

STATE OF NEW MEXICO



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

JANUARY 2007
FOR FISCAL YEAR 2007 - 2008

VOLUME II

LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATIONS

Published by:

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

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

STAFF

Hipolito (Paul) Aguilar, Principal Analyst
Michelle Aubel, Senior Fiscal Analyst I
Peter Dearing, Fiscal Analyst
Brent Earnest, Senior Fiscal Analyst I
Susan R. Fleischmann, (CPA) Performance Auditor II
Norton Francis, Chief Economist
Greg Geisler, Principal Analyst
Robert Griego, Performance Auditor
Andy Gutierrez, IT Performance Auditor
Linda Kehoe, Principal Analyst
Jeannae Leger, Fiscal Analyst
David Lucero, Senior Fiscal Analyst II
Odette Martinez, Administrative Assistant II
George McGeorge, (CPA) Performance Auditor III
Consuelo Mondragon, Performance Auditor
Eugene Moser, Principal Analyst
Ellie Ortiz, Senior Fiscal Analyst I
Sylvia Padilla, Performance Auditor II
Renada Peery-Galon, Senior Fiscal Analyst I
Wayne Propst, Principal Analyst
Yvonne Rada, Office Manager
J. Scott Roybal, Performance Auditor II
Charles Sallee, Performance Auditor III
Aurora Sanchez, (CISA) Performance Audit Manager
Christian Sanchez, Fiscal Analyst
Stephanie Schardin, Economist
Usha Shannon, Performance Auditor II
P. Robin Shaya, Committee Services Coordinator
Cynthia Singhdhillon, Administrative Assistant I
Mary Trujillo, Administrative Assistant II
Mark Weber, Principal Analyst
Arley Williams, Principal Analyst
Brett Woods, Principal Analyst

Helen Gaussoin, Editor and Public Information

January 2007

TABLE OF CONTENTS

	CODE NO.	PAGE NO.
LEGISLATIVE		
Legislative Branch.....	111-131	1
JUDICIAL		
Supreme Court Law Library	205	2
New Mexico Compilation Commission.....	208	3
Judicial Standards Commission.....	210	4
Court of Appeals	215	6
Supreme Court.....	216	8
Supreme Court Building Commission	219	9
Administrative Office of the Courts.....	218	10
District Court Summary	231-243	16
First Judicial District Court	231	19
Second Judicial District Court	232	20
Third Judicial District Court	233	21
Fourth Judicial District Court	234	22
Fifth Judicial District Court	235	23
Sixth Judicial District Court	236	24
Seventh Judicial District Court	237	25
Eighth Judicial District Court	238	26
Ninth Judicial District Court.....	239	27
Tenth Judicial District Court	240	28
Eleventh Judicial District Court	241	29
Twelfth Judicial District Court.....	242	30
Thirteenth Judicial District Court	243	31
Bernalillo County Metropolitan Court	244	32
District Attorneys Summary.....	251-263&265	34
First Judicial District Attorney.....	251	37
Second Judicial District Attorney.....	252	38
Third Judicial District Attorney.....	253	39
Fourth Judicial District Attorney	254	40
Fifth Judicial District Attorney.....	255	41
Sixth Judicial District Attorney.....	256	42
Seventh Judicial District Attorney.....	257	43
Eighth Judicial District Attorney.....	258	44
Ninth Judicial District Attorney	259	45
Tenth Judicial District Attorney.....	260	46
Eleventh Judicial District Attorney (Div I)	261	47
Eleventh Judicial District Attorney (Div II)	265	48
Twelfth Judicial District Attorney	262	49
Thirteenth Judicial District Attorney.....	263	50
Administrative Office of the District Attorneys	264	51
GENERAL CONTROL		
Attorney General.....	305	53
State Auditor	308	56
Taxation and Revenue Department	333	58
State Investment Council	337	65
Department of Finance and Administration.....	341	67
DFA Non-Operating Funds	344	75
Public School Insurance Authority	342	76
Retiree Health Care Authority	343	80
General Services Department.....	350	84
Educational Retirement Board	352	95
New Mexico Sentencing Commission.....	354	98

TABLE OF CONTENTS

	CODE NO.	PAGE NO.
Public Defender Department.....	355	100
Governor	356	102
Lieutenant Governor	360	104
Office of the Chief Information Officer.....	361	106
Public Employees Retirement Association.....	366	108
State Commission of Public Records.....	369	111
Secretary of State	370	113
Personnel Board	378	115
Public Employees Labor Relations Board.....	379	118
State Treasurer	394	119
 COMMERCE AND INDUSTRY		
Board of Examiners for Architects.....	404	122
Sports Authority	416	123
Border Authority	417	125
Tourism Department	418	127
Economic Development Department	419	133
Regulation and Licensing Department.....	420	138
Public Regulation Commission	430	153
New Mexico Board of Medical Examiners.....	446	160
Board of Nursing.....	449	162
New Mexico State Fair	460	164
State Board of Licensure for Professional Engineers and Surveyors.....	464	166
Gaming Control Board	465	167
State Racing Commission.....	469	169
Board of Veterinary Medicine.....	479	171
Cumbres and Toltec Scenic Railroad Commission.....	490	172
Office of Military Base Planning and Support.....	491	174
Spaceport Authority	495	175
 AGRICULTURE, ENERGY AND NATURAL RESOURCES		
Cultural Affairs Department.....	505	177
New Mexico Livestock Board.....	508	185
Department of Game and Fish.....	516	189
Energy, Minerals and Natural Resources	521	195
Youth Conservation Corps.....	522	203
Intertribal Ceremonial Office	538	205
Commissioner of Public Lands.....	539	206
State Engineer	550	208
Organic Commodity Commission.....	569	215
 HEALTH, HOSPITALS AND HUMAN SERVICES		
Commission on the Status of Women.....	601	217
Office of African American Affairs	603	219
Commission for the Deaf and Hard-of-Hearing Persons.....	604	221
Martin Luther King, Jr., Commission	605	223
Commission for the Blind	606	225
Indian Affairs Department	609	227
Aging and Long-Term Services Department.....	624	229
Human Services Department.....	630	237
Labor Department	631	247
Workers' Compensation Administration	632	252
Office of Workforce Training and Development	635	255
Division of Vocational Rehabilitation.....	644	257

TABLE OF CONTENTS

	CODE NO.	PAGE NO.
Governor's Commission on Disability.....	645	261
Developmental Disabilities Planning Council	647	263
Miners' Hospital.....	662	268
Department of Health.....	665	270
Department of Environment	667	284
Office of the Natural Resources Trustee.....	668	292
New Mexico Health Policy Commission.....	669	294
New Mexico Veterans' Services Department.....	670	296
Children, Youth and Families Department	690	298
 PUBLIC SAFETY		
Department of Military Affairs.....	705	306
Parole Board	760	309
Juvenile Parole Board.....	765	311
Corrections Department.....	770	313
Crime Victims Reparation Commission.....	780	322
Department of Public Safety	790	325
 TRANSPORTATION		
Department of Transportation	805	331
 OTHER EDUCATION		
Public Education Department	924	338
Regional Education Cooperatives.....	930	342
Public School Facilities Authority	940	343
 HIGHER EDUCATION		
Higher Education Department.....	950	345
Higher Education	952-977	351
 PUBLIC SCHOOL SUPPORT		
Public School Support.....	993	380

LEGISLATIVE BRANCH
BUDGET SUMMARY
(Dollars in Thousands)

		FY08 - 2007-2008				
		FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommen- dation	Percent Incr (Decr)
111	Legislative Council Service	4,622.8	4,956.0	5,320.4	5,320.4	7.4%
112	Legislative Finance Committee	3,507.1	3,807.3	3,976.4	3,976.4	4.4%
114	Senate Chief Clerk	996.0	1,030.5	1,031.0	1,031.0	0.0%
115	House Chief Clerk	973.5	1,009.5	1,018.8	1,018.8	0.9%
117	Legislative Education Study Committee	986.5	1,195.6	1,195.6	1,195.6	0.0%
119	Legislative Building Services (GAA)	3,360.6	3,647.7	3,809.8	3,809.8	4.4%
131	Interim Committee Expenses	1,036.0	1,056.0	1,036.0	1,036.0	-1.9%
131	Pre-Session Expenses	552.3	552.3	552.3	552.3	0.0%
131	Legislative Internship Program	25.0	25.0	45.0	45.0	80.0%
131	Senate Rules Interim Committee	21.6	21.6	21.6	21.6	0.0%
131	Energy Council Dues (GAA)	32.0	32.0	32.0	32.0	0.0%
	Legislature	4,732.0 *	7,836.7 *+	4,732.0 *++	4,732.0 *++	-39.6%
TOTAL LEGISLATIVE		20,845.4	25,170.2	22,770.9	22,770.9	-9.5%
*Less Nonrecurring		(4,732.0)	(7,836.7)	(4,732.0)	(4,732.0)	-39.6%
TOTAL LEGISLATIVE RECURRING		16,113.4	17,333.5	18,038.9	18,038.9	4.1%

+Appropriation for 2007 legislative session (60 days) will be made by the Legislature in January 2007. Amount shown was provided by the Legislative Council Service.

++Appropriation for 2008 legislative session (30 days) will be made by the Legislature in January 2008. Amount shown is same as FY06.

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 the state 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.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,647.2	1,711.3	1,816.3	1,791.0	4.7
Other Revenues	0.0	0.0	1.4	1.4	***
SOURCES TOTAL	1,647.2	1,711.3	1,817.7	1,792.4	4.7
USES					
Personal Services and Employee Benefits	566.2	663.6	690.8	690.8	4.1
Contractual Services	264.5	364.6	375.5	375.5	3.0
Other	808.5	683.1	751.4	726.1	6.3
TOTAL USES	1,639.2	1,711.3	1,817.7	1,792.4	4.7
FTE					
Permanent	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	9.0	9.0	9.0	9.0	0.0

BUDGET ISSUES:

The library is requesting \$370.9 thousand in contractual services, a 3 percent increase from FY07, to extend subscription and access of Westlaw and Lexis-Nexis for appellate and district court judges and judicial branch attorneys and paralegals. Of that \$30 thousand will go into a new integrated library system to improve staff efficiency and provide additional and improved services to the general public. The library is also requesting \$651 thousand, for subscriptions and book acquisitions, an 8.5 percent increase from FY07. This amount will also help the library address the high inflation rates imposed by publishing companies this year.

The 4 percent increase in personal services and benefits is due to the underfunding of the category in FY07.

SUPREME COURT LAW LIBRARY

The mission 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

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
* Output	Percent of updated titles	70.4%	77.4%	80%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	14.8%	28.5%	<20%	<20%	<20%
Output	Number of website hits	58,621	76,415	60,000	70,000	70,000
* Output	Number of research requests	6,593	5,992	6,600	6,600	6,600

STATUTORY AUTHORITY:

The New Mexico Compilation Commission was established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court (New Mexico Reports), Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the Juvenile Probation Officers Manual. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State's session laws, and is authorized to prepare and keep current parallel tables of the New Mexico statutes.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	167.6	167.6	127.7	-23.8
Other Transfers	81.0	0.0	0.0	0.0	***
Other Revenues	1,269.5	1,392.1	1,438.9	1,438.9	3.4
SOURCES TOTAL	1,350.5	1,559.7	1,606.5	1,566.6	0.4
USES					
Personal Services and Employee Benefits	203.8	333.9	348.8	336.3	0.7
Contractual Services	1,147.8	1,040.5	1,084.6	1,058.4	1.7
Other	132.5	185.3	173.1	171.9	-7.2
TOTAL USES	1,484.1	1,559.7	1,606.5	1,566.6	0.4
FTE					
Permanent	4.0	5.0	5.0	5.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	4.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

The Compilation Commission is an enterprise agency, earning its revenues from compilation and sale of the New Mexico state statutes and case law. FY07 was the first year the commission received any appropriation from the state general fund for services and employee benefits. The \$167.6 thousand received from the general fund was allotted for the incoming executive director's salary and benefits. Salary and benefits for all other personnel as well as operating costs are supported by enterprise revenue.

LFC recommends a 0.4 percent increase in base budget to pay for risings costs related to printing, publication, and shipping of laws, court opinions, court rules, jury instructions, and forms. The commission is looking into internalizing the publishing process but has not reported progress so far to LFC.

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission program 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, and ensure the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Amount of revenue collected, in thousands	\$1,169.1	\$1,152.9	\$1,291.3	\$1,291.3	\$1,291.3

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.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	580.2	656.8	799.9	779.3	18.7
Other Transfers	57.3	0.0	0.0	0.0	***
Other Revenues	13.3	30.0	0.0	0.0	-100.0
SOURCES TOTAL	650.8	686.8	799.9	779.3	13.5
USES					
Personal Services and Employee Benefits	461.2	531.3	587.7	587.7	10.6
Contractual Services	49.2	30.0	57.1	54.8	82.7
Other	139.6	125.5	155.1	136.8	9.0
TOTAL USES	650.0	686.8	799.9	779.3	13.5
FTE					
Permanent	6.5	7.0	7.0	7.0	0.0
Temporary	0.0	0.0	1.0	1.0	***
TOTAL FTE POSITIONS	6.5	7.0	8.0	8.0	14.3

BUDGET ISSUES:

The Judicial Standard Commission is requesting a \$7 thousand increase in IT maintenance to improve the commission's internal network. LFC recommends this funding, which will reduce office supply costs, postage costs, and other paper-related costs. The LFC recommendation includes \$7 thousand for medical evaluations. The commission is authorized through the New Mexico Constitution to request or order a respondent judge to undergo physical and psychological evaluations, including a drug screening. In FY07 the commission incurred \$13 thousand in costs associated with examinations and evaluations and anticipates FY08 costs to be equal to or in excess of FY07 costs.

The Judicial Standards Commission is also requesting an expansion increase of \$2.7 thousand to cover the agency's increased audit costs. The commission's auditor contract has expired, and the commission can no longer use its prior auditor. The commission has requested bids for new auditors to complete the agency's audit and selected the least expensive. The new auditor, however, will charge more than twice the amount charged by the previous auditor. The LFC recommends \$2.7 thousand to cover the increased audit costs.

BASE EXPANSION:

The Judicial Standards Commission requested \$21.5 thousand in contractual funds to help the agency defend itself from a federal lawsuit (Stein v. New Mexico Judicial Standards Commission). While the commission's general counsel is working on the case, the commission argues it is necessary to bring in outside counsel for assistance on evaluating the plaintiff's constitutional claims. LFC has reviewed the expansion and recommends full funding.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Attorney Fees		21.5	21.5
TOTAL			21.5	21.5

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Efficiency	Average time for complaint requiring investigation to reach disposition, in months		4.3	5	5	5
Efficiency	Average case duration rate, by meeting cycle	1.85	2.3	5	5	5
Explanatory	Number of complaints received regarding judicial misconduct	1639	2441			
Explanatory	Percent of complaints requiring research investigation	96	95			
* Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days			2	2	2
* Output	Time for release of annual report to the public, from the end of the fiscal year, in months			2	2	2
* Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles			3	3	3
Explanatory	Number of inquiries regarding judicial disciplinary matters					
Explanatory	Number of docketed complaints					

STATUTORY AUTHORITY:

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disease Disablement Law, the Subsequent Injury Act and the federal Employers' Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the Constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,768.5	5,140.7	5,380.6	5,360.1	4.3
Other Transfers	140.0	0.0	0.0	0.0	***
Other Revenues	1.0	1.0	1.0	1.0	0.0
SOURCES TOTAL	4,909.5	5,141.7	5,381.6	5,361.1	4.3
USES					
Personal Services and Employee Benefits	4,306.6	4,697.7	4,793.6	4,793.6	2.0
Contractual Services	147.8	23.7	129.8	129.8	447.7
Other	417.7	420.3	458.2	437.7	4.1
TOTAL USES	4,872.1	5,141.7	5,381.6	5,361.1	4.3
FTE					
Permanent	58.0	58.0	59.5	59.5	2.6
TOTAL FTE POSITIONS	58.0	58.0	59.5	59.5	2.6

BUDGET ISSUES:

The Court of Appeals requested \$123 thousand for contractual services to continue imaging and digitizing closed case files. Due to space limitations, the court intends to dispose its closed paper files. A part-time administrative assistant will be responsible for assessing and coordinating efforts to image closed case files, including developing a comprehensive plan for completing the effort. The LFC recommendation includes funding for this purpose that may be reduced in FY09 once the Court of Appeals has done away with the backlog of files.

BASE EXPANSION:

The Court of Appeals requested \$94 thousand to add an assistant staff attorney to the Prehearing Division. The Prehearing Division assists the court in screening all appeals and judges use the expertise of its staff attorneys to assist with complex cases requiring full briefs. The division has received only one staff attorney since the court expanded from 7 to 10 judges in 1991. Over the past six years, the court has experienced a 10 percent increase in cases requiring full briefing. The committee recommends the expansion to allow the division to fully meet the demand of casework.

The Court of Appeals requested \$40.2 thousand to make the current half-time administrative assistant position within the court a full-time position. The clerk's office hopes to ensure, with this assistant, that all pleadings are docketed into the case management system by the close of business the day the pleading is filed. Additional critical duties to assist judges and the court would be undertaken by the administrative assistant if the position is made full time. The committee recommends the expansion.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Assistant staff attorney (1.0 FTE)		94.9	81.5
2	Administrative assistant (0.5 FTE)		40.2	33.2
TOTAL			135.1	114.7

COURT OF APPEALS

The purpose of the court of appeals program is to provide access to justice, to 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Explanatory	Cases disposed as a percent of cases filed	95%	97.9%	95%	95%
	Explanatory	Number of legal opinions written	651	684	NA	NA

STATUTORY AUTHORITY:

Article VI of the Constitution of New Mexico provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico, having original jurisdiction in quo warranto and mandamus against all state officers, boards, and commissions, as well as superintending control over all lower courts. The Supreme Court also has the power to issue writs.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,429.0	2,630.2	2,902.9	2,824.1	7.4
Other Transfers	5.6	0.0	0.0	0.0	***
SOURCES TOTAL	2,434.6	2,630.2	2,902.9	2,824.1	7.4
USES					
Personal Services and Employee Benefits	2,154.0	2,381.6	2,621.8	2,566.5	7.8
Contractual Services	100.8	47.3	48.4	48.4	2.3
Other	177.3	201.3	232.7	209.2	3.9
TOTAL USES	2,432.1	2,630.2	2,902.9	2,824.1	7.4
FTE					
Permanent	30.0	31.0	33.0	32.0	3.2
TOTAL FTE POSITIONS	30.0	31.0	33.0	32.0	3.2

BASE EXPANSION:

The Supreme Court requested \$165 thousand in expansion to fund 2 FTE: an associate staff attorney and appellate paralegal. The associate staff attorney would further assist the Central Staff Attorney Division of the Supreme Court in drafting procedural rules and in staffing the volunteer rules committees, commissions, and boards. The appellate paralegal would support the work of the associate staff expansion and the division's two other attorneys. The LFC recommendation includes funding for the associate staff attorney. The appellate paralegal expansion was not recommended at this time because workload and performance information does not indicate the need for a 100 percent expansion of the Central Staff Attorney Division.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

Agency Rank	(Division)	Agency Request	LFC Recom- mendation
1	Associate staff attorney (1.0 FTE)	101.4	87.1
2	Appellate paralegal (1.0 FTE)	64.0	0.0
TOTAL		165.4	87.1

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

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
* Explanatory	Cases disposed as a percent of cases filed	105.4%	97.9%	95%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written	79	93	NA	NA	NA

STATUTORY AUTHORITY:

The Supreme Court Building Commission was established by Sections 34-3-1 through 34-3-3 NMSA 1978. The commission consists of three New Mexico residents appointed by the Supreme Court who serve without pay. The building superintendent is directly responsible to the commission for supervision of custodial staff and for the preservation and maintenance of the Supreme Court building and its grounds. The commission is further charged with maintaining accurate fixed assets records for furniture, fixtures, and equipment acquired by the judiciary.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	703.6	729.8	744.5	743.7	1.9
Other Transfers	28.1	0.0	0.0	0.0	***
SOURCES TOTAL	731.7	729.8	744.5	743.7	1.9
USES					
Personal Services and Employee Benefits	492.3	587.7	603.7	603.7	2.7
Contractual Services	88.2	6.9	5.7	5.7	-17.4
Other	136.7	135.2	135.1	134.3	-0.7
TOTAL USES	717.2	729.8	744.5	743.7	1.9
FTE					
Permanent	12.8	15.0	15.3	15.3	1.7
TOTAL FTE POSITIONS	12.8	15.0	15.3	15.3	1.7

BUDGET ISSUES:

As recommended by LFC, the Supreme Court Building Commission has developed and implemented a master maintenance schedule. The court is also working on reporting their "facility maintenance index," the ratio of repair cost to replacement cost, for FY09.

SUPREME COURT BUILDING COMMISSION

The purpose of the supreme court building commission program 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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Quality	Accuracy of fixed-assets inventory records	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Administrative Office of the Courts (AOC) is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978 to be established in the seat of government and supervised by a director appointed by the New Mexico Supreme Court. The agency has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. AOC is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	32,446.3	36,044.0	45,548.9	40,706.1	12.9
Other Transfers	9,083.4	6,308.1	7,719.6	7,291.5	15.6
Federal Revenues	205.4	1,208.2	539.9	539.9	-55.3
Other Revenues	544.7	2,560.9	525.0	525.0	-79.5
Fund Balance	618.1	964.1	1,703.6	1,703.6	76.7
SOURCES TOTAL	42,897.9	47,085.3	56,037.0	50,766.1	7.8
USES					
Personal Services and Employee Benefits	21,837.9	24,246.2	25,972.1	24,473.3	0.9
Contractual Services	5,843.7	7,229.8	10,949.5	8,707.0	20.4
Other	12,698.3	13,390.8	17,643.7	15,164.1	13.2
Other Financing Uses	2,485.7	2,218.5	1,471.7	2,421.7	9.2
TOTAL USES	42,865.6	47,085.3	56,037.0	50,766.1	7.8
FTE					
Permanent	338.5	351.3	373.3	354.8	1.0
Term	68.5	68.3	57.0	68.3	0.0
TOTAL FTE POSITIONS	407.0	419.6	430.3	423.1	0.8

BUDGET ISSUES:

Major increases in the AOC request include 14.5 FTE expansions and six program expansions. Program increases include updating the district staff study conducted by National Center for State Courts (NCSC) and updating the district court clerk's manual. According to Section 34-9-8 NMSA 1978, the clerk's manual shall be updated by AOC. The district court's manual has not been updated in approximately five years.

AOC reports a shortage of staff for statewide programs. Although the judiciary has grown over the past five years, the staffing levels at AOC have not grown at the same rate. The Administrative Services Division of the AOC staffs new and existing programs, coordinates the information sharing among all court units, and provides adequate service to the courts.

The recommendation for the Administrative Services Division includes an additional \$950 thousand for the court facility fund. The revenues in the fund are pledged to pay the debt service for the Bernalillo County Metropolitan courthouse and parking structure bonds. For a variety of reasons, such as a shortage of law enforcement, the implementation of red light traffic cameras in the Albuquerque metro area, and a decline in officers issuing citations, the fund has decreased to a critical level. The LFC feels a \$950 thousand recurring general fund appropriation to the facility fund would secure the bonds and provide extra money for magistrate court leases.

In 1997 the New Mexico Supreme Court created a non-partisan volunteer commission known as the Judicial Performance Evaluation Commission (JPEC). JPEC's mission is to assist justices and judges in improving their bench performance and to provide information regarding this performance so voters are able to make more informed decisions. For FY08, JPEC requested \$302.2 thousand, a 49 percent increase, to meet the increase in operating costs. When the program was established it involved final evaluations of metropolitan and district court judges. In 1997, the appellate judges were added to the final evaluations. AOC now is working with a total of 118 judges (Supreme Court justices, Court of Appeals judges, District Court judges, and

Metropolitan Court judges). The day-to-day operations of running this program have grown considerably. The LFC recommendation includes \$110.5 thousand from the general fund and nonreverting language to improve JPEC evaluations and their distribution.

The recommendation for the Judicial Automation Program includes a 4 percent vacancy rate. Priorities for the Judicial Automation Program focused on increased funding for video arraignment and case management systems. AOC and courts statewide have demonstrated a need to expand internet technology service to increase efficiency, effectiveness, and safety in the judiciary. LFC agrees and increases for IT equipment are apparent in the other costs category recommendation for judicial automation.

A major issue facing the Judicial Automation Program includes gradual reduction in the Supreme Court automation fund (SCAF). During FY06, fund collections were 22 percent less than FY05, and FY07 collections were 30 percent less than FY06. As a result of the implementation of red-light traffic cameras in Albuquerque, SCAF has suffered a steep decline in traffic and docket fees. Priorities will continue to focus on replacing these declining SCAF funds.

The recommendation for the Magistrate Program includes a 3 percent vacancy rate. The Magistrate Court Program requested \$26 million, a 6.9 percent increase over FY07. The increase is due to higher operational costs and drug-court expansions. Magistrate courts lease the facilities in which they operate, and although they do not pay construction costs directly, the increase in construction materials nationwide are reflected in their leases. After a successful procurement, a new magistrate court facility is being built in Espanola. A request for proposal to build a new facility in Las Cruces is outstanding. Negotiations are underway with McKinley County to improve facilities at the Gallup Magistrate Court. Security improvements and remodeling have been completed or are underway in Hobbs, Eunice, Lovington, Truth or Consequences, and Tucumcari. LFC recommends \$25.1 million and includes \$189 thousand for three separate magistrate court driving while intoxicated drug court programs in various stages of implementation, \$22.1 thousand for the Eddy County magistrate driving while intoxicated drug-court program to supplement its current operations with alcohol-detecting ankle bracelets and staff training, \$2.9 thousand for the Quay County Magistrate court to be used for drug training prior to implementing a driving while intoxicated drug-court program, and the remaining \$164 thousand for Valencia County Magistrate Court's program to fund staff and treatment for their new program. The referral of DWI defendants to these programs will provide them with treatment and monitoring to help prevent the defendants from driving while intoxicated.

LFC recommends replacing the severance tax bond revenue source for the AOC water rights adjudication fund with \$350 thousand from the general fund. The funds will be used for a water staff attorney, special data managers, and appropriate contractors to serve in the adjudication of water rights. A stable recurring revenue source will better serve the AOC. Further, questions remain regarding the use of tax-exempt bond proceeds to fund agency operating costs, as opposed to funding capital investments for adjudication. LFC staff requested an opinion from the state attorney general and a response is pending.

BASE EXPANSION:

LFC recommends \$90 thousand for increasing fees paid to certified court interpreters. Today, certified interpreters are paid \$40 an hour with a two hour guarantee. All courts report using freelance interpreters when needed, which can be once a week or everyday. This hourly rate has been unchanged for over 15 years. Other state agencies, federal courts, and attorneys who compete for their services pay interpreters from \$40 to \$95 an hour. Courts throughout the state are struggling to hire enough certified interpreters to meet their needs because certified court interpreters are turning down state court assignments for higher paying assignments.

Jurors today are paid the state minimum wage of \$5.15 for each hour of service in the courthouse. The \$825 thousand requested by AOC would raise jurors pay to \$7.50 or the state minimum wage, whichever is higher, for each hour of courthouse service. While jury service is not intended to be a person's sole source of income, \$5.15 an hour is not adequate compensation for jury service. Financial hardship, because of low juror pay, is one of the most common reasons people ask to be excused from jury duty. While employers are encouraged to pay an employee during jury service, they are not required to do so. Many small businesses do not pay employees who are serving as jurors, and as a result, courts struggle to provide enough jurors. Because of the negative financial impact of jury service for many New Mexicans, the jury pool is more likely to be composed of retirees, government employees, and employees of large businesses. LFC recommends \$412.5 thousand to raise the hourly rate to at least \$6.50 an hour, which will make it feasible for more persons to serve as jurors. The overall size of the juror pool will increase, which will make it possible to have a more diverse pool of jurors.

The LFC recommendation for the Judicial Automation Program includes \$80.2 thousand for a project manager, to help maintain the function of the statewide video arraignment program. Currently 28 counties, 59 courts, and 29 detention centers have video

arraignment capabilities. The Judicial Automation Program is unable to provide timely maintenance to the equipment and is in need for additional staff to adequately meet the demands of the counties served.

The DWI grant fund for magistrate courts was replaced with \$77.9 thousand from the general fund. The liquor and excise tax fees that made up the fund were used to support driving while intoxicated drug-court programs. LFC recommends replacing DWI grant funds to expand the use of the fund for local county DWI services.

The LFC expansion recommendation includes funding for 1 FTE project manager to assist in meeting the staffing needs of AOC and their various programs. AOC lacks the staff or capabilities to dedicate full-time staff to manage its 13 statewide programs, commissions, and budgets. AOC presently has three statewide program managers within the Court Services Division dedicated to drug courts, jury and interpreter services, and court improvement project and tribal-state relationships. In addition, there are 13 statewide programs and projects that AOC staff work on within the Court Services Division. AOC reports that current staffing levels cannot provide the level of service required. The statewide program managers are a statewide resource, not serving one court but all courts. Their responsibility should be to look at the "big picture," move statewide programs forward, and help implement court programs and projects. The growth of the state's drug-court program requires additional staff to help manage the grant application process, provide financial oversight of the program through onsite audits, and evaluate programs. LFC recommends \$47.7 thousand to help manage the \$1.7 million statewide drug court budget. The position will assist with the above, as well as conduct ongoing financial and compliance audits of drug-court programs regarding budgets, performance measures, and the New Mexico Judiciary Drug Court Standards.

For the Special Court Services Program, the LFC recommendation includes \$108 thousand in additional funding for court appointed special advocates (CASA) and \$370.5 thousand for the access and supervised visitation program. The additional funds for CASA will meet the demand for access and supervised visitation services and allow for growth, recruitment, training, and retention of volunteers to serve more children. In FY07 inadequate funding of the access and supervised visitation program created administration and operational problems that prevented the program from increasing noncustodial or joint custodial parents' access and visitation with their children. LFC's recommendation aims to expand program services to all district courts and help decrease the waiting lists for clients to receive services.

RECOMMENDED LANGUAGE:

Any unexpended balance for the judicial performance evaluation commission remaining at the end of fiscal year 2008 from the general fund shall not revert.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Court facility fund	(Admin)	950.0	950.0
*	Replace DWI grant funds with GF	(Magist)	77.9	77.9
1a	Fixed asset manager (1 FTE)	(Admin)	62.7	0.0
1b	Project manager (0.5 FTE)	(Admin)	42.6	0.0
1c	Project manager (0.5 FTE)	(Admin)	42.1	0.0
1d	Administrative assistant (1 FTE)	(Admin)	48.0	0.0
1e	Staff attorney (1 FTE)	(Admin)	84.7	0.0
1f	Internal auditor (1 FTE)	(Admin)	63.1	0.0
1g	Interpreter contractual increases	(Admin)	150.0	90.0
1h	Jury increases	(Admin)	825.0	412.5
2a	Project manager (1 FTE)	(Jud.Auto)	102.3	80.2
2b	Telecom engineer (4 FTE)	(Jud.Auto)	185.6	0.0
2c	Administrative assistant (0.5 FTE)	(Jud.Auto)	29.1	0.0
3a	Drug court expansions	(Magist)	203.0	189.0
3b	Judge (1 FTE)	(Magist)	90.4	0.0
4a	Drug court staff support (2 FTE)	(Special)	128.9	47.7
4b	Children's court mediation	(Special)	62.4	0.0
4c	Water staff attorney (1 FTE)	(Special)	84.7	0.0
4d	CASA expansions	(Special)	172.1	108.0
4e	Access and supervised visitation	(Special)	632.7	370.5
TOTAL			4,037.3	2,136.8

ADMINISTRATIVE SUPPORT

The purpose of 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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,385.0	6,748.5	9,551.5	8,774.7	30.0
Other Transfers	1,456.3	165.5	120.0	120.0	-27.5
Federal Revenues	205.4	1,208.2	539.9	539.9	-55.3
Other Revenues	544.7	525.0	525.0	525.0	0.0
SOURCES TOTAL	8,591.4	8,647.2	10,736.4	9,959.6	15.2
USES					
Personal Services and Employee Benefits	2,380.4	2,672.5	3,026.5	2,683.2	0.4
Contractual Services	721.6	730.0	1,788.8	1,167.0	59.9
Other	4,679.2	4,698.2	5,921.1	5,159.4	9.8
Other Financing Uses	803.8	546.5	0.0	950.0	73.8
TOTAL USES	8,585.0	8,647.2	10,736.4	9,959.6	15.2
FTE					
Permanent	34.0	34.3	37.8	35.8	4.4
Term	8.0	2.8	0.5	2.8	0.0
TOTAL FTE POSITIONS	42.0	37.1	38.3	38.6	4.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of jury summons successfully executed	82.9%	80.5%	92%	92%	92%
* Output	Average cost per juror	\$40.56		\$41	\$50	\$42

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judiciary automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,704.1	1,881.1	5,463.0	2,806.2	49.2
Other Transfers	4,427.7	5,273.6	4,486.7	4,486.5	-14.9
Fund Balance	318.0	0.0	786.9	786.9	***
SOURCES TOTAL	6,449.8	7,154.7	10,736.6	8,079.6	12.9
USES					
Personal Services and Employee Benefits	3,633.4	3,768.1	4,609.2	4,035.9	7.1
Contractual Services	453.1	627.3	1,421.8	785.4	25.2
Other	2,360.6	2,759.3	4,705.6	3,258.3	18.1
TOTAL USES	6,447.1	7,154.7	10,736.6	8,079.6	12.9
FTE					
Permanent	37.5	38.5	53.0	39.5	2.6
Term	9.0	9.0	0.0	9.0	0.0
TOTAL FTE POSITIONS	46.5	47.5	53.0	48.5	2.1

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated-court reports	92.3%	93.1%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-9.8%	-20.7%	10%	10%	10%
* Quality	Average time to respond to automation calls for assistance, in minutes		957	25	25	25
Output	Number of help desk calls for assistance	4,164	5,175	6,000	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	19.2	15.95	8	8	8

MAGISTRATE COURT

The purpose of the magistrate court and warrant enforcement program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	18,941.5	20,819.5	22,350.4	21,469.6	3.1
Other Transfers	2,674.4	519.0	2,762.9	2,685.0	417.3
Other Revenues	0.0	2,035.9	0.0	0.0	-100.0
Fund Balance	300.1	964.1	916.7	916.7	-4.9
SOURCES TOTAL	21,916.0	24,338.5	26,030.0	25,071.3	3.0
USES					
Personal Services and Employee Benefits	15,824.1	17,805.6	18,185.9	17,694.3	-0.6
Contractual Services	425.6	612.0	839.5	642.6	5.0
Other	5,641.5	5,920.9	7,004.6	6,734.4	13.7
Other Financing Uses	8.1	0.0	0.0	0.0	***
TOTAL USES	21,899.3	24,338.5	26,030.0	25,071.3	3.0
FTE					
Permanent	267.0	278.5	279.5	278.5	0.0
Term	51.5	56.5	56.5	56.5	0.0
TOTAL FTE POSITIONS	318.5	335.0	336.0	335.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	\$2.03	\$2.28	\$2.3	\$2.3	\$2.4
* Explanatory	Percent of cases disposed as a percent of cases filed	101.1%	102.3%	95%	95%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions	\$14.94	\$15.15			
* Efficiency	Percent of magistrate court financial reports submitted to fiscal services division and reconciled on a monthly basis	95.8%	99%	96%	100%	100%
Output	Number of bench warrants issued	44,627				
Output	Number of cases in which bench warrant fees are collected	22,661				

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,415.7	6,594.9	8,184.0	7,655.6	16.1
Other Transfers	525.0	350.0	350.0	0.0	-100.0
SOURCES TOTAL	5,940.7	6,944.9	8,534.0	7,655.6	10.2
USES					
Personal Services and Employee Benefits	0.0	0.0	150.5	59.9	***
Contractual Services	4,243.4	5,260.5	6,899.4	6,112.0	16.2
Other	17.0	12.4	12.4	12.0	-3.2
Other Financing Uses	1,673.8	1,672.0	1,471.7	1,471.7	-12.0
TOTAL USES	5,934.2	6,944.9	8,534.0	7,655.6	10.2
FTE					
Permanent	0.0	0.0	3.0	1.0	***
TOTAL FTE POSITIONS	0.0	0.0	3.0	1.0	***

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of required events attended by attorneys in abuse and neglect cases	8,765	8,841	8,000	8,000	8,000
* Output	Number of monthly supervised child visitations conducted	451	497	500	500	500
* Output	Number of cases to which court appointed special advocates volunteers are assigned	1,617	1,674	1,600	1,600	1,600

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-46 NMSA 1978. New Mexico has 13 judicial districts over which 84 judges preside. Distribution and number of judgeships is determined in New Mexico statute.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 - 2007-2008</u>				
	FY06	FY07	Agency	LFC	Percent
	2005-2006	2006-2007	Request	Recommendation	Incr
	Actuals	Budgeted			(Decr)
SOURCES					
General Fund Transfers	54,168.7	61,952.2	67,281.7	63,981.2	3.3
Other Transfers	5,251.8	4,688.1	5,192.8	4,594.3	-2.0
Federal Revenues	1,971.4	1,390.4	0.0	0.0	-100.0
Other Revenues	1,550.6	1,573.9	1,713.2	1,713.2	8.9
Fund Balance	440.2	440.1	375.3	375.3	-14.7
SOURCES TOTAL	63,382.7	70,044.7	74,563.0	70,664.0	0.9
USES					
Personal Services and Employee Benefits	50,226.6	57,853.0	62,062.0	58,753.0	1.6
Contractual Services	5,886.0	7,364.2	7,163.8	7,079.8	-3.9
Other	6,124.2	4,812.5	5,322.2	4,816.2	0.1
Other Financing Uses	26.5	15.0	15.0	15.0	0.0
TOTAL USES	62,263.3	70,044.7	74,563.0	70,664.0	0.9
FTE					
Permanent	804.6	872.3	928.9	882.8	1.2
Term	79.8	61.8	61.5	59.8	-3.2
Temporary	3.0	0.5	0.0	0.5	0.0
TOTAL FTE POSITIONS	887.4	934.6	990.4	943.1	0.9

BUDGET ISSUES:

The Administrative Office of the Courts received \$496 thousand in federally mandated grants in FY04 and \$989 thousand in FY05. Both awards were used to expand and enhance drug-court programs across the state. The majority of funds were used in two fiscal years, \$355 thousand in FY05 and \$760 thousand in FY06. The remaining federal grant funds were used in FY07 for the drug court in McKinley County, 11th Judicial District. The depletion of the funding has resulted in a higher need for general fund in FY08.

District courts also received an increase of \$598.5 thousand in general fund to replace the local government DWI grant fund. The liquor and excise tax fees that made up the fund were received by the 2nd, 3rd, 4th, 5th, 6th, 11th, 12th, and 13th judicial district courts and were used for their driving while intoxicated drug-court programs. LFC recommends replacing the grant fund with money from the general fund to expand the use of the fund for local government DWI services.

Vacancy rates of 3 percent to 5 percent were applied to courts with greater than 50 authorized FTE and were determined using historic vacancy rates. All applied vacancy rates are at least 2 percentage points less than the actual historic vacancy rate for any given district. With this funding level, all districts have the opportunity to lower historic vacancy rates in FY08.

The 4th Judicial District Court request for \$2.1 million, a 17.8 percent increase over FY07, is primarily due to two expansion requests and a reported increase in operating costs. LFC recommends \$1.8 million, a 5.1 percent increase, but does not include funding for 2 FTE expansions. The 4th judicial district court is in the process of moving into a new district court facility. Completion of the relocation is scheduled for December 2006. The court will be requesting legislation and funding for a new judge, support staff, and additional security staff during the 2007 legislative session. In FY07 the court was awarded a total of 4 new FTE, a hearing officer, support staff, and a new judicial specialist. As a result of this growth and future expansion, the court reports an increase in operating expenses.

The 6th Judicial District Court request for \$3.2 million for FY08, a 19.6 percent increase, includes funding for an expansion of 1 FTE for Luna County and 0.5 FTE for Hidalgo County. FY07 was the first year in which the 6th Judicial District Court received money for the juvenile justice continuum program. The \$213.8 thousand appropriated in Laws 2005, Chapter 34, has been distributed among Grant, Hidalgo, and Luna counties to assist in intervention, prevention, and positive youth development programs.

LFC recommends a 3.5 percent increase for the 7th judicial district court, primarily for the drug court expansion request in the contractual services category. The 7th Judicial District Court recently implemented an adult drug-court program in Sierra County.

The program initially operated on a volunteer basis; however, with the help of federal grants, the adult drug court began contracting for staff and treatment providers as of July 1, 2006. The LFC recommendation includes \$60 thousand in expansion to provide treatment for drug-court participants.

The 8th Judicial District Court also requested an increase in recurring funds to expand the drug-court program to Raton. LFC recommends \$2.3 million of the courts total budget request of \$2.7 million and includes an increase of \$159.1 thousand in contractual services to cover the cost of the drug-court program in Raton. This recommendation does not include funding for the 1.5 FTE expansion request. LFC instead recommends reclassifying a vacant position to administer the drug-court expansion in Raton.

The 13th Judicial District Court reports a 5.6 percent historical caseload increase and a 7.3 percent increase over the last two fiscal years. The primary concerns of the court are coping with growth, personnel, facilities and clients. The court has transitioned from a rural district court to the largest suburban district court in New Mexico. Two counties, Sandoval and Valencia, are the fastest growing in the state, and Rio Rancho continues to eclipse Santa Fe as the third most populous city. The court is limiting base growth to 3 percent; however, this may be inadequate. In the last three years, the Legislature has provided 24 FTE, increasing court staff by 35 percent. This increased need for items such as fuel, phones, supplies, and equipment. The LFC recommendation of \$6.1 million, a 7 percent increase, reflects this growth.

BASE EXPANSION:

LFC considered several factors when making FTE expansion recommendations, including the 2005 National Center for State Courts (NCSC) staff study, community population growth, and increase in caseloads.

LFC recommends the 1st Judicial District Court expansion request to convert eight term positions to permanent. This program expansion will allow the court to meet the current demand for court bailiff services. The recommendation shifts funds from the contractual services category to the personal services and employee benefits category. The recommendation is the result of an external audit finding related to compliance with internal revenue services (IRS) regulations.

LFC recommends 3 FTE expansions for the 2nd Judicial District Court. The first 2 FTE are Spanish language interpreters. On a daily basis, the court uses two to three certified and non-certified Spanish interpreters in addition to its current 2 FTE court interpreters. In FY06, interpreters covered a total of 2,280 hearings, representing an increase of 25 percent over FY05. Of the hearings covered by interpreters in FY06, 35 percent were covered by contract interpreters. Due to this shortage, many "last minute" hearings were unable to provide an interpreter and all off-site hearings, such as Children's Court cases, off-site arbitrations, mental health hearings, etc., had to be covered by contract interpreters. With the addition of these court interpreters, the court anticipates the need to use contract interpreters would be virtually eliminated. The second recommendation is for a judicial specialist. Open cases have increased by 14 percent over the last two fiscal years. As a result of understaffing, the court has experienced increased case disposition times and daily wait times for people conducting business at the court. The court's alternative included paying clerks to work overtime; however the LFC found an additional judicial staff specialist to be more effective and efficient.

The LFC recommendation includes funding for a 1 FTE expansion for the 5th Judicial District, which continues to maintain a low vacancy rate. The 5th Judicial District Court received 10 new positions for FY07, including eight intended for two new judgeships, an additional bailiff, and an administrative assistant for family drug court. These positions bring the total count to 77 FTE. These positions have strained the fiscal office, which handles human resources as well. This judicial district does not have a human resources or purchasing department, as do other courts. Three employees handle all financial, human resources and payroll, purchasing, and inventory for three counties. In addition, the court reports a need for a financial administrator to meet increasing demands placed on the fiscal office pertaining to the state human resources and financial system called SHARE, the Accountability in Government Act 34, and the new Supreme Court requirements. The court is in need of a financial administrator to serve as a complete backup to the financial manager. The recommendation for 1 FTE will help reduce the workload and, thus, assist in adequately serving the three counties.

LFC's recommendation for the 6th Judicial District includes funding for a 1 FTE expansion for Luna County and 0.5 FTE expansion for Hidalgo County as indicated by the 2005 NCSC staff study. The court presently has 10 judicial specialists--five in Grant County, four in Luna County, and one in Hidalgo County -- who each handle approximately 280 cases a year. The staff study projects the number of cases to rise for the bordering counties of Luna and Hidalgo.

There are 2 term positions included in the 11th District Court's base request that LFC considers expansions. Both positions are connected to the cooperative agreement between the court and New Mexico Human Services Department for child support enforcement hearings conducted in San Juan and McKinley counties. LFC recommends \$79 thousand for both term positions.

DISTRICT COURTS (ALL)**231-243**

The funding sources for both positions are federal funds through HSD. The LFC recommendation for the 11th district also includes a conversion from term to perm for a juvenile drug court family counselor. The court currently contracts for these services, thus the recommendation shifts funds from the contractual services category to the personal services and employee benefits category.

To ensure efficient and effective court operations, LFC recommends \$33.4 thousand for a term-to-term conversion for the 12th Judicial District Court. The court requested the reclassification of drug-court staff to provide continuing support for their domestic violence hearing officer and two juvenile drug court divisions. Pursuant to a federal award notification received from Crime Victim's Reparations Commission, the funds for the term position will terminate at the end of FY07.

The 2005 NCSC staff study reports a shortage of staff in the 13th Judicial District Court necessary to accomplish baseline tasks. The LFC recommendation includes \$85 thousand for a judicial specialist, \$90 thousand for a court clinician, and \$61.4 for a systems analyst. The judicial specialist and court clinician will address the increase in caseloads and services provided in the 13th district. The district systems analyst will help serve the district's 110 computers, courtroom litigations systems, phone systems, real-time reporting systems, radio frequency identification, and other automated systems. Currently, the court is using employees who are not fully trained to work with the internet technology programs. This puts substantial court investments at risk of underutilization and damage.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Replace DWI grant fund with GF		598.5	598.5
1	Associate staff attorney (1 FTE)	(1st)	79.9	0.0
1	Bailiffs term to perm(6 FTE)	(1st)	196.9	0.0
1	Court clinician (0.5 FTE)	(1st)	34.6	34.6
1	Court monitor (0.5 FTE)	(1st)	19.3	0.0
1	Court secretary (0.5 FTE)	(1st)	18.7	18.7
2	Court clinician (1 FTE)	(2nd)	70.7	0.0
2	Court interpreters (2 FTE)	(2nd)	121.0	90.8
2	Judicial specialist (5 FTE)	(2nd)	186.9	26.9
2	Staff attorney (1 FTE)	(2nd)	90.5	0.0
2	Supervising court reporter (1 FTE)	(2nd)	63.6	0.0
4	Security staff (2 FTE)	(4th)	44.0	0.0
5	Financial administrator (1 FTE)	(5th)	63.9	63.9
5	Judicial specialist (3 FTE)	(5th)	115.6	0.0
6	Judicial specialist (3.5 FTE)	(6th)	163.1	55.2
6	Secretary (1 FTE)	(6th)	22.8	0.0
7	Bailiffs (1.5 FTE)	(7th)	51.0	0.0
7	Drug court services	(7th)	60.0	60.0
8	Admin Asst (1 FTE)	(8th)	38.6	0.0
8	Drug court services	(8th)	159.1	159.1
9	Bailiff (1 FTE)	(9th)	29.3	0.0
9	Financial specialist (1 FTE)	(9th)	50.4	0.0
9	Judicial specialist (1 FTE)	(9th)	41.3	0.0
a	Bailiff (1 FTE)	(11th)	87.8	0.0
b	Admin asst. term to perm (1 FTE)	(12th)	52.3	33.4
c	Court clinician (2FTE)	(13th)	169.4	90.0
c	Judicial specialist (3 FTE)	(13th)	124.2	85.0
c	Secretary (1 FTE)	(13th)	45.0	0.0
c	Staff attorney (1 FTE)	(13th)	84.7	0.0
c	Systems analyst (1 FTE)	(13th)	84.7	61.4
TOTAL			2,967.8	1,377.5

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,446.2	5,971.6	6,244.3	5,939.7	-0.5
Other Transfers	431.4	452.3	418.1	418.1	-7.6
Other Revenues	355.6	364.8	431.2	431.2	18.2
SOURCES TOTAL	6,233.2	6,788.7	7,093.6	6,789.0	0.0
USES					
Personal Services and Employee Benefits	5,104.7	5,378.6	5,831.3	5,546.5	3.1
Contractual Services	667.9	952.6	775.2	774.2	-18.7
Other	421.3	457.5	487.1	468.3	2.4
TOTAL USES	6,193.9	6,788.7	7,093.6	6,789.0	0.0
FTE					
Permanent	75.5	76.5	84.0	82.5	7.8
Term	6.5	6.5	7.5	7.5	15.4
TOTAL FTE POSITIONS	82.0	83.0	91.5	90.0	8.4

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	85.7%	98.1%	90%	90%	95%
* Explanatory	Percent change in case filings by case type	0.2%	2.3%			
* Quality	Recidivism of adult drug-court graduates	11.11%	13.73%	9.3%	9.3%	9.3%
* Explanatory	Cost per client per day for adult drug-court participants	\$26.61	\$37.49			
* Quality	Recidivism of juvenile drug-court graduates	26.67%	20.41%	36.3%	36.3%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$25.91	\$34.68			
* Output	Number of adult drug-court graduates	22	16	16	16	16
* Output	Number of juvenile drug-court graduates	15	19	16	16	17
* Output	Median number of days to process vendor payment vouchers	4.1	3.3	5	5	5
* Output	Number of days to process juror payment vouchers	3.0	3.1	14	14	14
* Explanatory	Graduation rate, juvenile drug court	33.33%	43.18%	46%	46%	50%
* Explanatory	Graduation rate, adult drug court	34.92%	40.00%	31%	31%	45%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	18,422.4	19,961.4	21,251.3	20,005.6	0.2
Other Transfers	393.7	517.4	1,482.6	1,440.2	178.4
Federal Revenues	1,309.2	1,228.4	0.0	0.0	-100.0
Other Revenues	617.8	652.1	719.0	719.0	10.3
Fund Balance	136.9	160.8	160.8	160.8	0.0
SOURCES TOTAL	20,880.0	22,520.1	23,613.7	22,325.6	-0.9
USES					
Personal Services and Employee Benefits	18,436.7	20,606.8	21,844.7	20,669.7	0.3
Contractual Services	592.2	721.2	506.2	496.2	-31.2
Other	1,355.9	1,192.1	1,262.8	1,159.7	-2.7
Other Financing Uses	3.2	0.0	0.0	0.0	***
TOTAL USES	20,388.0	22,520.1	23,613.7	22,325.6	-0.9
FTE					
Permanent	295.0	312.5	322.5	306.0	-2.1
Term	36.0	28.5	28.5	28.5	0.0
TOTAL FTE POSITIONS	331.0	341.0	351.0	334.5	-1.9

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.2%	98.9%	90%	95%	95%
* Explanatory	Percent change in case filings by case type	8.1%	0.3%			
* Quality	Recidivism of adult drug-court graduates	5.76%	10.98%	11%	11%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$11.00	\$9.97			
* Quality	Recidivism of juvenile drug-court graduates	22.58%	23.68%	10%	10%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$35.22	\$38.23			
* Output	Number of adult drug-court graduates	93	98	185	185	185
* Output	Number of juvenile drug-court graduates	9	17	17	17	17
* Output	Median number of days to process vendor payment vouchers	1	1	5	5	5
* Output	Number of days to process juror payment vouchers	16	13	14	14	14
* Explanatory	Graduation rate, adult drug court	47.21%	50.52%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court	33.33%	58.62%	52%	52%	60%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,877.0	5,899.0	6,185.5	6,043.7	2.5
Other Transfers	1,135.6	733.7	662.0	588.9	-19.7
Other Revenues	130.3	109.8	109.8	109.8	0.0
Fund Balance	0.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	6,142.9	6,772.5	6,987.3	6,772.4	0.0
USES					
Personal Services and Employee Benefits	4,510.8	5,254.9	5,486.0	5,303.6	0.9
Contractual Services	1,004.7	1,073.6	1,020.3	1,004.7	-6.4
Other	524.4	444.0	481.0	464.1	4.5
TOTAL USES	6,039.9	6,772.5	6,987.3	6,772.4	0.0
FTE					
Permanent	70.8	76.6	82.3	79.6	3.9
Term	12.3	7.3	5.0	4.3	-41.1
Temporary	0.0	0.5	0.0	0.5	0.0
TOTAL FTE POSITIONS	83.0	84.4	87.3	84.4	0.0

THIRD JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	103.7%	96.7%	90%	90%	90%
Explanatory	Percent change in case filings by case type	10.2%	-9.1%			
* Quality	Recidivism of adult drug-court graduates	13.51%	9.23%	29%	15%	15%
Explanatory	Cost per client per day for adult drug-court participants	\$37.21	\$34.05			
Quality	Recidivism of juvenile drug-court graduates	15.79%	21.31%	24%	24%	24%
Explanatory	Cost per client per day for juvenile drug-court participants	\$69.84	\$72.61			
* Output	Number of adult drug-court graduates	18	23	15	20	25
* Output	Number of juvenile drug-court graduates	17	19	18	19	20
Output	Median number of days to process vendor payment vouchers		3.58	5	5	5
Output	Number of days to process juror payment vouchers		8.75	14	14	14
* Explanatory	Graduation rate, adult drug court	52.94%	63.89%	58%	60%	65%
* Explanatory	Graduation rate, juvenile drug court	85%	67.86%	70%	70%	70%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,449.0	1,599.7	1,940.1	1,823.0	14.0
Other Transfers	126.6	142.3	122.2	14.9	-89.5
Other Revenues	20.7	25.0	25.0	25.0	0.0
Fund Balance	30.1	6.0	2.0	2.0	-66.7
SOURCES TOTAL	1,626.4	1,773.0	2,089.3	1,864.9	5.2
USES					
Personal Services and Employee Benefits	1,159.5	1,427.9	1,651.8	1,466.7	2.7
Contractual Services	197.2	241.6	233.3	233.3	-3.4
Other	260.1	103.5	204.2	164.9	59.3
TOTAL USES	1,616.8	1,773.0	2,089.3	1,864.9	5.2
FTE					
Permanent	22.5	23.5	29.5	23.5	0.0
TOTAL FTE POSITIONS	22.5	23.5	29.5	23.5	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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	89.7%	90.3%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	3.4%	7.8%			
* Output	Median number of days to process vendor payment vouchers	9.75	9.16	5	5	5
* Output	Number of days to process juror payment vouchers	27.5	12.16	14	12	12
* Explanatory	Graduation rate, juvenile drug court	66.67%	50.00%	50%	60%	60%
* Quality	Recidivism of juvenile drug-court graduates	0.0%	11.11%	30%	20%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$23.70	\$31.57			
* Output	Number of juvenile drug-court graduates	6	3	9	9	9

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,505.4	5,513.6	5,780.9	5,608.8	1.7
Other Transfers	466.4	419.7	358.9	295.0	-29.7
Other Revenues	96.4	95.0	95.0	95.0	0.0
Fund Balance	9.4	0.0	20.0	20.0	***
SOURCES TOTAL	5,077.6	6,028.3	6,254.8	6,018.8	-0.2
USES					
Personal Services and Employee Benefits	3,971.9	4,857.8	5,162.9	4,941.5	1.7
Contractual Services	624.6	787.7	671.8	671.8	-14.7
Other	406.9	382.8	420.1	405.5	5.9
TOTAL USES	5,003.4	6,028.3	6,254.8	6,018.8	-0.2
FTE					
Permanent	66.0	76.0	80.0	77.0	1.3
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	67.0	77.0	81.0	78.0	1.3

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	90.7%	97.5%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	12.8%	1.4%			
* Output	Median number of days to process vendor payment vouchers	3.15	1.9	5	5	
* Output	Number of days to process juror payment vouchers	3.3	4.8	14	14	10
* Explanatory	Graduation rate, family drug court	85.71%	70%	80%	80%	80%
* Quality	Recidivism of family drug-court graduates	18.18%	24%	15%	15%	15%
* Output	Number of family drug-court graduates	6	14	4	6	6

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,210.3	2,498.2	3,094.0	2,656.8	6.3
Other Transfers	179.7	166.2	110.2	84.2	-49.3
Other Revenues	8.6	10.5	10.5	10.5	0.0
Fund Balance	16.4	33.4	25.4	25.4	-24.0
SOURCES TOTAL	2,415.0	2,708.3	3,240.1	2,776.9	2.5
USES					
Personal Services and Employee Benefits	1,584.9	1,758.8	2,271.4	1,871.4	6.4
Contractual Services	595.7	760.0	713.5	713.5	-6.1
Other	234.4	189.5	255.2	192.0	1.3
TOTAL USES	2,415.0	2,708.3	3,240.1	2,776.9	2.5
FTE					
Permanent	27.5	28.5	36.0	29.5	3.5
Term	0.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	27.5	29.0	36.5	30.0	3.4

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	92.4%	103.5%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	4.1%	6.9%			
* Quality	Recidivism of juvenile drug-court graduates	12.5%	16.67%	15%	15%	13%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$29.58	\$41.71			
* Output	Number of juvenile drug-court graduates	3	6	4	4	4
* Output	Median number of days to process vendor payment vouchers	9.0	8	5	5	5
* Output	Number of days to process juror payment vouchers	10	12	14	14	12
* Explanatory	Graduation rate, juvenile drug court	75.0%	85.71%	40%	40%	70%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,511.2	1,918.3	2,058.5	1,970.1	2.7
Other Transfers	322.7	336.2	368.3	368.3	9.5
Other Revenues	24.0	25.5	22.0	22.0	-13.7
Fund Balance	30.0	10.5	6.0	6.0	-42.9
SOURCES TOTAL	1,887.9	2,290.5	2,454.8	2,366.4	3.3
USES					
Personal Services and Employee Benefits	1,540.2	1,972.5	1,957.3	1,903.2	-3.5
Contractual Services	96.4	117.8	274.3	260.8	121.4
Other	211.3	200.2	223.2	202.4	1.1
TOTAL USES	1,847.9	2,290.5	2,454.8	2,366.4	3.3
FTE					
Permanent	23.5	26.5	28.0	26.5	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	27.5	30.5	32.0	30.5	0.0

SEVENTH JUDICIAL DISTRICT COURT

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	99%	106.7%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	1.2%	-1.1%			
* Output	Median number of days to process vendor payment vouchers	1.98	2.4	5	5	5
* Output	Number of days to process juror payment vouchers	4.0	1.9	14	14	10

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,137.5	2,317.3	2,535.1	2,459.1	6.1
Other Transfers	75.6	75.6	75.6	75.6	0.0
Other Revenues	49.1	75.0	73.0	73.0	-2.7
Fund Balance	52.5	68.0	0.0	0.0	-100.0
SOURCES TOTAL	2,314.7	2,535.9	2,683.7	2,607.7	2.8
USES					
Personal Services and Employee Benefits	1,428.3	1,625.6	1,652.7	1,590.5	-2.2
Contractual Services	553.0	753.7	861.5	861.5	14.3
Other	248.3	156.6	169.5	155.7	-0.6
TOTAL USES	2,229.6	2,535.9	2,683.7	2,607.7	2.8
FTE					
Permanent	24.3	25.3	26.8	25.3	0.0
TOTAL FTE POSITIONS	24.3	25.3	26.8	25.3	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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	106.4%	96.3%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-5.5%	6.5%			
* Quality	Recidivism of adult drug-court graduates	16.67%	11.43%	23%	10%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$24.44	\$25.72			
* Quality	Recidivism of juvenile drug-court graduates	16.64%	11.76%	11%	11%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$28.15	\$28.64			
* Output	Number of adult drug-court graduates	5	13	18	18	18
* Output	Number of juvenile drug-court graduates	8	7	8	8	8
* Output	Median number of days to process vendor payment vouchers	1	<1	5	5	5
* Output	Number of days to process juror payment vouchers	4.5	4.7	14	14	14
* Explanatory	Graduation rate, juvenile drug court	47.06%	52%	60%	70%	70%
* Explanatory	Graduation rate, adult drug court	50.0%	53.85%	75%	75%	75%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,390.9	3,030.8	3,328.2	3,177.9	4.9
Other Transfers	503.4	470.1	465.6	465.6	-1.0
Other Revenues	72.2	66.5	72.6	72.6	9.2
SOURCES TOTAL	2,966.5	3,567.4	3,866.4	3,716.1	4.2
USES					
Personal Services and Employee Benefits	2,305.5	2,998.4	3,285.7	3,164.7	5.5
Contractual Services	193.5	233.5	216.7	216.7	-7.2
Other	459.6	335.5	364.0	334.7	-0.2
Other Financing Uses	5.1	0.0	0.0	0.0	***
TOTAL USES	2,963.7	3,567.4	3,866.4	3,716.1	4.2
FTE					
Permanent	34.5	42.8	45.8	42.8	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	38.5	46.8	49.8	46.8	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

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	93.8%	100.7%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-2.4%	-2.3%			
* Output	Median number of days to process vendor payment vouchers	10	10	5	5	5
* Output	Number of days to process juror payment vouchers	13.75	38.2	14	14	14

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	616.9	707.3	719.0	715.3	1.1
Other Revenues	4.0	5.7	5.1	5.1	-10.5
Fund Balance	10.7	11.6	12.0	12.0	3.4
SOURCES TOTAL	631.6	724.6	736.1	732.4	1.1
USES					
Personal Services and Employee Benefits	509.2	619.1	627.3	627.3	1.3
Contractual Services	6.9	27.6	30.4	29.9	8.3
Other	86.5	62.9	63.4	60.2	-4.3
Other Financing Uses	15.0	15.0	15.0	15.0	0.0
TOTAL USES	617.6	724.6	736.1	732.4	1.1
FTE					
Permanent	9.1	10.1	10.1	10.1	0.0
TOTAL FTE POSITIONS	9.1	10.1	10.1	10.1	0.0

TENTH JUDICIAL DISTRICT COURT

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	92.4%	101.1%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	3.8%	-15.1%			
* Output	Median number of days to process vendor payment vouchers	<1	1.2	5	5	5
* Output	Number of days to process juror payment vouchers	12.8	8.5	14	14	14

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,273.6	5,025.6	5,276.1	5,151.9	2.5
Other Transfers	594.9	538.3	546.5	478.0	-11.2
Federal Revenues	163.5	27.0	0.0	0.0	-100.0
Other Revenues	134.9	104.0	110.0	110.0	5.8
Fund Balance	50.9	12.1	12.1	12.1	0.0
SOURCES TOTAL	5,217.8	5,707.0	5,944.7	5,752.0	0.8
USES					
Personal Services and Employee Benefits	3,981.2	4,679.5	4,959.8	4,783.9	2.2
Contractual Services	393.3	468.7	449.6	449.6	-4.1
Other	769.9	558.8	535.3	518.5	-7.2
Other Financing Uses	3.2	0.0	0.0	0.0	***
TOTAL USES	5,147.6	5,707.0	5,944.7	5,752.0	0.8
FTE					
Permanent	68.0	73.0	74.0	74.0	1.4
Term	7.0	5.0	7.0	6.0	20.0
TOTAL FTE POSITIONS	75.0	78.0	81.0	80.0	2.6

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.2%	97.7%	90%	90%	90%
Explanatory	Percent change in case filings by case type	5.3%	-8.4%			
* Quality	Recidivism of adult drug-court graduates	7.79%	9.46%	15%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$11.52	\$9.93			
Output	Number of domestic-violence parties completing counseling	247				
Output	Number of grade-court clients completing school or obtaining a general-equivalency diploma	20				
Output	Number of cases resolved with mediation	49				
Output	Number of clients served who are self-represented litigants	183				
* Quality	Recidivism of juvenile drug-court graduates	26.47%	16.13%	20%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants	\$16.87	\$20.34			
* Output	Number of adult drug-court graduates	30	30	30	30	30
* Output	Number of juvenile drug-court graduates	14	16	16	16	16
Output	Median number of days to process vendor payment vouchers	2	1.9	5	5	5
* Output	Number of days to process juror payment vouchers	2	3.4	14	14	10
* Explanatory	Graduation rate, juvenile drug court	70.0%	66.67%	70%	70%	70%
* Explanatory	Graduation rate, adult drug court	69.77%	62.50%	70%	70%	70%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,336.8	2,519.5	2,693.8	2,691.0	6.8
Other Transfers	291.0	208.2	169.6	86.1	-58.6
Federal Revenues	247.3	135.0	0.0	0.0	-100.0
Other Revenues	37.0	40.0	40.0	40.0	0.0
Fund Balance	17.3	10.0	10.0	10.0	0.0
SOURCES TOTAL	2,929.4	2,912.7	2,913.4	2,827.1	-2.9
USES					
Personal Services and Employee Benefits	2,053.1	2,153.5	2,297.2	2,233.3	3.7
Contractual Services	340.6	542.3	439.9	424.1	-21.8
Other	346.5	216.9	176.3	169.7	-21.8
TOTAL USES	2,740.2	2,912.7	2,913.4	2,827.1	-2.9
FTE					
Permanent	32.5	35.5	37.5	37.5	5.6
Term	2.0	1.0	0.0	0.0	-100.0
Temporary	3.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	37.5	36.5	37.5	37.5	2.7

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.7%	91.6%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	7.2%	3.1%			
* Quality	Recidivism of juvenile drug-court participants	16.67%	11.54%	20%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$45.36	\$43.65			
* Output	Number of juvenile drug-court graduates	6	17	14	14	14
* Output	Median number of days to process vendor payment vouchers	8	1.6	5	5	5
* Output	Number of days to process juror payment vouchers	15	6	14	14	14
* Explanatory	Graduation rate, juvenile drug court	46.15%	73.91%	65%	70%	70%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,991.5	4,989.9	6,174.9	5,738.3	15.0
Other Transfers	730.8	628.1	413.2	279.4	-55.5
Federal Revenues	251.4	0.0	0.0	0.0	***
Fund Balance	86.0	97.7	97.0	97.0	-0.7
SOURCES TOTAL	5,059.7	5,715.7	6,685.1	6,114.7	7.0
USES					
Personal Services and Employee Benefits	3,640.6	4,519.6	5,033.9	4,650.7	2.9
Contractual Services	620.0	683.9	971.1	943.5	38.0
Other	799.1	512.2	680.1	520.5	1.6
TOTAL USES	5,059.7	5,715.7	6,685.1	6,114.7	7.0
FTE					
Permanent	55.5	65.5	72.5	68.5	4.6
Term	7.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	62.5	69.5	76.5	72.5	4.3

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	86.8%	86.2%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	6.6%	-1.5%			
* Quality	Recidivism of juvenile drug-court graduates	8.57%	10.61%	20%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$24	\$27.58			
* Output	Number of juvenile drug-court graduates	26	37	44	44	44
* Output	Median number of days to process vendor payment vouchers	6	6.2	5	5	5
* Output	Number of days to process juror payment vouchers	4	7.2	14	10	10
* Explanatory	Graduation rate, juvenile drug court	50%	68.52%	65%	70%	70%

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 \$10,000 and all misdemeanors filed in Bernalillo County.

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

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	18,568.0	20,416.3	21,818.1	21,788.7	6.7
Other Transfers	171.8	185.0	26.6	26.6	-85.6
Federal Revenues	271.7	437.7	766.0	766.0	75.0
Other Revenues	1,658.6	1,577.7	1,594.9	769.3	-51.2
Fund Balance	1,954.3	1,965.9	2,037.9	1,984.5	0.9
SOURCES TOTAL	22,624.4	24,582.6	26,243.5	25,335.1	3.1
USES					
Personal Services and Employee Benefits	16,018.3	17,799.9	19,178.8	18,616.9	4.6
Contractual Services	2,640.6	3,275.1	3,320.0	3,307.5	1.0
Other	3,459.8	3,380.3	3,617.3	3,283.3	-2.9
Other Financing Uses	133.8	127.3	127.4	127.4	0.1
TOTAL USES	22,252.5	24,582.6	26,243.5	25,335.1	3.1
FTE					
Permanent	275.0	285.0	289.0	288.0	1.1
Term	53.0	53.0	53.5	53.5	0.9
TOTAL FTE POSITIONS	328.0	338.0	342.5	341.5	1.0

BUDGET ISSUES:

The recommendation for the Administrative Office of the Courts includes an additional \$950 thousand for the court facility fund. The revenues in the fund are pledged to pay the debt service for the Bernalillo County Metropolitan courthouse and parking structure bonds. For a variety of reasons, such as a shortage of law enforcement, the implementation of red light traffic cameras in the Albuquerque metro area, and a decline in officers issuing citations, the fund has decreased to a critical level. The recommendation to the facility fund would provide the revenue necessary to secure these bonds. Metro Court estimates that 92 percent, or \$58 million, of the principal still needs to be paid.

Metro Court requested \$1.6 million, or a 6 percent general fund increase over FY07. LFC recommends a 3.1 percent general fund base increase primarily to fund increases in maintenance, operation, and security costs related to caseload growth and demand for services.

Metro Court received two new judgeships in FY06 and one in FY07. Each judgeship included one judge and three associated staff. With these additions the Bernalillo County Metropolitan Court now has a total of 19 judges who carry an average case load of over 7,000 cases. The workload requires that each judge have his or her own courtroom, thus plans are being developed to build a courtroom on the 4th floor.

Metro Court requested approximately \$19 thousand to increase the target pay rate of 19 FTEs. In FY06, the Supreme Court ordered the Administrative Office of the Courts director to issue new target pay rate guidelines for FY07 and FY08. The guidelines set a new target pay rate for all at-will employees, who are personal staff of judges, at 1.08 compa-ratio of the employees assigned salary range. The LFC reviewed the request and does not recommend funding the request.

In FY07, a 3 percent vacancy rate was applied to Metro Court's budget. The court continues to maintain a high vacancy rate rising from 5 percent to approximately 8.5 percent in the first quarter of FY07. As a result, LFC staff once again recommends a vacancy rate of 3 percent for FY08.

BASE EXPANSION:

The LFC recommendation includes Metro Court's request to change the status of three term FTEs, in the Mediation division, to perm. Currently, the \$197.4 thousand division budget, \$120.4 thousand from general fund, is funding the positions' personal services and benefits. The remaining funds are used for training and recruitment of mediators, mediation pamphlets, and associated costs. The status change will increase the full time service of the division and increase the training provided for volunteers.

The court is also requesting \$45.4 thousand for 1 FTE expansion; a procurement specialist in the facilities management division. The court moved from a 68,000 sq ft. building to a 244,000 sq ft. building which has resulted in increased maintenance and procurement responsibilities. The specialist will supervise maintenance contracts: elevator/escalator, janitorial, window cleaning, parking lot sweeps, garage door/entryway maintenance, parking facility management, plumbing, fire safety, pest control, grounds keeping, and closed circuit TV detention control and security badge access for the Metropolitan Court and Metro Park. LFC has not recommended the expansion request at this time, as the court is documented in the judiciary staffing study as having a comparably high staffing level and a high vacancy rate.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	(1 FTE) procurement specialist - facility mgr	(P244)	45.4	0.0
TOTAL			45.4	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 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Amount of bench warrant revenue collected annually	\$1,094,850	\$1,199,285	1,000,000	\$1,000,000	\$1,000,000
* Explanatory	Cases disposed as a percent of cases filed	99.8%	106.7%	95%	95%	95%
Output	Amount of criminal case fees and fines collected, in millions	\$6.6	\$6.6			
* Efficiency	Cost per client per day for adult drug-court participants	\$13.22	\$11.72	\$14	\$12.3	\$12.3
* Quality	Recidivism of DWI/drug-court graduates	6.9%	3.0%	7%	6%	6%
Outcome	Number of active cases pending	16,922	12,055	12,055	12,000	12,000
* Output	Number of DWI/drug-court graduates	230	243	230	230	240
* Explanatory	Graduation rate of drug-court participants	68%	67%	70%	70%	70%
* Outcome	Fees and fines collected as a percent of fees and fines assessed		92.6%	90%	90%	90%

STATUTORY AUTHORITY:

Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties may be a party or may be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	45,187.4	50,018.8	55,194.2	51,169.7	2.3
Other Transfers	1,945.1	2,158.8	1,686.5	1,686.5	-21.9
Federal Revenues	2,500.0	1,953.2	1,265.7	1,265.7	-35.2
Other Revenues	378.4	193.7	193.7	193.7	0.0
Fund Balance	3,135.7	1,148.6	451.0	451.0	-60.7
SOURCES TOTAL	53,146.6	55,473.1	58,791.1	54,766.6	-1.3
USES					
Personal Services and Employee Benefits	45,040.8	50,680.7	53,179.8	49,846.4	-1.6
Contractual Services	987.4	913.3	921.2	864.8	-5.3
Other	4,858.1	3,879.1	4,690.1	4,055.4	4.5
TOTAL USES	50,886.3	55,473.1	58,791.1	54,766.6	-1.3
FTE					
Permanent	747.0	785.0	868.8	797.0	1.5
Term	100.8	97.5	65.3	60.3	-38.2
TOTAL FTE POSITIONS	847.8	882.5	934.0	857.3	-2.9

BUDGET ISSUES:

The district attorneys requested a general fund increase of \$5.2 million, or 10.3 percent, including \$4 million in expansion items. LFC recommends a general fund increase of \$1.1 million, or 2.3 percent over the FY07 operating level, and applies a 1 percent vacancy rate to district attorneys whose historical vacancy rate exceeds 3 percent. The recommendation includes \$773.7 thousand in expansion items.

Significant decreases were experienced by many of the district attorney offices that receive federal funds and internal services funds/interagency transfers. Total federal funds decreased by \$588.1 thousand, or 31.7 percent, from FY06 and interagency transfers decreased \$332.9 thousand, or 18.4 percent. Affecting all district attorneys was a change in status to the Southwest Border Initiative (SWBI); a federal grant from the U.S. Department of Justice (DOJ) awarded to the Department of Public Safety (DPS) that flows to the district attorneys certain federally initiated cases. An audit conducted by DOJ resulted in DOJ disallowing \$1.1 million in ineligible costs for the period from October 1, 2001, through December 31, 2005. DPS in turn stopped sending SWBI funds to the district attorneys effective May 9, 2007. Subsequently, in August 2006 DFA notified the district attorneys to immediately adjust their operations to prevent over-expenditure of their FY07 operating budget. In FY08, notable losses of federal funds and interagency transfers will be experienced by the district attorneys in the 1st, 2nd, 3rd, 6th, 8th and 11th division II judicial districts. Only the 8th and 11th division II district attorneys gave priority ranking to replace FTE expansion funded by either federal funds or interagency transfers with general fund.

The 2nd, 3rd, 5th, 9th, 11th and 13th judicial district attorney offices each received a portion of an \$832.1 thousand special appropriation to provide additional staff due to workload increases generated by additional judgeships authorized by Laws 2006, Chapter 991.

The district attorneys have expressed concern regarding pay parity and recruitment and retention. A study on public employee compensation plans was conducted and presented to the committee in December. The committee recommendations for district attorneys and district attorney employees' salaries are presented in Volume I.

The New Mexico Sentencing Commission is also conducting a comprehensive workload assessment of the courts, district attorneys, and Public Defender Department (PDD). Results from this study are expected in spring 2007. In FY07 a loan-for- service program

was initiated and the first class of attorneys accepted into the program will begin service in 2008. The intent of the program is to assist PDD and district attorney offices in attracting and retaining staff.

During the interim, the committee heard testimony on methamphetamine and the number of "meth rings" devoted to criminal activity. It is reported that these rings have added to the volume of felony cases. Moreover, this drug has transitioned from being produced in local "mom-and-pop" meth labs to being mass produced in Mexico and smuggled into New Mexico and other border states. The popularity of meth among drug users has made it lucrative to drug smugglers. The committee recognizes the serious nature of this problem and recommends funding to help prosecute these criminals.

BASE EXPANSION:

The district attorneys' expansion request of \$4 million from the general fund is for 76 additional FTE and additional expansion items. The committee's recommendations for expansion requests considered caseload, direct services, and decreases in federal and internal service funds. The committee's recommendation of \$773.7 thousand in expansion for 11 additional FTE addresses public integrity, methamphetamine and DWI prosecution, victim assistance, and other attorney and support staff positions. Several district attorneys' have also requested an increase for expert witness fees. The committee recommends the increase to assist these district attorneys' in their prosecution of difficult cases, such as death penalty cases.

DISTRICT ATTORNEYS (ALL)

251-263 & 265

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
a01	Deputy DA-drug prosecution (1 FTE)	(1st)	69.0	0.0
a02	Victim advocate-children's court (1 FTE)	(1st)	41.9	0.0
a03	Administrative secretary-felony div (1 FTE)	(1st)	32.3	0.0
a04	Administrative secretary (1 FTE)	(1st)	32.3	0.0
a05	Public integrity unit (3 FTE)	(1st)	230.3	143.6
b01	Meth initiative (9FTE)	(2nd)	478.1	146.6
b02	Violent sexual assault attny fr: VAWA (1 FTE)	(2nd)	78.4	0.0
b03	Expert witness & transcription costs	(2nd)	80.0	40.0
b04	Records prosecution assistants (2 FTE)	(2nd)	72.8	0.0
b05	Economic prosecution specialist (1 FTE)	(2nd)	43.0	0.0
b06	Metro prosecution specialist (1 FTE)	(2nd)	43.0	0.0
b07	Pre-prosecution probation prog spec (1 FTE)	(2nd)	44.3	0.0
b08	Crimes against children program spec (1 FTE)	(2nd)	0.0	0.0
b09	Victim impact advocates (2 FTE)	(2nd)	78.1	0.0
b10	Gangs senior trial attorney & sec (2 FTE)	(2nd)	111.4	0.0
b11	Felony DWI asst trial atty & pros spec -2 FTE	(2nd)	111.2	0.0
b12	Administrative secretary (1 FTE)	(2nd)	27.1	0.0
b13	Crimes against children sr trial atty (1 FTE)	(2nd)	78.4	0.0
b14	Grand jury assistant trial atty (1 FTE)	(2nd)	68.2	0.0
b15	Victim impact senior secretary (1 FTE)	(2nd)	33.1	0.0
b16	Economic assistant trial atty (1 FTE)	(2nd)	68.2	0.0
b17	Mental health cases assoc trial atty (1 FTE)	(2nd)	58.3	0.0
b18	Two term to perm FTE only	(2nd)	0.0	0.0
c01	DWI unit expansion (4 FTE)	(3rd)	191.1	57.9
c02	Child abuse prog expansion (3 FTE)	(3rd)	133.8	0.0
d01	Financial specialists (1 FTE)	(4th)	40.0	0.0
d02	Victim advocate (1 FTE)	(4th)	46.3	0.0
d03	VAWA program spec (1 FTE)	(4th)	50.0	0.0
d04	DWI administrative secretary (1 FTE)	(4th)	40.0	0.0
e01	Financial Assistant (0.5 FTE)	(5th)	20.0	0.0
e02	Senior secretary (1 FTE)	(5th)	37.1	0.0
e03	Investigator (1 FTE)	(5th)	45.3	0.0
f01	Deputy DA for Luna county (1 FTE)	(6th)	73.9	70.2
f02	Supervising secretary for Luna county (1 FTE)	(6th)	39.7	0.0
f03	Program administrator for Hidalgo co. (1 FTE)	(6th)	50.8	0.0
f04	Prosecution specialist Grant county (1 FTE)	(6th)	43.0	0.0
f05	District office manager (1 FTE)	(6th)	65.6	0.0
f06	Deputy district attorney for Grant co. 1 FTE	(6th)	73.9	0.0
f07	Replace 5 vehicle	(6th)	120.0	0.0
f08	Installation of a T-1 line	(6th)	17.8	0.0
g01	Victim adovate (1 FTE)	(7th)	50.0	47.0
g02	Administrative secy (1 FTE)	(7th)	41.8	0.0
g03	Administrative secy (1 FTE)	(7th)	41.8	0.0
h01	Victim advocate (1 FTE)	(8th)	32.4	32.2
h02	Secretary (1 FTE)	(8th)	29.1	0.0
h03	Secretary (0.5 FTE)	(8th)	23.1	0.0
i01	Roosevelt county investigator (1 FTE)	(9th)	102.8	0.0
j01	Sr. secretary (1 FTE)	(10th)	43.6	0.0
j02	Upgrade senior trial attorney to deputy DA	(10th)	6.3	0.0
k01	District office manager	(11th-I)	71.0	50.0
k02	Administrative secy (1 FTE)	(11th-I)	36.3	0.0
k03	Senior trial attorney (1 FTE)	(11th-I)	71.0	0.0
k04	Senior victim advocate (1 FTE)	(11th-I)	42.3	0.0
l01	Victim advocate (1 FTE)	(11th-II)	38.4	36.4
m01	Reporting & recording costs	(12th)	34.2	20.0
m02	Audit services	(12th)	9.8	9.8
n01	Senior trial attorney (1 FTE)	(13th)	66.4	63.5
n02	Assistant trial attorney (1 FTE)	(13th)	60.7	56.5
n03	Secretary (1 FTE)	(13th)	32.1	0.0
n04	Secretary (1 FTE)	(13th)	32.1	0.0
n05	Assistant trial attorney (1 FTE)	(13th)	60.7	0.0
n06	Victime advocate (1 FTE)	(13th)	41.8	0.0
n07	Investigator	(13th)	38.4	0.0
n08	Program specialist	(13th)	45.5	0.0
n09	Investigator	(13th)	38.4	0.0
TOTAL			4,057.7	773.7

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,737.2	4,103.0	4,472.6	4,249.7	3.6
Other Transfers	238.6	170.4	163.4	163.4	-4.1
Federal Revenues	360.8	508.4	208.1	208.1	-59.1
SOURCES TOTAL	4,336.6	4,781.8	4,844.1	4,621.2	-3.4
USES					
Personal Services and Employee Benefits	3,742.6	4,373.7	4,308.5	4,184.3	-4.3
Contractual Services	129.6	29.6	59.9	59.6	101.4
Other	434.2	378.5	475.7	377.3	-0.3
TOTAL USES	4,306.4	4,781.8	4,844.1	4,621.2	-3.4
FTE					
Permanent	59.0	63.0	67.0	65.0	3.2
Term	13.5	13.5	5.0	5.0	-63.0
TOTAL FTE POSITIONS	72.5	76.5	72.0	70.0	-8.5

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.46%	<1%	<2%	<5%	<1%
Output	Number of cases dismissed under the six-month rule	15	4	<50	<50	<40
* Efficiency	Average time from filing of petition to final disposition, in months	2	2	3	3	2
* Efficiency	Average attorney caseload	202	264	150	185	150
* Output	Number of cases prosecuted	3,282	3,662	2,600	2,600	2,800
* Output	Number of cases referred for screening	4,952	6,195	2,800	4,400	3,500

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	14,149.5	15,144.4	16,639.9	15,243.1	0.7
Other Transfers	900.6	1,222.0	919.5	919.5	-24.8
Federal Revenues	201.8	174.5	146.5	146.5	-16.0
Other Revenues	53.7	46.0	46.0	46.0	0.0
SOURCES TOTAL	15,305.6	16,586.9	17,751.9	16,355.1	-1.4
USES					
Personal Services and Employee Benefits	14,183.9	15,428.1	16,625.3	15,271.2	-1.0
Contractual Services	100.7	256.8	271.3	231.3	-9.9
Other	1,007.5	902.0	855.3	852.6	-5.5
TOTAL USES	15,292.1	16,586.9	17,751.9	16,355.1	-1.4
FTE					
Permanent	244.5	255.0	287.3	257.0	0.8
Term	17.0	17.8	22.0	17.0	-4.2
TOTAL FTE POSITIONS	261.5	272.8	309.3	274.0	0.5

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						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	>8%	<1%	<4%	<3%	<3%
Output	Number of cases dismissed under the six-month rule	*		<1,192	<1,192	<1,192
* Efficiency	Average time from filing of petition to final disposition, in months	*	11.8	6	11.5	7
* Efficiency	Average attorney caseload	618	420	600	550	550
* Output	Number of cases prosecuted	29,870	24,897	29,800	25,000	25,000
* Output	Number of cases referred for screening	43,025	42,813	45,500	43,000	43,000
* Efficiency	Average number of cases per attorney		245	245	250	250

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,058.8	3,427.0	3,941.8	3,593.8	4.9
Other Transfers	88.8	116.2	47.6	47.6	-59.0
Federal Revenues	925.5	470.8	438.0	438.0	-7.0
Fund Balance	764.8	413.7	0.0	0.0	-100.0
SOURCES TOTAL	4,837.9	4,427.7	4,427.4	4,079.4	-7.9
USES					
Personal Services and Employee Benefits	3,948.2	4,151.3	4,112.9	3,779.8	-8.9
Contractual Services	213.3	28.6	36.6	36.6	28.0
Other	676.4	247.8	277.9	263.0	6.1
TOTAL USES	4,837.9	4,427.7	4,427.4	4,079.4	-7.9
FTE					
Permanent	51.0	49.0	60.0	50.0	2.0
Term	19.0	19.0	8.0	12.0	-36.8
TOTAL FTE POSITIONS	70.0	68.0	68.0	62.0	-8.8

THIRD JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Dona Ana county.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.001198	.0001	<.4%	<.3%	<.3%
Output	Number of cases dismissed under the six-month rule	*	1	*	6	<6
* Efficiency	Average time from filing of petition to final disposition, in months	9	6	7	7	7
* Output	Number of cases prosecuted	5,008	4,136	3,500	4,100	4,100
* Output	Number of cases referred for screening	5,900	5,468	5,200	5,400	5,200
* Efficiency	Average attorney caseload	274	254	160	160	160

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,514.6	2,684.6	3,098.6	2,854.4	6.3
Other Transfers	68.7	69.7	69.7	69.7	0.0
SOURCES TOTAL	2,583.3	2,754.3	3,168.3	2,924.1	6.2
USES					
Personal Services and Employee Benefits	2,195.0	2,474.6	2,839.9	2,641.9	6.8
Contractual Services	70.6	65.7	72.2	72.0	9.6
Other	317.7	214.0	256.2	210.2	-1.8
TOTAL USES	2,583.3	2,754.3	3,168.3	2,924.1	6.2
FTE					
Permanent	35.5	35.5	39.5	34.0	-4.2
Term	2.5	2.5	2.5	3.0	20.0
TOTAL FTE POSITIONS	38.0	38.0	42.0	37.0	-2.6

FOURTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	2%	1%	<1%	1%	<1%
* Efficiency	Average attorney caseload	299	248	221	250	225
* Output	Number of cases prosecuted	1,839	1,470	1,700	1,750	1,750
* Output	Number of cases referred for screening	5,405	5,597	5,455	5,700	5,700
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$4.0	\$9.4	\$5.5	\$6.0	\$6.0
* Efficiency	Average time from filing of petition to final disposition, in months	6	6	6	6	6
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$90.9	\$122.1	\$75.0	\$75.0	\$80.0
Output	Number of cases referred for follow-up investigation	1,257	1,260	1,260	1,275	1,260
Output	Average investigator caseload	657	677	685	690	685
Output	Number of offenders accepted into a pre-prosecution diversion program	41	34	50	40	40
Output	Number of drug cases prosecuted	88	123	130	135	135
Output	Number of worthless check cases processed	447	478	450	485	485
Output	Number of domestic violence cases prosecuted	346	333	375	380	380
Output	Number of victims assisted by the district attorney office	494	447	440	450	450
Output	Number of probation violations filed	292	220	240	245	245
Output	Number of county civil matters handled	450	450	450	440	450
Output	Number of cases closed		1,470	1,560	1,750	1,600

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,190.8	3,834.0	4,103.3	3,840.3	0.2
Other Transfers	0.0	43.6	33.3	33.3	-23.6
Federal Revenues	0.0	97.2	97.2	97.2	0.0
SOURCES TOTAL	3,190.8	3,974.8	4,233.8	3,970.8	-0.1
USES					
Personal Services and Employee Benefits	2,980.8	3,549.8	3,733.8	3,507.9	-1.2
Contractual Services	113.7	115.7	119.6	118.8	2.7
Other	225.7	309.3	380.4	344.1	11.3
TOTAL USES	3,320.2	3,974.8	4,233.8	3,970.8	-0.1
FTE					
Permanent	48.5	55.5	58.0	55.5	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	51.5	58.5	61.0	58.5	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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	0%	0%	0%	0%
* Efficiency	Average time from filing of petition to final disposition, in months	5	5	3	4	4
* Efficiency	Average attorney caseload	188	252	200	200	200
* Output	Number of cases prosecuted	3,388	3,089	3,000	3,400	3,100
* Output	Number of cases referred for screening	3,800	3,706	3,200	3,500	3,400
Output	Number of cases dismissed under the six-month rule				0	0

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,759.5	2,066.4	2,658.7	2,176.4	5.3
Other Transfers	188.9	207.2	214.6	214.6	3.6
Federal Revenues	533.7	389.7	100.7	100.7	-74.2
SOURCES TOTAL	2,482.1	2,663.3	2,974.0	2,491.7	-6.4
USES					
Personal Services and Employee Benefits	2,217.2	2,356.0	2,567.9	2,281.8	-3.1
Contractual Services	33.0	58.9	16.7	12.1	-79.5
Other	229.9	248.4	389.4	197.8	-20.4
TOTAL USES	2,480.1	2,663.3	2,974.0	2,491.7	-6.4
FTE					
Permanent	30.0	30.0	36.0	31.0	3.3
Term	14.0	11.0	6.0	6.0	-45.5
TOTAL FTE POSITIONS	44.0	41.0	42.0	37.0	-9.8

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	8	*2	<5	<5	<5
* Efficiency	Average time from filing of petition to final disposition, in months	9	4.53	8	5	5
* Efficiency	Average attorney caseload	182	213	150	150	150
* Output	Number of cases prosecuted	2,044	1907	1,900	1,900	1,900
* Output	Number of cases referred for screening	2,628	2129	2,200	2,200	2,200
Output	Average number of cases prosecuted per attorney		191		180	180

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,877.5	2,103.8	2,256.9	2,164.0	2.9
Other Transfers	36.1	27.0	29.2	29.2	8.1
SOURCES TOTAL	1,913.6	2,130.8	2,286.1	2,193.2	2.9
USES					
Personal Services and Employee Benefits	1,697.7	1,918.6	2,056.3	1,974.2	2.9
Contractual Services	48.4	49.7	50.2	50.2	1.0
Other	156.8	162.5	179.6	168.8	3.9
TOTAL USES	1,902.9	2,130.8	2,286.1	2,193.2	2.9
FTE					
Permanent	31.0	33.0	36.0	34.0	3.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	32.0	34.0	37.0	35.0	2.9

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	1%	1.3%	<5%	<4%	<4%
Output	Number of cases dismissed under the six-month rule	20	24	<100	<80	<80
* Efficiency	Average attorney caseload	126	176	130	140	140
* Output	Number of cases prosecuted	2,080	1787	2,280	2000	2,280
* Output	Number of cases referred for screening	2,397	2065	2,400	2,250	2,300
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	10	9.4	10	10	10
Efficiency	Average time from filing of petition to final disposition for juvenile cases, in months	4.5	5.3	5	5.5	5
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	3.75	4	4	4	4
* Efficiency	Average time from filing of petition to final disposition, in months	6.1	5.3	6	6	5.5

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,080.4	2,256.3	2,418.8	2,331.8	3.3
Other Transfers	108.2	75.0	0.0	0.0	-100.0
Federal Revenues	44.0	37.4	0.0	0.0	-100.0
SOURCES TOTAL	2,232.6	2,368.7	2,418.8	2,331.8	-1.6
USES					
Personal Services and Employee Benefits	1,919.1	2,029.8	2,063.5	2,010.4	-1.0
Contractual Services	143.7	100.1	65.5	63.5	-36.6
Other	252.4	238.8	289.8	257.9	8.0
TOTAL USES	2,315.2	2,368.7	2,418.8	2,331.8	-1.6
FTE					
Permanent	30.0	30.0	32.5	31.0	3.3
Term	3.0	3.0	1.0	1.0	-66.7
TOTAL FTE POSITIONS	33.0	33.0	33.5	32.0	-3.0

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<2%	2%	<3.5%	<3%	<2%
* Efficiency	Average time from filing of petition to final disposition, in months	7	8	7	7	6
* Output	Number of cases prosecuted	1,660	1465	1,700	1,500	1,600
* Efficiency	Average attorney caseload	499	171	200	200	185
* Output	Number of cases referred for screening	3,615	4040	3,600	3,500	3,500
Output	Number of cases dismissed under the six-month rule			13	0	0
Output	Average number of cases prosecuted per attorney		203	200	200	200

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,106.0	2,524.0	2,677.4	2,573.4	2.0
SOURCES TOTAL	2,106.0	2,524.0	2,677.4	2,573.4	2.0
USES					
Personal Services and Employee Benefits	1,925.4	2,370.2	2,485.6	2,420.7	2.1
Contractual Services	10.1	8.6	8.6	8.6	0.0
Other	171.2	145.2	183.2	144.1	-0.8
TOTAL USES	2,106.7	2,524.0	2,677.4	2,573.4	2.0
FTE					
Permanent	36.0	38.0	40.0	38.0	0.0
Term	1.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	37.0	39.0	40.0	38.0	-2.6

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	3.8%	.22%	<3%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	42	4	<30	<15	<15
* Efficiency	Average time from filing of petition to final disposition, in months	13	9	4	4	4
* Efficiency	Average attorney caseload	235	198	180	180	180
* Output	Number of cases prosecuted	3,888	1780	3,888	2,000	2,500
* Output	Number of cases referred for screening	2,382	1624	2,382	2,000	2,000

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	748.1	872.8	1,004.3	913.6	4.7	
Federal Revenues	53.3	0.0	0.0	0.0	0.0	
SOURCES TOTAL	801.4	872.8	1,004.3	913.6	4.7	
USES						
Personal Services and Employee Benefits	699.4	785.3	857.5	807.6	2.8	
Contractual Services	7.2	6.8	10.3	8.3	22.1	
Other	94.8	80.7	136.5	97.7	21.1	
TOTAL USES	801.4	872.8	1,004.3	913.6	4.7	
FTE						
Permanent	11.0	12.0	13.0	12.0	0.0	
TOTAL FTE POSITIONS	11.0	12.0	13.0	12.0	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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	0%	<1%	<1%	<1%
* Efficiency	Average time from filing of petition to final disposition, in months	2	5	3	3	3
* Efficiency	Average attorney caseload	813	611	300	300	300
* Output	Number of cases prosecuted	1,220	917	1,200	1,200	1,200
* Output	Number of cases referred for screening	340	416	300	300	300
Output	Number of cases dismissed under the six-month rule		0	0	0	0

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,670.9	3,004.9	3,295.0	3,119.9	3.8
Other Transfers	84.4	100.0	90.0	90.0	-10.0
Federal Revenues	68.6	59.6	59.6	59.6	0.0
Fund Balance	2,086.8	351.4	0.0	0.0	-100.0
SOURCES TOTAL	4,910.7	3,515.9	3,444.6	3,269.5	-7.0
USES					
Personal Services and Employee Benefits	2,817.1	3,302.5	3,219.0	3,055.2	-7.5
Contractual Services	28.8	24.8	18.0	16.2	-34.7
Other	242.2	188.6	207.6	198.1	5.0
TOTAL USES	3,088.1	3,515.9	3,444.6	3,269.5	-7.0
FTE					
Permanent	49.5	52.0	56.5	53.0	1.9
Term	11.3	10.3	3.3	3.3	-68.3
TOTAL FTE POSITIONS	60.8	62.3	59.8	56.3	-9.6

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

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	.13	<.5%	<.5%	<.5%
* Efficiency	Average time from filing of petition to final disposition, in months	8	6.8	6	6	6
* Efficiency	Average attorney caseload	277	249	209	209	209
* Output	Number of cases prosecuted	4,064	3985	3,590	4100	4,100
* Output	Number of cases referred for screening	4,586	4362	3,900	4500	4,500
Output	Number of cases dismissed under the six-month rule		5	0	0	0

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,876.2	1,995.8	1,969.6	1,921.2	-3.7
Other Transfers	102.4	35.0	26.5	26.5	-24.3
SOURCES TOTAL	1,978.6	2,030.8	1,996.1	1,947.7	-4.1
USES					
Personal Services and Employee Benefits	1,546.7	1,875.7	1,783.9	1,748.8	-6.8
Contractual Services	20.3	7.4	9.3	9.3	25.7
Other	372.0	147.7	202.9	189.6	28.4
TOTAL USES	1,939.0	2,030.8	1,996.1	1,947.7	-4.1
FTE					
Permanent	28.0	32.0	33.0	33.0	3.1
Term	3.0	3.0	1.0	1.0	-66.7
TOTAL FTE POSITIONS	31.0	35.0	34.0	34.0	-2.9

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<2%	<2%	<1.5%	<1.5%	<1.5%
Output	Number of cases dismissed under the six-month rule	52	<37	<40	<34	<34
* Efficiency	Average time from filing of petition to final disposition, in months	9	8	7	8	7
* Efficiency	Average attorney caseload	514	420	450	466	450
* Output	Number of cases prosecuted	2,859	2363	2,600	2,563	2,600
* Output	Number of cases referred for screening	3,601	3358	4,100	3,726	3,775

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,100.1	2,292.3	2,335.7	2,319.1	1.2
Other Transfers	128.4	92.7	92.7	92.7	0.0
Federal Revenues	216.4	215.6	215.6	215.6	0.0
Fund Balance	0.0	354.2	354.2	354.2	0.0
SOURCES TOTAL	2,444.9	2,954.8	2,998.2	2,981.6	0.9
USES					
Personal Services and Employee Benefits	2,199.3	2,539.2	2,539.2	2,539.2	0.0
Contractual Services	5.5	93.1	102.3	102.9	10.5
Other	238.3	322.5	356.7	339.5	5.3
TOTAL USES	2,443.1	2,954.8	2,998.2	2,981.6	0.9
FTE					
Permanent	35.0	37.0	37.0	37.0	0.0
Term	8.5	8.5	8.5	8.5	0.0
TOTAL FTE POSITIONS	43.5	45.5	45.5	45.5	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

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<.5%	<.3%	<.5%	<.5%	<.5%
* Efficiency	Average time from filing of petition to final disposition, in months	8	8	8	8	7
* Efficiency	Average attorney caseload	326	435	160	160	200
* Output	Number of cases prosecuted	2,794	2,107	4,300	4,300	3,500
* Output	Number of cases referred for screening	6,543	7,547	6,000	6,000	6,000
Output	Number of cases dismissed under the six-month rule		3		3	3
Output	Average investigator caseload				60	60
Output	Average number of cases prosecuted per attorney				300	300
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges				3%	<3%

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,317.8	3,709.5	4,321.6	3,869.0	4.3
Federal Revenues	95.9	0.0	0.0	0.0	0.0
Other Revenues	324.7	147.7	147.7	147.7	0.0
Fund Balance	284.1	29.3	96.8	96.8	230.4
SOURCES TOTAL	4,022.5	3,886.5	4,566.1	4,113.5	5.8
USES					
Personal Services and Employee Benefits	2,968.4	3,525.9	3,986.5	3,623.4	2.8
Contractual Services	62.5	67.5	80.7	75.4	11.7
Other	439.0	293.1	498.9	414.7	41.5
TOTAL USES	3,469.9	3,886.5	4,566.1	4,113.5	5.8
FTE					
Permanent	58.0	63.0	73.0	65.0	3.2
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	62.0	67.0	77.0	69.0	3.0

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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.05%	<3.5%	<.2%	<.2%	<.2%
Output	Number of cases dismissed under the six-month rule	22	23	<17	<17	<17
* Efficiency	Average time from filing of petition to final disposition, in months	11	9	9	8	8
* Efficiency	Average attorney caseload	255	265	190	190	190
* Output	Number of cases prosecuted	4,980	6,797	7,500	7,677	7,677
* Output	Number of cases referred for screening	6,280	7,403	8,685	8,705	8,705

STATUTORY AUTHORITY:

The Administrative Office of the District Attorneys (AODA) provides administrative support to 14 district attorney offices statewide pursuant to Sections 36-1-25 through 36-1-26 NMSA 1978. The office centralizes district attorney personnel, training, and victim notification functions, and develops a consolidated information technology plan. AODA also administers the state funding for the forensic evaluation program, which consists of eight children's safehouses throughout the state and the New Mexico Children's Safehouse Network Office.

