

GENERAL SERVICES DEPARTMENT FY19 APPROPRIATION REQUEST PRESENTATION

Edwynn Burckle, Cabinet Secretary

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NEW MEXICO
GENERAL SERVICES DEPARTMENT

"THE HEART AND SOUL OF STATE GOVERNMENT"

GSD FY19 Request High Level Breakdown

- GSD Appropriation Request consists of three budget components:

1. Program Operating Budgets

\$ 37.6 million

2. Risk & Liability

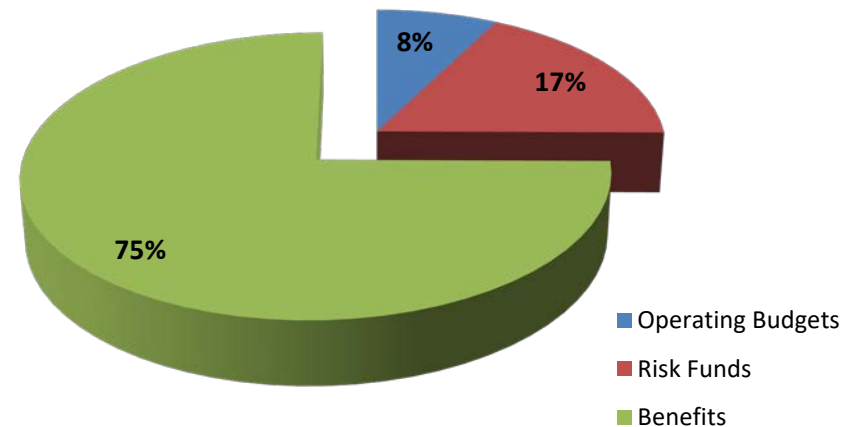
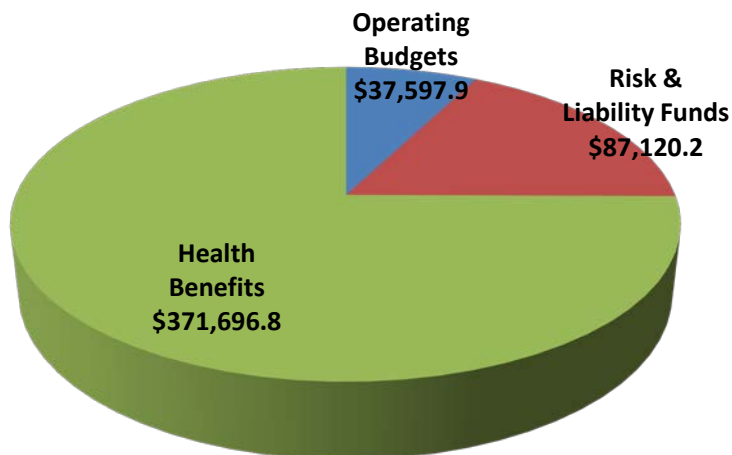
\$ 87.1 million

