thousand from governmental gross receipts taxes to pay a New Mexico Finance Authority loan associated with the purchase of capital equipment for State Parks including bulldozers and loaders.
- On page 8, the Human Services Department (HSD) added \$87 million for the Supplemental Nutritional Assistance Program (SNAP – formerly known as the Food Stamp Program). The BAR is the second budget increase for SNAP this year and is due to the continued difficult state of the economy.
- On page 8, HSD reduced the budget \$4.7 million in the Medicaid Program to reflect the proper allotment from the tobacco settlement fund and the corresponding federal match.
- On page 8, HSD added \$55 million to the Medicaid Program for the State Coverage Insurance Program. Authority was approved during the 2011 Legislative session as an intergovernmental transfer from UNM to match with Medicaid revenue for the SCI program.
- On page 8, HSD added \$14 million to the Medicaid Program for School Based Health Services including \$3 million in other state funds from school health service entities and \$10.9 million in Medicaid matching revenue.
- On page 9, with two BARs, the Division of Vocation Rehabilitation Program added \$1 million to re-budget ARRA fund balances.
- On page 9, the Children, Youth and Families Department (CYFD) added \$3.3 million to the Protective Services Program from Title XX Social Services Block Grant. These funds will help pay personal services and employee benefits. In addition, a portion of the funds will be transferred to the Aging and Long-Term Services Department for the Adult Protective Services Program.
- On page 10, CYFD transferred \$1.5 million from the other cost category and contractual services category to the personal services and employee benefits category of the Juvenile Justice Services Program. Cost efficiency efforts in medical and other direct services resulted in budget savings that was used to cover salary shortfalls.

- On page 10, the Department of Public Safety transferred \$780 thousand from the personal services and employee benefits category and to the other cost category to purchase computers, equipment, and provide training.
- On page 11, the Department of Transportation added \$4 million with revenue from a federal grant to replace buses in rural transit agencies.
- On page 11, the Public Education Department (PED) reduced the budget \$1.5 million to reflect an adjustment of TANF funds for the prekindergarten program. A portion of the decrease was offset with other prekindergarten fund balances.
- On page 11, with three BARs, the Higher Education Department (HED) transferred \$5 million from the College Affordability Endowment fund to the General Fund as required by the GAA of 2011 and with two BARs, added \$4.8 million to the HED budget from the Lottery Tuition fund for scholarship obligations.

Table 1

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

5/1/2011 - 5/31/2011

Bar Type	# DFA Processed	Amount Increase	Amount Decrease	Net Increase	General Fund	Other State	IS/IAT	Federal Funds	Cash Balance
Trans - Between Division	104	\$19,924,982	\$14,674,180	\$5,250,802	\$0	\$0	\$5,054,802	\$196,000	\$0
Budget Decrease	31	\$926,724	\$19,201,278	(\$18,274,554)	\$0	(\$10,595)	(\$7,168,268)	(\$11,756,391)	\$660,700
Budget Increase	79	\$164,267,951	\$1,025,000	\$163,242,951	\$0	\$18,675,801	\$9,746,716	\$124,050,044	\$10,770,390
Grand Total	214	\$185,119,657	\$34,900,458	\$150,219,199	\$0	\$18,665,206	\$7,633,250	\$112,489,653	\$11,431,090