MISSION:

The mission of AODA is to improve the criminal justice system by promoting professionalism among New Mexico's prosecutors through education, information, liaison, and administrative and technical support and to achieve objectives that will benefit and improve the offices of the district attorneys.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,028.4	1,356.5	2,519.5	1,937.1	42.8
Other Transfers	488.3	77.9	70.3	70.3	-9.8
Other Revenues	70.0	295.0	80.0	80.0	-72.9
Fund Balance	0.0	20.0	20.0	20.0	0.0
SOURCES TOTAL	1,586.7	1,749.4	2,689.8	2,107.4	20.5
USES					
Personal Services and Employee Benefits	746.4	830.3	924.6	821.3	-1.1
Contractual Services	10.4	15.7	32.6	6.9	-56.1
Other	739.1	903.4	1,732.6	1,279.2	41.6
Other Financing Uses	699.0	0.0	0.0	0.0	***
TOTAL USES	2,194.9	1,749.4	2,689.8	2,107.4	20.5
FTE					
Permanent	9.0	11.0	12.0	11.0	0.0
Term	2.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	11.0	13.0	12.0	11.0	-15.4

BUDGET ISSUES:

Information technology accounts for the majority of the committee's recommendation of a 42.8 percent increase and includes hardware and software, network management items, and licensing fees for district attorney offices statewide.

Every district attorney office in the state has been linked by a unified case management system that allows the 14 district attorney offices to better share prosecution data with one another and track key performance data.

A major issue that AODA faces is the collection of worthless check fees by the district attorney offices statewide. A portion of AODA's budget is dependent on what is collected by these offices; however, worthless checks are becoming a thing of the past, reducing the fees collected.

BASE EXPANSION:

The agency's request of \$159.3 thousand in expansion is for 1 FTE, vehicles and overtime pay. Although the committee does not recommend these expansions the committee supports AODA in providing information technology support and computer hardware and software to the individual district attorney offices as reflected by the increase to the base budget.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Database administrator (1 FTE)		69.3	0.0
2	Three vehicles		60.0	0.0
3	Overtime		30.0	0.0
TOTAL			159.3	0.0

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safehouse network so that they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of district attorney employees receiving training	755	935	800	800	850
Output	Number of victim notification events and escapes reported, monthly	529	4,320	5,000	5,000	5,000

STATUTORY AUTHORITY:

Article V, Section I, of the New Mexico Constitution provides for the election of the attorney general for a term of four years and creates the position as part of the executive department. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board.

Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office. The attorney general serves as the head of the Department of Justice, the state's chief legal officer, legal counsel to state government, and consumer advocate. As the state's chief legal officer, the duties of the attorney general include prosecuting and defending cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal; prosecuting and defending all actions and proceedings brought by or against any state officer or head of a state department, board, or commission or any employee of the state acting in an official capacity; and issuing written opinions on any questions of law submitted by the Legislature, any member of the Legislature, the governor, state officials, or any district attorney.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,692.2	12,134.9	16,793.2	12,409.8	2.3
Other Transfers	2,107.0	1,756.0	0.0	1,756.0	0.0
Federal Revenues	1,519.0	1,571.2	1,634.0	1,581.4	0.6
SOURCES TOTAL	15,318.2	15,462.1	18,427.2	15,747.2	1.8
USES					
Personal Services and Employee Benefits	11,425.6	12,777.3	14,675.1	13,052.5	2.2
Contractual Services	1,400.2	591.0	802.2	592.2	0.2
Other	2,000.9	1,989.8	2,845.9	1,998.5	0.4
Other Financing Uses	79.1	104.0	104.0	104.0	0.0
TOTAL USES	14,905.8	15,462.1	18,427.2	15,747.2	1.8
FTE					
Permanent	162.0	170.0	176.0	170.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	163.0	171.0	177.0	171.0	0.0

BUDGET ISSUES:

The Attorney General requested a base general fund increase of \$2.9 million, or 24.1 percent, and an additional \$1.7 million in base expansion items. The Pueblo of Pojoaque, in mid FY06, began making the first of three annual \$1 million payments to the settlement fund toward the \$24 million owed to the state pursuant to the revenue sharing provisions of the 1997 gaming compact. In the first quarter of 2008, \$500 thousand quarterly payments to the settlement fund will be made until the entire settlement amount is paid. The Attorney General has used settlement revenue to support operating budget; however, the Attorney General requests that general fund revenue replace settlement revenue. LFC recommends maintaining \$1.75 million in settlement revenue to fund the agency's FY08 operating budget.

The committee's recommended 2.3 percent general fund increase reflects technical adjustments and vacancy factors in the Legal Services and Medicaid Fraud divisions of 3 percent and 1 percent, respectively.

In the 2006 legislative session \$137.2 thousand was appropriated to the Attorney General for public funds fraud and abuse. The Attorney General has not made this issue a priority given the recent public corruption issues; yet, as the state's chief legal officer, it is incumbent on the Attorney General to take a statewide lead on a public fund fraud and abuse task force and establish criteria for investigational prosecution of public fund fraud.

In 1998, state attorneys general signed a master settlement agreement (MSA) with the five largest tobacco manufacturers to end a legal battle between the states and the industry. Since then, more than 40 manufactures have joined the MSA and over the next 25 years, states are expected to receive more than \$206 billion from the settlement. In conjunction with MSA, the New Mexico Legislature enacted the Model Escrow Statute, intended to provide a level playing field between participating and nonparticipating manufacturers (NPM) and minimize a decrease in payment to the states, if the participating manufacturers'

market share decreases by more than 2 percent. While New Mexico requires NPM who sell the product in the state to either become an MSA participant or establish an escrow account and pay into it, participating manufacturers argue that all states are failing to diligently enforce NPM compliance and they have lost a significant market share. The Attorney General reports that they have been enforcing the agreement since the beginning and all of the required legislation to honor the terms in place. The first step in the legal wrangling is to determine where a challenge by the state would be heard. New Mexico has an MSA court set up as part of the state courts but the tobacco companies want all states to go through arbitration with a panel of retired federal judges. Three of the four companies withheld a portion of the FY06 payment in April, resulting in approximately \$4 million less than what would have otherwise been collected.

BASE EXPANSION:

The Attorney General is requesting \$290 thousand for the Legal Services Program, which includes 4 FTE for the Guadalupe Hidalgo division, 2 FTE for Internet crimes against children, and funding increases to contractual services, information technology supplies, and 5 percent cost-of-living adjustment. The Medicaid Fraud Program expansion for \$70.1 is to fund cost-of-living adjustments for staff. The recommendation does not fund the requests. Currently, federal funds support the Internet Crimes Against Children Unit and reclassifying and filling existing vacant positions to meet program needs in the Guadalupe Hidalgo division should be completed before consideration of additional positions.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers to the legal services program of the attorney general in the personal services and employee benefits category includes one hundred four thousand dollars (\$104,000) from the medicaid fraud division.

All revenue generated from antitrust cases and consumer protection settlements through the attorney general on behalf of the state, political subdivisions or private citizens shall revert to the general fund.

The other state funds appropriations to the legal services program of the attorney general include one million seven hundred fifty-six thousand dollars (\$1,756,000) from settlement funds, including one hundred thirty-seven thousand two hundred dollars (\$137,200) in the personal services and employee benefits category for the investigation of public funds fraud and abuses cases.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Legal services (6 FTE)	(Legal svcs)	290.0	0.0
2	Cost of living increase	(Legal/MFD)	70.1	0.0
TOTAL			360.1	0.0

LEGAL SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008			
	FY06	FY07	Agency	LFC	Percent
	2005-2006	2006-2007	Request	Recommendation	Incr
	Actuals	Budgeted			(Decr)
SOURCES					
General Fund Transfers	11,246.9	11,695.8	16,283.2	11,961.5	2.3
Other Transfers	2,107.0	1,756.0	0.0	1,756.0	0.0
Federal Revenues	79.1	148.4	104.0	104.0	-29.9
SOURCES TOTAL	13,433.0	13,600.2	16,387.2	13,821.5	1.6
USES					
Personal Services and Employee Benefits	9,985.6	11,324.5	13,064.7	11,541.5	1.9
Contractual Services	1,350.7	563.3	773.3	563.3	0.0
Other	1,799.3	1,712.4	2,549.2	1,716.7	0.3
TOTAL USES	13,135.6	13,600.2	16,387.2	13,821.5	1.6
FTE					
Permanent	141.0	149.0	155.0	149.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	142.0	150.0	156.0	150.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of crime victims receiving information and advocacy	291	797	640	640	650
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	90%	88%	90%	90%	90%
Efficiency	Number of outreach presentations conducted throughout the state	12	12	19	19	19
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	78%	100%	90%	90%	90%
* Outcome	Percent of initial responses for attorney general opinions made within three days of request	90%	84%	95%	95%	95%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	75%	63%	90%	90%	90%

MEDICAID FRAUD

The purpose of the Medicaid fraud program is to investigate and prosecute Medicaid provider fraud, recipient abuse and neglect in the Medicaid program.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	445.3	439.1	510.0	448.3	2.1
Federal Revenues	1,439.9	1,422.8	1,530.0	1,477.4	3.8
SOURCES TOTAL	1,885.2	1,861.9	2,040.0	1,925.7	3.4
USES					
Personal Services and Employee Benefits	1,440.0	1,452.8	1,610.4	1,511.0	4.0
Contractual Services	49.5	27.7	28.9	28.9	4.3
Other	201.6	277.4	296.7	281.8	1.6
Other Financing Uses	79.1	104.0	104.0	104.0	0.0
TOTAL USES	1,770.2	1,861.9	2,040.0	1,925.7	3.4
FTE					
Permanent	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$12.04	\$21.16	\$9.5	\$9.5	\$9.5
Output	Number of program improvement recommendations forwarded to department of health and human services department	4	6	5	5	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	75%	41%	80%	80%	80%
Explanatory	Total medicaid recoveries, in thousands	\$1,616	\$1,950	\$1,700	\$1,700	\$1,700

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico State Constitution created the position of State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete, written report of each audit.

MISSION:

The State Auditor audits the financial affairs of New Mexico agencies annually to improve accountability and performance and to assure New Mexico citizens that funds are expended properly. In addition the State Auditor may initiate special audits to investigate reported or suspected fraud, waste, and abuse related to the financial affairs of an agency.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006	FY07 2006-2007	FY08 - 2007-2008		Percent
	Actuals	Budgeted	Agency	LFC	Incr
			Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	2,308.1	2,411.8	2,425.2	2,425.2	0.6
Other Revenues	423.8	412.6	400.0	400.0	-3.1
Fund Balance	178.3	200.0	228.3	228.3	14.2
SOURCES TOTAL	2,910.2	3,024.4	3,053.5	3,053.5	1.0
USES					
Personal Services and Employee Benefits	2,074.7	2,318.9	2,383.2	2,383.2	2.8
Contractual Services	105.9	237.9	219.3	219.3	-7.8
Other	394.3	467.6	451.0	451.0	-3.6
TOTAL USES	2,574.9	3,024.4	3,053.5	3,053.5	1.0
FTE					
Permanent	30.0	30.0	30.0	30.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	31.0	31.0	0.0

BUDGET ISSUES:

The State Auditor continues to have a high vacancy rate, 7 FTE or 22.5 percent. The State Auditor has experienced difficulty filling auditor positions due to very competitive market conditions; further, several positions were held open until after the general election. The committee urges the new state auditor to quickly move to fill vacant audit positions and reclassify other positions as necessary.

The State Auditor demonstrated a marked improvement in the percentage of statutory reviews of audit reports completed within 10 days, moving from 34 percent in FY05 to 65 percent in FY06.

The State Auditor expressed numerous concerns about the new state human resources and financial management system, called SHARE. Also, in early September 2006, the State Auditor wrote the administration that the Department of Finance and Administration was taking longer than usual to approve independent public accountant (IPA) contracts for agencies, that ending cash balances were not available until mid-September, and that many agencies had yet to submit their IPA recommendations. The State Auditor's concern is that many agencies may not meet the statutory deadline of submitting audit reports by December 15, 2006, delaying their review of the reports.

Finally, the State Auditor played a positive role during the investigation of financial scandals in the Office of the State Treasurer and efforts to ensure the integrity of the state's finances.

STATE AUDITOR PROGRAM

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of audits completed by regulatory due date	61%	74%	70%	70%	70%
Outcome	Percent of statutory reviews of audit reports completed within ten days	34%	65%	75%	75%	75%
Output	Number of training sessions performed	23	7	16	16	16
* Output	Total audit fees generated	\$480,094	\$425,554	\$400,000	\$400,000	\$400,000
Outcome	Percent of agency auditor selection requests processed within five days of receipt	100%	100%	100%	100%	100%
Output	Number of working paper reviews of independent public accountants	42	42	42	42	42

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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	57,241.9	59,691.4	67,881.4	63,024.9	5.6
Other Transfers	1,668.0	530.5	534.3	534.3	0.7
Federal Revenues	1,221.9	1,240.0	1,422.6	1,422.6	14.7
Other Revenues	14,405.2	13,290.4	14,207.5	14,207.5	6.9
Fund Balance	444.8	0.0	0.0	0.0	***
SOURCES TOTAL	74,981.8	74,752.3	84,045.8	79,189.3	5.9
USES					
Personal Services and Employee Benefits	46,786.6	52,145.3	58,272.0	55,093.3	5.7
Contractual Services	5,258.3	4,571.3	7,025.9	6,219.0	36.0
Other	19,576.6	18,035.7	18,747.9	17,780.7	-1.4
Other Financing Uses	0.0	0.0	0.0	96.3	***
TOTAL USES	71,621.5	74,752.3	84,045.8	79,189.3	5.9
FTE					
Permanent	1,043.0	1,053.0	1,140.0	1,111.0	5.5
Term	31.0	36.0	19.0	40.0	11.1
Temporary	35.7	35.7	71.7	35.7	0.0
TOTAL FTE POSITIONS	1,109.7	1,124.7	1,230.7	1,186.7	5.5

BUDGET ISSUES:

As of September 1, 2006, the agency had a 14 percent vacancy rate, a significant improvement over its more than 20 percent rate as of September 1, 2005, but still a concern for the committee. The recommendation assumes vacancy savings of 7.6 percent, slightly more than the agency's assumed savings of 6.2 percent.

Following the 2006 session, the agency created a fifth program, Compliance Enforcement, by moving the Tax Fraud Investigation Division out of the Tax Administration Program and adding FTE and other resources from Program Support and the Motor Vehicle Division. This new program is charged with enforcing the criminal statutes of the Tax Administration Act and is composed of three bureaus – Tax Fraud Investigations, Internal Audit, and Internal Investigations.

The Tax Administration Program comprises the Audit and Compliance Division (ACD) and Revenue Processing Division (RPD). ACD continues to report strong returns from its delinquent tax collection efforts, and the agency requested a budget expansion for the initiative with a promise of additional collections. While the committee recognizes the success of the initiative, a high number of vacant positions remain from previous expansions for this effort. The committee recommendation provides adequate resources to significantly reduce that vacancy rate and provides new funding to open a field office in Rio Rancho. With 6 new FTE and realignment of 42 others, this new office should address overcrowding in the Albuquerque office and provide needed services in a growing area of the state.

Laws 2006, Chapter 33, created the weight distance tax identification permit fund and authorized the agency to use revenue from the fund for administration and enforcement of the Weight Distance Tax Act. The committee recommends four new weight-distance auditor positions in ACD. The auditors will focus on out-of-state trucking companies to ensure their compliance with New Mexico's weight-distance tax laws. The agency projects \$500 thousand in revenue from this expansion to be distributed largely to the road fund.

The Motor Vehicle Division (MVD) continues to focus on improving service to customers, in particular by reducing wait times at field offices and providing other options for accessing MVD services. Wait times at field offices have been cut in half, but the call center continues to report slow service times and few services are available online. Overall, MVD is making improvements by reorganizing staff, providing more training, and boosting employee morale. Over the past several years, MVD has hired unauthorized clerks in the field offices. The positions were funded through vacancy savings and other state funds, namely the financial responsibility fees. These 36 FTE in the field offices are still needed. Due to MVD's salary increases and reduction of vacancy savings, the agency requested authorization and additional general fund revenue for these positions. Given the workload in the MVD offices and the agency's success in improving service, the committee recommends \$1.1 million from the general fund and authorization of 36 FTE. The agency requested temporary status for the 36 FTE, but the committee finds these positions to be permanent and authorized them as such. In addition, the agency reports that these FTE will have additional duties as document specialists to meet requirements of the federal REAL ID Act.

The agency requested authorization for another 15 FTE—11 term and 4 perm—funded by other state funds, including the financial responsibility fees. The committee also recommends authorization of these FTE and almost \$600 thousand in revenue from other state funds in MVD. These clerks carry out the duties of the financial responsibility act and tax identification permit program.

The agency request in MVD includes additional base funding for a contract to centralize and outsource the issuance of drivers' licenses. In the 2006 session, the executive pursued and the Legislature partially funded the new initiative to remove license issuance from the MVD offices and use an off-site, contract vendor to produce and distribute licenses. Temporary licenses will be issued by MVD offices, and customers will receive the permanent license in the mail. The project will remove valuable equipment from the field offices, might reduce occurrences of fraud, and might help the state prepare for requirements of the REAL ID Act. It is unclear, however, how this project will affect customer service.

TRD issued a \$1.2 million request for proposals for the project in the second quarter of FY07. The committee recommendation in the contractual services category is a significant increase over FY07 and should provide adequate resources to continue this project. The agency has put on hold its effort to centralize the issuance of titles internally in the Revenue Processing Division.

The Association of Motor Vehicle Administrators, National Conference of State Legislatures (NCSL), and the National Governors Association estimated the costs for states to implement the REAL ID Act at \$11 billion. The new federal standards, effective May 2008, will require states to verify and reissue all drivers' licenses and identification cards, but regulations have not yet been issued by the federal Department of Homeland Security. For New Mexico to comply with the unfunded mandate, MVD has estimated the need for \$13 million in nonrecurring funding, primarily system upgrades, and \$6 million in recurring funding. The agency did not request recurring funding for compliance with the federal act. In addition to concerns about the cost of compliance, several organizations, including the American Civil Liberties Union (ACLU), have raised concerns about the law's impact on privacy of citizens.

The Property Tax Program continues to carry a high vacancy rate, and the committee recommendation reflects a small reduction in appropriations from the general fund. In addition, the quality and accuracy of the property tax valuations can vary widely from one county to the next. State capital outlay funds are distributed to school districts based on the property tax valuation data. With inconsistent or inaccurate data, funding for school districts might be inequitable.

The information technology (IT) division, housed in Program Support, is also carrying a high number of vacant positions. Yet, IT is critically important to efficiently implement the state's tax laws and serve the public. The committee recommendation provides funding in the personal services and employee benefits category to reduce this historically high vacancy rate. The agency also requested an expansion to upgrade support of its IT systems, in particular the GenTax software system. The committee recognizes the benefit of this upgrade and recommends full funding of the expansion.

The committee remains concerned, however, that the agency does not report on the performance of its IT systems and programs. Given the agency's vision to be "the most technologically advanced agency in state government," TRD should report on the operations of its IT division.

BASE EXPANSION:

The committee further recommends the conversion to permanent status of four term positions in Program Support. The positions are funded through recurring other state funds, and the authorization has no fiscal impact. The recommendation also authorizes and provides general fund revenue for a driving while intoxicated (DWI) hearing officer in Las Cruces previously funded by federal funds. The committee does not recommend converting 21 term auditor positions in ACD. These federal royalty auditors are funded through federal grants from the Minerals Management Service. Despite the stability of this grant, term status is appropriate for federally funded positions.

Finally, TRD requested 9 FTE and about \$500 thousand in MVD for expansion of the Las Cruces field office. The agency reports poor service in the office, and the committee suggests realigning currently vacant positions to meet the growing workload in Las Cruces.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Increased convenience of MVD service (45 FTE)	(MVD/PS)	1,614.0	1,135.4
2	Critical IT systems support	(ProgSup)	1,234.6	1,228.6
3	Rev. enhancement & taxpayer services (40 FTE)	(Various)	2,593.7	517.1
4	DWI hearing officer term to perm	(ProgSup)	95.8	81.4
5	Weight distance auditors (4 FTE)	(TaxAdmin)	228.2	228.2
6	ASD term to perm	(ProgSup)	0.0	0.0
7	MVD other state funds FTE auth. (15 FTE)	(MVD)	578.3	578.3
8	Forensic tax auditor	(CompEnforc)	63.2	0.0
9	<u>Federal royalty auditors term to perm</u>	<u>(TaxAdmin)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			6,407.8	3,769.0

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>FY08 - 2007-2008</u>			
	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	25,231.8	26,030.8	29,286.5	26,732.0	2.7
Other Transfers	3.1	0.0	0.0	0.0	***
Federal Revenues	925.1	1,240.0	1,422.6	1,422.6	14.7
Other Revenues	721.8	689.7	926.4	926.4	34.3
SOURCES TOTAL	26,881.8	27,960.5	31,635.5	29,081.0	4.0
USES					
Personal Services and Employee Benefits	19,229.3	21,833.7	24,469.4	22,530.9	3.2
Contractual Services	372.5	416.1	492.2	241.5	-42.0
Other	6,957.5	5,710.7	6,673.9	6,308.6	10.5
TOTAL USES	26,559.3	27,960.5	31,635.5	29,081.0	4.0
FTE					
Permanent	459.0	467.0	522.0	473.0	1.3
Term	17.0	22.0	5.0	26.0	18.2
Temporary	31.7	31.7	31.7	31.7	0.0
TOTAL FTE POSITIONS	507.7	520.7	558.7	530.7	1.9

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Collections as a percent of collectable outstanding balances from June 30, 2006		*	10%	20%	20%
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year		*	40%	40%	40%
* Output	Percent of electronically filed returns (PIT, CRS)	30.3%	33.7%	45%	45%	45%
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted			80%		
Outcome	Revenue collections as a percent of audit assessments	42%	32%		*	
Outcome	Collections as a percent of collectable outstanding balance	-2.45%	11.9%		*	
Outcome	Amount of revenue assessed as a result of audits, in millions	\$34.5				
Outcome	Percent of audit assessments collected compared with the uncollected balance	42%				
Efficiency	Average cost per audit	\$3,561				
Output	Number of field audits conducted for corporate income tax and combined reporting system taxes	327				
Output	Number of federal oil and gas audits conducted	14				
Output	Number of international fuel tax agreement and international rate program audits conducted	106				
Output	Number of electronically filed tax returns processed	585,887				
Efficiency	Tax fraud convictions as a percent of cases prosecuted	100%				
Explanatory	Average percent of auditor positions filled compared with approved full-time equivalent	86%				
Outcome	Collections as a percent of collectable audit assessments generated in prior fiscal years		17%	10%	*	

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>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	11,914.9	12,523.9	14,899.8	13,696.6	9.4
Other Transfers	2.1	0.0	0.0	0.0	***
Federal Revenues	296.8	0.0	0.0	0.0	***
Other Revenues	10,822.7	9,969.7	10,570.0	10,570.0	6.0
Fund Balance	444.8	0.0	0.0	0.0	***
SOURCES TOTAL	23,481.3	22,493.6	25,469.8	24,266.6	7.9
USES					
Personal Services and Employee Benefits	12,616.2	13,024.1	15,136.2	14,764.3	13.4
Contractual Services	2,636.1	2,577.5	3,702.8	3,221.5	25.0
Other	6,635.7	6,892.0	6,630.8	6,280.8	-8.9
TOTAL USES	21,888.0	22,493.6	25,469.8	24,266.6	7.9
FTE					
Permanent	316.0	307.0	326.0	354.0	15.3
Term	4.0	4.0	8.0	8.0	100.0
Temporary	4.0	4.0	40.0	4.0	0.0
TOTAL FTE POSITIONS	324.0	315.0	374.0	366.0	16.2

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of registered vehicles with liability insurance	86%	87%	87%	90%	90%
* Efficiency	Average wait time in Q-Matic equipped offices, in minutes	34	17	15	15	15
* Efficiency	Average call center wait time to reach an agent, in minutes	4.39	4:10	3.75		3.75
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	2.5	1	2.5	2	2
Outcome	Percent of vehicle registration renewals using alternative methods		43%		50%	50%
Outcome	Percent increase in kiosk transactions as a percentage of same-type transactions a field office agent could perform		4.3%	7%	*	

PROPERTY TAX

The purpose of property tax program is to administer the property tax code, to ensure the fair appraisal of property and to assess property taxes within the state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	583.7	801.7	810.8	743.6	-7.2
Other Transfers	2.0	0.0	0.0	0.0	***
Other Revenues	2,225.8	2,349.8	2,406.1	2,406.1	2.4
SOURCES TOTAL	2,811.5	3,151.5	3,216.9	3,149.7	-0.1
USES					
Personal Services and Employee Benefits	1,951.3	2,329.1	2,472.3	2,427.2	4.2
Contractual Services	104.7	126.3	126.3	126.3	0.0
Other	551.1	696.1	618.3	596.2	-14.4
TOTAL USES	2,607.1	3,151.5	3,216.9	3,149.7	-0.1
FTE					
Permanent	44.0	44.0	44.0	44.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	50.0	50.0	50.0	50.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of delinquent accounts that are resolved	89%	62%	88%	88%	88%
* Output	Number of appraisals and valuations for companies conducting business within the state that are subject to state assessment	509	504	510	510	510
Outcome	Percent of resolved accounts resulting from delinquent property tax sales	89%				
Output	Number of appraisals and valuations for corporations conducting business within the state	509				
Outcome	Number of counties achieving an eighty-five percent minimum ratio of assessed value to sales price	33				

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the New Mexico taxation and revenue department by enforcing the 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 New Mexico tax laws.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>			
		<u>FY06</u>	<u>FY07</u>	<u>Agency</u>	<u>Percent</u>
		<u>2005-2006</u>	<u>2006-2007</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	1,160.1	2,315.4	2,691.3	2.9
	SOURCES TOTAL	1,160.1	2,315.4	2,691.3	2.9
USES					
	Personal Services and Employee Benefits	899.8	1,960.9	2,249.0	-2.4
	Contractual Services	0.0	0.0	4.6	***
	Other	172.7	354.5	437.7	4.1
	Other Financing Uses	0.0	0.0	0.0	***
	TOTAL USES	1,072.5	2,315.4	2,691.3	2.9
FTE					
	Permanent	16.0	33.0	37.0	0.0
	TOTAL FTE POSITIONS	16.0	33.0	37.0	0.0

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Efficiency	Tax fraud convictions as a percent of cases prosecuted		100%	*	*	
* Efficiency	Successful tax fraud prosecutions as a percent of total cases prosecuted		100%	80%	90%	90%

PROGRAM SUPPORT

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting, and legal services in order to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	18,351.4	18,019.6	20,193.0	19,469.9	8.0
	Other Transfers	1,660.8	530.5	534.3	534.3	0.7
	Other Revenues	634.9	281.2	305.0	305.0	8.5
	SOURCES TOTAL	20,647.1	18,831.3	21,032.3	20,309.2	7.8
USES						
	Personal Services and Employee Benefits	12,090.0	12,997.5	13,945.1	13,456.7	3.5
	Contractual Services	2,145.0	1,451.4	2,700.0	2,626.6	81.0
	Other	5,259.6	4,382.4	4,387.2	4,225.9	-3.6
	TOTAL USES	19,494.6	18,831.3	21,032.3	20,309.2	7.8
FTE						
	Permanent	208.0	202.0	211.0	207.0	2.5
	Term	4.0	4.0	0.0	0.0	-100.0
	TOTAL FTE POSITIONS	212.0	206.0	211.0	207.0	0.5

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
*	Outcome	Number of tax protest cases resolved	730	730	728	735
*	Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings in ninety days	2.3%	.9%	2%	2%
	Outcome	Number of driving-while-intoxicated drivers' license revocations rescinded due to failure to hold hearings in ninety days	23			
	Output	Number of electronically filed tax returns processed through the oil and gas administration and revenue database, by data lines	1,427,167			

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by Section 6-8-2 NMSA 1978 and is responsible for guiding the management of the land grant (LGPF), severance tax (STPF), and tobacco settlement (TSPF) permanent funds as well as the water trust fund and the investments of other state and political subdivision clients. SIC consists of nine members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, state investment officer, chief financial officer of a state institution of higher education, and three public members. The three public members and the chief financial officer of a state institution of higher education are appointed by the governor with the consent of the Senate and serve staggered terms of five years. SIC formulates policy implemented by the state investment officer (SIO) and staff in the day-to-day functions of the investment office.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	28,988.6	29,156.7	29,274.5	29,088.2	-0.2
Other Revenues	414.0	420.0	450.0	450.0	7.1
SOURCES TOTAL	29,402.6	29,576.7	29,724.5	29,538.2	-0.1
USES					
Personal Services and Employee Benefits	2,816.2	3,134.6	3,373.5	3,219.3	2.7
Contractual Services	20,910.7	25,716.3	25,520.7	25,520.7	-0.8
Other	691.8	725.8	830.3	798.2	10.0
TOTAL USES	24,418.7	29,576.7	29,724.5	29,538.2	-0.1
FTE					
Permanent	27.0	29.0	32.0	30.0	3.4
TOTAL FTE POSITIONS	27.0	29.0	32.0	30.0	3.4

BUDGET ISSUES:

The agency budget request of \$29.7 million represents an increase of less than 1 percent over the FY07 operating budget. The request includes an increase of \$238.9 thousand in personal services and employee benefits. Contractual services, a majority of which is investment manager fees, is projected to decline \$195.6 thousand from the FY07 operating level of \$25.7 million. Because the decrease in contractual services offsets the increase in personal services and employee benefits and other use, the request is for a flat budget from FY07 to FY08.

The recommendation funds the agency request for contractual services and provides for 10 percent growth in other costs. The recommendation for personal services takes a 2 percent vacancy savings but provides \$51.8 thousand for a network specialist. The total recommendation of \$29.5 million essentially holds the agency to a flat funding level compared with FY07.

The performance for FY06 was positive. STPF gained 11.2 percent for the year but trailed its policy target by 0.1 percent, while LGPF returned 10.6 percent, beating its policy target by 0.8 percent. Equity investments, particularly international, performed very well and made up for anemic performance in fixed income returns. Private equity investment return, based on periodic valuations, was very strong.

There is \$126.5 million in outstanding film loans for 13 films as of September 20, 2006. Four loans matured and were paid off in FY06, including two paid off well ahead of schedule. One of these paid interest of approximately \$93 thousand, the only return so far for the 4-year old film loan program. One loan has defaulted because of problems with its film production tax credit filing.

BASE EXPANSION:

SIC is requesting \$147.8 for three new positions: an attorney, a paralegal and a network specialist. The recommendation provides \$51.8 for a network specialist. The recommendation does not fund the requests for an additional attorney and a paralegal. The committee recognizes alternative investments have grown significantly since passage of the prudent investor act, but both the STPF and the LGPF are near their target allocations for alternatives. The request for contract legal costs decreased \$161 thousand but that is not sufficient cost savings to justify 2 FTE, and the FY08 request for legal costs is still more than twice the FY06 actual cost. Due to the monitoring and level of paperwork, a paralegal position could be created by converting one of the six vacant positions.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty four million eight hundred and ninety-two thousand dollars (\$24,892,000) to be used only for money manager fees.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Uniform prudent investments 1 FTE IT Network		51.6	51.8
2	Uniform prudent investments 1 FTE Attorney		57.8	0.0
3	Uniform prudent investments 1 FTE Paralegal		38.4	0.0
TOTAL			147.8	51.8

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	-10	86.5	>25	>25	>25
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	-50	27.5	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	45	41	>49	<49	<50
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	75	67	>49	<49	<50
Outcome	One-year annualized portfolio performance, net of fees, versus a broad market index	560	582	>50 bps		>50
Outcome	Five-year annualized portfolio performance, net of fees, versus a broad market index	70	197	>50 bps		>50

STATUTORY AUTHORITY:

The Department of Finance and Administration (DFA) was created by Sections 9-6-1 through 9-6-15 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. In 2003, the Legislature passed and the governor signed the Assessment and Accountability Act, which proposed sweeping education reforms. Among its provisions, the act created the Office of Education Accountability (OEA) and placed it within DFA. OEA opened its doors on September 1, 2003. According to Section 9-6-15 NMSA 1978, the purpose of the OEA is to provide an independent evaluation of the Assessment and Accountability Act and the School Personnel Act; review decision-making policies of schools and school districts relating to the recruitment and retention of school employees; verify the accuracy of reports of public school, school district, and state performance; conduct studies of other states' efforts at assessment and accountability and other education reforms; and report its findings to the Legislative Education Study Committee and the Legislative Finance Committee.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
			<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,377.3	12,572.9	13,387.1	16,998.5	35.2
Other Transfers	10,296.4	10,594.9	290.0	0.0	-100.0
Federal Revenues	16,457.0	15,820.6	14,287.0	14,287.0	-9.7
Other Revenues	28,682.8	27,364.8	27,980.3	27,980.3	2.2
Fund Balance	1,125.0	0.0	6,697.2	6,697.2	***
SOURCES TOTAL	67,938.5	66,353.2	62,641.6	65,963.0	-0.6
USES					
Personal Services and Employee Benefits	9,765.1	11,984.6	12,478.2	12,089.6	0.9
Contractual Services	2,844.7	2,610.1	3,451.1	7,161.1	174.4
Other	35,100.9	38,755.9	46,412.3	46,412.3	19.8
Other Financing Uses	13,991.1	13,002.6	300.0	300.0	-97.7
TOTAL USES	61,701.8	66,353.2	62,641.6	65,963.0	-0.6
FTE					
Permanent	138.8	147.8	155.8	147.8	0.0
Term	21.0	20.0	21.0	21.0	5.0
TOTAL FTE POSITIONS	159.8	167.8	176.8	168.8	0.6

BUDGET ISSUES:

In addition to its operating budget request, DFA requested a \$2.1 million, or 13 percent, increase in non-operating, special appropriations. The request eliminated funding for 16 special appropriations totaling \$2 million, including funds for the cat/dog spay and neuter services program (\$400 thousand), the teen court program in Santa Fe (\$85 thousand), and the emergency medical and firefighter services program in Rio Rancho (\$344 thousand), among others. In amendments to its original budget that DFA submitted on December 1, 2006, the agency included several new, nonoperating, special appropriations, such as the rodeo initiative (\$1.2 million) and the Office of Water Infrastructure (\$1 million), and asked for an additional \$2 million for the youth mentoring program and \$500 thousand for the Acequia Commission.

LFC recommends an additional \$4 million from general fund to support the civil legal services fund (CLSF). The Civil Legal Services Commission, through the CLSF, offers grants to New Mexico legal providers to serve low-income individuals and families who earn less than 125 percent of the federal poverty level. While CLSF grantees serve 14,000 household per year, this is only 20 percent of the estimated need. Legal aid programs represent clients in civil cases only, including those concerning domestic violence, unsafe housing conditions, employment, and access to healthcare programs. Federal resources from the Legal Services Corporation have fallen to 1981 levels due to congressional reductions and inflation, requiring states to increasingly bear the cost of ensuring that access to the legal system is not denied because of poverty.

An additional \$500 thousand from general fund is recommended for the Youth Mentoring Program. The Youth Mentoring Program provides funding to Big Brothers Big Sisters of New Mexico (BBBS). Big Brothers Big Sisters matched 3,100 children with mentors in 2005 and studies show that youth who participate in BBBS are 46 percent less likely to start drinking, and 52 percent less likely to skip a day of school, among other positive outcomes. BBBS currently serves 20 counties throughout the state.

DFA did not request funding for the E-911 principal and interest fund, noting that the fund is no longer needed because the E-911 bonds will be retired in FY07 and debt service will no longer be necessary. DFA proposed to transfer \$5.5 million from the E-911 income fund to the E-911 enhancement fund. The increase in the fund balance in the agency request is a result of the transfer of funds appropriated in FY07 for capital projects that were not completed and that will be expended in FY08. The need to move the funds results from recent changes to General Accounting Board Standards rules that prohibit carrying over encumbrances. The availability of the funds in fund balance should obviate the need for DFA to submit a budget adjustment request as it did for FY06 funds. This amount is in addition to the \$11.4 million transferred to the enhancement fund from tax surcharges.

DFA addressed many concerns raised by the committee in 2005 including awarding almost all of the \$61 million in federal fiscal relief funds received in 2003. DFA also addressed the duplication of driving while intoxicated (DWI) programs by transferring the ignition interlock device fund program to the Department of Transportation.

Other areas, however, merit scrutiny, including Save Smart and the statewide financial and human resources program, called SHARE. On June 30, 2006, the contract between the General Services Department (GSD) and Silver Oaks, the Save Smart contractor, ended. GSD certified savings of \$16 million and Silver Oaks was paid \$8 million under the terms of the contract. While LFC audit staff found that savings were realized through Save Smart, it is unclear how GSD will maintain and expand those savings going forward, and how DFA will continue to capture, report, and revert to the general fund, future savings.

On July 1, 2006, DFA went live with the new SHARE computer system. Any large scale transition such as the one to SHARE will experience start-up glitches. However, in the case of SHARE, those glitches have continued long past the start-up phase. Agencies report difficulty producing financial reports, as well as initial difficulty in making payroll, processing warrants and contracts, and completing other basic financial tasks to track agency spending and receipts. Questions also linger about whether enough resources have been requested for ongoing training of agency personnel. Virtually every state agency identified the initial training as insufficient or ineffective.

The State Auditor testified about the delay in receiving audits, particularly from small agencies and local governments. The Local Government Division of DFA is responsible for ensuring that local governments complete timely audits. The committee is cognizant that local governments often have difficulty financing audits, however, such a fundamental bellwether of financial stability and integrity as an audit must be a priority for both local governments and DFA.

DFA included \$850 thousand in its base budget for nine accountant positions in the Fiscal Management Program funded as a recurring special appropriation in 2006. The positions were to facilitate timely preparation of the comprehensive annual financial report using the new SHARE system.

While DFA has a relatively high vacancy rate of 11 percent, no vacancy rate was taken. However, DFA is encouraged to aggressively address filling vacant positions before its FY09 submission.

BASE EXPANSION:

The LFC recommends 1 new FTE for E-911 Enhancement, a geographical information system (GIS) coordinator and manager position. The expansion responds to an April 2006 LFC audit report, "Status of Implementation of E 911: Cost and Program Effectiveness." The audit recommended that DFA expand its staff to include a GIS manager who will maintain E-911 databases and work with local public safety answering points (PSAPs) to ensure that communities take full advantage of the E-911 system.

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 of 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 funds in the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of one million five hundred thousand (\$1,500,000) in fiscal year 2008. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund

pursuant to the provisions of Section 6-1-5 NMSA 1978, provided that, after the total amounts deposited in fiscal year 2008 exceed two hundred fifty thousand dollars (\$250,000), any additional repayments shall be transferred to the general fund.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	E-911 enhancement (1 FTE)	(LGD)	85.0	85.0
2	Special appropriation projects (1 FTE)	(LGD)	68.1	0.0
3	Youth mentoring program	(Special)	2,000.0	500.0
4	NM acequia commission	(Special)	500.0	0.0
5	NM rodeo initiative	(Special)	1,200.0	0.0
6	Office of water infrastructure	(Special)	1,000.0	0.0
7	Fiscal management & oversight program (7 FTE)	(FCD)	332.6	0.0
TOTAL			5,185.7	585.0

POLICY DEVELOPMENT, FISCAL ANALYSIS AND BUDGET OVERSIGHT PROGRAM

The purpose of the policy development, fiscal analysis, budget oversight, and education accountability program is to provide professional, coordinated policy development, and analysis and oversight to the governor, the legislature, and state agencies so they can advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.

BUDGET SUMMARY
(dollars in thousands)

			FY08 - 2007-2008		
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,822.6	3,322.8	3,360.5	3,360.5	1.1
Other Transfers	0.0	150.0	290.0	0.0	-100.0
SOURCES TOTAL	3,822.6	3,472.8	3,650.5	3,360.5	-3.2
USES					
Personal Services and Employee Benefits	3,032.2	2,905.8	2,931.9	2,931.9	0.9
Contractual Services	218.7	329.0	469.2	179.2	-45.5
Other	231.7	238.0	249.4	249.4	4.8
TOTAL USES	3,482.6	3,472.8	3,650.5	3,360.5	-3.2
FTE					
Permanent	41.8	34.8	34.8	34.8	0.0
TOTAL FTE POSITIONS	41.8	34.8	34.8	34.8	0.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent of policy recommendations ready for presentation to the office of the secretary on schedule	*	*	*	98%	98%
* Outcome	Average number of working days for the state budget division to complete approval of a budget adjustment request, unless referred to the secretary for consideration	5	4.75	5	5	5
* Outcome	Error rate for eighteen-month general fund revenue forecast	10.6%	4.0%	2.75%	3%	3%
Outcome	Return on state treasurer's office investments exceeding the board-of-finance approved state investment office internal benchmark	*	*	5	5 basis pts	5 basis pts
Outcome	Percent of decision-making policies of schools and school districts relating to the recruitment and retention of school employees reviewed	*	*	*	TBD	TBD
Outcome	Percent change in distribution of educational newsletters	*	*	*	50%	50%

DEPARTMENT OF FINANCE AND ADMINISTRATION

341

Outcome	Percent of bond proceeds older than five years expended, reauthorized or reverted	*	*	*	90%	90%
Quality	Unimpaired capital of fiscal agent	*	*	*	\$20 million	\$20 million
Efficiency	Percent of state payments processed electronically	*	*	*	TBD	TBD
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct	*	*	*	100%	100%
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct	*	*	90%	100%	100%
Efficiency	Percent of assigned fiscal impact reports completed within established deadlines	*	*	*	98%	98%
Efficiency	Timely submission of reports evaluating public education department's implementation of the governor's education initiatives	*	*	*	June 30th	June 30th
Output	Average number of bids received at competitive bond sales	*	*	3	3 minimum	3 minimum
Output	Date of bond sale following appropriate authorization and certificate of project readiness	*	*	*	June 30th	June 30th
Output	Number of state agency budget training sessions	*	*	4	4	4
Output	Number of reports using information about education reform nationally and in other states to benchmark New Mexico's progress in raising student achievement, improving educator quality and meeting other education reforms	*	*	2	4	4
Output	Number of principals and other staff aimed at increasing educational leaders' ability to gather and use accountability data more effectively	*	*	*	TBD	TBD
Output	Number of policies, rules or regulations recommended in office of education accountability reports that were adopted	*	*	*	TBD	TBD
Efficiency	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30	*	*	90%	*	*
Quality	Percent of time the budget preparation and review system is operational	*	*	95%	*	*
Outcome	Yield achieved by private investment managers exceeding the Merrill one- to three-year government index	*	*	90%	*	*
Quality	Level of general fund reserves maintained as a percent of recurring appropriations	*	*	9%	*	*
Efficiency	Timely submission of reports evaluating the public education department's implementation of the Assessment and Accountability Act and the School Personnel Act	*	*	*	June 30th	June 30th
Output	Percent of key agencies reporting key performance data by specified deadlines	*	*	100%	*	*
Output	Percent of public education department strategic plan education initiatives targets met	*	*	80%	*	*
Output	Percent of school districts receiving performance assessments	*	*	50%	*	*
Output	Percent of capital appropriations older than five years that are closed	*	*	80%	*	*
Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects reverted by June 30	*	99%	90%	*	*
Efficiency	Percent of capital outlay projects closed within the original reversion date	*	*	NA	*	*
Output	Number of agencies monitored by a monthly budget monitoring and control system	*	*	5	*	*
Outcome	New Mexico bond rating	*	*	AAA	*	*

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance, and fiscal oversight program is to provide federal and state oversight assistance to counties, municipalities, and special districts with planning, implementation and development of fiscal management so that entities can maintain strong, lasting communities.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,687.9	2,334.6	2,456.5	6,400.5	174.2
Other Transfers	10,296.4	10,444.9	0.0	0.0	-100.0
Federal Revenues	16,457.0	15,820.6	14,287.0	14,287.0	-9.7
Other Revenues	28,682.8	27,364.8	27,980.3	27,980.3	2.2
Fund Balance	1,125.0	0.0	6,697.2	6,697.2	***
SOURCES TOTAL	58,249.1	55,964.9	51,421.0	55,365.0	-1.1
USES					
Personal Services and Employee Benefits	2,519.2	3,580.0	3,637.4	3,581.4	0.0
Contractual Services	2,085.9	1,743.9	2,047.6	6,047.6	246.8
Other	33,930.3	37,638.4	45,436.0	45,436.0	20.7
Other Financing Uses	13,991.1	13,002.6	300.0	300.0	-97.7
TOTAL USES	52,526.5	55,964.9	51,421.0	55,365.0	-1.1
FTE					
Permanent	26.0	33.0	34.0	33.0	0.0
Term	21.0	20.0	21.0	21.0	5.0
TOTAL FTE POSITIONS	47.0	53.0	55.0	54.0	1.9

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u> *	<u>FY06</u> <u>Actual</u> *	<u>FY07</u> <u>Budget</u> 183	<u>FY08</u> <u>Request</u> 25%	<u>FY08</u> <u>Recomm</u> 25%
Outcome	Percent of water and wastewater infrastructure appropriations requested through the uniform application process					
Outcome	Percent of total appropriations for projects submitted through the uniform application process	*	*	*	TBD	TBD
Outcome	Percent of eligible grant agreements sent out to local governments 45 days after the capital outlay bill is signed	*	*	*	95%	95%
Outcome	Percent of fiscal-year financial reports submitted electronically by local governments	*	*	*	50%	50%
Outcome	Percent of capital appropriations older than five years that are closed	*	*	*	90%	90%
Outcome	Percent of acceptable payment requests processed within five working days of receipt	*	*	*	95%	95%
Outcome	Percent of state population served by enhanced landline service	*	*	*	TBD	TBD
Outcome	Percent of New Mexico communities served with wireless enhanced E-911 service	*	*	90%	90%	90%
Quality	Percent of local government officials expressing satisfaction in training received	*	*	90%	90%	90%
Output	Satisfaction rating for training provided by the special programs bureau	*	*	*	90%	90%
Output	Number of county site visits by driving while intoxicated (DWI) staff	*	*	*	40	40
Output	Number of county site visits by E-911 staff	*	*	*	30	30
Outcome	Percent of local government entities provided with training within a period of two fiscal years	*	*	*	100%	100%
Output	Number of capital project trainings held	*	*	*	4	4
Output	Number of projects submitted through the uniform application process	*	*	*	TBD	TBD
Output	Number of entities that submit projects through the uniform application process	*	*	*	TBD	TBD
* Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	66%	70.5%	70%	95%	95%
Outcome	Percent of state population served by wireless enhanced E-911 service	*	*	*	70%	70%
Outcome	Percent of capital appropriations managed by the community development bureau older than three years that are closed	*	*	*	65%	65%
Outcome	Percent of capital outlay projects closed by the reversion date	75%	66.5%	75%	*	*
Outcome	Number of alcohol-related fatalities in New Mexico	*	52.8	183	*	*
Outcome	Number of alcohol-related fatal crashes in New Mexico			158	*	*
Output	Percent of local governments receiving training that express satisfaction in the presentation and subjects covered	*	91.1%	*	*	*
Quality	Percent of interim budget, final budget and budget resolutions approved by statutory deadlines	*	96.15%	100%	*	*

FISCAL MANAGEMENT AND OVERSIGHT

The purpose of the fiscal management and oversight program is to provide for and promote financial accountability for public funds throughout state government and to provide state government agencies and the citizens of New Mexico with timely, factual, and comprehensive information on the financial status and expenditures of the state.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,457.6	5,372.0	5,980.9	5,648.3	5.1
SOURCES TOTAL	4,457.6	5,372.0	5,980.9	5,648.3	5.1
USES					
Personal Services and Employee Benefits	3,012.3	4,064.9	4,445.1	4,112.5	1.2
Contractual Services	468.7	481.3	860.4	860.4	78.8
Other	852.7	825.8	675.4	675.4	-18.2
TOTAL USES	4,333.7	5,372.0	5,980.9	5,648.3	5.1
FTE					
Permanent	51.0	60.0	67.0	60.0	0.0
TOTAL FTE POSITIONS	51.0	60.0	67.0	60.0	0.0

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year	*	*	6 months	7 months	7 months
Outcome	Costs avoided due to SHARE best practice implementation, in millions	*	*	*	\$7.0	\$7.0
Outcome	Savings realized through maintenance of a consolidated accounting, procurement and human resource system, in millions	*	*	*	\$4.8	\$4.8
Quality	Percent of business days SHARE is available to end-users	*	*	2	100%	100%
* Efficiency	Average number of business days needed to process payments using the SHARE system	1	*	2	2	2
Output	Number of reissued warrants	*	*	*	TBD	TBD
* Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards	9	*	50	*	*
* Quality	Percent of time the central payroll system is operational	100%	*	100%	*	*
* Quality	Percent of time the central accounting system is operational	100%	*	100%	*	*

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance, and financial integrity; to administer the executive's exempt salary plan; and to review and approve professional services contracts.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,409.2	1,543.5	1,589.2	1,589.2	3.0
SOURCES TOTAL	1,409.2	1,543.5	1,589.2	1,589.2	3.0
USES					
Personal Services and Employee Benefits	1,201.4	1,433.9	1,463.8	1,463.8	2.1
Contractual Services	71.4	55.9	73.9	73.9	32.2
Other	86.2	53.7	51.5	51.5	-4.1
TOTAL USES	1,359.0	1,543.5	1,589.2	1,589.2	3.0
FTE					
Permanent	20.0	20.0	20.0	20.0	0.0
TOTAL FTE POSITIONS	20.0	20.0	20.0	20.0	0.0

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request 90 days	FY08 Recomm 90 days
Efficiency	Financial statements issued timely to include auditor's unqualified opinion	*	*	*		
Outcome	Percent of contracts rejected	*	*	*	TBD	TBD
Quality	Percent of department fund accounts reconciled within two months following the closing of each month	*	*	4	*	*
Outcome	Percent of funds "certified in compliance" to the state controller as required, within fifteen days after month end	*	*	*	90%	90%
Quality	Department of finance administration employee retention rate	*	*	*	TBD	TBD
Output	Number of exceptions identified through post-audit and assurance procedures performed to include a sample of the transaction population in relation to predefined attributes	*	*	*	TBD	TBD
Output	Percent of applicable contracts containing at least one performance measure in all newly issued contracts procured through the request for proposals process	*	100%	100%	*	*
Output	Percent of department fund accounts reconciled within two months following the closing of each month	75%	89.25%	100%	*	*
Output	Progress on replacement and full implementation of the financial system, as a percent	*	*	100%	*	*
Output	Percent of monthly reconciliations completed within fifteen days of receiving central accounting system reports, correcting entries made within fifteen days of receiving central accounting system reports and correcting entries made within fifteen days after receiving central accounting system reports		84.5%	100%	*	*

BUDGET SUMMARY
(Dollars in Thousands)
FY 2006 - 2008

	FY06 Actuals	FY07 Operating	FY08 Agency Request	FY08 LFC Recommen- dation	Pct increase (decrease)
SOURCES					
General fund transfers	\$7,737.0	\$7,337.7	\$10,199.3	\$5,899.3	-19.6%
Other transfers	\$1,728.0	\$964.0	\$190.0	\$190.0	-80.3%
Federal program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Other program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
General revenues	\$10,122.8	\$7,814.0	\$7,809.4	\$7,809.4	-0.1%
Fund balance	\$1,037.5	\$0.0	\$0.0	\$0.0	0.0%
TOTAL REVENUE	\$20,625.3	\$16,115.7	\$18,198.7	\$13,898.7	-13.8%
USES					
BOF emergency water fund	\$85.0	\$99.9	\$250.0	\$150.0	50.2%
BOF fiscal agent contract	\$901.2	\$1,048.9	\$1,050.0	\$1,050.0	0.1%
Membership and dues	\$590.7	\$633.5	\$646.2	\$646.2	2.0%
Citizens review board	\$600.0	\$599.6	\$600.0	\$600.0	0.1%
Youth mentoring program	\$893.3	\$892.4	\$2,892.4	\$1,392.4	56.0%
New Mexico acequia commission	\$24.5	\$30.0	\$530.0	\$30.0	0.0%
E-911 principal and interest	\$775.5	\$778.6	\$0.0	\$0.0	-100.0%
Weatherization	\$3,300.0	\$799.2	\$800.0	\$800.0	100.0%
Law Enforcement Enhancement	\$5,091.2	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
Food bank	\$400.0	\$399.6	\$399.6	\$399.6	0.0%
Ignition interlock devices fund	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
State planning districts	\$524.2	\$873.3	\$873.3	\$873.3	0.0%
Leasehold community assistance	\$123.9	\$123.8	\$123.8	\$123.8	0.0%
State treasurer audit	\$0.0	\$24.0	\$24.0	\$24.0	0.0%
Civil legal services-special	\$0.0	\$200.0	\$0.0	\$0.0	-100.0%
Cat/dog spay and neuter	\$0.0	\$400.0	\$0.0	\$0.0	-100.0%
Youth mentorship (Albuquerque)	\$0.0	\$150.0	\$0.0	\$0.0	-100.0%
Tutoring services to youth	\$0.0	\$35.0	\$0.0	\$0.0	-100.0%
National police shooting program	\$0.0	\$75.0	\$0.0	\$0.0	-100.0%
Domestic violence counseling	\$0.0	\$20.0	\$0.0	\$0.0	-100.0%
DWI, alcohol & drug treatment	\$0.0	\$350.0	\$0.0	\$0.0	-100.0%
Emergency medical & firefighter	\$0.0	\$344.0	\$0.0	\$0.0	-100.0%
Homeless abused neglected	\$0.0	\$19.5	\$0.0	\$0.0	-100.0%
Youth mentorship (Central NM)	\$0.0	\$75.0	\$0.0	\$0.0	-100.0%
Law enforcement athletics	\$0.0	\$50.0	\$0.0	\$0.0	-100.0%
Crash & fire protection services	\$0.0	\$100.0	\$0.0	\$0.0	-100.0%
Emergency med & fire (Pojoaque)	\$0.0	\$30.0	\$0.0	\$0.0	-100.0%
Computer clubhouses	\$266.0	\$50.0	\$0.0	\$0.0	-100.0%
Teen court (Hobbs)	\$19.0	\$20.0	\$0.0	\$0.0	-100.0%
Teen court (Santa Fe)	\$33.3	\$85.0	\$0.0	\$0.0	-100.0%
NM rodeo initiative	\$0.0	\$0.0	\$1,200.0	\$0.0	0.0%
Office of water infrastructure	\$0.0	\$0.0	\$1,000.0	\$0.0	0.0%
TOTAL EXPENDITURES	\$13,627.8	\$16,115.7	\$18,198.7	\$13,898.7	-13.8%

STATUTORY AUTHORITY:

The Public School Insurance Authority (PSIA) was created by Sections 22-2-6.1 through 22-2-6.10 NMSA 1978 to provide comprehensive core insurance programs for the public schools, except those in the Albuquerque district, and other educational entities. PSIA is governed by an 11-member board. The mission of PSIA is carried out by agency staff and third-party administrators.

MISSION:

The mission of the agency is to provide an effective benefits package to educational employees and their family members so they can be protected from catastrophic losses due to medical problems, disability, and death. PSIA offers health, dental, and vision coverage, as well as life and disability insurance. PSIA also provides comprehensive property, liability, and workers' compensation programs to educational entities so they are protected against injury and financial losses.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	1,075.2	1,102.3	1,157.4	1,157.4	5.0
Other Revenues	268,934.8	295,968.7	313,040.6	313,040.6	5.8
Fund Balance	0.0	4,892.5	7,257.9	7,257.9	48.3
SOURCES TOTAL	270,010.0	301,963.5	321,455.9	321,455.9	6.5
USES					
Personal Services and Employee Benefits	676.0	721.5	776.6	776.6	7.6
Contractual Services	259,676.0	299,936.7	319,318.9	319,318.9	6.5
Other	174.9	203.0	203.0	203.0	0.0
Other Financing Uses	1,075.2	1,102.3	1,157.4	1,157.4	5.0
TOTAL USES	261,602.1	301,963.5	321,455.9	321,455.9	6.5
FTE					
Permanent	10.0	10.0	11.0	11.0	10.0
TOTAL FTE POSITIONS	10.0	10.0	11.0	11.0	10.0

BUDGET ISSUES:

The majority of the increase in the PSIA budget request is in benefits, with a small increase in program support. The request includes a \$52.6 thousand expansion to fund 1 new FTE.

The requested increase in benefits is \$23.2 million over FY07, a 9.5 percent increase. The FY08 budget reflects a 10.6 percent increase in premiums to members effective October 1, 2006. PSIA's request for benefits includes the use of \$7.3 million in fund balance to offset the need for a higher increase in premiums. The agency reports an unrestricted fund balance in benefits at the beginning of FY07 of \$28.5 million. For FY07, the agency earmarked \$4.2 million in fund balance, leaving an estimated beginning FY08 balance of \$24.3 million. Assuming the use of \$7.3 million during FY08, the June 30, 2008, ending fund balance is \$17 million.

The LFC recommendation for the Benefits Program is the agency request of \$268.8 million. As noted above, the request would leave \$17 million in the agency's claim stabilization fund. Overall, the medical premium increase would be 10.6 percent, below the Segal trend of a 12.7 percent increase in 2006 for preferred-provider organization plans that include a prescription drug benefit. The increased cost to participating employers to cover the premium increase in risk and benefits for FY08 is \$8.2 million, significantly lower than \$24.8 million increase for FY07.

The LFC recommendation for the Risk Program is the agency request of \$51.4 million, representing a 6.9 percent decrease over the FY07 operating budget. The Risk Program has had several years of high payouts related to water and other climatological damage and civil rights claims, particularly in the area of sexual molestation claims. The FY07 appropriation of an additional \$10 million helped place the Risk Program unreserved fund balance on more stable footing. As LFC has noted, cost growth since FY02 caused a decline in the actuarial position of the Risk Program fund balance. The \$10 million increase for FY07 shored up the fund balance significantly. The agency projects a \$932.2 thousand surplus ending FY08.

The agency should continue to work on loss prevention programs and trainings that can potentially reduce workers compensation and other claims. Additionally, agency efforts, such as requiring schools to have preventive maintenance plans, are commendable.

While approving the agency request in the Risk Program, LFC intends to closely monitor this area to ensure the agency request for a decrease does not result in a return to negative risk fund balances due to unforeseen and uncontrollable events.

PSIA and the Albuquerque Public Schools (APS) are jointly funding a study of the fiscal impact and advisability of bringing APS into PSIA. Legislation introduced in the past mandated a merger of the two. LFC anticipates receiving the report in calendar year 07.

BASE EXPANSION:

LFC supports the agency expansion request of \$52.6 thousand for 1 FTE to serve as an assistant to the comptroller.

The agency budget increased 140 percent over the past 10 years but staffing levels have remained the same. Increases in the cost of providing medical benefits to members and increases in risk claims, as well as the addition of 61 charter schools, has significantly impacted upon the agency workload. The current fiscal staff consists of a comptroller/chief financial officer, an auditor/accountant, and an administrator. Certain routine functions, like weekly bank transfers to pay claims, can only be transacted by the comptroller, limiting his ability to be away from the office for more than a few days.

In accordance with budget guidelines, the agency should use the new position to enhance performance, especially to improve monitoring of cash management for increased interest income and investment revenue as noted in its submission.

BENEFITS

The purpose of benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability, or death.

BUDGET SUMMARY (dollars in thousands)					
		FY08 - 2007-2008			
		FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	Percent Incr (Decr)
SOURCES					
	Other Revenues	223,423.7	240,692.1	261,593.0	8.7
	Fund Balance	0.0	4,892.5	7,257.9	48.3
	SOURCES TOTAL	223,423.7	245,584.6	268,850.9	9.5
USES					
	Contractual Services	218,461.2	245,033.4	268,272.2	9.5
	Other Financing Uses	537.7	551.2	578.7	5.0
	TOTAL USES	218,998.9	245,584.6	268,850.9	9.5
FTE					
	TOTAL FTE POSITIONS	0.0	0.0	0.0	***

PERFORMANCE MEASURES						
		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Outcome	Average number of days to resolve customer-service-claims inquiries and appeals	15	10.32	14	14	14
* Outcome	Percent of participants receiving recommended preventive care	32%		70%	70%	70%
* Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	-8%	-9.0%	</=3%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	-6.7%	-6.3%	</=3%	</=3%	</=3%
Quality	Percent of employees expressing satisfaction with group health benefits	83%	TBD	86%	86%	86%
Output	Number of participants covered by health plans	58,753	60,210	59,000	61,000	61,000

RISK

The purpose of the risk program is to provide economical and comprehensive property, liability, and workers' compensation programs to educational entities so they are protected against injury and loss.

BUDGET SUMMARY (dollars in thousands)						
		<u>FY08 - 2007-2008</u>				
		FY06	FY07		Percent	
		2005-2006	2006-2007	Agency	LFC	
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	
					<u>Incr</u> <u>(Decr)</u>	
SOURCES						
	Other Revenues	45,511.1	55,276.6	51,447.6	51,447.6	-6.9
	SOURCES TOTAL	45,511.1	55,276.6	51,447.6	51,447.6	-6.9
USES						
	Contractual Services	41,047.1	54,725.5	50,868.9	50,868.9	-7.0
	Other Financing Uses	537.5	551.1	578.7	578.7	5.0
	TOTAL USES	41,584.6	55,276.6	51,447.6	51,447.6	-6.9
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent variance of public property premium change between public school insurance authority and industry average	9%	26%	</=8%	</=15%	</=15%
* Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	2%	-6.7%	</=8%	</=7%	</=7%
* Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	10%	43.48%	</=8%	</=15%	</=15%
Outcome	Number of workers' compensation claims in the area of ergonomics	284	176	284	176	176
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	97%	99%	98%	98%	98%
Output	Number of educational entities enrolled in the risk insurance program	148	146	148	150	150
Output	Number of loss prevention training seminars	79	79	85	87	87

PROGRAM SUPPORT

The purpose of the program support program 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>FY08 - 2007-2008</u>				
		FY06	FY07			Percent
		2005-2006	2006-2007	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Other Transfers	1,075.2	1,102.3	1,157.4	1,157.4	5.0
	SOURCES TOTAL	1,075.2	1,102.3	1,157.4	1,157.4	5.0
USES						
	Personal Services and Employee Benefits	676.0	721.5	776.6	776.6	7.6
	Contractual Services	167.7	177.8	177.8	177.8	0.0
	Other	174.9	203.0	203.0	203.0	0.0
	TOTAL USES	1,018.6	1,102.3	1,157.4	1,157.4	5.0
FTE						
	Permanent	10.0	10.0	11.0	11.0	10.0
	TOTAL FTE POSITIONS	10.0	10.0	11.0	11.0	10.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary dates	100%	100%	95%	95%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	92%	85.6%	85%	85%	85%
Outcome	Number of prior-year audit findings that recur	0	0	</=1	</=1	</=1

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, voluntary life, and long-term care coverage.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	10.0	8.9	8.9	8.9	0.0
Other Transfers	1,210.5	2,671.6	2,795.3	2,795.3	4.6
Other Revenues	158,223.3	170,957.8	184,503.5	184,503.5	7.9
SOURCES TOTAL	159,443.8	173,638.3	187,307.7	187,307.7	7.9
USES					
Personal Services and Employee Benefits	1,015.9	1,237.6	1,436.4	1,436.4	16.1
Contractual Services	156,259.9	168,953.5	182,211.6	182,211.6	7.8
Other	633.9	775.6	866.3	866.3	11.7
Other Financing Uses	2,550.0	2,671.6	2,793.4	2,793.4	4.6
TOTAL USES	160,459.7	173,638.3	187,307.7	187,307.7	7.9
FTE					
Permanent	22.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	22.0	24.0	24.0	24.0	0.0

BUDGET ISSUES:

The LFC recommendation for FY08 is the agency request of \$187.3 million.

The agency request includes a 7.9 percent increase, or \$13.5 million, in other revenues, reflecting increases in employer and employee contributions of 10.3 percent over a two-year period and a 6 percent increase to retiree contributions approved by the authority in September 2006. The 6 percent increase comes on the heels of a modest 3.5 percent increase approved in 2005. The premium increase takes effect January 1, 2007. The premium increase is lower than the 10.6 and 10.3 percent increases proposed for FY08 by the Public School Insurance Authority and the General Services Department, respectively. Also, the request makes no assumption about a retiree premium increase in January 2008. Agency performance data indicates the Medical Plan Premium Subsidy increased from 47 percent in FY05 to 55 percent in FY06. As discussed below, RHCA needs to develop actuarial targets to ensure solvency and some prefunding of benefits for active employees.

The FY07 budget did not include funding for two vacant information technology (IT) positions funded by the Legislature in FY05. At the time, the Chief Information Officer and the Department of Finance and Administration did not allow RHCA to fill the positions because of an executive order requiring an overall consolidation of IT services. In lieu of funding these positions, RHCA received full funding for its contractual IT support in FY07. RHCA no longer believes that it needs these IT positions and now intends to reclassify the two authorized positions, one to a financial analyst and the second to an accountant. RHCA has reduced its FY08 IT contractual services by \$280 thousand. The financial analyst and accountant will provide needed attention to financial control matters particularly in light of issues related to accurate solvency projections and internal monitoring of membership discussed below.

RHCA faces unique challenges that could impact the long-term soundness of the system. Last year RHCA reported a solvency period of 25 years. The authority now questions some assumptions in that projection: the sustainability of the federal Medicare Part D prescription drug subsidy over a 25-year period, the sustainability of recent rates of return on investment over a 25-year period, and the adequacy of current planning for premium and membership increases.

Another problem is that in past years entities joining RHCA did so under a formula that substantially underestimated the full and correct buy-in costs. RHCA will establish a new rule for determining the pro-rata value on the liability associated with projected retiree benefits based on pre-retirement services earned prior to a group's entrance date. In addition, RHCA will determine if recoupment from past entrants is possible, but the lack of clarity in such a fundamental function of the authority is troubling.

Recent changes in accounting rules, and General Accounting Standards Board (GASB) Rules 43 and 45 in particular, require nonpension, unfunded liabilities to be booked unless they are either protected in a state's constitution or placed in an irrevocable trust. These rules could have profound impact on the appearance of New Mexico's financial health and affect its bond rating. RHCA is developing legislation for the next legislative session that would place the fund in an irrevocable trust.

RHCA is also developing new performance measures as part of the GASB 43 and 45 valuation that will report on the unfunded actuarial accrued liability, actuarial value of assets, fund ratio, and the funding period, giving a clearer picture of the long-term solvency of the program. These measures should be accompanied by targets that allow the Legislature and RHCA to better determine future revenue requirements and appropriate benefit levels.

Finally, two findings from the agency 2005 audit, lack of documented procedures for computer controls and late submission of the audit report, were exacerbated by a large staff turnover after the departure of the former executive director in 2005, particularly in the IT area, but nevertheless should be rectified.

RECOMMENDED LANGUAGE:

Any unexpended balance in the administrative division of the retiree health care authority remaining at the end of the fiscal year 2008 shall revert to the benefits division.

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration is to provide 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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	158,223.3	170,957.8	184,503.5	184,503.5	7.9
SOURCES TOTAL	158,223.3	170,957.8	184,503.5	184,503.5	7.9
USES					
Contractual Services	155,673.3	168,286.2	181,710.1	181,710.1	8.0
Other Financing Uses	2,550.0	2,671.6	2,793.4	2,793.4	4.6
TOTAL USES	158,223.3	170,957.8	184,503.5	184,503.5	7.9
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Minimum number of years of long-term actuarial solvency	25	15	15	15	15
* Outcome	Total revenue generated, in millions	\$134.0	169.7	\$161.9	\$177.0	\$177.0
Efficiency	Total revenue credited to the reserve fund, in millions	0	0	*	*	
Efficiency	Total healthcare benefits program claims paid, in millions	139.5	157.8	\$171.1	\$185.0	\$185.0
* Efficiency	Average monthly per-participant claim cost, non-medicare eligible	\$420	\$434	\$482	\$525	\$525
* Output	Average monthly per-participant claim cost, medicare eligible	241	247	\$283	\$299	\$299
Outcome	Percent of participants satisfied with the healthcare benefits program	89%	86%	83%	85%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	4%	2%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	2%	2%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	10%	7.8%	8%	10%	10%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	N/A	7	7	7	7
Efficiency	Percent of medical plan premium subsidy	47%	55%	51%	45%	45%
Explanatory	Number of retiree healthcare participants	34,079	36,222	35,190	40,750	40,750

SENIOR PRESCRIPTION DRUG

The purpose of the senior prescription drug program is to administer the senior prescription drug program aimed at reducing prescription drug expenditures for those covered participants.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	10.0	8.9	8.9	8.9	0.0
SOURCES TOTAL	10.0	8.9	8.9	8.9	0.0
USES					
Other	10.0	8.9	8.9	8.9	0.0
TOTAL USES	10.0	8.9	8.9	8.9	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of senior prescription drug program participants	4,454	5,052	4,477	5,500	5,500

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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	1,210.5	2,671.6	2,795.3	2,795.3	4.6
SOURCES TOTAL	1,210.5	2,671.6	2,795.3	2,795.3	4.6
USES					
Personal Services and Employee Benefits	1,015.9	1,237.6	1,436.4	1,436.4	16.1
Contractual Services	586.6	667.3	501.5	501.5	-24.8
Other	623.9	766.7	857.4	857.4	11.8
TOTAL USES	2,226.4	2,671.6	2,795.3	2,795.3	4.6
FTE					
Permanent	22.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	22.0	24.0	24.0	24.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	1	2	0	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employee's anniversary date	50%	100%	95%	95%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	N/A	83%	80%	80%	85%

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 - 2007-2008</u>				
	<u>FY06</u> 2005-2006 Actuals	<u>FY07</u> 2006-2007 Budgeted	<u>Agency</u> Request	<u>LFC</u> Recommendation	<u>Percent</u> <u>Incr</u> (Decr)
SOURCES					
General Fund Transfers	11,312.5	13,663.8	17,255.4	16,493.4	20.7
Other Transfers	191.7	0.0	0.0	0.0	***
Federal Revenues	100.2	0.0	0.0	0.0	***
Other Revenues	327,284.2	372,643.1	499,853.1	499,413.5	34.0
Fund Balance	52,889.3	137.6	278.6	278.6	102.5
SOURCES TOTAL	391,777.9	386,444.5	517,387.1	516,185.5	33.6
USES					
Personal Services and Employee Benefits	25,442.0	29,460.2	34,740.3	33,564.7	13.9
Contractual Services	39,603.8	44,986.1	60,388.0	60,388.0	34.2
Other	323,710.9	302,715.8	414,710.1	414,684.1	37.0
Other Financing Uses	8,773.5	9,282.4	7,548.7	7,548.7	-18.7
TOTAL USES	397,530.2	386,444.5	517,387.1	516,185.5	33.6
FTE					
Permanent	522.0	523.0	574.0	563.0	7.6
Term	6.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	528.0	523.0	574.0	563.0	7.6

BUDGET ISSUES:

Under new leadership, GSD is addressing many serious shortcomings identified by the committee and others in previous years. GSD improved communication and consultation with other agencies and the Legislature. The agency has been responsive to numerous LFC audit findings in the risk management and communications programs. The agency submitted a strategic plan and has worked to establish more accurate rate structures and fund balances.

The vast majority of the increase to GSD's budget, \$104 million, comes in the Risk Management Division Health Benefits program. Recently, New Mexico State University, the city of Las Cruces, and New Mexico Highlands University joined the program that provides medical, dental, vision, prescription, life, disability, and long-term care benefits to state employees, their dependents, and covered local public bodies. Other significant increases occurred in the public property, \$9.6 million, and public liability, \$4.2 million, programs.

Public liability provides coverage for law enforcement, medical professional liability, and civil rights claims among others. GSD has experienced an increase in the number of local public bodies wanting to join the fund, as well as the number and significance of tort judgments against the fund.

In public property, GSD estimates the cost of obtaining property insurance will increase by approximately 200 percent in FY08. National events, such as last year's hurricane season, and events in New Mexico, such as the fire at the University of New Mexico's Zimmerman Library, are contributing factors. GSD also raised its self-insured retention from \$100 thousand in FY06 to \$500 thousand in FY07, meaning that the first \$500 thousand in losses associated with an incident will now be paid directly by Risk Management Division (RMD) instead of the insurance carrier.

The trending, significant increases in property and public liability are troubling. In public liability alone, losses are projected to increase by \$10 million from FY04 to FY06, while cash balance for the fund has decreased from \$81 million to \$46 million in the same time frame. The overall result is a decrease in the funds actuarial position from 71 percent in FY04 to 37 percent in FY07. The projected financial position for workers' compensation as of June 30, 2006, is negative \$22.9 million, leaving that fund with a

7 percent actuarial position. This places an even greater burden on GSD to work closely with agencies to provide training, building maintenance, and other prevention programs that help mitigate against large losses.

A November 2006 LFC audit, "Review of IT Consolidation and ISD/CD Functions," identified a number of areas of concern with the statewide information technology (IT) consolidation mandated by the governor's Executive Order 2004-14. The Legislature has funded over \$70 million in IT consolidation projects.

In particular, the audit identified concerns with data center and telecommunications consolidation, high vacancy rates in IT staff, lack of an IT consolidation savings plan, and accounting for special appropriations. The committee recognizes that most of the issues were in place before the current leadership took office and that the department disagrees with the report in certain aspects. However, the department agrees on most key findings, findings that cause concern with the overall IT consolidation effort, whether funds appropriated by the Legislature have been wisely managed, and whether the state will actually realize a savings from the consolidation. GSD will be expected to promptly address the audit findings.

As a key agency, GSD is required to report quarterly on its performance measures. For the final quarter of FY06 and the first quarter of FY07, GSD was significantly late in reporting. In addition, serious reservations exist about the quality of the measures and the accuracy of data that is being reported. As an enterprise agency, GSD should be reporting on a much wider range of measures that reflect the "business" nature of its functions. GSD will be expected to develop new measures, and improve upon existing ones, in the coming year.

The state invested significant money in the Save Smart procurement reform program. At the end of June 2006, GSD concluded the contract to administer the program with Silver Oaks and identified \$16 million in savings. An LFC audit confirmed some of the savings. However, questions remain concerning the accuracy of some of those savings and, more important, whether the agency will be able to sustain and increase savings going forward.

GSD's FY08 request for Building Services includes 23 additional FTE positions as a result of the department assuming responsibility for the PERA building and Albuquerque state government center. These positions are appropriately classified as expansions and discussed in the following section.

An LFC audit also found significant problems in the Risk Management Division including poor documentation on how premiums are allocated, high claims loads for adjusters, poorly maintained claims information, lack of a process to assess contract attorney performance, and lack of a risk-focused approach to loss-control activities. GSD has made a conscientious effort to be responsive to LFC and to quickly address the findings but the department must complete that process.

A technical adjustment was made to eliminate a \$253 thousand error in personal services and employee benefits for the Building Services Program. An error in calculating retirement contributions and Federal Insurance Contributions Act (FICA) for the Information Services Division Office of Information Processing was also corrected, adding \$433 thousand to those categories combined.

The agency has yet to submit its FY05 audit. With a budget request in excess of \$500 million, GSD should have a complete and accurate audit for the committee and the public to examine.

Section 15-9-4 NMSA 1978 requires the Aviation Services Division to pay for all costs of operating planes through enterprise funds. Understanding that recoupment of all costs associated with operating state aircraft would be difficult for GSD, the recommendation provides \$450 thousand from the general fund and allocates the remaining request to enterprise funds.

BASE EXPANSION:

While noting that GSD continues to have a high vacancy rate in many of its programs, the committee supports the agency expansion request in several areas. However, the June 2006 Table of Organizational Listing (TOOL) lists 33 vacancies older than two years, some going back as far as October 2003. GSD should significantly reduce vacancies during the next year and look to eliminate positions older than two years if the situation persists for the FY09 submission.

LFC recommends 2 expansion FTE for the Office of the Secretary; an attorney and an internal auditor. The internal audit function will provide independent analysis of internal controls and quality assurance for business practices including ensuring cost-based rates for enterprise services. In the past, GSD paid millions of dollars because of a lack of fiscal discipline and oversight. In 2005, federal auditors found that the Information Systems Division had weighted rates to overcharge federally supported programs. An internal audit function should effectively review all internal controls, investigate compliance with process

requirements, and provide timely notice of possible violations of laws and regulations. The committee recognizes that many agencies the size of GSD have an in-house attorney in addition to a general counsel for the agency. Providing the Office of the Secretary with a staff attorney should reduce its reliance on outside, contractual legal services and, therefore, the committee recommends funding \$150 thousand of the \$250 thousand expansion request for contractual legal services.

Three expansion FTEs are recommended for Procurement Services to continue the agency strategic sourcing program, recognized by the Office of the Secretary as a priority expansion request for the agency. Without continued attention to the procurement reform started through Save Smart, any savings realized will be a one-time event. Additionally, GSD identified a significant drop-off in procurement assistance to New Mexico's small businesses because of the discontinuation in 2005 of the federally funded procurement assistance program. The expansion request will provide GSD the opportunity to assist other agencies to continue savings to-date and also focus attention on small business participation in government procurement.

Five expansion FTE are recommended for the Building Services Property Control master planning program. The FTE will support the efforts of the Capitol Buildings Planning Commission master planning program for Santa Fe and Albuquerque. In particular, the FTE will support new software capabilities for project administration, lease administration, and document processing. The recommendation also provides \$100 in expansion for contractual services. This additional funding should assist the agency in providing project management outside the Santa Fe and Albuquerque areas. The state continues to incur excessive lease expenses and experience excessive delays in project completion and anticipates that the new FTE will ameliorate both and provide the state with a solid planning process for future development and expansion.

The committee recommends 4 expansion FTE to the risk management local public bodies benefits staff. GSD notes that the number of local public bodies (LPB) enrolled in the Risk Management Division's group benefits program increased from 50 in 2003 to 83 in 2006 without including the new 10,000 New Mexico State University members. The current RMD ratio of staff to members is 1-to-9,125 and is expected to grow as other LPB's such as the city of Santa Fe consider joining. The additional FTE should allow RMD to better service client agencies and entities.

The committee recommends 3 expansion FTE to improve the handling of risk funds and the lines of insurance RMD carries for other government agencies. An LFC audit identified extensive shortcomings in RMD management in this area. The FTE will allow RMD to take a proactive approach toward loss control and focus on preventable claims. Over time this will should result in cost savings to agencies as losses are reduced.

The committee recommends 1 expansion FTE to develop an alternative dispute resolution office within GSD. The office is recommended by the Alternative Dispute Resolution Council, will focus greater attention on training and program direction for GSD's client agencies, and provide an alternative avenue to address some of the nearly \$50 million in employee-related litigation that has occurred over the last five years.

Finally, the committee recommends funding for 4 expansion FTE in the Communications Division related to Wire NM. Currently 76 state agencies participate in the state-owned voice, data, and video system offered by GSD. The department expects that number to grow to 250 by the end of FY08.