3. Health Benefits

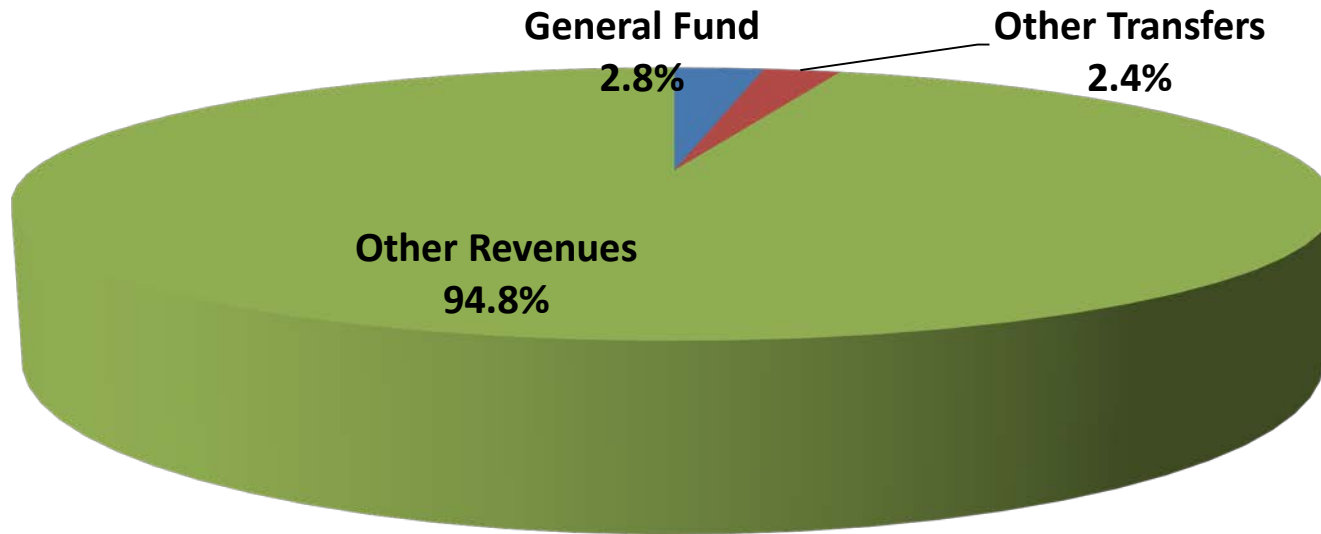
\$ 371.7 million

Total FY19 GSD Request

\$496.4 million



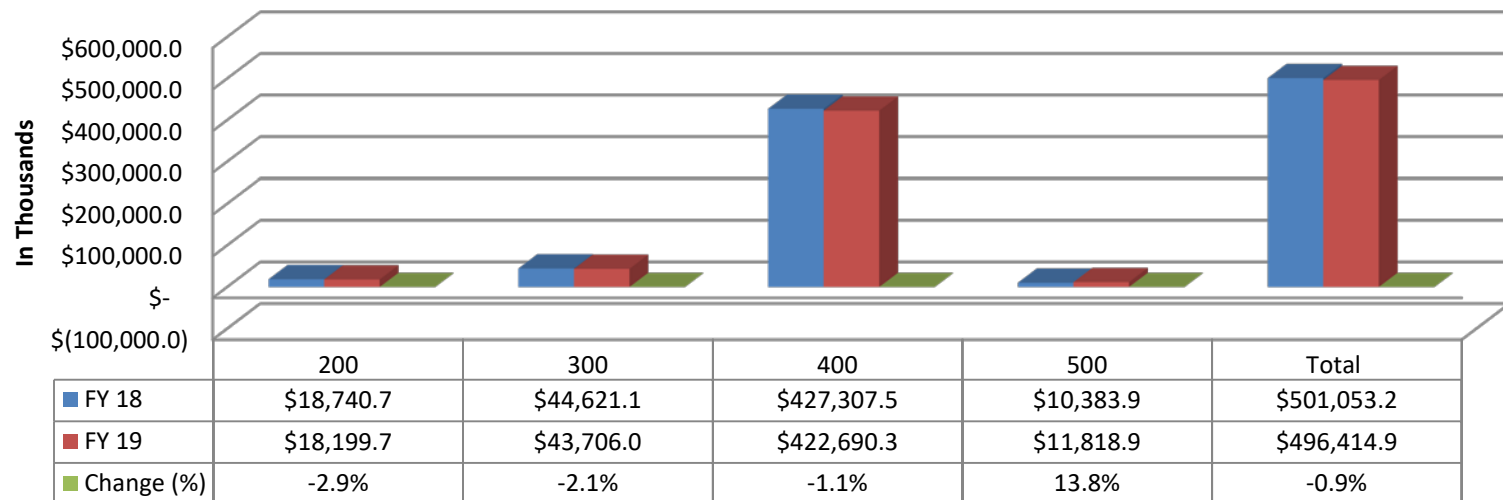
Funding Sources by Percentage



1. The Other Revenues request includes Health Benefits \$371.7, Risk Funds \$87.1 and Enterprise Funds \$12.0 that account for 94.8% or \$470.8 million.
2. The General Fund request totals 2.8% or \$13.8 million, and
3. The Other Transfers request (RMD & Program Support) is 2.4% or \$11.8 million of the FY19 GSD budget request.

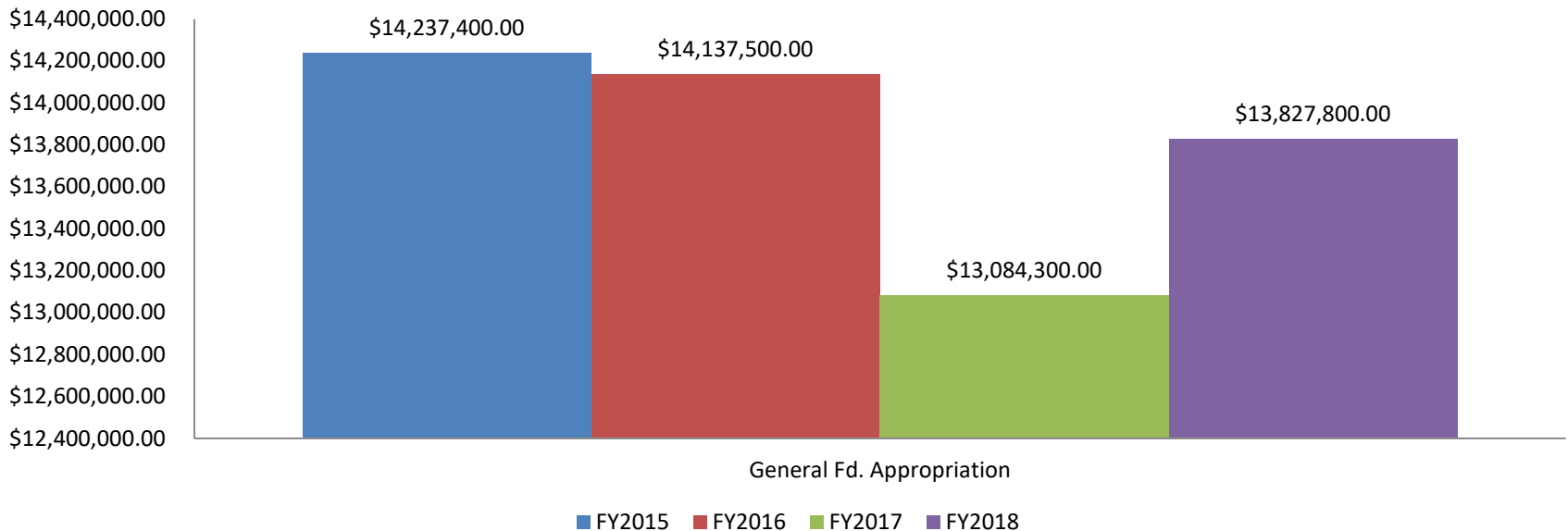
Overall Costs Comparison by Category FY18 / FY19

- The FY19 request includes the application of vacancy rate factors in all programs creating cost savings totaling \$2.1 million to address limited resources.
- Reductions to the 300s are predominantly in the Risk & Liability Funds. The procurement of a new insurance broker for blanket property insurance statewide resulted in a cost savings of approximately \$900.0.
- The lower request in the 400s is due mainly to a moratorium in vehicle replacement and the GPS monitoring initiative in Transportation Services. GSD on behalf of the Transportation Services Division TSD is submitting a supplemental request to resume the GPS service for the remainder of FY18. Additionally, it will be requesting additional budget authority to continue GPS operations on 1,919 vehicles in FY19.
- It should be noted that the FY18 budget includes the use of fund balance to fund operations in RMD. Due to its depletion, transfers into the RMD operating fund from the risk & health benefits funds in FY19 increased the 500s category by \$1,435.0.