**Budget Adjustment Requests
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5/1/2011 to 5/31/2011**

Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Administrative Office of the Courts	111015	\$0	\$800,000	\$0	Laws 2010 Ch 6 Sec 9 (C)	This BAR transfers \$800 thousand to prevent a shortfall in the personal services and employee benefits category. The transfer will come from the other category and is made possible through savings in that category of \$826 thousand.
First Judicial District Court	111031	\$0	\$329,000	\$0	Laws 2010 Ch 6 Sec 9 (C)	The 1st Judicial District Court requests a transfer of \$329 thousand from the 'contractual services' into 'personal services' (\$270 thousand) and 'other' (\$59 thousand). Transfer is made possible from savings created by moving off-site document imaging services in-house. Funds will cover a shortfall in salaries created by the district's inability to meet their vacancy rate. In the 'other' category, funds will be used to purchase supplies.
Attorney General	111096	\$3,056,050	\$0	\$0	Laws 2010 Ch 6 Sec 9 (E)	BAR increases budget in personal services and employee benefits category \$2.6 million, contractual services category \$9.6 thousand, and the other category \$413 thousand to pursue activities that fall under an agreement with the Southwest Border Anti-Money Laundering Alliance Program. The Alliance agrees to reimburse the NM Attorney General's Office for expenditures related to salaries and benefits, travel and training, operating expenses, equipment, and overtime for law enforcement affiliate members who work on task force operations. The agreement is effective on May 13, 2011 and expires May 13, 2014. No matching funds are required.
Taxation and Revenue Department	110984	\$0	\$320,000	\$0	Laws 2010 Ch 6 Sec 9 (E); Section 6-3-23 NMSA 1978	This BAR transfers personal services and employee benefits surplus budget associated with the hiring freeze to pay for increased postage costs and to replace computers used for tax processing.
Department of Finance and Administration	110956	\$618,789	\$0	\$0	Section 6-3-23 (D) NMSA 1978	This BAR increases budget for the E-911 program by \$618.8 thousand using a 50:50 federal/state match to begin implementing the Phase 2 equipment upgrades for enhanced services.

Table 2

**Budget Adjustment Requests
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5/1/2011 to 5/31/2011

Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Department of Finance and Administration	111004	\$3,249,069	\$0	\$0	Sections 6-3-23 (D) & 9-1-5 (C) NMSA 1978	This BAR reduces the budget \$3.2 million. DFA reconciled the Community Development Block Grant balances to federal reports. This BAR updates the SHARE system grant balances and the operating budget.
Department of Finance and Administration	111036	\$858,850	\$0	\$0	Sec 6-3-23 (D) NMSA 1978; Laws 2010 Ch 6 Sec 9 (C)	This BAR corresponds with the BAR above. It is the re-budgeting of reconciled federal grant balances.
General Services Department	110877	\$7,000,000	\$0	\$0	Laws 2010 Ch 6 Sec 3(H)	This BAR transfers \$7 million from the public liability fund to the public liability fund for operations. The transfer includes \$3.5 million to pay for legal costs and associated fees; \$3.5 million to pay claims costs, settlements and court ordered costs.
General Services Department	110939	\$5,000,000	\$0	\$0	Laws 2010 Ch 6 Sec 3(H)	The Risk Management Division transfers \$5 million from the public liability reserve fund to the operating budget for unemployment claims.
General Services Department	110999	\$500,000	\$0	\$0	Laws 2010 Ch 6 (H)	GSD Risk Management Division (RMD) submits a BAR to increase its Public Property Fund \$500 thousand from fund reserves to pay higher than expected property claims FY 11. The remaining unreserved, undesignated public property reserve fund balance is approximately \$5 million.
General Services Department	111000	\$0	\$411,000	\$0	Laws 2011 Ch 179 Sec 8(A)	GSD submits a BAR to transfer \$411.0 from BOSMM personal services (200) to Transportation's Aviation Services Bureau personal services (200) to cover a projected budget shortfall in FY11 of \$374.9. The surplus of \$36.1 will be transferred to its non-reverting enterprise account to pay forward for program supplies in FY12. This BAR is a substitute for BAR110899 which was voided by DFA and Financial Control due to the need to correct a misnamed category.
Public Defender Department	110931	\$0	\$340,000	\$0	Laws 2010 Ch 6 Sec 9(C)	The public defender department requests to transfer \$340 thousand from the 'personal services' category to the 'contract services' category. Due to the high vacancy rate, there is extra money in the 'personal services' category and a need to contract in order for the public defender to fulfill its constitutional mandate.