While approving the requested additional 23 positions for Building Services as a result of GSD assuming ownership of the PERA building and Albuquerque state government center, the committee notes that GSD only recently finalized the purchase of the PERA building, that the Public Regulatory Commission remains in Marion Hall incurring additional lease costs, and Building Services, with the expansion positions, has a vacancy rate of nearly 27 percent. Also, GSD should examine the allocation of these FTE to determine if all are needed at PERA.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Support LPB health enrollment (8 FTE)	(RMD)	373.3	173.8
02	Evaluate save smart contracts (3 FTE)	(SPD)	170.8	113.9
03	Master property planning (3 FTE)	(PCD)	191.3	298.5
04	Implement LFC audit rec. (4 FTE)	(RMD)	230.1	172.4
05	Litigation support (1 FTE and contractual)	(PSD)	334.4	234.4
06	Maintain wire NM network (7 FTE)	(CD)	478.7	273.8
07	Central fleet finance (3 FTE)	(TSD)	121.5	0.0
08	Establish ADR office (3 FTE)	(RMD)	185.0	57.0
09	PERA building acquisition (23 FTE)	(BSD)	0.0	677.6
10	Establish internal audit function (1 FTE)	(PSD)	0.0	78.4
TOTAL			2,085.1	2,079.8

COMMUNICATIONS

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

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>			
	<u>FY06</u> 2005-2006 <u>Actuals</u>	<u>FY07</u> 2006-2007 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Revenues	22,159.7	18,109.4	24,031.3	23,826.4	31.6
Fund Balance	9,000.0	0.0	0.0	0.0	***
SOURCES TOTAL	31,159.7	18,109.4	24,031.3	23,826.4	31.6
USES					
Personal Services and Employee Benefits	4,758.8	4,951.3	6,095.3	5,890.4	19.0
Contractual Services	404.0	338.6	421.1	421.1	24.4
Other	20,214.3	11,812.1	16,507.5	16,507.5	39.8
Other Financing Uses	1,007.4	1,007.4	1,007.4	1,007.4	0.0
TOTAL USES	26,384.5	18,109.4	24,031.3	23,826.4	31.6
FTE					
Permanent	70.0	79.0	86.0	83.0	5.1
TOTAL FTE POSITIONS	70.0	79.0	86.0	83.0	5.1

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
* Efficiency	Percent of individual communication services that break even, including sixty days of operational reserve	100%	N/A	91%	91%	91%

PROCUREMENT SERVICES

The purpose of procurement services 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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,073.8	1,306.6	1,623.0	1,518.4	16.2
Other Transfers	191.7	0.0	0.0	0.0	***
Federal Revenues	100.2	0.0	0.0	0.0	***
Other Revenues	168.9	457.2	495.8	480.7	5.1
SOURCES TOTAL	1,534.6	1,763.8	2,118.8	1,999.1	13.3
USES					
Personal Services and Employee Benefits	1,035.4	1,405.3	1,566.4	1,446.7	2.9
Contractual Services	0.0	34.3	34.3	34.3	0.0
Other	235.1	135.7	329.6	329.6	142.9
Other Financing Uses	265.2	188.5	188.5	188.5	0.0
TOTAL USES	1,535.7	1,763.8	2,118.8	1,999.1	13.3
FTE					
Permanent	23.0	23.0	26.0	25.0	8.7
Term	6.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	29.0	23.0	26.0	25.0	8.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of population centers connected to the state network through fiber optic cable		0		14	14
Outcome	Number of state agency sites connected to the state core network		76		250	250
* Quality	Percent of customers satisfied with procurement services	N/A	N/A	95%	95%	95%
Efficiency	Average cycle-completion times for tangible products and services, in days	59		45	45	45
* Output	Percent increase in small business clients	71.3%	0%	50%	10%	50%
Output	Total annual audited savings from the save smart New Mexico program in thousands	\$12,459	\$23,000	\$16,022	N/A	N/A
Efficiency	Average cycle-completion times for construction projects, in days	47		50	*	*
Efficiency	Average cycle-completion times for small purchases, in days	30		15	*	*
Efficiency	Average cycle-completion times for information technology projects, in days	124		80	*	*

INFORMATION TECHNOLOGY

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

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	19,743.0	21,856.7	22,696.4	22,668.1	3.7
Fund Balance	5,010.0	0.0	0.0	0.0	***
SOURCES TOTAL	24,753.0	21,856.7	22,696.4	22,668.1	3.7
USES					
Personal Services and Employee Benefits	7,857.8	9,180.5	9,593.4	9,565.1	4.2
Contractual Services	8,142.8	7,044.5	7,047.1	7,047.1	0.0
Other	8,068.9	4,880.5	5,188.8	5,188.8	6.3
Other Financing Uses	751.2	751.2	867.1	867.1	15.4
TOTAL USES	24,820.7	21,856.7	22,696.4	22,668.1	3.7
FTE					
Permanent	145.0	136.0	131.0	131.0	-3.7
TOTAL FTE POSITIONS	145.0	136.0	131.0	131.0	-3.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Terabytes of data stored at enterprise data center compared with terabytes of data stored at agency locations		220/590		790/000	790/000
Outcome	Cumulative number of co-located servers replaced by enterprise servers		33		68	68
Outcome	Cumulative number of agency applications residing on enterprise servers		150		230	230
Quality	Customer satisfaction with printing and graphics services	78%	87%	85%	95%	95%
Efficiency	Percent of individual printing services that break even, including sixty days of operating reserve	100%		80%	80%	80%
Outcome	Percent of information processing rates five percent lower than the average of the three lowest competitors	TBD		70%	*	*
Quality	Percent of time automated systems are fully operational			99%	*	*
Quality	Customer satisfaction with human resources system services	81%		85%	*	*
Quality	Customer satisfaction with data network services	83%		90%	*	*
Quality	Customer satisfaction with client services	78%		90%	*	*
Quality	Customer satisfaction with information processing services	N/A		90%	*	*
Quality	Error rate for e-mail transmissions			0.5%	*	*
Efficiency	Percent of individual information processing services that break even, including sixty days of operating reserve	76%		80%	*	*
Explanatory	Number of customers with human resources system services	20,768		20,000	*	*

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability and workers' compensation, state unemployment compensation, 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)				
		FY08 - 2007-2008				Percent Incr (Decr)
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	Other Revenues	52,539.6	75,830.8	91,073.4	90,688.1	19.6
	Fund Balance	30,154.8	137.6	87.9	87.9	-36.1
	SOURCES TOTAL	82,694.4	75,968.4	91,161.3	90,776.0	19.5
USES						
	Personal Services and Employee Benefits	3,091.3	3,310.3	4,202.5	3,843.2	16.1
	Contractual Services	16,579.5	20,524.0	32,288.6	32,288.6	57.3
	Other	55,917.8	46,543.7	50,951.5	50,925.5	9.4
	Other Financing Uses	5,050.3	5,590.4	3,718.7	3,718.7	-33.5
	TOTAL USES	80,638.9	75,968.4	91,161.3	90,776.0	19.5
FTE						
	Permanent	51.0	51.0	66.0	59.0	15.7
	TOTAL FTE POSITIONS	51.0	51.0	66.0	59.0	15.7

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent of total liability claims resolved without litigation		NA		75%	75%
Outcome	Increase in percentage of modified duty (early return to work) days for state government workers' compensation claimants		324		550	550
Outcome	Percent decrease of state government workers' compensation claims	37%		6%	*	*
Explanatory	Number of property and casualty claims by type				*	*
Output	Dollar value of new liability claims			TBD	*	*
Output	Number of new liability claims			TBD	*	*
Output	Number of risk prevention programs offered in high-claim agencies to prevent future claims			8	*	*
Explanatory	Cost of property and casualty claims by type		\$9,691.6		NA	NA

EMPLOYEE GROUP HEALTH BENEFITS

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

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006	FY07 2006-2007	FY08 - 2007-2008		Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	219,635.3	243,678.4	347,738.9	347,738.9	42.7
SOURCES TOTAL	219,635.3	243,678.4	347,738.9	347,738.9	42.7
USES					
Contractual Services	14,327.8	16,526.0	19,600.0	19,600.0	18.6
Other	221,672.9	226,270.5	327,257.0	327,257.0	44.6
Other Financing Uses	836.1	881.9	881.9	881.9	0.0
TOTAL USES	236,836.8	243,678.4	347,738.9	347,738.9	42.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Efficiency	Percent change in dental premium compared with the national average	5%	3%<	</=3%	*	*
Outcome	Number of small local public bodies (fewer than fifty employees) newly enrolled in state group health plans		38		10	10
Outcome	Percentage of state group prescriptions filled with generic drugs		65%		75%	75%
Efficiency	Percent change in state employee medical premium compared with national average	12%	3%<	</=3%	*	*
Output	Number of state employees participating in state group health plan	19,151	19,500	20,000	*	*
Output	Percent of state employees earning less than (\$25,000) who participate in state employee health plan			TBD	*	*

BUSINESS OFFICE SPACE MANAGEMENT AND MAINTENANCE SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,757.5	11,535.4	14,288.8	14,212.3	23.2
Other Revenues	164.4	100.0	0.0	0.0	-100.0
Fund Balance	224.5	0.0	0.0	0.0	***
SOURCES TOTAL	10,146.4	11,635.4	14,288.8	14,212.3	22.1
USES					
Personal Services and Employee Benefits	4,620.7	6,096.1	7,862.9	7,686.4	26.1
Contractual Services	12.0	334.8	500.6	600.6	79.4
Other	5,053.4	4,889.0	5,587.7	5,587.7	14.3
Other Financing Uses	315.8	315.5	337.6	337.6	7.0
TOTAL USES	10,001.9	11,635.4	14,288.8	14,212.3	22.1
FTE					
Permanent	152.0	152.0	178.0	180.0	18.4
TOTAL FTE POSITIONS	152.0	152.0	178.0	180.0	18.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Explanatory	Percent of state-controlled space occupied	90%	89.2%	90%	90%	90%
* Efficiency	Percent of property control capital projects on schedule within approved budget	90%	94.5%	90%	90%	90%
* Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$5.50	\$6.84	\$5.14	\$7.52	\$7.52
Outcome	Average number of days to process lease requests	39		150	*	*
Quality	Percent of customers satisfied with property control services	80%		95%	*	*
Quality	Percent of customers satisfied with custodial and maintenance services, as measured by an annual survey	95%		95%	*	*
Efficiency	Percent increase in average cost per square foot of both leased and owned office space in Santa Fe	1%		1%	*	*

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	481.2	821.8	1,009.2	450.0	-45.2
Other Revenues	9,071.2	8,882.9	10,089.6	10,433.5	17.5
Fund Balance	8,500.0	0.0	0.0	0.0	***
SOURCES TOTAL	18,052.4	9,704.7	11,098.8	10,883.5	12.1
USES					
Personal Services and Employee Benefits	1,490.4	1,753.7	2,145.6	1,930.3	10.1
Contractual Services	20.9	34.9	32.7	32.7	-6.3
Other	12,149.3	7,588.0	8,592.4	8,592.4	13.2
Other Financing Uses	328.1	328.1	328.1	328.1	0.0
TOTAL USES	13,988.7	9,704.7	11,098.8	10,883.5	12.1
FTE					
Permanent	34.0	35.0	38.0	35.0	0.0
TOTAL FTE POSITIONS	34.0	35.0	38.0	35.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Efficiency	Percent of passenger vehicle lease revenues to expenses		100%		100%	100%
Efficiency	Percent of total available aircraft fleet hours used		75%		90%	90%
* Explanatory	Percent of short-term vehicle use	79%	69%	80%	80%	80%
Efficiency	Percent of individual aircraft services that break even, including sixty days of operating reserve	39%		70%	*	*
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	94%		90%	*	*
Efficiency	Percent of aircraft expenditures paid by enterprise revenues	45%		100%	*	*
Efficiency	Percent of aviation rates that are five percent lower than the average of the three lowest competitors	TBD		70%	*	*
Efficiency	Percent of short-term auto lease rates that are five percent lower than the average of the three lowest competitors	TBD		70%	*	*
Efficiency	Percent of long-term auto lease rates that are five percent lower than the average of the three lowest competitors	TBD		70%	*	*
Efficiency	Percent of sale of property revenues to expenditures				*	*
Quality	Percent of customers satisfied with vehicle lease services	81%		95%	*	*
Efficiency	Comparison of lease rates with other public vehicle fleet lease rates		127%		100%	100%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	334.4	312.7	***
Other Revenues	3,802.1	3,727.7	3,727.7	3,577.8	-4.0
Fund Balance	0.0	0.0	190.7	190.7	***
SOURCES TOTAL	3,802.1	3,727.7	4,252.8	4,081.2	9.5
USES					
Personal Services and Employee Benefits	2,587.6	2,763.0	3,274.2	3,202.6	15.9
Contractual Services	116.8	149.0	463.6	363.6	144.0
Other	399.2	596.3	295.6	295.6	-50.4
Other Financing Uses	219.4	219.4	219.4	219.4	0.0
TOTAL USES	3,323.0	3,727.7	4,252.8	4,081.2	9.5
FTE					
Permanent	47.0	47.0	49.0	50.0	6.4
TOTAL FTE POSITIONS	47.0	47.0	49.0	50.0	6.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Efficiency	Percent of employee files that contain current performance appraisal development plans completed by the department's established focal period	N/A		99%	*	*
Quality	Percent of prior-year audit findings resolved		N/A	70%	95%	95%
Outcome	Percent of audit corrective action plan commitments completed on schedule		N/A		85%	85%
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date				95%	95%
Quality	Average time to respond to legislative requests for information			2 days	*	*

STATUTORY AUTHORITY:

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and selected state agencies. The agency is governed by a seven-member board composed of the superintendent of public instruction and state treasurer (both ex officio), one member elected by the New Mexico members of the American Association of Educational Retirees, one member elected by the members of the National Education Association New Mexico, one member elected by the New Mexico members of the American Association of University Professors, and two members appointed by the governor.

MISSION:

The agency's mission is to provide high quality services and secure retirement benefits to current and future retirees through pension administration functions and management of the fund's assets.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	21,949.3	24,883.7	33,398.4	29,922.9	20.3
SOURCES TOTAL	21,949.3	24,883.7	33,398.4	29,922.9	20.3
USES					
Personal Services and Employee Benefits	2,760.8	3,243.3	3,836.5	3,658.8	12.8
Contractual Services	18,472.0	20,915.9	28,773.2	25,485.7	21.8
Other	716.5	724.5	788.7	778.4	7.4
TOTAL USES	21,949.3	24,883.7	33,398.4	29,922.9	20.3
FTE					
Permanent	50.0	50.0	54.0	53.0	6.0
TOTAL FTE POSITIONS	50.0	50.0	54.0	53.0	6.0

BUDGET ISSUES:

A boost of \$7.8 million in contractual services for investment manager fees accounts for most of the agency's request for a \$8.5 million increase, a 34 percent increase over the FY07 operating budget. These higher fees are due primarily to the higher fund balance and related performance fees but also includes an additional \$3 million in management fees for the new alternative asset classes implemented under the Uniform Prudent Investor Act.

The recommendation of \$30 million funds the agency's base request for personal services and benefits with a 2 percent vacancy reduction but reduces management fees by \$3.1 million to reflect a more conservative performance forecast and to eliminate a manager's fees due to liquidation of that position to fund an alternative asset allocation. Other contract costs are reduced by \$247.5 thousand. Technical adjustments yield minimal budget impact.

As a means of reducing volatility and increasing potential returns, Laws 2005 Chapter 240 Section 6, allowed ERB to start investing according to the Uniform Prudent Investment Act, opening the door to alternative investments, such as hedge funds, real estate, and private equity. The basis for diversification into alternative investments is well-founded, both in principle and by actual experience of the largest national endowments. However, in practical terms, implementing this strategy is straining the resources of the agencies involved. Currently accounting for less than 5 percent of ERB's assets—15 percent when fully funded—the alternative segment is requiring the majority of the attention of the staff and board. While this should diminish as the staff learns more about alternative investing, the premium fees associated with alternative investment managers, the required expertise in staff, and the extra monitoring issues relating to alternatives will remain.

Thus, with this added mandate for diversification, coupled with a growth in assets to over \$8 billion, ERB requires commensurate sophistication to suitably manage its funds. The addition of a chief investment officer with experience in alternatives now positions ERB to move forward with the leadership necessary to navigate today's investment world. ERB is a mature fund, meaning it is paying out more in benefits than it is receiving in contributions. Therefore, investment performance remains key in filling the gap for future obligations and ensuring fund solvency.

A second essential component for fund solvency was provided by Laws 2005, Chapter 273 (Senate Bill 181), which enhanced employer and employee contributions. The employer contribution, 9.4 percent in FY07, will increase by 0.75 to the final rate of 13.9 percent in FY12. The employee contribution, 7.675 percent in FY07, will increase by 0.075 percent per year to the new rate of 7.9 percent in FY09. During the 2006 session, the Legislature approved a \$19.2 million prepayment of the state's obligation of the "new" employer contribution in a fiscally responsible attempt to reduce liabilities. However, this appropriation was vetoed.

The additional contributions initiated by Laws 2005, Chapter 273, along with strong investment returns since FY03, are already suggesting a positive impact on fund solvency. Preliminary actuarial information shows a funding ratio (assets as a percentage of liabilities) of 70.4 percent, down from 91 percent in 2001. Generally, a funded ratio of at least 80 percent is considered satisfactory. The Governmental Accounting Standards Board (GASB) standard for the amortization period for the unfunded actuarial liability is 30 years. ERB's funding period is still infinity.

However, assuming actuarial and demographic assumptions hold, including investment return of 8 percent on pension assets, the contribution increases implemented by Senate Bill 181 will bring the educational retirement fund within the 30-year GASB standard by FY10, two years earlier than anticipated. The fund will meet the 80 percent target for funded ratio in FY 15, five years earlier than originally forecasted. See Volume I for more discussion on ERB's investment and actuarial issues.

The committee continues to monitor ERB's progress with its new computerized pension system, the integrated retirement information system (IRIS). The transfer to IRIS from the legacy system was completed in April 2006, but data issues remain. Web enablement, which will allow ERB members to access account information over the Internet, was originally scheduled for completion by June 2006. This phase three has been delayed until the final certification of phase two, and has a new final implementation date of June 2007.

BASE EXPANSION:

ERB requested 4 additional FTE at a total cost of \$446 thousand, primarily to support the agency's move into alternative investments. The recommendation funds 3 of the 4 requested FTE at a total cost of \$318 thousand, partially offset by a reduction in contract costs of \$247.5 thousand.

One investment expansion position will increase the internal team responsible for handling alternative investments from one to two staff members. A second expansion FTE includes an internal auditor. With an investment fund in excess of \$8 billion, an administrative budget approaching \$30 million, and a new computer system with online capabilities, ERB faces significant potential internal control issues and risks, with possible inefficiencies, waste, and abuse. An internal auditor would help monitor a wider range of these areas than would be available under an external audit contract. A \$60 thousand reduction in contract costs is associated with this expansion.

The final recommended FTE is a senior general council, funded partially by a \$62.5 thousand reduction in estimated external legal contracts. Escalating fees associated with the complicated contracts and negotiations for alternative investments, in particular, is driving the need for a specialist who would also guide the board in related policy. Adding this position will allow the current ERB attorney to focus on legal matters relating to membership, which are rising along with the baby-boomer-led retirement increases of 17 percent to 18 percent per year.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement board in the contractual services category includes twenty-three million five hundred seventy-one thousand six hundred dollars (\$23,571,600) to be used only for investment manager fees.

The other state funds appropriation to the educational retirement board in the contractual services category includes five hundred twenty-five thousand dollars (\$525,000) for payment of custody services associated with the fiscal agent contract upon monthly assessments.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Alternative investment staff (2 FTE)		254.0	126.0
2	General counsel (1 FTE)		112.1	112.2
3	Internal auditor (1 FTE)		79.8	79.8
TOTAL			445.9	318.0

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 career is finished.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Average rate of return over a cumulative five-year period	1.34%	5.9%	8%	8%	8%
Outcome	Average number of days to process refund requests	15	12	15	15	15
Outcome	Percent of member satisfaction with seminars and trainings	95%	95%	95%	95%	95%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	24	18	20	20	20
Output	Percent of retirement applications processed within sixty days	95%	95%	95%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	6,380	9905	6,000	6000	6000
Output	Number of member workshops conducted	29	28	27	27	27
Output	Percent completion of the new pension systems	75%	95%	N/A	N/A	N/A
* Outcome	Funding period of unfunded actuarial accrued liability in years	Infinity	Infinity	<=30	<=30	<=30
Quality	Percent of accurately computed retirements	99.5%	99.6%	99.5%	99.5%	99.5%

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission (NMSC) was created under Section 9-3-10 NMSA 1978 in 1994 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.

Pursuant to 9-3-10 NMSA 1978, the commission's duties include advising the state government on policy matters related to criminal and juvenile justice; making recommendations to the Legislature concerning proposed changes to laws relating to the criminal and juvenile justice systems; and annually assessing, monitoring, and reporting to the Legislature the impact of any state or local sentencing standards or guidelines.

The commission has four committees, plus the Sex Offender Management Board. The committees are Data, Sentencing Reform, Legislative, and Juvenile.

MISSION:

To provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	606.8	659.9	1,059.6	819.9	24.2
SOURCES TOTAL	606.8	659.9	1,059.6	819.9	24.2
USES					
Contractual Services	600.8	653.9	1,053.6	813.9	24.5
Other	6.0	6.0	6.0	6.0	0.0
TOTAL USES	606.8	659.9	1,059.6	819.9	24.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

BUDGET ISSUES:

NMSC is the permanent sponsoring agency for the Justice Information Sharing Council. The Justice Information Sharing (JIS) project was funded by a National Governor's Association grant through the Administrative Office of the Courts that expired at the end of FY05. Remaining funds from the grant are being used through FY07 to take the JIS portal to the next level of capability and utilization. NMSC reports the FY08 deliverables are the statewide rollout of the consolidated offender query, reporting function of the consolidated offender query, centralized database for 80 municipal courts, and data warehouse system for Acoma, Laguna, and Zuni pueblos.

BASE EXPANSION:

NMSC is requesting two expansions to the agency's base budget. The commission is requesting \$350 thousand to house the JIS project under NMSC. Also, the commission is requesting \$49.7 thousand for a 3 percent cost-of-living increase for FY05, FY06, FY07, and FY08 for staff who are University of New Mexico employees. The agency received \$9.1 thousand in FY07 for a cost-of-living increase for staff. LFC notes cost-of-living increases for past fiscal years could set a precedent for funding salary increases outside of the appropriation process. LFC recommends \$150 thousand for the JIS project and \$10 thousand for cost-of-living increases for staff in FY08.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	JISC Program Support	(NMSC)	350.0	150.0
2	Cost-of-Living Adjustment	(NMSC)	49.7	10.0
TOTAL			399.7	160.0

NEW MEXICO SENTENCING COMMISSION

The purpose of the New Mexico sentencing commission is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Percent of criminal and juvenile justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	11	14	11	11	11
Output	Number of website hits per month	80,000	200,000	50,000	50,000	50,000

STATUTORY AUTHORITY:

The Public Defender Department (PDD) was established under 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment or death. The department also sets standards of indigence that the courts use in determining which defendants are eligible for state-funded defenses.

MISSION:

The Public Defender Department mission is to provide all clients with high-quality legal representation that protects their liberty and constitutional rights. As New Mexico's indigent criminal defense advocate, the Public Defender Department is an equal participant in the development of a responsive and fair criminal justice process.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	32,385.5	36,789.8	41,511.0	38,974.9	5.9
Other Transfers	174.2	0.0	0.0	0.0	0.0
Other Revenues	166.2	150.0	150.0	150.0	0.0
Fund Balance	1,875.0	0.0	0.0	0.0	0.0
SOURCES TOTAL	34,600.9	36,939.8	41,661.0	39,124.9	5.9
USES					
Personal Services and Employee Benefits	18,834.9	21,404.2	22,801.1	22,033.3	2.9
Contractual Services	9,947.5	10,103.7	12,531.5	11,119.0	10.0
Other	5,471.8	5,431.9	6,328.4	5,972.6	10.0
TOTAL USES	34,254.2	36,939.8	41,661.0	39,124.9	5.9
FTE					
Permanent	331.0	362.0	387.0	374.0	3.3
TOTAL FTE POSITIONS	331.0	362.0	387.0	374.0	3.3

BUDGET ISSUES:

The Public Defender Department (PDD) requested a general fund increase of \$4.7 million or 12 percent over the FY07 operating level, including \$3.4 million in base expansion items. The committee recommends a total general fund increase of \$2.2 million, or 5.9 percent, including \$1 million in expansion items.

The LFC FY08 recommendation is developed from an FY07 operating level that includes \$720 thousand related to an increase in the number of judges (Laws 2006, Chapter 99, Section 9).

The recommended 2.9 percent increase in personal services and employee benefits applies a 2 percent vacancy rate (compared to 11 percent vacancy rate on September 1, 2006) and includes 12 expansion FTE to provide adequate staff to support New Mexico's constitutional mandate to provide effective legal representation and advocacy for eligible clients. The agency reported a 9.5 percent annual attorney FTE turnover among its full time attorneys for FY06.

The committee also recommends \$100 thousand for professional services to include continuation of the McKinley County Native American domestic violence drug court, which received a special appropriation in the 2005 legislative session.

The recommendation in other costs grows 10 percent to assist the agency in covering the rising costs of expert witness fees.

BASE EXPANSION:

Last year PDD requested 33 expansion FTE and received 19 FTE for FY07. The committee recommends \$514 thousand for an additional 10 expansion FTE. The positions are based on a comparison of the department's current staffing level with the national standards for attorney caseload for indigent defense. According to the agency, clients will be better served because attorneys will have time to fully investigate cases and it reduces the potential of additional costs at the post-conviction level.

The department also requested and the committee recommends transferring \$74 thousand from Bernalillo Metropolitan Court for 2 FTE for the mental health court program at Bernalillo Metropolitan Court. In the past, funding for this service has been paid by the general fund out of contractual services from Bernalillo Metropolitan Court budget. This transfer gives greater transparency to the use of the funds.

The agency reports that additional FTE allow attorneys to devote more time to their cases, provide a better defense, reduce delays in the court, and overall, make New Mexico a safer place.

Finally, the committee recommends \$500 thousand to increase fees paid to contract attorneys to help the agency recruit and retain competent and experienced attorneys. The committee anticipates increased accountability, efficiency, productivity and quality representation as a result of increasing contract attorney fees.

RECOMMENDED LANGUAGE:

The general fund appropriation to the criminal legal services program of the public defender department in the personal services and employee benefits category includes seventy-four thousand dollars (\$74,000) and two permanent full-time-equivalent positions for the mental health court program at Bernalillo county metropolitan court.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	PD office staff (14 FTE)	738.5	514.5
2	McKinley county office (9 FTE)	603.9	0.0
3	20% fee increase for contract attorneys	1,966.8	500.0
4	Trsfr funds for metro mental health ct. 2 FTE	74.0	74.0
TOTAL		3,383.1	1,088.5

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

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
* Output	Number of alternative sentencing treatment placements for felony and juvenile clients	3,420		3,500	3,500	3,500
* Output	Number of expert witness services approved by the department	3,420	3,523	3,500	3,500	3,500
* Efficiency	Percent of cases in which application fees were collected	24.7%	32%	40%	40%	40%
* Quality	Percent of felony cases resulting in a reduction of original formally filed charges	49%		60%	60%	60%
* Explanatory	Annual attorney full-time-equivalent turnover rate	10%	9.5%	10%	10%	9%

STATUTORY AUTHORITY:

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

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006	FY07 2006-2007	FY08 - 2007-2008		Percent
	Actuals	Budgeted	Agency	LFC	Incr
			Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	4,412.6	4,688.7	4,688.7	4,688.7	0.0
Fund Balance	226.9	0.0	0.0	0.0	***
SOURCES TOTAL	4,639.5	4,688.7	4,688.7	4,688.7	0.0
USES					
Personal Services and Employee Benefits	3,520.2	4,036.9	4,036.9	4,036.9	0.0
Contractual Services	329.0	110.1	110.1	110.1	0.0
Other	507.2	541.7	541.7	541.7	0.0
TOTAL USES	4,356.4	4,688.7	4,688.7	4,688.7	0.0
FTE					
Permanent	44.3	45.3	45.3	45.3	0.0
TOTAL FTE POSITIONS	44.3	45.3	45.3	45.3	0.0

BUDGET ISSUES:

The Office of the Governor submitted a flat budget request for FY08. The Legislative Finance Committee (LFC) recommends this request.

In FY06, savings from vacant positions allowed the Office of the Governor to make budget adjustments to move a net \$112 thousand from personal services to contractual services and other categories, primarily travel, office equipment, and supplies. As an example of how a contractual service is used to address the needs of New Mexico, the Office of the Governor credits the FY06 federal lobbying contract for generating federal funds for the New Mexico RailRunner and entry port of Santa Teresa.

The LFC recommendation continues to fully fund personal services and benefits as requested.

In FY06, the Office of Homeland Security (OHS) was reorganized to move all federal grants and most operations to the Department of Public Safety (DPS), while the OHS policy development, agency coordination, and implementation functions remained within the Governor's Office with a three-person staff, including the director. OHS credits this centralizing of the fiscal functions in DPS for resolving the FY05 federal audit findings related to grant management, reporting, and sub-recipient activity. However, management of homeland security efforts remains split between two agencies with no clear line of authority in the event of a crisis, particularly since its director has a dual role as both director of OHS and deputy director of DPS. In FY06, a position in Deming was funded from federal fiscal relief funds to coordinate border security for southern New Mexico counties. This position is not included in the OHS FY08 budget recommendation, which remains flat at \$353.3 thousand.

The Governor's Office of Victim Advocacy (GOVA) opened in 2004. GOVA provides oversight and advocacy to protect crime victims during judicial proceedings. Approximately 232 cases were handled in FY06, a 23 percent increase from FY05. In addition, GOVA delivered an 83 percent increase in public outreach as measured by public events, attended by more than 1,870 people. A statewide multimedia public awareness campaign regarding victim rights contained posters, brochures, and increased news coverage of victim rights issues in New Mexico. The full budget request (\$297.3 thousand) for the Office of Victims Advocacy is included in the LFC recommendation.

EXECUTIVE MANAGEMENT AND LEADERSHIP

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	25	25	25	25	25
Output	Number of days to answer or refer to the proper entity constituent requests for information	4	4	8	7	7
Output	Number of days to respond to requests for pardons	13	13	14	14	14
Output	Number of days to process extraditions	10	10	13	13	13
Output	Percent increase in victims receiving direct advocacy		23.5%	17%	17%	17%
Output	Number of victims receiving direct advocacy	188	232	257	257	257

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the Office of Lieutenant Governor and established the person serving as Lieutenant Governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the Lieutenant Governor as state ombudsman. The Lieutenant Governor serves as a member of the Border Authority, Community Development Council, Workforce Development Board, Rural Development Council, Financial Independence Task Force, Small Business Advocacy Council, and Governor's Finance Committee. The Lieutenant Governor is chair of the Board of Finance, Military Base Planning Commission, and 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, ombudsman, and acting governor in cases when the governor is out of state.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	625.2	636.0	784.0	655.0	3.0
Federal Revenues	27.2	0.0	0.0	0.0	***
SOURCES TOTAL	652.4	636.0	784.0	655.0	3.0
USES					
Personal Services and Employee Benefits	489.3	575.0	690.2	592.3	3.0
Contractual Services	15.7	6.8	16.5	6.5	-4.4
Other	96.3	54.2	77.3	56.2	3.7
TOTAL USES	601.3	636.0	784.0	655.0	3.0
FTE					
Permanent	7.0	7.0	8.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	8.0	7.0	0.0

BUDGET ISSUES:

The Office of the Lieutenant Governor submitted a base budget request of \$784 thousand for FY08. The request includes a shift of \$91.1 thousand in federal fiscal relief funds to general fund and an increase of 8.9 percent in general fund moneys. In FY04 the Lieutenant Governor received an award of \$255 thousand in federal fiscal relief funds for various projects, such as support for the Children's Cabinet, Insure New Mexico, support for small business efforts, and augmentation of the travel budget. In September 2006, the Lieutenant Governor submitted a budget adjustment request for \$91.1 thousand to budget the balance of the FY04 award. For FY08 the Lieutenant Governor requested the \$91.1 thousand shift from federal funds to the general fund. The general fund request of \$91.1 thousand would fund 1 FTE to assist with activities related to the Children's Cabinet, Insure New Mexico, website maintenance, and others. Remaining funds would provide staff training and development and be used for publishing materials for the Children's Cabinet and small business outreach efforts. The total request is for a 23 percent increase over FY07 operating budget.

The committee recommends a 3 percent increase over the FY07 operating budget. The increase will allow the Lieutenant Governor to fill all vacant positions and adequately fund the office in areas of travel, printing, and telecommunications.

The committee supports the activities of the Children's Cabinet. However, given the importance of the Cabinet's focus, New Mexico's children, the committee would like to work with the Lieutenant Governor to consider expanding participation in the Cabinet's activities through changes such as opening all meetings of the Cabinet to the public and publishing a record of all meetings prior to providing additional general fund support. Also, the committee would like to work more closely with the Children's Cabinet in developing mechanisms to design and support its activities and monitor the impact of those activities on the health and well being of New Mexico's children.

LIEUTENANT GOVERNOR

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of children's cabinet meetings	6	4	6	6	6
Output	Number of tracking reports produced per month on constituent services activities	1	1	1	0	1
Output	Number of youth advisory council meetings	4		4	4	4
Output	Quarterly tracking reports on constituent services activities.				4	4

STATUTORY AUTHORITY:

The Office of the Chief Information Officer (CIO) and the 13-member Information Technology Commission (ITC) are authorized pursuant to Section 15-1c1 through 15-1c-12 NMSA 1978.

MISSION:

The mission of the Office of the Chief Information Officer (OCIO) is to lead and oversee the development and execution of the state's information technology (IT) strategic goals. The purpose of the Information Technology Commission (ITC) is to assess, inventory, and coordinate information system services and resources to ensure cost-effectiveness and efficiency.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	958.6	1,022.6	1,251.8	1,104.8	8.0
SOURCES TOTAL	958.6	1,022.6	1,251.8	1,104.8	8.0
USES					
Personal Services and Employee Benefits	803.9	859.1	951.2	903.7	5.2
Contractual Services	9.2	10.7	160.7	63.7	495.3
Other	116.0	152.8	139.9	137.4	-10.1
TOTAL USES	929.1	1,022.6	1,251.8	1,104.8	8.0
FTE					
Permanent	10.0	10.0	11.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	11.0	10.0	0.0

BUDGET ISSUES:

The OCIO request raises contractual services substantially, from \$10.7 thousand to \$160.7 thousand. This \$150 thousand increase is primarily associated with a \$147 thousand proposed project related to state cyber security assessment training. LFC recommends extracting this \$147 thousand from the base budget and initiating a \$50 thousand pilot project as an expansion.

LFC recommends the other costs category at the base budget level of \$137.4 thousand, although the concern remains regarding the impact of moving the OCIO office to Albuquerque when its primary client base remains in Santa Fe.

OCIO is requesting a separate IT appropriation of \$700 thousand to implement an enterprise Geospatial Coordination Services program. The primary purpose of the project is to coordinate and expand geospatial data across state agencies to reduce cost and equalize accessibility.

In FY06, OCIO received \$150 thousand for a General Services Department (GSD) IT and communication rate study. The IT rates have been completed and recommendations implemented, while the communication rate study is still in progress. The project certification protocol is fully implemented and posted on the OCIO website. The On Line Portfolio Tracking System, which will provide dynamic project status, is scheduled for an October 2006 deployment. More than 200 contracts were reviewed in FY06, incorporating LFC suggestions to ensure compliance with laws, rules, policies, and best practices. The addition of the OCIO general counsel has addressed legal issues to promote contracts that deliver product and services to the state on time, on cost, and on track to actualize the state's IT strategic plan. The vacancy rate, an issue in the past, currently stands at zero.

OCIO currently follows about 70 projects per month with an estimated \$230 million total life project cost. A portion of these projects are flagged for intense oversight due to factors such as high cost and complexity.

BASE EXPANSION:

OCIO is requesting \$50.2 thousand in personal services and employee benefits and other costs to hire an executive secretary for the CIO. LFC does not recommend this expansion as staffing appears sufficient for the current workload and the request lies outside the scope of LFC FY08 priorities.

LFC recommends reducing the \$147 thousand contract request for cyber security assessment training to a \$50 thousand pilot project as an expansion. As technology advances, so should cyber security practice, particularly because the progression toward e-government is increasing the amount of information potentially at risk. This training would enhance the ability of staff to identify and address security vulnerabilities. Investing now to mitigate such potential future costs related to system invasion and information piracy is consistent with the LFC FY08 priorities to reduce future operating costs and increase productivity through IT investment. Targeting key "at risk" agencies and including clear outcome performance measures to assess program effectiveness will establish a baseline from which to gauge future project goals. As cyber security training becomes incorporated into standard agency practice, LFC anticipates a project reduction over time to address only the newest information security challenges.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Cyber security training		147.0	50.0
1	<u>Executive secretary (1 FTE)</u>		<u>50.2</u>	<u>0.0</u>
TOTAL			197.2	50.0

*The agency included this item in the base request. The LFC considers the item to be an expansion and has extracted it from the base.

INFORMATION TECHNOLOGY MANAGEMENT

The purpose of the information technology 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.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Outcome	Amount of savings in information technology, in millions	\$5.0	\$5.0	\$5.0	\$5.0
*	Outcome	Number of key information technology project reviews completed		36	36	36
	Outcome	Percent of information technology plans with formal feedback	100%	100%	100%	100%
	Output	Percent of single and multi-agency information technology projects that get formal architectural review	50%	50%	50%	50%
	Outcome	Percent of information technology projects reviewed by staff	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for administration of the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA Board is responsible for administration of the following: Volunteer Firefighters Retirement Act (Sections 10-11A-1 through 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10-12B-1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), and Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978). PERA is governed by a 12-member board composed of the secretary of state, the state treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members of the association.

MISSION:

The mission of the agency is to preserve, protect and administer the retirement funds to meet its current and future obligations to retirees.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	33,430.3	28,129.6	37,529.3	35,721.8	27.0
SOURCES TOTAL	33,430.3	28,129.6	37,529.3	35,721.8	27.0
USES					
Personal Services and Employee Benefits	4,792.7	5,087.7	5,517.9	5,283.2	3.8
Contractual Services	27,204.5	21,024.7	30,066.5	28,531.5	35.7
Other	1,433.1	2,017.2	1,944.9	1,907.1	-5.5
TOTAL USES	33,430.3	28,129.6	37,529.3	35,721.8	27.0
FTE					
Permanent	86.0	88.0	74.0	70.0	-20.5
Term	0.0	0.0	15.0	12.0	***
TOTAL FTE POSITIONS	86.0	88.0	89.0	82.0	-6.8

BUDGET ISSUES:

Three factors significantly impact the FY08 budget request. First, PERA sold its building to General Services Department (GSD) in FY07, resulting in the transfer of 19 maintenance FTE to GSD. Thus, building maintenance and crew expenses of approximately \$1 million are excluded from the FY08 budget request. Furthermore, until its new facility is completed in approximately 18-24 months, PERA will be renting from GSD at a lower rate than it was assessing itself to fund its maintenance department (\$22 per square foot versus \$8 to GSD), resulting in an additional budget reduction of approximately \$206 thousand.

Second, investment manager fees have risen dramatically over the last three fiscal years, from \$12.6 million in FY03 to \$21.4 million in FY06, and are projected to continue this upside swing into FY08. PERA attributes most of this increase to two factors of success: the concurrent growth in assets (from an FY03 year-end asset balance of \$8 billion to the FY06 year-end balance of \$11.2 billion) and the "kicking in" of performance fees. Another factor rising in importance relates to the additional consulting and manager fees associated with the new alternative asset classes allowed under the Uniform Prudent Investor Act since 2005. PERA projects an approximate 13.4 percent increase in fees per year over the next two years, which the committee will continue to closely monitor.

Third, PERA has discovered that pervasive data errors compromise the new retirement information system (RIO). A consultant estimated more than 7.7 million transactions need to be manually reviewed for more than 46,000 active participants, requiring a team of 12 term positions up to three years. Due to the problem's complexity, using an outside vendor or a computer application are not viable options.

The LFC recommended budget raises personal service and benefits by \$53 thousand to incorporate more current data on salaries. The recommendation assumes a less optimistic performance outlook for the next two years than that assumed by PERA (10 percent versus 13.4 percent), resulting in a reduction in investment fees by \$1.5 million. The information technology (IT) request is fully funded at \$613.4 thousand to replace servers in PERA's three environments, continue backend consulting on

RIO, and update software. However, LFC recommends placing the servers on a rotating replacement schedule, one environment every five years. This rotation will not only spread the IT cost out over a three-year cycle (rather than all at once, as in this case), it will also incorporate new technology more quickly.

PERA's aggregate actuarial position remains strong, aided by an 11.74 percent investment return for FY06. As of June 30, 2006, PERA's aggregate funding ratio (fund actuarial asset value divided by plan liabilities) was 92 percent. The aggregate funding period (amount of time to fully amortize the liabilities) was 16 years. However, while the judicial and magistrate plans are funded 78 percent and 101 percent respectively, both plans have insufficient contributions despite prior legislation. In particular, the funding period for the unfunded liability of \$1.1 million for the Judicial Retirement Fund plan is infinity. See Volume I for more discussion of PERA's investment performance and actuarial issues.

A legislative memorial during the 2005 session supporting a moratorium on any plan enhancements expired December 31, 2006. Six public safety groups have requested actuarial studies to quantify their participation in a 25-year enhanced plan. One of these groups, university police, is requesting a transfer from the Educational Retirement Association (ERA) to PERA. All of these groups point to high vacancy and turnover as the reasons for their requests. However, the underlying causes for these personnel issues are complex and include potentially more potent elements, such as initial salary and work conditions.

Other legislation that might be considered during the 2007 session would seek to modify the return-to-work program. The actuarial assessment on the return-to-work program will be available by January 2007. Currently, about 1,500 retirees have returned to work under this program, suggesting the effect may be negligible. However, unlike the ERA back to work plan, PERA's does not automatically sunset in 2012. Therefore, adequately reviewing its possible impact of encouraging earlier retirements remains an important deliberation.

BASE EXPANSION:

LFC recommends PERA's top priority to add staff to purify the data errors that compromise RIO. The LFC recommendation includes nine positions requested for this purpose, as well as the three term financial specialists, equivalent to the three hired during FY06 and FY07 through the budget adjustment request (BAR) process, for a total of 12 term FTE. These 12 positions would provide PERA the resources to focus on the data cleansing, while providing the flexibility to temporarily move employees to process retirement applications and membership requests as needed. The total cost is \$633.6 thousand.

The LFC recommendation includes the attorney position to fulfill PERA's function as social security administrator, which has recently surfaced as a serious issue. First, increasing complexity since 2003 has required a substantial increase in knowledge of related state and federal law. Secondly, in 1998, Article XX, Section 22, of the New Mexico Constitution was amended to limit expenditures from PERA's funds "for the sole and exclusive benefit of the members," effectively making expending money from PERA's funds to cover the associated costs relating to social security a clear violation. While Section 10-14-7, NMSA 1978, authorizes PERA to recover these administrative costs from the "contribution fund," because Federal Insurance Contributions Act (FICA) taxes no longer flow through this account, this fund will be depleted around FY13.

PERA worked diligently this last year to improve customer service by reducing the response time to member requests back to its internal target of 45 to 60 days. With the addition of two financial specialists authorized for FY07, along with completion of the data cleansing project, PERA is expected to make progress toward the LFC-recommended target of 15 to 30 days. At that point PERA's permanent staffing needs will be clearer. In addition, PERA's plans to assess the workload volumes and to document procedures would be more effectively achieved due to the elimination of the manual auditing protocol currently required because of the bad data.

RECOMMENDED LANGUAGE:

The other state funds appropriation to public employees retirement association in the contractual services category includes twenty-six million sixty thousand dollars (\$26,060,000) to be used only for investment manager fees.

The other state funds appropriation to the public employee's retirement association in the contractual services category includes one million three hundred thousand dollars (\$1,300,000) to be used only for fiscal agent custody services.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>	<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Data cleansing project (12 FTE)	660.4	495.2
2	Financial specialist term positions (3 FTE)	137.4	138.4
3	Financial specialist perm positions (2 FTE)	76.6	0.0
4	Technical writer (1 FTE)	52.3	0.0
5	Assistant internal auditor (1 FTE)	59.2	0.0
6	<u>Attorney for Social Security Admin (1 FTE)</u>	<u>91.8</u>	<u>91.8</u>
TOTAL		1,077.7	725.4

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	197 b.p.	146 b.p.	>50 b.p.	>50 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	83rd	82nd	>49th	>49th	>49th
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-back, and service credit verifications	90	45-180	15-30	45-60	15-30
* Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	16	16	30 or less	30 or less	30 or less
Quality	Percent of accurately computed retirements	98%	98.5%	98.5%	98.5%	98.5%

STATUTORY AUTHORITY:

The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act, Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

MISSION:

The mission of the Commission of Public Records is to preserve, protect, and facilitate access to public records held in trust for the citizens of New Mexico, ensure rules promulgated by state agencies are published as prescribed by law and made accessible, advocate for the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,272.7	2,578.4	3,055.3	2,699.7	4.7
Other Transfers	71.3	0.0	0.0	0.0	0.0
Federal Revenues	94.8	25.0	10.0	10.0	-60.0
Other Revenues	150.3	132.8	133.9	133.9	0.8
Fund Balance	0.0	61.4	33.4	33.4	-45.6
SOURCES TOTAL	2,589.1	2,797.6	3,232.6	2,877.0	2.8
USES					
Personal Services and Employee Benefits	2,038.0	2,208.7	2,478.8	2,333.8	5.7
Contractual Services	100.7	39.9	118.1	42.0	5.3
Other	367.2	549.0	635.7	501.2	-8.7
TOTAL USES	2,505.9	2,797.6	3,232.6	2,877.0	2.8
FTE					
Permanent	36.5	38.5	42.0	39.5	2.6
Term	1.7	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	38.2	40.5	44.0	41.5	2.5

BUDGET ISSUES:

The Commission of Public Records total general fund request, including expansion, is \$3 million, or 18.5 percent above the FY07 operating level. The recommendation for the personal services and employee benefits category is based on a 3 percent vacancy factor.

The agency met or exceeded the performance goals in all but two categories. First, there was an 8.5 percent decline from the FY05 result in state agencies with current records retention and disposition schedules. Second, there was a 5 percent decline in achieving the annual strategic plan. The agency reported that they had to reassign staff to help in other areas of the agency, which resulted in not meeting these performance goals.

BASE EXPANSION:

The commission requested \$221.7 thousand in base expansion for 4 additional FTE and \$75 thousand to continue developing the New Mexico history website. The committee recommends funding 1 permanent FTE for records information and archival management, which publishes the New Mexico Register. The State Rules Act provides, "No rule shall be valid or enforceable until it is filed with the records center and published in the New Mexico register" (Section 14-4-5 NMSA 1978). This means that all rules must pass through the Commission of Public Records Administrative Law Division before going into effect. The workload in this area increased 51 percent since 2003 and affects every step of rule review, filing, and publication. The addition of an analyst will assist the commission in fulfilling statutory duties accurately and timely.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Rules analyst	(P641)	50.6	49.6
2	Administrative support	(P641)	31.1	0.0
3	Electronic records/micrographics staff	(P641)	14.4	0.0
4	NM digital history project	(P641)	75.0	0.0
5	county records archivist	(P641)	50.6	0.0
TOTAL			221.7	49.6

RECORDS, INFORMATION, AND ARCHIVAL MANAGEMENT

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Maximum number of days between rule effective date and online availability	31	29	35	34	34
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	99%	99.9%	98%	98%	98%
Outcome	Percent of state agencies with current records retention and disposition schedules	52%	43.5%	70%	N/A	65%
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	96%	100%	96%	98%	98%
Outcome	Percent of annual strategic action plan achieved or on schedule	61%	70%	80%	75%	80%
* Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	N/A	N/A	75%	75%	75%
* Output	Number of consultations, research reports and educational activities provided by the state historian	N/A	350	300	325	325

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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,020.9	3,312.3	5,073.4	3,449.5	4.1
Other Transfers	1,635.9	304.0	304.0	304.0	0.0
Federal Revenues	13,333.4	2,000.0	0.0	0.0	-100.0
SOURCES TOTAL	17,990.2	5,616.3	5,377.4	3,753.5	-33.2
USES					
Personal Services and Employee Benefits	1,866.5	2,183.1	2,830.4	2,318.7	6.2
Contractual Services	6,145.3	1,085.1	376.4	72.0	-93.4
Other	9,859.4	2,348.1	2,170.6	1,362.8	-42.0
TOTAL USES	17,871.2	5,616.3	5,377.4	3,753.5	-33.2
FTE					
Permanent	38.0	40.0	44.0	40.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	39.0	41.0	45.0	41.0	0.0

BUDGET ISSUES:

The agency requested a \$365.4 thousand, or 11 percent, base increase and an additional \$1.4 million in expansion items. The committee recommends a \$137.2 thousand, or 4.1 percent increase over the FY07 operating budget. While the agency has a historical vacancy rate of 15 percent, the committee's recommendation of a 5 percent vacancy savings rate provides flexibility for the agency to address staffing priorities.

The Secretary of State since 2004 has received \$19 million in federal funds for implementation of the Help America Vote Act (HAVA) of 2002. All funds have now been expended on implementation of HAVA mandates, including the purchase of HAVA-compliant voting machines for the state's 33 counties and the voter registration on elections management system (VREMS), which electronically updates voter registration from each county. In 2006 the paper ballot bill was signed into law and the Secretary of State transitioned New Mexico to paper ballots. The Secretary of State reports that the office will seek a minimum \$2.2 million special appropriation to pay for the cost of paper ballots. Capital outlay and HAVA funds, \$11 million and \$9 million respectively, were used to purchase 1,827 M100 paper ballot voting machines and 1,500 AutoMark HAVA-compliant voting machines.

In FY06 two special appropriations were made to the Secretary of State. The first was for \$1.4 million for costs associated with primary election reform. The Secretary of State reports the appropriation has either been encumbered or spent on voting software systems, printing, voter ID cards, and canvassing. The second was \$1.2 million for costs associated with general election reform. The agency has spent the appropriation plus an additional \$197 thousand on election supplies, newspaper and radio advertisements, language interpretation, and canvassing.

BASE EXPANSION:

The agency's only expansion request includes 4 FTE and an increase in professional service contracts to assist with the information technology component related to elections. The committee does not recommend this expansion. However, the committee does recommend reclassifying long-time vacant positions to meet program needs.

SECRETARY OF STATE

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of administrative errors	.4%	0	.3%	.5%	.3%
* Output	Number of newly registered voters	317,000	46,614	250,000	50,000	50,000
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	112,000	0	500,000	200,000	500,000
Output	Number of users electronically filing legal documents or receiving educational materials	890	2,165	150,000	2,500	3,000
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	*	1,000,000	10,000	25,000	20,000
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	47	48	48	48	48

STATUTORY AUTHORITY:

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

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)					
			<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,969.4	4,314.1	4,558.3	4,420.8	2.5
Fund Balance	62.7	71.0	60.0	60.0	-15.5
SOURCES TOTAL	4,032.1	4,385.1	4,618.3	4,480.8	2.2
USES					
Personal Services and Employee Benefits	3,615.5	4,022.0	4,195.2	4,060.0	0.9
Contractual Services	19.6	71.5	46.5	46.5	-35.0
Other	323.9	291.6	376.6	374.3	28.4
TOTAL USES	3,959.0	4,385.1	4,618.3	4,480.8	2.2
FTE					
Permanent	65.0	65.0	65.0	67.0	3.1
TOTAL FTE POSITIONS	65.0	65.0	65.0	67.0	3.1

BUDGET ISSUES:

The FY08 budget request submitted by the Personnel Board does not sufficiently fund benefit costs, such as General Services Department assessments for employee liability insurance (\$94.2 thousand) and unemployment insurance (\$6.6 thousand). Nor does the agency apply a vacancy rate, despite a rate of 17.8 percent for FY06 as compared with an FY05 rate of 14.8 percent. Vacancies continue to be an issue for SPO. In FY06 SPO did not fill positions. The resultant vacancy savings were directed to staff pay adjustments and reclassifications within SPO. In reviewing the staffing of SPO, the Hay Group in 2006 recommended that the deputy secretary for constituent services position not be budgeted. The committee concurs and additionally recommends that the funding for this position be used for existing vacancies to allow them to be upgraded to professional level positions.

The committee further recommends funding personnel and benefits costs assuming a 4.5 percent vacancy rate. This is well below the agency's current vacancy rate of 20 percent and will leave sufficient funding for SPO to cover benefits expenditures for FY08 and to maintain staffing at the highest level in order to adequately accomplish its mission.

High turnover and vacancy rates are being experienced throughout state government and at SPO. These rates are increasing at an alarming level and when coupled with the amount of time to fill vacancies within state government raise significant concern regarding the effectiveness of strategies being employed by the state to address these matters. High statewide averages of 15.8 percent for turnover and 12.9 percent for vacancies in FY06 are being driven by the public safety arena. The Department of Corrections experienced in FY06 a vacancy rate of 15.8 percent, a 6 percent change over its FY05 rate of 9.8 percent. Its turnover rate is an alarming 20.5 percent. The Department of Health has experienced a 13 percent

vacancy rate and a 19.2 percent turnover rate. The Human Services Department in FY06 had a 14 percent vacancy rate and a 16.7 percent turnover rate. Overtime usage is accelerating as agencies attempt to meet their missions despite significant staff shortages. Statewide overtime hours in FY06 increased 45.4 percent. Vacant positions and turnover are costly and typically reflect issues with compensation, benefits, or working conditions. The committee recommends that SPO assume a leadership role in addressing total compensation with other agencies responsible for insurance, retirement and other pieces. Additionally, the committee recommends that the SPO report to the committee on specific actions being taken to address the continuing issues associated with vacancies and turnover.

The executive has initiated with the unions a "pay equity" task force whose purpose is to address compensation issues plaguing certain classification groupings within state government.

In FY07, a human resource information management system, commonly referred to as SHARE, was installed on a state-wide basis. Unfortunately, due to issues with inadequate employee training and poor planning on the installation, the full benefits of this system will not be realized for some time to come. This system will allow for a further decentralization of tasks in the human resource management arena, thus, allowing agencies increased latitude in managing the day-to-day activities throughout state government. This will require SPO to have a quality assurance program in place to ensure compliance with the rules. This was a major underpinning of the N.M.HR.2001 recommendations. However, in the past few years these quality assurance reviews have not been emphasized or used by SPO. Recent efforts by SPO to revitalize this activity are encouraged especially in light of the problems with SHARE implementation and with the continued decentralization activities. Additionally, it is expected that SHARE will also see a change in the size and mix of staff required to process financial and human resource actions in state government. It is expected that in time not only will fewer staff be required but that this staff will possess more technical skills. SPO should be the leader in the professional development requirements for SHARE.

BASE EXPANSION:

The committee recommends the addition of two FTE to augment needed services within the compensation and classification area.

RECOMMENDED LANGUAGE:

Any unexpended balance remaining in the state employees' career development conference fund remaining at the end of fiscal year 2008 shall not revert to the general fund.

This appropriation is contingent upon the state personnel board submitting to the governor and the legislative finance committee by October 1, 2007 an annual compensation report inclusive of recommendations for salary structure adjustment and classification upgrades due to market conditions.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division) (HR Manage)	Agency Request	LFC Recom- mendation
1	2 FTE for Classification and compensation		0.0	95.7
TOTAL			0.0	95.7

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide through a flexible merit system opportunities, 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Average employee pay as a percent of board-approved comparator market, based on legislative authorization	94%	92.8%	95%	95%	95%
Outcome	Percent of managers and supervisors completing board-required training as a percent of total manager and supervisor category employees	90%	90%	N/A	*N/A	*N/A
Output	Percent of quality reviews (audits) performed in agencies in accordance with the quality assurance program	0%	N/A	70%	*N/A	*N/A
* Output	Number of days to produce employment lists	12	15	15	*N/A	*N/A
Quality	Percent of hiring officials satisfied with state personnel employment lists	45%	N/A	NA	*N/A	*N/A
Output	Percent of agency-specific human resource audit exceptions corrected within six months of discovery	0%	*	NA	75%	75%
* Outcome	Average number of days to fill a vacant position	*	*	90	90	90
Outcome	Percent increase in proficiency among employees in manager classifications	*	*	15%	*N/A	*N/A
* Outcome	Number of agencies with line authority	*	*	50	25	25
Outcome	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency specific management training	*	*	*	90%	90%
Outcome	Percent of managers in medium to small agencies who successfully complete the state personnel office sponsored management and supervision training	*	*	*	80%	80%
Output	Percent of employees with a completed performance appraisal on record at the close of the fiscal year	*	*	*	99%	99%
Output	Percent of key agencies receiving at least two audit reviews during the fiscal year	*	*	*	95%	95%
Outcome	Percent of union grievances resolved prior to formal arbitration	*	*	*	90%	90%
Outcome	Percent of new employees who successfully complete their probationary period	*	*	*	*	85%

STATUTORY AUTHORITY:

The Public Employee Bargaining Act, Section 10-7E-1 through 10-7E-26 NMSA 1978, reinstated collective bargaining, which expired in 1999. The board consists of three members appointed by the governor.

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 chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

MISSION:

The board's mission is to guarantee public employees the right to organize and bargain collectively with their employers, to promote harmonious and cooperative relationships between public employers and employees, and to protect the public interest by ensuring, at all times, the orderly operation and functioning of the state and its political subdivisions.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	314.9	327.1	329.6	329.6	0.8
SOURCES TOTAL	314.9	327.1	329.6	329.6	0.8
USES					
Personal Services and Employee Benefits	220.5	240.4	241.8	241.8	0.6
Contractual Services	3.2	4.0	4.0	4.0	0.0
Other	75.6	82.7	83.8	83.8	1.3
TOTAL USES	299.3	327.1	329.6	329.6	0.8
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

BUDGET ISSUES:

The board has had a number of its decisions appealed to state district court. The courts to date have not issued any reversals of these actions.

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

The purpose of the public employees 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 activities.

		PERFORMANCE MEASURES				
		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Outcome	Percent compliance with statutes, with particular attention to due process, equal protection, the Public Employee Bargaining Act and board rules	100%	100%	100%	100%	100%
Outcome	Percent of decisions overturned on appeal	0%	0%	1%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within 100 days of request for approval	71%	65%	99%	99%	99%
Output	Percent of prohibited practice complaints decided within 180 days of filing	73%	85%	90%	90%	90%
Output	Percent of petitions processed within 180 days of filing	75%	80%	90%	90%	90%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration	40%	45%	50%	50%	50%

STATUTORY AUTHORITY:

The office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principle statutory provisions governing the office of the State Treasurer are Sections 6-1-13, 6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

The agency's primary responsibility is the receipt and safekeeping of all state money. The State Treasurer is responsible for maintaining an accurate account of all public money received and disbursed, disbursing money on properly drawn warrants, maintaining custody of the state's land grant and severance tax permanent funds, making payment on the state's debt, projecting the state's cash flow needs, and investing public funds for the short term. The treasurer invests funds on behalf of the general fund, state agencies, and many local government and tribal entities.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,822.5	4,176.0	3,945.7	3,863.2	-7.5
Federal Revenues	25.4	26.3	25.0	25.0	-4.9
SOURCES TOTAL	3,847.9	4,202.3	3,970.7	3,888.2	-7.5
USES					
Personal Services and Employee Benefits	2,502.0	2,902.3	2,873.7	2,806.1	-3.3
Contractual Services	363.1	429.6	354.0	354.0	-17.6
Other	890.4	870.4	743.0	728.1	-16.3
TOTAL USES	3,755.5	4,202.3	3,970.7	3,888.2	-7.5
FTE					
Permanent	42.5	42.5	41.0	41.0	-3.5
TOTAL FTE POSITIONS	42.5	42.5	41.0	41.0	-3.5

BUDGET ISSUES:

STO's personal services and employee benefits request represents a 1 percent decrease from the FY07 operating budget, a reduction of \$28.6 thousand. This decrease is due to a request to delete a 1 FTE auditor position and a 0.5 FTE public relations specialist position no longer necessary due to streamlining. LFC also recommends deleting these positions.

STO's contractual services request is 17.6 percent below the FY07 operating budget, a reduction of \$75.6 thousand. STO's contractual services budget was over-funded in FY07 due to uncertainty about what would be needed to recover from the prior administration's misconduct. STO's request for audit funding exceeds the cost estimated by the Office of the State Auditor (OSA) by 64.5 percent, a difference of \$43.9 thousand. While OSA's estimate includes only the cost of the audit, STO's request includes the additional costs of financial statement preparation and quarterly investment audits, now required by STO's investment policy. LFC recommends fully funding the agency's contractual services request.

STO's request for the other category is down 14.6 percent from the FY07 operating budget, a decrease of \$127.4 thousand. This decrease is attributable primarily to a reduction in Information Systems Division service costs, down \$178.9 thousand from FY07. The committee recommendation for other uses of funds is \$14.9 thousand lower, due primarily to new information indicating that the agency's equipment rental cost will be \$13 thousand less than anticipated at the time the request was submitted.

The first eight performance measures on Table 2 are new measures for FY08 that are the result of collaboration between STO, LFC, and Department of Finance and Administration staff. Benchmarks for STO's general fund portfolio and local government investment pool are included in the performance measures for the first time. The timeliness of STO's banking and reconciliation functions is also measured. To monitor the agency's internal control environment, new measures of employee and customer satisfaction have also been added. All other measures in Table 2 are prior-year measures no longer being pursued.

In fall 2005, the Department of Finance and Administration received \$600 thousand from the State Board of Finance to hire contractors to conduct a legal review and forensic audit of STO practices under former Treasurers Vigil and Montoya. Preliminary reports from this contract were presented to the State Board of Finance in December 2005 and suggested a severe lack of internal controls under the former treasurers. The preliminary report did not include any forensic information about investment practices.

STATE TREASURER

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	One-year annualized investment return on general fund portfolio to exceed internal benchmarks, in basis points				5	5
* Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points				5	5
Outcome	Number of outstanding agency bank transactions unreconciled after seven days, at month end	2146	951		0	0
Outcome	Percent of employees rating their employment experience satisfactory or better in annual survey				80%	80%
Outcome	Percent of agencies rating overall satisfaction with state investment office services as good or better in annual survey				80%	80%
Outcome	Percent of employee development and appraisal assessments closed out by the deadline	NA	100%		80%	80%
Outcome	Maximum number of audit findings	16	NA		3	3
Outcome	Percent of investments with a return rate that exceeds the overnight rate	100%		100%		
Outcome	Percent of interest allocation amounts for interest account balances provided to state agencies within thirty days of closing from the department of finance and administration	100%				
Output	Percent completion of the transfer of the warrant reconciliation process from the state treasurer's program to the fiscal agent bank	50%				
Output	Percent of state agency depository accounts authorized in financial institutions	100%				
Output	Percent of Cash Management Improvement Act audits performed to maximize cash flow	100%				
Output	Percent of cash-to-books reconciliation items processed and adjusted to the agency fund balance within thirty days of closing from the department of finance and administration	95%		25%		
Output	Percent of investments purchased exceeding the overnight rate of return			100%		
Output	Percent of total weighted average dollar value of portfolio's yield equal to or exceeding the total return on a one-year treasury bond			100%		
Output	Percent of interest allocated to state agencies within five days of treasury system close			97%		
Output	Percent of cash-to-books reconciling items resolved and agency funds balanced within thirty days of treasury close			25%		
Output	Percent of treasury reports issued within two days of receipt of cash master from the department of finance and administration			100%		
Output	Percent of agency funds deposited in the bank and recorded in the treasury within twenty-four hours			100%		

Output	Percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statement			95%		
Output	Percent annual decrease in fraudulent warrants attributable to positive pay implementation			10%		
Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end	-6%	-40%		10%	10%

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 the duty of ensuring any person practicing architecture complies with the provisions of the Architecture Act. Approximately 2,020 architects are registered to practice in New Mexico.

MISSION:

The Board of Examiners for Architects is charged with safeguarding the life, health and property and promoting the public welfare by reviewing evidence of professional qualification of any person applying to practice architecture in this state.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	272.6	312.0	0.0	0.0	-100.0
Fund Balance	0.0	0.0	342.7	340.0	***
SOURCES TOTAL	272.6	312.0	342.7	340.0	9.0
USES					
Personal Services and Employee Benefits	209.8	233.7	233.7	230.8	-1.2
Contractual Services	7.8	14.2	14.2	14.4	1.4
Other	55.0	64.1	94.8	94.8	47.9
TOTAL USES	272.6	312.0	342.7	340.0	9.0
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

ARCHITECTURAL REGISTRATION

The purpose of the architectural registration program is to safeguard the life and property and promote the public welfare by reviewing evidence of the professional qualification of any person applying to practice architecture in New Mexico.

PERFORMANCE MEASURES						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Output	Number of registration applications processed	2,020	1944	2,020	2,020	2,020
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	N/A	2%	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver to the enforcement subcommittee	60	60	45	60	60

STATUTORY AUTHORITY:

The Sports Authority was created pursuant to the New Mexico Sports Authority Act, Sections 9-15B-1 through 9-15B-6 NMSA 1978, and is administratively attached to the Tourism Department.

BUDGET SUMMARY (dollars in thousands)						
			<u>FY08 - 2007-2008</u>			
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	285.0	295.2	490.2	346.6	17.4	
SOURCES TOTAL	285.0	295.2	490.2	346.6	17.4	
USES						
Personal Services and Employee Benefits	208.9	220.1	226.5	226.5	2.9	
Contractual Services	0.0	1.5	145.1	1.5	0.0	
Other	72.4	73.6	118.6	118.6	61.1	
TOTAL USES	281.3	295.2	490.2	346.6	17.4	
FTE						
Permanent	3.0	3.0	3.0	3.0	0.0	
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0	

BUDGET ISSUES:

After two full years in operation, the New Mexico Sports Authority (NMSA) is seeking its first significant expansion. Charged with attracting professional and amateur sporting events to the state, NMSA plays a mediating role among promoters, vendors, and facility operators throughout the state. To carry out this mission the committee recommends expanded funding for additional travel and a project to create a statewide sports marketing organization. The agency was involved in attracting a National Collegiate Athletic Association (NCAA) football bowl game to Albuquerque and continues to seek and support smaller sporting events, such as BMX bicycle races and National Basketball Association exhibition games.

The first annual New Mexico Bowl is scheduled to be played December 23, 2006. It is sanctioned by the NCAA through 2008. The state has signed a nearly \$1 million three-year contract with ESPN/Disney to be the title sponsor of the game. The Tourism Department executed the contract, and the executive will likely request funding for the contract in the 2007 session.

Although not being handled by NMSA, the executive also launched an initiative to attract a National Football League (NFL) team to the state. Three hundred thousand dollars was appropriated to the Local Government Division of the Department of Finance and Administration in Laws 2006, Chapter 111, for a feasibility study, eventually awarded to the Barrett Sports Group of California.

Also in the 2006 session, NMSA received a capital outlay appropriation of \$150 thousand to host and promote sporting events in New Mexico. NMSA spent \$70 thousand to promote rugby at the University of New Mexico and used the remainder in smaller allocations to promote sporting events, such as the Coleman Vision tennis tournament and an endurance horse race.

The agency has four new performance measures, two tied to the New Mexico Bowl and two to gauge the agency's core mission of attracting sporting events to the state.

BASE EXPANSION:

The committee recommends an expansion of \$25 thousand for additional travel both in and out of state to pursue sporting events. Further, the committee recommends \$20 thousand for the agency's statewide marketing initiative, including website improvements.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	<u>Event expansion</u>		<u>188.6</u>	<u>45.0</u>
TOTAL			188.6	45.0

SPORTS AUTHORITY

The purpose of the New Mexico Sports Authority is to recruit new events and retain existing events for professional and amateur sports to advance the economy and tourism in the state.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	National television audience share for New Mexico bowl				2.5	2.5
* Outcome	Number of new minor sporting events attracted to New Mexico		7		7	7
Output	Attendance at New Mexico bowl				25,000	25,000
* Outcome	Number of new major sporting events attracted to New Mexico		1		1	1

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 our 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 our ports of entry as an integral part of a border development partnership with Chihuahua.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	427.3	438.1	637.7	549.4	25.4
Other Transfers	274.9	530.0	0.0	0.0	-100.0
Fund Balance	41.5	87.0	0.0	0.0	-100.0
SOURCES TOTAL	743.7	1,055.1	637.7	549.4	-47.9
USES					
Personal Services and Employee Benefits	304.2	395.2	364.2	364.2	-7.8
Contractual Services	66.9	97.4	158.8	78.8	-19.1
Other	339.0	562.5	114.7	106.4	-81.1
TOTAL USES	710.1	1,055.1	637.7	549.4	-47.9
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

BUDGET ISSUES:

Two projects funded by local and federal sources in FY06 will end in FY07, leaving the agency again dependent solely on general fund revenue for operating expenses. The flat budget requested by the executive for FY07 was not adequate to meet program needs. The FY08 request includes growth in the base budget and expansion items.

The committee recommends additional general fund revenue for increased operating costs and a port-of-entry advertising campaign. The recommendation fully funds personal services and employee benefits and funds one expansion request.

The Border Authority is charged with economic development along New Mexico's border with Mexico. The agency spends significant effort to increase commercial traffic through the New Mexico's ports of entry and into the state. A new drop yard to exchange truck trailers across the border was funded through capital outlay in the 2005 session and a federal expansion of the Columbus port of entry is in the planning phases.

The Border Authority is the lead agency for the rail relocation project—an effort to move the rail yard from downtown El Paso, TX, to Santa Teresa, NM, and divert rail traffic around Ciudad Juarez, Chihuahua. Independent of the tri-state working group, Union Pacific (UP) and the Economic Development Department recently announced UP's intention to build a \$150 million terminal in New Mexico. The investment will be a significant boon to the development of the region.

In last year's federal transportation bill, New Mexico received a \$14 million federal appropriation to share with Texas to advance the rail relocation project. Given UP's announcement, it is not clear how the federal appropriation will be spent or even if it will be shared with Texas. A 20 percent state match is required to access the funds.

BASE EXPANSION:

With emphasis on technical expertise not found in the agency, the committee recommends \$50 thousand in contractual services to market the ports to industry. The agency anticipates the extra marketing effort to bring 30 percent more northbound commercial traffic through the Santa Teresa port.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Marketing to increase commercial crossings		100.0	50.0
2	<u>Studies for new development projects</u>		<u>30.0</u>	<u>0.0</u>
TOTAL			130.0	50.0

BORDER DEVELOPMENT

The purpose of the border development program is to encourage and foster development of the state by developing port facilities and infrastructure at international ports-of-entry to attract new industries and business to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	2.822%	2.574	3.1%	3.0%	3.0%
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%	95%
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	150	160	150	150	160
Explanatory	Commercial and non-commercial vehicular port traffic at New Mexico ports	623,855	693,583	685,000	700,000	700,000

STATUTORY AUTHORITY:

The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. This act separated the Travel and Tourism Division from the former Economic Development and Tourism Department and formed a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

MISSION:

The mission of the Tourism Department is to market New Mexico as an enchanting visitor destination to the world.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8,174.6	8,468.8	11,361.8	10,098.3	19.2
Other Transfers	974.6	1,152.9	1,161.7	1,161.7	0.8
Other Revenues	4,212.1	4,315.6	4,353.3	4,351.0	0.8
SOURCES TOTAL	13,361.3	13,937.3	16,876.8	15,611.0	12.0
USES					
Personal Services and Employee Benefits	3,827.5	4,132.6	4,866.8	4,277.8	3.5
Contractual Services	1,414.4	1,452.5	1,651.9	1,551.9	6.8
Other	7,972.0	8,352.2	10,358.1	9,781.3	17.1
TOTAL USES	13,213.9	13,937.3	16,876.8	15,611.0	12.0
FTE					
Permanent	76.5	78.5	90.0	78.5	0.0
Term	0.0	0.0	1.0	1.0	***
TOTAL FTE POSITIONS	76.5	78.5	91.0	79.5	1.3

BUDGET ISSUES:

Near the end of FY06, the Tourism Department reorganized, consolidating seven programs into four. Three small programs—Outreach, Off-Highway Vehicle and New Mexico Clean and Beautiful—were combined to create the Tourism Development Program. The Marketing and Promotion programs became one, and Program Support and New Mexico Magazine still stand alone. The organization is better aligned with the department's mission and goals, and the operation should be more efficient.

The Tourism Department's \$16.9 million request includes full funding for personal services and employee benefits, base budget growth in other costs and contracts, recurring funding for a \$1.5 million special appropriation given the last several years for marketing, promotion and advertising, and nine expansion requests.

The department has relied on the special appropriation for its programs and operations, including funding for personal services and benefits, for which the department has not requested full funding in previous years. The department requested the entire \$1.5 million in the base budget of the Marketing and Promotion program, and the committee recommends it as an expansion. In FY08 this funding should be used solely for marketing, advertising and promotion, and the expansion should allow the agency to pursue advertising and promotion campaigns, such as the successful Rose Bowl sponsorship. In prior years, about \$200 thousand of the special appropriation had partially funded the cooperative advertising program. The committee recommendation fully funds cooperative advertising in the Tourism Development program.

The committee recommendation assumes a 4 percent vacancy rate in Program Support and Marketing and Promotion. The recommendation also includes technical adjustments to the agency request for personal services and employee benefits.

The reorganization shifted 2 FTE, an executive assistant and video services manager, from Marketing and Promotion to Program Support, and the base request for Program Support includes an additional FTE not authorized by the Legislature or found in the department's operating budget. The committee views this as an expansion request, extracted it from the base, and does not recommend funding the position.

With the reorganization, the Tourism Department developed, in consultation with LFC and the Department of Finance and Administration, new performance measures. In general, the measures add more accountability and track the agency's program efforts more closely.

For FY06, the department reported a decrease in New Mexico's domestic tourism market share over calendar year 2005, a slight decrease in visits at visitor information centers, and more promotion events. New Mexico Magazine's circulation rate, though still far from its target, improved slightly in FY06. In addition, the magazine has adopted a new performance measure to gauge its circulation against other state travel magazines. In 2006, the governor vetoed a \$100 thousand special appropriation in the General Appropriation Act for the magazine to conduct a marketing study to boost readership.

Just before the 2006 legislative session, the executive announced the selection of two national public relations and advertising firms to implement a statewide branding campaign. The executive has since turned the initiative over to the Tourism Department, which subsequently terminated one contract and renegotiated the other. The branding campaign is essentially stalled. The department has requested a \$5 million special appropriation for advertising unrelated to the branding campaign.

BASE EXPANSION:

The committee recommends \$1.5 million in additional marketing and advertising funding in the Marketing and Promotion Program, with language to restrict it for advertising. The Tourism Department requested nine other items to grow its workforce and programs. The committee recommends one term customer service representative for the Santa Fe visitor information center funded by other state funds through an agreement with the City of Santa Fe.

RECOMMENDED LANGUAGE:

The general fund appropriation to the marketing and promotion program of the tourism department in the other costs category includes one million five hundred thousand dollars (\$1,500,00) for direct marketing, promotion, and advertising. One hundred thousand (\$100,000) is contingent on maximizing statewide advertising efforts with the state parks division of the energy, minerals and natural resources department and one hundred thousand (\$100,000) is contingent on maximizing statewide advertising efforts with the cultural affairs department.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Deputy secretary	(P547)	114.6	0.0
*	Marketing, advertising special appropriation	(P549)	1,500.0	1,500.0
1	Lawyer-A	(P547)	56.9	0.0
2	Customer service reps, 6.5 FTE	(P549)	174.8	25.0
3	Market research analyst - O	(P549)	34.5	0.0
4	Shared economist with EDD	(P547)	28.4	0.0
5	X-Prize cup marketing	(P549)	600.0	0.0
6	Financial specialist - AO-O	(P547)	31.1	0.0
7	Videographer/editor - O	(P547)	34.5	0.0
8	Conversion study	(P549)	50.0	0.0
9	<u>Truck vehicle lease</u>	<u>(P547)</u>	<u>9.7</u>	<u>0.0</u>
TOTAL			2,634.5	1,525.0

*The agency included this item in the base request. The LFC considers this to be expansion and has extracted it from the base.

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,322.5	5,557.1	8,032.2	7,108.3	27.9
Other Revenues	0.0	60.0	85.0	85.0	41.7
SOURCES TOTAL	5,322.5	5,617.1	8,117.2	7,193.3	28.1
USES					
Personal Services and Employee Benefits	1,562.2	1,700.8	1,937.0	1,659.2	-2.4
Contractual Services	249.0	274.7	467.2	367.2	33.7
Other	3,506.8	3,641.6	5,713.0	5,166.9	41.9
TOTAL USES	5,318.0	5,617.1	8,117.2	7,193.3	28.1
FTE					
Permanent	38.5	40.5	45.0	38.5	-4.9
Term	0.0	0.0	1.0	1.0	***
TOTAL FTE POSITIONS	38.5	40.5	46.0	39.5	-2.5

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	New Mexico's domestic tourism market share	1.3%	1.2%	1.15%	1.16%	1.3%
Outcome	Percent change in visits to New Mexico visitor information centers	3.2%	-0.4%	3.1%	1.0%	1.0%
Outcome	Average wait time for vacation guide, in days		14	12	11	11
Explanatory	Number of visits to visitor information centers	1,057,327	1,053,403	1,085,736	1,096,594	1,096,594
Outcome	Percent increase in lodger's tax	3.2%	0.43%	0.48%	0.50%	0.50%
* Outcome	Number of return visitors to New Mexico	16,263,000	17,107,000	17,278,070	17,710,021	17,710,021
Outcome	Economic impact of tourism in the state of New Mexico, in billions		\$5.0	\$5.05	\$5.10	\$5.10
Outcome	Unique website visitor sessions	2,585,119	5,085,845	3,100,000	3,200,000	4,000,000
* Output	Print advertising conversion rate	11.8%	23%	20%	25%	25%
* Output	Broadcast conversion rate	23.2%	19.6%	30%	34%	34%
Output	Number of domestic qualified leads generated		9,200	9,300	9,400	9,400
Output	Number of stories placed in the media due to department efforts		140	150	160	160
Output	Number of international qualified leads generated		11,700	11,800	11,900	11,900
Output	Number of stories featured in the media due to external efforts		140	150	160	160

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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,251.7	1,307.5	1,335.5	1,335.5	2.1
Other Transfers	974.6	1,152.9	1,161.7	1,161.7	0.8
SOURCES TOTAL	2,226.3	2,460.4	2,497.2	2,497.2	1.5
USES					
Personal Services and Employee Benefits	261.9	422.6	458.6	458.6	8.5
Contractual Services	165.7	175.0	175.0	175.0	0.0
Other	1,798.4	1,862.8	1,863.6	1,863.6	0.0
TOTAL USES	2,226.0	2,460.4	2,497.2	2,497.2	1.5
FTE					
Permanent	6.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	6.0	7.0	7.0	7.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of distribution channels for purchase of out-of-state off-highway vehicle permits			15	23	23
* Outcome	Number of partnered cooperative advertising applications received	27	28	30	35	35
* Outcome	Pounds of litter removed	1,930,000	1,351,420	5,500,000	2,500,000	2,500,000
Outcome	Number of active New Mexico community scenic byway organizations		11	18	22	22
* Output	Number of off-highway vehicle trails developed			3	3	3
Output	Number of out-of-state off-highway vehicle permits sold			1,000	1,500	1,500
Output	Number of New Mexico community participants and volunteers in New Mexico clean and beautiful clean-up events	48/5,799	77/17,766	60/23,000	63/30,000	63/30,000
Outcome	Value of matching dollars and in-kind contributed to tribes to promote joint Indian tourism activities, in thousands		\$83.5	\$116.0	\$130.0	\$130.0

NEW MEXICO MAGAZINE

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

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	4,212.1	4,255.6	4,268.3	4,266.0	0.2
SOURCES TOTAL	4,212.1	4,255.6	4,268.3	4,266.0	0.2
USES					
Personal Services and Employee Benefits	1,023.7	1,067.6	1,101.1	1,098.8	2.9
Contractual Services	935.2	910.9	972.9	972.9	6.8
Other	2,111.3	2,277.1	2,194.3	2,194.3	-3.6
TOTAL USES	4,070.2	4,255.6	4,268.3	4,266.0	0.2
FTE					
Permanent	18.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	18.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Relative qualified circulation			+/-1%	+/-1%	+/-1%
* Outcome	Circulation rate	106,758	107,870	118,000	118,000	118,000
* Output	Advertising revenue per issue		\$114.9	\$117.0	\$120.6	\$120.6
Output	Collection rate	98%	98%	98.5%	98.5%	98.5%
Efficiency	Net acquisition cost per subscriber	\$1.91	\$1.90	\$1.90	\$1.84	\$1.84

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,600.4	1,604.2	1,994.1	1,654.5	3.1
SOURCES TOTAL	1,600.4	1,604.2	1,994.1	1,654.5	3.1
USES					
Personal Services and Employee Benefits	979.7	941.6	1,370.1	1,061.2	12.7
Contractual Services	64.5	91.9	36.8	36.8	-60.0
Other	555.5	570.7	587.2	556.5	-2.5
TOTAL USES	1,599.7	1,604.2	1,994.1	1,654.5	3.1
FTE					
Permanent	14.0	14.0	21.0	16.0	14.3
TOTAL FTE POSITIONS	14.0	14.0	21.0	16.0	14.3

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Efficiency	Number of repeat audit findings		0	0	0	0
Efficiency	Number of audit findings	3	0	0	0	0
Explanatory	Percent of administrative costs of overall agency operating budget	12%	12%	12%	13%	12%

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-47 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

MISSION:

The mission of the Economic Development Department is to facilitate the creation, retention, and expansion of jobs and increase investment through public/private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexico citizens.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,379.4	7,318.0	10,127.9	8,475.9	15.8
SOURCES TOTAL	6,379.4	7,318.0	10,127.9	8,475.9	15.8
USES					
Personal Services and Employee Benefits	4,042.1	4,342.6	4,745.0	4,367.2	0.6
Contractual Services	1,033.5	1,588.2	3,526.3	2,565.2	61.5
Other	1,303.8	1,387.2	1,856.6	1,543.5	11.3
TOTAL USES	6,379.4	7,318.0	10,127.9	8,475.9	15.8
FTE					
Permanent	68.0	66.0	69.0	67.0	1.5
Term	0.0	0.0	0.5	0.0	***
TOTAL FTE POSITIONS	68.0	66.0	69.5	67.0	1.5

BUDGET ISSUES:

The committee made technical corrections to the agency's request for personal services and employee benefits in accordance with Department of Finance and Administration instructions. Despite a 10.6 percent vacancy rate as of September 1, 2006, the agency request does not assume vacancy savings in FY08. The committee recommendation assumes a 2.1 percent vacancy savings in this category.

The New Mexico Economic Development Partnership (EDP), a 501(c) nonprofit organization created in 2003, is the business recruitment arm of the department. As a nonprofit, the partnership operates outside of the state's procurement and personnel codes and to date has been funded primarily through special appropriations. The partnership is credited with attracting nearly 2,400 jobs to the state, far surpassing its FY06 target. The agency requested and the committee recommends recurring funding in the agency's FY08 budget for the partnership. With \$310 thousand in the agency's base budget request, the committee recommends an expansion of \$1.1 million, for total partnership funding of \$1.4 million.

Laws 2006, Chapter 109, the General Appropriation Act, appropriated \$500 thousand specifically for the MainStreet program, bringing total funding for the MainStreet program budget to more than \$820 thousand. Fifteen communities are full members of MainStreet; another five are start-up communities and another six are satellite communities. By more than doubling the funding in FY07, the program should expand significantly, and the committee recommendation continues this funding in FY08.

Laws 2006, Chapter 111 (HB 622), appropriated \$2 million for distribution to MainStreet communities for improvement projects such as new lighting, landscaping, or building renovation. Laws 2005, Chapter 347 (HB 885), appropriated \$1 million for awards to MainStreet communities, and EDD allocated the funding to Artesia, Clovis, Hobbs, Las Cruces, and Portales. The program likely will seek another significant capital outlay appropriation in the 2007 session.

In FY06 the Job Training Incentive Program (JTIP), formerly in-plant training, significantly expanded the number of grants provided to companies for new employee wages. The \$15.9 million given to 67 companies is a 240 percent increase over FY05. With more companies participating in the program and a statutory requirement to expend one-third of JTIP funds in rural areas,

the committee recommends an expansion of 1 FTE to help administer the program. Nevertheless, the committee remains concerned that the program still does not provide data on the retention of employees whose salaries have been subsidized by the program. The committee expects the department to track this data and report to the Legislature.

The Film Office, nearly autonomous of the department, expanded by 42 percent from FY06 to FY07 and is seeking another expansion in FY08 to meet the demands on its services. The extremely attractive incentive package the state offers to production companies, including a 25 percent refundable tax credit on expenditures and zero interest loans from the State Investment Council, has brought an increasing number of film and media productions to the state.

Citing the confidentiality of proprietary information and arguing that per-film tax credit information would reveal this information, the Taxation and Revenue Department (TRD) is no longer providing the amount of tax credit refunds per film. Instead, TRD will provide this data in aggregate. Other states that provide a similar tax credit on expenditures, such as Louisiana, do provide this information to the public—a policy the committee finds more transparent. The committee urges the department to make the data available to ensure accountability and public support.

At the beginning of FY07 the department, citing a streamlining of publicly funded programs, entered into a joint powers agreement (JPA) with the Technology Research Collaborative (TRC), a consortium of universities funded by the Legislature through special appropriations and capital outlay. The JPA would have transferred department resources to TRC. Although the department identified these programs as duplicative, the JPA has been severed.

The agency budget request shifts 2 FTE from the Technology Commercialization Program and 1 FTE from Program Support to the Economic Development Program, accounting for most of the growth in personal services and employee benefits in this program.

The performance measures for the Technology Commercialization Program and the Office of Mexican Affairs (OMA) are not aligned with agency activities. OMA staff is not focused specifically on job creation, and instead works on the governor's diplomatic activities with Mexico and establishing the New Mexico-Chihuahua Commission. The responsibility for company recruitment along the border has been moved to the partnership.

BASE EXPANSION:

The committee recommends expansion of two programs providing direct economic development services and funding to New Mexico's smaller towns and municipalities. With an additional \$50 thousand for the certified communities program, an initiative to provide \$5 thousand grants to communities to implement economic development strategies, the agency will be able to certify an additional 10 communities, and a total of 35 by FY08.

In FY06, the agency distributed about \$200 thousand in matching grants to 45 communities across the state for direct advertising and marketing. Another \$100 thousand for the program should allow the program to grow by at least 10 grants.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	JTIP 1 FTE	(Econ. Dev.)	74.9	47.9
2	Cooperative advertising	(Econ. Dev.)	300.0	100.0
3	NM economic development partnership	(Prog. Sup.)	1,900.0	1,100.0
4	EDD certified communities certification	(Econ. Dev.)	85.0	50.0
5	Film office expansion, 2 FTE, film council	(Film)	300.0	0.0
6	International trade missions and services	(Econ. Dev.)	100.0	0.0
7	<u>1/2 term economist</u>	<u>(Prog. Sup.)</u>	<u>50.0</u>	<u>0.0</u>
TOTAL			2,809.9	1,297.9

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist the communities in preparing 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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,527.6	3,101.6	3,753.0	3,385.6	9.2
SOURCES TOTAL	2,527.6	3,101.6	3,753.0	3,385.6	9.2
USES					
Personal Services and Employee Benefits	1,280.1	1,534.6	1,844.0	1,761.6	14.8
Contractual Services	625.7	992.5	970.0	870.0	-12.3
Other	621.8	574.5	939.0	754.0	31.2
TOTAL USES	2,527.6	3,101.6	3,753.0	3,385.6	9.2
FTE					
Permanent	23.0	23.0	27.0	27.0	17.4
TOTAL FTE POSITIONS	23.0	23.0	27.0	27.0	17.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Annual net increase in jobs created due to economic development department efforts		6151	3700	4100	5000
* Outcome	Number of rural jobs created	2043	2192	1600	2200	2700
Output	Number of urban jobs created		3959	1500	1900	2300
Outcome	Number of business expansions statewide			60	70	70
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico			18	25	25
* Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	34	35	42	45	45
* Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership		2395	1200	3000	3000
* Outcome	Number of communities certified through the certified communities initiative	20	23	15	47	35
Outcome	Number of jobs created by mainstreet			150	180	180
Outcome	Number of communities participating in mainstreet			25	28	28
Outcome	Number of international trade transactions			20	25	25
Outcome	Number of international consulting sessions with New Mexico companies by office of international trade			300	350	350
Outcome	Number of workers trained by the job training incentive program			3000	4000	4000
Outcome	Number of ISO 9000 trained businesses			15	15	15
Outcome	Number of jobs created by aerospace and aviation companies		269	170	185	200
Output	Number of locates through the economic development partnership	4	9	10	10	10
Outcome	Number of jobs created through business expansions			1100	1100	1100

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 the New Mexico film industry.

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	801.8	1,143.6	1,443.6	1,122.9	-1.8	
SOURCES TOTAL	801.8	1,143.6	1,443.6	1,122.9	-1.8	
USES						
Personal Services and Employee Benefits	522.1	722.2	834.0	673.5	-6.7	
Contractual Services	140.1	69.9	127.1	95.0	35.9	
Other	139.6	351.5	482.5	354.4	0.8	
TOTAL USES	801.8	1,143.6	1,443.6	1,122.9	-1.8	
FTE						
Permanent	10.0	12.0	14.0	12.0	0.0	
TOTAL FTE POSITIONS	10.0	12.0	14.0	12.0	0.0	

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Number of media industry worker days	99,695	161,137	75,000	95,000	110,000
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$271.7	\$350	\$73.5	\$175	\$300
* Outcome	Number of films and media projects principally made in New Mexico	51	72	65	75	80

MEXICAN AFFAIRS

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

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	314.9	317.7	317.7	317.7	0.0	
SOURCES TOTAL	314.9	317.7	317.7	317.7	0.0	
USES						
Personal Services and Employee Benefits	128.9	197.1	201.2	201.2	2.1	
Contractual Services	82.0	30.5	30.5	30.5	0.0	
Other	104.0	90.1	86.0	86.0	-4.6	
TOTAL USES	314.9	317.7	317.7	317.7	0.0	
FTE						
Permanent	3.0	3.0	3.0	3.0	0.0	
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0	

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	\$253	\$166	\$350	\$350	\$350
Outcome	Number of new facilities opened by maquiladora suppliers			6	6	6
Outcome	Number of jobs created by maquiladora suppliers		18	250	275	275
Outcome	Total number of export-related jobs impacted by the trade with Mexico program	>5000		250		

TECHNOLOGY COMMERCIALIZATION

The purpose of the technology commercialization program is to increase the start-up, relocation, and growth of technology-based businesses in New Mexico to give New Mexico citizens the opportunity for high-paying jobs.

		BUDGET SUMMARY (dollars in thousands)				
				FY08 - 2007-2008		Percent Incr (Decr)
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	715.5	345.2	253.7	222.1	-35.7
	SOURCES TOTAL	715.5	345.2	253.7	222.1	-35.7
USES						
	Personal Services and Employee Benefits	593.3	283.0	216.0	184.4	-34.8
	Other	122.2	62.2	37.7	37.7	-39.4
	TOTAL USES	715.5	345.2	253.7	222.1	-35.7
FTE						
	Permanent	8.0	5.0	3.0	3.0	-40.0
	TOTAL FTE POSITIONS	8.0	5.0	3.0	3.0	-40.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Output	Number of technology-based jobs created	475			*	
* Outcome	Ranking of New Mexico in technology intensiveness according to the state science and technology institute index			12		

PROGRAM SUPPORT

The purpose of program support is to provide central direction to agency management processes and fiscal support to agency programs to ensure consistency, continuity and legal compliance.

		BUDGET SUMMARY (dollars in thousands)				
				FY08 - 2007-2008		Percent Incr (Decr)
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	2,019.6	2,409.9	4,359.9	3,427.6	42.2
	SOURCES TOTAL	2,019.6	2,409.9	4,359.9	3,427.6	42.2
USES						
	Personal Services and Employee Benefits	1,517.7	1,605.7	1,649.8	1,546.5	-3.7
	Contractual Services	185.7	495.3	2,398.7	1,569.7	216.9
	Other	316.2	308.9	311.4	311.4	0.8
	TOTAL USES	2,019.6	2,409.9	4,359.9	3,427.6	42.2
FTE						
	Permanent	24.0	23.0	22.0	22.0	-4.3
	Term	0.0	0.0	0.5	0.0	***
	TOTAL FTE POSITIONS	24.0	23.0	22.5	22.0	-4.3

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Efficiency	Time to fill vacant positions				60	60

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, 60-3A-1 through 60-8A-19, and 60-2B-1 through 60-2B-14 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with the responsibility to enforce and administer laws, rules, regulations and codes, relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, and alcohol. Through executive orders and legislative mandates, the department has gained the responsibility of licensing and enforcement for 29 professional boards and commissions.

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

RLD regulates the construction, manufactured housing, financial institutions, securities dealers, and alcohol and gaming industries, as well as the activities represented by 28 occupational or professional boards.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	13,148.6	15,352.9	17,024.8	15,536.3	1.2
Other Transfers	842.4	1,132.4	1,043.0	1,034.5	-8.6
Federal Revenues	109.0	109.0	109.0	109.0	0.0
Other Revenues	6,886.6	7,173.9	7,372.4	7,124.3	-0.7
Fund Balance	371.5	682.0	2,139.2	1,442.3	111.5
SOURCES TOTAL	21,358.1	24,450.2	27,688.4	25,246.4	3.3
USES					
Personal Services and Employee Benefits	15,036.3	17,868.6	18,944.3	17,967.0	0.6
Contractual Services	544.3	1,140.5	1,847.3	1,233.1	8.1
Other	3,322.1	4,473.8	5,671.2	4,820.7	7.8
Other Financing Uses	725.6	967.3	1,225.6	1,225.6	26.7
TOTAL USES	19,628.3	24,450.2	27,688.4	25,246.4	3.3
FTE					
Permanent	281.6	308.5	324.5	310.5	0.6
Term	1.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	282.6	312.5	328.5	314.5	0.6

BUDGET ISSUES:

RLD requested a significant increase in the other category for expenses associated with the cost of fuel using an estimate of \$2.85 per gallon. The department anticipates that the Construction Industries and Manufacturing Housing and Financial Institutions and Securities divisions will be particularly hard hit due to the high mileage driven by the divisions to fulfill their inspection duties. Other increases are due to rising General Service Department rates and increases in services. The LFC recommendation does not provide for the requested increases for fuel at the rate of \$2.85 per gallon because evidence suggests gas prices have dropped below the FY07 forecast of \$2.85 per gallon and below FY06 actual expenditures when gas peaked at over \$3 per gallon.