Special Session Reductions on General Fund

- From an FY15 General Fund appropriation high of \$14,237.4, the GF appropriation to GSD has been cut by more than 8 percent. GSD requests a total GF appropriation of \$13.8 million for FY19 that is flat with FY18.
- The FY18 operating budget includes \$994.0 necessary to assume maintenance of the Department of Public Safety headquarters here in Santa Fe.



FY2017 Special Session Reductions

FY17 sweeps to Risk, Capital and Operating funds totaled \$38.1 million.

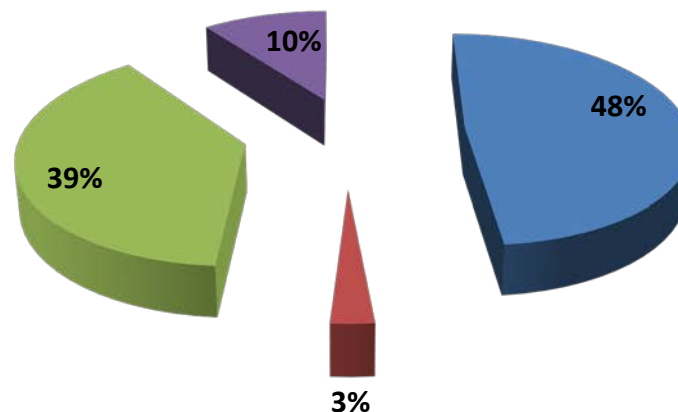
- \$4.6 million sweeps to operating funds will impact PS&EB, Contractual Services and Other Costs.
 - \$2.6 million in State Purchasing Fees Fund 28600
 - \$2.0 million in Transportation Services - Motor Pool 36500, Surplus 36000 and Aviation Fund 41700.
- \$30.9 million sweep to public liability, state unemployment, public property and workers' compensation.
- \$1.0 million sweep of the public building repair fund (PBRF) impacts FMD's ability to finish master planning, space use assessment and land reconciliation (continuous audit finding) efforts.
- \$1.6 million sweep of the Tobacco Tax for DOH Facilities managed by Facilities Management.

GSD Operating Costs by Category

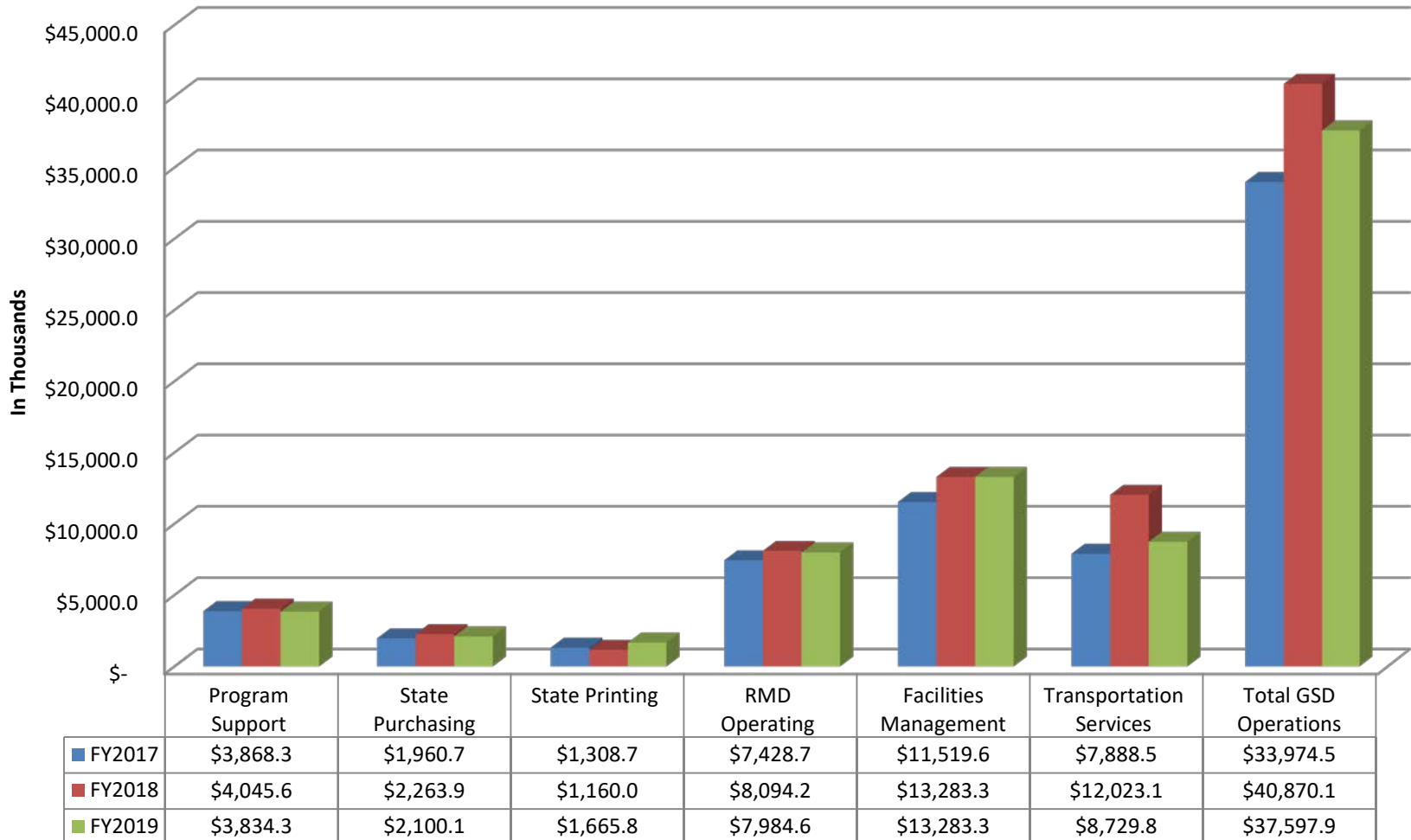
- Request includes the application of vacancy rate factors of differing amounts to PS&EB in the following programs to accommodate fiscal constraints and reductions:
 - Program Support, State Printing, Risk Management and Facilities Management
- **Decreases in Other Costs category:**
 - The decrease of \$2,547.2 or 14.9% under from the FY18 operating budget is due to lack of funding to support the vehicle replacement program and the GPS monitoring system.