Table 2

**Budget Adjustment Requests
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Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Department of Information Technology	110997	\$0	\$1,000,000	\$0	Laws 2010 Ch 6 Sec 9(C)	This BAR transfers personal services and employee benefits savings associated with the hiring freeze and surplus contractual services category budget to the other cost category to pay increased telecommunication charges
Department of Information Technology	111035	\$300,000	\$0	\$0	Laws 2010 Ch 6 Sec 9(E)	This BAR budgets funds for SHARE
Economic Development Department	111045	\$1,960,908	\$0	\$0	Section 21-19-11 BNMSA	The LFC objected to this BAR and the department subsequently withdrew the BAR request. The source of the funds was cash balances associated with a 1983 appropriation to nonreverting fund for low interest economic development loans to political subdivisions of the state.
Cultural Affairs Department	110962	\$500,000	\$0	\$0	Laws 2011 Ch 179 Sec 8	BAR transfers funds from the DCA fund balance to the Personal Services and Employee Benefits (200) and the other categories. Specific amounts are: 1) \$75,000 to the other category in the Museums and Monuments program for supplies and computer needs; 2) \$191,650 to the other category in the Program Support program for supplies and computer needs; 3) \$145,000 to the Personal Services and Employee Benefits category in the Program Support program and \$87,800 to the Personal Services and Employee Benefits category to the Arts program to cover projected budget shortfalls for personnel.
New Mexico Livestock Board	111001	\$400,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	The New Mexico Livestock Board requests to increase contractual services by \$319.6 thousand and other costs by \$80.3 thousand. Funds are the result of a USDA federal cooperative agreement. Funds will be used for the Bovine Tuberculosis program.
Energy, Minerals and Natural Resources	110936	\$0	\$746,000	\$0	Laws 2010 Ch 6 and Section Section 7-1-6.38 NMSA 1978	Transfer of governmental gross receipts tax (GGRT) funds from NMFA to EMNRD for capital equipment purchases per Section 7-1-6.38 NMSA 1978.
Energy, Minerals and Natural Resources	110938	\$746,000	\$0	\$0	Laws 2010 Ch 6 Sec 3 (H) and Section 7-1-6.38	Budget funds to from GGRT to pay NMFA loan to purchase heavy equipment for state parks including Caterpillar backhoe loader and other heavy equipment.
State Engineer	110767	\$752,906	\$0	\$0	Laws 2010 Ch 6 Sec 4	Language on pg. 113 states \$3.4 million appropriated from the water project fund. This BAR transfers funds to the 500 category so it can be transferred to operating fund so it may be used as appropriated.

Table 2

**Budget Adjustment Requests
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Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
State Engineer	110998	\$823,500	\$0	\$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	With BAR 111050. Decrease ARRA funds in FY11 to re-budget on multi-year basis so funds are available for acequia projects until Sept 30, 2011.
State Engineer	111050	\$823,500	\$0	\$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	With BAR 110998. Re-budgets ARRA acequia funds with ending date of Dec 30 so funding is available on a multi-year basis.
Human Services Division	110933	\$87,000,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	This BAR increases budget for the USDA supplemental nutrition assistance program (SNAP) by \$87 million due to a projected increase in the caseload. This BAR brings the SNAP budget for FY11 up from the original \$464.4 million to full federal grant of \$606.4 million, and represents the second time HSD has adjusted the budget to meet increased demand. Due to continued food and economic insecurity.
Human Services Division	110993	\$455,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	This BAR increases Title XIX Medicaid fund by \$455 thousand in the contracts category to cover additional need for school based health services across 17 school districts statewide.
Human Services Division	110994	\$4,660,508	\$0	\$0	Section 6-3-23 (D) NMSA 1978	This BAR reduces the FY11 allotment from the tobacco settlement fund and the corresponding federal match to align budget with the actual amount received for the fiscal year, which was less than budgeted. The reduction was specified in a letter from the Department of Finance dated April 27, 2011.
Human Services Division	111009	\$54,944,056	\$0	\$0	Laws of 2011, Ch 179 Sec 8(R)	This BAR budgets \$12 million other state funds from UNM and the federal Medicaid match of \$43,944 thousand for the State Coverage Insurance program.
Human Services Division	111010	\$13,986,014	\$0	\$0	Laws 2010 Ch 6 Sec 9 (E)	This BAR creates budget for the School Based Health Services expected revenue of \$3 million and matching Title XIX Medicaid funds of about \$11 million for Care and Support Services. The other state funds is subject to the 5 percent limitation requirement, which is met.
Workforce Solutions Department	111046	\$440,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978; Laws 2010, Ch 6, Sec 3 (H)	The Bar provides for an increase of \$440,000 to the Workforce Solutions Business Services program in the other category. The increase is provided by a Trade Adjustment Assistance federal grant. This funding enables WSD to cover travel reimbursements for program participants and to pay training providers. There are currently 600 participants active in the program.