The Construction Industries Division (CID) appropriation for FY07 increased by \$1.2 million and 17 FTE. The vacancy rate for the Construction Industries and Manufactured Housing Program continues to be over 5 percent. The division reports that costs of fuel, inspector salaries, e-commerce (to sell permits online), and technology upgrades have all increased. Now, CID reports it must hold open 9 to 12 positions to avoid a deficit of more than \$700 thousand. LFC recommends taking a 3 percent vacancy rate.

The Financial Institutions Division (FID) request for \$1.8 million, a 10.9 percent increase over FY07, includes \$173 thousand for 3 expansion FTE and \$31 thousand for contractual services to increase the number of financial institutional examiners. The LFC

recommendation for \$1.6 million total funding. This does not include funding for either the expansion request or the contractual services request. The division has experienced a high vacancy rate of 14 percent and accumulated a large amount of vacancy savings. Prior to recommending funding for additional expansion positions, the committee recommends the division reduce the current vacancy rate.

The Office of the Superintendent request for \$1 million, a 58.3 percent increase over FY07, consists of \$350 thousand of expansion requests and \$195 thousand in contractual service increases. The Superintendent's Office requested \$80 thousand to hire one additional staff attorney and \$28 thousand to hire a paralegal. Additional requests of \$34.2 thousand were made to cover the benefits of these employees and \$7 thousand to cover office equipment such as new computers and printers. Approximately \$12 thousand was requested to cover travel expenses incurred by prosecutors and assistants as they try cases throughout the state. The LFC recommendation for \$741.9 thousand for FY08, an increase of 7.5 percent over FY07, does not include funding for expansion.

The Alcohol and Gaming Division is expecting increases in hearings for FY08, as well as a higher volume of requests for formal hearings in response to administrative citations issued for violations of the Liquor Control Act. The governor's task force on liquor control has ordered a review of all administrative citations pending and expects hearings to take place. As a result, the Alcohol and Gaming Board requested \$60 thousand to be used to contract with hearing officers. The LFC recommendation for the Alcohol and Gaming Division includes \$40 thousand to cover costs for hearing officers and a 7 percent overall increase to cover costs of increased hearings and statewide travel.

The LFC recommendation for the Athletic Commission is higher due to salary increases and projected increases of sporting events. As event activity increases, more precautions are necessary to ensure the safety of the sportsmen and all those involved.

The Board of Pharmacy reports increased requests are due to rising hearing and transportation costs; however, little information was provided justifying the full increase request. The LFC recommendation for \$1.6 million, is a 10 percent increase over FY07.

The Real Estate Commission reports that revenues exceeded expenditures by more than \$640 thousand in FY06, primarily due to the large influx of real estate broker applications prior to more stringent licensing requirements taking effect on January 1, 2006. These revenues are not likely to recur. As a result, for FY08 the Real Estate Commission requests using \$597 thousand of the increased funds to improve the commission's broker education program by creating telecommunication and information service capabilities that reach rural New Mexico. The request reports a need to improve the licensing, complaint, and investigative processes. Other increases in the Real Estate Commission's budget fall under the other costs category and consist primarily of increases in per diem, mileage, meals, fares for commissioners, staff, instructors to undertake an educational outreach program, rental of equipment and facilities to conduct outreach activities, and printing and photography to produce educational materials. The committee does not recommend full funding for FY08 or until such time as the revenue source stabilizes and can be considered recurring.

BASE EXPANSION:

RLD has requested 16 permanent positions. Of these requests, LFC recommends two permanent expansions. The recommendations for additional FTE are due to the program requesting the expansion having a high vacancy rate or because the expansion was not consistent with LFC priorities.

LFC recommends a portion of the Securities Industries Division's expansion request. The Securities Division is requesting \$191 thousand in general fund for 3 FTE expansions. The agency reports the need for a senior special agent and one paralegal, along with the necessary equipment for the positions. LFC recommends \$57 thousand for the special agent expansion to meet the demand of investigative and prosecutorial resources available to the division. The division reports it takes 1 attorney FTE and 2 investigator FTE working full time anywhere from one to three months to prosecute a case. The division currently has 2.5 investigative FTE to facilitate the criminal investigations. To increase the number of prosecutions, LFC recommends the additional investigative support.

LFC recommends \$38.6 thousand in fund balance be used for a 1 FTE expansion for the securities education and training program. The division has requested a public relation specialist for the division's investor education program. The division reports this position will further its strategic plan twofold: one, by ensuring criminal convictions obtained by the enforcement section get the widest amount of publicity possible to warn consumers about the serious criminal consequences to investment fraud; and two to increase the number of seminars and variety of presentations conducted for the public.

REGULATION AND LICENSING DEPARTMENT

420

The Real Estate Commission is requesting a \$597 thousand expansion from its fund balance for FY08. The expansion request consists of \$176 thousand for personal services and employee benefits, \$207.2 thousand for contractual services, and \$83.4 thousand for other costs. The LFC recommendation does not include funding for the 4 FTE. LFC recommends \$159.5 thousand in contractual services to cover the costs of the commission's broker education program. The contractual services expansion consists of a variety of contractual services including software customization (\$30 thousand), real estate course development, videotaping capability (\$78 thousand), attorney fees (\$30 thousand), hearing officer services (\$20 thousand), professional survey research (\$8 thousand), printing (\$8 thousand), and consumer education (\$20 thousand).

BASE EXPANSION LISTING FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
a1	Staff (6 term FTE)	(FID/SID)	385.4	109.0
a2	Financial institutions examiners on contract	(FID/SID)	31.2	0.0
b1	Hearing officer on contract	(Alcohol)	60.0	40.0
b2	Advertising campaign	(Alcohol)	7.5	7.5
c1	Support staff (4 FTE)	(Prog.Sup)	438.5	0.0
c2	Investigation and hearings	(Prog.Sup)	180.0	0.0
c3	Attorney fees	(Prog.Sup)	15.0	0.0
c4	Information technology	(Prog.Sup)	62.5	0.0
d1	Barber/cosmotology board staff (1 FTE)	(Boards)	48.0	0.0
d2	Chiropractic board staff (1 FTE)	(Boards)	35.6	0.0
d3	Real estate commission staff (4FTE)	(Boards)	297.5	0.0
d4	Real estate commission consumer education	(Boards)	209.5	109.5
d5	Real estate commission attorney fees	(Boards)	50.0	30.0
d6	Real estate commission printing	(Boards)	40.0	20.0
TOTAL			1,860.7	316.0

BOARDS AND COMMISSIONS

BUDGET SUMMARY (dollars in thousands)

		<u>FY08 - 2007-2008</u>			
	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	6,416.6	6,909.5	7,086.9	6,838.8	-1.0
Fund Balance	287.7	360.3	1,763.5	1,066.6	196.0
SOURCES TOTAL	6,704.3	7,269.8	8,850.4	7,905.4	8.7
USES					
Personal Services and Employee Benefits	3,404.5	4,253.0	4,823.5	4,460.7	4.9
Contractual Services	277.2	556.9	979.5	676.5	21.5
Other	1,286.2	1,492.6	1,821.8	1,542.6	3.3
Other Financing Uses	725.6	967.3	1,225.6	1,225.6	26.7
TOTAL USES	5,693.5	7,269.8	8,850.4	7,905.4	8.7
FTE					
Permanent	74.8	80.8	86.8	80.8	0.0
TOTAL FTE POSITIONS	74.8	80.8	86.8	80.8	0.0

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)

		FY08 - 2007-2008			
		FY06	FY07	Agency	Percent
		2005-2006	2006-2007	Request	Incr
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	7,465.6	9,169.8	9,643.0	0.4
	Other Transfers	0.0	112.4	112.4	0.0
	Federal Revenues	109.0	109.0	109.0	0.0
	Other Revenues	100.0	100.0	100.0	0.0
	SOURCES TOTAL	7,674.6	9,491.2	9,964.4	0.4
USES					
	Personal Services and Employee Benefits	6,252.4	7,631.1	7,592.0	-2.6
	Contractual Services	16.0	60.2	60.2	0.0
	Other	1,043.8	1,799.9	2,312.2	13.0
	TOTAL USES	7,312.2	9,491.2	9,964.4	0.4
FTE					
	Permanent	115.1	134.0	134.0	0.0
	Term	1.0	3.0	3.0	0.0
	TOTAL FTE POSITIONS	116.1	137.0	137.0	0.0

PERFORMANCE MEASURES

		FY05	FY06	FY07	FY08	FY08
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	100%	100%	90%	90%	90%
Outcome	Percent of permitted manufactured housing projects inspected	100%	90%	90%	90%	100%
* Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	85%	100%	80%	80%	90%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction		100%			
Efficiency	Percent of inspections completed within forty-eight hours of receipt of request				90%	90%
Efficiency	Percent of inspections completed within twenty-four hours of receipt of request				40%	40%
Output	Percent of increase of unlicensed contractors identified and brought into compliance				10%	10%

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,697.1	2,954.0	3,297.1	2,983.5	1.0
Other Revenues	370.0	122.9	120.0	120.0	-2.4
Fund Balance	83.8	321.7	375.7	375.7	16.8
SOURCES TOTAL	3,150.9	3,398.6	3,792.8	3,479.2	2.4
USES					
Personal Services and Employee Benefits	2,443.8	2,761.2	2,914.8	2,758.8	-0.1
Contractual Services	98.7	205.8	238.5	207.3	0.7
Other	331.3	431.6	639.5	513.1	18.9
TOTAL USES	2,873.8	3,398.6	3,792.8	3,479.2	2.4
FTE					
Permanent	41.0	43.0	49.0	45.0	4.7
TOTAL FTE POSITIONS	41.0	43.0	49.0	45.0	4.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	91%	99.8%	90%	90%	93%
Outcome	Percent of all mutual fund filings processed within ten business days	100%	100%	90%	90%	90%
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	77%	100%	90%	90%	100%
Output	Average number of days to resolve a financial institution's complaint			365	365	365
Output	Average number of days to resolve a securities complaint			25	25	25

ALCOHOL AND GAMING DIVISION

The purpose of the alcohol and gaming program is to regulate the sale, service, and public consumption of alcoholic beverages; regulate the holding, operating and conducting of certain games of chance by licensing qualified people; and in cooperation with the department of public safety, enforce the Liquor Control Act and the Bingo and Raffle Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	855.7	887.1	976.4	952.6	7.4	
SOURCES TOTAL	855.7	887.1	976.4	952.6	7.4	
USES						
Personal Services and Employee Benefits	735.1	837.8	839.1	839.1	0.2	
Contractual Services	0.0	1.8	62.1	42.1	2,238.9	
Other	96.7	47.5	75.2	71.4	50.3	
TOTAL USES	831.8	887.1	976.4	952.6	7.4	
FTE						
Permanent	15.0	15.0	15.0	15.0	0.0	
TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0	

PERFORMANCE MEASURES						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Number of days to process a license application that requires a hearing	120	125	120	120	120
* Output	Number of days to resolve an administrative citation	46	48	46	65	46
* Outcome	Number of days to issue new or transfer liquor licenses	125	117	125	125	125

PROGRAM SUPPORT

The purpose of the program support program is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	2,130.2	2,342.0	3,108.3	2,395.3	2.3	
Other Transfers	842.4	1,020.0	930.6	922.1	-9.6	
Other Revenues	0.0	41.5	65.5	65.5	57.8	
SOURCES TOTAL	2,972.6	3,403.5	4,104.4	3,382.9	-0.6	
USES						
Personal Services and Employee Benefits	2,200.5	2,385.5	2,774.9	2,475.4	3.8	
Contractual Services	152.4	315.8	507.0	247.0	-21.8	
Other	564.1	702.2	822.5	660.5	-5.9	
TOTAL USES	2,917.0	3,403.5	4,104.4	3,382.9	-0.6	
FTE						
Permanent	35.7	35.7	39.7	35.7	0.0	
Term	0.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	35.7	36.7	40.7	36.7	0.0	

		PERFORMANCE MEASURES				
		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of prior-year audit findings resolved	100%	100%	100%	100%	100%
Outcome	Percent of agency performance measures achieved			90%	90%	100%
Output	Percent of payment vouchers submitted to and approved by the department of finance and administration within seven days of receipt from vendor	90%	90%	90%	90%	95%
Output	Percent of information service support tasks completed within the timeframe requested	100%	75%	90%	90%	90%
Quality	Percent of accurate payroll entries and personnel information into human resource management system		90%	90%	90%	99%
Quality	Percent of customers satisfied with information service internal support services	100%	75%	90%	90%	90%
Outcome	Percent of information service support tasks completed within timeframe requested			90%	90%	90%

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.

ACUPUNCTURE AND ORIENTAL MEDICINE BOARD

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of phone calls returned within twenty-four hours	100%	100%	85%	90%	95%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24

ATHLETIC COMMISSION

The purpose of the 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	85%	90%	95%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Efficiency	Percent of complaints processed and adjudicated annually	98%	100%	100%	100%	100%

ATHLETIC TRAINERS BOARD

The purpose of the athletic trainers 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	85%	90%	95%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	90%

BARBERS AND COSMETOLOGY BOARD

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	85%	90%

CHIROPRACTIC EXAMINERS BOARD

The purpose of the chiropractic 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	90%	90%	95%

COUNSELING AND THERAPY BOARD

The purpose of the counseling and 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	90%	90%	95%

DENTAL HEALTH CARE BOARD

The purpose of the dental health care board 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	90%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

MASSAGE THERAPY BOARD

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	20
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30	25
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

OCCUPATIONAL THERAPY PRACTICE BOARD

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

OSTEOPATHIC MEDICAL EXAMINERS BOARD

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Outcome	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

PHARMACY BOARD

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
* Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

PODIATRY BOARD

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

PRIVATE INVESTIGATORS AND POLYGRAPHERS BOARD

The purpose of the private investigators and polygraphers 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

PSYCHOLOGIST EXAMINERS BOARD

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%
Outcome	Percent of complaints processed and adjudicated annually		90%	85%	90%	90%

REAL ESTATE COMMISSION

The purpose of the real estate commission 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

RESPIRATORY CARE BOARD

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

SOCIAL WORK EXAMINERS BOARD

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

		PERFORMANCE MEASURES				
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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				
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Outcome	Percent of complaints processed and adjudicated annually		100%	85%	90%	95%
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

THANATOPRACTICE BOARD

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				
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5	5	5	5	5
Outcome	Percent of complaints processed and adjudicated annually		100%	85%	90%	95%
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30	30
Output	Percent of complaints reviewed and processed annually	100%	100%	85%	90%	95%

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 the PRC is to regulate utilities, telecommunications, motor carriers, and insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law; to promote public safety through the state fire marshal, the firefighter training academy, and pipeline safety bureau; and to register all corporations doing business in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10,279.1	10,815.5	11,525.5	10,408.7	-3.8
Other Transfers	5,072.8	5,269.3	8,791.9	7,499.5	42.3
Federal Revenues	428.4	399.1	495.8	495.8	24.2
Fund Balance	15,172.3	16,436.6	15,709.4	14,922.3	-9.2
SOURCES TOTAL	30,952.6	32,920.5	36,522.6	33,326.3	1.2
USES					
Personal Services and Employee Benefits	15,216.2	16,847.0	20,235.0	17,794.1	5.6
Contractual Services	1,315.8	1,182.3	1,639.6	1,522.9	28.8
Other	13,822.5	14,659.7	14,397.0	13,767.8	-6.1
Other Financing Uses	225.0	231.5	251.0	241.5	4.3
TOTAL USES	30,579.5	32,920.5	36,522.6	33,326.3	1.2
FTE					
Permanent	268.9	275.0	294.0	280.0	1.8
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	269.9	276.0	295.0	281.0	1.8

BUDGET ISSUES:

The committee made technical corrections to the agency's request for personal services and employee benefits in accordance with Department of Finance and Administration (DFA) instructions. In particular, the agency requested funding for all vacant positions at the mid-point of the salary range.

The agency has made progress in reducing its vacancy rate over the past year, falling from 13.7 percent in September 2005 to 7.9 percent in September 2006. The committee recommendation assumes a 3.2 percent vacancy savings in FY08, significantly lower than the agency's historical vacancy rate of about 9 percent.

Most of the agency's employees are housed in Public Employees Retirement Association (PERA) building. With the sale of the PERA building to the state, PRC will no longer need to pay about \$800 thousand in rent in FY08. About half of the rent was paid with general fund revenue and the other half with other state fund revenue in the insurance program. Laws 2006, Chapter 109, Section 11, Subsection B, requires DFA to reduce the general fund appropriation by \$400 thousand to reflect rent savings from the purchase, or a pro-rated amount if sold after July 1, 2006. The FY07 operating budget was not reduced to reflect these rent savings because the sale did not occur before July 1, 2006. The agency appropriately did not request funding for rent in FY08, but it did increase the funding request in other categories, especially personal services and employee benefits.

In addition, the 2006 General Appropriation Act (GAA) authorized the General Services Department (GSD) to pay the full rent at Marian Hall in FY07, allowing the agency to use more than \$310 thousand in rent savings for other purposes. Neither GSD or PRC requested rent for Marian Hall in FY08, but the committee recommends reauthorizing rent payment by GSD for Marian Hall.

With rent savings from Marian Hall and PERA buildings at about \$710 thousand in FY08, LFC recommends reducing the general fund appropriation by \$406 thousand and shifting more than \$300 thousand in rent savings into both personal services and employee benefits and contractual services categories to meet agency needs.

In the Insurance Policy Program, the agency requested using the \$385 thousand in rent savings at the PERA building for other purposes. The committee recommendation in this program provides additional money for contracts and overtime and on-call pay but reduces the other costs category by \$243 thousand.

The agency requested a significant expansion of the Public Safety Program, which includes the State Fire Marshal's Office (SFMO), the State Firefighters Training Academy (SFTA), and the Pipeline Safety Bureau. The committee recognizes the need for additional funding at the academy for better maintenance of its training facilities. The committee recommends an expansion of 1 instructor FTE at the academy. For the State Fire Marshal's Office the committee recommends 3 new FTE, including one training and development specialist to continue audit and training work to improve Insurance Service Office (ISO) ratings of fire departments throughout the state and two fire inspectors to improve inspections and fire code enforcement.

Laws 2006, Chapter 103 (House Bill 497), partially vetoed by the governor, increased distributions from the fire protection fund to fire districts, thus reducing the reversion to the general fund by \$7.9 million in FY08. In the 2006 GAA, the Legislature appropriated a \$2 million special appropriation to SFMO for distribution to poorly rated districts. As of December 2006, a plan for allocating that funding had not been developed.

With a new superintendent of insurance, the Insurance Policy Program, which has operated with significant autonomy from PRC, is likely to undergo some changes in FY07. The agency reports that an outside consultant will review the program's operations and make recommendations. A 2005 LFC performance audit noted weaknesses in the collection of insurance premium taxes, particularly in the database and workload of staff. The committee recommends an expansion of one revenue account auditor to reduce workload and improve the revenue auditing. The agency continues to make improvements to the IDEAL software database.

Two lawsuits have been filed against the commissioners, the chief of staff, and the former superintendent citing inappropriate rate setting for title insurance. Litigation is ongoing and the commission maintains that rates are set in accordance with statute and the New Mexico Constitution.

PRC performance measures are generally meaningful and useful indicators of agency activities and performance. The committee recommends targets for several measures in the Policy and Regulation Program that were not requested by the agency, such as a comparison of New Mexico and other state electricity rates. The committee also recommends higher targets for several measures in the Public Safety Program that will be impacted by committee-recommended expansions.

BASE EXPANSION:

PRC requested a substantial increase to raise salaries to mid-point of salary ranges across the agency and \$90.5 thousand from the general fund to pay for the reclassification of 19 employees who are performing duties at higher levels. The Department of Finance and Administration denied the reclassification due to concern about the lack of budget in FY07. The committee recommends the full Legislature consider this request because the agency did not provide documentation from the State Personnel Office in time for the committee's consideration.

The committee recommends additional funding for operating costs across the agency. The expansion will address information technology maintenance contracts and overtime and on-call pay.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission in the personal services and employee benefits category includes forty-five thousand four hundred dollars (\$45,400) from the pipeline safety fund and ninety thousand seven hundred dollars (\$90,700) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-one thousand one hundred dollars (\$41,100) from the title insurance maintenance assessment fund, one hundred two thousand eight hundred dollars (\$102,800) from the insurance fraud fund, four hundred twenty-eight thousand one hundred dollars (\$428,100) from the agents' surcharge fund, two hundred forty-one thousand five hundred dollars (\$241,500) from the patients' compensation fund, eight thousand six hundred dollars (\$8,600) from the fire protection fund, and four million one hundred ninety-five thousand eight hundred dollars (\$4,195,800) from the insurance operations fund.

The other state fund appropriations to the insurance policy program of the public regulation commission include one million ninety-seven thousand six hundred dollars (\$1,097,600) from the insurance fraud fund and two hundred thirty thousand one hundred dollars (\$230,100) from the title insurance maintenance assessment fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million two hundred three thousand nine hundred dollars (\$2,203,900) 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-two thousand three hundred dollars (\$1,492,300) 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 seven hundred forty-two thousand dollars (\$742,000) 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 two hundred thirty-eight thousand nine hundred dollars (\$238,900) from the fire protection fund, sixty-nine thousand one hundred dollars (\$69,100) from the insurance fraud fund, one hundred twenty thousand dollars (\$120,000) from the reproduction fund, thirty-eight thousand nine hundred dollars (\$38,900) from the title insurance maintenance assessment fund, and thirteen thousand dollars (\$13,000) from the patient's compensation fund.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Internal salary alignment to midpoint	(Various)	490.9	0.0
2	Increased operating costs	(Various)	188.6	188.6
3	Reclassify office clerks	(P611, P613)	90.5	0.0
4	1 FTE -- EEO training coordinator	(P613)	59.4	0.0
5	1 FTE -- legal support worker	(P611)	49.6	0.0
6	1 FTE -- revenue account auditor	(P675)	59.1	41.8
7	2 FTE -- insurance analysis and investigation	(P675)	118.2	0.0
8	3 FTE -- FFTA instructors and support	(P612)	159.0	44.8
9	10 FTE -- state fire marshal's office	(P612)	652.2	123.3
TOTAL			1,867.5	398.5

POLICY AND REGULATION

The purpose of the policy and regulation program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provisions of adequate and reliable services at fair, just and reasonable rates so that the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>			
	<u>FY06</u> <u>2005-2006</u> <u>Actuals</u>	<u>FY07</u> <u>2006-2007</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	7,407.5	7,858.9	8,392.5	7,581.5	-3.5
Other Transfers	12.5	13.0	136.1	136.1	946.9
SOURCES TOTAL	7,420.0	7,871.9	8,528.6	7,717.6	-2.0
USES					
Personal Services and Employee Benefits	5,899.1	6,276.4	7,436.0	6,720.2	7.1
Contractual Services	170.8	170.3	299.2	256.1	50.4
Other	1,279.3	1,425.2	793.4	741.3	-48.0
TOTAL USES	7,349.2	7,871.9	8,528.6	7,717.6	-2.0
FTE					
Permanent	85.6	89.7	91.7	89.7	0.0
TOTAL FTE POSITIONS	85.6	89.7	91.7	89.7	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Average commercial electric rate comparison between major New Mexico utilities and selected utilities in regional western states	-4.9%	+/-5%	+/-5%		+/-5%
* Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%		100%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands		1687.0	1,800	1,800	1,800
Outcome	Percent of docketed cases closed in a fiscal year		76.9%	75%	75%	75%
* Output	Number of formal complaints processed by the transportation division	82		70		70
Output	Number of docketed cases completed	223	355	223		
* Efficiency	Average number of days for a rate case to reach final order	184.9	196	210		<230
Explanatory	Number of docketed cases opened in a fiscal year		481	400	400	400

PUBLIC SAFETY

The purpose of the public safety program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire and pipeline hazards and other risks as assigned to the public regulation commission.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	3,508.4	4,086.2	5,878.0	4,733.7	15.8
Federal Revenues	428.4	399.1	495.8	495.8	24.2
SOURCES TOTAL	3,936.8	4,485.3	6,373.8	5,229.5	16.6
USES					
Personal Services and Employee Benefits	2,384.3	2,767.6	3,980.6	3,138.9	13.4
Contractual Services	191.0	280.2	343.0	319.6	14.1
Other	1,361.5	1,437.5	2,050.2	1,771.0	23.2
TOTAL USES	3,936.8	4,485.3	6,373.8	5,229.5	16.6
FTE					
Permanent	47.3	47.3	60.3	51.3	8.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	48.3	48.3	61.3	52.3	8.3

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of fire departments' insurance service office (ISO) ratings of nine or ten that have been reviewed by survey or audit	67%	100%	75%	75%	90%
Outcome	Percent of statewide fire district with insurance office ratings of eight or better		53%			65%
* Output	Number of personnel completing training through the state firefighter training academy	3,493	3101	3,700	3,700	3,700
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	50%	50%	50%	50%	60%
Output	Number of inspection and audit hours performed by the state fire marshal's office	48,774	17854	25,302	17,000	25,000
Output	Number of inspection and audit hours performed by the pipeline safety bureau		8342	8,000	8,000	9,000
Quality	Pass rate for state certification exams administered by the state firefighter academy	75%	95%	75%	75%	85%
Explanatory	Number of fire districts receiving a distribution from the fire protection fund		390	390	390	390
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	77,440	79879	143,000		

INSURANCE POLICY

The purpose of the insurance policy program is to assure easy public access to reliable insurance products that meet consumers' needs, are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	1,197.5	802.6	2,297.9	2,149.8	167.9
Fund Balance	4,955.5	5,841.1	4,973.4	4,195.8	-28.2
SOURCES TOTAL	6,153.0	6,643.7	7,271.3	6,345.6	-4.5
USES					
Personal Services and Employee Benefits	4,540.1	5,254.6	5,751.9	5,160.3	-1.8
Contractual Services	625.8	353.2	442.9	392.7	11.2
Other	987.1	1,035.9	1,076.5	792.6	-23.5
TOTAL USES	6,153.0	6,643.7	7,271.3	6,345.6	-4.5
FTE					
Permanent	84.0	86.0	89.0	87.0	1.2
TOTAL FTE POSITIONS	84.0	86.0	89.0	87.0	1.2

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees	100%				90%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	64.8%	68%	60%	60%	70%
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	100%	93%	80%	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%	80%	80%	100%
Output	Percent of producer applications, appointments and renewals processed within ten business days	40%	40%	75%	75%	75%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum	100%	100%	100%	100%	100%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	90%	90%	95%
* Output	Percent of form and rate filings processed within ninety days	100%	100%	90%	90%	95%
Output	Number of managed healthcare outreach presentations conducted annually	128	93	100	100	100
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	78%	80%	80%	80%	85%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,871.6	2,956.6	3,133.0	2,827.2	-4.4
Other Transfers	354.4	367.5	479.9	479.9	30.6
SOURCES TOTAL	3,226.0	3,324.1	3,612.9	3,307.1	-0.5
USES					
Personal Services and Employee Benefits	2,392.7	2,548.4	3,066.5	2,774.7	8.9
Contractual Services	58.4	78.6	119.5	119.5	52.0
Other	472.6	697.1	426.9	412.9	-40.8
TOTAL USES	2,923.7	3,324.1	3,612.9	3,307.1	-0.5
FTE					
Permanent	52.0	52.0	53.0	52.0	0.0
TOTAL FTE POSITIONS	52.0	52.0	53.0	52.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	100%	0	100%	100%	100%
Outcome	Opinion of previous fiscal year independent agency audit		Unqual.	Unqual.	Unqual.	Unqual.
Outcome	Percent of prior-year audit findings eliminated		100%	100%	100%	100%
Output	Percent of corporate certificates issued within statutory deadlines	100%	100%	100%	100%	100%
Efficiency	Percent of fully functional information technology applications systems	100%	100%	100%	100%	100%
Explanatory Outcome	Number of prior-year audit findings		8	6	4	0
	Percent reduction of information systems division costs and services for the agency		0%		*	
Outcome	Percent of total outstanding corporate revocations processed	100%	50%	100%	*	
Output	Number of prior-year audit findings eliminated		8	6	*	

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 examiners is to protect the public from the improper, unprofessional, incompetent, and unlawful practice of medicine by implementing and enforcing the laws and regulations controlling the granting and use of the privilege to practice medicine.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	1,086.5	1,201.3	1,390.0	1,390.0	15.7
Fund Balance	157.6	209.1	70.6	64.5	-69.2
SOURCES TOTAL	1,244.1	1,410.4	1,460.6	1,454.5	3.1
USES					
Personal Services and Employee Benefits	695.0	815.1	867.4	862.1	5.8
Contractual Services	223.1	282.2	305.1	305.1	8.1
Other	286.0	273.1	288.1	287.3	5.2
Other Financing Uses	40.0	40.0	0.0	0.0	-100.0
TOTAL USES	1,244.1	1,410.4	1,460.6	1,454.5	3.1
FTE					
Permanent	12.0	12.0	13.5	13.5	12.5
TOTAL FTE POSITIONS	12.0	12.0	13.5	13.5	12.5

BUDGET ISSUES:

The board has chosen to expend \$40 thousand for information technology services in support of License 2000 directly with a vendor rather than continue to pay for these services from the Regulation and Licensing Department as the board has done for the past two years. It is the board's contention that implementation of the software will be greatly expedited through an outside vendor.

In FY07 190 new complaints were filed. This represents a 52 percent increase over FY06.

BASE EXPANSION:

The board is proposing to expand staff by 1.5 FTE due to increased work load. A 0.5 FTE will be used to perform human resource and benefits activities and 1 FTE will be used as a licensing clerk. This is directly related to the increase in the number of physician applications being received and the board's decision to conduct background checks on all new applicants. Applications for new physician licensure grew by 175 percent from a FY05 level of 325 to 893 in FY06. LFC supports this request.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Human resources (0.5 FTE)	(P676)	21.0	21.0
2	Licensing (1 FTE)	(P676)	29.2	29.2
TOTAL			50.2	50.2

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to medical doctors, physician assistants, and anesthesiologist assistants and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of consumers provided with information through written license verification and website access	956,245	1,450,303	1,000,000	1,500,000	1,500,000
* Output	Number of tri-annual physician licenses issued or renewed	2,787	3,010	4,000	3,623	3,623
* Output	Number of biennial physician assistant licenses issued or renewed	411	221	450	309	309
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	13	1	13	5	5
Output	Number of complaints resolved within 12 months	105	154	115	160	160
Output	Number of participants in monitored treatment program	41	55	52	55	55
Outcome	Percent of participants who relapse	6%	3.5%	10%	10%	10%
Outcome	Number of days to issue a physician license	80	85	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)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	1,183.2	1,308.9	1,700.8	1,701.9	30.0
SOURCES TOTAL	1,183.2	1,308.9	1,700.8	1,701.9	30.0
USES					
Personal Services and Employee Benefits	784.3	856.7	1,015.4	1,016.2	18.6
Contractual Services	21.8	56.5	195.5	195.5	246.0
Other	337.1	395.7	489.9	490.2	23.9
Other Financing Uses	40.0	0.0	0.0	0.0	***
TOTAL USES	1,183.2	1,308.9	1,700.8	1,701.9	30.0
FTE					
Permanent	14.0	15.0	18.0	18.0	20.0
TOTAL FTE POSITIONS	14.0	15.0	18.0	18.0	20.0

BUDGET ISSUES:

The board will no longer be providing \$40 thousand to the Regulation and Licensing Department (RLD) for services regarding License 2000. Instead it is proposing to add an FTE to handle this activity in addition to contracting for information technology (IT) services to get the system completely operational by the end of FY08. The board indicates that the level of support received from RLD has been inadequate and has delayed the full implementation of the License 2000 software for online registration. The board is requesting a one-time appropriation of \$65 thousand to allow it to contract for IT services to provide for the complete implementation of the License 2000 software and enhancements to the database in FY08. The LFC supports this request.

The board is projected to have a fund balance of \$2.2 million at the end of FY07. The committee recommends a review of the fee structure in light of the strong growth being experienced in fee revenue.

BASE EXPANSION:

The nursing board proposes to add 3 FTE. This includes two licensing clerks to handle increased licensure activity projected with the 10,000 to 15,000 additional nursing certificate holders that will be added to the board's regulatory oversight. The third FTE, for IT, would be responsible for services currently being provided by the General Services Department (GSD) and RLD. This FTE will be responsible for all ongoing system maintenance currently provided by both GSD and RLD. Due to the location of the board in Albuquerque, the response time for resolving day-to-day issues is inadequate from either agency. If approved, the board would no longer provide RLD with \$40 thousand for License 2000 services. LFC supports this request.

The board is requesting to increase contractual services by \$80 thousand for attorney services due to increased activity in disciplinary activity throughout the state. The volume of activity is such that the attorney assigned from the Attorney General's Office has been stretched to maintain the caseload. LFC supports this request.

RECOMMENDED LANGUAGE:

The board of nursing may request budget increases from other state funds up to one hundred thousand dollars (\$100,000) to pay qualifying organizations from the nursing excellence fund.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Attorney Services	(P677)	80.0	80.0
1	<u>3.0 FTE for licensing and IT services</u>	<u>(P677)</u>	<u>123.0</u>	<u>123.0</u>
TOTAL			203.0	203.0

* The department included this item in the base request. The LFC considers the item to be expansion and has extracted it from the base.

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 can provide competent and professional healthcare services to consumers.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Number of licenses issued	11,099	11,885	11,000	11,500	11,500
Outcome	Percent of programs in full compliance	95%	98%	95%	95%	95%
Quality	Number of public information announcements	3	6	3	4	4
Efficiency	Number of months to resolution of disciplinary matter	6	5	6	6	6
Output	Number of rule reviews	1	2	2	2	2
Efficiency	Number of days to issue a nurse license	11.8	12	14	14	14

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in and governed by Sections 16-6-1 through 16-6-22 NMSA 1978.

MISSION:

The mission of the State Fair is to professionally operate year-round events and entertainment and to maintain event venues for public use and benefit that help build the infrastructure for the annual New Mexico State Fair.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	1,213.6	697.0	696.0	696.0	-0.1
Other Revenues	13,776.1	13,865.5	14,350.0	14,169.6	2.2
Fund Balance	334.3	0.0	0.0	0.0	***
SOURCES TOTAL	15,324.0	14,562.5	15,046.0	14,865.6	2.1
USES					
Personal Services and Employee Benefits	6,322.1	6,488.5	6,429.4	6,347.0	-2.2
Contractual Services	3,232.5	3,746.5	3,747.5	3,747.5	0.0
Other	4,245.4	4,327.5	4,869.1	4,771.1	10.3
TOTAL USES	13,800.0	14,562.5	15,046.0	14,865.6	2.1
FTE					
Permanent	59.0	59.0	77.0	59.0	0.0
Term	18.0	18.0	0.0	18.0	0.0
TOTAL FTE POSITIONS	77.0	77.0	77.0	77.0	0.0

BUDGET ISSUES:

For FY08, the State Fair request includes \$80 thousand, or a 57 percent, increase for increased fuel costs; \$118 thousand, or a 25 percent, increase for maintenance of its campus buildings and structures; \$40 thousand, or a 12.5 percent increase for advertising; and \$140 thousand, or a 11 percent increase for the cost of utilities. The agency also requested a \$110 thousand, or a 32 percent increase, for field supplies. Horse supplies, feed, and bedding will be purchased for the feed store that operates during horse shows. The feed store was previously operated by a private contractor; the fair now oversees the feed store operation. The committee recommends an overall 2.1 percent increase, or \$303 thousand, over FY07 operating budget, including a 5 percent vacancy rate.

The agency is an enterprise agency that uses revenues derived from admission, concession, building rental, and other services to cover fair operations. The agency maintains a consistent revenue stream while keeping costs minimal. The 2006 New Mexico State Fair attendance increased by 40,000, up 7.5 percent from 2005. Revenue for fair admissions and events at Tingley Coliseum increased an average of 13 percent, while parking revenue decreased by 6 percent. The decrease in parking revenues is attributed to higher use of public transportation to the fair and slow turnover of parking spaces within fair-owned lots.

Beginning in 2005, the agency began to receive \$1.2 million of pari-mutuel tax revenues on an annual basis. Of the funds received, \$696 thousand is for debt service on \$5.5 million in negotiable bonds, issued by New Mexico Finance Authority for capital and infrastructure improvements on the fairgrounds. The remaining \$604 thousand is annually expended for infrastructure, building repairs, construction, and equipment purchases. In FY06, the fair completed various capital improvements, including renovations to restrooms, dairy barns, The Indian Village, villa Hispana, and the youth hall.

The agency's five-year infrastructure capital improvement plan, submitted for FY08 through FY12, requests \$58.7 million over a five-year period. The fair's top three requests are \$25 million for a new exposition building, \$4.4 million for a new administration building, and \$938 thousand to continue restroom renovations across the grounds.

BASE EXPANSION:

The agency requests a base expansion for two purposes: to convert 18 term positions to permanent status and \$50 thousand to create a capital outlay improvement reserve fund to address unforeseen capital outlay emergency needs.

In recent years, the fair had a high vacancy rate among its authorized permanent and term positions. During FY06, on average, 18 percent of authorized positions were vacant. The agency currently has four unauthorized governor-appointed positions. The committee recommends the agency reclassify the permanent vacant positions, one of which was vacated in 2002, and use term employees to fill the positions.

The committee does not recommend \$50 thousand to create a capital outlay improvement reserve fund but rather recommends the agency pursue a nonrecurring supplemental appropriation for emergency needs during the fiscal year in which the emergency occurs or apply for an emergency loan from the Board of Finance.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the New Mexico state fair includes in the other category six hundred ninety-six thousand dollars (\$696,000) from parimutuel revenues for debt service on negotiable bonds issued for capital improvements.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>	<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Capital outlay emergency fund	50.0	0.0
*	<u>Term to perm positions</u>	<u>423.1</u>	<u>0.0</u>
TOTAL		473.1	0.0

*The department included this item in the base request. LFC considers the item to be an expansion and has extracted it from the base.

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Outcome	N/A	94%	87%	90%	94%
	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better					
	Output	100%	100%	100%	100%	100%
	Percent of counties represented through exhibits at the annual state fair					
*	Output	503,175	476,083	500,000	500,000	500,000
	Number of paid attendees at annual state fair event					
*	Output	N/A	48%	44%	46%	48%
	Percent of surveyed attendees at the annual state fair event rating the state fair as improved					
*	Output		680,628	650,000	650,000	675,000
	Number of total attendees at annual state fair event					

STATE BOARD LICENSURE FOR PROF. ENGINEERS AND LAND SURVEYORS

464

STATUTORY AUTHORITY:

The Engineering and Surveying Act, Section 61-23-1 through 61-23-32 NMSA 1978, established a 10-member State Board of Registration for Professional Engineers and Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. Approximately 7,078 engineers and surveyors currently are licensed to practice in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	408.5	500.0	591.9	575.8	15.2
Fund Balance	133.1	88.9	36.7	0.0	-100.0
SOURCES TOTAL	541.6	588.9	628.6	575.8	-2.2
USES					
Personal Services and Employee Benefits	286.0	308.1	363.0	310.2	0.7
Contractual Services	64.3	68.7	63.0	63.0	-8.3
Other	190.8	212.1	202.6	202.6	-4.5
TOTAL USES	541.1	588.9	628.6	575.8	-2.2
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	7.0	7.0	0.0

BUDGET ISSUES:

In November 2005 the board initiated the first rate increase since 1992. This generated a 36 percent increase in revenue, which is replenishing the board's fund balances. Fund balances are projected to be \$299.4 thousand at the end of FY08. In FY06 the board had 7,370 registered engineers and surveyors. This is a 4.13 percent increase over FY05.

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				
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
		100%	100%	100%	100%	
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%	
Output	Number of examinations administered	492	515	490	500	
Output	Number of licenses or certifications issued	606	517	600	550	
Output	Number of complaints processed	55	60	58	58	
Efficiency	Percent of cases resolved through compliance or legal action within one year		96%		96%	

STATUTORY AUTHORITY:

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establish the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal.

The board consists of four members appointed by the governor and confirmed by the Senate, and the chairman of the State Racing Commission. The statute requires a member from the public, a member with a law enforcement background, a lawyer, and a certified public accountant.

MISSION:

The mission of the Gaming Control Board is to protect the public interest and to maximize gaming tax revenue by ensuring the integrity of gaming in the state of New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,859.9	6,149.1	6,526.0	6,156.0	0.1
Other Transfers	2,260.2	0.0	0.0	0.0	0.0
SOURCES TOTAL	8,120.1	6,149.1	6,526.0	6,156.0	0.1
USES					
Personal Services and Employee Benefits	3,670.5	3,984.6	4,286.3	4,064.5	2.0
Contractual Services	1,973.7	732.8	755.9	720.1	-1.7
Other	1,605.4	1,431.7	1,483.8	1,371.4	-4.2
TOTAL USES	7,249.6	6,149.1	6,526.0	6,156.0	0.1
FTE					
Permanent	59.0	61.0	65.0	61.0	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	59.5	61.5	65.5	61.5	0.0

BUDGET ISSUES:

GCB request includes \$81.8 thousand to cover the State Racing Commission's portion of the rent, an amount also in the State Racing Commission's FY08 request. Therefore, GCB's adjusted general fund increase is 1.6 percent. The committee recommendation of a \$7 thousand increase is 0.1 percent over the FY07 operating level.

During the 2005 regular legislative session, the Legislature approved an increase in the number of allowable hours for gaming machine operations at racetrack gaming facilities from 12 to 18 (Laws 2005, Chapter 350). This led to a \$15.5 million increase in gaming tax collections in FY06. The Legislature also approved the transfer of regulatory authority of bingo and raffle activity pursuant to the Bingo and Raffle Act to GCB (Laws 2005, Chapter 349). In FY06, \$117.1 thousand in taxes was collected for bingo and raffle activity. According to the New Mexico Racing Commission (NMRC), Pojoaque Pueblo might be opening Santa Fe Downs for gaming and racing.

Tribal gaming revenue has increased dramatically with the Mescalero Apache tribe and the Pojoaque Pueblo joining the compact. Revenue growth from FY05 to FY06 was 21.4 percent, with these two compacts adding most of the growth. Without the Mescalero and the Pojoaque casinos, the growth would have been 7.9 percent. There was some concern last year that Class II machines would be introduced into the casinos but that has not occurred so far and is unlikely to occur. Class II casinos are not part of the compacts but look and operate much like slot machines, Class III machines that are part of the revenue-sharing compacts. Other states where these machines have been adopted have not shown significant drops in revenues, apparently because the machines do not seem to have the appeal of Class III machines.

In the 2006 legislative session GCB received two new positions for tribal gaming enforcement. The new staff have reduced the turnaround time for processing background checks, reconciled the yearly financials to the quarterly reports for the last two years

that lead to collecting more than \$326 thousand in unpaid revenue sharing and identified more than \$200 thousand in additional funds to be collected. GCB suggests that overall tribal gaming is effectively monitored because three entities, federal, state and tribal gaming commissions, oversee the industry. However, these entities may lack adequate resources or independence and compliance data is requested publicly.

GCB and NMRC have taken several steps toward achieving greater efficiency and effectiveness in the regulation of the state's gaming and racing industries. The two agencies entered into a joint powers agreement through which NMRC moved into the GCB's leased facility, licensing functions are being consolidated, and GCB is extending its information technology and general counsel functions to include coverage for NMRC. The Gaming Control Board and the Racing Commission membership and authority will remain the same for now. In 2006, legislation was introduced to absorb the Racing Commission into the Gaming Control Board and it is expected that similar legislation will be introduced in the 2007 legislative session.

In FY05, the Legislature appropriated \$2.2 million for a central monitoring system. Gaming Control Board reports that the system performs as specified; however the system has experienced a number of software delays as well as one hardware failure. The unresolved failures result in GCB having to run both the new and old system and pay maintenance costs for each system. Gaming Control Board expects to have all racetrack venue slot machines reporting to the new system by February 2007 and the non-profit venues reporting to the central monitoring system by July 2007.

BASE EXPANSION:

GCB estimated that \$117.1 thousand in FY06 was collected in taxes from bingo operations and has requested \$195.7 thousand expansion for two accountant-auditors and two office clerks to enforce the Bingo and Raffle Act. When the Legislature passed legislation transferring the regulatory authority of the Bingo and Raffle Act to GCB during the 2005 legislative session, GCB provided fiscal impact analysis indicating that the agency could absorb the additional workload of administering the Bingo and Raffle Act without additional resources.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	Bingo & raffle audit and license enhancement	195.7	0.0
TOTAL		195.7	0.0

GAMING CONTROL

The purpose of the gaming control program 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 honest and competitive gaming that is free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited financial statements received from the tribe	10%	10%	10%	10%	10%
* Output	Percent decrease in repeat violations by licensed gaming operators	99.6%	100%	80%	75%	100%
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%
* Outcome	Ratio of gaming revenue generated to general funds expended	22:1	22:1	21:1	20:1	20:1
Output	Number of violations by licensed gaming operators					

STATUTORY AUTHORITY:

The primary functions of the State Racing Commission as defined in Sections 60-1-1 through 60-1-26 NMSA 1978 are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006	FY07 2006-2007	Agency	LFC	Percent
	Actuals	Budgeted	Request	Recommendation	Incr (Decr)
SOURCES					
General Fund Transfers	2,003.4	2,253.4	2,424.0	2,312.8	2.6
SOURCES TOTAL	2,003.4	2,253.4	2,424.0	2,312.8	2.6
USES					
Personal Services and Employee Benefits	1,050.0	1,150.1	1,218.6	1,167.3	1.5
Contractual Services	638.1	833.3	924.8	865.4	3.9
Other	311.4	270.0	280.6	280.1	3.7
TOTAL USES	1,999.5	2,253.4	2,424.0	2,312.8	2.6
FTE					
Permanent	17.3	17.3	18.3	17.3	0.0
Term	0.6	0.6	0.6	0.6	0.0
Temporary	1.8	1.8	1.8	1.8	0.0
TOTAL FTE POSITIONS	19.7	19.7	20.7	19.7	0.0

BUDGET ISSUES:

The committee recommendation of a 2.6 percent increase to the operating budget reflects a 1 percent vacancy factor and includes a 1.5 percent increase in personal services and employee benefits.

Horseracing purses continue to grow with help from increased gaming at racetrack facilities. According to the State Racing Commission, horseracing purses increased from \$3.1 million in 2004 to \$3.7 million, in 2005 a 20 percent increase. Gaming machine revenue is also paid into horseracing purses and in FY06 paid \$46 million to purses, a 32 percent increase from FY05. As the purse size grows, higher caliber horseracing is drawn to New Mexico racetracks. This is evidenced by racetracks adding higher level races with stricter conditions and stakes.

Incentives are offered for New Mexico-bred horses. In 2005, 288 races, were strictly for New Mexico-bred horses, compared with 2,518 races open to all horses. Also, New Mexico-bred horses placing in the top three positions for all other races receive an additional 10 percent of the winnings. New Mexico horses have won \$11 million in 2005 compared with \$15.7 million won by horses from out-of-state. The committee will continue to monitor the growth of horseracing purses and its benefits to New Mexico.

NMRC and the Gaming Control Board entered into a joint powers agreement whereby information technology services are provided to NMRC by GCB; NMRC moved into GCB's building, which offers some saving to NMRC, and licensing functions are streamlined. NMRC and GCB continue to explore other areas where the two agencies could merge their services and intend to introduce legislation this session to combine their organizations.

BASE EXPANSION:

NMRC requested a \$43.6 thousand expansion to hire a financial specialist to assist the administrative manager. The committee does not recommend expanding administrative staff due to potential for sharing administrative cost with GCB.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency		Agency	LFC Recom-
Rank		Request	mendation
1	<u>Financial specialist</u>	<u>43.6</u>	<u>0.0</u>
TOTAL		43.6	0.0

HORSERACING REGULATION

The purpose of the horseracing regulation program is to provide regulation in an equitable manner to New Mexico's pari-mutuel horseracing 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	1.1%	.9%	.8%	.9%	.8%
Output	Total amount collected from pari-mutuel revenues, in millions	\$1.172	\$.9	\$1.25	\$1.0	\$1.25
* Efficiency	Average regulatory cost per live race day at each racetrack	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Efficiency	Average number of days to close investigation cases	30	30	30	30	30
Output	Number of audit exceptions noted on annual financial statement	0	10	0	0	0
Outcome	Percent of prior-year audit findings resolved			*	100%	100%
Outcome	Timely collections of penalty fees by licensee to the general fund			*	30	30

STATUTORY AUTHORITY:

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978. Approximately 1,100 veterinarians are registered to practice in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	272.3	258.5	264.9	264.9	2.5
Fund Balance	0.0	19.4	24.5	22.9	18.0
SOURCES TOTAL	272.3	277.9	289.4	287.8	3.6
USES					
Personal Services and Employee Benefits	138.2	146.9	143.7	141.6	-3.6
Contractual Services	74.4	80.9	89.5	89.5	10.6
Other	52.3	50.1	56.2	56.7	13.2
TOTAL USES	264.9	277.9	289.4	287.8	3.6
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

VETERINARY LICENSING AND REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine, in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management in order to protect the public.

PERFORMANCE MEASURES						
		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Outcome	Percent of New Mexico registered veterinary technicians employed in state	95%	96%	95%	96%	96%
Outcome	Percent of New Mexico licensed veterinarians employed in the state	57%	59%	60%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action	85%	75%	90%	85%	85%
Outcome	Percent of complaints resolved through adjudication	15%	25%	10%	15%	15%
Output	Number of facilities inspected annually	119	139	144	144	144
Outcome	Percent of inspected facilities requiring a plan of correction	60%	45%	40%	35%	35%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	2%	15%	5%	5%	5%
Output	Number of months to resolution of disciplinary matter	6.5	5.1	6	6	6
Outcome	Percent of facilities in full compliance	40%	55%	75%	75%	75%
* Output	Number of veterinarian licenses issued annually	59	56	60	60	60
Output	Number of facility licenses issued annually	19	24	10	10	10
Output	Number of registered veterinary technicians licenses issued annually	9	8	18	12	12
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	7	1	5	5	5
Outcome	Attrition rate of all licensees annually	8%	3%	5%	5%	5%

STATUTORY AUTHORITY:

The Cumbres and Toltec Scenic Railroad Compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1974 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was ratified by Congress and 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 historical 19th century railroad "museum on wheels," for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	100.0	100.0	300.0	100.0	0.0
Other Transfers	695.0	510.0	510.0	510.0	0.0
Other Revenues	2,260.8	2,175.1	2,681.4	2,675.4	23.0
Fund Balance	0.0	133.0	0.0	0.0	-100.0
SOURCES TOTAL	3,055.8	2,918.1	3,491.4	3,285.4	12.6
USES					
Personal Services and Employee Benefits	162.2	143.0	149.0	143.0	0.0
Contractual Services	2,384.3	2,736.1	3,303.4	3,103.4	13.4
Other	154.6	39.0	39.0	39.0	0.0
TOTAL USES	2,701.1	2,918.1	3,491.4	3,285.4	12.6
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
Temporary	0.1	0.1	0.1	0.1	0.0
TOTAL FTE POSITIONS	3.1	3.1	3.1	3.1	0.0

BUDGET ISSUES:

The commission requested \$300 thousand from the general fund, a \$200 thousand, or 200 percent increase over the FY07 operating budget and a \$567 thousand, or 20.7 percent, increase to contractual services. The increase from the general fund is to support commission activities and overhead. The requested increase in contractual services is related to the addition of a fourth locomotive to the system, as well as an increase in the contract with the management company.

The commission estimates an increase of \$500 thousand, or 23.3 percent, in enterprise revenues in FY08, reflecting an anticipated increase in regular fare ticket prices from \$59 to \$62 and from \$72 to \$76 for trips that include bus service, as well as increased ridership.

The commission projects a \$510 thousand contribution from Colorado, the same as in the FY07 operating budget.

After several years of declining ridership and revenues due to high gasoline prices, a bad fire season in 2002, and the residual effect on tourism of the September 11 terrorist attacks, the outlook for the Cumbres and Toltec Scenic Railroad has improved. The unofficial end-of-year ridership for the 142-day season is 38,460, an increase of 7,070, or 21.7 percent, over last year. Additionally, the railroad carried 1,156 passengers on special and charter trains compared with 710 last year. September 2006 ridership was 8,807, a 33.2 percent increase over September 2005.

These are encouraging numbers considering, for example, that in 2003 the railroad carried only 16,829 passengers. However, ridership still fell below the projected 45,000 and remains below the historic highs of 50,000 to 60,000 in the 1990s.

A new management company, Cumbres & Toltec Scenic Railroad Corporation, staffed with an experienced railroad team, increased promotional and advertising activities, and a favorable season have helped revive ridership and improve the revenue outlook for the railroad.

Additionally, the railroad has increased the pace of needed track work and refurbished three engines. The commission is requesting a capital appropriation of \$1.73 million from both New Mexico and Colorado. The proposed capital improvements include \$2.7 million for track rehabilitation, \$160 thousand for rehabilitation of the Chama station, \$250 thousand for rehabilitation of Locomotive Number 463 and \$100 thousand for passenger car rehabilitation. A fourth engine is expected to come on line for the 2007 season, allowing the railroad to run two trains per day, seven days a week.

The railroad and commission may be able to return to pre-2001 status when it operated with a minimal operating subsidy. The railroad will, however, require continued capitol investment from both New Mexico and Colorado. The projected increase of 23.3 percent in revenues for FY08 and an estimated \$700 thousand surplus in the FY07 operating budget as of October 11, 2006, will allow the railroad to conduct maintenance during the winter in preparation for the 2007 season.

As a result of increases in ridership and revenues and projections for FY08, LFC supports maintaining the FY07 general fund appropriation level of \$100 thousand and encourages the agency to continue efforts to increase enterprise revenues to fully fund operational costs.

LFC encourages the commission to continue to restrain administrative costs, increase promotional activities, and focus on the upgrades to the track and system.

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2008, including but not limited to ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use towards operating expenses of the railroad.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission is to provide railroad excursions into the scenic San Juan mountains.

PERFORMANCE MEASURES

		FY05	FY06	FY07	FY08	FY08
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Total number of passengers	29,657	33,023	45,000	45,000	45,000
Output	Revenue generated from ticket sales, in millions	\$1.931	\$2.182	\$2.900	\$2.681	\$2.681

STATUTORY AUTHORITY:

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

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	150.0	150.0	150.0	0.0
Fund Balance	200.0	0.0	0.0	0.0	***
SOURCES TOTAL	200.0	150.0	150.0	150.0	0.0
USES					
Personal Services and Employee Benefits	89.7	150.0	96.9	96.9	-35.4
Contractual Services	58.6	0.0	20.0	20.0	***
Other	18.9	0.0	33.1	33.1	***
TOTAL USES	167.2	150.0	150.0	150.0	0.0
FTE					
Permanent	0.0	3.0	0.0	0.0	-100.0
Term	1.0	0.0	1.0	1.0	***
TOTAL FTE POSITIONS	1.0	3.0	1.0	1.0	-66.7

BUDGET ISSUES:

By statute, the Office of Military Base Planning and Support resides in the governor's Homeland Security Office and is administratively attached to the Economic Development Department. The agency submits an independent budget request.

The 2006 General Appropriation Act provided a \$150 thousand recurring appropriation, primarily for salaries and benefits and operational costs. Since 2004, most of the agency's funding has come from special appropriations, including \$250 thousand in 2004, \$300 thousand in 2005, and \$200 thousand in 2006, the bulk of which was spent on contracts for lobbying and management consulting.

The 2005 federal Base Closure and Realignment (BRAC) commission identified Cannon Air Force Base for closure unless a new mission was identified by 2009. Due in part to the diligent work of the agency and commission, the Air Force is moving a special operations wing to Cannon, eventually resulting in more personnel and aircraft at the base.

The enabling statute for the office and commission sunsets on July 1, 2010; yet, with the primary mission of the office accomplished, the Legislature should carefully consider the need for the office before another round of base realignment.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support program 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

	FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome Number of community support organizations benefiting from the activities of the commission and the office				3	3
Outcome Number of military units impacted by the activities of the commission and the office				5	5

STATUTORY AUTHORITY:

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

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	257.7	671.7	257.7	0.0
SOURCES TOTAL	0.0	257.7	671.7	257.7	0.0
USES					
Personal Services and Employee Benefits	0.0	196.8	404.3	215.3	9.4
Contractual Services	0.0	0.0	175.0	0.0	***
Other	0.0	60.9	92.4	42.4	-30.4
TOTAL USES	0.0	257.7	671.7	257.7	0.0
FTE					
Permanent	0.0	3.0	3.0	3.0	0.0
Term	0.0	0.0	2.0	0.0	***
TOTAL FTE POSITIONS	0.0	3.0	5.0	3.0	0.0

BUDGET ISSUES:

The Office of Space within the Economic Development Department (EDD) was transferred to the Spaceport Authority, providing the base budget in FY07 for the new agency. The Spaceport Authority is tasked with oversight of the development of a spaceport in southern New Mexico to attract the nascent space tourism industry. An environmental impact statement (EIS) is underway, and the agency expects a Federal Aviation Administration (FAA) license in early FY08, slightly behind schedule. Negotiations with private land holders and Virgin Galactic, the spaceport's primary user, are ongoing. An architecture and engineering firm, DMJM, Inc., has been selected for the design and construction of the spaceport.

At this juncture, the committee does not recommend the expansion requested by the agency for FY08. In the early phases of the project, the 3 FTE, supported by the staff of EDD, should be able to manage the contracts necessary to develop the spaceport.

The Legislature in 2006 appropriated \$100 million over three years to the Spaceport Authority to plan, design, construct, furnish, and equip the spaceport. The severance tax bond appropriation is contingent on the completion of the EIS, FAA licensure, an executed lease with an anchor tenant, and certification that final construction cost estimates do not exceed \$225 million.

In addition, Laws 2006, Chapter 15 (House Bill 473), allows municipalities to impose a regional spaceport gross receipts tax, with 75 percent of revenues dedicated for the Spaceport Authority and 25 percent for municipal spaceport-related activities. The tax is subject to voter approval, and EDD expects about \$30 million per year for the spaceport. Voters in Doña Ana County will likely see a ballot proposal in spring 2007.

Another \$11.1 million has been appropriated in prior years, bringing the estimated total for the spaceport to \$200 million over three years. Another \$25 million will be sought in Governor Richardson's Investment Partnership (GRIP) II. Of the \$11.1 million, EDD and the Spaceport Authority have spent or encumbered about \$5 million for the EIS, water studies, FAA licensing studies, and land acquisition.

Since the close of the 2006 session, a spaceport in Oklahoma has received its FAA license and a privately financed spaceport in west Texas has completed the initial environmental assessment for its FAA license application. Plans for other spaceports in Singapore and the United Arab Emirates have been announced. The location of the New Mexico spaceport – now called Spaceport America – retains advantages over many of the other spaceport projects, but additional slippage in the license schedule may endanger the partnership with Virgin Galactic.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	<u>2 FTE, marketing and launch contracts</u>	<u>414.0</u>	<u>0.0</u>
TOTAL		414.0	0.0

SPACEPORT AUTHORITY

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

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Efficiency	Number of key project milestones completed within established timeframes					

STATUTORY AUTHORITY:

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs department Act (Sections 9-4A-1 through 9-4A-18 NMSA 1978). The new law elevated the agency to cabinet status and elevated the individual museums in the Museum of New Mexico to division status, placing them on equal footing with other museums and facilities within DCA.

In addition to the Cultural Affairs department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA (Art In Public Places), and 13-4B-1 through 13-4B-3 NMSA (Fine Art In Public Buildings); and Sections 47-12A-1 through 47-12A-6 NMSA (Cultural Properties Preservation Easement Act).

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	28,502.9	29,112.6	35,176.2	30,117.0	3.5
Other Transfers	244.5	297.7	299.5	299.5	0.6
Federal Revenues	3,462.5	3,854.1	3,428.6	3,428.6	-11.0
Other Revenues	5,582.5	7,416.5	7,024.4	6,994.4	-5.7
SOURCES TOTAL	37,792.4	40,680.9	45,928.7	40,839.5	0.4
USES					
Personal Services and Employee Benefits	25,963.7	28,460.6	31,017.0	28,224.9	-0.8
Contractual Services	4,967.6	4,576.3	6,165.2	4,535.7	-0.9
Other	6,750.0	7,644.0	8,746.5	8,078.9	5.7
TOTAL USES	37,681.3	40,680.9	45,928.7	40,839.5	0.4
FTE					
Permanent	429.9	436.5	492.3	448.4	2.7
Term	126.1	117.0	101.3	112.8	-3.6
Temporary	12.0	12.0	8.0	8.0	-33.3
TOTAL FTE POSITIONS	568.0	565.5	601.5	569.2	0.6

BUDGET ISSUES:

The FY07 operating budget includes five items totaling \$382 thousand appropriated in Laws 2006, Chapter 110 (Senate Bill 415), including \$75 thousand appropriated for the Office of Music operations. The FY08 request seeks increased recurring funding for this program. It is noteworthy that although the Office of Music program is designed to promote music and industry throughout the state, \$197 thousand appropriated in Senate Bill 415 for other statewide music promotion and performance initiatives was vetoed following the 2006 legislative session.

The department's FY08 overall general fund request was nearly 21 percent, or \$6.1 million over the FY07 operating level. Of the \$6.1 million increase, \$5.4 million is for 24 expansion items, including 38 new FTE. Nearly half of the base increase request is for a 20 percent increase in utilities. The committee base recommendation for general fund appropriation is flat at the FY07 operating level. The committee recommends four expansion items and 12 FTE. The recommendation will fund \$680 thousand and 6 FTE at the State History Museum, \$155.2 thousand and 4 FTE for the Disney Performing Arts Center at the National Hispanic Cultural Center (NHCC), \$345 thousand for preservation and maintenance of state monuments, and \$98 thousand to fund expansion at the Lincoln Monument. LFC recommends an overall increase in general fund support for DCA at \$1.04 million, or 3.5 percent over FY07 operating level.

For several years, the department has received a \$50 thousand pass-through appropriation for administration and promotion of African-American culture at the New Mexico State Fair. The department has requested the money be directly appropriated to the Office of African American Affairs for administration in the future.

Although the department has recently increased physical plant assets, fiscal hardships exist due in-part to the practice of holding operational positions vacant in order to fund unauthorized positions. In FY06, the department requested a supplemental appropriation of \$529.1 thousand for seven governor-exempt temporary unauthorized positions, an amount not recommended by the committee. The committee expresses concern that intentionally unfunded positions are being funded through increased vacancies, exacerbating operational demands on current staff. Several of the department's expansion requests are sought to fund currently unauthorized positions. Historically vacant positions have averaged 9 percent in the Museums and Monuments Program and 8 percent in Program Support. LFC recommends taking a 3 percent vacancy rate savings in Museums and Monuments and a 2 percent rate savings in Program Support. The department requested utility increases of 20 percent over FY06 actual expenditures. Base utilities are recommended at the FY06 expenditure level.

The state's museum and monument facilities are in competition with other venues, both governmental and private for the public's attention. Older facilities must be periodically updated to ensure continuing attendance levels. As the Legislature directs capital funds to new infrastructure, DCA managers raise the concern that it is not feasible to expect the department to complete the construction of new buildings or expanded exhibition facilities and not have the resources to hire additional staff, forcing it to absorb additional operational costs from within its current operation budget.

Some concern exists that a balance of program additions, enhanced outreach initiatives, and current operational needs must be considered in parallel with anticipated and requested additions to the department's physical plant structures. The department should develop a cohesive statewide policy to balance rising cost for current operations with the cost of new facilities, as well as assistance to local museums and cultural projects.

For several years the agency has submitted late audits. In the prior three years, the department's financial audit has been as many as 10 months behind the agency deadline in the State Auditor's rules authorized by Section 12-6-3C NMSA. The committee maintains that timely access to accurate financial information is critical in its oversight role. The FY05 audit has not been released and was in review process with the State Auditor as of December 22, 2006. The most recently available FY04 audit identified several findings within the agency.

The department's museums have a beneficial relationship with many charitable foundations. Foundations do not support ongoing overhead and operational costs of DCA, including salaries, maintenance, or repairs. However, typical foundation activities include fundraising, membership drives, gift shop operations and product licensing, restaurant and banquet operations, and capital endowment campaigns. These activities provide funding for the acquisition of art for collections, subsidies for rented national and international exhibitions, and funding for new infrastructure. Private foundations enable the department to diversify their revenue sources and enhance the effects of general fund support. Independent financial information for each foundation is provided annually to DCA through the entities' respective annual audit. In the past, the State Auditor had requested that foundations' financial audits be part of the agency annual audit.

FY06 attendance levels for the department's museum and monument facilities were flat at 817,000. Generally higher attendance levels were experienced throughout the 1990s. Some year-to-year decreases within specific museums are explained because of higher levels of attendance in FY05 for "blockbuster" exhibits, such as Russian Summer at the Museum of Fine Arts. While overall attendance was down for the department, the National Hispanic Cultural Center experienced a 41 percent increase, and the state monuments enjoyed a similar 18 percent increase over FY05 levels. Increases at the state monuments can be partially attributed to the new Camino Real monument. Museum Services Division is co-branding the museums with local Santa Fe hotels, as well as offering all-inclusive, multiple-venue cultural passports to increase attendance around the state. Revenue from admissions to all museum and monument facilities for FY06 was \$1.9 million.

The Department of Cultural Affairs' capital improvements plan for fiscal years 2008-2012 contains a total funding request of \$87.7 million. Agency priority-ranked projects include:

* \$22.5 million in major repairs and upgrades to facilities statewide;

* An additional \$1 million in capital outlay to complete construction, furnish, equip and landscape the National Hispanic Cultural Center Education Center facility in FY08;

* \$925 thousand for improvements to the Girard wing at the Museum of International Folk Art;

* \$1.8 million for construction of the New Mexico Archaeological Center;

* \$1.2 million for upgrades to the New Mexico Space History museum facilities;

* \$1.1 million for the initial phase of construction of several outdoor exhibits and venues for the New Mexico Farm and Ranch Heritage museum.

* \$3 million for the acquisition of a traditional northern New Mexico art collection.

BASE EXPANSION:

The department requested \$5.4 million for 24 expansion items including 38 new FTE. The committee recommends four expansion items and 12 FTE. The recommendation will fund \$680 thousand and 6 FTE at the State History Museum, \$155.2 thousand and 4 FTE for the Disney Performing Arts Center at NHCC, \$345 thousand for preservation and maintenance of state monuments, and \$98 thousand to fund expansion at the Lincoln Monument. LFC recommends an overall increase in general fund support for DCA at \$1.04 million, or 3.5 percent over FY07 operating level

Construction of the New Mexico History Museum adjacent to the Palace of the Governors is ongoing with the 96,000-square-foot addition scheduled to open in February 2009. The project had setbacks due to many factors, including management inexperience with large-scale construction, extravagant designs, piece-meal funding, and the necessity of re-routing privately owned communication facilities. Expansion funding of \$680 thousand authorizing 6 FTE is recommended for preliminary facility programming and exhibition set-up operations prior to the museum's opening to the general public. FY08 FTE funding of \$126.8 thousand is recommended for six months, an amount equal to 50 percent of the personal services and benefits portion of this request. Additionally, in anticipation of opening the museum, the department is requesting \$3 million in capital outlay for exhibition collections and a \$225 nonrecurring appropriation to fund moving expenses and temporary storage requirements. The committee reiterates the necessity of regular project status and financial reporting, including operational cost and FTE forecasts during the duration of construction.

The Taylor-Barela-Reynolds Monument in Mesilla was donated in 2003 through a living trust by John Paul Taylor. The monument was dedicated in September and will need staffing when it becomes operational. The agency did not request FY08 personnel expansion for this item. The committee recommends \$345 thousand general fund support for maintenance and preservation efforts at the statewide sites, including the newly created Taylor-Barela-Reynolds monument. Of the funds requested for maintenance and preservation of monuments, \$100 thousand has been requested for preservation of significantly expanded facilities at Lincoln in the first year of the new acquisition. LFC requests that the department provide a monument maintenance schedule and preservation work-plan on a regular interval.

The increase to facilities at the Lincoln Monument through a recent donation of historic structures necessitates an increase in FTE. The department requested and LFC supports \$97.7 thousand in general fund support and 2 FTE for the expanded facilities.

The department requested \$339.9 for 8 permanent FTE at the National Hispanic Cultural Center's Disney Performing Arts Center. DCA insists that failure to support these positions will result in decreased programming at the Disney center. LFC recommends \$155.2 in general fund support and 4 FTE for the center.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balance in the cultural affairs department remaining at the end of fiscal year 2007 from appropriations made from the general fund shall not revert.

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

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Music commission promotion	(NM Arts)	82.7	0.0
01	Artists in schools	(NM Arts)	1,000.0	0.0
02	Arts based trails	(NM Arts)	250.0	0.0
03	MISP/muse	(Prog. Sup.)	100.0	0.0
04	General counsel & paralegal	(Prog. Sup.)	129.9	0.0
05	Film museum & film center director	(Prog. Sup.)	145.0	0.0
06	NHCC Disney center positions	(Mus & Monu)	339.9	155.2
07	ASD financial support services	(Prog. Sup.)	102.4	0.0
08	State history museum expansion	(Mus & Monu)	806.8	679.9
09	Lincoln state monument operations	(Mus & Monu)	97.7	97.7
10	Space history museum permanents	(Mus & Monu)	95.0	0.0
11	Museum of natural history & science	(Mus & Monu)	165.7	0.0
12	Int'l folk art market coordinator	(Mus & Monu)	36.9	0.0
13	NHCC media arts program	(Mus & Monu)	132.2	0.0
14	Museums of New Mexico budget officers	(Mus & Monu)	261.6	0.0
15	Museums educational programs	(Mus & Monu)	273.2	0.0
16	NM arts term to perm	(NM Arts)	158.0	0.0
17	Museum resources term to perm	(Mus & Monu)	241.7	0.0
18	Rural library services bookmobile program	(St Library)	217.0	0.0
19	State monument preservation & maint.	(Mus & Monu)	345.0	345.0
20	Historic preservation local gov't land grants	(Hist Pres)	100.0	0.0
21	Historic preservation FTE	(Hist Pres)	92.0	0.0
22	Museum support & outreach services	(Mus & Monu)	10.4	0.0
23	NHCC outreach programs expansion	(Mus & Monu)	0.0	0.0
24	<u>New Mexico humanities programs expansion</u>	<u>(Prog. Sup.)</u>	<u>100.0</u>	<u>0.0</u>
TOTAL			5,283.1	1,277.8

*\$75 thousand for Office of Music operations appropriated in Senate Bill 415; \$82.7 thousand included in New Mexico Arts program base request.

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)

		<u>FY08 - 2007-2008</u>			
	<u>FY06</u>	<u>FY07</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
	<u>2005-2006</u>	<u>2006-2007</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	18,507.8	19,277.8	22,670.7	20,150.7	4.5
Other Transfers	15.1	198.2	198.1	198.1	-0.1
Federal Revenues	187.1	155.3	0.0	0.0	-100.0
Other Revenues	3,969.5	4,345.9	4,334.1	4,304.1	-1.0
SOURCES TOTAL	22,679.5	23,977.2	27,202.9	24,652.9	2.8
USES					
Personal Services and Employee Benefits	16,003.2	17,328.5	19,092.0	17,106.3	-1.3
Contractual Services	1,182.8	1,266.3	1,778.5	1,587.5	25.4
Other	4,742.5	5,382.4	6,332.4	5,959.1	10.7
TOTAL USES	21,928.5	23,977.2	27,202.9	24,652.9	2.8
FTE					
Permanent	306.2	303.8	346.1	317.2	4.4
Term	60.6	52.5	40.8	48.3	-8.1
Temporary	4.0	4.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	370.8	360.3	386.8	365.5	1.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of museum collections, excluding archaeological collections, housed in areas that meet museum standards for adequate environmental and storage conditions	68%	deleted			
Output	Number of cubic feet of museum archaeological collections stored in the Halpin building	8,500	deleted			
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs		new	825,097	833,700	835000
Output	Total attendance to museum exhibitions, performances, films and other presenting programs	886,812	902,282			
* Output	Number of participants to off-site educational, outreach and special events related to museum missions		new	64,632	66,550	66550
Output	Number of participants at on-site educational, outreach and special events related to museum missions	319,934	324817	325,112	303650	326000
Outcome	Percent of participants attending off-site education, outreach and special events occurring in communities outside Santa Fe, Albuquerque and Las Cruces	57%	deleted			

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)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	873.5	852.0	1,104.6	912.6	7.1
Other Transfers	229.4	99.5	101.4	101.4	1.9
Federal Revenues	1,147.3	1,357.7	1,318.9	1,318.9	-2.9
Other Revenues	1,451.0	2,691.6	2,631.8	2,631.8	-2.2
SOURCES TOTAL	3,701.2	5,000.8	5,156.7	4,964.7	-0.7
USES					
Personal Services and Employee Benefits	3,335.1	4,149.8	4,185.9	4,093.9	-1.3
Contractual Services	433.9	312.0	403.0	303.0	-2.9
Other	189.2	539.0	567.8	567.8	5.3
TOTAL USES	3,958.2	5,000.8	5,156.7	4,964.7	-0.7
FTE					
Permanent	36.0	36.0	38.0	36.0	0.0
Term	40.5	39.5	39.5	39.5	0.0
Temporary	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	82.5	81.5	83.5	81.5	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of participants in educational, outreach and special events related to preservation mission		new		4,900	4900
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	56%	57%			
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces		new	56%	58%	58%
* Output	Total number of new structures preserved annually using preservation tax credits	39	54	45		
Output	Annually completed number of historic structures preserved, using preservation tax credits		new		47	47
Output	Dollars of construction underway on historic buildings using state and federal tax credits		new		5.0 million	5.0 million

LIBRARY SERVICES

The purpose of the library 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)

			<u>FY08 - 2007-2008</u>		Percent Incr (Decr)	
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	3,912.5	3,713.8	4,058.6	3,841.6	3.4
	Federal Revenues	1,370.2	1,687.0	1,441.4	1,441.4	-14.6
	Other Revenues	34.3	30.0	35.0	35.0	16.7
	SOURCES TOTAL	5,317.0	5,430.8	5,535.0	5,318.0	-2.1
USES						
	Personal Services and Employee Benefits	2,768.1	2,898.1	2,981.9	2,981.9	2.9
	Contractual Services	1,296.4	1,097.3	1,087.2	1,087.2	-0.9
	Other	1,237.3	1,435.4	1,465.9	1,248.9	-13.0
	TOTAL USES	5,301.8	5,430.8	5,535.0	5,318.0	-2.1
FTE						
	Permanent	42.0	42.0	42.0	42.0	0.0
	Term	19.5	19.5	19.5	19.5	0.0
	TOTAL FTE POSITIONS	61.5	61.5	61.5	61.5	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	59%	89%			
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	new	new	75%	75%	75%
* 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	949,800	963,583	950,000	950,000	965000
Output	Number of participants in educational, outreach and special events related to library mission		new		20,700	20700

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,962.9	1,596.2	3,078.4	1,587.7	-0.5
Federal Revenues	685.7	562.4	575.0	575.0	2.2
Other Revenues	24.3	27.5	0.0	0.0	-100.0
SOURCES TOTAL	2,672.9	2,186.1	3,653.4	2,162.7	-1.1
USES					
Personal Services and Employee Benefits	737.6	860.8	1,150.5	860.8	0.0
Contractual Services	1,715.4	1,205.8	2,367.9	1,169.4	-3.0
Other	142.8	119.5	135.0	132.5	10.9
TOTAL USES	2,595.8	2,186.1	3,653.4	2,162.7	-1.1
FTE					
Permanent	1.0	10.0	17.0	10.5	5.0
Term	4.5	4.5	0.5	4.5	0.0
TOTAL FTE POSITIONS	5.5	14.5	17.5	15.0	3.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of professional organizations supported throughout New Mexico for arts activities		new		166	166
Output	Number of clients (workers) provided professional development training in arts industry		new		5,240	5240
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	31%	32%			
* Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces		new	36%	32%	32%
* Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations		new	1,800,000	1,800,000	1,800,000
Output	Attendance at new programs partially funded by New Mexico arts, provided by arts organizations statewide	2,656,721	1,882,685			
Output	Number of musicians, music groups and businesses supporting the music industry that have registered on nmmusic.org website		new		600	600
Output	Number of participants in educational and outreach programs and workshops, including percent from rural areas		new		1500	1500
Output	Number of individuals and businesses provided training in establishing arts-based cottage industries or marketing or both		new		600	600

PROGRAM SUPPORT

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

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,246.2	3,672.8	4,263.9	3,624.4	-1.3
Federal Revenues	72.2	91.7	93.3	93.3	1.7
Other Revenues	103.4	321.5	23.5	23.5	-92.7
SOURCES TOTAL	3,421.8	4,086.0	4,380.7	3,741.2	-8.4
USES					
Personal Services and Employee Benefits	3,119.7	3,223.4	3,606.7	3,182.0	-1.3
Contractual Services	339.1	694.9	528.6	388.6	-44.1
Other	438.2	167.7	245.4	170.6	1.7
TOTAL USES	3,897.0	4,086.0	4,380.7	3,741.2	-8.4
FTE					
Permanent	44.7	44.7	49.2	42.7	-4.5
Term	1.0	1.0	1.0	1.0	0.0
Temporary	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	47.7	47.7	52.2	45.7	-4.2

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of performance measures' targets in the General Appropriation Act that were met (excluding this measure)	67%	88%	80%	80%	80%
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt	9,660	9210			
* Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues		new	15%	16%	16%

STATUTORY AUTHORITY:

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, overseeing the New Mexico meat inspection program, and promoting greater economy, service, and efficiency in the administration of laws relating to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle or sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

MISSION:

The primary responsibility of the New Mexico Livestock Board is to protect the livestock industry from loss of livestock by theft or straying, to help control the spread of dangerous diseases of livestock, and to provide meat inspection service that assures consumers they are being provided a clean, wholesome, and safe product.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	897.3	1,044.5	2,270.7	1,313.0	25.7
Federal Revenues	2,069.8	857.7	985.7	884.9	3.2
Other Revenues	4,455.3	4,590.6	4,109.0	4,294.4	-6.5
SOURCES TOTAL	7,422.4	6,492.8	7,365.4	6,492.3	0.0
USES					
Personal Services and Employee Benefits	4,200.7	4,732.6	4,860.7	4,730.1	-0.1
Contractual Services	1,290.9	294.0	371.9	296.0	0.7
Other	1,495.3	1,466.2	2,132.8	1,466.2	0.0
TOTAL USES	6,986.9	6,492.8	7,365.4	6,492.3	0.0
FTE					
Permanent	84.0	95.0	95.0	95.0	0.0
TOTAL FTE POSITIONS	84.0	95.0	95.0	95.0	0.0

BUDGET ISSUES:

The New Mexico Livestock Board continues to have significant difficulty maintaining control over expenditures and repeated concerns raised by the committee have seemingly not led to any significant changes in management practices. The agency's most recent audit, for the fiscal year ending June 30, 2005, identifies financial controls findings with respect to its capital assets inventory, contract employee disbursements, reconciliation of general ledger accounts, and actual expenditures exceeding budgeted amounts.

Additionally, and of equal concern, less than four months into the fiscal year, the agency has submitted FY07 supplemental budget requests totaling \$72 thousand to offset projected shortfalls in personal services and employee benefits and liabilities incurred by the agency as a result of investigating and prosecuting animal cruelty cases.

Prior to FY07, the board was not a vouchering state agency, and its financial accounts and warrants did not flow through the financial control division of the Department of Finance and Administration. To rectify this situation, during the FY07 appropriation cycle, the committee recommended the board initiate vouchering through the Financial Control Division. This recommendation was included in Laws 2006, Chapter 109, and the committee is optimistic that, with more rigorous fiscal oversight, the board's chronic financial control issues will be favorably resolved.

The Meat Inspection Program is supported by federal funds from a meat inspection program cooperative agreement and from a revenue match from the state general fund. The 18.8 percent, or \$110 thousand, increase in general fund is primarily to be applied to match federal funds in the meat inspection program and to address modest increases in operating costs.

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

Some producers argue that inspection fees have a disproportionate impact on ranchers who graze cattle in different locations throughout the state. Ranchers with access to large land holding or grazing allotments do not have to move cattle. While the board projects a FY08 fund balance of \$7.9 million with which to support agency operations, the committee suggests that the board re-evaluate existing fee structures and alternative funding sources in order to identify additional revenues that might be applied to offset the costs related to animal cruelty or other investigative initiatives.

Additionally, the agency should re-examine the property tax disparity between beef cattle (assessed at 10 mills per head) and dairy cattle (assessed at 5 mills per head), as well as the related matter of beef cattle head counts being largely self-reported by the owners. Dairy herds, generally assembled in one location, lend themselves to more realistic head counts by assessors.

Reasonable fee increases would not only support current activities, but when coupled with austerity measures, attention to detail, and prudent financial management practices, it should see fund life extended into the near future and reduce the agency's reliance on general fund support.

During the FY07 budget cycle, the agency pursued funding to raise the salaries of livestock and meat inspectors to the midpoint of the range. Although the language was vetoed, the State Personnel Office continues to have the positions under review as part of a larger class study.

Recognizing the significant impact of mad cow and other animal diseases on New Mexico ranchers, the Legislature in 2004 and 2005 appropriated \$1.1 million to develop an identification and inspection program to meet national identification requirements. The system is presently in operation and, along with the agency's certified law enforcement officers, has enabled the board to comply with federally mandated animal health and livestock movement control programs.

RECOMMENDED LANGUAGE:

The general fund appropriation to the New Mexico livestock board for its meat inspection program, including administrative costs, is contingent upon a dollar-for-dollar match of federal funds for that program.

ADMINISTRATION

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

BUDGET SUMMARY (dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	74.5	76.2	158.0	77.8	2.1
Federal Revenues	73.9	91.6	73.9	91.6	0.0
Other Revenues	506.9	547.1	506.9	569.4	4.1
SOURCES TOTAL	655.3	714.9	738.8	738.8	3.3
USES					
Personal Services and Employee Benefits	521.0	519.6	541.5	541.5	4.2
Contractual Services	29.6	33.1	35.1	35.1	6.0
Other	105.9	162.2	162.2	162.2	0.0
TOTAL USES	656.5	714.9	738.8	738.8	3.3
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of payment vouchers processed	3,100	3,100	3,000	2,100	3,000
Efficiency	Percent of vouchers processed within ten business days	95%	90%	90%	70%	90%

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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	353.5	387.2	1,353.9	544.9	40.7
Federal Revenues	1,437.3	133.7	153.0	153.0	14.4
Other Revenues	3,891.9	3,901.1	3,493.1	3,632.6	-6.9
SOURCES TOTAL	5,682.7	4,422.0	5,000.0	4,330.5	-2.1
USES					
Personal Services and Employee Benefits	2,785.4	3,081.2	3,082.1	2,989.7	-3.0
Contractual Services	1,251.3	252.1	299.9	252.1	0.0
Other	1,199.7	1,088.7	1,618.0	1,088.7	0.0
TOTAL USES	5,236.4	4,422.0	5,000.0	4,330.5	-2.1
FTE					
Permanent	58.2	65.2	65.2	65.2	0.0
TOTAL FTE POSITIONS	58.2	65.2	65.2	65.2	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Average percentage of investigation findings completed within one month	50%	50%	50%	50%	50%
* Output	Number of road stops per month	87	82	30	30	30
* Outcome	Number of livestock thefts reported per one thousand head inspected	1.9	2.0	1.0	1.0	1.0

MEAT INSPECTION

The purpose of the meat inspection program is to provide meat inspection service to meat processors and slaughterers to assure consumers of clean, wholesome and safe products.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	469.3	581.1	758.8	690.3	18.8
Federal Revenues	558.6	632.4	758.8	640.3	1.2
Other Revenues	56.5	142.4	109.0	92.4	-35.1
SOURCES TOTAL	1,084.4	1,355.9	1,626.6	1,423.0	4.9
USES					
Personal Services and Employee Benefits	894.3	1,131.8	1,237.1	1,198.9	5.9
Contractual Services	10.0	8.8	36.9	8.8	0.0
Other	189.7	215.3	352.6	215.3	0.0
TOTAL USES	1,094.0	1,355.9	1,626.6	1,423.0	4.9
FTE					
Permanent	17.8	21.8	21.8	21.8	0.0
TOTAL FTE POSITIONS	17.8	21.8	21.8	21.8	0.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of inspections where violations are found	3%	3%	2%	3%	3%
* Output	Number of compliance visits made to approved establishments	9,500	9,500	7,500	7,500	8,000
* Outcome	Number of violations resolved within one day	350	300	240	210	225

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 conducts research on game and nongame species of wildlife and wildlife habitat; maintains animal propagation facilities for reestablishment of threatened species; operates fish hatcheries; stocks New Mexico waters with hatchery-bred fish from state and out-of-state sources; acquires, manages, and disposes of department-owned property; promulgates and enforces hunting, trapping, and fishing regulations; works with state and federal agencies concerning habitat manipulation affecting wildlife populations; assists private landowners in improving wildlife habitat; develops wildlife education programs; and provides public information on wildlife needs, recreational opportunities, and department programs.

The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Sport Hunting and Fishing, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Depredation Services, which oversees depredation complaints as well as the implementation of intervention options for dealing with animals causing property damage; and Administration, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for administration of the department.

MISSION:

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by using a flexible management system that provides for their protection, propagation, regulation, conservation, and use as public recreation and food supply.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	181.9	234.2	234.2	234.2	0.0
Other Transfers	0.0	5.0	5.0	5.0	0.0
Federal Revenues	12,467.7	11,379.1	12,463.2	12,463.2	9.5
Other Revenues	19,316.7	20,848.8	20,370.3	20,370.3	-2.3
Fund Balance	406.3	2,060.7	1,455.1	1,455.1	-29.4
SOURCES TOTAL	32,372.6	34,527.8	34,527.8	34,527.8	0.0
USES					
Personal Services and Employee Benefits	16,622.0	18,987.0	19,162.1	19,162.1	0.9
Contractual Services	2,441.3	3,199.5	3,376.5	3,376.5	5.5
Other	9,911.3	11,944.0	11,674.2	11,674.2	-2.3
Other Financing Uses	315.0	397.3	315.0	315.0	-20.7
TOTAL USES	29,289.6	34,527.8	34,527.8	34,527.8	0.0
FTE					
Permanent	283.0	284.0	284.0	284.0	0.0
Term	12.0	12.0	12.0	12.0	0.0
Temporary	4.5	4.5	4.5	4.5	0.0
TOTAL FTE POSITIONS	299.5	300.5	300.5	300.5	0.0

BUDGET ISSUES:

The department's FY08 request of \$34.5 million is flat, and represents no increase in either funds or FTE requested over the department's FY07 operating budget. With the exception of a minimal portion of general fund support, the agency is fully funded from fees, penalties, income from department-owned property, and federal revenues. For FY08, this reflects a general fund request of \$234.2 thousand, with the remainder of operating funds being derived from program revenues (\$21.8 million), federal funds (\$12.5 million), and fund balances (\$1.5 million). The department had a vacancy rate of 6.8 percent in September 2006, but the recommendation takes no vacancy savings.

The FY08 request reflects an increase in federal revenue, largely due to integrating recently enacted State Wildlife Grant and Landowner Incentive programs into the budget request. The department has used funding from these programs in past fiscal years but had brought it into the budget via budget adjustment requests because the amounts allocated to New Mexico were not known when the budget requests were prepared. Funding for these programs has become more stable and the amounts have been incorporated into the request. The FY08 request also includes funding from a number of smaller grant programs apart from the sportfish and wildlife restoration grants traditionally used by the department.

In support of its various programs, the agency oversees the following funds:

The game protection fund is the department's operating fund and is its largest fund. It is nonreverting and is the only fund that receives general fund revenues. The general fund primarily supports personnel in the Conservation Services Program involved in conservation of threatened or endangered species. Additional sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crops, interest on investments and land rental or lease income. Since FY01, the game protection fund has provided over \$21.5 million to complete several capital projects, including \$5.38 million for new projects appropriated during the 2005 session. Projects recently financed by game protection fund appropriations include the construction of the warm water hatchery at Santa Rosa, purchase of Eagle Nest Lake, construction at the Red River hatchery, Eagle Nest dam repair, clean up at the Terrero Mine site, and engineering and construction costs associated with work on dams and spillways owned by the State Game Commission. The projected FY08 fund balance is \$31 million.

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 at-risk wildlife, regardless of species. Projected FY08 fund balance is \$125 thousand.

The Sikes Act fund is a nonreverting program that receives revenues from hunting and fishing licenses, interest on investments, miscellaneous revenue, and other financing sources. These funds are dedicated to habitat conservation and rehabilitation projects in the Conservation Services Program. Projected FY08 fund balance is \$1.5 million.

The big game enhancement fund is a nonreverting program that receives revenues from enhancement hunting permits for elk, deer, and big horn sheep, as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration, and management of those three big game animals under the Sport Hunting and Fishing Program. Projected FY08 fund balance is \$733 thousand.

The big game depredation damage fund is funded through the sale of big game depredation damage stamps on hunting licenses and earnings from the investment of the fund. Funds are used by the Wildlife Depredation and Nuisance Abatement Program to correct damage to federal, state, or private land caused by big game and to prevent such damage in the future. Projected FY08 fund balance is \$546 thousand.

The habitat management fund is supported by a \$3 habitat management stamp that will be included in the purchase of each hunting and fishing license or wildlife-associated recreation permit starting 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. Projected FY08 fund balance is \$500 thousand.

In 2005, the department received capital appropriations totaling \$5 million from the general fund for the acquisition of property and habitat improvement and is presently coordinating this initiative with the state departments of Agriculture and Energy, Minerals and Natural Resources. Planning efforts continue to be directed to four general areas: natural land protection, wildlife protection, working farm and ranch conservation, and local-government-related activities. However, in May 2006, citing concern with the project selection criteria, the game commission unanimously voted to reopen the selection process. Specifically, the commission instructed staff to re-advertise the program, re-establish selection criteria, and proceed with a new selection process. While previously selected projects are now being held in abeyance, they are to be included in the new selection process without prejudice. The appropriations themselves are valid through June, 2010, and the department is aware of committee interest in this project and that related performance oversight and fiscal accountability criteria will be subject to committee review.

The agency achieved superior performance levels for FY06, with measured activities either meeting or exceeding target levels. Of note was the department meeting the FY06 target for the Wildlife Depredation and Nuisance Abatement Program, wherein the percentage of depredation complaints resolved within the mandated one year timeframe is a measured outcome. For FY05, the agency failed to meet this measurement. Although the department is working with landowners and offering intervention to help

alleviate the depredation problem, in some instances agreement cannot be achieved. To address this variance, the agency is evaluating its performance and accountability standards so as to provide a more accurate perspective on the degree of resolution.

Additionally, for FY08, the department is significantly increasing the target number of Gaining Access into Nature (GAIN program) opportunities, from two in FY07 to 30 in FY08. GAIN activities include guided tours with wildlife biologists and other experts, plus opportunities to witness and assist biologists as they trap bighorn sheep, deer, turkey and antelope, and conduct fishing surveys in lakes and streams.