FY19 planned Operating Expenditures

- PS&EB
- Contratual Services
- Other Costs
- Other Financing Uses

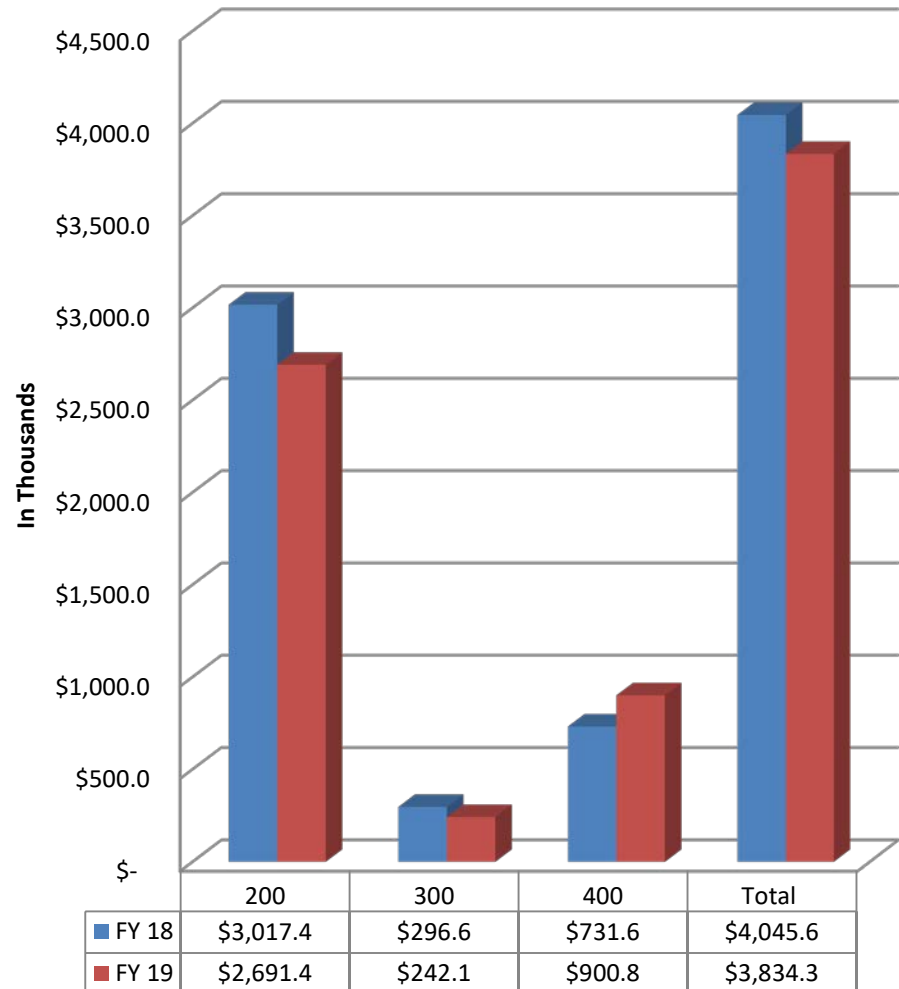


Operating Costs Comparison FY17/FY18/FY19



P598 Program Support - Operating

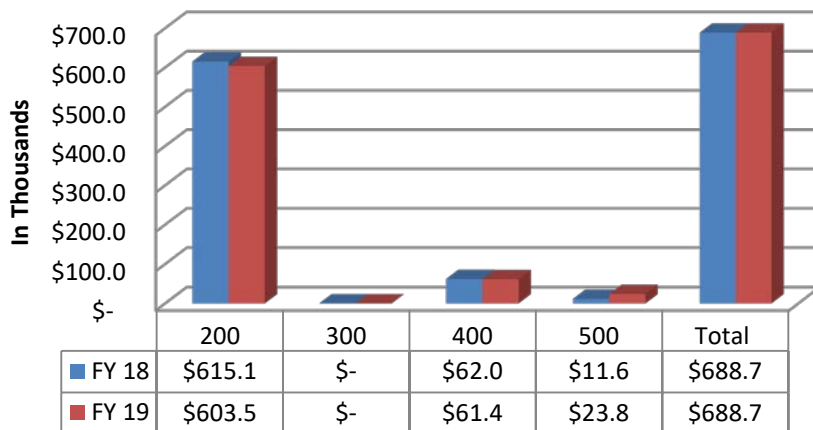
- The total FY19 budget request of \$3,834.3 is \$211.3 less than the FY18 operating budget.
 - Reduced budget request in P598 translates into cost savings to the other 5 GSD programs.
- PS&EB vacancy rate factors range from 9.0% in ASD to 50.0% in HR for a total cost savings of \$326.0.
- Cost savings in the 300s due to new annual audit contract with Moss Adams and reduced need for staff augmentation.
- The increase in the 400s is attributed mainly to increase (\$159.4) in DoIT ISD rates.
- It should be recognized that in FY17, the Program Support budget absorbed GF reductions by decreasing its own budget to lessen the impact of reductions to the operating budgets of GF programs by reducing their Other Financing Uses (transfers out). This cost savings effort to all GSD programs continues in this request.