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5/1/2011 to 5/31/2011

Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Workforce Solutions Department	111047	\$0	\$520,000	\$0	Section 6-3-23 (D) NMSA 1978; Laws 2010 Ch 6, Sec 9 (C)	The BAR transfers \$520,000 from contractual services and the other category to personal services and employee benefits in the Workforce Transition Services Division to cover salary obligations.
Workforce Solutions Department	111048	\$1,132,597	\$0	\$0	Section 6-3-23 (D) NMSA 1978	The Bar provides for an increase of \$1.1 million. The increase is provided by ARRA funding via UI Admin and UI Modernization grants unexpended in FY11. This funding enables WSD to provide necessary unemployment insurance staff to man call center, reduce wait times and the backlog of appeals and adjudications.
Division of Vocational Rehabilitation	110883	\$1,018,195	\$0	\$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	This BAR is part of a three-step budget adjustment to re-budget ARRA funds. Companion BAR #110884.
Division of Vocational Rehabilitation	110884	\$327,228	\$0	\$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	This BAR is part of a three-step budget adjustment to increase BAR authority for ARRA funds that were budgeted originally with a reference that expired 12/31/2010 under a new budget reference that allows the agency to expend the funds through 9/30/211. Companion BAR #110883.
Department of Health	110914	\$256,655	\$0	\$0	Section 6-3-23 (D) NMSA 1978	Proportionate reductions to DOH's 4 programs funded with tobacco settlement revenue (tobacco cessation/prevention, diabetes, HIV/AIDS, breast/cervical cancer screening).
Department of Health	111032	\$0	\$650,000	\$0	Laws 2010 Ch 6	Budgeting unused contract funds to avoid shortfall in salaries based on projections of the remaining pay periods in the fiscal year. The contract savings are derived from the Family, Infant, Toddler Program which is using the remaining ARRA funds this fiscal year and disencumbering this general fund revenue.
Children, Youth and Families Department	110950	\$0	\$750,000	\$0	Laws 2010 Ch 6, Sec 9 (C)	The BAR transfers \$750 thousand from contractual services to personal services and employee benefits to cover salary obligations. Savings in the contractual services category are a result of eliminating contracts fully supported by general fund dollars and redirecting some contracts from general fund to federal sources.
Children, Youth and Families Department	111007	\$3,335,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	The Bar provides for an increase of \$3.3 million to both personal services and employee benefits and the other financing uses category in the Protective Services program. The increase is provided by a federal grant -Title XX Social Services Block Grant. This funding will cover payroll costs through the end of FY11 and fulfill the requirements for the joint powers agreement with ALTSD for adult protective services.