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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	45.0	45.0	45.0	0.0
Federal Revenues	8,772.1	6,904.1	8,521.2	8,521.2	23.4
Other Revenues	9,753.4	10,828.2	10,184.3	10,184.3	-5.9
Fund Balance	70.7	314.6	175.0	175.0	-44.4
SOURCES TOTAL	18,596.2	18,091.9	18,925.5	18,925.5	4.6
USES					
Personal Services and Employee Benefits	10,728.1	12,193.5	12,208.1	12,208.1	0.1
Contractual Services	814.9	789.6	1,368.5	1,368.5	73.3
Other	4,432.1	4,711.5	5,033.9	5,033.9	6.8
Other Financing Uses	315.0	397.3	315.0	315.0	-20.7
TOTAL USES	16,290.1	18,091.9	18,925.5	18,925.5	4.6
FTE					
Permanent	189.0	190.0	190.0	190.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
Temporary	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	195.0	196.0	196.0	196.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Angler opportunity and success	78.5%	84%	80%	80%	80%
* Outcome	Number of days of elk-hunting opportunity provided to New Mexico resident hunters on an annual basis	182,782	196,419	165,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	83.9%	85%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	477,665	441,707	400,000	400,000	400,000

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)					
	FY06 2005-2006	FY07 2006-2007	FY08 - 2007-2008		Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	181.9	189.2	189.2	189.2	0.0
Other Transfers	0.0	5.0	5.0	5.0	0.0
Federal Revenues	3,037.2	3,913.1	3,329.2	3,329.2	-14.9
Other Revenues	3,113.5	2,507.6	3,000.0	3,000.0	19.6
Fund Balance	0.0	1,580.6	1,083.1	1,083.1	-31.5
SOURCES TOTAL	6,332.6	8,195.5	7,606.5	7,606.5	-7.2
USES					
Personal Services and Employee Benefits	2,150.2	2,438.1	2,489.1	2,489.1	2.1
Contractual Services	782.9	1,367.6	1,304.7	1,304.7	-4.6
Other	2,622.6	4,389.8	3,812.7	3,812.7	-13.1
TOTAL USES	5,555.7	8,195.5	7,606.5	7,606.5	-7.2
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	40.5	40.5	40.5	40.5	0.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Number of habitat improvement projects completed in cooperation with private, state and federal entities	129	*	N/A	N/A	
* Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	49	58	35	35	35
Output	Number of consultations provided to public and private entities to determine potential impacts of habitat and wildlife resources	503	*	N/A	N/A	
* Outcome	Number of gaining access into nature opportunities offered	*	5	2	30	30
* Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	*	106,921	100,000	100,000	100,000

WILDLIFE DEPREDAATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of and precluded from property damage, annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	23.0	0.0	0.0	0.0	***
Other Revenues	790.5	973.2	971.9	971.9	-0.1
Fund Balance	97.9	125.7	197.0	197.0	56.7
SOURCES TOTAL	911.4	1,098.9	1,168.9	1,168.9	6.4
USES					
Personal Services and Employee Benefits	268.5	305.0	314.4	314.4	3.1
Contractual Services	88.2	179.7	179.7	179.7	0.0
Other	554.7	614.2	674.8	674.8	9.9
TOTAL USES	911.4	1,098.9	1,168.9	1,168.9	6.4
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	74%	95%	95%	95%	95%

ADMINISTRATION

The purpose of the administration program 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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	635.4	561.9	612.8	612.8	9.1
Other Revenues	5,659.3	6,539.8	6,214.1	6,214.1	-5.0
Fund Balance	237.7	39.8	0.0	0.0	-100.0
SOURCES TOTAL	6,532.4	7,141.5	6,826.9	6,826.9	-4.4
USES					
Personal Services and Employee Benefits	3,475.2	4,050.4	4,150.5	4,150.5	2.5
Contractual Services	755.3	862.6	523.6	523.6	-39.3
Other	2,301.9	2,228.5	2,152.8	2,152.8	-3.4
TOTAL USES	6,532.4	7,141.5	6,826.9	6,826.9	-4.4
FTE					
Permanent	57.0	57.0	57.0	57.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	59.0	59.0	59.0	59.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of contacts made to increase department diversity	*	30,163	5,000	N/A	
Output	Percent of vacancies filled within one hundred eighty days of occurrence	*	97.6	90%	90%	90%
Quality	Percent error rate in processing special hunt applications	*	<1%	<1%	<1%	<1%
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	*	98.5	95%	95%	95%

STATUTORY AUTHORITY:

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

MISSION:

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	20,869.5	22,553.3	28,577.0	26,279.5	16.5
Other Transfers	801.2	0.0	2,629.2	2,629.2	***
Federal Revenues	16,791.5	24,991.8	16,307.9	16,307.9	-34.7
Other Revenues	14,540.1	15,024.1	14,945.1	14,534.4	-3.3
Fund Balance	0.0	0.0	1,499.3	2,000.0	***
SOURCES TOTAL	53,002.3	62,569.2	63,958.5	61,751.0	-1.3
USES					
Personal Services and Employee Benefits	25,393.9	27,417.7	29,536.7	28,292.3	3.2
Contractual Services	8,369.8	13,107.8	12,788.8	12,608.9	-3.8
Other	17,537.2	20,164.1	17,215.3	16,550.6	-17.9
Other Financing Uses	868.5	1,879.6	4,417.7	4,299.2	128.7
TOTAL USES	52,169.4	62,569.2	63,958.5	61,751.0	-1.3
FTE					
Permanent	414.0	421.0	445.0	434.0	3.1
Term	39.0	42.0	42.0	40.0	-4.8
Temporary	52.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	505.0	511.0	535.0	522.0	2.2

BUDGET ISSUES:

For FY08, across all programs, the department is expected to experience an \$8.6 million general reduction in federal funds over FY07 levels. This is primarily due to the realignment of federal funding priorities and the correction of federal carry-over balances. To offset the loss of federal revenues the agency requested a base budget of \$63.9 million, which included a \$6 million, or 26.7 percent, general fund increase over FY07. Included in the agency's request is an increase of \$1.7 million in personal services and employee benefits to fund the expansion of 21 FTE in the State Parks, Healthy Forests, Oil and Gas Conservation, Alternative Energy, and Program Leadership and Support programs. Assuming a 3 percent vacancy saving rate over the agency's request in the State Parks, Healthy Forests, Oil and Gas Conservation programs, the committee recommends \$61.7 million for FY08 and includes a base expansion of 11 FTE.

The recommended FY08 \$3.7 million general fund increase over FY07 levels represents a significant commitment to the State Parks program, where nearly \$2.5 million, or 68 percent, of the general fund increase is directed to support statewide program infrastructure, including facility maintenance, and to provide for the operation of new state park properties at Red Rock and the Galisteo Basin.

The State Parks program is planning to assume ownership of the Red Rock Park in Gallup during FY08, and while State Parks and the city of Gallup have initially agreed to share operational costs during the transition stage, the parks division is expected to contribute between \$200 thousand to \$250 thousand during FY08 toward direct operating costs. Additionally, the parks program will provide the park manager as well as an architect to oversee the major capital projects planned for the facility. Red Rock currently receives some 100,000 visitors annually.

The State Parks Program is also planning to open the Galisteo Basin/Cerrillos Hills State Park in FY08. This park was authorized by the Legislature in 2005 and will protect and interpret the natural, cultural, and recreational resources of the Galisteo Basin. The park's initial site will be located in Cerrillos Hills and includes open space currently owned by Santa Fe County and possibly other land owned by the State Land Office and the U.S. Bureau of Land Management.

The Legislature appropriated \$1.2 million for initial development of the Galisteo Basin/Cerrillos Hills state park and, to date, the agency has expended \$1.2 thousand for an environmental assessment. Once the assessment results are returned, the State Parks program will move to complete a pending \$600 thousand land acquisition contract with landowners, with the remainder of the appropriation to be applied to the purchase of additional park property. Prior to the FY08 opening, State Parks is planning the construction of the visitor center and museum. Initially, the park is expected to receive over 10,000 visitors per year, with that number projected to rise as additional facilities and attractions become available. To staff operations, the State Parks Program is requesting a 4 FTE expansion.

As with other programs, the Renewable Energy Program is anticipating federal grant funds to be reduced by nearly \$1 million in FY08. To partially offset this reduction the program is recommended to receive a \$277 thousand, or 32 percent, increase over FY07 general fund levels. The increase will support staff and operational costs associated with alternative energy projects, including solar, wind, geothermal, and biomass; energy efficiency and conservation; and alternative transportation and fuels. Renewable energy initiatives are of significant interest to the committee, and for FY08, a new outcome measure was included to specifically evaluate the Renewable Energy Program's performance.

Historically, the State Parks program receives support from numerous federal grants; however, both federal pass-through and operational funds have been reduced. For example, in FY08 the agency anticipates a significant reduction in the federal Land and Water Conservation Program of some \$960 thousand. To offset the anticipated reduction of federal funding initiatives, the Healthy Forests Program is recommended to receive a \$350 thousand, or 32 percent, increase over FY07 general fund levels, and the Oil and Gas Conservation program is recommended to receive a \$500 thousand, or 12 percent, increase over FY07 general fund levels in support of the development, management, and conservation of the state's oil, gas, and associated natural resource assets.

Agency performance across programs for FY06 generally met or exceeded all targets, however certain cost/benefit relationships that are not being adequately measured, for example, the Healthy Forest Program's practice of pre-positioning fire response equipment and the number or volume fines and administrative actions pursued by the Oil and Gas Conservation Program. The committee recommends that discussions with the agency in the interim be directed to the development of new measures that accurately reflect agency performance in these areas.

BASE EXPANSION:

Recommended expansion includes 11 FTE delineated as follows: one paralegal in the Program Leadership and Support Program (1 FTE); one park manager and one architect for Red Rock State Park (2 FTE); one park manager, one instructional coordinator, one park ranger and one park technician for Galisteo Basin/Cerrillos Hills State Park (4 FTE); one compliance officer and one environmental specialist for the Oil and Gas Conservation Program (2 FTE); and the conversion to permanent status of 2 term and 2 unauthorized FTE in the Renewable Energy and Energy Efficiency Program (2 FTE program increase).

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
01	Renewable energy staff (2 FTE)	(Energy)	140.6	140.0
02	Pollutant Discharge (2 FTE)	(Support)	186.0	0.0
03	Environmental compliance staff (6 FTE)	(Oil Conser)	475.8	157.2
04	Red Rock park operations (2 FTE)	(Parks)	300.0	250.0
05	Enforcement staff (1 FTE)	(Forests)	82.5	0.0
06	Paralegal and grant staff (2 FTE)	(Support)	100.0	28.4
07	Parks training coordinator (1 FTE)	(Parks)	55.0	0.0
08	Manzano state park (2 FTE)	(Parks)	76.6	0.0
09	<u>Galisteo Basin/Cerrillos Hills park (4 FTE)</u>	<u>(Parks)</u>	<u>286.8</u>	<u>280.0</u>
TOTAL			1,703.3	855.6

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)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	765.0	856.8	1,273.7	1,133.1	32.2
Federal Revenues	1,220.0	1,455.9	550.8	550.8	-62.2
Other Revenues	89.9	479.1	0.0	0.0	-100.0
SOURCES TOTAL	2,074.9	2,791.8	1,824.5	1,683.9	-39.7
USES					
Personal Services and Employee Benefits	992.6	1,101.7	1,262.7	1,132.3	2.8
Contractual Services	963.7	1,402.2	411.6	411.6	-70.6
Other	118.6	287.9	150.2	140.0	-51.4
TOTAL USES	2,074.9	2,791.8	1,824.5	1,683.9	-39.7
FTE					
Permanent	9.0	9.0	13.0	13.0	44.4
Term	2.0	2.0	2.0	0.0	-100.0
Temporary	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	13.0	11.0	15.0	13.0	18.2

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
* Outcome	Percent of inventoried alternative energy projects evaluated annually				30%	30%
* Outcome	Percent reduction in energy use in public facilities receiving energy, minerals and natural resources department funding for efficiency retrofit projects		20%	10%	10%	10%
* Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies		20%	15%	15%	15%
* Explanatory	Annual utility costs for state-owned buildings in dollars	17,146,000	19,991,908	13,023,000	13,708,000	13,708,000
Outcome	Percent increase in alternative fuels consumption of gasoline-equivalent gallons by state entities	17%				
Output	Energy savings, in millions, of British thermal units, in state facilities	49,306				
Output	Number of renewable energy initiatives assisted	15				

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,173.0	3,387.8	3,974.1	3,737.8	10.3
Federal Revenues	8,415.3	9,771.1	3,944.8	3,944.8	-59.6
Other Revenues	1,050.5	581.9	564.0	184.3	-68.3
Fund Balance	0.0	0.0	99.3	0.0	***
SOURCES TOTAL	12,638.8	13,740.8	8,582.2	7,866.9	-42.7
USES					
Personal Services and Employee Benefits	3,760.9	3,863.0	4,122.5	3,961.7	2.6
Contractual Services	1,925.5	2,635.2	1,750.9	1,748.0	-33.7
Other	6,951.8	7,242.6	2,708.8	2,157.2	-70.2
TOTAL USES	12,638.2	13,740.8	8,582.2	7,866.9	-42.7
FTE					
Permanent	54.0	57.0	58.0	57.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	65.0	68.0	69.0	68.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of nonfederal wildland firefighters provided technical fire training appropriate to their incident command system		1,384	500	500	500
* Outcome	Percent of at-risk communities assisted in mitigating and protecting their communities from the effects of catastrophic wildfire			25%	25%	25%
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries			15	15	15
Output	Number of fire and insect vulnerability assessments and number of implemented mitigation programs in high-risk communities		57			
Output	Number of acres restored		12,251			
Output	Number of seedlings delivered through conservation		195,477			

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,429.3	10,574.1	14,307.2	12,989.7	22.8
Other Transfers	0.0	0.0	2,499.2	2,499.2	***
Federal Revenues	2,304.3	7,721.5	5,829.5	5,829.5	-24.5
Other Revenues	10,113.7	9,857.9	8,334.3	8,334.3	-15.5
Fund Balance	0.0	0.0	1,400.0	2,000.0	***
SOURCES TOTAL	21,847.3	28,153.5	32,370.2	31,652.7	12.4
USES					
Personal Services and Employee Benefits	11,386.3	12,397.9	13,379.3	12,867.5	3.8
Contractual Services	779.6	4,646.8	4,079.2	3,912.2	-15.8
Other	8,913.8	11,108.8	12,412.5	12,373.8	11.4
Other Financing Uses	0.0	0.0	2,499.2	2,499.2	***
TOTAL USES	21,079.7	28,153.5	32,370.2	31,652.7	12.4
FTE					
Permanent	229.0	233.0	242.0	239.0	2.6
Term	6.0	6.0	6.0	6.0	0.0
Temporary	48.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	283.0	287.0	296.0	293.0	2.1

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Explanatory	Number of visitors to state parks	4,202,900	4,157,169	4,000,000	4,000,000	4,000,000
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.86	\$0.94	\$0.83	\$0.86	\$0.94
* Output	Number of interpretive programs available to park visitors	2,571	2,289	2,500	2,500	2,500
* Outcome	Percent completion of new parks and park expansion projects receiving appropriations			45%	45%	45%
Outcome	Percent satisfaction of interpretive programs to program participants		140%	75%		
Output	Number of park management plans completed per year	4				
Output	Number of visitors participating in interpretive programs, including displays at visitor centers and self-guided tours		2,289			
Outcome	Percent of visitors participating in interpretive programs, including active programs and passive programs through displays at visitor centers	4.2%				
Outcome	Percent of registered boats in New Mexico inspected	20.4%				
Explanatory	Number of boating accidents per thousand visitors	0.011				
Explanatory	Percent of general fund to total funds	52.0%				

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	384.8	411.0	445.1	445.1	8.3
Other Transfers	801.2	0.0	0.0	0.0	***
Federal Revenues	3,082.0	3,130.9	3,072.6	3,072.6	-1.9
Other Revenues	0.0	811.3	915.8	915.8	12.9
SOURCES TOTAL	4,268.0	4,353.2	4,433.5	4,433.5	1.8
USES					
Personal Services and Employee Benefits	2,178.2	2,310.1	2,458.4	2,458.4	6.4
Contractual Services	1,748.7	1,753.4	1,598.9	1,598.9	-8.8
Other	321.6	289.7	376.2	376.2	29.9
TOTAL USES	4,248.5	4,353.2	4,433.5	4,433.5	1.8
FTE					
Permanent	16.0	16.0	16.0	16.0	0.0
Term	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	31.0	31.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation			96%	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%
Outcome	Percent of known health, safety and environmental hazards abated annually at abandoned mines			100%	100%	100%
Explanatory	Number of abandoned mine hazards safeguarded	126	42			
Output	Number of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	278	324			
Output	Number of abandoned mine reclamation projects completed, as specified in the abandoned mine land federal grant	5				

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 and dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,110.0	4,111.0	5,044.2	4,625.6	12.5
Other Transfers	0.0	0.0	80.0	80.0	***
Federal Revenues	313.7	373.3	358.0	358.0	-4.1
Other Revenues	3,192.8	3,243.9	5,100.0	5,100.0	57.2
SOURCES TOTAL	7,616.5	7,728.2	10,582.2	10,163.6	31.5
USES					
Personal Services and Employee Benefits	3,739.5	4,180.3	4,460.6	4,174.0	-0.2
Contractual Services	2,942.7	2,633.9	4,921.2	4,921.2	86.8
Other	878.1	795.5	1,081.9	1,068.4	34.3
Other Financing Uses	18.8	118.5	118.5	0.0	-100.0
TOTAL USES	7,579.1	7,728.2	10,582.2	10,163.6	31.5
FTE					
Permanent	61.0	61.0	67.0	63.0	3.3
Term	2.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	63.0	66.0	72.0	68.0	3.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of inventoried orphaned wells plugged annually	38%	27.8%	25%	30%	30%
* Output	Number of inspections of oil and gas wells and associated facilities		28,553	21,750	25,750	28,000
* Explanatory Output	Number of inventoried orphaned wells statewide Number of orphaned wells plugged	52	35	21,700	21,750	21,750
Efficiency	Percent of remediation plans for major releases approved within sixty days after notification					
Outcome	Percent reduction in number of spills caused by infrastructure failures	6%				
Efficiency	Percent of applications for administrative orders reviewed within thirty days	83%				
Outcome	Percent reduction in number of well operators who miss filing deadlines for production reports	65%				
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer impact activities			12		

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 goals.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	FY08 - 2007-2008		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,007.4	3,212.6	3,532.7	3,348.2	4.2
Other Transfers	0.0	0.0	50.0	50.0	***
Federal Revenues	1,456.2	2,539.1	2,552.2	2,552.2	0.5
Other Revenues	93.2	50.0	31.0	0.0	-100.0
SOURCES TOTAL	4,556.8	5,801.7	6,165.9	5,950.4	2.6
USES					
Personal Services and Employee Benefits	3,336.4	3,564.7	3,853.2	3,698.4	3.8
Contractual Services	9.6	36.3	27.0	17.0	-53.2
Other	353.3	439.6	485.7	435.0	-1.0
Other Financing Uses	849.7	1,761.1	1,800.0	1,800.0	2.2
TOTAL USES	4,549.0	5,801.7	6,165.9	5,950.4	2.6
FTE					
Permanent	45.0	45.0	49.0	46.0	2.2
Term	3.0	3.0	3.0	3.0	0.0
Temporary	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	50.0	48.0	52.0	49.0	2.1

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent of prior-year financial audit findings resolved	100%	NA	100%	100%	100%
Output	Number of waste isolation pilot plant compliance project management plan training courses and practical exercises conducted	40	NA	40	40	40
Outcome	Percent of time local area computer network is available	95%	NA	95%	95%	95%
Output	Number of waste-isolation-pilot-plant-related emergency responder and shipment inspection trainings and practice exercises conducted			40		
Outcome	Percent of all hire packets reviewed for compliance within five working days of receipt	95%				

STATUTORY AUTHORITY:

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The corps is administratively attached to the New Mexico Energy, Minerals and Natural Resources Department (EMNRD).

MISSION:

To promote the education, success and well-being of the youth of New Mexico through the conservation and enhancement of the state's natural resources and lasting community benefits.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	2,591.4	2,408.9	2,544.1	2,480.0	3.0
SOURCES TOTAL	2,591.4	2,408.9	2,544.1	2,480.0	3.0
USES					
Personal Services and Employee Benefits	128.7	135.2	191.4	139.8	3.4
Contractual Services	2,281.7	2,175.9	2,210.3	2,210.3	1.6
Other	50.8	47.8	92.4	79.9	67.2
Other Financing Uses	50.0	50.0	50.0	50.0	0.0
TOTAL USES	2,511.2	2,408.9	2,544.1	2,480.0	3.0
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	2.0	0.0

BUDGET ISSUES:

The primary focus of the Youth Conservation Corps (YCC) is to promote youth employment, values, training, and tuition. It is a 2 FTE program primarily funded with government gross receipt tax revenues and fund balances from the youth conservation corps fund.

With the exception of \$64.1 thousand to fund a 1 FTE expansion request, the agency's modest increase request is budgeted in contractual services and other costs, where it will be applied to support various statewide corps projects and to maintain communications and audio visual equipment.

BASE EXPANSION:

YCC requested \$51.6 thousand in a base expansion to fund 1 FTE. The requested program change is to add an instructional coordinator to coordinate the implementation of a system to monitor, evaluate, and advance the educational levels of YCC members. While supportive of the intent, the committee recommends maximizing funding for project costs and does not recommend the expansion.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency		(Division)	Agency	LFC Recom-
Rank		(YCC)	Request	mendation
1	<u>Instructional coordinator (1FTE)</u>		<u>51.6</u>	<u>0.0</u>
TOTAL			51.6	0.0

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the ages of 14 and 25 to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	35	32	45	45	45
* Outcome	Percent of projects completed during the year	100%	92%	95%	95%	95%
* Output	Number of youth employed annually	583	546	625	625	625
Outcome	Percent of grant awards used toward wages for corps members	75%	75%	65%	75%	75%
Outcome	Percent of training hours to total hours provided to corps members					
* Output	Number of cash bonuses and tuition vouchers awarded	16	11	18	18	18

STATUTORY AUTHORITY:

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 through 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	47.5	175.0	175.0	155.0	-11.4
Fund Balance	0.0	0.0	0.0	20.0	***
SOURCES TOTAL	47.5	175.0	175.0	175.0	0.0
USES					
Personal Services and Employee Benefits	0.0	90.0	102.0	102.0	13.3
Contractual Services	0.0	75.0	63.0	63.0	-16.0
Other	47.5	10.0	10.0	10.0	0.0
TOTAL USES	47.5	175.0	175.0	175.0	0.0
FTE					
Permanent	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	0.0	2.0	2.0	2.0	0.0

BUDGET ISSUES:

The recently formed agency's mission is to plan the annual intertribal ceremonial in Gallup. The enabling legislation set up a nonreverting intertribal ceremonial fund and authorized the governor to appoint an executive director and seven-member board.

Although once a state agency, the event has been planned and coordinated since 1996 by a non-profit board, which encountered financial difficulty. Becoming a government agency should provide stability for the event, but, without an executive director or board, the agency has had some trouble in the transition to a planning authority.

The agency should realize significant vacancy savings in FY07, and the committee recommends budgeting this fund balance in FY08. In addition, the agency should be able develop other revenue sources, including concessions, sponsorships and ticket sales, to replace general fund revenue.

The Tourism Department, serving in its administrative capacity, developed the strategic plan and performance measures for the agency, which should provide accountability for agency performance.

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

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Outcome	Percent of operating revenue sources other than general fund			0	10	10
Output	Number of intertribal ceremonial tickets sold		17,503	19,000	20,000	20,000
Output	Dollar value of sponsorships		\$114,600	\$125,000	\$150,000	\$150,000
Output	Number of sponsorships		75	75	100	100

STATUTORY AUTHORITY:

The Commissioner of Public Lands is an elective office created by the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-22 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the Commissioner of Public Lands through the State Land Office (SLO). Each acre of land is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage. The agency is divided into three primary divisions: Surface Resources Management; Oil, Gas, and Mineral Resources; and Administrative Services.

Activities of SLO include leasing state trust lands for mineral, oil and gas development, and agricultural uses; processing and collecting rentals and royalties from the lease of trust lands, including related audit and collection efforts; identifying trust lands with commercial and residential potential and planning or overseeing planning of those lands; leasing and exchanging land for commercial, industrial, and recreation uses; and issuing rights of way to various interests.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	11,500.0	13,276.2	13,356.2	13,356.2	0.6
SOURCES TOTAL	11,500.0	13,276.2	13,356.2	13,356.2	0.6
USES					
Personal Services and Employee Benefits	8,664.6	9,784.4	9,825.1	9,825.1	0.4
Contractual Services	661.1	413.5	858.2	858.2	107.5
Other	1,508.6	2,561.2	2,155.8	2,155.8	-15.8
Other Financing Uses	665.7	517.1	517.1	517.1	0.0
TOTAL USES	11,500.0	13,276.2	13,356.2	13,356.2	0.6
FTE					
Permanent	155.0	155.0	155.0	155.0	0.0
TOTAL FTE POSITIONS	155.0	155.0	155.0	155.0	0.0

BUDGET ISSUES:

The agency's FY08 request of \$13.4 million reflects solely other program revenue appropriations, with no general fund requirement; further, the request is flat relative to FY07 with the exception of a modest \$80 thousand increase to offset General Services Department information systems rates.

For FY08 the agency anticipates revenues of \$382.4 million, primarily drawn from income receipts on items such as grazing, right-of-way easements, and royalties on oil, gas, and other minerals. FY08 distributions to beneficiaries are projected to be \$369.1 million.

Revenues from renewable resources, such as alternative energy, agriculture and commercial leases, oil, gas and mineral rentals and rights of way, are deposited into the maintenance fund, which also pays for the agency's operating expenses. Revenues remaining over and above expenditures are paid to the beneficiaries. In FY06, \$67.3 million was distributed to beneficiaries from the maintenance fund.

Income from nonrenewable resources, such as oil, gas and mineral royalties, are transferred to the land grant permanent fund. In FY06, \$426.4 million was distributed to beneficiaries from this fund. Distributions to all the trust's beneficiaries were significantly higher for FY06 due to strong oil and gas prices.

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 repurchase the royalty interests pursuant to the agreements.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Total trust revenue generated, in millions	\$385.9	\$494.4	\$300.9	\$382.4	\$382.4
* Output	Percent of total trust revenue generated allocated to beneficiaries	-	97%	96%	97%	97%
Outcome	Bonus income per leased acre from oil and gas activities	\$199.21	\$255.69	\$160.66	\$212.33	\$212.33
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$16.1	\$13.3	\$5	\$5	\$5
* Output	Average income per acre from oil, natural gas and mineral activities	\$120.91	\$131.76	\$95.04	\$122.59	\$122.59
* Output	Average income per acre from agriculture leasing activities	\$0.91	\$.97	\$.92	\$.92	\$.92
* Output	Average income per acre from commercial leasing activities	\$16.80	\$19.70	\$19.32	\$22.80	\$22.80
Output	Number of lease and attachment documents imaged	93,000	237,800	900,000	600,000	600,000

STATUTORY AUTHORITY:

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are interrelated, companion agencies. Pursuant to Section 72-2-1 through 72-2-17 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members, eight of whom are appointed by the governor. The ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

Agency functions include water rights application and disposition; administrative hearings; water rights adjudication; computer database abstraction, imaging, and population; water delivery via interstate compacts; water metering; water conservation; acequia and community ditch improvement; and collaboration with federal agencies and New Mexico water users to meet the requirements of the Endangered Species Act.

MISSION:

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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	19,395.8	22,000.7	30,923.9	26,486.5	20.4
Other Transfers	26,122.7	17,584.1	17,716.9	17,899.2	1.8
Federal Revenues	41.3	0.0	0.0	0.0	***
Other Revenues	1,438.2	735.9	639.1	639.1	-13.2
Fund Balance	44,108.8	6,444.0	6,809.1	6,809.1	5.7
SOURCES TOTAL	91,106.8	46,764.7	56,089.0	51,833.9	10.8
USES					
Personal Services and Employee Benefits	20,596.8	21,635.0	24,031.9	22,869.2	5.7
Contractual Services	11,483.5	5,220.5	10,490.6	8,301.4	59.0
Other	21,094.1	4,543.9	5,911.1	5,007.9	10.2
Other Financing Uses	18,975.0	15,365.3	15,655.4	15,655.4	1.9
TOTAL USES	72,149.4	46,764.7	56,089.0	51,833.9	10.8
FTE					
Permanent	296.0	331.0	366.5	345.0	4.2
Term	0.0	0.0	2.5	0.0	***
TOTAL FTE POSITIONS	296.0	331.0	369.0	345.0	4.2

BUDGET ISSUES:

For FY08, OSE's overall base request of \$47.7 million represents a \$900 thousand increase over the FY07 operating budget of \$46.8 million. This includes a general fund increase of approximately \$369 thousand, or 1.8 percent. Additionally, the agency's FY08 request is based on 331 authorized FTE and includes an average 4.5 percent vacancy rate applied to personal services and employee benefits. It also reflects the realignment of 3 FTE in the hearings unit from the litigation and adjudication program to program support. This adjustment represents no additional FTE in the agency's base and was initiated to avoid potential conflicts of interest.

For several years running, the committee has recommended significant increases from the general fund to offset the agency's reliance on special appropriations and fund balances to fund what are essentially recurring operating costs. This is particularly true with respect to federal Endangered Species Act and National Environmental Policy mandates which, to date, have received some \$7.6 million in nonrecurring appropriations and are projected to require between \$1.5 million and \$1.8 million in future annual funding and joint funding agreements with federal agencies, such as the U.S. Geological Survey and the U.S. Bureau of Reclamation, which will require between \$1.2 million and \$1.5 million in recurring annual program costs.

To address these areas, the committee recommends a \$4.4 million increase from the general fund and recommends against the use of nonrecurring appropriations to fund recurring agency operational expenses.

The agency administers the Irrigation Works Construction Fund (IWCF) and the Improvement of the Rio Grande Income Fund (IRGIF) with revenue generated from trust lands. IWCF supports the design and improvement of acequias, construction and rehabilitation of farm irrigation works, dam rehabilitation and legal proceedings and projects that improve the efficient use, management, and availability of the state's water. IRGIF supports efficient use, management, and availability of water in the Rio Grande, including vegetation management in Elephant Butte and Caballo reservoirs, water salvage projects in the Middle Rio Grande such as the Elephant Butte Pilot channel project, channel maintenance along the Rio Chama below Abiquiu Dam, levee and flood control projects, and data collection to evaluate reclamation programs. At the requested level of expenditure, OSE projected fund balances at the end of FY08 will be \$9.7 million for the IWCF and \$2.2 million for the IRGIF.

While OSE's total FY08 base budget request is modest, the agency's expansion request is significant: 38 FTE (an 11.4 percent increase over FY07) accompanied with a general fund increase of \$8.4 million or 39 percent increase over FY07 general fund operating levels.

Additionally, the FY08 request does not reflect the OSE use of other state funds, such as the use of tax-exempt bond proceeds to finance adjudication efforts. For example, to date in FY07, the agency has submitted budget adjustment requests totaling nearly \$3.6 million to the agency's FY07 Litigation and Adjudication Program operating budget of \$6.8 million. OSE is interpreting Laws of 2005, Chapter 293 (HB1110), which allows 10 percent of all funds in the water project fund to be used for water rights adjudication, to allow for the use of tax-exempt bond proceeds to fund agency operating costs. However, bond proceeds are typically reserved for activities that create capital assets. Staff has requested an opinion from the Attorney General and a response is pending.

The costs for water-related settlements could prove to be substantial. Eleven active adjudications are pending in New Mexico courts involving stream systems in the Rio Grande, Pecos, Upper Colorado River, and Lower Colorado River drainage basins. The entire Pecos River stream system is the subject of an adjudication that began in 1956. Adjudications of several tributaries to the Upper Rio Grande were started between 1966 and 1983 involving water rights of many of New Mexico's Indian pueblos and tribes, the federal government, municipalities, community ditches, and thousands of individual defendants.

The adjudication of the lower portion of the Rio Grande was originally filed in 1985 by the Elephant Butte Irrigation District but remained inactive until 1996. It involves New Mexico's largest irrigation district, a major federal reclamation project, municipal and county water rights, New Mexico State University, the City of Las Cruces, and thousands of individual groundwater claims within Doña Ana County. The San Juan River stream system has only been partially adjudicated.

The three water rights adjudications involving tribes show settlement costs as high as \$67,300 per delivered acre-foot of water, the projected amount for the Pojoaque-Tesuque-Nambe basin, and as low as \$16,600 per delivered acre-foot, the projected amount for the Taos basin. In the middle is the \$22,300 per delivered acre-foot proposed in the settlement of tribal water rights in the San Juan basin. Moreover, the water right claims of the Navajo Nation, the United States, and thousands of private claims have not been surveyed or adjudicated in a comprehensive stream system adjudication required by state law. Accordingly, the committee encourages the agency to pay particular attention to settlement cost-sharing formulas to reduce unreasonable state share assignments.

BASE EXPANSION:

The Water Resources Allocation Program (WRAP) is primarily responsible for processing water rights applications, conducting the scientific research for making those water rights decisions, maintaining water rights records, and enforcing any conditions or restrictions on water use. Water masters in the program measure stream flow, allocate the water within a stream system based on state law, and regulate and control diversions. Staff also inventories water resources, monitors water use, and cooperates with the U.S. Geologic Survey in monitoring groundwater levels throughout the state. Additional duties include licensing all well drillers, maintaining and updating the rules and regulations of the State Engineer, inspecting nonfederal dams, evaluating subdivision water-supply plans submitted by counties, and promoting water conservation. For FY08 the agency is requesting to expand WRAP by \$3.8 million in general fund money and 28 FTE. The committee does not support the conversion of 13.5 unauthorized term positions to permanent status or the creation of 2.5 new term FTE for WATERS and water right applications backlog. The committee supports the 3 FTE (\$150 thousand) expansion associated with the processing of water rights applications in the Clayton and Canadian basins. The committee also supports the 10 FTE statewide expansion of the water masters program (\$1 million) in the San Juan Basin, the Lower Rio Grande Basin, the Lower Pecos Basin, the Nambe-Pojoaque-Tesuque Basin, the Rio Chama Basin, the Mimbres Basin, and the Mora area.

The Interstate Stream Compact Compliance Program (ISC) has broad powers to investigate, protect, conserve and develop New Mexico's waters, including both interstate and intrastate stream systems. The commission's authority under state law includes negotiating with other states to settle interstate stream controversies. New Mexico is a party to eight interstate stream compacts including the Colorado River, Upper Colorado River Basin, La Plata River, Animas-La Plata Project, Rio Grande, Costilla Creek, Pecos River, and Canadian River compacts. Commission staff is also responsible for compliance with provisions of the U.S. Supreme Court decisions governing water allocations on the Pecos, Canadian and Gila rivers. To assure compact compliance, staff analyze, review, and implements projects in New Mexico and in other states and analyze stream flow, reservoir levels, and other data on the stream systems. For FY08 the agency is requesting to expand the ISC program by \$3.8 million in general fund money and 2 FTE. To address the matter of special appropriations funding of recurring agency operating costs, the committee supports base general fund expansion with respect to the federal Endangered Species Act and National Environmental Policy mandates (\$1.55 million) and the joint funding agreements with federal water agencies (\$1.25 million). The committee also supports the conversion to general fund financing of the 1 FTE Ute Dam caretaker position (\$100 thousand) and the general fund expansion of the 1 FTE Eagle Nest Dam caretaker position (\$54.1 thousand) to address water rights and safety issues associated with the facilities.

The Litigation and Adjudication Program (LAP) serves as the legal advisor to the State Engineer. As commissioned special assistant attorneys general, the program's attorneys prosecute all water rights adjudications brought on behalf of the State of New Mexico in state and federal courts. They provide legal representation to the Water Resources Allocation Program in all water-use-permit administrative hearings and to the State Engineer in appeals of his decisions to district court. Litigation and Adjudication Program attorneys also seek injunctions on the State Engineer's behalf against illegal uses of water or over-diversions of water. Technical staff in the program's Hydrographic Survey Bureau performs hydrographic surveys and provide the foundation documentation for all adjudications. Survey staff within each of the program's three adjudication bureaus works closely with legal staff in providing technical support for ongoing adjudications. For FY08 the agency is requesting to expand LAP by \$269.9 thousand from the general fund and 4 FTE. The committee does not support the expansion request and recommends that vacant agency positions be reclassified to meet the Middle Rio Grande adjudication bureau requirements.

Program Support (PSP) provides administrative and management support services to the Office of the State Engineer to allow for the smooth functioning of all other programs. The program has four bureaus – Finance, Budget Services, Information Technology Systems, and Human Resources – which handle the agency's payroll, budget planning, contract preparation, fixed assets, accounting, procurement, property management and control, personnel management, and computer systems and communication systems development and support. For FY08 the agency is requesting to expand program support by \$518.1 thousand from the general fund and 4 FTE. The committee does not support expansion requests related to PSP and recommends that vacant agency positions be reclassified to meet program support requirements.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program:

The internal services 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 the Rio Grande income fund and four hundred twenty-nine thousand eight hundred dollars (\$429,800) from the irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal services funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred eighty-two thousand six hundred dollars (\$782,600) from the improvement of the Rio Grande income fund and four million eight hundred sixty three thousand seven hundred dollars (\$4,863,700) from the irrigation works construction fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement dated April 2003, which expires February 28, 2013, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for the conservation and recovery of the listed species in the middle Rio Grande basin, including the optimizing of middle Rio Grande conservancy district operations.

Revenue from the sale of water to United States government agencies by New Mexico resulting from litigation settlement between New Mexico and the United States implemented by the conservation water agreement dated June 29, 2001, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for use as required by the conservation water agreement.

The appropriations to the irrigation works construction program of the state engineer include (1) one million nine hundred thousand dollars (\$1,900,000) to (a) match seventeen and one-half percent of the cost of work undertaken by the United States army corps of engineers pursuant to the Federal Water Resources Development Act of 1986 provided that no amount of this appropriation shall be expended for any project unless the appropriate acequia system or community ditch has agreed to provide seven and one-half percent of the cost from any source other than the irrigation works construction fund or improvement of the Rio Grande income fund and provided that no more than two hundred fifty thousand dollars (\$250,000) shall be allocated to one acequia per fiscal year and (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 state funds other than loans may be used to meet the association's twenty percent share of the total cost of the project; and (2) two hundred thousand dollars (\$200,000) for engineering services for approved acequia projects.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequia, irrigation and conservancy districts. The interstate stream commission's authority also includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

The interstate stream commission's authority to make loans from the irrigation works construction fund includes two million dollars (\$2,000,000) to irrigation districts, acequias, conservancy districts and soil and water conservation districts for purchase and installation of meters and measuring equipment. The maximum loan term is five years.

None of the money appropriated to the state engineer for operating or trust purposes shall be expended for primary clearing of vegetation in a phreatophyte removal project, except insofar as is required to meet the terms of the Pecos river compact between Texas and New Mexico. However, this prohibition shall not apply to removal of vegetation incidental to the construction, operation or maintenance for flood control or carriage of water or both.

For the Litigation and Adjudication Program:

The internal services funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include one million nine hundred thirteen thousand dollars (\$1,913,000) from the irrigation works construction fund.

For the Program Support Program:

The internal services funds/interagency transfers appropriations to the program support program of the state engineer include four hundred sixty-three thousand nine hundred dollars (\$463,900) from the irrigation works construction fund.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	WATERS (8 FTE)	(WRAP)	1,386.0	0.0
02	Compliance ESA/EPA mandates	(ISC)	1,800.0	1,550.0
03	Joint funding agreements	(ISC)	1,500.0	1,250.0
04	Water masters (10 FTE)	(WRAP)	1,000.0	1,000.0
05	MRG adjudication bureau start-up (4 FTE)	(LAP)	269.9	0.0
06	Water rights backlog (7 FTE)	(WRAP)	480.1	0.0
07	Public outreach and involvement (2 FTE)	(PSP)	275.0	0.0
08	Hydrology, water use and conservation	(WRAP)	771.4	0.0
09	Updating regional water plans	(ISC)	400.0	0.0
10	Water rights protection: Clayton (3 FTE)	(WRAP)	191.6	150.0
11	Ute dam caretaker conversion	(ISC)	100.0	100.0
12	Eagle Nest dam caretaker (1 FTE)	(ISC)	82.3	54.1
13	UTE FTE (1 FTE)	(ISC)	62.6	0.0
14	ITSB development test unit (2 FTE)	(PSP)	145.0	0.0
15	<u>EGIS services</u>	<u>(PSP)</u>	<u>98.1</u>	<u>0.0</u>
TOTAL			8,562.0	4,104.1

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 nonfederal dams within the state, to owners and operators of such dams, so they can operate the dam safely.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8,172.9	9,735.2	13,825.8	11,258.7	15.6
Other Transfers	589.5	577.4	577.4	577.4	0.0
Federal Revenues	41.3	0.0	0.0	0.0	***
Other Revenues	474.3	521.0	524.2	524.2	0.6
Fund Balance	2,750.8	0.0	0.0	0.0	***
SOURCES TOTAL	12,028.8	10,833.6	14,927.4	12,360.3	14.1
USES					
Personal Services and Employee Benefits	9,158.2	9,534.8	11,389.1	10,697.9	12.2
Contractual Services	1,186.1	450.0	1,606.6	451.3	0.3
Other	1,617.6	848.8	1,931.7	1,211.1	42.7
TOTAL USES	11,961.9	10,833.6	14,927.4	12,360.3	14.1
FTE					
Permanent	135.0	162.0	187.5	175.0	8.0
Term	0.0	0.0	2.5	0.0	***
TOTAL FTE POSITIONS	135.0	162.0	190.0	175.0	8.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Average number of unprotested new and pending applications processed per month	81	67	80	60	60
* Output	Average number of protested and aggrieved applications processed per month	10	11	12	9	9
* Explanatory	Number of unprotested and unaggrieved water-right applications backlogged	733	765	600	850	850
* Explanatory	Number of protested and aggrieved water-right applications backlogged	285	246	198	250	250
* Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	44.6%	50.9%	54%	58%	58%
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	*	89%	65%	93%	93%
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	*	51%	60%	65%	65%
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	*	51%	55%	60%	60%

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,094.5	3,773.3	7,756.2	6,673.9	76.9
Other Transfers	9,218.8	5,728.6	5,646.3	5,828.6	1.7
Other Revenues	214.9	214.9	114.9	114.9	-46.5
Fund Balance	35,386.1	0.0	0.0	0.0	***
SOURCES TOTAL	47,914.3	9,716.8	13,517.4	12,617.4	29.9
USES					
Personal Services and Employee Benefits	3,672.6	3,988.2	4,052.4	4,052.4	1.6
Contractual Services	8,316.7	3,080.7	6,789.2	5,889.2	91.2
Other	18,377.3	2,647.9	2,675.8	2,675.8	1.1
TOTAL USES	30,366.6	9,716.8	13,517.4	12,617.4	29.9
FTE					
Permanent	45.0	53.0	55.0	54.0	1.9
TOTAL FTE POSITIONS	45.0	53.0	55.0	54.0	1.9

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at end of calendar year to be greater than or equal to zero acre-feet with final accounting to be available at end of fiscal year	8,900	41,200	0	0	0
* Outcome	Rio Grande compact accumulated delivery credit or deficit at end of calendar year to be greater than or equal to zero	35,600	37,100	0	0	0
Explanatory	Cumulative number of regional water plans completed and accepted by interstate stream commission	14	*	*		
Outcome	Number of acres purchased toward twelve thousand minimum requirement to complete implementation phase of Pecos settlement	*	*	*		
Outcome	Acre-foot capacity of augmentation well fields constructed toward fifteen thousand seven hundred fifty minimum requirement to complete implementation phase of Pecos settlement	*	*	*		

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,892.4	5,131.6	5,206.2	4,936.3	-3.8
Other Transfers	1,826.3	1,673.2	1,913.0	1,913.0	14.3
Fund Balance	184.0	0.0	0.0	0.0	***
SOURCES TOTAL	6,902.7	6,804.8	7,119.2	6,849.3	0.7
USES					
Personal Services and Employee Benefits	4,545.1	4,968.1	5,022.7	4,772.8	-3.9
Contractual Services	1,723.6	1,469.9	1,731.0	1,731.0	17.8
Other	571.8	366.8	365.5	345.5	-5.8
TOTAL USES	6,840.5	6,804.8	7,119.2	6,849.3	0.7
FTE					
Permanent	75.0	75.0	76.0	72.0	-4.0
TOTAL FTE POSITIONS	75.0	75.0	76.0	72.0	-4.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Number of offers to defendants in adjudications	2,551	1,733	1,800	1,000	1,000
* Outcome	Percent of all water rights that have judicial determinations	36%	41%	40%	42%	42%

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,236.0	3,360.6	4,135.7	3,617.6	7.6
Other Transfers	423.4	413.6	463.9	463.9	12.2
Fund Balance	383.9	0.0	0.0	0.0	***
SOURCES TOTAL	4,043.3	3,774.2	4,599.6	4,081.5	8.1
USES					
Personal Services and Employee Benefits	3,220.9	3,143.9	3,567.7	3,346.1	6.4
Contractual Services	257.1	219.9	363.8	229.9	4.5
Other	527.4	410.4	668.1	505.5	23.2
TOTAL USES	4,005.4	3,774.2	4,599.6	4,081.5	8.1
FTE					
Permanent	41.0	41.0	48.0	44.0	7.3
TOTAL FTE POSITIONS	41.0	41.0	48.0	44.0	7.3

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Percent of department contracts that include performance measures	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Organic Commodity Act, Sections 76-22-1 through 76-21-22 NMSA 1978, created the New Mexico Organic Commodity Commission to regulate and promote organic agriculture in New Mexico. The enabling act also created a five-member commission, which appoints the executive director. Under state and federal authority, the agency provides an organic certification program to New Mexico businesses, protects the public interest regarding organic labeling claims made in the marketplace, and promotes organic agriculture through public education and marketing assistance.

MISSION:

The New Mexico Organic Commodity Commission provides certification services and marketing assistance for organic producers, processors and retailers and information, education and marketplace protection for consumers. The goal of the commission is to be an effective advocate for organic production in New Mexico, to make the certification process accessible, and to rigorously ensure the truthfulness of organic claims.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	280.1	289.0	337.9	293.8	1.7
Other Transfers	27.0	0.0	0.0	0.0	***
Federal Revenues	5.4	86.0	86.0	10.0	-88.4
Other Revenues	0.0	0.0	0.0	76.0	***
SOURCES TOTAL	312.5	375.0	423.9	379.8	1.3
USES					
Personal Services and Employee Benefits	198.5	215.1	259.9	216.4	0.6
Contractual Services	46.8	85.8	79.4	79.4	-7.5
Other	58.8	74.1	84.6	84.0	13.4
TOTAL USES	304.1	375.0	423.9	379.8	1.3
FTE					
Permanent	4.0	4.0	5.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	5.0	4.0	0.0

BUDGET ISSUES:

For FY08 the commission's general fund request is \$337 thousand, approximately 79 percent of the total agency budget. Other revenue sources include \$10 thousand in federal funds, used to reimburse organic producers for a portion of their registration fees, and \$76 thousand in licensing and other fees. This represents a general fund increase of approximately 16 percent over FY07.

Agency revenues are generated from annual application fees for registered and certified organic farmers, annual assessments of one-half of 1 percent on organic sales, the sale of organic certification manuals, and advertisements in the agency newsletter. The committee recommends the agency initiate a comprehensive review of the existing fee structure, including an evaluation of inspection and testing fees, to cover a greater share of oversight activities.

Nationally the organic market has been growing at around 20 percent per year compared with about 3 percent for conventional agriculture. The recent decision of Wal-Mart and other mass marketers to feature organic products indicates increasing consumer demand for organic products. Currently, organic production cannot fill this demand and many conventional producers are transitioning to organic production to find a stable and growing market.

Demand in New Mexico mirrors this trend. In the last year, for example, the first two organic dairies have been certified in eastern New Mexico. Many other farmers in the region are also certifying to supply the dairies with organic feed and pasture. The modest growth reflected in the agency's FY08 budget is in response to this anticipated growth, while at the same time it anticipates some currently certified producers might withdraw from the market due to drought or other problems.

BASE EXPANSION:

For FY08 the agency requested a \$44.1 general fund increase for a financial specialist. The committee does not support the expansion at this time.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Financial specialist	(P690)	44.1	0.0
TOTAL			44.1	0.0

ORGANIC COMMODITY COMMISSION

The purpose of the New Mexico organic program 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

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	198%	10%	10%	10%	10%
* Output	Percent of organic farms inspected annually	0	20	20	100%	100%
Output	Number of certified organic businesses	120	160	120	120	120
Output	Number of spot-checks performed	18	25	20	20	20
Output	Number of attendees at the annual organic farming conference		500			
Output	Number of client requests for assistance	684	500	400	400	400

STATUTORY AUTHORITY:

The Commission on the Status of Women is authorized under Sections 28-3-1 through 28-3-11 NMSA 1978. The commission is composed of 15 members appointed by the governor and is a clearinghouse for all women's issues, including discrimination, education, training, health, housing, and recognition of achievement. The commission sponsors numerous conferences and training seminars and oversees the Governor's Award for Outstanding New Mexico Women, the New Mexico Women's Hall of Fame, and the TeamWorks-Transforming Women's Lives program through the Temporary Assistance for Needy Families (TANF) block grant.

MISSION:

The Commission on the Status of Women (CSW) increases the awareness of the rights, responsibilities, and interests of women and girls in New Mexico through preservation and recognition of women's history and contributions to the state.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	472.1	560.2	597.4	597.4	6.6
Federal Revenues	1,406.9	1,440.0	1,440.0	1,440.0	0.0
Other Revenues	60.8	103.7	103.7	103.7	0.0
SOURCES TOTAL	1,939.8	2,103.9	2,141.1	2,141.1	1.8
USES					
Personal Services and Employee Benefits	697.9	686.3	759.0	759.0	10.6
Contractual Services	807.6	860.7	885.2	885.2	2.8
Other	428.8	556.9	496.9	496.9	-10.8
TOTAL USES	1,934.3	2,103.9	2,141.1	2,141.1	1.8
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
Term	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	14.0	14.0	14.0	14.0	0.0

BUDGET ISSUES:

The agency request fully funds personal services and benefits and includes a \$33.5 increase in liability insurance. The contractual services request includes \$20 thousand for a consultant to help with statewide conferences and townhall meetings. These cost increases are offset by \$60 thousand reduction in other costs.

The majority of agency funding, \$1.4 million, is federal Temporary Assistance for Needy Families (TANF) funding to run the TeamWorks program. For FY06, the agency reports 580 paid job placements for women in the Albuquerque and Las Cruces areas and 1,073 TANF clients served by the program. However, only 63 percent of TeamWorks participants report employment at nine months after initial placement.

The 2006 General Appropriation Act included language that allows revenue collected for ticket sales in excess of expenses for conferences, awards programs, seminars, and summits to not revert. The commission is requesting \$103.7 thousand in FY08 in other program revenue for conferences. The money will be used for the Year of the New Mexico Girl activities as well as other awards ceremonies, such as the Governor's Award for Outstanding New Mexico Women, the Pioneer Award, and the Trailblazer Award, and various conference booths.

Major agency activities planned for 2008 include the National Year of the Girl Conference in Albuquerque. The agency will also host the host the National Association of Commissions for Women Conference at the same time. The agency plans to request a special appropriation of \$14 thousand to support hosting the National Association of Commissions for Women Conference.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the status of women program of the commission on the status of women includes one million four hundred forty thousand dollars (\$1,440,000) 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, fifty thousand dollars (\$50,000) from the women in transition fund to host the year of the New Mexico girl conference and associated expenses and fifty-three thousand seven hundred dollars (\$53,700) from the commission on the status of women conference fund to host the governor's award for outstanding New Mexico women, the pioneer award, and the trailblazer award and various conference booths. Revenue collected for ticket sales in excess of expenses for conferences, awards programs, seminars and summits shall not revert.

COMMISSION ON STATUS OF WOMEN

The purpose of 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Number of paid employment teamworks placements	365	580	315	300	315
* Outcome	Percent of teamworks participants employed at nine months after initial employment placement	63%	63%	70%	70%	70%
* Output	Number of temporary assistance for needy families clients served through the teamworks program	1,139	1,073	1,000	1,000	1,000
Outcome	Percent of teamworks employment placements at seven dollars per hour	45%	37%	45%	35%	45%
Output	Number of teamworks twelve week classes conducted	18	22	18	18	18
Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.43	\$7.30	\$7.50	\$7.50	\$7.50
Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.40	\$6.52	\$6.50	\$6.50	6.50
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	180	210	150	100	150
Output	Number of major publications distributed annually	1	1	1	1	1
Output	Number of award programs conducted annually	1	2	1	1	1
Output	Number of workforce conferences or trainings sponsored	20	9	10	8	10
Output	Number of informational conferences conducted	3	2	2	2	2
Outcome	Number of information fairs	2	1	2	1	1
Outcome	Number of completed surveys or questionnaires	2,200	643	750		
Outcome	Number of workshops on women, divorce and finances	12	12	12	12	12
Outcome	Number of follow-up activities for the year of the New Mexico girl		2	1	1	1

STATUTORY AUTHORITY:

The Office of African American Affairs was established pursuant to African American Affairs Act, Sections 28-21-1 to 28-21.4 NMSA 1978. The agency is attached administratively to the Human Services Department.

MISSION:

The agency's mission is to study, identify and provide solutions to issues relevant to African-Americans to ensure recognition of the accomplishments and contributions made by African-Americans in New Mexico and the United States and act as an advocate for African-American citizens in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	422.6	683.3	884.8	807.6	18.2
Other Transfers	199.4	0.0	0.0	0.0	***
SOURCES TOTAL	622.0	683.3	884.8	807.6	18.2
USES					
Personal Services and Employee Benefits	219.7	271.7	333.3	333.3	22.7
Contractual Services	153.8	153.2	206.2	203.2	32.6
Other	195.4	104.9	191.8	117.6	12.1
Other Financing Uses	0.0	153.5	153.5	153.5	0.0
TOTAL USES	568.9	683.3	884.8	807.6	18.2
FTE					
Permanent	3.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	3.0	5.0	5.0	5.0	0.0

BUDGET ISSUES:

The LFC recommendation supports the Office of African American Affairs (OAAA) FY08 base budget request and adds \$50 thousand previously appropriated to the Department of Cultural Affairs (DCA).

OAAA and DCA have transferred \$50 thousand between themselves over the last several years for the African-American performing arts center and exhibit hall at the New Mexico State Fair. To ease the administrative burden of transferring the \$50 thousand, DCA has reduced its budget request by \$50 thousand and OAAA requested a \$50 thousand expansion.

BASE EXPANSION:

OAAA requested two expansion items: the first seeks additional funds for base operations of \$77.2 thousand; the second seeks to add \$50 thousand previously budgeted at DCA.

LFC recommends \$50 thousand from the general fund for the African-American performing arts center and exhibit hall at the New Mexico State Fair previously appropriated to DCA.

BASE EXPANSION LISTING FY08 - 2007-2008				
Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	OAAA Operations funded in CAP Bud	(P692)	100.0	0.0
2	African-American Perf Arts Center- from DCA	(P692)	50.0	50.0
TOTAL			150.0	50.0

PUBLIC AWARENESS

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 equality of life.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of educational regional conferences	4	5	5	5	5
Output	Number of New Mexican African-Americans recognized per year, statewide, for their achievements	20	25	25	25	25
Output	Number of African-American organizations and churches statewide to be included in a database	375	475	375	375	375
Output	Number of town hall meetings conducted per year	7	7	7	7	7
Output	Number of churches, organizations and counties receiving information	375	375	375	375	375
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	4	7	5	5	5

STATUTORY AUTHORITY:

Sections 28-11B-1 through 28-11B-4 NMSA 1978 created the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing, three members are ex officio and four are appointed by the governor without regard for party affiliation. Statutory duties of the commission comprise identifying the needs of deaf and hard-of-hearing persons and advocating for their needs, providing educational assistance to state agencies and ensuring agency compliance with regulations pertaining to deafness pursuant to the federal Americans with Disabilities Act, providing continuing education services for deaf and hard-of-hearing persons, and assisting in the establishment of a statewide referral service.

MISSION:

The commission provides effective leadership, education, advocacy, and programs to reduce barriers to the social, economic, educational, cultural, and intellectual well-being for members of the deaf and hard-of-hearing community. The commission works with individual citizens to help solve communication access issues. The commission supports a statewide program that distributes telecommunications equipment to New Mexico residents.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	3,621.8	3,811.2	3,991.8	3,118.0	-18.2
Fund Balance	0.0	0.0	0.0	915.7	***
SOURCES TOTAL	3,621.8	3,811.2	3,991.8	4,033.7	5.8
USES					
Personal Services and Employee Benefits	567.7	715.2	818.6	818.6	14.5
Contractual Services	1,484.8	2,650.0	2,475.0	2,475.0	-6.6
Other	439.5	271.0	473.2	465.1	71.6
Other Financing Uses	146.5	175.0	225.0	275.0	57.1
TOTAL USES	2,638.5	3,811.2	3,991.8	4,033.7	5.8
FTE					
Permanent	13.0	13.0	15.0	15.0	15.4
TOTAL FTE POSITIONS	13.0	13.0	15.0	15.0	15.4

BUDGET ISSUES:

Section 63-9F-12 NMSA 1978 transferred the telecommunications access fund and responsibility for administering the Telecommunications Access Act from the General Services Department directly to the commission. In addition, commission operating expenses may now be paid with revenues from the fund. The annual fund revenue had been increasing and was \$3.8 million for FY05. Unexpectedly, the fund revenue for FY06 fell to \$3 million. It is uncertain if this is an anomaly or if there is an underlying systemic change that may permanently reduce revenue. The Taxation and Revenue Department collects the tax and sent letters to telephone companies to assure compliance. The fund balance of \$7.4 million is enough to maintain the current expenditure level for at least the next few years. However, this change in revenue needs careful scrutiny to determine the commission's long-term sustainable expenditure level. Due to the potential lower recurring surcharge revenue, the committee recommends \$915.7 thousand from the available fund balance to guarantee adequate budget in FY08.

The personal services and employee benefits category is fully funded. The recommendation for the contractual services category is reduced in recognition of lower miscellaneous expenses, such as web page design.

The committee recognizes the commission's attempts to develop strategic direction and supports the effort. The commission has a strategic plan that includes a variety of action items designed to expand advocacy services to the deaf and hard-of-hearing community. Unfortunately, the measures are not satisfactory to determine if progress is being made in helping persons with a hearing disability.

BASE EXPANSION:

Southern New Mexico has not had adequate or stable services from the Commission for Deaf and Hard-of Hearing Persons. The single person in the Las Cruces office has not proved satisfactory and lack of performance required Albuquerque and Santa Fe staff to travel to southern New Mexico. To help an expanded and consistent advocacy function, the committee recommends a second FTE and separate office space for the Las Cruces satellite office. Another FTE will allow for a permanent interpreter position at the commission and potentially reduce contractual expenditures for these services.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes two hundred seventy-five thousand dollars (\$275,000) 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.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	2 FTE and a satellite office in Las Cruces	(P693)	115.9	115.9
TOTAL			115.9	115.9

COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS

The purpose of the deaf and hard-of-hearing program is to provide outreach, referral and education and oversee the New Mexico telecommunications relay network for the deaf and hard-of-hearing citizens, government agencies, institutions, businesses and hearing individuals affiliated with those who have a hearing loss so they may become more aware of accessibility and services available and have equal access to telecommunications services.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Number of information referrals, outreach and clients served	3,998	5,351	7,500	10,000	10,000
Output	Hours provided by the sign language interpreter referral service		31,488	40,000		
Output	Number of sign language interpreting mentors		8	16		
* Output	Number of accessible technology equipment distributions				1,750	1,750
Outcome	Percent reduction in telephonic communication barriers				60%	60%
Output	Staff hours devoted to reducing communication barriers				7,500	7,500
Outcome	Percent reduction of general communication barriers				50%	50%

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.

MISSION:

The mission of the Martin Luther King, Jr. State Commission is to promote Martin Luther King Jr.'s principles and philosophy to the people of New Mexico and to improve interracial cooperation and reduce youth conflicts in our communities.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	257.3	283.6	430.4	384.1	35.4
Other Revenues	23.9	0.0	0.0	0.0	***
SOURCES TOTAL	281.2	283.6	430.4	384.1	35.4
USES					
Personal Services and Employee Benefits	119.2	136.0	196.0	193.2	42.1
Contractual Services	41.2	39.0	47.4	47.4	21.5
Other	105.8	108.6	187.0	143.5	32.1
TOTAL USES	266.2	283.6	430.4	384.1	35.4
FTE					
Permanent	2.0	2.0	3.0	3.0	50.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	3.0	50.0

BUDGET ISSUES:

The Martin Luther King, Jr. Commission requests an increase of \$146.8 or 51.7 percent over the FY07 operating budget. The increase includes \$89 thousand to continue funding an administrative assistant and the scholarship leadership tour funded as a special appropriation in the General Appropriation Act during the 2006 legislative session. Apart from what was approved, the executive vetoed another separate appropriation of \$40 thousand to fund a program specialist in Laws of 2006, Chapter 110 (Senate Bill 415).

The commission, in addition to planning and coordinating a statewide commemorative Martin Luther King, Jr. holiday, spends the remainder of the year teaching Dr. King's non-violent principles and philosophy. The commission hosts an annual youth conference to teach Dr. King's philosophy through workshops such as "non-violence is a way of life for courageous people" and "how non-violence seeks to defeat injustice not people."

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 Dr. King), Ebenezer Baptist Church (where Dr. King preached) and the National Civil Rights Museum. Also, members of the commission staff travel around the state to visit schools, tribes and non-profit service providers to teach Dr. King's principles and philosophy.

The year-round activities have had a positive effect on many youth, including some at-risk youth. Kids on probation, as well as probation officer personnel have expressed their gratitude for the commission's efforts to help New Mexico's children learn non-violent principles.

BASE EXPANSION:

The LFC recommendation includes \$68.2 thousand from the general fund for an administrative assistant and the scholarship leadership tour to continue these new initiatives previously funded with a nonrecurring appropriation.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	Scholarship leadership tour and 1 FTE	(P694)	89.0	68.2
TOTAL			89.0	68.2

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 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	13	15	14	14	15
Output	Number of youth anti-violence workshops conducted	9	9	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. The commission provides career training in blindness skills and, of most importance, fosters the belief that blindness is not a barrier to employment or a full, meaningful life.

MISSION:

The Commission for the Blind states its mission is to enable persons who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness and, above all, promoting the belief that blindness is not a barrier to successful employment or living an independent and meaningful life.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,570.9	1,919.4	2,256.7	2,127.2	10.8
Federal Revenues	4,540.0	5,824.0	5,824.0	5,736.0	-1.5
Other Revenues	540.4	1,025.0	687.7	687.7	-32.9
SOURCES TOTAL	6,651.3	8,768.4	8,768.4	8,550.9	-2.5
USES					
Personal Services and Employee Benefits	4,333.8	4,991.4	5,156.9	5,079.9	1.8
Contractual Services	120.5	207.4	207.4	207.4	0.0
Other	3,031.8	3,569.6	3,404.1	3,263.6	-8.6
TOTAL USES	7,486.1	8,768.4	8,768.4	8,550.9	-2.5
FTE					
Permanent	106.5	106.5	106.5	106.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	107.5	107.5	107.5	107.5	0.0

BUDGET ISSUES:

Federal funding is the primary revenue source for the commission, providing 66 percent of the total revenue under a variety of general fund matching requirements. The committee base recommendation is for a slight reduction of general fund due to the application of a slight vacancy savings in the personal services and employee benefits category. The agency has an overall vacancy rate of approximately 6 percent, but the recommendation is for only 1 percent. The recommendation for the other category is lower due to a reduction of inventory expenditures related to the expected \$350 thousand sales reduction of products manufactured by the blind industries. Also, the other category is reduced, reflecting lesser need for building maintenance expenditures. The Blind Industries Enterprise Program is in transition due to its inability to operate profitably and may be terminated.

BASE EXPANSION:

The committee recommends an expansion of \$200 thousand from the general fund to reflect the increase in costs associated with adequate training for blind rehabilitation services. These funds are not eligible for federal match and are the major contributor to the 10 percent increase from the general fund. With an aging population and the prevalence of diabetes in New Mexico, demand for service is expected to grow over the next few years. Vocational rehabilitation focuses on employment of persons who are legally blind or have a condition that leads to blindness. Some of the expansion will be for emergency surgical services to prevent blindness for persons without medical coverage. Many of these interventions are for diabetic retinopathy, reflecting New Mexico's high diabetic rate. The recommended service expansions are not eligible for federal match.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
1	<u>Services for blind training and prevention</u>	<u>(P695)</u>	<u>300.0</u>	<u>200.0</u>
TOTAL			300.0	200.0

BLIND SERVICES

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of quality employment opportunities for blind or visually impaired consumers	37	43	36	35	36
* 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	560	595	600	550	600
* Outcome	Average employment wage for the blind or visually impaired person	\$17.24	\$14.26	\$12	\$14	\$14
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	34	32	30	32	32

STATUTORY AUTHORITY:

Section 9-21-1 through 9-21-16 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

MISSION:

The mission of the Indian Affairs Department is to lead and improve the quality of life for all New Mexico Indian citizens by affecting policy that strengthens tribal-state relations.

BUDGET SUMMARY (dollars in thousands)					
			FY08 - 2007-2008		Percent Incr (Decr)
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,637.5	2,711.6	3,077.4	2,759.0	1.7
Other Transfers	950.3	500.0	500.0	500.0	0.0
SOURCES TOTAL	3,587.8	3,211.6	3,577.4	3,259.0	1.5
USES					
Personal Services and Employee Benefits	716.2	1,121.3	1,474.3	1,168.5	4.2
Contractual Services	1,312.5	276.2	276.4	276.4	0.1
Other	1,287.3	1,814.1	1,826.7	1,814.1	0.0
TOTAL USES	3,316.0	3,211.6	3,577.4	3,259.0	1.5
FTE					
Permanent	13.0	14.0	19.0	14.0	0.0
TOTAL FTE POSITIONS	13.0	14.0	19.0	14.0	0.0

BUDGET ISSUES:

The FY08 committee recommendation includes an increase from the general fund of 1.7 percent and an overall increase of 1.5 percent. Personal services and employee benefits increase 4.2 percent. The contractual services category continues to include \$210 thousand for the Albuquerque Indian Center for activities associated with counseling, homeless care management, employment, and training. The other expenditure category contains the following: Cochiti youth program, \$34 thousand; Isleta youth program, \$30 thousand; Jemez Visitors Center, \$34 thousand; Jicarilla Apache Historic Preservation Program, \$42.5 thousand; Navajo Nation Emergency Management Services, \$300 thousand; Navajo Nation Shiprock Uranium workers, \$40 thousand; Santa Fe Indian School Learning Center, \$212 thousand; Southwest Indian Polytechnic Institute curriculum development, \$40 thousand; youth leadership initiative, \$75 thousand; youth sports and wellness, \$50 thousand, and tribal leadership, \$68 thousand. The amounts may differ somewhat from previous years but are consistent with the prior year's billing. IAD is working with the programs through a quarterly reporting process to ensure adequate progress and the scope of work is consistent with the original legislative intent. New appropriations in this category include the following: economic development initiatives in tribal communities, \$50 thousand; domestic violence issues of the Navajo Nation, \$40 thousand; reading materials for Head Start and senior center programs at the Becenti Chapter of the Navajo Nation, \$20 thousand; and continued provision of a summer leadership and public policy academy at the Santa Fe Indian School and Harvard and Princeton universities, \$105 thousand. The grand total for these projects in the other expenditure category is \$1.6 million. Performance measures related to the scope of work should be included to justify continued funding of these projects.

IAD currently monitors about 650 capital projects and has 4 FTE assigned to what is described as a capital outlay unit that administers the projects. The unit is composed of a capital outlay manager, accountant, policy analyst, and monitoring and compliance engineer. The engineer conducts field trips to both offer advice and ensure projects are proceeding in accordance with the scope of work. The Legislature in 2006 appropriated \$26 million for additional projects as well as an additional \$5 million for Tribal Infrastructure Act projects. To facilitate progress, IAD conducts educational training sessions with various Indian entities regarding the state capital outlay process. It is hoped these sessions will lead to a higher completion rate for the projects.

BASE EXPANSION:

In keeping with the committee guidelines of expansions focusing on direct rather than administrative services, the agency request for additional support staff and policy analysts is not recommended.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the Indian affairs program of the Indian affairs department includes five hundred thousand dollars (\$500,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for native American communities throughout the state.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u> <u>(P696)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
<u>1</u>	<u>FTE for policy analyst and admin support</u>		<u>311.5</u>	<u>0.0</u>
TOTAL			311.5	0.0

INDIAN AFFAIRS DEPARTMENT

The purpose of the Indian Affairs Department is to serve as the coordinating agency for intergovernmental and interagency programs concerning tribal governments and the state.

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	36%	80%	100%	100%	100%
Outcome	Number of audit findings		0	0	0	0
* Output	Number of capital projects over fifty thousand dollars (\$50,000) completed and closed	69	14	40	40	40
* Output	Number of capital outlay process training sessions conducted for tribes	8	8	4	6	6
Output	Percent of grants and services contracts with more than two performance measures		100%	100%	100%	100%
* Output	Number of capital outlay projects under fifty thousand dollars (\$50,000) completed and closed		7	30	40	40
Outcome	Number of policy initiatives and collaborative efforts between Tribal governments and the state				75	75
Outcome	New training curriculum designed to assist tribes with community planning				1	1

STATUTORY AUTHORITY:

Sections 28-4-4 through 28-4-9 NMSA 1978 created the Agency on Aging to establish and maintain comprehensive statewide programs to meet the social needs of the state's aged population and to oversee the distribution of federal funds authorized by the federal Older Americans Act. Sections 9-23-1 through 9-23-12 NMSA 1978 elevated the agency to a cabinet-level department, the Aging and Long-Term Services Department (ALTSD). This legislation expanded the department substantially, moving to ALTSD the home- and community-based Medicaid waiver program for the disabled and elderly (D&E waiver), the Medicaid personal care option (PCO) program, and the program of all inclusive care for the elderly (PACE) from the Human Services Department (HSD); the traumatic brain injury program from the Department of Health (DOH); and the adult protective services program from the Children, Youth and Families Department (CYFD). Finally, the legislation called for the secretary of ALTSD to provide a long-term care and related services plan for all populations and possible program additions to ALTSD. The plan, completed in November 2005, addressed the future of the long-term services population, as well as issues related to access, financing, quality of care, housing, and transportation. The plan applied best practices from other states and identified 10 priority policy areas, with objectives, strategies, and projected outcomes for each. The policy areas are increased services for the elderly and disabled populations, independence through consumer-based services, workforce development, interagency collaboration, home- and community-based services, improved financing mechanisms and access, zero tolerance for abuse, neglect and fraud, development of ALTSD infrastructure, and meaningful quality of life.

ALTSD is composed of five program areas. The Consumer and Elder Rights Program, which administers the long-term care ombudsman program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans' Act and encompasses the functions of the former Older Worker and Community Involvement programs; the Long-Term Care Program, which encompasses the home- and community-based long-term care programs; Adult Protective Services; and Program Support, which provides clerical, recordkeeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

MISSION:

The mission of the Aging and Long-Term Services Department is to address autonomy, health, economic well-being, community involvement, and personal responsibility to achieve the highest quality of life for older persons, adults with disabilities, and their families.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	36,810.8	41,337.1	52,910.9	46,252.8	11.9
Other Transfers	5,356.9	6,795.4	7,147.8	6,756.1	-0.6
Federal Revenues	9,751.0	10,308.7	10,327.1	10,327.1	0.2
Other Revenues	102.3	0.0	90.0	90.0	***
SOURCES TOTAL	52,021.0	58,441.2	70,475.8	63,426.0	8.5
USES					
Personal Services and Employee Benefits	13,463.6	14,649.5	16,810.4	15,597.0	6.5
Contractual Services	4,984.7	5,335.9	6,485.7	6,410.7	20.1
Other	33,661.6	38,175.5	41,648.3	39,260.5	2.8
Other Financing Uses	243.0	280.3	5,531.4	2,157.8	669.8
TOTAL USES	52,352.9	58,441.2	70,475.8	63,426.0	8.5
FTE					
Permanent	218.0	245.0	276.0	252.0	2.9
Term	29.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	247.0	279.0	310.0	286.0	2.5

BUDGET ISSUES:

The agency FY08 budget request is \$70.5 million, a \$12.1 million, 21 percent increase over the FY07 operating budget of \$58.4 million. The agency request included \$10.6 million in expansion items. The committee recommendation of \$63.4 million, compared with the request for \$70.5 million, provides a 8.5 percent funding increase over FY07. The recommendation funds base costs increases as well a number of expansion items. The recommendation includes a 5 percent overall vacancy savings.

In the Long-Term Services Program, the committee fully funds the agency's base budget request, including \$169 thousand for the GAP program to provide basic assistance to individuals awaiting the start of in-home services. Of note ALTSD increased the number of clients served through the D&E waiver in FY06 to 2,906 clients, from 2,559 in FY05. Currently the program is capped at 3,000 participants. In addition, ALTSD reduced the average amount of time a person has to wait for an allocation from 60 months in December 2004 to 20 months.

In FY08, a key priority for ALTSD will be implementation of the newly approved Mi Via self-directed waiver, as well as services envisioned in the state long-term services plan. These services include the money-follows-the-person initiative (Laws 2006, Chapter 112), which directs ALTSD to develop a system where Medicaid funds move with the individual from the institutional setting to a home-based setting, and the coordinated long-term service initiative to meet the need of elderly and disabled Medicare and Medicaid clients to be served in the most cost-effective setting.

For the Aging Network Program, the committee recommendation includes \$32.1 million for statewide aging network programs and includes \$90 thousand in other state funds for the annual conference on aging. For the Consumer and Elder Rights Program the recommendation includes a 3 percent vacancy savings but fully funds the agency request for contractual services and other costs. A major focus of this program is the Aging and Disability Resource Center, which provides information, assistance, and referrals for seniors and those with disabilities. ALTSD has reported call volume of approximately 4,100 incoming calls a month during 2006, up from about 3,900 calls a month in 2005. The call center will play a larger role in the near future as the intake function for adult protective services is transferred to the call center from CYFD and ALTSD begins implementation of new initiatives like the Mi Via waiver.

For the APS program, the committee recommendation includes a 5 percent vacancy savings but provides an additional \$210 thousand in base funding for contractual services and other costs to support the program, including funding for software maintenance for the new client intake system. The transition of APS from CYFD has been difficult administratively.

BASE EXPANSION:

The agency requested expansion items totaling \$10.6 million with 31 additional permanent FTE. ALTSD grouped its individual expansion items under three major priority areas: access to and coordination of home- and community-based services, protection of New Mexico's most vulnerable seniors, and core aging programs to serve a growing population of seniors. The committee's \$4.1 million recommendation for the expansion request provides funding for each of these priorities.

Under access to and coordination of home- and community-based services, ALTSD requested \$6.2 million, comprising \$680.6 thousand for 16 additional staff, \$1.9 million for long-term services to individuals with brain injuries through the self-directed waiver, and \$3.6 million for the coordinated long-term care initiative.

The committee fully funds the \$1.9 million request for long-term brain injury services. Laws 2005, Chapter 243, created the traumatic brain injury waiver to be administered by ALTSD, in cooperation with the Human Services Department. ALTSD is required to provide Medicaid waiver services to persons with brain injuries, with emphasis on long-term disability services provided through home- and community-based programs. However, ALTSD delayed implementation of the brain injury waiver program while waiting for approval of the Mi Via self-directed waiver from the federal government. Approval was received in October 2006, and the department is just beginning program implementation. The \$1.9 million funding will replace nonrecurring funding of \$2 million provided for the program in FY06 and reauthorized for FY07. According to ALTSD, funding of \$1.9 million will generate a federal match of \$4.8 million, providing a total of \$6.7 million for long-term brain injury services. A preliminary estimate is that this level of funding will provide services to nearly 200 individuals at an annual cost of \$35 thousand per year.

According to ALTSD, the purpose of the coordinated long-term care initiative is to serve Medicaid clients in the least restrictive and most cost-effective manner, with emphasis on home- and community-based services and client self-direction, with the goal of delaying, if not preventing, more costly nursing home admissions. ALTSD's \$3.6 million request for the program includes \$253 thousand for four staff to manage the new program and \$3.3 million to transfer to HSD to cover the cost for contractors to provide services to individuals in the program without changing the current fee-for-service delivery system. In October, ALTSD notified the committee that the program approach was changing from an administrative per-member, per-month arrangement to a full-risk capitated arrangement for client care. Although the Legislature is supportive of the concept of self-direction in patient care with emphasis on home and community-based services, the committee is not recommending funding for this program at this point due to uncertainty in program design as well as a need for HSD and ALTSD to receive approval for a Medicaid waiver for the program.

As noted above, ALTSD received approval for the Mi Via self-directed Medicaid waiver program, which allows participants more flexibility in managing their waiver-funded services. ALTSD has requested 9 FTE to manage this program. The committee, in recognition that grant funding for current staff working on Mi Via ends in FY07, is providing \$150 thousand (50 percent from the general fund) for 3 FTE: a bureau chief, a provider liaison and a consumer liaison.

In the second ALTSD priority area, protecting New Mexico's most vulnerable seniors, ALTSD requested \$410 thousand for 7 additional FTE for APS program infrastructure and \$260.9 thousand for 5 FTE for the ombudsman program under the Consumer and Elder Rights Division. In recognition that APS must build up infrastructure to manage the program as the transition from the Children, Youth and Families Department (CYFD) is completed in 2008, the committee recommendation provides \$250 thousand for 4 FTE for APS, including an information technology (IT) specialist to manage the transition of IT support for APS from CYFD in 2008, as well as the new database system ALTSD is implementing to replace CYFD's Family Automated Client Tracking System (FACTS). Funding is also provided for a social and community services coordinator to train APS staff. Under the terms of the joint powers agreement with CYFD, APS is creating its own intake program for APS, which will be housed at the Aging and Disability Resource Center. Because the intake center will be the critical first point of contact for those seeking APS help, the recommendation provides funding for a manager to oversee the intake center and a social and community services coordinator to coordinate call center scheduling and referrals.

For the third priority area, core aging programs to serve a growing population of seniors, ALTSD requested \$3.7 million, including \$3.2 million for statewide aging network programs, \$76.8 thousand for an FTE to create an office for Indian elder affairs, \$107.3 thousand for 2 FTE for health insurance and prescription drug counseling, and \$300 thousand to allow the Golden Opportunities for Lifelong Development (GOLD) mentor program to serve an additional 600 disadvantaged youth.

The committee recommendation provides \$1.8 million in expansion funding for aging network programs to cover essential services provided at over 200 senior centers, services that include adult day care, congregate meals, and home-delivered meals. This funding is in addition to the \$3 million increase provided by the Legislature in FY07.

RECOMMENDED LANGUAGE:

The general fund appropriation to the aging network program of the aging and long-term services department in the other category to supplement the federal Older Americans Act shall be contracted to the designated area agencies on aging.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Self-directed waiver services staff (12 FTE)	(LTS)	680.6	150.0
2	Brain injury services	(LTS)	1,877.5	1,877.5
3	Coordinated long-term care (4 FTE)	(LTS)	3,626.4	0.0
4	Adult protective services staff (7 FTE)	(APS)	410.4	250.0
5	Long-term care ombudsman (5 FTE)	(CER)	269.9	0.0
6	Aging network program	(AN)	3,250.0	1,800.0
7	Office of Indian elder affairs (1 FTE)	(AN)	76.8	0.0
8	Prescrip. drug/ benefits counseling (2 FTE)	(CER)	107.3	0.0
9	<u>Gold employment program</u>	<u>(AN)</u>	<u>300.0</u>	<u>0.0</u>
TOTAL			10,598.9	4,077.5

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)

		<u>FY08 - 2007-2008</u>			
		<u>FY06</u>	<u>FY07</u>	<u>Agency</u>	<u>Percent</u>
		<u>2005-2006</u>	<u>2006-2007</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	635.2	731.7	1,191.8	8.9
	Federal Revenues	1,288.4	1,191.6	1,259.8	5.7
	Other Revenues	101.7	0.0	0.0	***
	SOURCES TOTAL	2,025.3	1,923.3	2,451.6	6.9
USES					
	Personal Services and Employee Benefits	1,303.1	1,402.1	1,795.9	6.0
	Contractual Services	79.2	88.1	98.1	11.4
	Other	612.1	433.1	557.6	9.1
	TOTAL USES	1,994.4	1,923.3	2,451.6	6.9
FTE					
	Permanent	9.0	10.0	17.0	0.0
	Term	11.0	12.0	12.0	0.0
	TOTAL FTE POSITIONS	20.0	22.0	29.0	0.0

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of client contacts to assist on health insurance, prescriptions and other programs	34,360	37,392	35,000		
Output	Number of volunteers trained to provide health insurance and benefits assistance	951	309	150		
Output	Number of outreach events providing prescription education	37	51	30		
Output	Number of clients who receive assistance to access low- or no-cost prescription drugs through MEDBANK and brownbag events	4,437	4,370	5,200		
Output	Number of resident contacts by ombudsmen	82,757	6,242	83,000		
Output	Number of hours of legal representation provided, including legal advice and education	16,643	15,667	17,200		
* Output	Number of ombudsman cases resolved	*	*	*	5,000	5,000
* Outcome	Number of individuals calling the resource center in need of two or more daily living services who receive information, referral and follow-up services	*	*	*	1,800	1,800
Output	Number of granny cams loaned	*	*	*	65	65
* Output	Number of persons accessing the aging and long-term services department's resource center	*	*	*	7,500	7,500
Output	Number of individuals receiving free or low-cost prescription drugs through the resource center prescription drug assistance program	*	*	*	1,200	1,200

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)

		FY08 - 2007-2008				
		FY06	FY07	Agency	LFC	Percent
		2005-2006	2006-2007	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	21,540.1	24,714.0	28,437.9	26,604.9	7.7
	Other Transfers	252.2	325.6	325.6	325.6	0.0
	Federal Revenues	7,777.2	7,783.7	7,727.9	7,727.9	-0.7
	Other Revenues	0.0	0.0	90.0	90.0	***
	SOURCES TOTAL	29,569.5	32,823.3	36,581.4	34,748.4	5.9
USES						
	Personal Services and Employee Benefits	227.8	208.4	312.2	241.7	16.0
	Contractual Services	4.0	0.0	15.0	15.0	***
	Other	29,156.1	32,334.6	35,973.9	34,211.4	5.8
	Other Financing Uses	243.0	280.3	280.3	280.3	0.0
	TOTAL USES	29,630.9	32,823.3	36,581.4	34,748.4	5.9
FTE						
	Permanent	0.0	0.0	1.0	0.0	***
	Term	4.0	4.0	4.0	4.0	0.0
	TOTAL FTE POSITIONS	4.0	4.0	5.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of individuals enrolled in the federal older worker program	68	79	80		
* Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	11.59%	20.29%	16%	20.5%	20.5%
Output	Annual number of mentors	47	44	40		
* Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	30.18%	35.22%	32%	36%	36%
Output	Annual number of clients placed in meaningful employment	613	426	300	450	450
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	94.1%	90%	94%	90%	90%
Output	Annual number of clients mentored	2,031	1,472	1,200		
Output	Unduplicated number of persons served through community services	117,511	128,391	120,000		
* Output	Number of adult daycare service hours provided	186,529	188,681	187,500	190,000	190,000
* Output	Number of hours of respite care provided	146,782	159,281	147,000	160,000	160,000
Outcome	Percent of individuals aged sixty and over served through community services	38%	39%	40%		
Output	Number of one-way trips provided for access to community services	810,009	826,397	810,000	828,000	828,000
Output	Unduplicated number of persons receiving congregate meals	30,780	31,094	30,000		
Output	Number of congregate and home-delivered meals served to eligible participants	3,469,011	3,572,975	3,500,000		
Output	Number of senior centers providing meals	212	212	212		
Output	Number of homemaker hours provided in the state fiscal year	105,867	122,942	120,000	130,000	130,000
Output	Number of participants in local and national senior olympic games	5,349	3,303	5,400		

AGING AND LONG-TERM SERVICES DEPARTMENT

624

Output	Number of children served through the foster grandparent program	2,253	2,549	2,300	2,575	2,575
Output	Number of volunteer hours provided by retired and senior volunteers	1,476,236	1,104,512	1,480,000		
Output	Number of home-bound clients served through the senior companion program	1,597	1,421	1,600		
Output	Unduplicated number of persons receiving home-delivered meals	14,733	13,778	15,000		
Outcome	Percent of individuals aged sixty and over receiving aging network community services	*	*	*	40%	40%
* Output	Number of congregate meals provided through the aging network	*	*	*	1,650,000	1,650,000
* Output	Number of home-delivered meals provided through the aging network	*	*	*	1,950,000	1,950,000
Output	Number of families served through the grandparents raising grandchildren initiative	*	*	*	300	300

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)

		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	FY08 - 2007-2008 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	1,848.1	1,888.2	7,974.0	4,208.7	122.9
	Other Transfers	2,327.8	3,146.0	3,498.4	3,106.7	-1.2
	Federal Revenues	0.0	644.7	597.5	597.5	-7.3
	SOURCES TOTAL	4,175.9	5,678.9	12,069.9	7,912.9	39.3
USES						
	Personal Services and Employee Benefits	2,456.0	2,550.3	3,558.8	2,957.0	15.9
	Contractual Services	1,867.5	2,428.3	2,413.3	2,413.3	-0.6
	Other	332.8	700.3	846.7	665.1	-5.0
	Other Financing Uses	0.0	0.0	5,251.1	1,877.5	***
	TOTAL USES	4,656.3	5,678.9	12,069.9	7,912.9	39.3
FTE						
	Permanent	15.0	35.0	51.0	38.0	8.6
	Term	9.0	13.0	13.0	13.0	0.0
	TOTAL FTE POSITIONS	24.0	48.0	64.0	51.0	6.3

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent of total personal-care option cases that are consumer directed	4.99%	7.6%	6%	8%	8%
* Outcome	Percent of disabled and elderly medicaid waiver clients who receive services within ninety days of eligibility determination	98.4%	98.28%	100%	100%	100%
* Outcome	Average number of months that individuals are on the disabled and elderly waiver registry prior to receiving an allocation for services	*	*	*	24	24
* Output	Number of individuals on the self-directed (mi via) waiver	*	*	*	300	300
Output	Number of traumatic brain injury compliance reviews performed annually	10	10	10		
* Output	Number of brain injury clients served through the self-directed waiver	*	*	*	100	100
* Output	Number of persons reintegrated from nursing homes into home- and community-based medicaid services	*	*	*	121	121

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)					
		FY08 - 2007-2008			
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10,995.9	12,012.7	13,096.1	12,522.0	4.2
Other Transfers	2,518.6	3,149.4	3,149.4	3,149.4	0.0
SOURCES TOTAL	13,514.5	15,162.1	16,245.5	15,671.4	3.4
USES					
Personal Services and Employee Benefits	7,162.2	8,044.3	8,549.4	8,318.0	3.4
Contractual Services	2,937.1	2,684.0	3,818.0	3,743.0	39.5
Other	3,253.0	4,433.8	3,878.1	3,610.4	-18.6
TOTAL USES	13,352.3	15,162.1	16,245.5	15,671.4	3.4
FTE					
Permanent	164.0	170.0	177.0	174.0	2.4
TOTAL FTE POSITIONS	164.0	170.0	177.0	174.0	2.4

PERFORMANCE MEASURES						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of adults with repeat maltreatment	11.1%	10.44%	9.5%	9%	9%
Outcome	Percent of investigated cases closed within thirty-five days	*	*	53%		
Output	Number of clients receiving services	*	*	1,275		
* Outcome	Percent of cases closed within ninety days of referral	*	*	*	70%	70%
Output	Number of abuse, neglect and exploitation allegations substantiated	*	*	*	650	650
Output	Number of adult protective services reports investigated	*	*	*	6,600	6,600
* Output	Number of adults receiving adult protective services intervention	*	*	*	1,000	1,000

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,791.5	1,990.5	2,211.1	2,120.1	6.5
Other Transfers	258.3	174.4	174.4	174.4	0.0
Federal Revenues	685.4	688.7	741.9	741.9	7.7
Other Revenues	0.6	0.0	0.0	0.0	***
SOURCES TOTAL	2,735.8	2,853.6	3,127.4	3,036.4	6.4
USES					
Personal Services and Employee Benefits	2,314.5	2,444.4	2,594.1	2,594.1	6.1
Contractual Services	96.9	135.5	141.3	141.3	4.3
Other	307.6	273.7	392.0	301.0	10.0
TOTAL USES	2,719.0	2,853.6	3,127.4	3,036.4	6.4
FTE					
Permanent	30.0	30.0	30.0	30.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of contractors monitored or assessed	108	102	95		
Output	Percent of contractors assessed with no significant findings	100%	96%	100%	100%	100%
Output	Number of attendees at annual conference on aging	1,700	1,361	1,700		
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,103	1,128	1,150		

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 four divisions: Administrative Services, Child Support Enforcement, Medical Assistance, and Income Support.

Additional authority and definition of responsibilities are found in the Public Assistance Act (Sections 27-2-1 through 27-2-47 NMSA 1078) for the Income Support, Medical Assistance, and Child Support Enforcement divisions.

MISSION:

HSD administers several large state and federally-funded programs that provide health care, financial assistance, child support and food assistance to New Mexico's most needy citizens. These programs prevent or reduce poverty while improving the social and economic health of more than 600,000 New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
			FY08 - 2007-2008		Percent Incr (Decr)
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	626,232.8	689,753.1	789,028.9	780,974.9	13.2
Other Transfers	126,145.5	101,239.0	109,948.2	109,225.2	7.9
Federal Revenues	2,333,880.6	2,503,199.8	2,824,917.7	2,759,359.0	10.2
Other Revenues	56,510.9	62,196.7	69,748.1	74,598.5	19.9
SOURCES TOTAL	3,142,769.8	3,356,388.6	3,793,642.9	3,724,157.6	11.0
USES					
Personal Services and Employee Benefits	127,506.4	87,206.8	96,365.4	89,660.4	2.8
Contractual Services	61,914.6	70,316.9	78,052.7	76,183.5	8.3
Other	2,904,936.6	3,091,515.6	3,511,444.9	3,451,033.8	11.6
Other Financing Uses	95,984.1	107,349.3	107,779.9	107,279.9	-0.1
TOTAL USES	3,190,341.7	3,356,388.6	3,793,642.9	3,724,157.6	11.0
FTE					
Permanent	1,681.0	1,771.0	1,914.0	1,800.0	1.6
Term	0.0	0.0	43.0	93.0	***
TOTAL FTE POSITIONS	1,681.0	1,771.0	1,957.0	1,893.0	6.9

BUDGET ISSUES:

The FY08 committee recommendation for the Human Services Department (HSD) totals \$3.7 billion, up 11 percent over FY07. The general fund recommendation is \$780.9 million, an increase of \$91.1 million over the FY07 total of \$689.8 million. This includes a total of \$45.3 million from the general fund for expansion items. The original request included an additional base increase of \$59 million for a proposed transfer of the Department of Health (DOH) Behavioral Health Services Division to HSD. The committee recommendation does not include these funds because this proposal would require legislative approval; the LFC recommendation reflects current law. If HSD and DOH wish to proceed with such a change then it can only be accomplished subsequent to enactment of legislation. However, the committee used a separate budget code to isolate Medicaid behavioral health costs to begin consolidation of behavioral health appropriations as recommended by an interim LFC performance audit. The new budget code is titled Medicaid Behavioral Health and includes the identified HSD Medicaid behavioral health expenditures.