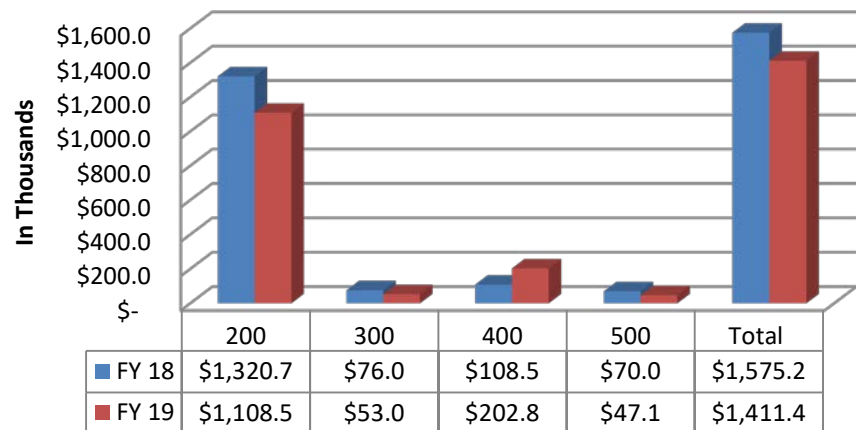
P604 - State Purchasing

- The total budget request for the State Purchasing Program (SPD) of \$2,100.1 is \$163.8 less overall than the FY18 operating budget.
- The SPD general fund (17400) budget (GF) is flat with the FY18 operating budget.
 - A 12.5% vacancy factor was applied to the 200s for 10 authorized FTE positions.
- In the fees fund (28600), the budget bureau allocated savings from a 15% vacancy factor to nearly double the 400s budget where it is needed, but the overall request is \$163.8 less than the FY18 operating budget.
- *Special Session sweep of \$2.6 million from the Fees Fund will impact SPD's ability to accomplish planned goals and objectives with regards to SHARE Procurement Module upgrades.