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Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Children, Youth and Families Department	111054	\$0	\$1,500,000	\$0	Laws 2010 Ch 6 Sec 9 (C)	The BAR transfers \$1,500,000 from the other category and contractual services to PS&EB in the Juvenile Justice Services (JJS) program to cover salary obligations. Expenditures in the contractual services category and the other costs category did not materialize due to efforts by JJS to operate more effectively with regards to management of professional services contracts for medical and other direct services provided for clients.
Children, Youth and Families Department	111056	\$0	\$922,159	\$0	Laws 2010 Ch 6 Sec 9 (C)	The BAR transfers \$922.2 thousand from contractual services and the other category to personal services and employee benefits category in the Early Childhood Services Program to cover salary obligations.
Children, Youth and Families Department	111061	\$810,000	\$0	\$0	Laws 2010 Ch 6 Sec 3 (H)	The Bar provides for an increase of \$810 thousand to the other category in the Protective Services Program. The increase is provided by a federal grant -Title IV-E Foster Care and Adoption Assistance Program under the Social Security Act. This funding will pay to replace aging computers that are no longer under warranty.
Children, Youth and Families Department	111062	\$0	\$315,850	\$0	Laws 2010 Ch 6 Sec 9 (C)	The BAR transfers \$315.8 thousand from the personal services and employee benefits category to the other category in Program Support to replace aging computers that are no longer under warranty.
Children, Youth and Families Department	111063	\$0	\$280,000	\$0	Laws 2010 Ch 6 Sec 9 (C)	The BAR transfers \$280,000 from PS&EB to the other category in the Youth and Family program to replace aging computers that are no longer under warranty.
Children, Youth and Families Department	111064	\$400,000	\$0	\$0	Laws 2010 Ch 6 Sec 3 (H)	The Bar provides for an increase of \$400,000 to PS&EB in Juvenile Justice Services. The increase is from the Permanente Land Fund and will be used to cover salary obligations.
Department of Public Safety	110903	\$0	\$780,400	\$0	Laws 2010 Ch 6	Transfer \$780.4 thousand from the personal services and employee benefits category to Other category to buy computers, equipment for specialty teams e.g. bomb robot and training and defensive training mats. \$800 thousand of the personal services and employee benefits category was specifically designated for recruiting cadets and implementing police academies (Laws 2010, Chapter 6, Section 4, Page 169). Budget increases are allowed for this purpose from other state funds not the general fund.
Department of Public Safety	111100	\$0	\$250,000	\$0	Laws 2010 Ch 6	Replaces revenue from copy fees with fingerprint fees because the department did not generate as much revenue from copy fees as it estimated in the FY11 budget request.

Table 2

**Budget Adjustment Requests
LFC Monthly Report**

5/1/2011 to 5/31/2011

Business Unit	BAR #	Budget Incr/Decr	Transfrs within	Other BAR types	Legal Authority	Description
Department of Transportation	110935	\$4,000,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	BAR increases funding in the other category in the Transit and Rail Bureau of the Programs and Infrastructure program \$4 million. The funding increase is supported by a new federal grant entitled "State of Good Repair Bus and Bus Facilities Discretionary Program Funds" and will be used for the replacement of buses in NM rural transit agencies.
Public Education Department	110953	\$2,000,000	\$0	\$0	Section 6-3-23 (D) NMSA 1978	BAR decreases personnel category \$543.5 thousand professional services category \$849,663 and other category \$606,880 due to a decrease of \$2 million in government services funds allocated to the Graduate New Mexico initiative. This leaves total expected expenditures for GNM \$6.3 million.
Public Education Department	110957	\$1,535,700	\$0	\$0	Laws 2010 Ch 6	BAR decreases professional services category in the Prekindergarten program \$875 thousand due to a shortage of TANF funds. BAR also increases the professional services category \$491.3 thousand and the other cost category \$169.4 thousand in the Prekindergarten program using Prekindergarten fund balance to make up the loss of TANF funds.
Public Education Department	111081	\$0	\$356,000	\$0	Laws 2010 Ch 6	Transfer funds to cover DoIT Telecom and DoIT ISD; provide miscellaneous office supplies; reimburse for postage and paper; and pay for other expenses.
Higher Education Department	110880	\$5,000,000	\$0	\$0	Laws 2011 Ch.179, Sec. 11(A)(1)	BAR follows specific legislative authority and transfers funds from the College Affordability Endowment Fund to the General Fund.
Higher Education Department	110924	\$4,000,000	\$0	\$0	Laws 2010 Ch 6	This BAR increases budget funds from the Lottery Tuition Fund's corpus to meet FY2011 scholarship obligations.
Higher Education Department	110927	\$0	\$807,125	\$0	Laws 2010 Ch 6	BAR transfers budget funds within Lottery Fund Scholarship Fund to satisfy FY2011 lottery scholarship obligations.