As expected, the largest increase is in the Medical Assistance Division (MAD), with total expenditures for FY08 rising to \$2.9 billion from \$2.7 billion and general fund requirements to \$641 million from \$629 million. This is a general fund increase of \$12 million, or 2 percent. These amounts do not include additional Medicaid Behavioral Health Program expenditures of \$264.9 million total and \$75.2 million from the general fund that previously would be part of the MAD program. Including these, the Medicaid requirement from the general fund rises to \$716.2 million, an increase of \$87.2 million, or 13.9 percent. This compares with a FY07 increase from FY06 of 11.1 percent. The general fund requirement is reduced by \$5 million by the tobacco resettlement program funds included in the internal services/interagency transfers revenue category. For FY08 the federal medical assistance percentage (FMAP) declined to 71.26 percent from the FY07 value of 71.74 percent. Even this seemingly modest decline in FY08 created an additional state requirement of about \$14 million. Based on the December 2006 HSD projection, the total FY08 Medicaid program expenditure level will be \$2.96 billion, requiring \$684.1 million from the general fund.

Independent analysis by the LFC staff, however, placed the total program spending at the \$2.9 billion level, requiring \$665.6 million from the general fund before expansions. This is a difference of \$18.5 million from the general fund and is basically the result of slightly different enrollment estimates through FY07 and FY08. While the total enrollment at the end of each fiscal year is almost identical, the HSD estimate has an accelerated growth rate that results in elevated expenditures. Unfortunately, HSD only has enrollment data to July 2006, introducing more uncertainty than if later data were available. Again the HSD estimate contains essentially no price increases.

The committee recommends \$13 million from the general fund to match with approximately \$39 million in federal funds to total \$52 million to allow for direct-service provider reimbursement increases. Language is included to ensure the increases are passed through to direct providers and do not become profit for administrative entities. A summation of the Medical Assistance Division requirement from the general fund is in Volume III.

The state coverage insurance program, an important Insure New Mexico component, grows from an estimated \$32.1 million to approximately \$48 million and supports an estimated 10,000 participants for the year. The ultimate number of participants will be a function of the final negotiated capitation rate along with the success of marketing efforts. To support another Insure New Mexico element, the committee recommends \$3.6 million of anticipated collections for the Small Employers Insurance Program (SEIP). The statutory authority for SEIP resides in the General Services Department, Risk Management Division, but HSD administers the program through a joint powers agreement. HSD used \$450 thousand of the FY06 appropriation from the general fund to establish a risk pool and has contracted with a third party administrator to handle direct operations. However, it is uncertain if the risk pool funds are subject to reversion because there was no appropriation for this purpose.

The MAD administrative program recommendation totals \$53.1 million, compared with the agency request of \$54.6 million, a 2 percent increase over FY07. The agency request from the general fund totaled \$10.1 million compared with the committee recommendation of \$9.8 million. This is a 2 percent increase over FY07 and focuses on direct services. By contrast, program costs increased by 14 percent.

The new Medicaid Behavioral Health program is established from the program HSD included in anticipation of the transfer of the Behavioral Health Services Division from DOH. A separate budget code was used to isolate the Medicaid behavioral health budget. The recommendation is for \$75.2 million from the general fund and \$264.9 million total. The committee recommends consolidation of behavioral health spending and accountability in response to a recommendation of the performance audit. Measures and targets related to behavioral health were used for this new program. It is anticipated a statutory transfer of the DOH Behavioral Health Services Division to HSD will include FTE, budget, and performance recommendations to this program. The program will then begin to implement the performance audit recommendation to consolidate behavioral health functions to better coordinate service delivery and fiscal efficiencies as well as to direct accountability to one location. If the statutory change to transfer the division to HSD fails, the committee anticipates the program will remain as recommended. The committee recognizes program-transfer language might be needed within HSD for the movement of Medicaid funds between the new program and the Medical Assistance Division and anticipates its development during the 2007 session.

The Income Support Division (ISD) requested \$519.8 million, including \$52.7 million from the general fund. The committee recommendation totals \$515.4 million with \$46.8 million from the general fund. This is a 7.7 percent increase from the general fund compared with FY07 but an 8.1 percent decrease for the total program. This is because federal funds for the Food Stamp Program are reduced to \$287.9 million from \$342.1 the previous year. This is in response to FY05 and FY06 food stamp case growth of only 3 percent and 4 percent, compared with almost 14 percent in both FY03 and FY04. HSD had not released data for FY07, but if the reduced growth trend continues, the appropriation will be adequate for FY08. If enrollment turns upward, additional federal funds will be available.

A chart in Volume III shows the Temporary Assistance for Needy Families (TANF) budget for FY06 and FY07, the FY08 HSD request, and the FY08 committee recommendation. The committee recommendation for TANF totals \$157.3 million and includes \$34.9 million from the general fund for the required maintenance of effort and \$122.4 of federal funds. The federal portion includes \$5.3 million of unspent nonrecurring prior-year funds. The revenue level supports what might be considered mandatory expenditures for administration of \$11.1 million, total cash assistance of \$69 million, work contracts of \$12 million (including a \$2.2 million expansion), childcare subsidies of \$32.2 million, and maintenance of effort in other agencies of \$25.4 million, leaving only \$7.7 million to distribute over the other programs. The focus must be on funding activities that enhance work training because cash assistance ends after a maximum of 60 months and the clients must be employment-ready. LFC analysis notes a declining caseload that will require a lower cash assistance total than requested by HSD. Again as noted with Medicaid, timely reporting by HSD of agency enrollment data could result in a more accurate projection. The committee recommends funds not needed for cash assistance be used to increase the number of caseworkers in the TANF work contracts as recommended in an

HSD expansion request. These extra caseworkers are needed to provide enhanced support to help ensure compliance with the more stringent work requirements mandated in the Deficit Reduction Act. If the work mandates are not met, financial sanctions of the New Mexico TANF program will result in both reduced federal participation as well as increased maintenance of effort requirements. The committee also recommends increasing the TANF family-strengthening initiative by \$200 thousand, to a total of \$600 thousand and the Gold Mentor program by \$250 thousand, to a total of \$750 thousand, over the HSD request.

The committee recommends \$7.9 million for the General Assistance Program, the same as the agency request. The program is funded entirely from state funds and enrollment has doubled since 2003 to 2,100 clients in May 2006. General assistance essentially provides a safety net for disabled adults ineligible for federally supported programs, generally low-income persons without children. HSD has also requested a supplement of \$1.2 million for excess expenditures in FY07. This is the second consecutive year that general assistance required supplemental appropriations even though it is not an entitlement program. The agency included an expansion for FY08 as requested by the committee but without advance legislative input.

The administrative portion of the ISD FY08 budget request totals \$66.4 million, including \$26.5 million from the general fund, and the committee recommendation totals \$61.3 million, with \$24.1 million from the general fund. The principal difference is in the personal services and employee benefits category for expansion positions. The committee recommendation is for \$1.2 million and 20 FTE for the entire year, compared with the request of \$3.3 million, funding for only half of FY08 in anticipation of the slow pace of hiring, and 122 FTE. ISD provides eligibility services for all HSD programs, including food stamps and Medicaid in addition to TANF. Food stamps and Medicaid have comprised a higher proportion of cases in recent years at a 50 percent federal match compared with the 100 percent match for TANF. This creates a greater requirement from the general fund for the ISD administrative match. For example, in FY06 the TANF cost allocation for ISD administration was 20 percent but for FY07 it declined to 14 percent and is down to 13 percent for FY08. The small change for FY08 helped keep the increase from the general fund down. The increase from the general fund increases only 0.6 percent over FY07 and focuses increases on direct services. By contrast, the program side increased by 16.6 percent.

The committee recommendation for Child Support Enforcement (CSED) totals \$30.5 million, up 2.3 percent over FY07. The recommendation includes a general fund increase to \$7.2 million from the FY07 level of \$6.5 million, a 10.9 percent increase. Changes in federal regulations related to the Deficit Reduction Act do not allow certain incentive funds to count toward matching funds. In addition fees collected from the Navajo Nation for program administration declined. These factors contributed to the high percentage increase from the general fund. These increases support the expansions into Los Lunas, Socorro, and Alamogordo over the past two years designed to provide more responsive customer service.

The Program Support base request was \$43.3 million and the committee recommendation totals \$41.8 million. Approximately \$1 million of the difference is attributable to the application of a 6 percent vacancy rate. This compares with an FY06 vacancy rate of approximately 12 percent. This program grew in FY07 when approximately \$23 million was transferred to Program Support from other HSD programs in response to legislation authorizing certain agencies to create a consolidated information technology division. Included in the Program Support expenditures are \$5.9 million for General Services Department information technology charges, essentially the same as for FY07. These charges were distributed over the other divisions prior to FY06.

A complete set of performance data was not submitted with the FY08 request. Repeated efforts to get FY08 performance data were only partially successful. No FY08 target requests were received.

BASE EXPANSION:

The committee recommends a Medicaid expansion for adults below 100 percent federal poverty level. The program is like the State Coverage Insurance program with a similar summary of benefits. It is not an entitlement program but capped at a level consistent with the appropriation. The committee recommends \$27.8 million from the general fund, \$95.2 million in federal funds, and \$3.5 million from the tobacco settlement program fund for this purpose. HSD estimates 14,000 adults can be served in the first year. This expansion both eases the burden for uninsured individuals and begins addressing the uncompensated care issue.

In addition, the committee recommends \$13 million from the general fund and \$39 million from federal funds to increase Medicaid provider reimbursement rates using a similar distribution mechanism for the FY07 increase. This is in recognition of the continuing problems related to low provider reimbursement and to help offset some of the uncompensated provider care.

For Medicaid administration the committee recommends \$693.3 thousand from the general fund and \$231.1 thousand of federal funds and 5 FTE to establish a call center to facilitate participation of employers and individuals in the Insure New Mexico program. Because HSD invested in the establishment of the Small Employers Insurance Program, as well as others such as Premium Assistance, resources must be available to encourage enrollment.

For Medicaid administration the committee recommends 9 term FTE funded by 100 percent federal funds.

Income Support Division. The committee recommends 20 FTE and \$500 thousand from the general fund and \$679 thousand from federal funds to help develop the infrastructure necessary to process eligibility and applications for the expanded health insurance programs available under Insure New Mexico. As these programs grow the infrastructure will need to grow simultaneously.

Also in the Income Support Division, the committee recommends 4 FTE and \$85 thousand from the general fund and \$115.6 federal funds to help reach the underserved American Indian populations. These additional employees will target Native Americans eligible for but not receiving Medicaid, food stamps, and energy assistance.

To help mitigate the more stringent work requirements introduced by the Deficit Reduction Act, the committee recommends \$2.2 million in federal funds to expand the NM Works contracts. These funds can be used by the contractors to reduce the caseworker-to-client ratio. HSD reports that national research shows lower caseworker-to-client ratios will produce higher participation rates, as required by the new federal regulations.

Also, the committee recommends \$600 thousand from the general fund as an expansion for elderly food stamp recipients. This will increase the minimum food stamp award for the elderly from \$10 per month to \$20 per month.

The committee recommends \$600 thousand from the general fund for the continued expansion of the General Assistance Program. The program provides an average of \$231 per month to some of New Mexico's neediest citizens and enrollment has doubled since FY03. These funds will help ensure benefits are not interrupted for these citizens.

The committee recommends \$2 million from the general fund as a supplement to the Low Income Home Energy Assistance Program (LIHEAP). The committee recognizes the need to assist low-income persons energy needs during these continuing times of relatively high prices.

RECOMMENDED LANGUAGE:

The general fund appropriations to the medical assistance program of the human services department include fifteen million six hundred thousand dollars (\$15,600,000) to provide direct services for the disabled and elderly program.

The other state funds appropriations to the medical assistance program of the human services department include one million five hundred thousand dollars (\$1,500,000) from the tobacco settlement program fund for breast and cervical cancer treatment for uninsured women under age sixty-five identified through the centers for disease control national early detection program.

The other state funds appropriations to the medical assistance program of the human services department include three million five hundred fifteen thousand dollars (\$3,515,000) from the tobacco settlement program fund for expansion of the a non-entitlement medicaid program for persons under 100 percent of the federal poverty level in a program with benefits and eligibility requirements similar to the state coverage insurance program.

The general fund appropriation to the medical assistance program of the human services department in the other category includes (1) one million three hundred thousand dollars (\$1,300,000) to increase Medicaid payments for dental services and (2) eleven million seven hundred thousand dollars (\$11,700,000) to increase medicaid payments to physicians. For the portion of physician payment increases allocated to managed-care organizations, each managed-care organization shall provide a written report to the human services department and the legislative finance committee of its increased compensation to physicians. The department shall promulgate rules to ensure full implementation of the physician payment increase provided for by this appropriation, including rules providing that the department may pay physicians directly if a managed-care organization does not increase its compensation to physicians as provided in this paragraph.

The internal services/interagency transfers appropriations to the medical assistance program of the human services department include twenty-seven million six hundred thousand dollars (\$27,600,000) from the county-supported medicaid fund.

The federal funds appropriations to the income support program of the human services department include eleven million sixty-nine thousand five hundred dollars (\$11,069,500) from the federal temporary assistance for needy families block grant for administration of the NM Works Act.

The appropriations to the income support program of the human services department include nine million five hundred fifty-four thousand eight hundred dollars (\$9,554,800) from the general fund and fifty-eight million four hundred one thousand six hundred dollars (\$58,401,600) 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 clothing allowances, one-time diversion payments and state-funded payments to aliens.

The appropriations to the income support program of the human services department include one million dollars (\$1,000,000) from the federal temporary assistance for needy families block grant to provide wage subsidies for participants.

The federal funds appropriations to the income support program of the human services department include fourteen million nine hundred twenty thousand dollars (\$14,920,000) from the federal temporary assistance for needy families block grant for support services, including seven hundred twenty thousand dollars (\$720,000) for employment-related costs, eight hundred thousand dollars (\$800,000) for transportation services, six hundred thousand dollars (\$600,000) for a family-strengthening and fatherhood program, eight hundred thousand dollars (\$800,000) for a substance abuse program and twelve million dollars (\$12,000,000) for job training and placement.

The federal funds appropriations to the income support program of the human services department include thirty-seven million nine thousand three hundred dollars (\$37,009,300) from the temporary assistance for needy families block grant for the transfer of thirty-two million two hundred nineteen thousand three hundred dollars (\$32,219,300) to the children, youth and families department for childcare programs and two million six hundred thousand dollars (\$2,600,000) to the children, youth and families department for domestic violence programs, one million four hundred forty thousand dollars (\$1,440,000) to the commission on the status of women for the teamworks program and seven hundred fifty thousand dollars (\$750,000) to the aging and long-term services department for the gold mentor program.

The general fund appropriations to the income support program of the human services department include six million two hundred sixty-five thousand five hundred dollars (\$6,265,500) and two million two hundred twenty-six thousand dollars (\$2,226,000) from other state funds for general assistance. These funds cannot be used for any other purpose.

The general fund appropriations to the income support program of the human services department include two hundred eighteen thousand dollars (\$218,000) for the Navajo sovereign temporary assistance for needy families program.

The general fund appropriations to the income support program of the human services department include thirty-two thousand dollars (\$32,000) for the Zuni sovereign temporary assistance for needy families program.

The human services department shall provide the department of finance and administration and the legislative finance committee quarterly reports on the expenditures of the federal temporary assistance for needy families block grant and the state maintenance-of-effort expenditures.

The general fund appropriation to the income support program of the human services department in the other category includes two hundred thousand dollars (\$200,000) for food bank programs.

The general fund appropriations to the child support enforcement program of the human services department in the contractual services category include one million dollars (\$1,000,000) for hearing officers at judicial district courts.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Insure New Mexico facilitation center 5 FTE	(MAD)	924.4	924.4
10	General assistance	(ISD)	628.1	600.0
11	Expanded NM Works contract for case workers	(ISD)	3,500.0	2,200.0
12	Combined application waiver	(ISD)	91.8	0.0
13	Food stamp supplement for seniors	(ISD)	600.0	600.0
14	Outreach to Native Americans	(ISD)	412.3	200.6
15	LIHEAP funds	(ISD)	2,000.0	2,000.0
16	Western states EBT purchasing alliance	(ISD)	50.0	0.0
2	Medicaid expansion of SCI like program	(MAD)	126,500.5	126,500.5
3	Expand SCI to 300% federal poverty level	(MAD)	36,030.5	0.0
4	Medicaid coverage of alternative therapies	(MAD)	7,143.0	0.0
5	Human resources staff 3 FTE	(ProgSupport)	176.3	0.0
6	Web services 2 FTE	(ProgSupport)	212.0	0.0
7	Staff development specialist 2 FTE	(CSED)	116.4	0.0
8	Regional office manager	(CSED)	86.7	0.0
9	Additional eligibility workers 122 FTE	(ISD)	3,265.2	1,179.2
n/a	9 term FTE	(MAD)	0.0	746.5
n/a	Medicaid provider increase	(MAD)	0.0	52,000.0
TOTAL			181,737.2	186,951.2

MEDICAL ASSISTANCE

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008			
		FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	Percent Incr (Decr)
				LFC Recommendation	
SOURCES					
	General Fund Transfers	566,604.1	629,036.0	716,982.8	1.9
	Other Transfers	100,922.2	101,239.0	109,948.2	7.9
	Federal Revenues	1,887,652.7	1,944,487.2	2,313,648.8	5.9
	Other Revenues	47,485.1	50,200.0	57,804.5	24.6
	SOURCES TOTAL	2,602,664.1	2,724,962.2	3,198,384.3	5.4
USES					
	Personal Services and Employee Benefits	8,820.7	10,068.4	10,533.7	-1.7
	Contractual Services	18,244.1	25,852.2	31,441.4	19.3
	Other	2,509,563.2	2,619,102.6	3,086,152.6	5.4
	Other Financing Uses	66,036.1	69,939.0	70,256.6	0.5
	TOTAL USES	2,602,664.1	2,724,962.2	3,198,384.3	5.4
FTE					
	Permanent	139.0	144.0	149.0	3.5
	Term	0.0	0.0	9.0	***
	TOTAL FTE POSITIONS	139.0	144.0	158.0	9.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of adults enrolled in state coverage insurance					10,000
* Outcome	Percent of children enrolled in medicaid managed care who have a dental exam within the performance measure year	77%	52.7%	92%		92%
* Outcome	Number of children receiving services in the medicaid school-based services program		17,004	16,500		18,000
* Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services	45%	45%	85%		85%
Outcome	Percent of adolescents in medicaid managed care receiving well-care visits		23.7%	52%		60%
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screens		42.2%	75%		75%
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screens		56.6%	75%		80%

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)

		FY08 - 2007-2008				Percent Incr (Decr)
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	0.0	0.0	0.0	75,170.0	***
	Federal Revenues	0.0	0.0	0.0	189,700.0	***
	SOURCES TOTAL	0.0	0.0	0.0	264,870.0	***
USES						
	Other	0.0	0.0	0.0	264,870.0	***
	TOTAL USES	0.0	0.0	0.0	264,870.0	***
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of readmissions to the same level of care or higher for individuals in managed care discharged from residential treatment centers		5.1%	12%		2%
* Outcome	Percent of children and adolescents receiving medicaid behavioral health services who are successful in school					75%
* Outcome	Number of unique individuals in medicaid served in substance abuse or mental health programs					52,000

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.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	41,199.9	43,429.9	52,697.8	46,768.5	7.7
Other Transfers	25,223.3	0.0	0.0	0.0	***
Federal Revenues	402,481.6	514,456.5	463,705.0	465,236.0	-9.6
Other Revenues	3,298.8	3,036.1	3,444.0	3,444.0	13.4
SOURCES TOTAL	472,203.6	560,922.5	519,846.8	515,448.5	-8.1
USES					
Personal Services and Employee Benefits	39,093.0	43,843.9	48,791.5	45,347.9	3.4
Contractual Services	20,660.7	24,167.6	25,873.0	24,682.2	2.1
Other	380,338.6	455,550.7	407,709.0	408,445.1	-10.3
Other Financing Uses	29,905.5	37,360.3	37,473.3	36,973.3	-1.0
TOTAL USES	469,997.8	560,922.5	519,846.8	515,448.5	-8.1
FTE					
Permanent	936.0	981.0	1,111.0	1,005.0	2.4
Term	0.0	0.0	34.0	84.0	***
TOTAL FTE POSITIONS	936.0	981.0	1,145.0	1,089.0	11.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	N/A		75%		75%
* Outcome	Percent of temporary assistance for needy families clients phased into the interagency state workforce consolidation effort	N/A		100%		100%
* Outcome	Percent of single-parent recipients of temporary assistance for needy families meeting federally required work participation requirements			60%		90%
* Outcome	Percent of two-parent recipients of temporary assistance for needy families meeting federally required work participation requirements			80%		90%
* Outcome	Percent of food-stamp-eligible children participating in the program	N/A		93%		95%
* Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days	N/A	98.3%	98%		99%
* Outcome	Number of New Mexico families receiving food stamps	N/A	95,690			102,000
* Outcome	Number of temporary assistance for needy families clients who receive a job	N/A	7,092	9,500		10,000

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children to ensure that all court orders for support payments are being met to maximize child support collections and to reduce public assistance rolls.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,823.5	6,505.9	7,802.6	7,213.5	10.9
Federal Revenues	17,324.4	18,549.3	19,783.7	18,778.0	1.2
Other Revenues	4,832.4	4,764.1	4,502.6	4,502.6	-5.5
SOURCES TOTAL	27,980.3	29,819.3	32,088.9	30,494.1	2.3
USES					
Personal Services and Employee Benefits	15,842.6	18,125.4	19,747.6	18,441.1	1.7
Contractual Services	6,539.9	7,463.0	7,463.0	7,503.0	0.5
Other	4,477.4	4,230.9	4,878.3	4,550.0	7.5
TOTAL USES	26,859.9	29,819.3	32,088.9	30,494.1	2.3
FTE					
Permanent	371.0	399.0	402.0	399.0	0.0
TOTAL FTE POSITIONS	371.0	399.0	402.0	399.0	0.0

PERFORMANCE MEASURES						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections		58%	65%		68%
* Outcome	Amount of child support collected, in millions of dollars	\$83.7	\$89.4	\$95		\$98
* Outcome	Percent of current support owed that is collected	52%	54%	65%		70%
* Outcome	Percent of cases with support orders	58.2%	62.7%	65%		70%
* Outcome	Percent of children born out of wedlock with voluntary paternity acknowledgment	66%	65%	75%		80%
* Outcome	Percent of children with court-ordered medical support covered by private health insurance		35%	37%		40%

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)

		FY08 - 2007-2008			
		FY06	FY07	Agency	Percent
		2005-2006	2006-2007	Request	Incr
		Actuals	Budgeted		(Decr)
SOURCES					
	General Fund Transfers	12,605.3	10,781.3	11,545.7	0.8
	Federal Revenues	26,421.9	25,706.8	27,780.2	4.5
	Other Revenues	894.6	4,196.5	3,997.0	-2.4
	SOURCES TOTAL	39,921.8	40,684.6	43,322.9	2.8
USES					
	Personal Services and Employee Benefits	63,750.1	15,169.1	17,292.6	5.3
	Contractual Services	16,469.9	12,834.1	13,275.3	2.6
	Other	10,557.4	12,631.4	12,705.0	0.0
	Other Financing Uses	42.5	50.0	50.0	0.0
	TOTAL USES	90,819.9	40,684.6	43,322.9	2.8
FTE					
	Permanent	235.0	247.0	252.0	0.0
	TOTAL FTE POSITIONS	235.0	247.0	252.0	0.0

PERFORMANCE MEASURES

		FY05	FY06	FY07	FY08	FY08
		Actual	Actual	Budget	Request	Recomm
* Outcome	Percent of federal financial reports completed accurately by due date	1	100%	100%		100%
* Outcome	Percent of invoices paid within thirty days of receipt of the invoice	N/A	84%	100%		100%
* Outcome	Percent of prior-year audit findings resolved in the current fiscal year	N/A	94%	100%		100%
Outcome	Percent of audit findings that are material weaknesses	N/A	39.3%	0		
* Outcome	Number of office of inspector general claims over thirty-six months old	N/A		0		100%
* Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	N/A	76%	95%		100%
* Outcome	Percent of fund reconciliations completed thirty days after receipt of accurate monthly reports from the department of finance administration, human services joint accounting system and the state treasurer's office	N/A	100%	100%		100%

STATUTORY AUTHORITY:

The Labor Department was created in 1987 by Section 9-18-1 through 9-19-16 NMSA 1978. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1933 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

MISSION:

The New Mexico Department of Labor's (NMDOL) mission is to provide unemployment insurance, workforce development, and labor market services that meet the needs of job seekers and employers and to monitor and evaluate compliance with labor law, including nonpayment of wages, unlawful discrimination, child labor, apprentices, and wage rates for public works projects.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	841.0	3,260.5	7,968.3	6,168.6	89.2
Other Transfers	5,933.8	6,908.7	2,208.2	2,899.7	-58.0
Federal Revenues	30,984.1	26,050.0	23,982.1	23,982.1	-7.9
Other Revenues	2,067.1	2,195.2	2,014.3	2,050.0	-6.6
SOURCES TOTAL	39,826.0	38,414.4	36,172.9	35,100.4	-8.6
USES					
Personal Services and Employee Benefits	27,257.5	29,157.1	26,243.1	26,228.7	-10.0
Contractual Services	4,823.6	2,494.2	2,686.9	2,529.6	1.4
Other	7,599.6	6,763.1	7,242.9	6,342.1	-6.2
Other Financing Uses	145.3	0.0	0.0	0.0	***
TOTAL USES	39,826.0	38,414.4	36,172.9	35,100.4	-8.6
FTE					
Permanent	516.0	516.0	516.0	510.0	-1.2
Term	109.0	110.5	52.5	44.5	-59.7
Temporary	3.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	628.0	627.5	569.5	554.5	-11.6

BUDGET ISSUES:

Funding from three different federal sources has declined significantly in recent years, resulting in a substantial general fund increase. The agency's budget request carved programs out of the base that were initiated when federal funds were abundant and instead re-requested them as expansion items with a revenue shift from federal funding to funding from the general fund. The LFC recommendation includes \$2.9 million of increased funding from the general fund, an 89 percent increase but still slightly less than the \$4.7 million increase the agency requested.

The federal Reed Act, passed in 1954, allows for periodic transfers of excess unemployment insurance trust funds from the federal treasury to the states when approved by Congress. Funds transferred under the Reed Act can only be used for unemployment insurance programs and for the administration of the public employment offices. The last transfer occurred in 2002 and was for approximately \$34 million. Over the years New Mexico has used Reed Act funds to fund special information technology system enhancements, administration of enhanced benefits, and administrative expenses, but those funds are now nearly depleted, leaving NMDOL with a need for \$1.1 million from the general fund as a replacement.

When the Workforce Investment Act (WIA) program was carved out of NMDOL, the agency was able to use Temporary Assistance for Needy Families (TANF) as a funding replacement for indirect administrative expenses in the Program Support program. NMDOL is no longer providing TANF services; therefore, almost \$500 thousand of indirect administrative expenses is being shifted to the general fund.

Finally, funding from the Wagner Peyser program has also been decreasing. At the federal level, there have been policy proposals to repeal the Wagner Peyser Act and instead provide block grant funding for reemployment services. While the debate has ensued at the federal level over the direction and policy of the program, the program funding has declined.

In response to these declining federal funds, the agency has cut back on administrative expenditures by implementing austerity measures over the last several years including personal services and employee benefits. Historically, the agency has been operating with vacancy rates as high as 13 percent. Due to a lack of funds, several positions have been held vacant since August 2004, leading to vacancy rates of up to 26 percent in the agency's budget request. LFC recommends the elimination of 10 permanent FTE that have been vacant for more than a year and encourages the agency to identify other positions to eliminate if federal funding continues to decline.

The executive recommended the transfer of workers' compensation fund balance to NMDOL in FY05, which has continued each year since then. LFC recommends the continued transfer of \$691.5 thousand from the workers' compensation fund for FY08 to support agency operations. The workers' compensation fund had a balance on June 30, 2006, of \$10 million.

Employer taxes are collected by NMDOL and deposited in the federal treasury in an unemployment insurance (UI) trust fund. New Mexico's UI trust fund is among the most solvent in the United States. With a balance of \$569 million, New Mexico's UI trust fund is almost three times larger than it needs to be and some advocates believe employers are being taxed too much or, conversely, that the benefits are too low. A comparison of surrounding states has revealed that New Mexico's tax rates are low and the benefits paid are even lower.

An employment insurance task force met throughout the summer to discuss employer taxes and unemployment benefits. In the 2007 legislative session, NMDOL will seek support to make permanent the enhanced benefits and reduced employer taxes passed in the 2004 legislative session. Since 2003, the tax cut has saved employers \$42 million, while the enhanced benefits have paid out \$20.2 million. In an attempt to spend down a portion of the over-funded UI trust fund, NMDOL will propose to increase the weekly benefit payment, the dependent allowance and eliminate the waiting week.

In response to dwindling federal funds for administrative expenses, the taskforce discussed a proposal by NMDOL to bifurcate the unemployment insurance trust fund by diverting \$150 million over a 3.5 year period into a state trust fund. The principle on the state trust fund would be invested with the State Investment Council with interest earned used to replace dwindling federal administrative money. During the diversionary period, employer tax rates would have to be adjusted and, although it will be impossible to hold all employers harmless, a small percentage of employers may experience a slight tax increase. Should the federal UI trust fund run into trouble, funds from the newly created state trust fund would be available for transfer to replenish the federal trust fund.

BASE EXPANSION:

The agency requested seven expansion items totaling \$1.9 million and 31 permanent FTE. When the agency was awash with Reed Act funding, several programs were initiated with the expectation that the programs would receive funding from the general fund when the Reed Act funds were diminished. These expansion requests are seeking to replace Reed Act funds. Of the 31 FTE positions being requested, 25 are currently filled and, if not funded, the employees would have to be terminated or transferred. The committee recommends \$1.4 million from the general fund for personal services and employee benefits to fund the 25 filled positions and the corresponding overhead costs.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers appropriation to the compliance program of the labor department include six hundred ninety-one thousand five hundred dollars (\$691,500) from fund balances in the workers' compensation administration fund.

The federal funds appropriations to the support program of the labor department out of funds made available to New Mexico under the Economic Security and Recovery Act of 2001 (H.R. 3090) and section 903 of the Social Security Act, as amended, includes two million five hundred thousand dollars (\$2,500,000) for the administration of the unemployment program and the employment security program.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Business outreach	(P751)	200.0	173.8
2	Unempl. insurance amendments	(P750)	500.0	394.0
3	High school career centers	(P751)	520.0	300.0
4	Re-employment	(P751)	300.0	260.0
5	Dial-a-teen	(P751)	120.0	105.0
6	Veteran's support	(P751)	150.0	90.0
7	Work permit program for child labor	(P751)	120.0	120.0
TOTAL			1,910.0	1,442.8

UNEMPLOYMENT ADMINISTRATION

The purpose of the unemployment administration program is to provide payment of unemployment insurance benefits to qualified individuals who have lost their jobs through no fault of their own so that they may maintain economic stability and continue their livelihood while seeking employment and collect unemployment taxes from employers.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	535.5	1,245.2	1,007.3	88.1
Federal Revenues	9,993.3	9,002.9	8,482.6	8,482.6	-5.8
SOURCES TOTAL	9,993.3	9,538.4	9,727.8	9,489.9	-0.5
USES					
Personal Services and Employee Benefits	7,810.3	8,021.8	8,081.5	7,925.8	-1.2
Contractual Services	755.3	351.5	328.5	328.5	-6.5
Other	1,282.4	1,165.1	1,317.8	1,235.6	6.1
Other Financing Uses	145.3	0.0	0.0	0.0	***
TOTAL USES	9,993.3	9,538.4	9,727.8	9,489.9	-0.5
FTE					
Permanent	180.0	180.0	180.0	179.0	-0.6
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	185.0	185.0	185.0	184.0	-0.5

OPERATIONS

The purpose of the operations program is to provide workforce development and labor market services that meet the needs of job seekers and employers.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	1,630.3	3,750.2	3,038.3	86.4
Other Transfers	4,767.6	5,485.9	1,968.0	1,968.0	-64.1
Federal Revenues	10,509.6	8,855.6	7,417.0	7,417.0	-16.2
SOURCES TOTAL	15,277.2	15,971.8	13,135.2	12,423.3	-22.2
USES					
Personal Services and Employee Benefits	11,114.4	12,299.0	9,470.2	9,429.0	-23.3
Contractual Services	518.3	636.2	454.3	439.0	-31.0
Other	3,644.5	3,036.6	3,210.7	2,555.3	-15.8
TOTAL USES	15,277.2	15,971.8	13,135.2	12,423.3	-22.2
FTE					
Permanent	184.0	184.0	184.0	182.0	-1.1
Term	97.0	98.5	40.5	35.5	-64.0
Temporary	3.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	284.0	283.5	225.5	217.5	-23.3

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Number of individuals served by labor market services who found employment	35,522	47,786	54,000	50,000	54,000
* Outcome	Percent of status determinations for newly established employers made within ninety days of the quarter's end	81%	80%	90%	90%	90%
* Explanatory	Number of persons served by the labor market services program	338,928	303,727	370,000	300,000	370,000

COMPLIANCE

The purpose of the compliance program is to monitor and evaluate compliance with labor law, including nonpayment of wages, unlawful discrimination, child labor, apprentices and wage rates for public works projects.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	841.0	1,094.7	2,098.0	1,103.6	0.8
Other Transfers	691.5	700.8	0.0	691.5	-1.3
Federal Revenues	336.7	303.5	250.0	250.0	-17.6
Other Revenues	928.9	776.6	900.6	930.0	19.8
SOURCES TOTAL	2,798.1	2,875.6	3,248.6	2,975.1	3.5
USES					
Personal Services and Employee Benefits	1,897.6	2,071.3	2,192.8	2,027.9	-2.1
Contractual Services	8.2	8.9	109.6	63.7	615.7
Other	892.3	795.4	946.2	883.5	11.1
TOTAL USES	2,798.1	2,875.6	3,248.6	2,975.1	3.5
FTE					
Permanent	41.0	41.0	41.0	40.0	-2.4
TOTAL FTE POSITIONS	41.0	41.0	41.0	40.0	-2.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of targeted public works inspections completed	1,429	1,096	1,775	1,775	1,775
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	95%	96.60%	95%	95%	96%
* Efficiency	Number of backlogged human rights commission hearings pending	5	0	20	8	5
* Efficiency	Percent of discrimination cases settled through alternative dispute resolution	77%	77%	75%	77%	78%
* Efficiency	Average number of days for completion of discrimination investigations and determinations	157	145	145	145	140
* Output	Annual collections of apprentice contributions for public works projects	\$484,128	\$454,021	\$850,000	\$450,000	\$475,000

PROGRAM SUPPORT

The purpose of the support program is to provide overall leadership, direction and administrative support to each agency program to achieve their programmatic goals.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	874.9	1,019.4	***
Other Transfers	474.7	722.0	240.2	240.2	-66.7
Federal Revenues	10,144.5	7,888.0	7,832.5	7,832.5	-0.7
Other Revenues	1,138.2	1,418.6	1,113.7	1,120.0	-21.0
SOURCES TOTAL	11,757.4	10,028.6	10,061.3	10,212.1	1.8
USES					
Personal Services and Employee Benefits	6,435.2	6,765.0	6,498.6	6,846.0	1.2
Contractual Services	3,541.8	1,497.6	1,794.5	1,698.4	13.4
Other	1,780.4	1,766.0	1,768.2	1,667.7	-5.6
TOTAL USES	11,757.4	10,028.6	10,061.3	10,212.1	1.8
FTE					
Permanent	111.0	111.0	111.0	109.0	-1.8
Term	7.0	7.0	7.0	4.0	-42.9
TOTAL FTE POSITIONS	118.0	118.0	118.0	113.0	-4.2

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Error rate for forecasting employment data	0.1%	0%	+/-2%	+/-2%	+/-1%

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.

MISSION:

The mission of the Workers' Compensation Administration is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	11,077.3	11,043.5	12,133.7	12,424.5	12.5
SOURCES TOTAL	11,077.3	11,043.5	12,133.7	12,424.5	12.5
USES					
Personal Services and Employee Benefits	7,509.3	7,844.3	9,133.2	8,750.4	11.6
Contractual Services	1,050.7	430.9	450.6	450.6	4.6
Other	2,317.3	2,076.8	2,549.9	2,532.0	21.9
Other Financing Uses	200.0	691.5	0.0	691.5	0.0
TOTAL USES	11,077.3	11,043.5	12,133.7	12,424.5	12.5
FTE					
Permanent	134.0	134.0	148.0	148.0	10.4
TOTAL FTE POSITIONS	134.0	134.0	148.0	148.0	10.4

BUDGET ISSUES:

The Workers' Compensation Administration receives its funding from the workers' compensation fund (WCF). The committee recommends an increase of 12.5 percent for FY08, which includes near full funding of the agency's expansion request.

Although the agency did not apply a vacancy rate to the personal services and employee benefits category, the LFC recommendation includes a vacancy rate of 3 percent, below the historic rate of 6 percent. The LFC recommendation supports the agency's base request without any changes in the contractual services and other cost expenditure categories.

The New Mexico Department of Labor (NMDOL) has received funding from the WCF since FY05 to replace federal funds, which have been decreasing over the same time period. In FY06, the two agencies exchanged funds through the contractual services category, but in FY07 the transfer of funds will occur in the other financing uses cost category. LFC recommends the transfer continue in the other financing uses category for FY08.

BASE EXPANSION:

WCA grouped their expansion requests into three service areas: increased compliance investigations, increased safety inspections, and information system support. The committee supports the expansion requests but with a reduction of \$18 thousand attributable to over-estimated overhead costs, for a total expansion recommendation of \$627.2 thousand.

The workers' compensation system protects the employer and employee when a workplace injury occurs. Workers' compensation insurance provides for prompt payment of medical, rehabilitation, and lost-time costs to injured workers, while placing limits on liability exposure to employers. In addition to insurance, the system includes safety consultations and inspections aimed at reducing the number and severity of work-related accidents.

New Mexico's job growth is 6th highest among other states with 26,200 new jobs added in 2006. Construction, mining, and natural resources experienced the highest rates of growth in 2006 and have seen three years of strong steady growth. WCA's expansion request includes four safety consultants capable of increasing the number of safety inspections by over 1,000 per year. Safety inspections offer employers the opportunity to proactively take the necessary steps to reduce the number and severity of accidents.

WORKERS' COMPENSATION ADMINISTRATION

632

The WCA expansion also includes a significant increase in the number of insurance compliance officers. Improved referral processes have produced a backlog of more than 1,000 cases, each requiring a site visit and investigation. With only eight compliance officers in the state, investigation times and resources have been stretched thin in recent years. Given these limited resources, WCA was able to identify and bring into compliance 348 business and more than 1,300 employees that were never insured in 2006. The expansion would give WCA the opportunity to review more employers and investigate all referrals in a timelier manner.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	Compliance operations	(P697)	392.8	408.1
2	Safety operation	(P697)	164.6	169.9
3	Information system support	(P697)	49.2	49.2
TOTAL			606.6	627.2

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to arbitrate and administer the workers' compensation system to maintain a balance between workers' prompt receipt of statutory benefits and reasonable costs for employers.

BUDGET SUMMARY (dollars in thousands)

		FY08 - 2007-2008			
		FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	Percent LFC Recommendation Incr (Decr)
SOURCES					
	Other Revenues	10,071.5	10,143.5	10,964.6	11.0
	SOURCES TOTAL	10,071.5	10,143.5	10,964.6	11.0
USES					
	Personal Services and Employee Benefits	7,509.3	7,844.3	9,133.2	11.6
	Contractual Services	1,016.9	330.9	350.6	6.0
	Other	1,345.3	1,276.8	1,480.8	14.6
	Other Financing Uses	200.0	691.5	0.0	0.0
	TOTAL USES	10,071.5	10,143.5	10,964.6	11.0
FTE					
	Permanent	134.0	134.0	148.0	10.4
	TOTAL FTE POSITIONS	134.0	134.0	148.0	10.4

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
* Outcome	Percent of formal claims resolved without trial	80.1%		85%		85%
Outcome	Number of employers that have received education or outreach from the workers' compensation administration			13,500		13,500
* Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	3,636		4,000		4,000
Output	Number of employers who had a work place safety visit or consultation	6,387		6,000		6,500
Outcome	Percent of past-due fees collected					75%
* Output	Number of first reports of injury processed	40,921		40,500		41,500
Output	Number of serious injuries and illnesses caused by workplace conditions			4,882		4,882

UNINSURED EMPLOYERS' FUND

To provide workers' compensation benefits to employees of uninsured employers.

BUDGET SUMMARY (dollars in thousands)					
			<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	1,005.8	900.0	1,169.1	1,169.1	29.9
SOURCES TOTAL	1,005.8	900.0	1,169.1	1,169.1	29.9
USES					
Contractual Services	33.8	100.0	100.0	100.0	0.0
Other	972.0	800.0	1,069.1	1,069.1	33.6
TOTAL USES	1,005.8	900.0	1,169.1	1,169.1	29.9
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

STATUTORY AUTHORITY:

The Workforce Development Act was established under Section 50-14-1 through 50-14-16 NMSA 1978 and the federal Workforce Investment Act of 1998. The Office of Workforce Training and Development (OWTD) serves as the grant recipient and administrative entity for workforce funds and programs under the Workforce Investment Act (WIA), develops a comprehensive, statewide plan for the workforce system and one-stop centers, develops a performance-based system of accountability for state workforce partners, monitors the state's job training programs, and provides technical assistance to local workforce development boards.

MISSION:

The mission of the Office of Workforce Training and Development is to create, maintain, and evaluate a workforce development system that connects business with current and future job seekers to enhance the overall wealth and well being of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY08 - 2007-2008</u>				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	794.4	800.0	800.0	800.0	0.0
Other Transfers	6,635.0	11,740.0	0.0	0.0	-100.0
Federal Revenues	26,516.1	23,619.6	26,180.2	26,180.2	10.8
SOURCES TOTAL	33,945.5	36,159.6	26,980.2	26,980.2	-25.4
USES					
Personal Services and Employee Benefits	2,193.5	2,429.0	2,554.0	2,554.0	5.1
Contractual Services	301.4	220.0	259.1	259.1	17.8
Other	31,450.6	33,503.6	24,160.1	24,160.1	-27.9
Other Financing Uses	0.0	7.0	7.0	7.0	0.0
TOTAL USES	33,945.5	36,159.6	26,980.2	26,980.2	-25.4
FTE					
Permanent	37.0	37.0	37.0	37.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	38.0	38.0	0.0

BUDGET ISSUES:

The Office of Workforce Training and Development (OWTD) requested a budget for FY08 almost \$9.2 million less than the FY07 operating budget. The decrease is attributable to the transfer of the Temporary Assistance for Needy Families (TANF) NM Works program from OWTD to New Mexico State University (NMSU).

OWTD was created to improve the efficiency, management, and oversight of the Workforce Investment Act (WIA) and to improve the coordination of other workforce programs managed through the departments of Human Services (HSD), Public Education, Higher Education, Labor, and Economic Development.

An LFC review of NM Works and workforce development system integration noted the improved WIA fiscal accountability under OWTD. Prior to the creation of OWTD, the WIA grant was not reconciled, unspent portions of the grant were in danger of lapsing, and the performance data was unreliable. OWTD has resolved most of these issues and was able to help all the regional boards get more up-to-date on their annual audits. The workforce system also added an additional one stop shop in Valencia County.

The review also noted that OWTD has limited authority over other workforce programs, such as TANF, adult basic education, Wagner Peyser, Carl Perkins, etc., without significant intervention from the governor's office and has struggled to broaden its coordination responsibilities. A turf war of sorts has stagnated much of the hoped for improvements since the creation of OWTD. Currently, the system remains fragmented and resources are being diluted by the multiple administrative layers. The review recommended an interim study of additional consolidation options.

An early initiative was to integrate the WIA and TANF programs so that service delivery occurred through the WIA regional boards at one stop shops located throughout New Mexico. The integration initiative was piloted by the Central Workforce Board, which in turn contracted with New Mexico Department of Labor (NMDOL) to provide the services.

Just as OWTD, NMDOL, and the Central Workforce Board were beginning to solve integration issues and improve performance outcomes, the TANF program was reauthorized with new stricter regulations. Given these new federal regulations, HSD could no longer afford to continue with a pilot program in the most populous area of the state and decided to switch the NM Works contract to a more experienced provider, NMSU. Although the TANF NM Works program no longer goes through the WIA workforce system, there still remains hope that the program will be located in one stop shops.

OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT

The purpose of the office of workforce training and development program is to administer, oversee and coordinate the provision of workforce development services that meet the needs of job seekers and employers and to provide resources to job training entities so that they may train and re-train individuals seeking work or improved employment opportunities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Development of individual development account strategic plan to be completed by June 30, 2007	*		Completed		
Outcome	Number of participants employed in disability navigator grant program	249		280		
Outcome	Number of participants placed in employment in base realignment and closure program	*		*		
* Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services	74.2%		78.0%		78.0%
* Outcome	Percent of youth receiving workforce development services who have entered employment within one quarter of leaving the program	*		70.0%		70%
* Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program	*		86.0%		86.0%
* Outcome	Total number of individuals in the adult, dislocated worker and youth programs receiving services through the federal Workforce Investment Act	8,440		8,800		8,800
Outcome	Percent of all local workforce investment boards monitored a minimum of once a year to ensure compliance with all federal and state fiscal and program requirements	100%	100%	100%	100%	
Outcome	Percent of individuals in the adult, dislocated worker and youth programs who have received an earnings increase within six months of participating in a program					
Outcome	Percent of at-risk youth program participants placed in a part-time work activity	100%		100%		
Outcome	Percent of at-risk youth programs monitored a minimum of once a year to ensure compliance with state fiscal and program requirements	100%		100%		
Outcome	Percent of at-risk youth program participants who maintain employment for six months or more					
Outcome	Percent of total at-risk youth population receiving services under the program					
Output	Total number of at-risk youth receiving services under the program	533		600		
Output	Percent of at-risk youth in the program who experience an increase in skill level					
Output	Number of participants served in the disability navigator grant program	867		974		
Output	Number of participants served in the base realignment and closure program	*		2,000		
* Outcome	Number of program audit findings	*	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 DVR strategic plan defines as its mission to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,176.6	5,927.6	6,510.9	6,033.5	1.8
Other Transfers	894.3	1,377.9	678.7	678.7	-50.7
Federal Revenues	34,963.9	36,500.4	37,478.4	37,355.0	2.3
Other Revenues	261.2	175.0	63.1	275.0	57.1
Fund Balance	0.0	0.0	53.0	53.0	***
SOURCES TOTAL	42,296.0	43,980.9	44,784.1	44,395.2	0.9
USES					
Personal Services and Employee Benefits	17,701.8	17,994.3	18,725.2	18,449.5	2.5
Contractual Services	1,262.2	1,290.9	1,208.7	1,208.7	-6.4
Other	24,291.2	24,695.7	24,784.6	24,734.6	0.2
Other Financing Uses	0.0	0.0	65.6	2.4	***
TOTAL USES	43,255.2	43,980.9	44,784.1	44,395.2	0.9
FTE					
Permanent	286.0	286.0	287.0	287.0	0.3
Term	26.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	312.0	312.0	313.0	313.0	0.3

BUDGET ISSUES:

The general fund recommendation of \$6 million for the division is an increase of \$105.9 thousand, or 1.8 percent. In addition, \$275 thousand is transferred from the Commission for the Deaf and Hard-of-Hearing to augment vocational training for hearing disabled individuals. These funds qualify as state matching funds. Total Rehabilitation Services revenue of \$30.8 million includes \$25 million of federal funds at various matching rates. The basic support federal grant is at the favorable mix of 78.7 percent federal funds to 21.3 percent general fund monies. Revenue from other transfers is decreased primarily from the reduction of funds originating at the Department of Labor. A vacancy rate of 2.8 percent was applied, even though the actual rate was 5.3 percent, in recognition that basic services must be available at all times through temporary employees if necessary.

The Independent Living Services Program was separated from Rehabilitation Services in FY07. Currently, Independent Living is operated solely by private contractors. The Independent Living Services Program receives 22 percent of the entire DVR general fund appropriation, \$1.3 million, and it is not eligible for matching federal funds. For the third consecutive year, the committee notes performance measures related to Independent Living should be more meaningful and target quality of life issues rather than only outputs. Nevertheless, an expansion of \$100 thousand is recommended for unserved counties.

The Disability Determination Services program is 100 percent federally funded and provides eligibility services for Social Security disability benefits.

BASE EXPANSION:

The committee recommends a total of \$530.8 thousand for two Rehabilitation Service expansions for high-growth, high-need areas in New Mexico. One is for the Rio Rancho and Sandoval County area which has experienced high population growth requiring additional services. The second focuses on the southern Dona Ana County area that has also grown and needs additional capacity. The expansion includes 4 FTE and \$113 thousand to handle the additional caseload and \$417.8 for direct services to enhance the clients' opportunity to work. This expansion includes \$195.5 from the general fund and \$335.3 federal funds.

The committee recommends \$100 thousand for independent living services in the unserved areas of Quay, Curry, Roosevelt, Hidalgo and Catron counties. This expansion will assist persons with significant disabilities to mainstream and become more productive. The expansion is recommended in recognition of the need in these unserved areas but the committee requests more meaningful measures related to the independent living initiative.

RECOMMENDED LANGUAGE:

The internal services funds/interagency agency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes two hundred seventy-five thousand dollars (\$275,000) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	2 FTE and expenses for services in Dona Ana	(P508)	265.4	265.4
2	2 FTE and expenses for services in Albq metro	(P508)	265.4	265.4
3	<u>Services in underserved counties</u>	<u>(P509)</u>	<u>150.0</u>	<u>100.0</u>
TOTAL			680.8	630.8

REHABILITATION SERVICES

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 they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>			
	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	6,176.6	4,718.9	5,096.5	4,732.3	0.3
Other Transfers	894.3	1,377.9	678.7	678.7	-50.7
Federal Revenues	24,791.0	24,459.7	25,143.2	25,019.8	2.3
Other Revenues	248.7	175.0	63.1	275.0	57.1
Fund Balance	0.0	0.0	53.0	53.0	***
SOURCES TOTAL	32,110.6	30,731.5	31,034.5	30,758.8	0.1
USES					
Personal Services and Employee Benefits	12,448.4	12,299.2	12,712.4	12,436.7	1.1
Contractual Services	936.6	899.8	817.6	817.6	-9.1
Other	19,247.8	17,532.5	17,502.1	17,502.1	-0.2
Other Financing Uses	0.0	0.0	2.4	2.4	***
TOTAL USES	32,632.8	30,731.5	31,034.5	30,758.8	0.1
FTE					
Permanent	186.0	186.0	190.0	190.0	2.2
Term	26.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	212.0	212.0	216.0	216.0	1.9

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,672	1,871	1,750	1,695	1,750
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	59%	62%	65%	58%	65%
* Outcome	Percent of persons achieving suitable employment outcomes competitively employed or self employed	98%	97%	95%	95%	95%
* Outcome	Percent of persons with significant disabilities achieving suitable employment outcomes competitively employed or self employed, earning at least minimum wage.	93%	94%	95%	95%	95%

INDEPENDENT LIVING SERVICES

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)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	1,208.7	1,414.4	1,301.2	7.7
Federal Revenues	0.0	250.0	250.0	250.0	0.0
SOURCES TOTAL	0.0	1,458.7	1,664.4	1,551.2	6.3
USES					
Other	0.0	1,458.7	1,601.2	1,551.2	6.3
Other Financing Uses	0.0	0.0	63.2	0.0	***
TOTAL USES	0.0	1,458.7	1,664.4	1,551.2	6.3
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of independent living plans developed		365	400	400	450
* Output	Number of individuals served for independent living		564	600	600	650

DISABILITY DETERMINATION

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	10,172.9	11,790.7	12,085.2	12,085.2	2.5
Other Revenues	12.5	0.0	0.0	0.0	***
SOURCES TOTAL	10,185.4	11,790.7	12,085.2	12,085.2	2.5
USES					
Personal Services and Employee Benefits	5,253.4	5,695.1	6,012.8	6,012.8	5.6
Contractual Services	325.6	391.1	391.1	391.1	0.0
Other	5,043.4	5,704.5	5,681.3	5,681.3	-0.4
TOTAL USES	10,622.4	11,790.7	12,085.2	12,085.2	2.5
FTE					
Permanent	100.0	100.0	97.0	97.0	-3.0
TOTAL FTE POSITIONS	100.0	100.0	97.0	97.0	-3.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Efficiency	Number of days for completing an initial disability claim	80	74.9	75	75	75
* Quality	Percent of disability determinations completed accurately	94.5%	96%	98.5%	98.5	98.5

STATUTORY AUTHORITY:

Sections 28-10-1 through 28-10-8 NMSA 1978 created the Governor's Commission on Disability. The commission consists of 15 members: nine members appointed by the governor and the secretaries of the departments of Human Services, Aging and Long-Term Services, Labor and Children, Youth and Families, director of the Division of Vocational Rehabilitation of the Public Education Department, and the director of Behavioral Health Services Division of the Department of Health.

MISSION:

The mission of the Governor's Commission on Disability is to work to increase the quality of life of all New Mexicans with disabilities and remove barriers to full participation in their communities.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	586.0	729.7	1,230.3	730.3	0.1
Other Transfers	191.0	0.0	0.0	0.0	***
Federal Revenues	45.9	0.0	0.0	0.0	***
Other Revenues	3.4	0.0	0.0	0.0	***
SOURCES TOTAL	826.3	729.7	1,230.3	730.3	0.1
USES					
Personal Services and Employee Benefits	483.2	591.7	589.3	589.3	-0.4
Contractual Services	82.7	59.7	99.0	49.0	-17.9
Other	176.8	78.3	542.0	92.0	17.5
TOTAL USES	742.7	729.7	1,230.3	730.3	0.1
FTE					
Permanent	7.5	8.5	9.0	9.0	5.9
Term	0.5	0.5	0.0	0.0	-100.0
TOTAL FTE POSITIONS	8.0	9.0	9.0	9.0	0.0

BUDGET ISSUES:

The committee recommends no increase in the base in accordance with the commission's request. The recommendation fully funds the agency in all categories and does not include any vacancy savings.

BASE EXPANSION:

The expansion request for \$500 thousand for quality of life programs is not recommended. This amount was appropriated to the commission in FY07 as a nonrecurring special appropriation. The LFC guidelines indicate the top priority is for direct services but the expansion request focuses on advocacy-related expenditure rather than direct services. If the commission intends to focus on quality of life issues, performance measures consistent with this direction must be submitted. The committee does encourage the commission to work closely with the Division of Vocational Rehabilitation, Commission for the Blind, and Commission for Deaf and Hard-of-Hearing Persons to maximize opportunities for persons with disabilities.

In addition, the committee recommends a 0.5 FTE be converted from term status to permanent status because the commission's revenue is from the general fund. In prior years this position was funded from temporary revenue subsequently transferred to another agency in FY07.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division) (P698)	Agency Request	LFC Recom- mendation
1	<u>Quality of life improvement programs</u>		<u>500.0</u>	<u>0.0</u>
TOTAL			500.0	0.0

INFORMATION AND ADVOCACY

The purpose of the information and advocacy program is to provide needed information on disability case law analysis, building code comparisons, awareness of technologies, dispelling of stereotypes, training on the legislative process, and population estimates to New Mexico individuals with disabilities and decision-makers, so they can improve the economic, health and social status of New Mexico individuals with disabilities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of persons seeking technical assistance on disability issues	4,400	4,400	6,700	4,400	5,000
* Output	Number of architectural plans reviewed and sites inspected	300	428	230	200	230
* Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that increased quality of life issues for New Mexicans with disabilities are being addressed	36	36	30	48	48

STATUTORY AUTHORITY:

The Developmental Disabilities Planning Council (DDPC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities (Section 28-16A NMSA 1978). The council is composed of no fewer than 18 members, at least half with developmental disabilities or their parents, immediate relatives, or legal guardians. DDPC also staffs the 18-member Brain Injury Advisory Council, which makes recommendations concerning case management, community support systems, long-term care, employment, emergency medical services, rehabilitation and prevention, and coordination of state services for people with brain injuries (Section 24-20-3 NMSA 1978). Laws 2003, Chapter 280, transferred the Office of Guardianship from the Attorney General to DDPC and the agency is responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978).

MISSION:

The New Mexico Developmental Disabilities Planning Council will engage in advocacy, capacity building, and systemic change activities to contribute to a culturally competent and coordinated system of community services, individualized supports, and other forms of assistance that are individual- and family-centered and directed, and to enable individuals with disabilities to exercise self-determination, be independent, productive and integrated and included in all facets of community life.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,059.4	3,269.7	4,902.7	3,954.5	20.9
Other Transfers	54.0	30.0	50.0	50.0	66.7
Federal Revenues	600.0	521.8	511.8	511.8	-1.9
SOURCES TOTAL	3,713.4	3,821.5	5,464.5	4,516.3	18.2
USES					
Personal Services and Employee Benefits	728.3	750.9	861.1	861.2	14.7
Contractual Services	2,303.0	2,469.0	3,936.4	3,022.4	22.4
Other	691.3	601.6	667.0	632.7	5.2
TOTAL USES	3,722.6	3,821.5	5,464.5	4,516.3	18.2
FTE					
Permanent	13.5	13.5	15.0	15.0	11.1
TOTAL FTE POSITIONS	13.5	13.5	15.0	15.0	11.1

BUDGET ISSUES:

The majority of the agency's request, \$1.5 million, is to address growth in the guardianship program. DDPC will also submit a special appropriation request of \$1.9 million for the Guardianship Program.

DDPC has experienced large growth in demand for legal services relating to Guardianship Program. The waiting list for legal services grew from 225 at the end of FY05 to 537 at end of FY06. The rate of inquiries about legal services for the first three months of FY07 is more than double the first three months of FY06, leading the agency to project the waiting list for legal services may grow to 1,256 by the end of FY07.

Major growth factors in requests for guardianship-related legal services include schools directing parents of special education students turning 18 to seek guardianship to maintain input over the education of their child and growth in elderly and special needs populations.

DDPC is working on options to contain costs of increased demand for legal services, including establishing eligibility requirements based on family (not individual income), developing a power of attorney for high school students to allow parent input into student's education, and requiring private-pay guardians to pay costs of guardianship legal services when transferring clients to the state.

State wards, commonly called corporate guardians, numbered 476 at the end of FY06. DDPC expects large growth in this area due to increased demand for slots from Adult Protective Services and Department of Health clients in the developmental disabilities and mental health areas. Also, typically about 15 percent of individuals who receive guardianship-related legal services eventually become state wards. The state has limited ability to curtail growth in this area because courts determine the caseload. However, DDPC has contracted with the University of New Mexico to evaluate 200 wards over the next two years to assess if full guardianship is needed or less restrictive legal alternatives are appropriate.

DDPC should take steps, including requesting legislation, to contain the growth in costs associated with increased demands for guardianship-related legal services to ensure that use of these services is appropriate and provided to those truly in need.

BASE EXPANSION:

DDPC requested \$1.5 million to meet projected growth in the guardianship program. The request comprises \$720.9 thousand to provide 197 additional corporate guardianship slots, \$620.6 thousand to provide legal services on 591 additional cases, \$97.3 thousand for personal services and employee benefits and other costs for 1.5 FTE to support the guardianship program, \$60 thousand for ongoing evaluations of corporate guardians to determine if there is a less restrictive alternative to guardianship, and \$25 thousand for additional treatment guardianship slots.

The committee recommendation includes \$456 thousand for 125 additional guardianship slots; this will increase guardianship slot capacity from 550 in FY07 to 675 in FY08. The expansion recommendation also includes \$58 thousand for additional legal services, treatment guardians, and client reviews. Also, the expansion recommendation provides \$86 thousand for 2 FTE, a community and social services specialist to monitor wards under care of contract corporate guardians and a financial specialist. To make the financial specialist a full-time FTE, funding and 0.5 FTE from a vacant secretary position are transferred from the Development Disabilities Planning Council program to the Guardianship Program.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank	(Division)	Agency Request	LFC Recommendation
1	Expand guardianship program	1,525.6	600.0
TOTAL		1,525.6	600.0

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 they can live more independent and self-directed lives.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	236.4	231.4	231.4	-2.1
Other Transfers	0.0	30.0	50.0	50.0	66.7
SOURCES TOTAL	0.0	266.4	281.4	281.4	5.6
USES					
Personal Services and Employee Benefits	0.0	78.9	65.9	65.9	-16.5
Contractual Services	0.0	6.7	11.1	11.1	65.7
Other	0.0	180.8	204.4	204.4	13.1
TOTAL USES	0.0	266.4	281.4	281.4	5.6
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests		80%	80%	80%	80%
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings		90%	85%	85%	85%
* Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs		3498	3,500	3,500	3,500
Output	Number of individuals trained on self-advocacy and disability-related issues		100	75	75	75
Output	Number of trainings conducted annually on self-advocacy and disability-related issues		8	6	6	6

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities to and for persons with disabilities so they may realize their dreams and potentials and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	448.8	354.8	442.0	419.4	18.2
	Other Transfers	54.0	0.0	0.0	0.0	***
	Federal Revenues	600.0	521.8	511.8	511.8	-1.9
	SOURCES TOTAL	1,102.8	876.6	953.8	931.2	6.2
USES						
	Personal Services and Employee Benefits	472.1	383.9	429.3	406.7	5.9
	Contractual Services	199.4	169.6	199.8	199.8	17.8
	Other	364.3	323.1	324.7	324.7	0.5
	TOTAL USES	1,035.8	876.6	953.8	931.2	6.2
FTE						
	Permanent	6.5	6.5	6.5	6.0	-7.7
	TOTAL FTE POSITIONS	6.5	6.5	6.5	6.0	-7.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	90%	90%			
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	68	54	50	44	50
* Output	Number of monitoring site visits conducted	45	44	40	36	40
* 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	7,500	5456	7,500	2,500	7,500

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 they may align service delivery with the needs as identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	106.7	133.3	132.9	132.9	-0.3
SOURCES TOTAL	106.7	133.3	132.9	132.9	-0.3
USES					
Personal Services and Employee Benefits	55.9	58.2	58.8	58.8	1.0
Contractual Services	19.8	30.4	29.8	29.8	-2.0
Other	21.1	44.7	44.3	44.3	-0.9
TOTAL USES	96.8	133.3	132.9	132.9	-0.3
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	90%	94%	85%	80%	85%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and 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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,503.9	2,545.2	4,096.4	3,170.8	24.6
SOURCES TOTAL	2,503.9	2,545.2	4,096.4	3,170.8	24.6
USES					
Personal Services and Employee Benefits	200.3	229.9	307.1	329.8	43.5
Contractual Services	2,083.8	2,262.3	3,695.7	2,781.7	23.0
Other	305.9	53.0	93.6	59.3	11.9
TOTAL USES	2,590.0	2,545.2	4,096.4	3,170.8	24.6
FTE					
Permanent	4.0	4.0	5.5	6.0	50.0
TOTAL FTE POSITIONS	4.0	4.0	5.5	6.0	50.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit		78%	75%	75%	75%
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey		72%	80%	80%	80%
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey		76%	80%	80%	80%
* Output	Number of wards served by corporate guardianship program			550	770	675

STATUTORY AUTHORITY:

The Miners' Hospital of New Mexico was created as a state institution by Article XIV, Section 1, of the New Mexico Constitution and its purpose, powers, and duties are detailed in Sections 23-3-1 through 23-3-3 NMSA 1978. The hospital, licensed for 33 acute-care beds, 49 long-term care beds, an emergency room, and intensive care unit, is required to provide healthcare to New Mexico resident miners who may become sick, injured, or disabled as a result of their occupation. In addition, it provides services on a reimbursement basis to residents of northeastern New Mexico. As the population of miners has declined, the regional service has gained importance.

MISSION:

The mission of the Miners' Colfax Medical Center, an agency of the state of New Mexico, is to be the leader in healthcare, providing quality acute care, long-term care and related services to the beneficiaries of the Miners' Trust Fund of New Mexico and the people of the region.

BUDGET SUMMARY (dollars in thousands)					
FY08 - 2007-2008					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	12,205.8	9,221.6	11,022.7	11,022.7	19.5
Federal Revenues	270.9	264.2	544.5	370.0	40.0
Other Revenues	14,063.2	13,239.9	18,193.9	15,815.4	19.5
SOURCES TOTAL	26,539.9	22,725.7	29,761.1	27,208.1	19.7
USES					
Personal Services and Employee Benefits	10,825.6	11,023.8	12,013.3	11,774.1	6.8
Contractual Services	3,382.0	3,054.0	4,891.3	3,783.6	23.9
Other	5,605.2	4,037.3	7,756.0	6,549.9	62.2
Other Financing Uses	6,102.9	4,610.6	5,100.5	5,100.5	10.6
TOTAL USES	25,915.7	22,725.7	29,761.1	27,208.1	19.7
FTE					
Permanent	211.0	211.5	214.0	211.5	0.0
Term	14.0	13.5	14.0	13.5	0.0
TOTAL FTE POSITIONS	225.0	225.0	228.0	225.0	0.0

BUDGET ISSUES:

The hospital receives revenue from the miners' trust fund for care and treatment of miners and from the income invested by the State Investment Council on deposit with the State Treasurer. The hospital is a beneficiary of a portion of the land grant permanent fund, with earnings derived from trust lands assigned to the hospital by the Ferguson Act of 1898 and the New Mexico Enabling Act of 1910. Earnings and distributions from these sources are deposited in the trust fund. The distribution in FY06 was \$5.3 million and the fund had \$14.5 million in cash balances at June 30, 2006.

Construction began in 2006 on a \$21 million, 72,000-square-foot replacement facility for the 33 bed acute-care center. The hospital received a loan from the New Mexico Finance Authority for \$10.8 million for the new center, for which debt service will be paid from the cash balance of the miners' trust fund. Construction is expected to be complete by summer 2007.

Major increases contained in the agency's budget request include \$1.8 million for increased contractual medical services, \$1.3 million for equipment, \$989 thousand for personnel services and employee benefits, \$837.9 for drugs, and \$821.7 thousand for debt service.

Both revenues and expenses have been higher than budgeted in the past few years. On the revenue side, the hospital has increased patient revenue and benefited from larger distributions from the land grant permanent fund to the miners' trust fund. On the expenditure side, healthcare salaries, as well as expenditures for contracted medical services, have increased rapidly. The hospital also has used budget increase authority to replace expensive equipment, such as CAT scans.

The total committee recommendation is \$27.2 million, a 19.7 percent increase over FY07. Specifically, the recommendation provides for a 6.8 percent increase, or \$750 thousand, in personal services and benefits. In recognition that the hospital has become more dependent on contractual medical support in key areas, such as surgery and radiology, the recommendation for contractual services is \$3.7 million, a 23 percent increase over FY07.

The committee recommendation for other costs is \$6.5 million, which includes \$821 thousand of new funding for debt service and \$1.1 million for increased costs of medical supplies and drugs. The committee recommendation for other financing uses is \$11.1 million, which represents the transfer out of the miners' trust fund to support operations and to fund debt service.

HEALTHCARE

The purpose of the healthcare program 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

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of billed revenue collected	78%	80%	80%	80%	80%
* Output	Number of patient days at the long-term care facility	9,243	10,713	9,000	13,505	13,505
Output	Number of admissions to the acute-care facility	1,697	1,498	1,500	1,600	1,600
Output	Number of discharges from the acute-care facility	1,701	1,500	1,500	1,500	1,500
Output	Number of visits to the outreach clinic	376	360	450	400	400
* Output	Number of specialty clinic visits	635	840	550	900	900
Output	Number of surgeries performed	621	680	600	750	750
Outcome	Percent of budgeted revenue collected	107%	100%	100%	100%	100%
Output	Number of visits to the black lung clinic	110	91	115	120	120
Output	Number of admissions to the long-term care facility	53	46	35	35	35
Outcome	Average patient length of stay, in days, for the acute-care facility	3.8	4.1	4	4	4
Outcome	Infection rates following treatment per thousand patient days	1.8%	1.5%	<2%	<2.5%	<2%
Outcome	Patient fall rates per thousand patient days	.67%	.79%	.52%	.50%	.50%
Output	Number of outpatient visits	15,200	13,401	16,000	15,840	15,840
Output	Number of outreach clinics conducted	18	18	18	24	24
* Output	Number of emergency room visits	5,170	5,193	5,000	5,250	5,250
* Output	Number of patient days at the acute-care facility	6,681	6,134	6,300	6,900	6,900

STATUTORY AUTHORITY:

The Department of Health (DOH) was created by Sections 9-7-1 through 9-7-15 NMSA 1978 to serve the citizens of New Mexico through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates public health offices in all but one county, seven treatment centers, and the state scientific laboratory. The department currently has eight programs: Public Health; Epidemiology and Response; Laboratory Services; Behavioral Health Services; Facilities Management; Developmental Disabilities Support; Health Certification, Licensing and Oversight; and Administration.

Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, pharmaceutical services, community-based services for the developmentally disabled, and licensing and oversight of hospitals, nursing homes, other healthcare facilities, and other community programs.

In addition to providing other services, the Facilities Management Program operates the Southern New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute at Las Vegas, New Mexico Veterans' Home in Truth or Consequences, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Facility and Turquoise Lodge for chemical dependency treatment, both in Albuquerque. The Developmental Disabilities Support Program operates the Los Lunas community program.

MISSION:

The mission of the New Mexico Department of Health is to promote health and sound health policy, prevent disease and disability, improve health services systems, and assure that essential public health functions and safety net services are available to New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	273,722.6	292,929.5	327,198.8	315,255.0	7.6
Other Transfers	77,772.0	82,767.8	91,323.0	92,992.6	12.4
Federal Revenues	118,381.9	123,628.0	121,457.6	121,337.8	-1.9
Other Revenues	47,369.4	47,233.0	70,301.4	70,301.4	48.8
Fund Balance	11,834.4	0.0	0.0	0.0	***
SOURCES TOTAL	529,080.3	546,558.3	610,280.8	599,886.8	9.8
USES					
Personal Services and Employee Benefits	188,348.0	201,397.1	200,528.0	199,576.9	-0.9
Contractual Services	150,044.0	152,092.5	199,464.5	193,814.2	27.4
Other	106,044.3	121,786.1	129,114.5	123,821.9	1.7
Other Financing Uses	69,696.6	71,282.6	81,173.8	82,673.8	16.0
TOTAL USES	514,132.9	546,558.3	610,280.8	599,886.8	9.8
FTE					
Permanent	2,602.5	2,602.5	2,584.5	2,577.5	-1.0
Term	1,572.0	1,572.0	1,531.0	1,530.0	-2.7
Temporary	31.0	31.0	31.0	31.0	0.0
TOTAL FTE POSITIONS	4,205.5	4,205.5	4,146.5	4,138.5	-1.6

BUDGET ISSUES:

DOH did not include funding for the Behavioral Health Services Division in the FY08 request. DOH is seeking to transfer 44 of 56 staff associated with substance abuse treatment activities and about 86 percent of the \$68 million FY07 division budget to a new Behavioral Health Services Division at the Human Services Department (HSD). The proponents of the move believe it is an important step toward consolidation of behavioral health funding at one entity, an idea supported by a recent LFC performance review on the behavioral health collaborative. The 12 FTE and \$9.2 million associated with substance abuse prevention activities will be rolled into the DOH public health budget in FY08. While the committee is supportive of consolidated behavioral health funding, it was premature for DOH to submit a budget request already reflecting the transfer without authorizing legislation in place. Therefore, the LFC budget recommendations for DOH and HSD reflect current law. If HSD and DOH wish to proceed with such a change then it can only be accomplished subsequent to enactment of legislation that moves the Behavioral Health Division to HSD.

The DOH revised FY08 request for an additional \$34.2 million from the general fund is composed of \$25.3 million for 27 expansion items and \$8.9 million in base budget increases. DOH requested a \$31.6 million increase in other revenues and transfers, which includes \$21.5 million in behavioral health revenues from ValueOptions, \$3.4 million in additional Medicaid revenue for public health, and \$2.3 million in hospital fees for expanded newborn genetic screening. These increases offset a slight reduction projected in federal revenues.

LFC recommends total funding of \$599.9 million, with \$315.2 million from the general fund. Highlights of the LFC recommendation of a \$22.3 million increase from the general fund include increasing home- and community-based services to the developmentally disabled under a Medicaid waiver (the DD waiver) by \$5 million and increasing services to toddlers at risk of developmental disabilities in the Family Infant Toddler (FIT) program by \$1 million. The LFC recommendation also provides an additional \$5 million for substance abuse treatment, \$2 million for other behavioral health initiatives (psychotropic drugs and supportive housing), \$1.4 million for childhood immunizations, \$750 thousand to provide additional screening for autism, and an additional \$400 thousand for emergency medical services (EMS). The LFC recommended increase for other revenues and transfers of \$33.1 million includes a \$2.1 million increase over FY07 in funding for public health programs funded by tobacco settlement revenue. The agency personnel vacancy rate has averaged between 12 percent to 13 percent. The agency budget request assumes a vacancy rate of 6.9 percent and LFC recommends an overall vacancy rate of 7.3 percent.

DOH had 4,205.5 employees, or full-time equivalents (FTE), on board at the end of FY06. In recent years the department has struggled to provide accurate data on its FTE. Part of this problem was due to constant addition and deletion of term FTE and poor recordkeeping, but department reorganization activities of the past few years have also contributed to the confusion. DOH undertook an effort to reconcile all FTE. As a result, total DOH FTE for FY07 are 3 percent higher than the level authorized in the General Appropriation Act (GAA) for FY07, or by 140 positions. The majority of these positions are term positions for the Public Health Program and Jackson lawsuit-related positions for the Developmental Disabilities Program. For FY08, the department is requesting 4,131.5 base positions, which represents a 66.5 increase in FTE over the 2007 GAA. Because almost all of the positions are term and represent less than 2 percent of total DOH staffing, the LFC recommendation funds these positions as an expansion request. Because the FTE reconciliation is complete and LFC is funding the requested positions, in the future the committee will not support large-scale hiring of legislatively unauthorized FTE.

DOH requested a 3.1 percent increase in its base budget. Funding is essentially flat for the Health Certification Licensing and Oversight Program; the Scientific Lab Program budget request is actually less than FY07 operating budget due to contracting out of genetic screening for newborns. The funding request for the Administration Program and the Epidemiology and Response Program reflect minimal growth of 1.6 percent each. With some minor adjustments, the LFC recommendation essentially accepted the agency request for those four divisions; although growth in the base budget request is minimal, these divisions have authority to increase their operating budgets on receipt of non-general fund revenue, such as federal grants or third-party revenues.

The majority of base funding increases in the DOH request, approximately \$39.3 million (\$8.8 million general fund), is for four programs: Facilities Management, Behavioral Health Services, Public Health, and Developmental Disabilities Support. For the Facilities Management Program, the requested base budget increase is \$24.4 million. The majority of this increase, \$21.5 million for contractual services, is strictly an accounting adjustment to reflect \$21.5 million in projected revenues that will flow through behavioral health contractor ValueOptions back to the New Mexico Behavioral Health Institute (NMBHI), Turquoise Lodge, and the Sequoyah Adolescent Treatment Center. The LFC recommendation includes this requested funding.

The department is also requesting \$1.55 million from the general fund for four base increases for facilities: (1) \$400 thousand for increased costs of drugs, (2) \$400 thousand for increased utilities cost, (3) \$250 thousand to replace loss of funding for the substance abuse detoxification program at Fort Bayard, and (4) \$500 thousand to maintain the Avatar billing system. The LFC recommendation funds the request for Fort Bayard and provides \$740 thousand for the other items. The LFC recommendation fully funds the department's request for personal service and employee benefits for this division; \$2 million of the roughly \$3.6 million reduction in funding for this category reflects the reduction of 22 FTE due to the contracting out of management of Fort Bayard Medical Center to GeoCare.

DOH facilities were the focus of a committee hearing in 2006 and will be the focus of an upcoming performance review, which will examine the effectiveness of facility division management as well as facility financial and staffing issues.

In the Public Health Program, the base budget request is \$187.7 million, a \$7 million, or 3.9 percent, increase over the FY07 operating budget of \$180.8 million. The committee recommendation funds the base request, which includes a \$2.7 million increase for contractual medical services, \$720 thousand for contractual information technology services, \$1.5 million for drugs,

and \$939 thousand for increased food costs for the federal Women Infant Children (WIC) program. The requested base increase from the general fund for public health is only \$460.7 thousand--other revenues are projected to increase \$7 million, including \$2.6 million in Medicaid reimbursement for DOH administrative expense, \$800 thousand in Medicaid reimbursement for care at school-based medical centers, and \$2.3 million in increased fees from hospitals for expanded newborn screening. These increased other revenues will offset a \$2 million reduction projected in federal revenues, mostly in the prevention area.

The committee recommendation of \$133.6 million fully funds the Developmental Disabilities (DD) Support program base request except in the personal services and employee benefits category, where the committee assumes a 4 percent vacancy rate. Funding in the base includes approximately \$18.9 million for the Los Lunas Community program, \$15.1 million for the Family Infant Toddler program, and \$2.1 million for case management for the medically fragile. The department is still working on meeting objectives to disengage from the Jackson lawsuit; based on current progress, the department hopes to complete Jackson-related requirements by the end of FY09. Funding in the base includes approximately \$2 million funding for Jackson-related legal, consulting, and associated costs.

It should be noted that the requested base increase of \$6.4 million for this program includes \$5.8 million from the general fund for cost increases in the DD program. The department submitted a supplemental request of \$14.4 million to cover DD shortfalls in FY06 and FY07. DOH indicates that the supplemental is needed because it failed to accrue prior-year payables, which led to the FY06 shortfall. Other factors in the shortfall include a reduction in the federal Medicaid match.

However, DOH has exacerbated the DD shortfall by transferring millions out of direct services in recent years into administration to hire staff to provide DD services in support of Jackson lawsuit objectives. For example, the FY06 operating budget for division personal services and benefits was \$19.9 million for 439 FTE but DOH spent \$22 million for 502 FTE. At the same time, costs per client are escalating--for FY07 DOH was citing average general fund cost per client at approximately \$16.4 thousand but now it has increased that to \$23 thousand. More telling is the fact that the department is only projecting service to 3,823 clients in FY07 at a general fund cost of \$76.4 million--an almost \$20 million increase over FY05 spending for a gain of only 200 more clients. However, concerns remain about the finances of this program despite department assertions that it has made progress in reconciling DD finances and FTE and the FY08 request fairly represents both the funding and personnel required to provide necessary services.

In the behavioral health area, the committee recommendation provides for a 2.3 percent increase in general fund dollars, including a \$2 million base increase in substance abuse funding. Total base substance abuse treatment funding is projected to be \$52.9 million, up \$14 million from FY06 actual spending of \$38.5 million.

BASE EXPANSION:

As discussed above, DOH included some items in the base request that LFC considers to be expansion and has extracted from the base. LFC recommends including \$11.5 million for these items, including \$5.8 million to cover a projected FY07 DD shortfall, in the FY08 base budget, as well as \$990 thousand for facilities-related cost increases, \$2 million in increased substance abuse funding, and \$2.7 million for additional base FTE, mostly in the public health and DD areas. In addition, LFC recommends \$600 thousand for two items not included in the agency request: \$300 thousand for a youth dance program to reduce obesity (already included in the agency FY07 budget as a \$400 thousand nonrecurring appropriation) and \$300 thousand additional funding for Project Echo to expand telehealth services to other conditions beyond hepatitis C.

The department's expansion request is \$25.3 million for 27 items. It should be noted that the department's original budget request was for \$9.1 million for 12 expansion items; a revised expansion request was submitted in late November for an additional \$8.9 million for eight items. The department did not provide a revised ranking, so these new items are numbered 13 to 20 on Table 3. Also, as noted above, the LFC budget recommendation for DOH includes the budget for behavioral services, which the agency is seeking to transfer to HSD. Therefore, table 3 also shows the LFC recommendation on seven expansion requests (items 21-27) totaling \$7.3 million for behavioral health.

In total, LFC recommends \$14.1 million in funding for agency expansion requests. LFC recommends \$1.4 million for the governor's immunization initiative to purchase additional adult flu and tetanus, diphtheria, and pertusis (TDAP) vaccines, as well as purchase of 12,600 doses of the new HPV vaccine for teenage girls to prevent cervical cancer. Including projected increases in federally supplied vaccines, the department has a preliminary projection of almost \$34 million in spending for vaccines in FY08, an increase of \$10.9 million over FY07. An additional \$250 thousand in contractual services is recommended for the Public Health Program for oral health services for children.

In the epidemiology area, LFC recommends \$93 thousand for two additional customer service staff to meet increased workload in the vital records section. In addition, the committee fully funds the \$400 thousand agency request to bolster emergency medical services statewide. In the facilities area, the committee supports DOH's request that \$200 thousand received in FY07 to support the sexual offender treatment program at Las Vegas be included permanently in the budget.

Despite concerns about financial management of the DD program, the committee recommends \$5 million to reduce the DD waiting list by approximately 215 individuals. DOH has made some progress in adding DD clients, increasing from 3,118 clients served in FY03 to approximately 3,823 currently served, an increase of 22 percent. Unfortunately, demand remains high for DD services, with the waiting list still exceeding 3,300. The committee notes that the estimate that 215 individuals would be served for \$5 million reflects a higher cost estimate (\$23.3 thousand) than used in prior years. It is hoped that the actual cost per client will be lower and that the \$5 million expansion will cover adding more than 215 individuals.

The committee recommendation also provides \$1 million to serve an additional 700 children in the Family Infant Toddler program. This program provides early intervention services to developmentally delayed children, children with established conditions, and children at risk of developmental disabilities for biological, medical or environmental reasons from birth to 3 years old. The committee is recommending an additional \$750 thousand to increase the number of children screened for autism at the University of New Mexico Health Sciences Center for Developmental Disability. Finally, the committee fully funds the agency request for a \$3 million increase in substance abuse funding to enhance and expand community-based treatment programs and provides an additional \$1 million toward psychotropic medications to serve at risk non-Medicaid eligible adults and \$1 million to support housing for individuals with behavioral health issues at risk of becoming homeless.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public health program of the department of health in the contractual services category includes two million eight hundred twenty-two thousand seven hundred eight dollars (\$2,822,708) for contracts related to the County Maternal and Child Health Plan Act, one million nine hundred thousand dollars (\$1,900,000) for the hepatitis C collaborative health services project, and three hundred thousand dollars (\$300,000) for a youth dance program to reduce obesity.

The other state funds appropriation to the public health program of the department of health includes nine million one hundred fifteen thousand dollars (\$9,115,000) from the tobacco settlement program fund for smoking cessation and prevention programs, one million dollars (\$1,000,000) from the tobacco settlement program fund for diabetes prevention and control services and four hundred seventy thousand dollars (\$470,000) from the tobacco settlement program fund for HIV/AIDS prevention, services and medicine.

The general fund appropriation to the epidemiology and response program of the department of health in the other category includes an additional four hundred thousand dollars (\$400,000) for regional emergency medical services programs.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes seventy nine million fourteen thousand nine hundred dollars (\$79,014,900) for Medicaid waiver services in local communities, including two million twenty-nine thousand two hundred dollars (\$2,029,200) for services to the medically fragile and seventy-six million nine hundred eighty-five thousand seven hundred dollars (\$76,985,700) for services to the developmental disabled.

The general fund appropriation to the health certification, licensing and oversight program of the department of health in the contractual services category includes five hundred thousand dollars (\$500,000) for receivership services.

The general fund appropriation to the department of health in the contractual services category in all programs is contingent on the department including performance measures in its outcome-based contracts to increase oversight and accountability.

The general fund appropriation to the administration program of the department of health in the other financing uses category includes four million dollars (\$4,000,000) to support and expand trauma services statewide.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	66.5 additional reconciled FTE	(various)	2,751.4	2,751.4
*	DD FY07 Funding Shortfall	(DD)	5,800.0	5,800.0
*	Facilities division cost increases	(Facilities)	1,550.0	990.0
*	Substance abuse	(BHSD)	2,000.0	2,000.0
01	Governor's immunization initiative	(Pub Health)	1,400.0	1,400.0
02	Adult influenza vaccine	(Pub Health)	500.0	0.0
03	Gov. teen pregnancy prevention initiative	(Pub Health)	750.0	0.0
04	DD oral health	(DD)	500.0	0.0
05	Public health oral health services (1 FTE)	(Pub Health)	500.0	250.0
06	Autism evaluation & training	(DD)	1,000.0	0.0
07	Reduction of DD waiting list	(DD)	3,500.0	5,000.0
08	Enhance vital records customer svc (2 FTE)	(EPI)	150.0	93.0
09	Adult sex offender treatment program (5 FTE)	(Facilities)	200.0	200.0
10	Emergency medical services fund expansion	(EPI)	400.0	400.0
11	Women's health advisory council (1 FTE)	(Admin)	110.0	0.0
12	Middle school youth & resiliency survey	(EPI)	75.0	0.0
13	Family infant toddlers program	(DD)	1,250.0	1,000.0
14	Children's medical services clinics (5 FTE)	(Pub Health)	650.0	0.0
15	Children's medical services	(Pub Health)	450.0	0.0
16	Compulsive gambling	(Pub Health)	75.0	0.0
17	Autism diagnosis	(DD)	750.0	750.0
18	Medical professional recruitment	(Pub Health)	750.0	0.0
19	Telehealth services	(Admin)	2,000.0	0.0
20	Trauma fund	(Admin)	3,000.0	0.0
21	Psychotropic medications	(BHSD)	2,000.0	1,000.0
22	Substance abuse treatment	(BHSD)	3,000.0	3,000.0
23	Supportive housing	(BHSD)	1,000.0	1,000.0
24	Local behavioral health collaboratives	(BHSD)	450.0	0.0
25	Behavioral health planning council	(BHSD)	200.0	0.0
26	Veterans' behavioral health services	(BHSD)	250.0	0.0
27	Compulsive gambling treatment	(BHSD)	425.0	0.0
28	Project echo	(Pub Health)	0.0	300.0
29	<u>Youth dance program to reduce obesity</u>	<u>(Pub Health)</u>	<u>0.0</u>	<u>300.0</u>
TOTAL			37,436.4	26,234.4

*The department included these items in the base request. LFC considers the items to be expansion and has extracted the items from the base.