SPD 174 General Fund

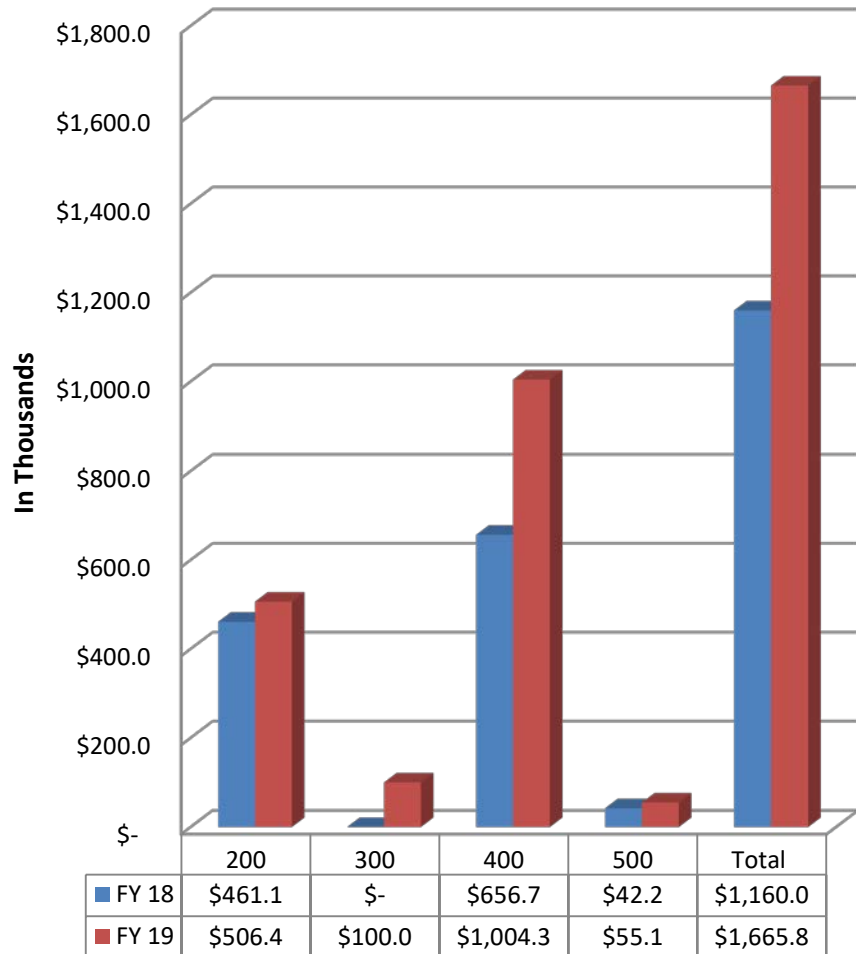


SPD 286 Fees Fund

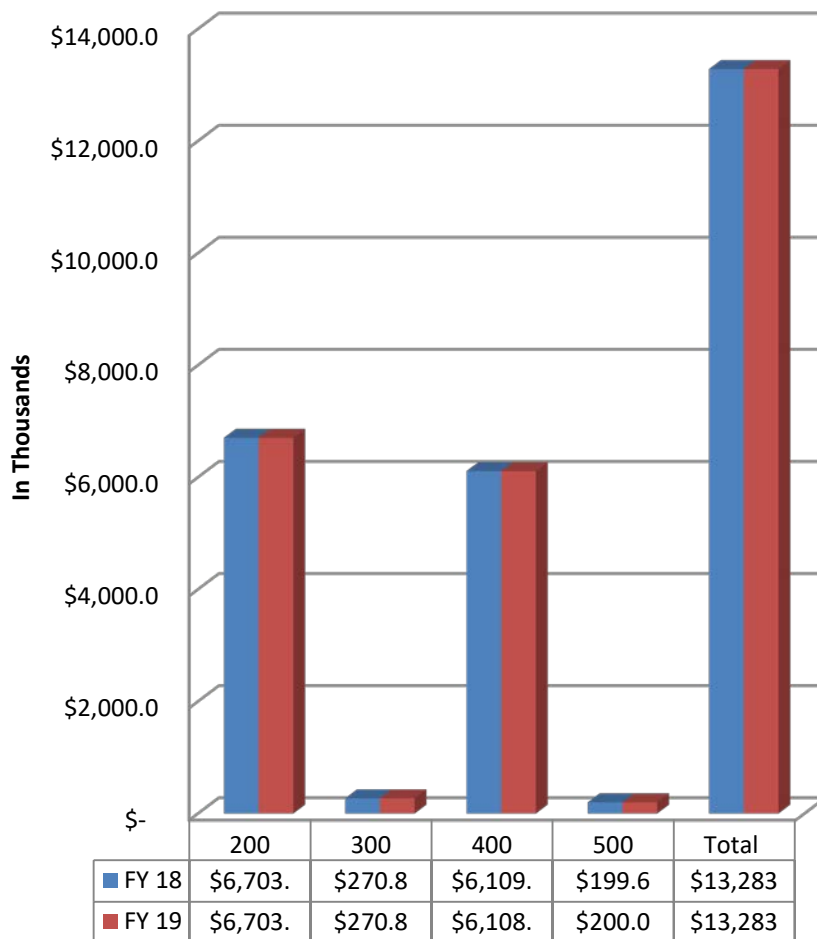


P605 State Printing & Graphics

- The overall budget request of \$1,665.8 is an increase of \$505.8 over the FY18 operating budget.
 - The significant increase is due to SP&G effectively demonstrating its ability to generate this level of revenue during a 60 day session.
- A vacancy rate of 18.5% was applied to the 200s.
- State Printing continues to operate with minimal staff.
- FY17 was the first year the fund went solvent since FY10 with revenues exceeding expenses by \$342.7.



P608 - Facilities Management



- Total budget of \$13.3 million is flat with FY18 operating budget.
- \$12.6 million in General Fund is same as FY18 operating budget.
- For FY19 we are requesting authority to use the Property Control Reserve Fund (PCRF) in the amount of \$692.8 to supplement increased costs of building and property insurance.
- PRC's recent rate hikes increased utility expenses for buildings in the Santa Fe area.
- The Facilities Management Division (FMD) will be submitting for consideration from the general fund, a Special Request in the amount of \$200.0 to continue the five year cyclic assessments (FCA) of state buildings under the control of the FMD.

P609 Transportation Services – Motor Pool / Surplus

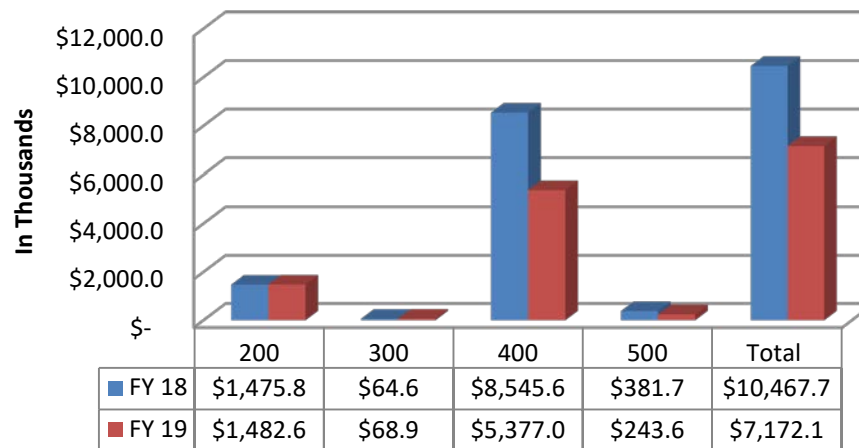
MOTOR POOL

- Total budget of \$7,172.1 is \$3,295.6 less than the FY18 operating budget of \$10,467.7.
 - The lower request is due to fund sweep during last years Special Session .
- Budgetary constraints delay the ability to replace aging vehicle fleet. Older vehicles cost more to repair and maintain. In spite of aging fleet, SAFETY is not compromised.
- The Transportation Services Division is awaiting the revenue picture to improve in order to reactivate the GPS service for the 1,919 vehicles in fleet.

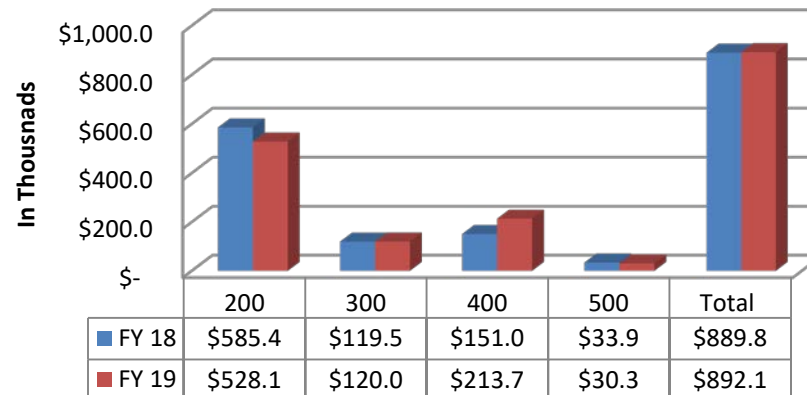
SURPLUS PROPERTY

- Total budget of \$892.1 is \$2.3 higher than the FY18 operating budget.
 - Increase in 400s is due to travel rental fees.
- Surplus Property continues to experience success through donations, store front sales and GovDeals online auction site.

Motorpool



Surplus Property



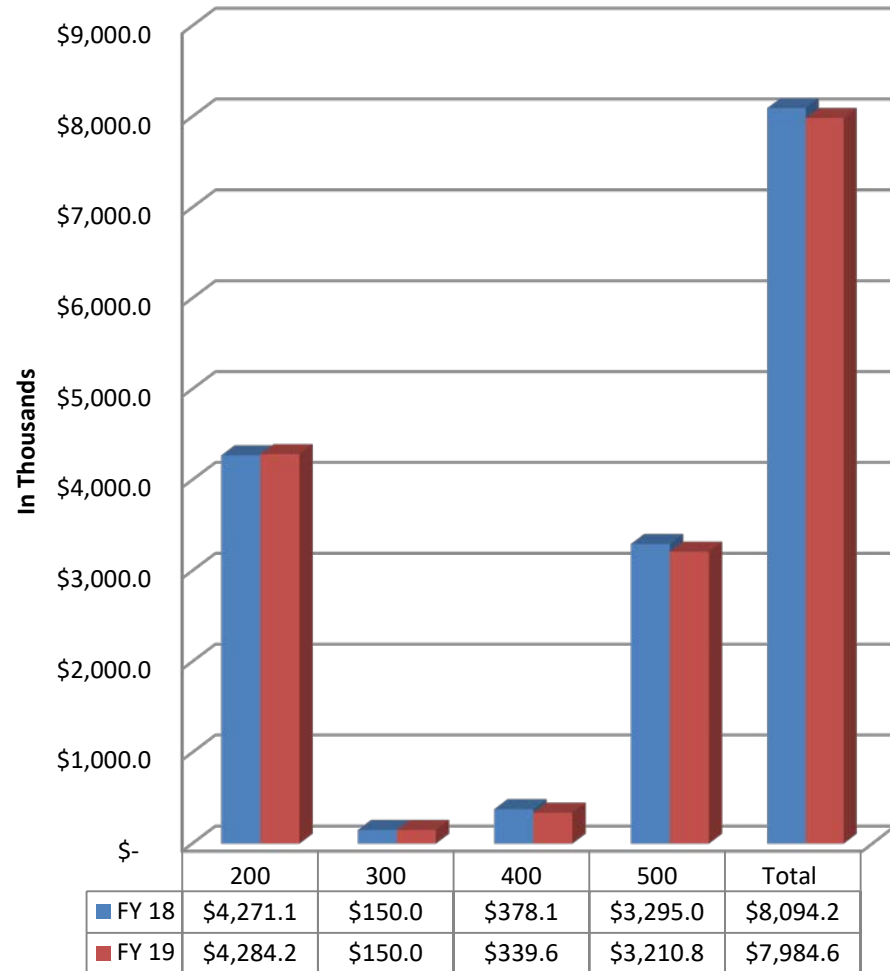
P609 Transportation Services – Aviation

- Total budget request of \$665.6 is flat with the FY18 Operating budget.
 - \$548.6 general funds.
 - \$117.0 enterprise funds.
- TSD continues to focus on both pilot and aircraft safety.
- Children’s Medical Services continues to be the primary customer for the Aviation Services Bureau.