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce disparities, and ensure timely access to quality, culturally competent, health care.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY08 - 2007-2008</u>		
	<u>FY06</u> <u>2005-2006</u> <u>Actuals</u>	<u>FY07</u> <u>2006-2007</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	73,768.1	74,132.3	79,668.0	76,843.0	3.7
Other Transfers	8,388.6	15,858.9	22,867.6	24,537.2	54.7
Federal Revenues	66,178.6	71,880.2	69,854.9	69,854.9	-2.8
Other Revenues	20,363.3	18,920.2	20,458.4	20,458.4	8.1
Fund Balance	8,147.4	0.0	0.0	0.0	***
SOURCES TOTAL	176,846.0	180,791.6	192,848.9	191,693.5	6.0
USES					
Personal Services and Employee Benefits	47,689.4	49,649.0	51,157.3	50,750.2	2.2
Contractual Services	51,817.9	56,251.9	61,202.8	61,504.5	9.3
Other	68,393.0	74,087.3	79,502.0	78,452.0	5.9
Other Financing Uses	689.9	803.4	986.8	986.8	22.8
TOTAL USES	168,590.2	180,791.6	192,848.9	191,693.5	6.0
FTE					
Permanent	393.5	393.5	378.5	372.5	-5.3
Term	649.5	649.5	625.5	625.5	-3.7
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1,044.0	1,044.0	1,005.0	999.0	-4.3

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Explanatory	National ranking of New Mexico's Hispanic teen birth rate per one thousand females ages fifteen to nineteen	13th	15th	10th		
* Output	Percent of preschoolers fully immunized	83.5%	78%	92%	95%	95%
Outcome	Percent of adolescents fully immunized	90%	94%	95%		
Output	Annual number of births registered at vital records for females age fifteen to seventeen	1,647	1,619	1,300	1,100	1,100
Outcome	Number of HIV/AIDS deaths in New Mexico	14	32	10	10	10
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	89%	87%	95%	95%	95%
Outcome	Percent of adolescents, grades nine through twelve, who are not overweight or obese	89%	89.2%	92%	95%	95%
* Outcome	Youth suicide rate among fifteen to nineteen year olds per one hundred thousand	23.6	15.3	5	3.0	3.0
Outcome	Youth suicide rate among twenty to twenty-four year olds per one hundred thousand	28.6	42.8	10	6.3	6.3
Outcome	Percent of youth reporting they have considered suicide	20.7%	19%	17%	14%	14%
Outcome	Percent of youth reporting they have attempted suicide	14.5%	7.5%	0%	5.0%	5.0%
Outcome	Percent of schools with school-based health centers that have decreased teen birth, suicide and obesity rates			100%		
* Outcome	Tobacco use by adults	20.3%	21.5%	18%	20.4%	20%
Outcome	Tobacco use by adolescents	30.1%		20%		
Output	Percent of chlamydia cases treated		70%	80%	90%	90%
Output	Number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	12,503	12,365	20,000	24,000	24,000

Output	Number of HIV/AIDS prevention education encounters	8,000	19,660	10,000	12,000	12,000
Output	Number enrolled in syringe exchange programs	8,536	9,501	15,000	16,000	16,000
Output	Number of HIV/AIDS counseling sessions for high-risk individuals	4,777	6,584	7,500		
Output	Number of hepatitis C clients treated by the extension for community health outcomes project		263	5,000	1,500	5,000
Output	Number of people eligible for the women, infants and children program who are receiving services	60,791	59,988	64,500		
Output	Number of operating school-based health centers	34	66	68	68	68
Output	Number of youth served at school-based health centers	7,000	19,960	11,000	15,000	20,000
* Output	Number of visits to school-based health centers	30,937	44,098	50,000	42,000	50,000
Output	Number of calls to the agency-funded agora youth crisis line		2,900	4,500	9,000	9,000
Output	Number of providers using the statewide immunization registry		10	255	375	375
Outcome	Teenage birth rate per one thousand population for females age fifteen through seventeen compared with the national average of 24.7			<39.8		
Output	Number of students receiving behavioral health services in school-based health centers	6,006	*8,181	10,000	12,000	12,000
Outcome	National ranking of New Mexico children who are fully immunized	15th	36th	5th	3rd	3rd
* Outcome	National ranking of New Mexico's teen birth rate per one thousand females age fifteen to seventeen	47th est	50th	35th	30th	30th
Explanatory	Percent of eligible persons with HIV/AIDS who receive agency-funded medical care and services	100%	100%	100%		
Outcome	New Mexico ranking for youth suicide among fifteen to twenty-four year olds	47th	44th	36th	30th	30th
* Explanatory	Per capita consumption of tobacco products	45 packs	34 packs	39 packs	33.6 packs	33.6 packs
Output	Number of persons referred and screened for hepatitis C through the public health system	8,600	3,700	10,000	12,000	12,000
Quality	Number of adults with diabetes in disease management services or programs	48,971	48,176	49,960		
Output	Number of partners of syphilis cases identified and treated		135	162	195	195
Quality	Number of participants in diabetes prevention educational programs	9,641	22,582	20,700		
Quality	Number of school-based health centers that implement youth suicide screening and prevention plans		66	68	68	68
Output	Number of partners of gonorrhea cases identified and treated		700	1,100	1,550	1,550

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to maintain and enhance a statewide system of population-based surveillance, vital records and health statistics, emergency medical services, bioterrorism and health emergency management, and injury prevention so information on the health of New Mexicans is readily available, to identify and respond to threats to the health of the public, to ensure safe environments for New Mexicans, to ensure the provision of emergency medical services, and to provide vital records to the public.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
		FY06	FY07	Agency	LFC	Percent
		2005-2006	2006-2007	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	10,150.7	10,139.7	10,764.7	10,632.7	4.9
	Other Transfers	1,828.0	474.5	758.0	758.0	59.7
	Federal Revenues	17,900.2	14,870.4	14,904.2	14,904.2	0.2
	Other Revenues	422.1	498.8	606.1	606.1	21.5
	SOURCES TOTAL	30,301.0	25,983.4	27,033.0	26,901.0	3.5
USES						
	Personal Services and Employee Benefits	10,540.0	11,892.9	11,575.2	11,575.2	-2.7
	Contractual Services	12,201.2	8,159.1	8,060.5	7,985.5	-2.1
	Other	7,318.9	5,931.4	7,397.3	7,340.3	23.8
	Other Financing Uses	47.5	0.0	0.0	0.0	***
	TOTAL USES	30,107.6	25,983.4	27,033.0	26,901.0	3.5
FTE						
	Permanent	54.0	54.0	56.0	56.0	3.7
	Term	144.0	144.0	139.0	139.0	-3.5
	TOTAL FTE POSITIONS	198.0	198.0	195.0	195.0	-1.5

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Quality	Percent of customers satisfied with vital records services		98.57%	80%		
Efficiency	Percent of death certificates issued within seven days of receipt of completed record, application and fees		95.5%	62%		
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fees	84.3%	71.67%	72%	75%	75%
Outcome	Number of notifiable conditions monitored by the epidemiology and response division	104	114	113		
Outcome	Percent of urgent calls received by the epidemiology and response program for which response activities are initiated within fifteen minutes of report		97%	100%		
* Output	Number of designated trauma centers in the state		3	6	9	9
Output	Number of health professionals on the volunteer health professional emergency registry	1,000	1,584	3,000		
Output	Percent of deaths registered with the web-based statewide death registration system		NA	90%		
Efficiency	Percent of birth certificates issued within seven days of receipt of completed record, application and fees	68%	72.12%	72%		
Outcome	Percent of New Mexico counties with pandemic influenza plans that integrate with the state plan		10%	50%	80%	80%
* Output	Number of pandemic influenza plan exercises statewide		10	50	70	70
Output	Number of hospitals reporting data in the state trauma registry		16	20	25	25

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and science policy for tax-supported public health, environmental 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>FY08 - 2007-2008</u>				
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	5,683.1	6,005.1	6,005.1	6,005.1	0.0
	Federal Revenues	2,399.9	2,661.3	2,661.3	2,661.3	0.0
	Other Revenues	3,505.5	4,382.6	2,687.1	2,687.1	-38.7
	SOURCES TOTAL	11,588.5	13,049.0	11,353.5	11,353.5	-13.0
USES						
	Personal Services and Employee Benefits	6,519.5	7,115.8	6,753.9	6,753.9	-5.1
	Contractual Services	867.8	1,442.1	424.8	424.8	-70.5
	Other	4,575.2	4,491.1	4,174.8	4,174.8	-7.0
	TOTAL USES	11,962.5	13,049.0	11,353.5	11,353.5	-13.0
FTE						
	Permanent	79.0	79.0	79.0	79.0	0.0
	Term	56.0	56.0	53.0	53.0	-5.4
	TOTAL FTE POSITIONS	135.0	135.0	132.0	132.0	-2.2

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
* Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within seven business days	35%	27.4%	90%	85%	90%
Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses analyzed within specified turnaround times	96.9%	98.5%	98%	98%	98%
Outcome	Percent of environmental (air, water and soil) samples analyzed within specified turnaround times	99.8%	99.25%	99%		
Quality	Average proficiency test scores for public health laboratory certification	95%	99.18	95%	96%	96%
Quality	Average proficiency test scores for environmental laboratory certification	97%	98.63%	97%		
* Output	Number of laboratory tests performed each year	500,000	456,421	540,000	340,000	457,000

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)

		FY08 - 2007-2008				
		FY06	FY07	Agency	LFC	Percent
		2005-2006	2006-2007	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	36,199.4	37,584.0	45,993.3	43,450.3	15.6
	Other Transfers	15.2	569.2	528.6	528.6	-7.1
	Federal Revenues	18,910.9	20,812.9	21,259.4	21,139.6	1.6
	Other Revenues	2.7	43.5	42.0	42.0	-3.4
	SOURCES TOTAL	55,128.2	59,009.6	67,823.3	65,160.5	10.4
USES						
	Personal Services and Employee Benefits	2,560.2	2,560.2	2,759.0	2,621.2	2.4
	Contractual Services	50,333.8	49,155.1	61,681.3	59,356.3	20.8
	Other	1,048.5	6,039.8	1,710.9	1,510.9	-75.0
	Other Financing Uses	1,185.7	1,254.5	1,672.1	1,672.1	33.3
	TOTAL USES	55,128.2	59,009.6	67,823.3	65,160.5	10.4
FTE						
	Permanent	21.0	21.0	31.0	31.0	47.6
	Term	23.0	23.0	13.0	13.0	-43.5
	TOTAL FTE POSITIONS	44.0	44.0	44.0	44.0	0.0

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent of program participants between the ages of twelve to seventeen who perceive drug use as harmful	76%	79%	82%	84%	84%
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on three or more domains on the addiction severity index		62%	67%		75%
* Outcome	Suicide rate among adults twenty years and older per one hundred thousand	23.7	*22.4	21.7	20.5	20.5
Quality	Percent of adults with serious mental illness receiving services in competitive employment of their choice		85.4%	86%		86%
Quality	Percent of individuals with mental illness or substance abuse disorders receiving services with decent, safe, affordable housing		77.4%	78%		78%
Output	Number of parental participants in substance abuse prevention programs	15,907	15,176	14,000		13,700
Quality	Percent of adults presenting with psychiatric issues screened for substance abuse		97.1%	97%		97%
Quality	Number of families reporting satisfaction with services		80%	81%		82%
Quality	Number of driving-while-intoxicated arrests among persons receiving substance abuse treatment or services through the statewide entity		8.8%	TBD	TBD	

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health care services, including mental health, substance abuse, nursing home and rehabilitation programs, in both facility and community-based settings and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	43,383.1	45,117.3	46,867.3	46,159.9	2.3
	Other Transfers	40,147.0	40,960.2	41,713.3	41,713.3	1.8
	Federal Revenues	3,147.9	3,412.5	3,169.7	3,169.7	-7.1
	Other Revenues	19,009.0	19,577.4	41,904.5	41,904.5	114.0
	Fund Balance	2,536.1	0.0	0.0	0.0	***
	SOURCES TOTAL	108,223.1	109,067.4	133,654.8	132,947.4	21.9
USES						
	Personal Services and Employee Benefits	81,313.7	87,113.7	84,793.8	84,793.8	-2.7
	Contractual Services	7,099.2	5,153.3	30,576.9	30,376.9	489.5
	Other	15,740.0	16,790.6	18,284.1	17,776.7	5.9
	Other Financing Uses	0.0	9.8	0.0	0.0	-100.0
	TOTAL USES	104,152.9	109,067.4	133,654.8	132,947.4	21.9
FTE						
	Permanent	1,699.0	1,699.0	1,684.0	1,684.0	-0.9
	Term	236.5	236.5	234.5	234.5	-0.8
	Temporary	13.0	13.0	13.0	13.0	0.0
	TOTAL FTE POSITIONS	1,948.5	1,948.5	1,931.5	1,931.5	-0.9

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>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	10	4.99	6	0	0
Output	Average length of stay at sequoyah adolescent treatment center	220	213.5	200	207	207
Output	Average length of stay at New Mexico veteran's home	403	374.75	365	487	487
Output	Average length of stay at New Mexico rehabilitation center		16.25	13	21	21
Output	Average length of stay at turquoise lodge	16.9	18.13	17	21	21
Output	Average length of stay at the New Mexico behavioral health institute at Las Vegas	11	15.75	9	66	66
Output	Average length of stay at fort bayard medical center	580.96	388.2	550	719	719
Quality	Percent of residents satisfied with treatment and services provided		78.10%	90%		

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and supports 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)

			FY08 - 2007-2008			
		FY06	FY07	Agency	Percent	
		2005-2006	2006-2007	Request	Incr	
		Actuals	Budgeted		(Decr)	
SOURCES						
	General Fund Transfers	93,191.0	102,956.3	115,756.3	115,193.1	11.9
	Other Transfers	20,127.3	19,391.9	20,001.9	20,001.9	3.1
	Federal Revenues	3,230.2	3,401.5	2,545.2	2,545.2	-25.2
	Other Revenues	2,287.6	1,738.7	2,662.1	2,662.1	53.1
	Fund Balance	1,150.9	0.0	0.0	0.0	***
	SOURCES TOTAL	119,987.0	127,488.4	140,965.5	140,402.3	10.1
USES						
	Personal Services and Employee Benefits	22,191.2	22,988.0	23,221.9	22,908.7	-0.3
	Contractual Services	25,292.0	29,241.1	32,789.7	31,439.7	7.5
	Other	4,707.9	6,044.4	6,439.0	6,039.0	-0.1
	Other Financing Uses	67,493.2	69,214.9	78,514.9	80,014.9	15.6
	TOTAL USES	119,684.3	127,488.4	140,965.5	140,402.3	10.1
FTE						
	Permanent	164.0	164.0	164.0	164.0	0.0
	Term	322.0	322.0	323.0	322.0	0.0
	Temporary	16.0	16.0	16.0	16.0	0.0
	TOTAL FTE POSITIONS	502.0	502.0	503.0	502.0	0.0

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	93%	95.7%	95%	98%	987%
* Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	99%	99%	99%+	100%	100%
* Outcome	Percent of adults receiving developmental disabilities day services engaged in community-integrated employment	36%	34.7%	45%	60%	60%
* Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services	99.2%	99.2%	99%+	99.9%+	99.9%+
* Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	93%	95.4%	95%	97%	97%
Output	Percent of Jackson requirements from the plan of action and appendix a to the joint stipulation completed		53%	79%	90%	90%
Quality	Number of oral health providers trained to serve people with developmental disabilities	25	42	65		
Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	89%	87%	95%	97%	97%

HEALTH CERTIFICATION LICENSING AND OVERSIGHT

The purpose of the health certification, licensing and oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys, and a statewide incident management system so that people in New Mexico have access to quality health care and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>			
		<u>FY06</u>	<u>FY07</u>	<u>Agency</u>	<u>Percent</u>
		<u>2005-2006</u>	<u>2006-2007</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	4,471.4	5,298.6	5,228.1	-1.3
	Other Transfers	4,477.0	4,749.9	4,749.9	0.0
	Federal Revenues	1,676.9	1,850.2	1,850.2	0.0
	Other Revenues	1,774.7	1,636.2	1,739.7	6.3
	SOURCES TOTAL	12,400.0	13,534.9	13,567.9	0.2
USES					
	Personal Services and Employee Benefits	8,058.2	10,555.3	10,484.8	-0.7
	Contractual Services	996.8	806.4	846.4	5.0
	Other	2,476.5	2,173.2	2,236.7	2.9
	Other Financing Uses	104.1	0.0	0.0	***
	TOTAL USES	11,635.6	13,534.9	13,567.9	0.2
FTE					
	Permanent	58.0	58.0	57.0	-1.7
	Term	123.0	123.0	123.0	0.0
	TOTAL FTE POSITIONS	181.0	181.0	180.0	-0.6

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Efficiency	Number of community-based program incident investigations completed	3,620	NA	4,300	4,400	4,400
* Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities	181	314	200	450	450
Quality	Number of providers that receive a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation		3	5	35	35
* Outcome	Number of developmental disabilities providers receiving an unannounced survey	24	35	41	92	92
* Output	Number of regulatory compliance surveys conducted by the division of health improvement for community-based programs	54	63	85	213	213
Output	Number of days between receipt of complete licensure application packet to process completion		145 days	45 days	45 days	45 days
Explanatory	Number of applicants screened for caregiver criminal history check	20,060	22,745	33,282	35,000	35,000

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 that the department achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY08 - 2007-2008</u>		
	<u>FY06</u> 2005-2006 <u>Actuals</u>	<u>FY07</u> 2006-2007 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	6,875.8	11,696.2	16,916.0	11,742.8	0.4
Other Transfers	2,788.9	763.2	703.7	703.7	-7.8
Federal Revenues	4,937.3	4,739.0	5,212.7	5,212.7	10.0
Other Revenues	4.5	435.6	201.5	201.5	-53.7
SOURCES TOTAL	14,606.5	17,634.0	23,033.9	17,860.7	1.3
USES					
Personal Services and Employee Benefits	9,475.8	9,522.2	9,782.1	9,689.1	1.8
Contractual Services	1,435.3	1,883.5	3,882.1	1,880.1	-0.2
Other	1,784.3	6,228.3	9,369.7	6,291.5	1.0
Other Financing Uses	176.2	0.0	0.0	0.0	***
TOTAL USES	12,871.6	17,634.0	23,033.9	17,860.7	1.3
FTE					
Permanent	134.0	134.0	135.0	134.0	0.0
Term	18.0	18.0	20.0	20.0	11.1
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	153.0	153.0	156.0	155.0	1.3

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	69%	92.14%	85%	85%	85%
* Output	Percent capital project funds expended over a five-year period	1.8%	7.5%	16%	16%	16%
Output	Number of repeat audit findings	2	9	0		
Output	Number of telehealth sites throughout the state used for patient services		20		120	120
Outcome	Number of community health improvement councils that include health disparities in their plans	15	6		38	38
* Output	Number of patient encounters provided through telehealth sites statewide		NA		60,000	60,000

STATUTORY AUTHORITY:

The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, ground- and surface-water quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

MISSION:

The Department of Environment (NMED) preserves, protects, and perpetuates surface and groundwater, air quality, and land in the State of New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	13,527.4	14,545.4	17,220.8	15,715.4	8.0
Other Transfers	20,102.0	22,639.5	25,693.2	24,881.5	9.9
Federal Revenues	25,864.3	24,306.8	22,424.4	22,424.4	-7.7
Other Revenues	34,520.2	32,764.5	36,817.1	35,074.6	7.1
Fund Balance	3,931.8	5,001.8	2,569.4	2,373.8	-52.5
SOURCES TOTAL	97,945.7	99,258.0	104,724.9	100,469.7	1.2
USES					
Personal Services and Employee Benefits	40,092.5	42,664.4	46,431.7	44,456.1	4.2
Contractual Services	10,892.8	14,427.7	12,837.8	12,807.8	-11.2
Other	24,008.2	20,249.6	19,018.9	18,707.4	-7.6
Other Financing Uses	20,793.9	21,916.3	26,436.5	24,498.4	11.8
TOTAL USES	95,787.4	99,258.0	104,724.9	100,469.7	1.2
FTE					
Permanent	281.0	280.0	311.0	297.0	6.1
Term	382.5	384.5	403.5	397.5	3.4
TOTAL FTE POSITIONS	663.5	664.5	714.5	694.5	4.5

BUDGET ISSUES:

NMED's base budget request declined by slightly over \$1 million from the FY07 operating budget, partially offsetting a projected federal revenue reduction of \$1.9 million. A 5 percent increase in general fund, or \$731.8 thousand, offsets most of the remainder. The primary budget issue for NMED is a significantly increased workload in three of the four programs in the face of this continued decline in federal funds. NMED's dedicated funds remain insufficient to completely fill the federal gap as well as fund the requested expansions, which are substantial. The 16 requests total \$3.7 million and include 44 FTE.

The LFC total recommendation addresses the competing forces of declining dollars and increased workload, as well as balancing the competing expansion requests. Special funds are tapped first to the extent fiscal stewardship allows. The general fund increase of 8 percent is focused where the public will derive the greatest benefit, primarily for ensuring water quality statewide.

Managing the dedicated funds remains a challenge for NMED. Of the 17 special funds used in the budget process, six show declining balances that, without lowering expenditures or increasing revenues, indicate fund depletion. Two funds, in particular, are under immediate stress. Although water discharge permit fees were increased in 2001, the water quality management fund is projected to fall short of program needs by the end of FY07. Even though another fee increase is under consideration, NMED is doubtful fees will ever fully offset program costs and is requesting a \$447.6 thousand recurring subsidy from the corrective action fund (CAF). The storage tank fund also requires a CAF subsidy to help cover the tank program costs of \$1 million, although NMED is aggressively collecting past-due fees in a one-time effort to offset this subsidy. In addition, CAF is also being asked to support other programs beyond its original mandate, which was expanded in 2004. While current projections allow just over \$1 million added distribution from the fund, further depletion will tip this fund downward.

On the other hand, some funds are showing rapid recovery, while others appear to include reasonable strategies for reclaiming fund health. While fund balance projections decline in the short term for the Title V (air quality) fund, increased fees phased in through FY09 will fully fund a small business assistance program, the full costs of the Title V permits section, and other air quality programs. A revised fee structure for hazardous waste permitting will increase revenue for the hazardous waste fund by an estimated \$1 million in FY07 and \$1.2 million for FY08, and provide a more stable revenue source to the program. Both the food service fund and the air quality permit fee fund show positive balances, again due to industry-supported fee increases.

Vacancy rates, an issue in past years, have improved to an average of approximately 7 percent. The LFC recommendation includes vacancy rates of 2 percent to 4 percent.

Included in the NMED base budget are 5 federally funded, unauthorized FTE related to national laboratory oversight and 1 unauthorized FTE funded by the federal Bureau of Land Management. Because these positions appear to have stable funding and the support of the Department of Energy, the LFC recommendation includes these positions as term expansions.

BASE EXPANSION:

The LFC recommendation fully funds four of the 16 expansion requests and supports a reduced expansion in five other cases. Special funds account for \$1.4 million of the expansion, including \$1.1 million from the CAF. General funds provide \$706.3 thousand, while a federal grant for the Occupational Safety and Health Administration (OSHA) position adds \$46 thousand. In general, the recommendation prioritizes adequate funding for existing programs over funding new initiatives.

Protecting New Mexico's groundwater quality is a justified use of CAF, and NMED's highest ranked request is funded from this source to preserve a sustainable water quality fund into perpetuity. This is simply a reassignment of funding source for the Water Quality Bureau's existing permitting, compliance, and enforcement activities.

Similarly, a \$93.5 thousand expansion for program support in the Construction Program Bureau (CPB) from the CAF replaces a portion of federal funding, which has fallen over \$235 thousand for this bureau in the last two years and is projected to fall another \$95 thousand by FY08. A special appropriation of \$200 thousand is separately recommended to support this bureau while it develops alternate funding sources. Since 2001, increases in legislative appropriations for capital projects administered by CPB have risen more than 2,000 percent, with no additional administrative support to handle the increased workload. Thus, this request for capital outlay support is fully funded to add 1 engineer and 3 administrative FTE. Three term FTE are converted to permanent.

Two expansions are recommended for the Environmental Protection Program. Increased oil and gas production drives the recommendation for additional permitting and compliance specialists (3 FTE) in the Air Quality Bureau. This expansion is fully funded from the two special air quality funds. The Solid Waste Bureau's workload increase is due primarily to regulation revisions, which will require old, unlined landfills to close or be lined within three years. Again, protecting the groundwater makes this expansion a judicious use of CAF to fund 4 additional FTE, including a dedicated engineer that will expedite the permit process and ensure EPA regulatory standards are upheld.

The Field Operations Program was renamed the Environmental Health Program in 2006. Population and development growth have dramatically impacted this program's workload, particularly in the Albuquerque metro area and near the Cannon Air Force base. (See Volume I for additional information.) However, because construction has slowed, this recommendation reduces the FTE requested from 12 permanent and 2 term to 8 permanent funded by general fund and 2 term funded by special funds. As part of the federal primacy requirements, the Drinking Water Bureau has adopted over seven new rules and numerous policy changes, increasing the work required for each public water system dramatically. Thus, 2 of the 4 FTE requested for this environmental health bureau are funded with CAF.

Four of the requests for additional FTE appear to be able to be satisfied by filling, reclassifying, or redirecting existing vacant positions: support for the colonias projects, added application information technology personnel, participating in the Rio Grande collaborative effort, and additional radiological personnel, which would also require an increase in the related fund revenues to sustain. The global information system (GIS) position is premature because it will depend on standards developed by the Office of the Chief Information Officer during FY08.

The establishment of a permanent fish advisory program is warranted to protect public health. This expansion funds existing FTE and replaces a 104(b)3 federal grant.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	1 Term FTE-federally funded	(Env Prot)	0.0	62.6
*	5 Term FTE-federally funded	(Water)	0.0	269.8
01	Ground water discharge program	(Water)	447.6	447.6
02	Capital outlay support (4 FTE)	(Prog Sup)	257.9	257.9
03	District needs due to growth (14 FTE)	(Env Hlth)	773.3	573.7
04	Diminishing other funding	(Prog Sup)	186.9	93.5
05	Colonias capital project support (1 FTE)	(Prog Sup)	76.9	0.0
06	Climate change, clean energy (1 FTE)	(Env Prot)	92.8	0.0
07	Primacy for Safe Drinking Water Act (4 FTE)	(Env Hlth)	265.4	132.7
08	Radiation bureau-improve performance (2 FTE)	(Env Hlth)	125.6	0.0
09	Information technology-implement GIS (1 FTE)	(Prog Sup)	78.0	0.0
10	Solid waste bureau, protect water (4 FTE)	(Env Prot)	310.4	310.4
11	Information technology- applications (2 FTE)	(Prog Sup)	167.5	0.0
12	Unfunded construction oversight (1 FTE)	(Prog Sup)	76.9	0.0
13	Oil & gas, climate change (4 FTE)	(Env Prot)	284.5	202.5
14	OSHA compliance assistance specialist (1 FTE)	(Env Prot)	92.0	92.0
15	Fish advisory/Middle Rio Grande (1 FTE)	(Water)	146.5	85.0
16	Consultants for occupational safety (4 FTE)	(Env Prot)	360.0	0.0
17	<u>Convert terms to perms (3 FTE)</u>	<u>(Prog Sup)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			3,742.2	2,527.7

*The agency included this item in the base request. The LFC considers the item to be an expansion and has extracted it from the base.

WATER QUALITY

The purpose of the water quality program is to protect the quality of New Mexico's ground- and surface-water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife and to ensure that hazardous waste generation, storage, treatment and disposal is conducted in a manner protective of public health and environmental quality.

BUDGET SUMMARY
(dollars in thousands)

	FY06	FY07	FY08 - 2007-2008		Percent
	2005-2006	2006-2007	Agency	LFC	Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES					
General Fund Transfers	3,469.7	3,537.4	3,537.4	3,520.4	-0.5
Other Transfers	3,337.0	5,071.1	5,495.7	5,094.6	0.5
Federal Revenues	13,811.2	12,071.3	11,398.1	11,398.1	-5.6
SOURCES TOTAL	20,617.9	20,679.8	20,431.2	20,013.1	-3.2
USES					
Personal Services and Employee Benefits	12,136.1	13,206.5	13,365.5	12,965.9	-1.8
Contractual Services	5,352.5	5,555.3	5,102.0	5,102.0	-8.2
Other	1,837.5	1,918.0	1,963.7	1,945.2	1.4
TOTAL USES	19,326.1	20,679.8	20,431.2	20,013.1	-3.2
FTE					
Permanent	45.0	45.0	45.0	45.0	0.0
Term	151.5	151.5	157.5	156.5	3.3
TOTAL FTE POSITIONS	196.5	196.5	202.5	201.5	2.5

		PERFORMANCE MEASURES				
		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Explanatory	Approximate number of hazardous waste notifiers in the state	*	*	*	TBD	TBD
* Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	*	*	*	90%	90%
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five year goal	*	*	*	87/17	87/17
* Outcome	Percent of permitted facilities where monitoring results do not exceed standards	75%	73%	75%	75%	80%
Efficiency	Percent of groundwater-discharge permits issued within the time allowed by statute or regulation	76.5%	85%	80%	80%	85%
Output	Percent of groundwater-discharge-permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	54.3%	64%	60%	65%/875	65%/875
* Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters	*	*	160	150	150
Output	Percent of inspections that are first-time inspections for hazardous waste notifiers, generators and transporters	68%	71%	20%	20%	20%
* Efficiency	Percent of department of energy generator site audits for the waste isolation pilot project on which agency action will be taken within forty-five days	78%	78%	80%	80%	80%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	1,369/1,064	1,369/15,600	1,500/10K	1,500/10K	1,500/10K
* Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface-water quality	219	611	220	220	220
Output	Percent of cases in which Sandia national laboratories and Los Alamos national laboratory are notified of agency action on document submittals within the timeframe specified in the executed consent orders	*	11%	90%	90%	90%

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, compliance with the Safe Drinking Water Act, application of the mosquito abatement regulation, oversight of waste isolation pilot plant transportation and education and public outreach about radon in homes and public buildings.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				Percent Incr (Decr)
		FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	5,494.0	5,616.5	6,264.3	6,016.5	7.1
	Other Transfers	6,322.0	6,414.1	7,020.7	6,808.7	6.2
	Federal Revenues	4,584.4	4,776.6	4,744.5	4,744.5	-0.7
	SOURCES TOTAL	16,400.4	16,807.2	18,029.5	17,569.7	4.5
USES						
	Personal Services and Employee Benefits	9,832.9	10,455.2	11,568.9	11,099.1	6.2
	Contractual Services	3,558.7	3,372.5	3,567.2	3,567.2	5.8
	Other	2,481.3	2,979.5	2,893.4	2,903.4	-2.6
	TOTAL USES	15,872.9	16,807.2	18,029.5	17,569.7	4.5
FTE						
	Permanent	111.0	111.0	123.0	118.0	6.3
	Term	66.0	66.0	74.0	71.0	7.6
	TOTAL FTE POSITIONS	177.0	177.0	197.0	189.0	6.8

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Explanatory	Number of food-related inspections performed by environmental health division environmental scientists	*	*	*	TBD	TBD
Output	Number of free well-water tests	*	*	*	1,000	1,000
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks	*	*	*	TBD	TBD
Efficiency	Percent of high-risk food-related violations corrected within the timeframes noted on the inspection report issued to permitted commercial food establishments	*	*	*	100%	100%
Explanatory	Number of assistance actions including site visits provided to public water systems to assist them to return to compliance with Safe Drinking Water Act requirements	*	*	*	TBD	TBD
* Output	Percent of new septic tanks inspections completed	72%	64%	85%	80%	85%
* Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	100%	98.25%	95%	100%	100%
* Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	87%	96%	95%	95%	95%
* Output	Percent of annual permitted-commercial-food-establishment inspections completed	100%	111%	100%	100%	100%
* Output	Percent of license inspections and radiation-producing-machine inspections completed within nuclear regulatory commission and food and drug administration guidelines	70%	92%	100%	100%	100%
Output	Percent of new radioactive-material-license applications reviewed for administrative completeness within sixty days	100%	100%	100%	100%	100%
Outcome	Percent of radioactive-material licensees and x-ray registrants receiving a notice of violation that come into compliance following receipt of technical assistance from the bureau		97%	97%	97%	97%
* Outcome	Percent of public water systems that comply with acute maximum contaminant levels	*	99.8%	95%	95%	95%

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources and ensure every employee safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	2,476.9	2,719.5	3,493.7	2,846.8	4.7
	Other Transfers	8,195.4	8,288.8	9,772.9	9,670.6	16.7
	Federal Revenues	3,356.5	3,478.7	3,354.8	3,354.8	-3.6
	SOURCES TOTAL	14,028.8	14,487.0	16,621.4	15,872.2	9.6
USES						
	Personal Services and Employee Benefits	11,256.8	11,733.6	13,188.1	12,661.1	7.9
	Contractual Services	492.2	646.0	565.9	535.9	-17.0
	Other	2,279.8	2,107.4	2,867.4	2,675.2	26.9
	TOTAL USES	14,028.8	14,487.0	16,621.4	15,872.2	9.6
FTE						
	Permanent	66.0	66.0	76.0	70.0	6.1
	Term	123.0	123.0	128.0	128.0	4.1
	TOTAL FTE POSITIONS	189.0	189.0	204.0	198.0	4.8

PERFORMANCE MEASURES

		<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Request</u>	<u>FY08</u> <u>Recomm</u>
* Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	*	*	95%	95%	95%
Outcome	Annual statewide greenhouse gas emissions (MMt CO2e)	*	*	44.6 MMt	44.6 MMt	44.6 MMt
* Outcome	Percent of landfills meeting groundwater monitoring requirements	80%	71%	93%	93%	93%
* Output	Percent of confirmed releases from leaking storage tank sites undergoing assessment or corrective action	59.5%	53.75%	55%	55%	55%
* Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections		100%	95%	95%	95%
* Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters		No data	190.75 KM	194 KM	194 KM
Output	Percent of worker health and safety complaints responded to within five days	*	75%	95%	95%	95%
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations	88%	93.5%	80%	80%	90%
Outcome	Percent increase in tons of materials recycled by state agencies	*	No data	10%	10%	10%
* Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	*	74%	75%	75%	75%
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	*	*	</=8	</=8	</=8

DEPARTMENT OF ENVIRONMENT

667

Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action	*	*	550	550	550
Output	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	*	*	15%	*	*
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	4,953		4,882	TBD	TBD
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	.66		.62	TBD	TBD

PROGRAM SUPPORT

The purpose of the program support division is to provide overall leadership, administrative, legal and information management support to allow programs to operate in the most knowledgeable, efficient and cost-effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY (dollars in thousands)

		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
SOURCES				<u>Agency Request</u>	<u>LFC Recommendation</u>	
	General Fund Transfers	2,086.8	2,672.0	3,925.4	3,331.7	24.7
	Other Transfers	2,247.6	2,865.5	3,403.9	3,307.6	15.4
	Federal Revenues	4,112.2	3,980.2	2,927.0	2,927.0	-26.5
	SOURCES TOTAL	8,446.6	9,517.7	10,256.3	9,566.3	0.5
USES						
	Personal Services and Employee Benefits	6,866.7	7,269.1	8,309.2	7,730.0	6.3
	Contractual Services	653.0	853.9	602.7	602.7	-29.4
	Other	926.9	1,394.7	1,344.4	1,233.6	-11.6
	TOTAL USES	8,446.6	9,517.7	10,256.3	9,566.3	0.5
FTE						
	Permanent	59.0	58.0	67.0	64.0	10.3
	Term	42.0	44.0	44.0	42.0	-4.5
	TOTAL FTE POSITIONS	101.0	102.0	111.0	106.0	3.9

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Explanatory	Total number of new projects funded and dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program	*	*	*	TBD	TBD
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	*	*	100%	100%	100%
Output	Percent of prior-year significant audit findings resolved		55%	100%	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	*	*	*	8/15/08	8/15/08
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	88%	98%	95%	100%	100%

DEPARTMENT OF ENVIRONMENT

667

Efficiency	Percent of clients contacted within two weeks of assignment of case	100%	100%	100%	100%	100%
* 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	97%	97%	100%	100%	100%
Quality	Percent customer satisfaction with the construction bureau's administrative services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	97%	97%	100%	100%	100%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation		95.5%	90%	95%	95%
* Outcome	Number of accounting function standards as defined by the department of finance and administration, office of the state controller, achieved at the end of the fiscal year	*	*	4	4	4

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 restoration activities in addition to being used for settlement monies which are 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 their risk neutralized), restoration projects cannot access Superfund monies. Therefore, a viable financially responsible party must be found first to pay for site assessment and then restoration.

The Office of the Natural Resources Trustee favors working consensually because restoration can proceed more quickly and economically. However it reserves the option to sue for natural resource damage when necessary.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		
			Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	234.2	246.3	400.5	400.5	62.6
Fund Balance	131.5	159.8	0.0	0.0	-100.0
SOURCES TOTAL	365.7	406.1	400.5	400.5	-1.4
USES					
Personal Services and Employee Benefits	314.8	326.7	321.1	321.1	-1.7
Contractual Services	4.6	24.6	24.6	24.6	0.0
Other	46.3	54.8	54.8	54.8	0.0
TOTAL USES	365.7	406.1	400.5	400.5	-1.4
FTE					
Permanent	3.8	3.8	3.8	3.8	0.0
TOTAL FTE POSITIONS	3.8	3.8	3.8	3.8	0.0

BUDGET ISSUES:

The agency's FY08 budget request represents a 1.4 percent decrease from the FY07 budget and a 62.6 percent increase in use of the general fund. Previously the agency received most of its appropriation from the general fund with the remainder coming from the nonreverting natural resources trustee fund. The Attorney General advised the ONRT it is illegal to use this fund for operating expenses. ONRT is therefore requesting replacement of this funding source with general fund.

Startup costs on projects that were reimbursed to the agency were being deposited in the ONRT fund and were being appropriated for operating costs.

ONRT will be requesting in the 2007 legislative session the creation of a revolving fund to be used to finance startup costs on new projects. These costs will be reimbursed from settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation and settlement process. Reimbursements to the agency will be deposited into this new fund rather than ONRT as is currently the practice.

In FY06, ONRT accomplished the following major activities: evaluated wetland restoration projects for Clovis ATSF superfund site resulting in a \$489 thousand settlement; proposed the Bottomless Lake State Park wetland restoration project that leverages \$1.3 million from the Army Corps of Engineers and several hundred thousand dollars of in-kind services from state parks; initiated restoration project planning for \$4.8 million for the South Valley Superfund site partial settlement; conducted injury assessment for the Phelps Dodge mines; initiated new cases with the U.S. Department of Energy (DOE) for Los Alamos and Sandia national laboratories, and with Burlington Northern Santa Fe Railroad, for four sites.

NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources or resource services injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of acres of habitat restoration	360	145	500	500	500
Outcome	Number of acre-feet of water conserved through restoration	1,600	808	500	500	500

STATUTORY AUTHORITY:

The New Mexico Health Policy Commission (HPC) is composed of eight 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, including House Memorial 43 from 2005 on developing processes for disclosure of hospital cost and quality data, House Joint Memorial 38 in 2006 on benefits of prescription contraceptive coverage, and the managed care report. The agency also annually produces the "Quick Facts" statistical report on New Mexico health trends.

MISSION:

The mission of the New Mexico Health Policy Commission is to empower consumers and develop equitable public and private partnerships to facilitate and improve healthcare access in New Mexico. Through the provision of a neutral forum, HPC will provide 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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,367.2	1,289.5	1,289.5	1,289.5	0.0
Other Revenues	1.0	1.0	1.0	1.0	0.0
SOURCES TOTAL	1,368.2	1,290.5	1,290.5	1,290.5	0.0
USES					
Personal Services and Employee Benefits	772.7	799.7	879.7	879.7	10.0
Contractual Services	60.2	196.7	116.7	116.7	-40.7
Other	307.3	294.1	294.1	294.1	0.0
TOTAL USES	1,140.2	1,290.5	1,290.5	1,290.5	0.0
FTE					
Permanent	17.0	15.0	17.0	15.0	0.0
TOTAL FTE POSITIONS	17.0	15.0	17.0	15.0	0.0

BUDGET ISSUES:

HPC requested a flat budget; however, the agency requested restoration of two positions deleted in the 2006 General Appropriation Act. To fund the two positions, the agency has self-imposed a 13.9 percent vacancy rate. The staff recommendation does not restore the positions but provides full funding for the agency to fill all vacancies.

The agency has recently completed a revised strategic plan. While acknowledging the strength of core staff and their ability to provide independent analysis, the plan notes a lack of clear understanding by some stakeholders of the agency's mission and priorities. Relatively flat funding and difficulty in retaining staff will continue to be a challenge for the agency.

NEW MEXICO HEALTH POLICY COMMISSION

The purpose of the health information and policy analysis program is to provide relevant and current health-related data, information and comprehensive analysis to consumers, state health agencies, the legislature, and the private health sector so they can obtain or provide improved healthcare access in New Mexico.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Number of health-related bills analyzed during the legislative session	208	168	200	100	200
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports		100%	80%	80%	80%
Outcome	Number of task forces convened to facilitate recommendations for health-related strategies	2				
Outcome	Percent of bills analyzed and returned to the legislature within twenty-four hours	73%	65%			
Outcome	Percent of purchasing documents and vouchers processed within one week of receipt	80%				
Output	Number of formal collaborative partnerships, forums or workgroups that analyze the need for health professionals in the state to assist in identifying the gaps and options for reducing the shortages; determine feasible solutions for financing health care to meet the needs of citizens of the state; and review the state's health policy and develop methods for monitoring its development and implementation	5	18			
Output	Number 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	22	30	8		
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			95%	95%	95%

STATUTORY AUTHORITY:

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department. The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Approving, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

MISSION:

The Veterans' Services Department (VSD) disseminates information regarding laws beneficial to veterans, their widows, 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 widows, and their children in establishing the benefits and privileges to which they are entitled.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,557.7	2,416.2	2,972.3	2,622.3	8.5
Federal Revenues	441.9	464.5	468.1	468.1	0.8
Other Revenues	27.5	26.0	28.0	28.0	7.7
Fund Balance	11.2	30.8	75.3	75.3	144.5
SOURCES TOTAL	3,038.3	2,937.5	3,543.7	3,193.7	8.7
USES					
Personal Services and Employee Benefits	1,649.2	1,799.9	1,811.1	1,811.1	0.6
Contractual Services	905.4	784.9	1,334.9	984.9	25.5
Other	400.4	352.7	397.7	397.7	12.8
TOTAL USES	2,955.0	2,937.5	3,543.7	3,193.7	8.7
FTE					
Permanent	33.0	33.0	33.0	33.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

BUDGET ISSUES:

The department's FY07 operating base grew by \$95 thousand through expansion of the Native American veteran outreach and services to homeless veterans programs. Additionally, the department received a nonrecurring special appropriation of \$400 thousand for the homeless veterans' services in Laws 2006, Chapter 109, Section 5.

The department presented several key initiatives during a well-attended LFC interim meeting in Artesia. The department discussed the Native American outreach and homeless veterans' programs, veteran health issues, and the potential for a state cemetery at Fort Stanton supported through a federal capital outlay grant of \$3.2 million. The department did not request operating funds for the cemetery in FY08; this would be a perpetual state commitment estimated to be at least \$300 thousand annually and a mandatory element of receiving the federal grant. VSD also expressed interest in exempting military retirees' earned income from the state personal income tax. The executive has proposed an exemption for up to \$50,000 of earned income as an incentive to military retirees to relocate to New Mexico, which would limit the lost revenue to the general fund to approximately \$8 million per year.

Difficulties in interpreting performance reporting from the agency persist. Large variances among year-to-year results for performance measures have been reported by the agency. The department is encouraged to apply consistent measurement criteria to improve the meaningfulness of budgeted and requested targets.

The committee recommends a department request for \$200 thousand for the homeless veterans' services program. The New Mexico veteran's integration center (VIC) in Albuquerque provides for a maximum two-year term for transitional housing and integration services to eligible veterans. Currently, average residency is 250 days or more at the facilities. The program had \$298 thousand budgeted in federal funding for FY07 and has projected that level for FY08.

The department requested \$300 thousand for outreach services to inform New Mexico veteran business owners of federal contract procurement benefits available to them. The expansion would fund informational seminars provided through contracts with the New Mexico Small Business Development Center, the New Mexico office of the U.S. Small Business Administration, and the nonprofit, Veterans' Business Association of New Mexico. Many federally administered programs similar to this initiative are offered through the U.S. Department of Veterans' Affairs, the Small Business Association, and other regional business incubator programs. The committee does not recommend this expansion for this reason.

Finally, the department has requested an additional \$50 thousand for increased fuel and driver expenses for the statewide veterans' transportation services program. FY06 actual expenditures for this item were approximately \$71 thousand with FY07 operating levels budgeted at \$85 thousand. FY06 fuel costs were substantially higher at \$2.60 gallon than the FY08 estimate of \$2.40. With lowered FY08 fuel estimates, the agency's base request will provide adequate funding of FY06 actual mileage as well as a potential to increase service and mileage reimbursement rates, provided that administrative costs are controlled.

BASE EXPANSION:

LFC recommends a \$200 thousand increase for homeless veterans' services. The recommendation funds program operating levels made possible through the 2006 special appropriation; however, the committee is concerned with potential over-reliance on the state general fund to support this federal program, specifically funding increases commensurate with higher service levels in the future.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Services to homeless veterans		200.0	200.0
2	Veterans' Enterprise Program		300.0	0.0
3	Transportation services		50.0	0.0
TOTAL			550.0	200.0

VETERANS' SERVICES

The purpose of the veterans' services program is to carry out the mandates of the legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain benefits to which they are entitled in order to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of veterans served by veterans' services department field officers	29,243	49,682	42,000	50,000	50,000
Output	Number of referrals from veteran service officers to contract veterans organizations	7,535	16,745	10,000	18,000	18,000
* Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	74,764	60,229	75,000	65,000	75,000
Output	Number of educational programs reviewed, approved and audited	2094	1,916	1975	1975	1975
Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	840	160	500	300	500
Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	152	66	170	70	75
Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	9,774	10,519	3500	11000	11000
Output	Percent of New Mexico veterans impacted by department programs	16%	27%	25%	30%	30%
Output	Number of external prior-year audit finding			0	0	0

STATUTORY AUTHORITY:

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Section 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies

MISSION:

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	153,679.5	171,390.5	194,316.3	186,793.9	9.0
Other Transfers	44,136.3	45,030.8	39,599.0	38,999.0	-13.4
Federal Revenues	132,555.8	136,056.2	132,434.9	132,150.9	-2.9
Other Revenues	4,669.9	3,873.1	4,132.8	4,382.8	13.2
Fund Balance	6,363.3	0.0	0.0	0.0	***
SOURCES TOTAL	341,404.8	356,350.6	370,483.0	362,326.6	1.7
USES					
Personal Services and Employee Benefits	108,136.7	109,303.0	112,094.4	108,962.3	-0.3
Contractual Services	60,809.4	69,061.0	71,135.3	69,480.0	0.6
Other	166,268.7	177,130.9	185,531.4	182,799.4	3.2
Other Financing Uses	797.3	855.7	1,721.9	1,084.9	26.8
TOTAL USES	336,012.1	356,350.6	370,483.0	362,326.6	1.7
FTE					
Permanent	1,973.8	1,993.1	1,955.1	1,941.1	-2.6
Term	91.3	64.0	65.0	64.0	0.0
TOTAL FTE POSITIONS	2,065.1	2,057.1	2,020.1	2,005.1	-2.5

BUDGET ISSUES:

CYFD's juvenile justice program started restructuring its juvenile detention facilities in FY06 and continued in FY07 in response to an American Civil Liberties (ACLU) lawsuit settlement as well as a decline in the number of juveniles being detained. The number of juveniles in detention dropped dramatically after the department shifted toward community-based alternatives to detention and front-end services. As detention populations dropped, excess bed capacity increased, resulting in valuable resources tied up in facility management and administration. The settlement agreement with ACLU provided a convenient mechanism to decrease the number of excess beds in the system, shift resources, and improve safety. Highest in priority among the many items settled in the lawsuit was the closure of the New Mexico Boys' School in Springer. The department will transfer the facility no later than January 1, 2007, to the New Mexico Corrections Department (NMCD), where it will be used as an adult prison to house low security men.

The department expects, after moving out of Springer, to eliminate 70 FTE, redeploy \$10.9 million of its budget to other juvenile detention facilities, and fulfill other aspects of the ACLU settlement. In addition to eliminating FTE, some Springer positions were reallocated to the J. Paul Taylor Center (JPTC) and Youth Diagnostic Detention Center (YDDC) to establish best-practice staffing ratios and improve safety. National juvenile detention best practices suggest that smaller, more geographically disbursed facilities provide better opportunities for rehabilitation. In keeping with this best practice, the department developed a new facility matrix focusing on smaller facilities. The department plans to more fully utilize the J. Paul Taylor Center, in southern New Mexico, by increasing its population from 24 to 48 and has converted Camp Sierra Blanca (CSB), in southeastern New Mexico, into a secure facility capable of housing 48 juveniles. In the northern part of the state, the department contracted with Santa Fe County to use a portion of its juvenile detention center to house 30 juveniles. The remaining juveniles are housed in the central region of the state at YDDC, which at times is over its design capacity for boys. To relieve the overcrowding of boys at YDDC, the department has requested additional funding to operate another smaller facility in a part of the state not currently providing detention services to the department.

A systemic problem for JJS has been the recruitment and retention of juvenile correction officers. The committee recommendation includes a vacancy rate of 6.5 percent, almost half the most recent vacancy rate of 12 percent. As the department redeploys positions to other juvenile facilities in more urban areas, the committee expects fewer vacancies, easier recruitment, improved job retention and a reduced need for overtime work.

The federal Deficit Reduction Act (DRA) and Budget Reconciliation Act (BRA) have had a negative effect on federal revenue in the Protective Services Division (PSD). New regulations in the foster care and adoption assistance Title IV-E program, in response to DRA, prohibit administrative claims for children obtaining services from unlicensed providers. In addition, the Center of Medicare and Medicaid Services (CMS) implemented stricter reimbursement standards in the Title XIX program for targeted case management in response to the FY07 BRA. The total estimated federal fund shift to New Mexico in the foster care program is \$4.1 million. The committee recommends the replacement of these federal funds with general fund.

CYFD reported the number of children in protective custody increased 12 percent to 18 percent each year between 2003 and 2005, for an overall caseload increase of 31 percent; however, since 2005 the growth rate has slowed to 2 percent. National studies have shown that successful foster family recruitment and retention is tied to the level of reimbursement a family receives. On June 30th, 2006, there were 973 licensed foster homes and a need for 1,400 more foster homes. To attract and retain foster parents, the Legislature in 2006 approved a \$500 thousand general fund increase to be matched with federal funds to increase the reimbursement rate. The agency estimated the increase would generate a monthly increase of \$100 per month per placement, but the rate was \$25 when implemented. To complete the intended \$100 increase, CYFD has requested a \$1.3 million general fund increase to provide a \$75 per-month-per-placement increase; which the committee supports.

Increased case complexity and additional federal reporting requirements have placed added demands on PSD caseworkers, leading to higher turnover and vacancies. To help fill vacant positions more quickly and easily, CYFD received approval from the State Personnel Office (SPO) to allow job seekers with related degrees to apply, as opposed to only allowing licensed social workers to be caseworkers. This action has broadened the labor pool and increased the number of applicants and, in turn, has contributed to a dramatic decrease of vacant positions. CYFD's budget request included a 5 percent vacancy factor, although the vacancy rate has been as high as 13.8 percent in previous years. The committee recommends a vacancy factor of 6.6 percent.

The Family Services Division (FSD) provides a wide array of services to children and families, including child care, pre-kindergarten, home visiting, domestic violence, and behavioral-health-related community services. The department's request shifted 57 family functional therapists from Juvenile Justice Services (JJS) to FSD. The committee recommendation does not support the transfer. Family functional therapy (FFT) is the lynchpin of JJS front-end, community-based services. Success in JJS has not yet reached the level where family functional therapist should share caseloads with children in protective services. Additionally, numerous therapist vacancies have generated a substantial vacancy savings, which could be directed toward improved services for JJS clients. Should FFT reside in family services and generate vacancy savings, the committee would not be able to prevent the savings from being spent on other services, such as child care, behavioral health, or domestic violence.

CYFD and the Public Education Department (PED) joined together to pilot a pre-kindergarten program that began providing services in August 2005. Program funding started with \$4.9 million and was increased to \$8 million in the 2006 legislative session. During this pilot stage, funding has been split evenly between CYFD and PED. CYFD did not request additional funding for the pre-kindergarten program; however, the committee recommends the funding be continued as a pilot program with a funding increase of \$2 million appropriated to PED to split evenly with CYFD.

The home-visiting program has been restructured and incorporated into the Behavioral Health Collaborative ValueOptions contract. The new home-visiting program is being structured around a medical/nurse-based model, similar to Silver City's First Born program. CYFD's program differs from the First Born model in that the agency is allowing a wider pool of providers, in contrast to services being solely the purview of a hospital. This is an improvement over the Welcome Baby program initially piloted. Nine providers were issued contracts with services scheduled to begin in December. CYFD did not request additional funding for the program and the committee recommendation is also flat; however, the committee has allocated \$250 thousand of the funding from the general fund to be matched with Medicaid federal funds. The committee believes Medicaid matching federal funds are imperative to the success and growth of the program.

BASE EXPANSION:

The department requested and the committee recommends \$1.7 million to operate either one 20-bed or two 10-bed regional secure facilities in the Juvenile Justice Program. The expansion supports the national best practice of smaller regional facilities rather than large facilities. Because (YDDC), which houses both boys and girls, is at times over design capacity for boys, the committee recommends that the pilot program focus on medium to high-risk boys who also require higher levels of rehabilitative programming. The closure of New Mexico Boys' School created a deficiency in the number of beds available to serve these higher-needs and risk boys. The department submitted a request for \$250 thousand to purchase security and safety equipment for juvenile detention facilities; however, these types of requests are better suited for the capital budget process.

The department requested five expansion items for the protective services program. The committee recommends \$4.1 million from the general fund to replace federal funds for Medicaid Title XIX targeted case management and Title IV-E foster care and adoption assistance and almost \$1.4 million to increase the foster care reimbursement rate, as mentioned above.

The committee supports the department's request for 18 new FTE and \$974.2 thousand from the general fund to help lower the average caseload of protective service caseworkers to what is considered national best practice and that recommended by the Child Welfare League of America. Dangerously high caseloads can lead to quick judgments and improper placements of children, causing further harm and higher costs later on. The committee also supports \$500 thousand from the general fund to purchase private medical insurance for disabled and special need children adopted from the foster care system. A barrier to adopting foster children with special needs is the availability of medical insurance. While most foster children qualify for Medicaid, a small number don't qualify due to a quirk in federal eligibility rules.

In the Family Services Program, the department requested \$1.2 million to fund three new programs, including infant mental health training, the youth civic justice corps, and special needs child care. The committee does not recommend funding for these new pilot programs.

The department also requested an additional \$5.5 million to increase the income limit for eligibility for subsidized child care to 175 percent of the federal poverty level, add seven childcare eligibility workers, and increase training and technical assistance programming (TTAP). The committee recommends \$3 million to prioritize eligibility for infants under age 4 at higher income levels. With the absence of a waiting list, it is unclear if increasing eligibility for the entire childcare population is prudent at this time. Building on data that shows improved social outcomes when extra care is provided in the first three years of life, the committee recommends prioritizing services for this age group, which should lead to improved outcomes over time.

The committee also supports the department's request for \$1 million to fund a 20-bed girls' residential treatment facility. The committee views this expansion as a base program in need of adequate funding. These services have been provided by the University of New Mexico (UNM) for a number of years; however, UNM's ability to continue funding for the program is not strong. This program also helps CYFD provide parity programming for girls, an ACLU requirement; boys have similar programming provided at the Sequoyah facility.

CYFD requested two nonrecurring expansion items: \$150 thousand for child welfare workforce development and \$250 thousand for security and safety equipment in juvenile detention facilities. The committee recommends that the department request these items as special, nonrecurring requests.

RECOMMENDED LANGUAGE:

The general fund appropriation to the juvenile justice program of the children, youth and families department in the contractual services category includes an additional thirty-three thousand dollars (\$33,000) for the fresh eyes program.

The general fund appropriation to the family services program of the children, youth and families department in the contractual services category includes an additional two hundred fifty thousand dollars (\$250,000) for the americorp/vista program and an additional one million dollars (\$1,000,000) for the juvenile continuum grant fund for the juvenile justice continuum. At least two hundred fifty thousand dollars (\$250,000) of the general fund appropriation for home-visiting shall be used to match federal funds in the Medicaid program.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Access to quality child care	(Family)	5,540.4	3,000.0
02	18 protective services FTE	(Protective)	974.2	974.2
03	Foster care rate increase	(Protective)	2,169.0	2,169.0
04	DRA and Medicaid federal fund replacement	(Protective)	4,110.0	4,110.0
05	Girls residential and other services	(Family)	1,000.0	1,000.0
06	Information technology support staff	(Pro Supp)	635.3	0.0
07	Additional vehicle leases	(Pro Supp)	1,520.6	500.0
08	20 bed regional secure facility	(Juvenile)	1,700.0	1,700.0
09	Infant mental health training institute	(Protective)	250.0	0.0
10	Youth civic justice corp	(Protective)	300.0	0.0
11	Special needs child care	(Protective)	650.0	0.0
12	Family and medical support	(Protective)	500.0	500.0
13	Workforce development for child welfare	(Protective)	150.0	0.0
14	<u>Security and safety equipment</u>	<u>(Juvenile)</u>	<u>250.0</u>	<u>0.0</u>
TOTAL			19,749.5	13,953.2

JUVENILE JUSTICE

The purpose of the juvenile justice program is to provide rehabilitative services to youth committed to the department including but not limited to medical, educational, mental health and other services, early intervention and prevention, detention and screening and probation and parole supervision aimed at keeping youth from committing additional delinquent acts.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY08 - 2007-2008</u>				
	<u>FY06</u>	<u>FY07</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>	
	<u>2005-2006</u>	<u>2006-2007</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>	
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>	
SOURCES						
General Fund Transfers	53,803.1	58,496.9	58,972.4	59,860.3	2.3	
Other Transfers	1,569.2	2,245.6	1,263.7	1,263.7	-43.7	
Other Revenues	1,829.1	1,394.8	1,654.5	1,654.5	18.6	
Fund Balance	3,767.9	0.0	0.0	0.0	***	
SOURCES TOTAL	60,969.3	62,137.3	61,890.6	62,778.5	1.0	
USES						
Personal Services and Employee Benefits	44,262.7	42,900.6	39,104.9	40,933.6	-4.6	
Contractual Services	8,534.2	11,255.8	15,748.9	15,298.9	35.9	
Other	7,694.4	7,980.9	7,036.8	6,546.0	-18.0	
TOTAL USES	60,491.3	62,137.3	61,890.6	62,778.5	1.0	
FTE						
Permanent	866.5	843.3	722.3	779.3	-7.6	
Term	29.3	0.0	0.0	0.0	***	
TOTAL FTE POSITIONS	895.8	843.3	722.3	779.3	-7.6	

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Percent of clients who complete formal probation	80%	90.0%	83%	85.0%	85.0%
* Output	Percent of clients re-adjudicated within two years of previous adjudication	5.9%	6.0%	7.6%	5.8%	5.8%
Output	Number of children in community corrections programs		982	800	800	800
Output	Percent of clients re-adjudicated while on parole	*	12%	TBD	TBD	12%
* Output	Percent of possible education credits earned by clients in juvenile justice division facilities	0	45.0%	76%	45.0%	75.0%
* Outcome	Percent of eligible students graduating with a high school diploma while in a children, youth and families department facility school		35.0%	70%	TBD	70%
Outcome	Percent of clients receiving functional family therapy and multi-systemic therapy who have not committed a subsequent juvenile offense within two years of discharge from service		86.5%	65%	65.0%	85.0%
Outcome	Percent of students scoring at or above proficiency in mathematics portion of New Mexico standards based assessments	*	0.0%	TBD	TBD	TBD
Outcome	Number of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years of discharge from a juvenile justice facility	*		TBD	TBD	TBD
* Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities	16.5%	13.6%	7.6%	11.5%	11.5%
Outcome	Percent of eligible juvenile justice division facility students passing the New Mexico high school competency exam	*	17.0%	TBD	TBD	25%

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>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	48,554.4	51,833.1	61,717.6	60,705.7	17.1
Other Transfers	4,680.6	5,656.3	458.9	458.9	-91.9
Federal Revenues	40,275.9	41,654.8	42,301.4	42,017.4	0.9
Other Revenues	1,586.7	1,352.4	1,352.4	1,602.4	18.5
SOURCES TOTAL	95,097.6	100,496.6	105,830.3	104,784.4	4.3
USES					
Personal Services and Employee Benefits	42,751.8	45,096.7	46,906.1	46,399.3	2.9
Contractual Services	8,896.7	9,471.1	9,485.9	9,092.9	-4.0
Other	43,088.5	45,721.0	49,198.3	49,052.2	7.3
Other Financing Uses	208.0	207.8	240.0	240.0	15.5
TOTAL USES	94,945.0	100,496.6	105,830.3	104,784.4	4.3
FTE					
Permanent	791.0	833.5	853.5	853.5	2.4
TOTAL FTE POSITIONS	791.0	833.5	853.5	853.5	2.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of children in foster care for twelve months with no more than two placements	2,234	2,145	2,100		2,150
Output	Percent of children determined to be maltreated within six month of a prior determination		7.2%	7.5%		
* Output	Percent of children who are the subjects of substantiated maltreatment while in foster care	.76%	0.58%	.90%	0.57%	.057%
* Outcome	Percent of children adopted within twenty-four months from entry into foster care	34.6%	32.8%	35%	32.0%	34.0%
* Outcome	Percent of children who are the subjects of substantiated maltreatment within six months of a prior determination	7.3%	7.2%	7.5%	7.5%	7.0%
Outcome	Percent of children in foster care for twelve months with no more than two placements	85.6%	88.0%	80.0%	86.7%	88.0%
* Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	*	87.9%	*	76.2%	85.0%

FAMILY SERVICES

The purpose of the family services program is to provide behavioral health, quality child care and nutrition services to children so they can enhance physical, social and emotional growth and development and can access quality care.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	40,452.0	51,380.4	61,841.8	56,467.9	9.9
Other Transfers	35,864.9	35,939.0	36,686.5	36,086.5	0.4
Federal Revenues	86,913.1	89,602.0	85,334.1	85,334.1	-4.8
Other Revenues	1,254.1	1,125.9	1,125.9	1,125.9	0.0
Fund Balance	2,595.4	0.0	0.0	0.0	***
SOURCES TOTAL	167,079.5	178,047.3	184,988.3	179,014.4	0.5
USES					
Personal Services and Employee Benefits	10,284.3	10,709.6	14,564.5	10,859.9	1.4
Contractual Services	41,263.1	46,479.9	43,961.8	43,234.0	-7.0
Other	110,372.3	120,209.9	125,942.1	124,400.6	3.5
Other Financing Uses	432.3	647.9	519.9	519.9	-19.8
TOTAL USES	162,352.0	178,047.3	184,988.3	179,014.4	0.5
FTE					
Permanent	146.3	148.3	210.3	146.3	-1.3
Term	62.0	64.0	64.0	64.0	0.0
TOTAL FTE POSITIONS	208.3	212.3	274.3	210.3	-0.9

PERFORMANCE MEASURES

		<u>FY05 Actual</u> *	<u>FY06 Actual</u> 4,475	<u>FY07 Budget</u> *	<u>FY08 Request</u> 5,000	<u>FY08 Recomm</u> 5,000
Output	Number of adult victim witnesses receiving domestic violence services					
* Outcome	Percent of children receiving behavioral health services who experience an improved level of functioning at discharge	47.9%	48.0%	60%	48.0%	48.0%
Outcome	Percent of licensed childcare providers participating in stars/aim high levels two through five or with national accreditation	15.9%	25.1%	20%	32.0%	35.0%
* Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	59.3%		65%		85.0%
* Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	77.5%		85%		85.0%
* Outcome	Percent of family providers participating in the child-and-adult care food program	67%	89.6%	82%	90.5%	90.5%
Outcome	Percent of adult victims referred to direct legal services	*	*	*	TBD	TBD
Outcome	Percent of domestic violence offenders who successfully complete a batterer's intervention program	*	*	*	TBD	TBD
* Outcome	Percent of children receiving state subsidy in stars/aim-high programs level two through five or with national accreditation	13.9%	24.5%	13%	30.0%	35.0%
Outcome	Percent of adult victims and survivors receiving domestic violence services who have an individualized safety plan	*	*	*	TBD	TBD

PROGRAM SUPPORT

The purpose of the program support program 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)

	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>FY08 - 2007-2008</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	10,870.0	9,680.1	11,784.5	9,760.0	0.8
Other Transfers	2,021.6	1,189.9	1,189.9	1,189.9	0.0
Federal Revenues	5,366.8	4,799.4	4,799.4	4,799.4	0.0
SOURCES TOTAL	18,258.4	15,669.4	17,773.8	15,749.3	0.5
USES					
Personal Services and Employee Benefits	10,837.9	10,596.1	11,518.9	10,769.5	1.6
Contractual Services	2,115.4	1,854.2	1,938.7	1,854.2	0.0
Other	5,113.5	3,219.1	3,354.2	2,800.6	-13.0
Other Financing Uses	157.0	0.0	962.0	325.0	***
TOTAL USES	18,223.8	15,669.4	17,773.8	15,749.3	0.5
FTE					
Permanent	170.0	168.0	169.0	162.0	-3.6
Term	0.0	0.0	1.0	0.0	***
TOTAL FTE POSITIONS	170.0	168.0	170.0	162.0	-3.6

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Turnover rate for child welfare caseworkers	12.1%	20.1%	19%	19%	15%
* Output	Turnover rate for juvenile correctional officers	18.9%	11.7%	11.9%	11.9%	11.9%

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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	FY08 - 2007-2008 LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,769.2	6,642.8	7,157.8	6,999.5	5.4
Other Transfers	108.0	0.0	0.0	0.0	***
Federal Revenues	7,945.7	12,168.0	10,961.7	10,724.1	-11.9
Other Revenues	161.7	60.1	207.2	207.2	244.8
SOURCES TOTAL	13,984.6	18,870.9	18,326.7	17,930.8	-5.0
USES					
Personal Services and Employee Benefits	6,981.2	8,901.0	7,963.3	7,567.4	-15.0
Contractual Services	1,518.9	1,796.6	2,420.4	2,420.4	34.7
Other	5,409.1	8,173.3	7,943.0	7,943.0	-2.8
TOTAL USES	13,909.2	18,870.9	18,326.7	17,930.8	-5.0
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	104.0	118.0	127.0	127.0	7.6
TOTAL FTE POSITIONS	136.0	150.0	159.0	159.0	6.0

BUDGET ISSUES:

In the 2006 legislative session, DMA received a special appropriation of \$1.2 million in general fund for the Service Members' Life Insurance Reimbursement Fund. The department has included the \$1.2 million in their FY08 base budget as a recurring expense.

DMA's FY08 budget request shows a decrease of \$1.2 million in federal revenues compared with the FY07 operating budget. The decrease stems in part from the loss of \$350 thousand in federal support for utility expenses at armories statewide. Also, the department reports the rest of the reduction is due to anticipated federal revenues in FY07 that never materialized for the range and training lands project. The LFC recommendation supports a general fund increase in the base budget of \$350 thousand to cover the loss of federal funding for utility costs.

The New Mexico National Guard (NMNG) has 4,373 authorized military members in the Army and Air National Guard, 894 federal technicians and active guard reserve personnel, 159 state employees and approximately 100 members in the State Defense Force. As of September 2006, NMNG members have been deployed for the following missions: 280 to Iraq, five to Afghanistan, 10 to Kosovo, 17 to Washington D.C., 115 to Operation Jump Start (Border Security) and one to Fort Bliss.

The performance measure "percent of strength of the New Mexico national guard" has an FY06 actual of 87 percent while the target for FY06 was 90 percent. DMA reports the war effort continues to be a major obstacle in its recruiting and retention efforts.

BASE EXPANSION:

DMA is requesting an expansion of 9 term FTE in the National Guard Support Program. These are 100 percent federally funded positions the department created based on availability of federal funds. These positions are to support federal missions to be carried out by the department. DMA reports once the missions are completed or the federal money is exhausted, the term positions will be eliminated. LFC recommends the expansion of 9 term FTE to support the agency's goals and missions.

RECOMMENDED LANGUAGE

The general fund appropriation to the national guard support program of the department of military affairs in the personal services and employee benefits category includes funding for the adjutant general position not to exceed range thirty-four in the governor's exempt plan and funding for the deputy adjutant general position not to exceed range thirty-two in the governor's exempt plan.

The general fund appropriation to the national guard support program of the department of military affairs in the other category includes twenty-five thousand dollars (\$25,000) for expenditures for the employee support of guard and reserve program.

The general fund appropriation to the national guard support program of the department of military affairs in the other category includes one million two hundred twenty-eight thousand dollars (\$1,228,000) for the service members' life insurance reimbursement fund.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
1	FTE expansion (9 FTE - federal funds)	(NGSP)	398.6	398.6
TOTAL			398.6	398.6

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard military and civilian activities so they can maintain a high degree of readiness to respond to state and federal missions.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	FY08 - 2007-2008 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,458.9	5,407.7	5,920.9	5,802.4	7.3
Federal Revenues	6,392.7	10,488.0	9,281.7	9,103.9	-13.2
Other Revenues	161.7	60.1	207.2	207.2	244.8
SOURCES TOTAL	11,013.3	15,955.8	15,409.8	15,113.5	-5.3
USES					
Personal Services and Employee Benefits	4,937.6	6,983.5	5,833.3	5,537.0	-20.7
Contractual Services	864.5	1,146.9	1,825.7	1,825.7	59.2
Other	4,938.3	7,825.4	7,750.8	7,750.8	-1.0
TOTAL USES	10,740.4	15,955.8	15,409.8	15,113.5	-5.3
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
Term	65.0	71.0	80.0	80.0	12.7
TOTAL FTE POSITIONS	96.0	102.0	111.0	111.0	8.8

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Rate of attrition of the New Mexico army national guard	24%	16%	14%	14%	14%
* Outcome	Percent of strength of the New Mexico national guard	90%	87%	85%	88%	88%
Output	Number of major environmental compliance findings from inspections	68	14	25	20	20

CRISIS RESPONSE PROGRAM

The purpose of the crisis response program is to provide resources and a highly trained and experienced force to protect the public and improve the quality of life for New Mexicans.

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	1,310.3	1,235.1	1,236.9	1,197.1	-3.1	
Other Transfers	108.0	0.0	0.0	0.0	***	
Federal Revenues	1,553.0	1,680.0	1,680.0	1,620.2	-3.6	
SOURCES TOTAL	2,971.3	2,915.1	2,916.9	2,817.3	-3.4	
USES						
Personal Services and Employee Benefits	2,043.6	1,917.5	2,130.0	2,030.4	5.9	
Contractual Services	654.4	649.7	594.7	594.7	-8.5	
Other	470.8	347.9	192.2	192.2	-44.8	
TOTAL USES	3,168.8	2,915.1	2,916.9	2,817.3	-3.4	
FTE						
Permanent	1.0	1.0	1.0	1.0	0.0	
Term	39.0	47.0	47.0	47.0	0.0	
TOTAL FTE POSITIONS	40.0	48.0	48.0	48.0	0.0	

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Percent of cadets successfully graduating from the youth challenge academy	107%	97%	100%	100%	100%

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)					
			<u>FY08 - 2007-2008</u>		
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	370.5	475.3	467.7	468.9	-1.3
SOURCES TOTAL	370.5	475.3	467.7	468.9	-1.3
USES					
Personal Services and Employee Benefits	267.9	311.0	308.8	309.6	-0.5
Contractual Services	5.4	6.6	5.6	5.6	-15.2
Other	94.9	157.7	153.3	153.7	-2.5
TOTAL USES	368.2	475.3	467.7	468.9	-1.3
FTE					
Permanent	5.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	5.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

In FY06, the Parole Board conducted 3,980 hearings. Of those hearings, 2,814, or 70.7 percent, were regular hearings setting conditions for parole and 1,166, or 29.3 percent, were revocation hearings where the board decides whether a parolee is returned to incarceration or re-paroled into the community.

The Parole Board has a direct impact on the inmate population within the state correctional facilities. JFA Associates, LLC, which conducts population projections for the Corrections Department, reported that between FY05 and FY06 the number of parole violators returning to prison increased by 40.3 percent. Also, the board's staff issues the parole certificates required to release an offender on parole from a state correctional facility. In FY06, the board staff processed and issued 2,660 parole certificates.

Section 31-21-10.1 NMSA 1978 states the district court is to include a provision in the judgment and sentence that specifically requires sex offenders to serve an indeterminate period of supervised parole for a period of not less than five years and not more than 20 years. The statute states the Parole Board is to review the terms and conditions of a sex offender's supervised parole every two and a half years after a sex offender has served the initial five years of supervised parole. This law will impact the Parole Board starting in FY08.

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated	1 upd; 2 dr	1 update	1 update	1 update	1 update
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	20	23	14	15	15
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	96.9%	96.4%	90%	93%	93%
* Efficiency	Percent of initial parole hearings held a minimum of thirty days prior to the inmate's projected release date	90.5%	91.1%	90%	90%	90%

STATUTORY AUTHORITY:

Sections 32A-7-1 through 32 A-7-9 NMSA1978 provide for the creation of the Juvenile Parole Board. The board is administratively attached to the Children, Youth and Families Department (CYFD); however, the board's powers are exclusive and its budget is separate from CYFD.

MISSION:

The mission of the Juvenile Parole Board is to grant, deny, or revoke parole for children through a fair and impartial hearing and to assure that incarcerated youth have received rehabilitative services through the juvenile justice system administered by CYFD.

BUDGET SUMMARY (dollars in thousands)						
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008 Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	380.0	401.3	417.1	417.1	3.9	
SOURCES TOTAL	380.0	401.3	417.1	417.1	3.9	
USES						
Personal Services and Employee Benefits	284.6	348.6	356.5	356.5	2.3	
Contractual Services	6.7	5.6	5.6	5.6	0.0	
Other	63.0	47.1	55.0	55.0	16.8	
TOTAL USES	354.3	401.3	417.1	417.1	3.9	
FTE						
Permanent	6.0	6.0	6.0	6.0	0.0	
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0	

BUDGET ISSUES:

The Juvenile Parole Board (JPB) works closely with the Children, Youth and Families Department (CYFD) to ensure consistency in juvenile justice goals and policies. Over the last several years the number of juveniles in detention has decreased as CYFD redirected the focus of New Mexico's juvenile justice system to a community-based monitoring and treatment approach. This new focus has resulted in fewer children being held in detention facilities and fewer parole hearings; however, the remaining cases have become more complex and the number of offenders successfully completing parole has dropped.

Youth with minor offenses are no longer being sent to detention; instead they are remaining in their communities and receiving alternative rehabilitative care. Those being sent to detention are clients with multiple rehabilitative barriers. A "harder" detention population has reduced the number of clients successfully completing parole and fewer clients eligible for early release. A higher percentage of the juvenile detention population is serving their full commitment.

A recent change to the Children's Code mandates parole the last 90 days of a juvenile's sentence. This change shifts clients out of detention facilities and into supervised parole more quickly. Starting in FY07, these 90 day parolees can be recommitted to a detention center for an additional six months if they violate their conditions of parole. This code change will impact the number of clients coming up for parole review and add a few additional hearings for those who violated parole conditions. The code change may also increase the number of juveniles in detention.

With increasingly complex cases, the change in the Children's Code and the growing detention population in the southern part of the state, the juvenile parole board's expenditures have increased in the other cost category. In response to recent walk-aways, CYFD has increased the staff-to-client ratio while traveling to as high as one-to-one, depending on the client's risk. This places an additional burden on an already complex staffing pattern at the facilities. The committee encourages the board to add additional hearings in the southern part of the state.

JUVENILE PAROLE BOARD

The purpose of the juvenile parole program is to provide fair and impartial hearings through reviews to incarcerated youth so they can mainstream into society as law abiding citizens.

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Output	Percent of clients reviewed at 40 days				95%	95%
Output	Percent of clients reviewed every 90 days				95%	95%
Output	Number of client reviews held by the staff				1,453	1,453
Outcome	Percent of residents paroled who successfully complete the conditions of their parole				60%	60%
Outcome	Number of individual parole hearings held by the juvenile parole board				300	300

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)

	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	FY08 - 2007-2008 LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	224,055.4	240,738.7	277,901.9	270,121.6	12.2
Other Transfers	1,720.6	675.6	595.0	595.0	-11.9
Federal Revenues	1,976.5	45.0	119.8	119.8	166.2
Other Revenues	15,850.8	19,905.1	20,519.1	20,519.1	3.1
Fund Balance	2,578.1	1,021.0	545.7	545.7	-46.6
SOURCES TOTAL	246,181.4	262,385.4	299,681.5	291,901.2	11.2
USES					
Personal Services and Employee Benefits	109,896.8	121,088.3	125,818.5	125,370.0	3.5
Contractual Services	31,637.4	36,124.3	43,005.8	42,385.6	17.3
Other	103,841.6	103,761.3	129,725.8	123,014.2	18.6
Other Financing Uses	1,228.7	1,411.5	1,131.4	1,131.4	-19.8
TOTAL USES	246,604.5	262,385.4	299,681.5	291,901.2	11.2
FTE					
Permanent	2,273.5	2,435.5	2,461.5	2,469.5	1.4
Term	50.5	32.0	33.0	33.0	3.1
TOTAL FTE POSITIONS	2,324.0	2,467.5	2,494.5	2,502.5	1.4

BUDGET ISSUES:

As the population and facilities grow, the cost of incarceration is escalating. The cost of medical services has increased by \$16.7 million, or 71 percent, since FY03. The cost of the inmate food contract has risen by \$1.1 million, or 21 percent, since FY03. NMCD reports that in FY05 the cost per day to incarcerate an individual in New Mexico was \$81.25. NMCD is requesting supplemental appropriations for FY07 totaling \$10.8 million. Of that number, \$8.1 million is to address costs associated with inmate population growth.

The LFC recommendation of a \$29.4 million increase in general fund supports NMCD's request for increasing funding for 522 male inmates, or 8.4 percent, in FY08. The increase is in alignment with the department's projected average daily population of 6,697 for male inmates in FY08. The additional funding for male inmate beds is partially through funding public correctional facilities at 100 percent of operational capacity, which adds 81 beds, an additional 48 beds at the Lea County Correctional Facility, and 240 beds at the Guadalupe County Correctional Facility. The recommendation also assumes 153 inmates will move into the Community Offender Management Program after the first quarter of FY08. The recommendation supports an increase of \$10.2 million, or 15.6 percent, for care and support, which includes a decrease of \$3.4 million due to budgeting those 153 male inmates to intensive supervision programs under the Community Offender Management Program for the last three quarters of FY08. This piece of projected male inmate growth for FY08 will be managed by expanding probation and parole efforts to reduce the number of in-house parolees and individuals returning to prison on parole violations. LFC recommends increases of \$6 million for medical services, \$5.6 million to fund the Springer Correctional Center for a full fiscal year, and \$1 million for fuel and utility costs.

LFC recommends an increase of \$2.6 million from the general fund for a 5 percent vacancy rate in all programs, with the exception of the Corrections Industries Program, which receives no general fund revenue. The recommendation lowers the vacancy rate from the 8 percent budgeted in FY07 for Program Support and the Inmate Programming Program. Inmate Management and Control, Community Offender Management, and Community Corrections programs were all factored at a 5 percent vacancy rate in FY07. NMCD reports its average vacancy rate in FY06 was 13.6 percent in the Inmate and Management Control Program, 7.5 percent in the Inmate Programming Program, 9.4 percent in Community Offender Management Program, 11.8 percent in Community Corrections Program, and 15.1 percent in Program Support. Due to the committee's concern for correctional officer and facility safety, the recommendation supports the department's request for a 5 percent vacancy rate in the Inmate Management and Control Program. In January 2006, the 20-year retirement for correctional officers went into effect, leading to the retirement of 85 correctional officers. As of September 30, 2006, the turnover rate of correctional officers was 20.6 percent. This is an increase of 7.8 percent compared with the first quarter of FY06.

The LFC recommendation includes \$802 thousand for lease agreements and security services at the Monte Vista and Gold probation and parole offices in Albuquerque. The lease agreements for these offices total \$3.5 million over the five-year span of the contracts ending in 2009. The square footage is 12,677 for the Gold office, with a usable square footage rate of \$36.82, and 18,475 for the Monte Vista office, with a usable square footage rate of \$20.80. In the past few years, the Monte Vista office has been plagued with problems with roof leaks, plumbing, and the electrical, heating and cooling systems. The lease for the Monte Vista office shows items deleted from the agreement pertaining to designated parking for 75 vehicles compliant with the American Disability Act, repair of ventilation system to include a chiller and boiler, proof of a recent environmental inspection report, secure parking gate and card access system, and inspection of electrical systems to verify adequacy and repair as needed. NMCD was appropriated \$900 thousand in FY07 for 15 new probation and parole officer positions, and the department is requesting an additional 17 probation and parole officer positions in FY08. Space in the Monte Vista and Gold probation and parole offices is insufficient to accommodate additional probation and parole positions.

NMCD reports the shift of funds and FTE to more adequately align the FY07 operating budget due to the addition of the Springer Correctional Center. The 2006 General Appropriation Act (GAA) placed all money for the Springer Correctional Center into the Inmate and Management Control Program. NMCD's operating budget for FY07 moved 18 FTE from the Inmate Management and Control Program and 1 FTE from the Inmate Programming Program into other programs. Due to this, the number of FTE in the GAA by program does not align with the department's FY08 budget request for FTE. The LFC recommendation reflects FTE numbers in alignment with the GAA and approves the movement of FTE related to the Springer Correctional Center in FY08.

NMCD moved the women's residential treatment program along with funding of \$1.5 million from the Inmate Programming Program to the Community Offender Management Program. The department contracts with CiviGenics to provide residential treatment for women released on parole. NMCD moved the program and funding to better align its behavioral mental health contracts, which under Community Offender Management and Community Corrections programs are overseen by ValueOptions.

BASE EXPANSION:

NMCD requested an expansion of \$1 million due to a joint powers agreement regarding behavioral mental health treatment with the Department of Health (DOH), in which DOH is appropriated \$1 million from the general fund that is transferred to NMCD. NMCD is requesting that in FY08 the \$1 million be directly appropriated to the department. DOH is transferring its behavioral health funding to the Human Services Department (HSD) in FY08 and the HSD budget request reflects the \$1 million reduction. The expansion will convert three positions from term to perm and will fund transitional reporting centers in Albuquerque, Las Cruces, and Espanola. LFC recommends the expansion.

NMCD requested an expansion of \$238.4 thousand to replace federal funding that will be lost at the end of FY07 from the Serious/Violent Offender Reentry Initiative grant. The expansion will fund four probation and parole officers and one probation and parole supervisor. The department's safe community reentry project is to ensure effective coordination of services and supervision for inmates as they are released back into the community. LFC recommends the expansion.

NMCD requested an expansion of \$898.4 thousand for 17 additional probation and parole officers. As of November 1, 2006, the average standard caseload for a probation and parole officer was 130. An American Probation and Parole Association Study recommends a workload of 65 for probation and parole officers. The department states the increase in FTE will reduce caseloads to levels closer to the national standard. LFC recommends the expansion.

NMCD requested an expansion of \$400.9 thousand to add a work program to the New Mexico Women's Recovery Academy in Los Lunas. The funding will increase the program capacity by 24 beds, to a total of 72 beds. The expansion will fund a "step-down" program where the women will be working in the community, receive 24-hour supervision while on the premises, and receive case management and after-care treatment services. LFC recommends the expansion.

LFC recommends an expansion, not requested by NMCD, of \$564 thousand to move 153 incarcerated offenders into the intensive supervision programs under the Community Offender Management Program. Section 31-21-13.1 NMSA 1978 states inmates eligible for parole, or within 12 months of eligibility of parole, inmates who are in a correctional institution for lack of a parole plan, and parolees serving parole in a prison because of a parole revocation, are eligible for intensive supervision programs. As of November 15, 2006, there were 169 in-house parolees in NMCD correctional facilities. Also, a report on "Ten-Year Adult Secure Population Projections" produced by JFA Associates, LLC, states parole violators account for 1,289 or 32.2 percent of admissions to the NMCD in FY06. This is the largest percentage of total admissions since 1997.

NMCD included in its FY08 budget request one term FTE correctional officer that will be created in FY07 at the Southern New Mexico Correctional Facility due to a joint powers agreement with the Department of Transportation to expand the highway work crews. This is viewed as an expansion and has been extracted from the base budget. LFC recommends the expansion of \$37.6 thousand for the additional correctional officer position.

RECOMMENDED LANGUAGE:

The general fund appropriations to the inmate management and control program of the corrections department include thirty-nine million six hundred eighty-one thousand seven hundred dollars (\$39,681,700) for medical services, a comprehensive medical contract and other health-related expenses.

The general fund appropriations to the community offender management program of the corrections department include one million four hundred fifty thousand dollars (\$1,450,000) to provide residential treatment, mental health, substance abuse, parenting and reintegration services for women under the supervision of the probation and parole division and their children as appropriate.

No more than one million dollars (\$1,000,000) of the general fund appropriation to the community offender management program of the corrections department shall be used for detention costs for parole violators.

The general fund appropriations to the community offender management program of the corrections department include three hundred fifty thousand dollars (\$350,000) for the residential evaluation and treatment center at Fort Stanton as a sentencing alternative to incarceration for selected nonviolent prisoners and parole violators.

The general fund appropriations to the community offender management program of the corrections department include four hundred fifty-two thousand five hundred dollars (\$452,500) to continue treatment services for drug court.

The appropriations for the community corrections program of the corrections department are appropriated to the community corrections grant fund.

The other state funds appropriation to the program support program of the corrections department in the other financing uses category includes one million eighty-one thousand four hundred dollars (\$1,081,400) for the corrections department building fund.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recommendation
*	Expansion of intensive supervision (8 FTE)	(COM)	0.0	564.2
**	Highway department work crew (1 FTE)	(IMAC)	37.6	37.6
1	DOH budget transfer (3 FTE)	(COM)	1,000.0	1,000.0
2	SVORI conversion term to perm (5 FTE)	(COM)	238.4	238.4
3	New probation and parole officers (17 FTE)	(COM)	898.4	898.4
4	Women's halfway house work program (1 FTE)	(COM)	400.9	400.9
TOTAL			2,575.3	3,139.5

*The department did not request this item as an expansion to the base.

**The department included this item in the base request. LFC considers the item to be an expansion and has extracted it from the base.

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)				
		<u>FY08 - 2007-2008</u>				
		<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	183,135.1	197,403.6	227,978.5	220,193.6	11.5
	Other Transfers	170.0	228.6	150.0	150.0	-34.4
	Federal Revenues	650.9	0.0	0.0	0.0	***
	Other Revenues	9,239.4	11,607.8	11,313.3	11,313.3	-2.5
	Fund Balance	1,185.9	0.0	0.0	0.0	***
	SOURCES TOTAL	194,381.3	209,240.0	239,441.8	231,656.9	10.7
USES						
	Personal Services and Employee Benefits	79,455.9	88,560.6	90,237.8	89,908.7	1.5
	Contractual Services	30,726.9	34,663.5	41,319.6	40,699.4	17.4
	Other	84,445.1	86,015.9	107,884.4	101,048.8	17.5
	TOTAL USES	194,627.9	209,240.0	239,441.8	231,656.9	10.7
FTE						
	Permanent	1,683.0	1,812.0	1,794.0	1,794.0	-1.0
	Term	18.0	26.0	27.0	27.0	3.8
	TOTAL FTE POSITIONS	1,701.0	1,838.0	1,821.0	1,821.0	-0.9

PERFORMANCE MEASURES

			<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Outcome	Percent turnover of correctional officers	10.80%	20.91%	15%	15%	15%
*	Outcome	Percent of women offenders successfully released in accordance with their scheduled release dates	84.88%	80.47%	95%	95%	95%
*	Output	Percent of inmates testing positive or refusing the random monthly drug test	2.50%	2.06%	<=5%	<=4%	<=2%
*	Output	Graduation rate of correctional officer cadets from the corrections department training academy	83.25%	84%	78%	78%	80%
*	Output	Number of cadets entering corrections department training academy	206	206	200	200	200
*	Output	Number of serious inmate-to-inmate assaults in private and public facilities	18	24	27	27	24
*	Output	Number of serious inmate-to-staff assaults in private and public facilities	7	7	10	10	7
*	Output	Average length of sentence served by adult sex offenders, in days	1,557	1,310	1,423	1,423	1,423
	Output	Percent of participants in the residential program for women dually diagnosed with mental illness and substance abuse issues and women dually diagnosed who have children	83.68%	77.78%	85%	85%	85%
*	Efficiency	Daily cost per inmate, in dollars	\$81.35	TBD	\$88.27	\$88.27	\$88.27

INMATE PROGRAMMING

The purpose of the inmate programming program is to provide motivated inmates the opportunity to participate in appropriate programs and services so they have less propensity toward violence while incarcerated and the opportunity to acquire living skills and links to community support systems that can assist them on release.

		BUDGET SUMMARY (dollars in thousands)			FY08 - 2007-2008	
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	9,831.3	10,050.9	9,636.3	9,482.9	-5.7
	Other Transfers	321.5	213.0	213.0	213.0	0.0
	Federal Revenues	654.8	45.0	119.8	119.8	166.2
	Other Revenues	33.9	5.5	5.5	5.5	0.0
	SOURCES TOTAL	10,841.5	10,314.4	9,974.6	9,821.2	-4.8
USES						
	Personal Services and Employee Benefits	7,337.8	7,406.5	8,361.5	8,208.7	10.8
	Contractual Services	545.2	837.0	901.9	901.9	7.8
	Other	2,676.7	2,070.9	711.2	710.6	-65.7
	TOTAL USES	10,559.7	10,314.4	9,974.6	9,821.2	-4.8
FTE						
	Permanent	125.5	135.5	143.5	143.5	5.9
	Term	14.5	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	140.0	137.5	145.5	145.5	5.8

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
*	Outcome	Recidivism rate of the success for offenders after release program by thirty- six months	38.4%	40.77%	40%	40%
*	Output	Number of inmates who earn a general equivalency diploma	252	189	175	190
*	Output	Percent of inmates entering the reception diagnostic center who are offered addictions screening	NA	NA	95%	95%
*	Output	Number of inmates enrolled in adult basic education	1,397	2,850	1,650	2,000
*	Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed	71.1%	70.2%	75%	75%
	Output	Number of inmates completing the national institute of corrections pre- release program	NA	NA	baseline	baseline

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates in order to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY (dollars in thousands)						
			<u>FY08 - 2007-2008</u>			
	<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>	
SOURCES						
Other Transfers	6.9	0.0	0.0	0.0	***	
Other Revenues	3,735.9	5,740.3	6,589.8	6,589.8	14.8	
Fund Balance	481.1	475.3	0.0	0.0	-100.0	
SOURCES TOTAL	4,223.9	6,215.6	6,589.8	6,589.8	6.0	
USES						
Personal Services and Employee Benefits	1,951.2	2,084.5	2,390.0	2,390.0	14.7	
Contractual Services	0.6	20.6	20.6	20.6	0.0	
Other	3,327.8	4,010.5	4,079.2	4,079.2	1.7	
Other Financing Uses	0.0	100.0	100.0	100.0	0.0	
TOTAL USES	5,279.6	6,215.6	6,589.8	6,589.8	6.0	
FTE						
Permanent	33.0	33.0	38.0	38.0	15.2	
Term	4.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	37.0	37.0	42.0	42.0	13.5	

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Outcome Profit and loss ratio	2.1% profit	-8.6% loss	break even	break even	break even
*	Outcome Percent of eligible inmates employed	10.19%	10.07%	10%	10%	10%

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)						
FY08 - 2007-2008						
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	20,138.8	22,149.0	28,136.1	28,387.3	28.2	
Other Transfers	1,000.5	0.0	0.0	0.0	***	
Federal Revenues	670.8	0.0	0.0	0.0	***	
Other Revenues	1,494.4	1,165.1	1,479.1	1,479.1	27.0	
Fund Balance	618.7	0.0	0.0	0.0	***	
SOURCES TOTAL	23,923.2	23,314.1	29,615.2	29,866.4	28.1	
USES						
Personal Services and Employee Benefits	14,877.2	16,341.5	17,638.7	17,763.8	8.7	
Contractual Services	70.1	80.3	210.5	210.5	162.1	
Other	8,676.9	6,892.3	11,766.0	11,892.1	72.5	
TOTAL USES	23,624.2	23,314.1	29,615.2	29,866.4	28.1	
FTE						
Permanent	322.0	344.0	373.0	381.0	10.8	
Term	14.0	0.0	0.0	0.0	***	
TOTAL FTE POSITIONS	336.0	344.0	373.0	381.0	10.8	

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
*	Outcome	Percent turnover of probation and parole officers	22.8%	22.2%	21%	15%
*	Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	58.6%	58%	90%	60%
*	Output	Average number of parolees in intensive supervision	17	16.5	17	17
*	Output	Number of absconders apprehended	2,428	2,557	2,500	2,500
*	Quality	Average standard caseload per probation and parole officer	98	109	92	92
*	Quality	Average specialized program caseload per probation and parole officer	34	32	30	30
*	Quality	Average intensive supervision program caseload per probation and parole officer	22	21	20	20

COMMUNITY CORRECTIONS

The purpose of the community corrections 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)						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>Agency Request</u>	<u>FY08 - 2007-2008 LFC Recommendation</u>	Percent Incr <u>(Decr)</u>	
SOURCES						
General Fund Transfers	3,831.8	3,858.2	3,863.5	3,828.4	-0.8	
Other Revenues	33.1	20.7	50.0	50.0	141.5	
Fund Balance	292.4	545.7	545.7	545.7	0.0	
SOURCES TOTAL	4,157.3	4,424.6	4,459.2	4,424.1	0.0	
USES						
Personal Services and Employee Benefits	649.7	781.6	814.3	779.2	-0.3	
Contractual Services	23.3	92.7	57.3	57.3	-38.2	
Other	3,313.8	3,550.3	3,587.6	3,587.6	1.1	
TOTAL USES	3,986.8	4,424.6	4,459.2	4,424.1	0.0	
FTE						
Permanent	17.0	17.0	17.0	17.0	0.0	
TOTAL FTE POSITIONS	17.0	17.0	17.0	17.0	0.0	

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Output	Number of successful completions per year from male residential treatment center at Fort Stanton	116	147	74	74	125
* Output	Number of terminations per year from male residential treatment center at Fort Stanton	28	29	10	10	10
* Output	Number of transfers or other noncompletions per year from male residential treatment center at Fort Stanton	3	5	12	12	12

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)

		<u>FY08 - 2007-2008</u>				<u>Percent Incr (Decr)</u>
		<u>FY06 2005-2006 Actuals</u>	<u>FY07 2006-2007 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	General Fund Transfers	7,118.4	7,277.0	8,287.5	8,229.4	13.1
	Other Transfers	221.7	234.0	232.0	232.0	-0.9
	Other Revenues	1,314.1	1,365.7	1,081.4	1,081.4	-20.8
	SOURCES TOTAL	8,654.2	8,876.7	9,600.9	9,542.8	7.5
USES						
	Personal Services and Employee Benefits	5,625.0	5,913.6	6,376.2	6,319.6	6.9
	Contractual Services	271.3	430.2	495.9	495.9	15.3
	Other	1,401.3	1,221.4	1,697.4	1,695.9	38.8
	Other Financing Uses	1,228.7	1,311.5	1,031.4	1,031.4	-21.4
	TOTAL USES	8,526.3	8,876.7	9,600.9	9,542.8	7.5
FTE						
	Permanent	93.0	94.0	96.0	96.0	2.1
	TOTAL FTE POSITIONS	93.0	94.0	96.0	96.0	2.1

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
*	Outcome	Percent of prisoners reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	26.40%	30.24%	35%	35%
*	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	42.12%	38.22%	45%	45%
*	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	NA	46.72%	55%	55%
*	Outcome	Percent of sex offenders reincarcerated within twelve months of being released from New Mexico corrections department prison system into community supervision or discharged	17.22%	20.96%	20%	20%
*	Outcome	Percent of sex offenders reincarcerated within twenty-four months of being released from New Mexico corrections department prison system into community supervision or discharged	26.14%	33.11%	30%	30%
*	Outcome	Percent of sex offenders reincarcerated within thirty-six months of being released from New Mexico corrections department prison system into community supervision or discharged	NA	28.10%	40%	40%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission was created by Section 31-22-4 NMSA 1978 to provide a mechanism for compensating crime victims or their dependents for death or bodily injury resulting from violent crimes. 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 and operates under the Crime Victims Reparation Act (Section 31-22-1 through 31-22-24 NMSA 1978). The authority to administer the federal Victims of Crime Act grant and the S.T.O.P. Violence Against Women Act grant is through executive orders.