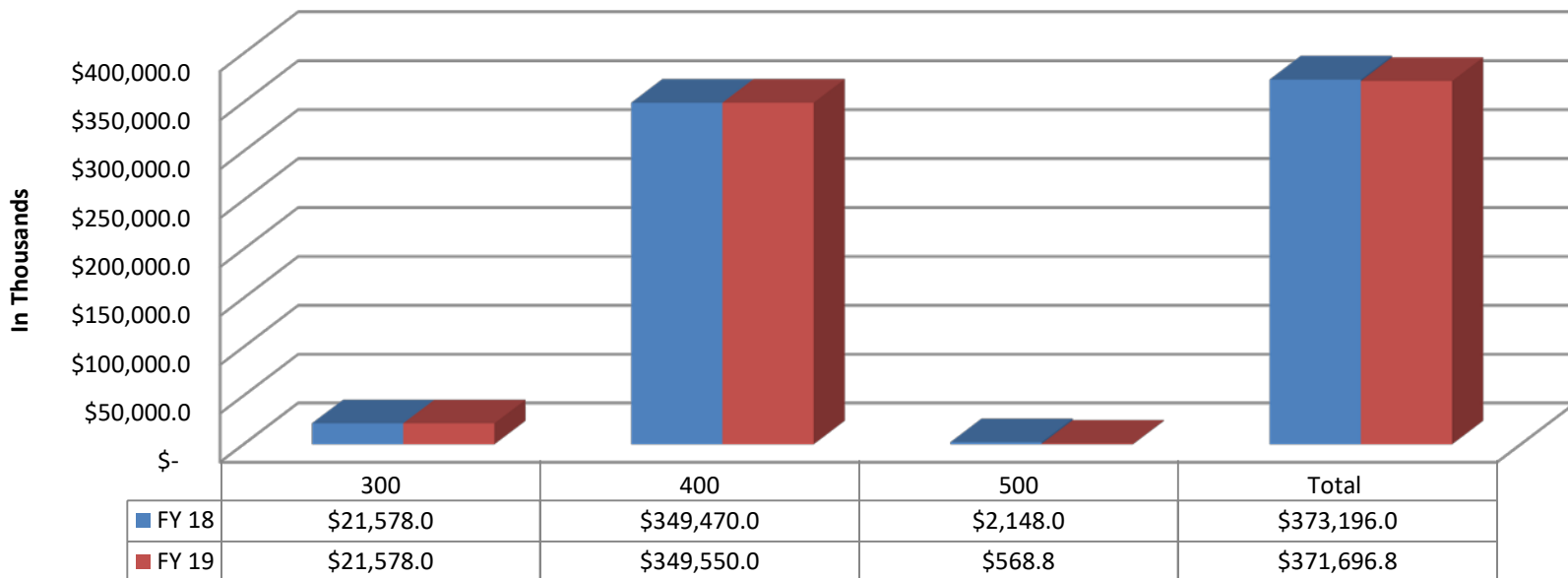
P606 Risk Management - Operating

- Total FY19 budget request of \$7,984.6 is \$109.6 less than the FY18 operating budget.
- The request also reflects a 5% vacancy rate applied in the 200s to reflect efforts to fill vacancies.
- Decreases are mainly in the 400s due to cost cutting efforts and 500s due to reduction of assessments transferred to Program Support.
- RMD operating continues to focus on providing training for ADR, CPR, OSHA, Active Shooter Awareness and Loss Prevention and Control.



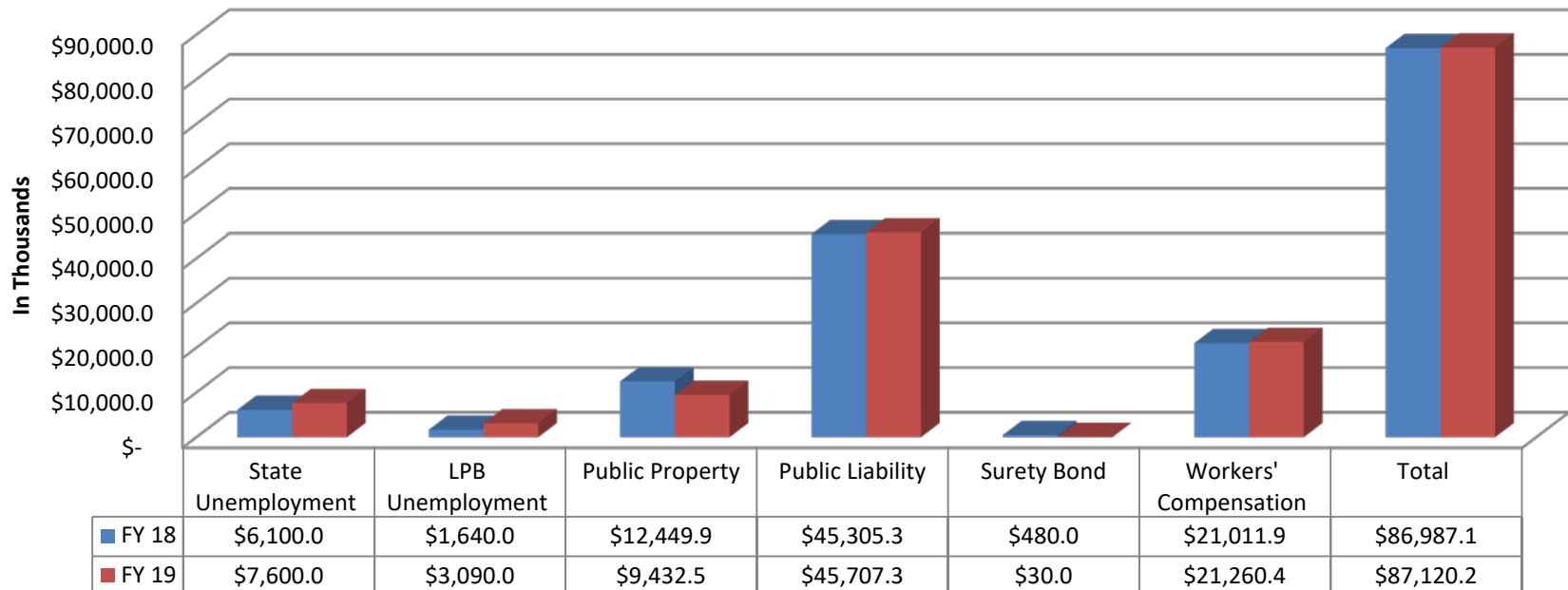
P607 - Health Benefits

The most significant change in the FY19 request in the Health Benefits program is the reduction of Other Financing Uses 500s category for program support assessments. The otherwise relatively flat increase in the 400s budget request for medical and prescription costs, reflects projected flattening of overall medical costs as well as continued implementation of cost containment measures such as wellness programs.



P799 - Risk Funds

- The request for Unemployment funds have increased in order to meet anticipated claims expenses from public and higher education entities that cut staff to meet deficiencies experienced during recent revenue downturn.
- The request for the Public Liability funds is essentially flat over FY18. The FY18 operating budget and FY19 request are less than the actual \$50m actual spend in FY17. Decreasing fund balance is a concern and an unanticipated “shock loss” would likely require RMD to seek an Emergency BAR.
- The request for the Workers Compensation fund is again budgeted fairly flat as compared to the FY18 operating budget. The relatively small increase is necessary to accommodate a projected increase in prescription drug costs and the potential that the Workers Compensation Administration may increase the allowable fees charged by medical providers.



QUESTIONS?

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Transportation Services Division: James Chavez, Deputy Director, 660-5562



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