MISSION:

The mission of the Crime Victim Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,759.1	2,120.6	2,153.3	2,114.9	-0.3
Federal Revenues	4,352.9	5,028.8	5,034.6	5,034.6	0.1
Other Revenues	473.2	450.0	450.0	450.0	0.0
SOURCES TOTAL	6,585.2	7,599.4	7,637.9	7,599.5	0.0
USES					
Personal Services and Employee Benefits	962.1	1,025.3	1,049.1	1,010.7	-1.4
Contractual Services	205.8	233.7	233.7	233.7	0.0
Other	4,669.6	5,375.4	5,390.1	5,390.1	0.3
Other Financing Uses	677.2	965.0	965.0	965.0	0.0
TOTAL USES	6,514.7	7,599.4	7,637.9	7,599.5	0.0
FTE					
Permanent	15.0	15.0	16.0	15.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	20.0	19.0	0.0

BUDGET ISSUES:

In FY06, CVRC processed 258 claims for child sexual abuse and 30 for physical abuse with a payout of \$174.7 thousand; 53 drunken driving claims were processed, of which 25 resulted in deaths, with a payout of \$74.4 thousand; and 251 domestic violence claims, of which 18 were homicides, with a payout of \$372.7 thousand.

The federal Victims of Crime Act (VOCA) compensation grant is formula based. CVRC is required to submit the total amount paid to victims with nonfederal funds during the prior federal fiscal year. This amount is then multiplied by 60 percent to determine the amount New Mexico will receive from the VOCA compensation grant the next federal fiscal year. When CVRC has large payout amounts in general and restitution funds in a year, it results in large federal VOCA compensation grant funding the next year. CVRC received an increase in general fund monies of \$311.5 thousand for care and support payouts to victims in FY07, which will generate an increase in federal VOCA compensation grant funding in FY08.

BASE EXPANSION:

CVRC is requesting \$38.4 thousand for an additional FTE for a reparation officer. In May 2006, CVRC decided to reclassify a reparation officer position into a reparation officer supervisor position. CVRC reports this was necessary to provide intense support and coaching. Currently, one supervisor oversees three reparation officers and the other oversees four reparation officers. CVRC states the additional reparation officer is needed to efficiently process victim applications and keep up with the high volume of incoming applications. The average caseload for a reparation officer ranges from 70 to 110. LFC does not recommend the expansion for a reparation officer position.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division) (VC)	Agency Request	LFC Recommendation
1	Reparation officer (1 FTE)		38.4	0.0
TOTAL			38.4	0.0

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	1,759.1	2,120.6	2,153.3	2,114.9	-0.3	
Other Revenues	473.2	450.0	450.0	450.0	0.0	
SOURCES TOTAL	2,232.3	2,570.6	2,603.3	2,564.9	-0.2	
USES						
Personal Services and Employee Benefits	745.0	792.5	810.5	772.1	-2.6	
Contractual Services	187.1	205.7	205.7	205.7	0.0	
Other	1,229.7	1,572.4	1,587.1	1,587.1	0.9	
TOTAL USES	2,161.8	2,570.6	2,603.3	2,564.9	-0.2	
FTE						
Permanent	15.0	15.0	16.0	15.0	0.0	
TOTAL FTE POSITIONS	15.0	15.0	16.0	15.0	0.0	

PERFORMANCE MEASURES

		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
Outcome	Percent increase in number of reparation applications received	0%	0%	2%	2%	2%
Output	Number of formal regional trainings conducted annually	9	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	143	119	<120	<120	<120
Efficiency	Percent of payment vouchers for care and support sent to the department of finance administration within two working days of the receipt of payment list	96%	90%	90%	90%	90%

FEDERAL GRANT ADMINISTRATION

The purpose of the federal grant administration program is to provide funding and training to nonprofit victim providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

				FY08 - 2007-2008		
		FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES						
	Federal Revenues	4,352.9	5,028.8	5,034.6	5,034.6	0.1
	SOURCES TOTAL	4,352.9	5,028.8	5,034.6	5,034.6	0.1
USES						
	Personal Services and Employee Benefits	217.1	232.8	238.6	238.6	2.5
	Contractual Services	18.7	28.0	28.0	28.0	0.0
	Other	3,439.9	3,803.0	3,803.0	3,803.0	0.0
	Other Financing Uses	677.2	965.0	965.0	965.0	0.0
	TOTAL USES	4,352.9	5,028.8	5,034.6	5,034.6	0.1
FTE						
	Term	4.0	4.0	4.0	4.0	0.0
	TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percentage increase in number of services provided to victims of crime by grant subrecipients	2%	2%	2%	2%	2%
Output	Number of training workshops conducted for subrecipients	10	12	8	8	8
Output	Number of statewide training conferences held for service providers and victim advocates	2	2	1	1	1
Efficiency	Percent of site visits conducted	32%	40%	30%	30%	30%
Efficiency	Percent of subrecipients that receive compliance monitoring via desk audits	86%	82%	80%	80%	80%
Efficiency	Number of working days to complete payment voucher after completion of drawdown	3	5	4	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) was formerly a part of the Taxation and Revenue Department and was transferred to DPS on July 1, 1998. Creating a cabinet department 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 driving while intoxicated, drug crime, violent crime, traffic safety, and emergency preparedness.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	77,033.9	82,883.3	85,473.3	93,534.4	12.9
Other Transfers	14,482.4	13,628.9	13,211.1	7,828.2	-42.6
Federal Revenues	28,105.4	103,040.6	47,374.7	47,289.8	-54.1
Other Revenues	5,286.1	6,302.8	4,656.0	4,656.0	-26.1
Fund Balance	1,449.8	300.0	300.0	300.0	0.0
SOURCES TOTAL	126,357.6	206,155.6	151,015.1	153,608.4	-25.5
USES					
Personal Services and Employee Benefits	72,906.5	85,748.9	85,328.8	85,960.6	0.2
Contractual Services	3,381.7	5,081.1	5,345.9	6,017.9	18.4
Other	42,698.4	115,285.6	60,300.4	61,589.9	-46.6
Other Financing Uses	0.0	40.0	40.0	40.0	0.0
TOTAL USES	118,986.6	206,155.6	151,015.1	153,608.4	-25.5
FTE					
Permanent	1,186.0	1,199.0	1,225.0	1,214.0	1.3
Term	110.0	121.0	133.0	141.0	16.5
Temporary	31.1	31.1	24.1	21.1	-32.2
TOTAL FTE POSITIONS	1,327.1	1,351.1	1,382.1	1,376.1	1.9

BUDGET ISSUES:

LFC recommends a \$10.7 million increase in general fund revenue over the FY07 operating budget. LFC recommends \$1.5 million for the recurring expense of vehicle replacements in the base budget of the Law Enforcement Program. DPS has requested \$5.3 million in capital outlay in FY08 for vehicle replacement and maintenance. The LFC recommendation would replace 72 vehicles, or 7.5 percent, of the fleet. LFC recommends a general fund increase of \$5.4 million to lower the road fund transfer from the New Mexico Department of Transportation to \$5 million in FY08. In recent years the road fund has experienced relatively flat revenue while construction and maintenance costs have soared. LFC recommends adjusting gasoline and utilities to align with the department's actual expenditures in FY06 because the forecast for gasoline and utilities in FY08 is for prices to drop from the high experienced in FY06. Also, LFC recommendation includes \$400 thousand to contract out deoxyribonucleic acid testing to address backlog.

In January 2006, DPS completed a compensation plan that endorsed \$6.4 million in pay raises for commissioned officers. The compensation plan for FY07 proposed an average pay increase of 17.3 percent for State Police officers, 20.2 percent for Special Investigation Division (SID) officers, and 18 percent for MTD officers. The Legislature appropriated a pay increase of \$5.7 million in FY07 for commissioned officers.

The LFC recommendation applies an 8 percent vacancy rate in Program Support and Emergency Management and Homeland Security Support programs and a 5 percent vacancy rate in the Law Enforcement Program. Because of the committee's concern about the potential negative effect of a high vacancy rate on officer safety and law enforcement activity, the recommendation lowers the department's request for an 8 percent vacancy rate in FY08 to a 5 percent vacancy rate in the Law Enforcement Program and adds \$1.5 million to the agency request for the 3 percent difference. On November 1, 2006, the vacancy rate for commissioned officers was 15 percent for the State Police, 18.8 percent for MTD, and 33.3 percent for SID. The high vacancy rates for commissioned officers are partly in order for the department to meet the costs of the pay increases in FY07. Also, DPS's vacancy rate was 12.3 percent in the Law Enforcement Program, 9.6 percent in the Program Support, and 62.5 percent in the Emergency Management and Homeland Security Support Program.

DPS has submitted special appropriation requests of \$272 thousand for software licensing and computer maintenance and \$269 thousand for desktop computer replacement for FY08. These recurring expenses were not included in the department's base budget. LFC recommends an increase in the base budget under Program Support of \$272 thousand for software licenses and computer maintenance and \$269 thousand for the replacement of 200 desktop computers.

The Emergency Management and Homeland Security Support Program reflects a decrease of \$45.4 million in federal revenues from the FY07 operating budget. The majority of the reduction stems from the unpredictability of Federal Emergency Management Agency funding and a reduction of \$11.4 million in Homeland Security grant allocation between federal fiscal years 2005 and 2006.

BASE EXPANSION:

DPS requested expansions totaling \$667.8 thousand in Program Support and \$841.4 thousand in the Law Enforcement Program. The majority of the expansion requests are for increases in FTE or the conversion of FTE from temporary or term to permanent. The exception is DPS's expansion request for incentive pay at remote duty posts. The expansion would provide a 10 percent to 15 percent pay incentive to officers that reside in rural locations. The department indicates the initiative will reduce the turnover rate in these rural locations and provide a steady officer the community can identify with for its needs.

LFC recommends the following expansions requested by DPS for FY08: 12 information records clerk positions, originally budgeted in contractual services, to be funded by revenue funds from fingerprint fees; conversion of three transcription unit positions from temporary to permanent; conversion of three contractual forensic technician positions to permanent; a coordinator and an attorney to implement a loss control program; a maintenance worker and janitor for the new Law Enforcement Academy dormitory; a MTD major for headquarters; an internal auditor in grants management; 2 FTE transportation inspectors at the Gallup port of entry; remote duty assignment incentives; and a business operations specialist.

DPS has 9 FTE in the Emergency Management and Homeland Security Support Program that are not authorized under the 2006 General Appropriation Act for FY07 but were included in the FY08 base budget request. The positions consist of five emergency management specialists, two financial specialists and two office administrative support positions. All 9 FTE are 100 percent federally funded positions that DPS created based on availability of federal funds. LFC considers these FTE to be an expansion and has extracted them from the base. LFC recommends the expansion for all 9 FTE to support the goals and mission of DPS. Also, DPS received a special appropriation in FY07 of \$300 thousand for processing deoxyribonucleic acid samples for felony arrests. DPS did not request continued funding in FY08. LFC views this as a recurring expense and recommends it as an expansion.

DPS requested converting positions from federally funded positions to general fund positions. The department reports it may lose funding from the high intensity drug trafficking area (HIDTA) grant and Federal Motor Carrier Safety Administration's border enforcement grant. LFC does not recommend expansions based on the potential of losing federal funds. Also, DPS requested an expansion for the creation of a new district within MTD. The department reports the division is working in an inefficient manner with the captains spending a large amount of time traveling between their facilities. LFC does not recommend the expansion.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include five million dollars (\$5,000,000) from the state road fund for the motor transportation division.

Any unexpended or unencumbered balance in the department of public safety remaining at the end of fiscal year 2008 made from appropriations from the state road fund shall revert to the state road fund.

The general fund appropriation to the program support program of the department of public safety to include four hundred thousand dollars (\$400,000) for the contracting out of deoxyribonucleic acid testing to address backlog.

BASE EXPANSION LISTING
FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
*	DNA testing for felony arrests	(P503)	0.0	300.0
**	Federally funded positions (9 FTE)	(P759)	303.7	303.7
01	Records bureau- 12 term clerks with fees	(P503)	354.8	354.8
02	NMSP- transcription unit 3 temp to perm	(P504)	23.6	23.6
03	Crime lab- contractual to 3 perm forensic	(P503)	0.0	0.0
04	Crime lab- 4 HIDTA term-to-perm at SCL	(P503)	0.0	0.0
05	MTD- 4 MCSAP border term-to-perm	(P504)	0.0	0.0
06	ASD- loss control program with 2 perm	(P503)	145.8	145.8
07	MTD- create district 8 with 3 perm	(P504)	287.5	0.0
08	ASD- Mtc worker & janitor for new LEA dorm	(P503)	64.2	64.2
09	MTD- Major to oversee captains	(P504)	118.5	118.5
10	ASD- internal auditor for grants mgt bureau	(P503)	55.1	55.1
11	MTD- 2 transport inspectors at Gallup POE	(P504)	89.2	89.2
12	NMSP- incentive pay at remote duty posts	(P504)	322.6	322.6
13	<u>ASD- business operations specialist</u>	<u>(P503)</u>	<u>47.9</u>	<u>47.9</u>
TOTAL			1,812.9	1,825.4

*The department did not request this item as an expansion to the base.

**The department included this item in the base request. LFC considers the item to be an expansion and has extracted it from the base.

LAW ENFORCEMENT PROGRAM

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY (dollars in thousands)						
FY08 - 2007-2008						
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>	
SOURCES						
General Fund Transfers	64,039.4	69,023.6	70,502.0	77,827.2	12.8	
Other Transfers	10,870.8	13,300.2	12,887.7	7,517.2	-43.5	
Federal Revenues	4,108.5	7,394.3	4,454.0	4,454.0	-39.8	
Other Revenues	4,154.3	5,276.6	3,117.8	3,117.8	-40.9	
Fund Balance	755.8	270.0	270.0	270.0	0.0	
SOURCES TOTAL	83,928.8	95,264.7	91,231.5	93,186.2	-2.2	
USES						
Personal Services and Employee Benefits	60,974.7	70,769.9	70,457.9	71,653.6	1.2	
Contractual Services	1,497.0	1,892.3	1,727.6	1,727.6	-8.7	
Other	19,616.4	22,562.5	19,006.0	19,765.0	-12.4	
Other Financing Uses	0.0	40.0	40.0	40.0	0.0	
TOTAL USES	82,088.1	95,264.7	91,231.5	93,186.2	-2.2	
FTE						
Permanent	1,024.0	1,028.0	1,041.0	1,034.0	0.6	
Term	58.0	58.0	54.0	58.0	0.0	
Temporary	31.1	31.1	24.1	21.1	-32.2	
TOTAL FTE POSITIONS	1,113.1	1,117.1	1,119.1	1,113.1	-0.4	

PERFORMANCE MEASURES						
		FY05 <u>Actual</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY08 <u>Request</u>	FY08 <u>Recomm</u>
* Outcome	Number of fatal crashes in New Mexico per year	NA	NA	New	400	400
* Outcome	Number of driving-while-intoxicated arrests by department of public safety commissioned personnel in New Mexico per year	3,879	3,261	3,656	3,600	3,600
* Outcome	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel in New Mexico per year	67	350	New	300	300
* Outcome	Number of drug arrests by department of public safety commissioned personnel in New Mexico per year	892	1,125	984	1,000	1,000
* Outcome	Number of narcotic seizures by motor transportation division per year	61	64	New	58	58
* Outcome	Number of criminal cases investigated by department of public safety commissioned personnel in New Mexico per year	17,902	14,976	New	14,225	14,225
* Outcome	Number of administrative citations issued to licensed liquor establishments for the illegal sales or service of alcohol to minors and intoxicated persons per year	Unknown	Unknown	New	200	200
Outcome	Number of criminal citations or arrests for the illegal sales or service of alcohol to minors and intoxicated persons per year	Unknown	Unknown	New	350	350
* Outcome	Number of commercial motor vehicle inspections completed by motor transportation division per year	72,605	84,967	New	77,272	77,272
* Output	Percent of strength of department of public safety commissioned personnel	89.2%	84.8%	New	90%	90%
Output	Percent of cadets that successfully complete training and pass the law enforcement officer certification exam	Unknown	Unknown	New	90%	90%
Output	Average satisfaction ratings on a scale of one to five from training participants	Unknown	Unknown	New	3.50	3.50

EMERGENCY MANAGEMENT AND HOMELAND SECURITY SUPPORT

The purpose of the emergency management and homeland security support 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.

BUDGET SUMMARY
(dollars in thousands)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	Agency <u>Request</u>	<u>FY08 - 2007-2008</u> LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,077.8	1,341.7	1,585.7	1,513.8	12.8
Other Transfers	144.6	213.3	220.3	207.9	-2.5
Federal Revenues	18,533.8	80,578.6	35,436.0	35,140.7	-56.4
Other Revenues	2.8	10.0	10.0	10.0	0.0
SOURCES TOTAL	19,759.0	82,143.6	37,252.0	36,872.4	-55.1
USES					
Personal Services and Employee Benefits	2,041.7	3,155.6	3,069.2	2,689.6	-14.8
Contractual Services	395.3	2,294.2	3,183.0	3,183.0	38.7
Other	16,571.3	76,693.8	30,999.8	30,999.8	-59.6
TOTAL USES	19,008.3	82,143.6	37,252.0	36,872.4	-55.1
FTE					
Permanent	8.0	16.0	16.0	16.0	0.0
Term	31.0	31.0	40.0	40.0	29.0
TOTAL FTE POSITIONS	39.0	47.0	56.0	56.0	19.1

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Number of program and administrative team compliance visits conducted each year on all grants	0	4	New	35	35
Outcome	Number of local emergency operation plans (including terrorism incident annex) current within three years	9	21	New	29	29
Outcome	Number of exercises conducted annually in compliance with federal guidelines	16	6	16	19	19

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)

	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	11,916.7	12,518.0	13,385.6	14,193.4	13.4
Other Transfers	3,467.0	115.4	103.1	103.1	-10.7
Federal Revenues	5,463.1	15,067.7	7,484.7	7,695.1	-48.9
Other Revenues	1,129.0	1,016.2	1,528.2	1,528.2	50.4
Fund Balance	694.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	22,669.8	28,747.3	22,531.6	23,549.8	-18.1
USES					
Personal Services and Employee Benefits	9,890.1	11,823.4	11,801.7	11,617.4	-1.7
Contractual Services	1,489.4	894.6	435.3	1,107.3	23.8
Other	6,510.7	16,029.3	10,294.6	10,825.1	-32.5
TOTAL USES	17,890.2	28,747.3	22,531.6	23,549.8	-18.1
FTE					
Permanent	154.0	155.0	168.0	164.0	5.8
Term	21.0	32.0	39.0	43.0	34.4
TOTAL FTE POSITIONS	175.0	187.0	207.0	207.0	10.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of prior year's audit findings resolved	75%	100%	90%	90%	90%
* Output	Percent of applicants criminal background checks completed within twenty-eight days of submission	99.9%	99.7%	100%	99%	99%
* Output	Percent of criminal fingerprint cards completed within thirty-five days of submission	99.1%	82%	100%	99%	99%
* Output	Percent of deoxyribonucleic acid cases processed within seventy days from submission	52.8%	44.8%	100%	54%	54%
Output	Percent of operability for all mission-critical software applications residing on agency servers	99%	99.9%	99.9%	99%	99%
Output	Percent of help desk tickets resolved within forty-eight work hours of receipt	NA	NA	80%	80%	80%

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 codify the laws pertaining to the New Mexico Department of Transportation (NMDOT), State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico, establishes the State Highway Commission. A constitutional amendment approved in November 2002 changed the name to the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

MISSION:

The department and the commission maintain responsibility for creating a comprehensive program of design, construction, and maintenance of the state's highway system. The department's mission is to use its personnel and technical and financial resources to facilitate a high quality multi-modal state transportation network.

BUDGET SUMMARY (dollars in thousands)					
	FY08 - 2007-2008				
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	0.0	900.0	0.0	0.0	-100.0
Federal Revenues	325,200.5	392,928.6	358,129.4	358,129.4	-8.9
Other Revenues	430,343.0	413,514.4	426,131.9	426,131.9	3.1
Fund Balance	133,547.4	0.0	0.0	0.0	***
SOURCES TOTAL	889,090.9	807,343.0	784,261.3	784,261.3	-2.9
USES					
Personal Services and Employee Benefits	134,056.3	136,323.5	145,919.2	143,347.0	5.2
Contractual Services	305,749.5	373,122.6	338,314.0	350,437.6	-6.1
Other	281,334.9	288,109.9	290,241.1	285,476.7	-0.9
Other Financing Uses	0.0	9,787.0	9,787.0	5,000.0	-48.9
TOTAL USES	721,140.7	807,343.0	784,261.3	784,261.3	-2.9
FTE					
Permanent	2,598.0	2,600.0	2,662.0	2,661.0	2.3
Term	25.0	27.0	54.0	47.0	74.1
Temporary	50.5	46.5	46.5	46.5	0.0
TOTAL FTE POSITIONS	2,673.5	2,673.5	2,762.5	2,754.5	3.0

BUDGET ISSUES:

The New Mexico Department of Transportation (NMDOT) budget request for FY08 represents a 2.9 percent decrease from the FY07 operating budget and includes a self-imposed average 4.4 percent vacancy factor. This budget decrease is due to an 8.9 percent decrease in federal program revenues. Within this request the department is also seeking to expand its authorized staffing levels by 89 FTE, or 3 percent.

In August 2006 unrestricted revenue growth within the state road fund (SRF) was projected by NMDOT to be \$11.6 million, 3.1 percent higher than that budgeted in FY07. Restricted funds are expected to show growth of \$1.5 million, 4.2 percent over FY07. Initial revenue reports for the first quarter of FY07 show gasoline tax revenues declining by approximately 14 percent from the first quarter of FY06. In January 2007, the department will present a revised revenue forecast to the Legislature.

Gasoline tax revenues for FY06 finished surprisingly strong at \$112 million but were 4 percent below the August 2005 budget estimate. For FY08 the department has budgeted gasoline tax revenues of \$108.6 million. This is a decrease of \$2.3 million or 2.1 percent from the FY07 budget forecast of \$110.9 million.

Due to rescissions imposed by the Congress, New Mexico in FY08 alone will receive about 8.9 percent less in federal funding than in FY07. It is anticipated that in the remaining years of SAFETEA-LU, the highway funding act, these decreases will continue. These reductions in federal funding will significantly impact the state's ability to maintain and preserve its existing roadways. Without the expected growth in these funds the department might not have sufficient resources to address future needs and keep pace with escalating construction costs.

In December 2005, the department reported to LFC that for FY05 it had experienced a 12 percent inflationary growth on all Governor Richardson's Investment Partnership (GRIP) projects. The department forecast that inflation in FY06 would be closer to 3.5 percent. Unfortunately, the FY06 inflation level was closer to 28 percent. This inflationary spiral, associated with the price of oil combined with national shortages of both steel and concrete, has substantially increased project costs, delayed construction and required the use of statewide transportation information plan (STIP) funds from deferred projects to supplement the GRIP program. Due to this inflation GRIP is expected to be underfunded by at least \$250 million and the remainder of STIP by as much as \$120 million for plan years 2005 to 2009.

The GRIP project for US491 between Tohatchi and Shiprock is progressing slowly but steadily as agreement between the Navajo Nation and the NMDOT regarding easement issues and Navajo employment preference continue to be worked out. NMDOT has programmed \$125 million toward the design and construction of this section and another \$6 million has been expended for engineering and replacement of two bridges.

In the 2006 legislative session, an executive initiative, GRIP II, was submitted and failed to pass. A similar bill is expected this year. GRIP II is designed to use severance tax bonds for projects submitted by counties, municipalities, and tribal governments. NMDOT has assisted these entities in evaluating, developing projected costs, and prioritizing these projects. The total requests exceeded \$3 billion. GRIP II enlarges the scope of responsibility of the department and dilutes the resources needed to address the department's mission of constructing and maintaining state-designated roads. The department's expansion request includes 4 FTE to facilitate the coordination of GRIP II. With the current financial constraints impacting project planning and implementation, the department is hard-pressed within its limited resources to maintain existing roads for which it is responsible, as evidenced by the decline in the number of improved pavement surface lane miles for FY05, and construction projects being awarded in accord and with the GRIP and STIP schedules. As maintenance and construction costs continue to escalate and state and federal revenues decline, the department can ill afford at this time to expand its scope of responsibility and use resources that would be better used on the state road system.

Maintenance costs for FY06 also accelerated dramatically. In addition to rising oil and material costs other major factors contributing to these high costs are the remote areas and the cost of mobilization of materials and equipment. The total number of lane miles within the NMDOT system has increased by 10 percent since FY97 as has the average number of miles maintained per FTE. Additionally, the GRIP program is increasing the number of lane miles required to be maintained as two-lane highways are converted to four-lane roads. This increase impacts the ability of the department to maintain the roads with existing staff.

The state has 256 bridges considered structurally deficient. This is a decrease from the FY05 level of 277. Funding levels for bridge maintenance are at an all-time high, with many bridges scheduled for replacement within various STIP and GRIP projects. Bridge replacement costs have risen from an FY04/05 cost of \$75 per square foot to FY06 estimates of \$110 per square foot. These increases are a direct result of rising steel, concrete, and energy pricing.

GRIP legislation provided for reconstruction and improvement of the Interstate 25 (I25) corridor from Belen to Santa Fe to accommodate public transportation elements, including commuter rail. NMDOT has earmarked \$318 million of GRIP funds and another \$75 million of federal monies for the completion of the commuter rail project. The federal funds are contingent on acceptance of the department's alternative analysis by the federal government. The Legislature in 2006 made the department's appropriation for contractual services contingent upon total costs for commuter rail not exceeding these levels.

NMDOT and the Middle Rio Grande Council of Governments (MRCOG) are finalizing a commuter rail operational budget that will outline both operational revenues and expenses for the next three to five years. This projection will also include forecasts of capital needs. These budget projections are critical because expected operational losses will need to be offset by other revenue sources. Current operational revenues are derived from a three-year federal grant. Preliminary analysis indicates that to some extent, these revenues may come from the state road fund. This would overload a funding stream that is currently hard-pressed to meet the needs of the state highway system.

Ridership in the Park and Ride program has more than doubled on the Albuquerque to Santa Fe route due to the sharp rise in gasoline prices. In FY06 the department opened new routes between Santa Fe and Las Vegas and between White Sands Missile Range and Las Cruces. The Espanola routes continue to experience issues with the number of riders, which have resulted in reviews of service.

BASE EXPANSION:

The rail and transit bureau, within the Programs and Infrastructure Program, proposes to add 1 permanent FTE (\$51 thousand) to the rail section and 4 term FTE (\$237.6 thousand) in the transit section. The LFC does not recommend the FTE within the rail section and only 3 term FTE (\$180.3) within the transit section because sufficient vacancies exist within the department to accommodate this activity. An additional 5 term FTE are requested within the Traffic Safety Program (\$265.5 thousand) to handle increased activities. Four of these FTE would be funded under SAFETEA-LU through FY09. LFC recommends approval of these 4 FTE (\$212.4). Within the planning section, 13 term FTE (\$920.1 thousand) were requested to coordinate and provide support in the management of STIP. LFC recommends 9 term FTE (\$610.9 thousand).

Within the Transportation and Operations Program the department proposes to add 6 permanent FTE (\$1.3 million) within the Intelligent Transportation Systems (ITS). The department is seeking to aggressively implement the ITS capabilities of the state. LFC concurs with this request.

The Transportation and Operations Program requested adding 55 permanent FTE to the state road maintenance program to accommodate the addition of 2,300 additional lane miles throughout the state. These positions would be placed in maintenance patrols throughout New Mexico. NMDOT indicates that existing staff is insufficient to maintain these additional lane miles and that significant costs would be associated with the reconstruction and rehabilitation of these roadways. LFC concurs with this request.

The department requested \$900 thousand for the highway maintainers' benchmark project. This project is designed to allow employee movement through the pay band based on increasing competencies and demonstrated skills. LFC does not concur with this request absent recommendations and approval by the State Personnel Office.

RECOMMENDED LANGUAGE:

The LFC recommends the following language for the Programs and Infrastructure Program that pertains to the appropriation for the "100 percent state" road construction program:

The other state funds appropriations to the programs and infrastructure program of the department of transportation include thirteen million five hundred fifty-nine thousand nine hundred dollars (\$13,559,900) for a state-funded construction program.

The LFC recommends the following language for the programs and infrastructure program to establish limitations on commuter rail expenditures:

The other state funds appropriation to the department of transportation in contractual services in all programs is contingent on the department's submittal of a budget for all commuter rail activities to the legislative finance committee for approval and upon the total expenditure for commuter rail between Belen and Santa Fe not exceeding three hundred eighteen million thirty-eight thousand dollars (\$318,038,000) in governor Richardson's investment partnership funding and seventy-five million (\$75,000,000) in statewide transportation improvement program funding.

**BASE EXPANSION LISTING
FY08 - 2007-2008**

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	1 perm FTE for rail section	(Infrastruc)	51.0	0.0
01	13 term FTE for infrastructure division	(Infrastruc)	920.1	610.9
01	4 term FTE for transit section	(Infrastruc)	237.6	180.3
01	5 term FTE for planning program	(Infrastruc)	245.3	147.0
01	5 term FTE for traffic safety program	(Infrastruc)	265.5	212.4
01	55 perm FTE for highway maintenance	(Trans ops)	2,002.3	2,002.3
01	6 perm FTE for intelligent trans sys	(Trans ops)	1,300.0	1,300.0
<u>01</u>	<u>Salary benchmarking project for maint staff</u>	<u>(Trans ops)</u>	<u>900.0</u>	<u>0.0</u>
TOTAL			5,921.8	4,452.9

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)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	0.0	900.0	0.0	0.0	-100.0
Federal Revenues	312,192.5	381,581.8	347,478.7	347,478.7	-8.9
Other Revenues	150,620.0	138,520.1	133,666.6	144,667.5	4.4
Fund Balance	46,741.6	0.0	0.0	0.0	***
SOURCES TOTAL	509,554.1	521,001.9	481,145.3	492,146.2	-5.5
USES					
Personal Services and Employee Benefits	23,090.4	23,085.4	26,766.7	26,189.7	13.4
Contractual Services	253,821.8	319,671.1	284,136.6	296,260.2	-7.3
Other	179,149.8	178,245.4	170,242.0	169,696.3	-4.8
TOTAL USES	456,062.0	521,001.9	481,145.3	492,146.2	-5.5
FTE					
Permanent	388.0	389.0	404.0	407.0	4.6
Term	12.0	12.0	47.0	36.0	200.0
Temporary	1.0	1.0	2.0	2.0	100.0
TOTAL FTE POSITIONS	401.0	402.0	453.0	445.0	10.7

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Quality	Ride quality index for new construction	4.3	4.1	>=4.3	>=4.3	>=4.3
* Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	2.64	1.85	2.4	*	*
Output	Number of airport improvement projects around the state	50	*	*	*	*
Outcome	Fiscal-year total dollar amount of airport projects completed, in millions	\$27	*	*	*	*
Outcome	Five-year aviation capital improvement funding compared with needs	32%	*	*	*	*
* Output	Annual rural public transportation ridership	654,000	*	700,000	700,000	700,000
Output	Number of welfare-to-work transportation ridership	196,000	*	*	*	*
* Output	Revenue dollars per passenger on park and ride	*	\$2.51	\$1.60	\$2.00	\$2.25
* Explanatory	Annual number of riders on park and ride	*	289,984	200,000	220,000	275,000
* Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo	*	*	85%	*	*
* Outcome	Number of combined system-wide miles in deficient condition	2,612	*	<=2,500	*	*
Outcome	Percent of runway miles rated good per federal aviation administration standards in public use airports				60%	60%
Output	Annual number of commuter rail riders between Belen and Bernalillo	N/A	N/A	250,000	300,000	300,000
Output	Number of established safety corridors in high crash locations	8		*	*	*
* Quality	Percent of final cost-over-bid amount	6.2%	3.25%	4.0%	<=4%	<=4%
* Explanatory	Percent of programmed projects released to bid according to schedule	*	*	85%	85%	85%
Explanatory	Time in calendar days between the date of physical completion of a project and the date of final payment notification	309	*	*	*	*
* Outcome	Percent of front-occupant seat belt use by the public	89.2%	89.5%	92%	91%	91%
Outcome	Number of head-on crashes per one hundred million vehicle miles traveled	2.64	*	*	*	*
Output	Number of nonalcohol-related traffic fatalities per one hundred million vehicle miles traveled	.93	*	1.12	1.12	1.12
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled	N/A	*	*	.88	.88

TRANSPORTATION AND HIGHWAY OPERATIONS

The purpose of the transportation and highway operations program is to maintain and provide improvements to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system.

BUDGET SUMMARY
(dollars in thousands)

		FY08 - 2007-2008				
		FY06	FY07	Agency	LFC	Percent
		2005-2006	2006-2007	Request		Incr
		<u>Actuals</u>	<u>Budgeted</u>		<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Federal Revenues	9,756.0	10,401.1	9,017.7	9,017.7	-13.3
	Other Revenues	228,081.8	220,455.5	237,409.0	231,704.8	5.1
	Fund Balance	70,780.1	0.0	0.0	0.0	***
	SOURCES TOTAL	308,617.9	230,856.6	246,426.7	240,722.5	4.3
USES						
	Personal Services and Employee Benefits	87,268.6	87,586.3	92,706.1	90,710.9	3.6
	Contractual Services	49,040.3	50,671.8	51,620.3	51,620.3	1.9
	Other	84,970.6	92,598.5	102,100.3	98,391.3	6.3
	TOTAL USES	221,279.5	230,856.6	246,426.7	240,722.5	4.3
FTE						
	Permanent	1,921.0	1,924.0	1,976.0	1,972.0	2.5
	Term	5.0	6.0	6.0	10.0	66.7
	Temporary	48.2	43.7	42.7	42.7	-2.3
	TOTAL FTE POSITIONS	1,974.2	1,973.7	2,024.7	2,024.7	2.6

PERFORMANCE MEASURES

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Number of statewide improved-pavement surface miles	3,700	4,624	5,000	3,300	4,500
* Efficiency	Maintenance expenditures per lane mile of combined system-wide miles	\$6,888	\$7,868	\$5,250	\$3,500	\$3,500
* Outcome	Number of non-interstate miles rated good	7,282	*	8,225	*	*
* Outcome	Number of interstate miles rated good	938	*	1,190	*	*
* Quality	Customer satisfaction levels at rest areas	88%	91%	88%	90%	90%
* Outcome	Number of combined system-wide miles in deficient condition	2,612	1850	<=2,500	*	*

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 construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

			FY08 - 2007-2008			
			FY06	FY07		
			2005-2006	2006-2007		
			<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	
					<u>LFC Recommendation</u>	
					<u>Percent Incr (Decr)</u>	
SOURCES						
	Federal Revenues	3,252.0	945.7	1,633.0	1,633.0	72.7
	Other Revenues	51,641.2	54,538.8	55,056.3	49,759.6	-8.8
	Fund Balance	16,025.7	0.0	0.0	0.0	***
	SOURCES TOTAL	70,918.9	55,484.5	56,689.3	51,392.6	-7.4
USES						
	Personal Services and Employee Benefits	23,697.3	25,651.8	26,446.4	26,446.4	3.1
	Contractual Services	2,887.4	2,779.7	2,557.1	2,557.1	-8.0
	Other	17,214.5	17,266.0	17,898.8	17,389.1	0.7
	Other Financing Uses	0.0	9,787.0	9,787.0	5,000.0	-48.9
	TOTAL USES	43,799.2	55,484.5	56,689.3	51,392.6	-7.4
FTE						
	Permanent	289.0	287.0	282.0	282.0	-1.7
	Term	8.0	9.0	1.0	1.0	-88.9
	Temporary	1.3	1.8	1.8	1.8	0.0
	TOTAL FTE POSITIONS	298.3	297.8	284.8	284.8	-4.4

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Quality	Number of external audit findings	*	*	*	<=4	<=4
Quality	Percent of prior-year audit findings resolved	*	*	100%	100%	100%
Outcome	Number of workers' compensation claims	*	*	*	*	*
Efficiency	Percent of payments made in less than thirty days	99%	*	*	99%	99%
* Outcome	Percent of vacancy rate in all programs	11.6%	10.4%	8.5%	10%	10%
Output	Number of worker days lost due to accidents				127	127

STATUTORY AUTHORITY:

Article XII, Section I, of the New Mexico Constitution states 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 of the state statutes.

Passage of an amendment to Article 12, Section 6, 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:

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)					
		FY08 - 2007-2008			
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	11,761.7	12,625.0	19,995.1	13,765.7	9.0
Other Transfers	2,773.1	0.0	0.0	0.0	***
Federal Revenues	16,942.8	19,522.0	20,724.0	20,130.1	3.1
Other Revenues	1,014.8	748.5	883.4	1,083.4	44.7
SOURCES TOTAL	32,492.4	32,895.5	41,602.5	34,979.2	6.3
USES					
Personal Services and Employee Benefits	16,612.0	18,149.3	23,139.0	19,840.0	9.3
Contractual Services	12,088.1	10,910.2	12,879.0	10,902.8	-0.1
Other	3,290.6	3,836.0	5,584.5	4,236.4	10.4
Other Financing Uses	116.9	0.0	0.0	0.0	***
TOTAL USES	32,107.6	32,895.5	41,602.5	34,979.2	6.3
FTE					
Permanent	197.2	205.2	250.2	205.2	0.0
Term	98.0	100.0	105.0	102.0	2.0
Temporary	2.6	5.6	4.6	4.6	-17.9
TOTAL FTE POSITIONS	297.8	310.8	359.8	311.8	0.3

BUDGET ISSUES:

The majority of the agency's requested increase in base funding, \$2.3 million of \$2.9 million is from the general fund and primarily for increased expenditures in personal services and employee benefits (PS&EB). The department assumed a 5 percent vacancy factor to its general fund portion of the PS&EB request but not to the other state funds or federal funds portion. The base request also includes 5 FTE for the Charter School Division created by Laws 2006, Chapter 94, and 3 FTE for the Math Bureau created by Laws 2006, Chapter 109.

The agency request included \$820.3 thousand in other state funds received from educator certification fees but did not include revenue projected to be received from the 2 percent administrative fee for overseeing charter schools. Public Education Commission (PEC) authority over charter schools begins in FY08 and the exact number of schools choosing this option is unclear. The FY08 general fund recommendation includes a credit of \$200 thousand in charter school administrative fees to be used for the operation of the charter school division.

The department continues to struggle with a high vacancy rate, currently 15 percent. To attract qualified staff the department has adopted an internal policy of hiring new employees at the mid-point of a pay band. In some cases this may be necessary; however, the blanket policy for all positions, particularly those not in high-demand or critical to the agency mission, is causing an FY07 budget shortfall requiring the department to hold too many positions vacant, forcing a compaction of salaries, and increasing morale difficulties. The department has submitted a \$2.2 million supplemental funding request to address this issue, yet has not taken steps to prioritize department needs and live within existing appropriations. The LFC recommendation adopts

the agency request of a 5 percent vacancy rate to allow the department to begin reclassifying and funding long-term vacant positions. Of note, in addition to the cabinet secretary, the department's executive structure includes two deputy secretaries and eight assistant secretaries at a total PS&EB cost of approximately \$1.1 million.

The agency request and the Table of Organizational Listing (TOOL) differ on a number of positions and salaries. A portion of these differences are related to salary adjustments while others are a function of inaccurate reporting from the statewide human resources and financial management system called SHARE. The committee recommendation includes a technical reduction of \$302.9 thousand for differences resulting from the application of LFC guidelines regarding vacant positions. The State Personnel Office reports nine unauthorized positions are currently filled within the department and not funded in the recommendation. These personnel actions dilute salary and benefits appropriations and the department should fill authorized positions instead.

For FY08, the department has submitted almost entirely new performance measures, this after a complete overhaul in FY07. The result is a lack of continuity of data and an inability to track agency performance over time. For FY08, with the assistance of LFC, the Department of Finance and Administration (DFA) and the Office of Educational Accountability (OEA), new measures relating more specifically to agency operations (e.g. teacher dossier training, completion of the data warehouse, audit finding resolution, and meeting customer service standards) have been developed and aligned with department goals and objectives and its strategic plan.

LFC requests the department in the future consider the development of individual programs relating to finance, licensure, accountability, and curricular support. With two deputy secretaries and eight assistant secretaries this could reasonably be accomplished and would allow for more accountability within the department.

In FY07, the department implemented the National Center for Education Statistics (NCES) chart of accounts. Districts have complained about the implementation timeframe and an increase in associated costs, yet the department has remained steadfast in its implementation schedule and all districts are currently implementing the program. When fully integrated with the data warehouse, the department will have the capability of tracking students from the time they enter kindergarten. This is an important component because the U.S. Department of Education has begun to allow states to monitor the gains of individual students as opposed to the performance of different cohorts of students in determining annual yearly progress, giving the department options in measuring student achievement. The implementation of the data warehouse is well underway and training of district personnel is in progress, however it is not clear who is being trained. Quality data input is the key to the effectiveness of the data warehouse and the department should focus on specific training for data entry employees at the districts. Initial estimates of \$20 million for the project are holding and the department requests \$6.8 million for FY08 to continue implementation.

The department continues to be substantially late in submitting its annual audit with the FY05 audit submitted to the State Auditor on August 31, 2006. A number of audit findings dating to FY03 and FY04 continue, although some progress is being made toward resolution. These generally relate to the reliability of accounting systems, inaccuracies in data entry, reversions, and information technology security. Of concern is an FY05 finding noting the department does not audit student counts. This is important because formula funding is dependent on accurate student counts. A number of material weaknesses are noted in the audit of major federal awards: the lack of reconciliation of grant balances, lack of procedures in place to formally track federal funds, and inadequate procedures to accurately identify federal awards and track federal expenditures. Although significant, the auditor notes the department is making considerable progress in addressing these issues.

Additional discussion of specific program issues (e.g. auditing of district supplied data, school improvement framework, new teacher induction, and results of increased investment) is included in the public school support budget recommendation.

BASE EXPANSION:

The department requested 46 permanent FTE and 3 term FTE for program expansion at a cost of \$3.4 million. These include nine financial and budget positions, the conversion from term to permanent of four information technology positions assigned to the STARS project, 17 education administrator positions, a number of manager and administrative support positions, and one ethics investigator. In addition, the department requested an additional \$2.4 million for other operating costs to include vehicle replacement, conversion of the three-tier evaluation system to general fund support, professional development, public relations, and funding to reclassify financial specialist positions in the Administrative Support Division. The committee recommends one investigator for the educator ethics bureau.

PUBLIC EDUCATION DEPARTMENT

924

RECOMMENDED LANGUAGE:

The general fund appropriation to the public education department for the Family and Youth Resource Act shall fund family and youth services pursuant to the Family and Youth Resources Act.

BASE EXPANSION LISTING FY08 - 2007-2008

Agency Rank		(Division)	Agency Request	LFC Recom- mendation
01	Budget Analyst (2 FTE)	(ASDBudget)	126.2	0.0
02	Financial Coordinator (1 FTE)	(ASDCapital)	57.9	0.0
03	Financial Coordinator (2 FTE)	(ASD Audit)	140.0	0.0
04	Exec. Sec. & Admin. Asst. (1 FTE)	(ASD)	48.8	0.0
05	Exec. Sec. & Admin. Asst. (1 FTE)	(ASD)	48.8	0.0
05	Lawyer (1 FTE)	(ASD)	86.1	0.0
05	Purchasing Agent (1 FTE)	(ASD)	62.7	0.0
06	Financial Coordinator (3 FTE)	(Budget)	203.0	0.0
07	Financial Coordinator (2 FTE)	(Capital)	126.1	0.0
08	Business Ops Specialist (1 FTE)	(STARS)	53.2	0.0
08	IT Application Developer (1 FTE)	(STARS)	86.8	0.0
08	IT Database Administrator (1 FTE)	(STARS)	84.4	0.0
08	IT Project Manager (1 FTE)	(STARS)	106.6	0.0
08	Shift STARS Operating Cost to General Fund	(STARS)	1,500.0	0.0
09	Office & Administrative Support (1 FTE)	(Licensure)	44.8	0.0
10	Bureau Chief (1 FTE)	(Charter)	112.8	0.0
10	Education Administrator (3 FTE)	(Charter)	254.6	0.0
10	Office & Administrative Support (1 FTE)	(Charter)	47.0	0.0
11	Education Administrator (2 FTE)	(Redesign)	156.4	0.0
11	Exec. Sec. & Admin. Asst. (1 FTE)	(Redesign)	46.3	0.0
12	General Manager (1 FTE)	(Family Sup)	103.0	0.0
13	Admin Ops Manager (1 FTE)	(Family Sup)	75.4	0.0
14	Obesity Prevention Coordinator (1FTE)	(Family Sup)	59.7	0.0
15	Education Administrator (2 FTE)	(Trans)	155.6	0.0
16	Executive Secretary Admin (1 FTE)	(Trans)	48.8	0.0
17	Investigator - Educator Ethics (1 FTE)	(Licensure)	63.1	63.1
18	Paralegal & Legal Assistant (1 FTE)	(Counsel)	53.6	0.0
19	Education Administrator (1 FTE)	(Rural Ed)	83.9	0.0
20	Agency vehicle usage costs	(ASD)	184.0	0.0
21	Operation Research Analyst (1 FTE)	(Assessment)	63.1	0.0
22	Education Administrator (3 FTE)	(Assessment)	230.8	0.0
23	Exec. Sec. & Admin. Asst. (1 FTE)	(Assessment)	48.8	0.0
24	Business Operations Specialist (1 FTE)	(Indian Ed)	58.1	0.0
24	Education Administrator (2 FTE)	(Indian Ed)	160.7	0.0
25	Education Administrator (1 FTE)	(Bilingual)	76.9	0.0
26	Health Educator (1 FTE)	(Nutrition)	59.9	0.0
26	Office & Administrative Support (1 FTE)	(Nutrition)	40.0	0.0
27	Three-Tier Licensure Evaluation	(Licensure)	400.0	0.0
28	Education Administrator (1 FTE)	(Dep Sec)	90.2	0.0
29	Agency Professional Development	(Secretary)	150.0	0.0
30	Public Relations	(Secretary)	50.0	0.0
31	Office & Administrative Support (1 FTE)	(Humanities)	44.8	0.0
32	<u>Reclassify ASD Financial Specialists</u>	<u>(ASD)</u>	<u>71.3</u>	<u>0.0</u>
TOTAL			5,764.2	63.1

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department is to provide a public education to all students. The secretary of 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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of No Child Left Behind Act yearly progress designations accurately reported by August 1			100%	100%	100%
* Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers		84%		87%	95%
* Outcome	Percent of compliance with the agreed-upon audit schedule for the public education department internal audit section			100%	95%	100%
Outcome	Percent change from the preliminary unit value to the final unit value			2%	2%	2%
Outcome	Percent of criterion reference tests required by No Child Left Behind Act and New Mexico state statute developed and ready for distribution to school districts	100%	100%			
Outcome	Percent of bureaus meeting the public education department's customer service standards				60%	60%
* Outcome	Percent completion of the data warehouse project			50%	75%	75%
Outcome	Percent of current fiscal year appropriations that require a request for proposal or grant application sent to school districts by September 30			100%	60%	60%
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended			90%	90%	90%
Outcome	Average processing time for school district budget adjustment requests, in days			7	15	7
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposals or grant applications			100%	80%	90%
* Outcome	Percent of prior-fiscal-year audit findings resolved and not repeated	20%	41%	100%	65%	100%
Outcome	Percent of education reform initiatives funded in fiscal year 2005 completed on time and within budget	71%	40%			
Outcome	Percent of customers interacting with the public education department who report satisfaction with their telephone communications with the department	82%	80.95%	100%	90%	90%
Outcome	Percent of completion of fiscal corrective action plan			100%		
Explanatory	Number of teachers moving from level 2 to level 3					

STATUTORY AUTHORITY:

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of a Regional Education Cooperative (REC) 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, administration of federal programs, and additional services as may be determined to be appropriate by the Regional Education Coordinating Council.

BUDGET ISSUES:

The Public Education Department (PED) is authorized to approve the existence and operation on an REC. Regional education cooperatives 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.

The Regional Education Cooperatives do not receive direct general fund appropriations. They derive operating revenue from school districts as federal-flow through funds and state general fund for ancillary-related services. The REC have complained that changes in the way they are reimbursed for services provided from federal funds is causing some cash-flow issues to occur, resulting in some late payments to vendors. In FY07, PED received a \$750 thousand special appropriation to provide cash-flow assistance to the REC when needed. Funds that flow to the REC for this purpose shall be returned to PED by the end of the fiscal year for use in subsequent years. For FY08 the REC continue to complain about this issue and indicate they will request \$2.7 million in recurring base funding for core operating functions, although a formal request has not been received by LFC.

LFC is currently conducting a performance audit of the REC, scheduled to be complete prior to the beginning of the 2007 legislative session. Recommendations regarding funding issues will be included in the final audit report.

REGIONAL EDUCATIONAL COOPERATIVES

Cooperative	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative #3 (Raton)	\$3,357.5	\$2,854.8	\$6,212.3
Northeast Regional Education Cooperative #4 (Las Vegas)	\$0.0	\$2,415.4	\$2,415.4
Central Regional Education Cooperative #5 (Albuquerque)	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$335.7	\$1,700.0	\$2,035.7
Lea Regional Education Cooperative #7 (Hobbs)	\$0.0	\$3,900.0	\$3,900.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative #9 (Ruidoso)	\$4,000.0	\$4,800.0	\$8,800.0
Southwest Regional Cooperative #10 (T or C)	\$300.0	\$4,500.0	\$4,800.0
TOTAL	\$11,314.7	\$25,135.0	\$36,449.7

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 assistance and oversight in administering the grant assistance, 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 Education Study Committee, the director of the Legislative Finance Committee, and the director of the Legislative Council Service.

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 and to involve active community participation in the education process and to assist policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	5,853.7	2,573.2	***
Other Revenues	5,673.1	5,853.7	0.0	3,271.5	-44.1
SOURCES TOTAL	5,673.1	5,853.7	5,853.7	5,844.7	-0.2
USES					
Personal Services and Employee Benefits	3,472.4	4,103.2	4,103.2	3,957.2	-3.6
Contractual Services	346.6	255.0	255.0	255.0	0.0
Other	1,854.1	1,495.5	1,495.5	1,632.5	9.2
TOTAL USES	5,673.1	5,853.7	5,853.7	5,844.7	-0.2
FTE					
Permanent	55.0	55.0	55.0	55.0	0.0
TOTAL FTE POSITIONS	55.0	55.0	55.0	55.0	0.0

BUDGET ISSUES:

Since its creation, PSFA has funded both its core and field oversight operations from balances in the public school capital outlay fund, which derives its revenue from supplemental severance tax bond proceeds. Section 22-24-4 NMSA 1978 provides that field management expenses are limited to an amount not to exceed 5 percent of the three-year average annual grant assistance. The agency generally maintains its expenses at approximately 2 percent.

The LFC director requested an Attorney General's opinion regarding the legality of using bond proceeds for operations. In addition, the volatility of available bond revenue might jeopardize agency operations in the future (e.g., if oil and gas revenue collapse). Although all activities of the agency can be considered part of the construction process, the agency has identified a portion of its operation as "core" duties and responsibilities. Core duties and responsibilities are those required to meet minimum statutory requirements and could be considered administrative in nature. These duties would continue in the event capital funding for school construction is significantly reduced or eliminated. The field operation portion of the agency is deeply involved in the planning, design, development, maintenance, and construction of school projects and properly funded from the public school capital outlay fund.

For FY08 the agency requested \$5.9 million from the general fund to cover all operational costs. This is a flat budget request over FY07 historically funded entirely from the public school capital outlay fund. An analysis by LFC and the agency of core duties and responsibilities indicate these operations make up approximately 40 percent of agency responsibilities and include additional funding for maintaining the construction information management system, the facility information management system, and other information technology systems.

As a result of additional positions authorized by the Legislature for FY07, the agency currently maintains a 7.3 percent vacancy rate, high compared to historic rates of 3 percent. The committee recommendation reflects a 1 percent vacancy rate, technical adjustments in personal services and employee benefits, and recognizing the need to eliminate funding of operational costs from bond proceeds, funds PSFA's core operations from the general fund.

As the PSFA mission evolves and the standards-based award process grows, some concerns have arisen with regard to construction oversight and the statewide adequacy standards. A number of superintendents have raised the issue of PSFA oversight and its impact on school projects. The issues include standards that are overly prescriptive and detailed, district match provisions that circumvent the districts' control over how to expend locally generated tax dollars, and recognizing growth after the fact. Concerns raised with regard to specific portions of the adequacy standards include inequities based on school size and the lack of flexibility regarding athletic fields, career pathways, performing arts centers, auxiliary gyms, and maximum allowable square footage for some academic space. The Public School Capital Outlay Oversight Task Force has heard testimony on these issues and is considering them as part of their 2006 interim work plan.

Still in its infancy, the agency has made great strides in developing and implementing a successful oversight, guidance, and assistance program. Deficiencies correction work, the original charge of the agency, is expected to be complete by the end of FY07. This program has been a great success, addressing life, health, and safety issues statewide at no additional cost to districts. In addition, the agency is successfully implementing construction oversight for more than \$1 billion in projects authorized by the council and continues to oversee facilities master planning efforts that will allow districts to better maintain their facilities.

PUBLIC SCHOOL FACILITIES OVERSIGHT

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts to ensure correct and prudent planning, building and maintenance using state funds and to ensure adequacy of all facilities in accordance with public education department approved educational programs.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of total submitted school construction plans reviewed and acted upon		95%	85%	85%	90%
Outcome	Percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors		99%	85%	100%	100%
Outcome	Percent of projects meeting all contingencies completed within the specified period of awards		100%	75%	75%	85%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council		16	45	20	20
Outcome	Average processing time of final action on plans submitted		16 days		16 days	16 days
* Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year					

STATUTORY AUTHORITY:

Laws 2005, Chapter 289, abolished the Commission on Higher Education and created a cabinet-level agency, the Higher Education Department (HED). An advisory board was also created. The new agency has similar functions as the previous commission as well as additional responsibilities.

Pursuant to 21-1-26 NMSA 1978, the 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.

In addition, the department is directed to 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)					
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	FY08 - 2007-2008		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	38,707.0	40,824.7	41,881.1	51,951.3	27.3
Other Transfers	32,210.7	38,170.6	39,304.6	39,020.6	2.2
Federal Revenues	6,241.9	4,997.9	4,997.9	4,997.9	0.0
Other Revenues	300.0	134.5	130.0	130.0	-3.3
Fund Balance	956.6	420.2	256.0	256.0	-39.1
SOURCES TOTAL	78,416.2	84,547.9	86,569.6	96,355.8	14.0
USES					
Personal Services and Employee Benefits	2,315.9	2,720.7	3,149.8	2,801.5	3.0
Contractual Services	462.0	466.0	447.0	615.6	32.1
Other	59,735.9	64,592.7	65,826.5	65,568.0	1.5
Other Financing Uses	14,549.1	16,768.5	17,146.3	27,370.7	63.2
TOTAL USES	77,062.9	84,547.9	86,569.6	96,355.8	14.0
FTE					
Permanent	28.0	28.5	32.5	28.5	0.0
Term	1.5	5.5	5.5	5.5	0.0
TOTAL FTE POSITIONS	29.5	34.0	38.0	34.0	0.0

BUDGET ISSUES:

The committee recommendation is \$96.4 million of total sources and uses, up 14 percent compared with FY07. This general fund increase is driven by several components including: 1) a three-quarter percent increase, or \$6.0 million, in the employer contribution to the educational retirement fund to be transferred in fiscal year 2008 to the educational retirement board to provide for the 2009 cost of the employer share of contribution increases for higher education employees; 2) \$2 million to the higher education performance fund for performance awards for institutions meeting or exceeding performance targets; 3) \$1.5 million to the program development enhancement fund for start-up funds for new academic programs; 4) \$1.5 million for transfer to the New Mexico Institute of Mining and Technology board of regents serving as fiscal agent for the technology research collaborative; 5) \$500 thousand for a nursing faculty and staff compensation supplement and 6) \$200 thousand for NM MESA. Other flow-through of general fund appropriations to public, postsecondary institutions is basically maintained, adjusted for two technical corrections that redirect funding to specific higher education institutions, rather than through the department.

With regard to the Policy Development and Institutional Financial Oversight Program, the total general fund recommendation for the agency's regular operating budget (not including flow-through funds to institutions) is \$2.5 million, an increase of about \$100 thousand over FY07. Total personal services and employee benefits represents \$2.8 million (all funds) of the total agency operating budget for HED employees. The LFC recommendation fully funds base positions requested by HED; HED had not reconciled FTE with the State Personnel Office Table of Organizational Listing (TOOL) and the General Appropriation Act authorized FTE with its organizational chart. Because of ongoing concerns about capacity building for the relatively new cabinet agency as well as recent efforts by the department to fully staff the agency, and fill vacant positions, the only vacancy savings in the recommendation is about \$40 thousand for the capital outlay position, vacant for over a year. The HED role in staffing the Educational Trust Board is not transparent in the agency's budget request.

With respect to programs administered by HED, the size of flow-through funding continues to grow every year and is generally maintained in the committee recommendation. The recommendation maintains the following general fund appropriations in FY08:

- \$5.9 million for adult basic education programs throughout the state and generally delivered by community colleges;
- \$3.5 million for the program development enhancement fund, to provide supplemental funding for nursing programs;
- \$1.86 million for special projects expansion (as relates to SB 190 from 2005 legislative session);
- \$600 thousand appropriation for high skills training at community colleges;
- \$500 thousand for dental hygiene initiatives; and
- \$300 thousand for ENLACE (as well as special projects expansion lump sum funding noted above which includes ENLACE).

Over \$800 thousand for the small business development program included in the HED flow-through funding in FY07 for the Small Business Development Center will be included in the LFC recommendation in FY08 but is shown in the Santa Fe Community College Small Business Development Center (SBDC) recommendation which provides funding for all of the state's SBDCs. As well, the dental residencies appropriation of \$100 thousand included in the FY07 HED operating budget but used by the University of New Mexico Health Sciences Center (UNM HSC) is shown in the LFC recommendation for UNM HSC in FY08.

The lump sum funding for special projects expansion addressed the legislative intent for Senate Bill 190 funding from the 2005 session to be included in the budget as recurring. However, the lump sum funding throughout the higher education budget poses significant challenges for transparency and accountability and provides funding for special projects that, in some cases, are either nonrecurring or should be phased out as formula funding becomes available.

The committee recommendation fully funds the department's September 1st 2006 request for the Student Financial Aid Program, including continued funding for the second year of the public service law loan repayment program. HED is encouraged to locate and promote those educational institutions with loan-for-service programs offering lower tuition rates to students to increase funding impact. In addressing the increased need for dental loan-for-service, increased funding for an additional five student positions has been allocated to the dentistry loan-for-service program at Baylor University. Western Interstate Commission for Higher Education (WICHE) loan-for-service program renewals for FY08 will comprise approximately \$1.6 million in estimated continued funding. The recommended appropriation for WICHE loan for service programs exceeds the estimated use of the program by \$44.4 thousand, allowing limited potential for new applicants in FY08. New recipients in FY07 however, comprise nearly 30 percent of program participation, with continuing renewals constituting the remaining 70%.

In the 2006 legislative session, the general appropriation act appropriated \$49 million to fund need-based aid addressed within the College Affordability Act. According to statute, 50 percent of the annual return of the endowment is available for scholarship funding, with the residual reinvested to reach an intended terminal endowment value of \$250 million. The funds have been transferred for investment to the local government investment pool within the State Treasurer's Office. Funding provided through the merit-based lottery success program with its 2.5 grade point average minimum is awarded on the basis of consistent scholastic performance; however, recipients of the endowment aid must demonstrate financial need as determined by federal student aid applications and eligibility qualifications determined through HED rulemaking.

The committee recommendation funds lottery tuition scholarships from the lottery tuition scholarship fund at the estimated FY08 use of \$38.7 million. LFC/ DFA consensus lottery revenue estimates for FY08 are approximately \$35 million, necessitating fund balance expenditure of \$3.7 million. Generally flat revenue estimates and increasing expenditures indicate fund balance decreases within the program with a potential for fund insolvency in FY13.

Performance reporting for FY06 Student Financial Aid Program measures was not initially included within the department's budget request and results have subsequently been requested by the Department of Finance and Administration. A concern exists that data should be readily available and easily provided by the department in the case of longstanding and historically reported measures.

A continuing effort by HED is necessary to provide instruction to institutional financial aid administrators and potential postsecondary students in program-eligibility specifics, including regular updates to the New Mexico Administrative Code to include recent changes to eligibility criteria. A comprehensive policy manual prescribing intended administration of state financial aid programs at all institutions is necessary. Consistent administration policy for funds and program eligibility across New Mexico institutions will ensure that appropriated funds are used according to legislative intent.

BASE EXPANSION:

The recommendation does not fund any expansions requested by the department. The Legislature is prioritizing significant investments in higher education building renewal and replacement funding. The request for an infrastructure manager who would travel statewide to monitor and verify how effectively funding is used would have received greater consideration if HED had not maintained the current capital outlay position vacant for an extended period of time.

RECOMMENDED LANGUAGE:

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the policy development and institutional financial oversight program includes three million five hundred thousand dollars (\$3,500,000) for the higher education program development enhancement fund for higher education institutions to address the state's nursing shortage. In allocating these funds, the higher education department is directed to consider past performance and implementation of new and innovative programs to increase enrollment and accelerate matriculation. Further, the higher education department should annually report appropriate performance measures on outcomes across institutions and across programs designed to address the nursing shortage.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes one million five hundred thousand dollars (\$1,500,000) to the program development enhancement fund for academic program start-up at New Mexico public, postsecondary institutions.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes six million five thousand dollars (\$6,005,000) to provide a three-quarter percent increase in the employer contribution to the educational retirement fund to be transferred in fiscal year 2008 to the educational retirement board to provide for the 2009 cost of the employer share of contribution increase for higher education employees.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes two million dollars (\$2,000,000) for the higher education performance fund.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes one million five hundred thousand dollars (\$1,500,000) to transfer to the board of regents of New Mexico Institute of Mining and Technology serving as fiscal agent for the technology research collaborative.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes five hundred thousand dollars (\$500,000) to provide a supplemental compensation package for nursing faculty and staff at public, postsecondary institutions to be transferred consistent with the current higher education compensation methodology.

By September 1, 2008, the higher education department shall report time series data to the office of the governor, public education department, department of finance and administration and legislative finance committee on performance measures and targets for recruitment, enrollment, retention and graduation rates for Native American and Hispanic students. The higher education department shall provide an action plan by institution to achieve targeted results.

BASE EXPANSION LISTING
FY08 - 2007-2008

<u>Agency Rank</u>		<u>(Division)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	P-20 coordinator	(Policy Dev)	68.9	0.0
2	Workforce/economic development coordinator	(Policy Dev)	71.3	0.0
3	Infrastructure manager	(Policy Dev)	78.3	0.0
4	Senior financial coordinator	(Policy Dev)	80.4	0.0
5	<u>Behavioral health collaborative</u>	<u>(Policy Dev)</u>	<u>360.0</u>	<u>0.0</u>
TOTAL			658.9	0.0

POLICY DEVELOPMENT AND INSTITUTIONAL FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY (dollars in thousands)						
			FY08 - 2007-2008			
	FY06 2005-2006 Actuals	FY07 2006-2007 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	15,564.0	16,895.3	17,754.1	27,824.3	64.7	
Other Transfers	0.0	346.6	346.6	316.6	-8.7	
Federal Revenues	5,792.3	4,428.0	4,428.0	4,428.0	0.0	
Other Revenues	200.0	34.5	30.0	30.0	-13.0	
SOURCES TOTAL	21,556.3	21,704.4	22,558.7	32,598.9	50.2	
USES						
Personal Services and Employee Benefits	2,315.9	2,720.7	3,149.8	2,801.5	3.0	
Contractual Services	462.0	466.0	447.0	615.6	32.1	
Other	4,362.7	1,849.2	1,915.6	1,911.1	3.3	
Other Financing Uses	14,415.7	16,668.5	17,046.3	27,270.7	63.6	
TOTAL USES	21,556.3	21,704.4	22,558.7	32,598.9	50.2	
FTE						
Permanent	28.0	28.5	32.5	28.5	0.0	
Term	1.5	5.5	5.5	5.5	0.0	
TOTAL FTE POSITIONS	29.5	34.0	38.0	34.0	0.0	

PERFORMANCE MEASURES

		FY05 Actual	FY06 Actual	FY07 Budget	FY08 Request	FY08 Recomm
Output	Number of students enrolled in dual credit programs	N/A	6,100	7,575	6,500	6,500
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		32%		35%	35%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	100%	TBD	100%	*TBD	
Outcome	Percent of New Mexico public high schools participating in dual credit programs		84%		90%	90%
Outcome	Percent of New Mexico public postsecondary institutions participating in dual credit programs		100%		100%	100%
Output	Percent of New Mexico high school graduates who are first-time undergraduates who take developmental education courses		47%		40%	40%
Output	Number of recent New Mexico high school graduates who are first-time undergraduates who take developmental education courses		5,036		4,200	4,200
Outcome	Persistence rate of high school graduates who are first-time undergraduates who take developmental education courses		63%		70%	70%
Output	Number of adult basic education students who set passing the general educational development test as a goal		2,731		3,205	3,205
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed		985		1,021	1,016
Outcome	Percent of first-time freshman from New Mexico public high schools		91%		91%	91%

HIGHER EDUCATION DEPARTMENT

950

Output	Number of first-time freshman from New Mexico public high schools		12,868			13,200	13,200
Output	Number of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions		9,554			11,400	11,400
Outcome	Percent of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions		17%			20%	20%
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		125:137			125:137	125:137
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		11%			15%	15%
Outcome	Degree production in career-technical programs geared toward New Mexico's needs		4,338			4,500	4,500
Outcome	Facility condition index for public, postsecondary institutions					TBD	TBD
Output	Percent of all special projects and flow-through appropriations disbursed to institutions within thirty days of release of funds by the department of finance and administration or receipt of required institutional documentation						100%
Output	Percent of special appropriation performance reports received from institutions by the due date that are reviewed						100%
* Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	77%	TBD	90%		90%	100%
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	70	100	120		120	140
* Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	12.4%	13.0%	16%		15%	17%
Output	Percent of capital projects evaluations and audits performed to ensure institutional accountability and responsibility		TBD	60%		TBD	100%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	100%	TBD	100%		100%	100%

STUDENT FINANCIAL AID PROGRAM

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so that all New Mexicans can benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY (dollars in thousands)					
	FY06 2005-2006 <u>Actuals</u>	FY07 2006-2007 <u>Budgeted</u>	<u>FY08 - 2007-2008</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	23,143.0	23,929.4	24,127.0	24,127.0	0.8
Other Transfers	32,210.7	37,824.0	38,958.0	38,704.0	2.3
Federal Revenues	449.6	569.9	569.9	569.9	0.0
Other Revenues	100.0	100.0	100.0	100.0	0.0
Fund Balance	956.6	420.2	256.0	256.0	-39.1
SOURCES TOTAL	56,859.9	62,843.5	64,010.9	63,756.9	1.5
USES					
Other	55,373.2	62,743.5	63,910.9	63,656.9	1.5
Other Financing Uses	133.4	100.0	100.0	100.0	0.0
TOTAL USES	55,506.6	62,843.5	64,010.9	63,756.9	1.5
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of students receiving college affordability awards				625	625
* Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	1800		2,500	2,500	2500
* Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	65%	81%	75%	75%	75%
* Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	65%	74%	70%	70%	70%
* Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	78%	68%	85%	TBD	85%
* Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	58%	64%	65%	65%	65%
* Outcome	Percent of state funds for need-based aid relative to Pell grant aid		Not defined		Not defined	

STUDENT FINANCIAL AID BUDGET DETAIL
(Dollars in Thousands)

	FY06	FY07	HED FY08	LFC FY08	LFC	LFC
	Actual	Budget	Request	REC	\$ inc/dec	% inc/dec
Student Incentive Grant						
general fund	12,052.2	12,052.2	12,052.3	12,052.3	0.1	0.0%
fund balance	7.7	7.7	7.7	7.7	0.0	0.0%
general revenues	100.0	100.0	100.0	100.0	0.0	0.0%
federal funds	322.8	406.0	406.0	406.0	0.0	0.0%
total	12,482.7	12,565.9	12,566.0	12,566.0	0.1	0.0%
Nursing Student Loan †						
general fund	383.3	427.0	453.4	386.9	(40.1)	-9.4%
fund balance	93.3	26.4	0.0	0.0	(26.4)	-100.0%
total	476.6	453.4	453.4	386.9	(66.5)	-14.7%
Nurse Educators Fund †						
general fund	0.0	0.0	0.0	66.5	66.5	0.0%
total	0.0	0.0	0.0	66.5	66.5	0.0%
Medical Student Loan Prog.						
general fund	54.3	136.4	150.0	150.0	13.6	10.0%
fund balance	13.2	13.2	0.0	0.0	(13.2)	-100.0%
total	67.5	149.6	150.0	150.0	0.4	0.3%
Osteopathic Student Loan						
general fund	0.0	0.0	0.0	0.0	0.0	0.0%
fund balance	24.0	0.0	0.0	0.0	0.0	0.0%
total	24.0	0.0	0.0	0.0	0.0	0.0%
Work-Study						
general fund	5,739.6	5,739.6	5,750.0	5,750.0	10.4	0.2%
fund balance	7.2	7.2	0.0	0.0	(7.2)	-100.0%
total	5,746.8	5,746.8	5,750.0	5,750.0	3.2	0.1%
Student Choice						
general fund	1,004.7	1,004.7	1,004.7	1,004.7	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
total	1,004.7	1,004.7	1,004.7	1,004.7	0.0	0.0%
Vietnam Veterans Scholarship						
general fund	91.6	91.6	92.0	91.6	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
total	91.6	91.6	92.0	91.6	0.0	0.0%
Graduate Scholarship						
general fund	618.8	618.8	620.0	618.8	0.0	0.0%
fund balance	185.0	8.6	22.3	22.3	13.7	159.3%
total	803.8	627.4	642.3	641.1	13.7	2.2%
NM Scholars						
general fund	998.0	998.0	1,000.0	998.0	0.0	0.0%
fund balance	36.4	0.0	0.0	0.0	0.0	0.0%
total	1,034.4	998.0	1,000.0	998.0	0.0	0.0%
Minority Doctoral Assistance						
general fund	129.7	129.7	132.0	129.7	0.0	0.0%
fund balance	2.2	2.2	0.0	0.0	(2.2)	-100.0%
total	131.9	131.9	132.0	129.7	(2.2)	-1.7%
Teacher Loan-for-Service						
general fund	35.0	221.5	350.4	350.4	128.9	58.2%
fund balance	315.4	128.9	0.0	0.0	(128.9)	-100.0%
total	350.4	350.4	350.4	350.4	0.0	0.0%
Allied Health						
general fund	135.0	135.0	135.0	135.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
total	135.0	135.0	135.0	135.0	0.0	0.0%
Health Professional Loan Repayment						
general fund	416.7	416.7	416.7	416.7	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
federal funds	126.8	163.9	163.9	163.9	0.0	0.0%
total	543.5	580.6	580.6	580.6	0.0	0.0%
Legislative Endowment Fund						
other program revenues	24.0	24.0	24.0	24.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
total	24.0	24.0	24.0	24.0	0.0	0.0%
WICHE Loan-for-Service						
general fund	1,434.1	1,658.5	1,658.5	1,616.4	(42.1)	-2.5%
fund balance	272.2	226.0	226.0	226.0	0.0	0.0%
total	1,706.3	1,884.5	1,884.5	1,842.4	(42.1)	-2.2%
Lottery Scholarship						
other program revenues	32,186.7	33,036.0	38,934.0	35,074.0	2,038.0	6.2%
fund balance	0.0	4,764.0	0.0	3,606.0	(1,158.0)	-24.3%
total	32,186.7	37,800.0	38,934.0	38,680.0	880.0	2.3%
Dentistry Loan for Service						
general fund	50.0	0.0	12.0	60.0	60.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	0.0%
total	50.0	0.0	12.0	60.0	60.0	0.0%
Public Service Law Loan Repayment						
general fund	0.0	299.7	300.0	300.0	0.3	0.1%
total	0.0	299.7	300.0	300.0	0.3	0.1%
HED Add. Other Program Revenues						
GRAND TOTAL	56,859.9	62,843.5	64,010.9	63,756.9	913.4	1.5%
GF GRAND TOTAL	23,143.0	23,929.4	24,127.0	24,127.0	197.6	0.8%

Notes to Student Financial Aid Budget Detail:

† FY08 HED request for Nursing Student Loan for Service program reduced to show Nurse Educators Fund separately.

HIGHER EDUCATION FY08 RECURRING FUNDING SUMMARY*
(including compensation package)
(dollars in thousands)

FY07 Operating Budget: (a)	763,869.3	763,869.3	
	HED Req (b)	LFC staff	DIFF (LFC-HED)
Workload with Updates:	(2,424.6)	(2,424.6)	0.0
four-year net workload	3,932.1	3,932.1	0.0
two-year net workload	(6,579.8)	(6,579.8)	0.0
Taos Branch phase-in	165.1	165.1	0.0
Ruidoso Branch phase-in	105.7	105.7	0.0
tuition waiver changes	0.0	0.0	0.0
HSC base adj.	(47.7)	(47.7)	0.0
Workload/Tuition Credit Adjustments :	3,990.7	1,322.3	(2,668.4)
Enrollment Decline Offset	2,668.4	<i>see nonrecurring</i>	
Mill Levy Methodology Change	1,322.3	1,322.3	0.0
HED Revision post 11/1/06:			
Four-year Workload --- NMIMT		96.1	96.1
Revenue Tuition Credit	@ 0% 0.0	@ 0% 0.0	0.0
Formula Issues - Expansion Items:			
ERB Cost, FY08 & FY09 (Two years)	6,005.0	12,010.0	6,005.0
Inflationary Factors (c):	14,976.5	8,485.7	(6,490.8)
Group Insurance @ 23.9%	10,467.5	@ 12% 5,270.4	(5,197.1)
Utilities and other fixed costs @ 15.14%	4,509.0	@ 5% 1,655.0	(2,854.0)
Libraries		@ 10% 785.5	785.5
Risk Management Insurance		@ 10% 774.8	774.8
BR&R Expansion to NMMI at 40%	486.2	486.2	0.0
Increase BR&R w/ NMMI	@ 10% 3,090.7	@ 30% 9,835.3	6,744.6
Compensation: (d)			
faculty @ 4.25%	11,672.6	@ 4.25% 14,819.0	3,146.4
non-faculty @ 4.25%	14,262.4	@ 4.25% 20,473.4	6,211.0
compensation total	25,935.0	35,292.4	9,357.4
* Also See Nursing Compensation Package Shown Below			
Special Projects:	0.0	5,637.0	5,637.0
UNM HSC Expansion---Medical I&G/BA/MD	0.0	4,000.0	4,000.0
CNMCC Tax Help NM	0.0	342.0	342.0
Small Business Development Centers (from HED) (e)	0.0	1,020.0	1,020.0
UNM HSC Dental Residencies (from HED)	0.0	100.0	100.0
UNM Center for Regional Studies	0.0	175.0	175.0
Incentive Funds:			
Program Development Enhancement Fund for program startup	0.0 0.0	1,500.0 1,500.0	1,500.0
Techn. Research Collaborative (for Techn. Enhancement Fd.)	0.0 0.0	1,500.0 1,500.0	1,500.0
Higher Education Performance Fund (R, also see NR)		2,000.0 2,000.0	2,000.0
Faculty Endowment Fund (NR)	<i>see nonrecurring</i>	<i>see nonrecurring</i>	
NMMI Knowles Legislative Scholarship Program		140.0	140.0
Student Financial Aid:	197.6	197.6	0.0
Net Increase	197.6	197.6	0.0
Other:			
HED Policy Dev. Program	858.8	(775.4)	(1,634.2)
NM MESA	0.0	200.0	200.0
Nursing Compensation Package		500.0	500.0
Technical adjustment	0.0	(0.4)	(0.4)
Change from FY07	\$53,115.9	\$76,002.3	22,886.4
Grand Total Higher Education	\$816,985.2	\$839,871.6	22,886.4

*Tables may reflect differences due to rounding.

(a) Includes \$1.9 million appropriation from the appropriation contingency fund to Santa Fe Community College.

(b) Reflects HED requests of September 1, 2006 for HED and November 1, 2006 for higher education institutions.

(c) LFC recommendation includes UNM Health Sciences Center in inflationary factors.

(d) LFC recommendation uses revised HED compensation methodology, post 11/1/06.

(e) HED base request in policy development program for Small Business Development Center was for flat \$820 thousand.

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
UNM							
I&G	152,328.9	160,639.6	169,961.6		178,275.6	8,314.1	4.9%
Athletics	2,684.1	2,703.8	2,745.1		2,745.1	0.0	0.0%
Educational Television	1,278.7	1,292.5	1,330.4		1,330.4	0.0	0.0%
Gallup	8,459.9	8,692.6	9,098.6		9,377.8	279.2	3.1%
Nursing Expansion	34.9	35.8	35.8		35.8	0.0	0.0%
Los Alamos	2,191.9	2,326.5	2,414.0		2,220.3	-193.6	-8.0%
Valencia	4,412.7	4,521.1	4,692.1		4,819.9	127.8	2.7%
Taos	1,941.8	1,822.7	2,058.8		2,335.5	276.7	13.4%
Judicial Selection	75.8	73.9	77.1		77.1	0.0	0.0%
Judicial Education Center	93.3	161.7	163.3		163.3	0.0	0.0%
Spanish Resource Center	110.3	106.4	108.6		108.6	0.0	0.0%
Southwest Research Center	1,261.1	1,483.8	1,559.2		1,734.2	175.0	11.2%
Substance Abuse Program	154.4	150.4	154.5		154.5	0.0	0.0%
Native American Intervention	193.6	189.5	196.2		196.2	0.0	0.0%
Resource Geographic Info Sys	130.6	127.8	133.3		133.3	0.0	0.0%
Natural Heritage Program	80.1	77.6	79.7		79.7	0.0	0.0%
Southwest Indian Law Clinic	122.8	120.5	207.4		207.4	0.0	0.0%
BBER-Census & Pop. Analysis	252.0	243.0	252.7		252.7	0.0	0.0%
New Mexico Historical Review	83.5	81.5	84.3		84.3	0.0	0.0%
Ibero-American Ed. Consortium	168.2	164.9	173.9		173.9	0.0	0.0%
Youth Educ. Recreation Prog.	142.2	139.5	147.8		147.8	0.0	0.0%
Advanced Materials Research	68.0	65.4	68.1		68.1	0.0	0.0%
Mfg. Engineering Prog.	649.2	628.3	641.7		641.7	0.0	0.0%
Hispanic Student Center	124.8	121.5	127.8		127.8	0.0	0.0%
Wildlife Law Education	74.0	71.5	74.4		74.4	0.0	0.0%
Women's Career Development	22.6	22.5	23.4		23.4	0.0	0.0%
Youth Leadership Development	75.0	72.7	76.0		76.0	0.0	0.0%
Morrissey Hall Research	55.2	55.9	57.1		57.1	0.0	0.0%
Disabled Student Services	227.8	222.2	233.9		233.9	0.0	0.0%
Min. Grad Recruit & Retention	166.6	162.1	167.5		167.5	0.0	0.0%
Graduate Research Dev. Fund	90.1	86.5	86.4		86.4	0.0	0.0%
Community Based Education	422.8	413.1	843.5		843.5	0.0	0.0%
Corrine Wolfe Children's Law Center	68.2	65.5	68.4		68.4	0.0	0.0%
Mock Trials Program	23.8	22.8	82.7		82.7	0.0	0.0%
ENLACE	0.0	95.0	94.9		94.9	0.0	0.0%
Pre-college minority student math/science	0.0	171.0	170.8		170.8	0.0	0.0%
Special Projects Expansion	0.0	0.0	1,468.4		1,468.4	0.0	0.0%
Latin American Student Recruitment			247.0		247.0	0.0	0.0%
Saturday Science and Math Academy			70.0		70.0	0.0	0.0%
Utton Transboundary Resources Center			140.0		140.0	0.0	0.0%
Law College Prep Mentoring Program			125.0		125.0	0.0	0.0%
UNM Total	178,268.9	187,431.1	200,541.4		209,520.5	8,979.1	4.5%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Health Sciences Center							
Medical School I & G	45,399.9	46,797.6	50,603.2		55,413.6	4,810.4	9.5%
Cancer Center	2,692.9	2,711.6	2,828.9		2,828.9	0.0	0.0%
Office of Medical Investigator	3,310.0	3,367.7	3,526.1		3,526.1	0.0	0.0%
EMS Academy	790.1	806.9	850.1		850.1	0.0	0.0%
Children's Psychiatric Hospital	5,451.1	5,724.1	6,436.5		6,436.5	0.0	0.0%
Hemophilia Program	534.6	540.1	556.6		556.6	0.0	0.0%
Carrie Tingley Hospital	4,024.8	4,201.4	4,699.8		4,699.8	0.0	0.0%
Out-of-County Indigent	1,242.4	1,242.4	1,241.1		1,241.1	0.0	0.0%
Specialized Perinatal Care	442.3	554.3	574.1		574.1	0.0	0.0%
Newborn Intensive Care	3,106.9	3,180.9	3,356.5		3,356.5	0.0	0.0%
Pediatric Oncology	592.4	779.1	417.7		417.7	0.0	0.0%
Young Children's Health Center	254.6	269.0	417.6		417.6	0.0	0.0%
Pediatric Pulmonary Program	181.0	184.4	193.0		193.0	0.0	0.0%
Area Health Education Centers	227.1	227.6	178.2		178.2	0.0	0.0%
Grief Intervention Program	160.3	164.5	172.1		172.1	0.0	0.0%
Pediatric Dysmorphology	141.2	143.6	149.7		149.7	0.0	0.0%
Locum Tenens	460.4	498.9	653.0		653.0	0.0	0.0%
Center for Disaster Medicine	100.4	101.8	107.1		107.1	0.0	0.0%
Poison Control Center	1,431.0	1,454.4	1,077.3		1,077.3	0.0	0.0%
Fetal Alcohol Study	165.7	168.0	174.0		174.0	0.0	0.0%
Telemedicine	428.7	436.1	307.0		307.0	0.0	0.0%
Nurse Mid-wifery	377.4	377.4	393.1		393.1	0.0	0.0%
Nursing Expansion	1,418.2	1,418.2	1,490.7		1,490.7	0.0	0.0%
Lung/Tobacco-rel. Res. & Clinical	1,000.0	1,000.0	0.0		0.0	0.0	
Genomics, Biocomp, & Env. Health	1,528.9	1,552.9	126.1		126.1	0.0	0.0%
Los Pasos Program	51.0	52.0	4.9		4.9	0.0	0.0%
Trauma Specialty Education	408.2	408.2	29.8		29.8	0.0	0.0%
Pediatrics Specialty Education	408.1	408.1	29.0		29.0	0.0	0.0%
Native American Health Center	300.0	300.0	311.4		311.4	0.0	0.0%
Children's Cancer Camp	100.0	100.0	107.3		107.3	0.0	0.0%
Oncology	100.0	100.0	99.9		99.9	0.0	0.0%
Donated Dental Services	0.0	25.0	25.0		25.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	735.0		735.0	0.0	0.0%
Rural physicians residencies			299.7		299.7	0.0	0.0%
Children's Hospital			150.0		150.0	0.0	0.0%
Dental Residencies			0.0		100.0	100.0	
Health Sciences Total	76,829.7	79,296.3	82,321.7		87,232.0	4,910.4	6.0%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
NMSU							
I&G	98,016.4	103,674.0	108,498.8		112,279.5	3,780.8	3.5%
Athletics	2,951.3	2,978.3	3,409.4		3,409.4	0.0	0.0%
Rodeo			50.0		50.0	0.0	0.0%
Educational Television	1,141.5	1,159.6	1,208.6		1,208.6	0.0	0.0%
Alamogordo	5,358.8	5,579.6	5,810.9		5,950.7	139.8	2.4%
Nursing Expansion	28.4	28.9	30.1		30.1	0.0	0.0%
Carlsbad	3,317.8	3,629.0	3,614.2		3,493.8	-120.4	-3.3%
Nursing Expansion	35.7	36.0	37.4		37.4	0.0	0.0%
Dona Ana	13,160.5	14,360.2	16,293.6		17,654.6	1,361.0	8.4%
Nursing Expansion	105.3	107.4	112.4		112.4	0.0	0.0%
Grants	2,632.2	2,764.3	2,868.0		2,998.1	130.1	4.5%
Department of Agriculture	8,581.3	8,676.6	9,457.8		9,457.8	0.0	0.0%
Agricultural Experiment Station	12,753.2	13,228.4	14,028.7		14,028.7	0.0	0.0%
Cooperative Extension Service	9,725.1	10,096.0	11,012.8		11,012.8	0.0	0.0%
Water Resources Research	438.0	426.6	442.7		442.7	0.0	0.0%
Coordination of Mexico Prog.	93.7	90.7	97.1		97.1	0.0	0.0%
Indian Resources Development	383.4	371.4	379.4		379.4	0.0	0.0%
Mfg. Sector Development Program	391.7	384.0	402.6		402.6	0.0	0.0%
Waste Mgmt. Ed./Res. Cons.	512.3	497.7	512.6		512.6	0.0	0.0%
Alliance for Underrep. Students	358.3	348.1	365.1		365.1	0.0	0.0%
Campus Security	92.7	89.3	90.3		90.3	0.0	0.0%
Carlsbad Mfg. Sector Development	361.8	350.3	363.6		363.6	0.0	0.0%
Nursing Expansion	425.7	432.6	449.7		449.7	0.0	0.0%
Arrowhead Center for Business Dev.	75.0	72.0	106.9		106.9	0.0	0.0%
Viticulturist	75.0	72.0	71.9		71.9	0.0	0.0%
Family Strengthening/Parenting Classes	0.0	47.5	47.5		47.5	0.0	0.0%
Aerospace Engineering	0.0	152.0	151.8		151.8	0.0	0.0%
Math and Science Skills Disadv. Students	0.0	28.5	28.5		28.5	0.0	0.0%
Special Projects Expansion	0.0	0.0	1,530.6		1,530.6	0.0	0.0%
NM Space Consortium Grant			50.0		50.0	0.0	0.0%
Las Vegas Schools Ag Education Project			110.0		110.0	0.0	0.0%
NMSU Total	161,015.2	169,681.1	181,632.9		186,924.2	5,291.3	2.9%
NMHU							
I&G	23,423.3	23,833.1	27,202.3		27,971.5	769.2	2.8%
Athletics	1,364.1	1,375.1	1,601.5		1,601.5	0.0	0.0%
Visiting Scientist	17.9	17.5	18.1		18.1	0.0	0.0%
Upward Bound	100.8	96.8	96.7		96.7	0.0	0.0%
Advanced Placement	289.8	281.3	288.1		288.1	0.0	0.0%
Native American Rec. & Ret.	43.8	42.6	44.2		44.2	0.0	0.0%
Diverse Populations Study	215.3	210.1	218.8		218.8	0.0	0.0%
Spanish Program	300.0	288.0	287.7		287.7	0.0	0.0%
Special Projects Expansion	0.0	0.0	575.9		575.9	0.0	0.0%
Spanish/English Immersion Program			199.8		199.8	0.0	0.0%
Forest and watershed institute			249.7		249.7	0.0	0.0%
Bilingual Education Materials			60.0		60.0	0.0	0.0%
NMHU Total	25,755.0	26,144.6	30,842.8		31,612.0	769.2	2.5%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
WNMU							
I&G	14,063.1	14,707.1	15,333.3		15,430.5	97.1	0.6%
Athletics	1,519.5	1,529.5	1,632.9		1,632.9	0.0	0.0%
Child Development Center	577.5	564.1	588.2		588.2	0.0	0.0%
NAFTA	15.3	14.7	14.7		14.7	0.0	0.0%
Instructional Television	122.1	123.2	126.1		126.1	0.0	0.0%
Nursing Expansion	142.7	145.0	157.4		157.4	0.0	0.0%
Web-based Teacher Licensure	0.0	213.8	388.6		388.6	0.0	0.0%
Special Projects Expansion	0.0	0.0	321.5		321.5	0.0	0.0%
WNMU Total	16,440.2	17,297.4	18,562.8		18,659.9	97.1	0.5%
ENMU							
I&G	21,617.5	22,006.9	24,074.5		25,603.6	1,529.2	6.4%
Athletics	1,638.0	1,650.5	1,757.1		1,757.1	0.0	0.0%
Educational Television	1,032.7	1,049.1	1,090.1		1,090.1	0.0	0.0%
Roswell	11,982.4	12,864.3	14,013.2		14,448.1	434.9	3.1%
Roswell-Distance Ed. for High School			75.4		75.4	0.0	0.0%
Nursing Expansion	71.0	72.5	75.0		75.0	0.0	0.0%
Ruidoso	758.2	769.2	1,226.2		1,305.8	79.6	6.5%
Ruidoso-Adult Basic Education			135.0		135.0	0.0	0.0%
Center for Teaching Excellence	260.9	253.2	260.3		260.3	0.0	0.0%
Blackwater Draw Site & Mus.	89.9	88.1	92.7		92.7	0.0	0.0%
Airframe Mechanics	72.7	70.8	73.6		73.6	0.0	0.0%
Job Trng for Physically & Ment.	23.8	22.8	24.0		24.0	0.0	0.0%
Assessment Project	133.3	130.1	135.0		135.0	0.0	0.0%
Nursing Expansion	42.0	42.0	42.0		42.0	0.0	0.0%
Social Work	152.8	149.4	156.1		156.1	0.0	0.0%
Special Projects Expansion	0.0	0.0	609.0		609.0	0.0	0.0%
Math and Science Programs			25.0		25.0	0.0	0.0%
Student Success Programs			77.0		77.0	0.0	0.0%
ENMU Total	37,875.2	39,169.0	43,941.2		45,984.9	2,043.7	4.7%
NMIMT							
I&G	22,889.0	24,180.6	25,752.7		26,630.6	877.9	3.4%
Athletics	159.8	162.5	169.2		169.2	0.0	0.0%
Geophysical Research Center	885.0	863.8	953.0		953.0	0.0	0.0%
Bureau of Mines	3,889.5	3,788.7	3,920.9		3,920.9	0.0	0.0%
Petroleum Recovery Research	1,936.5	1,872.7	1,912.5		1,912.5	0.0	0.0%
Bureau of Mine Inspection	294.7	286.6	297.4		297.4	0.0	0.0%
Energetic Materials Center	790.8	761.2	766.8		766.8	0.0	0.0%
Science Fair/Science Olympiad	320.3	308.5	362.5		362.5	0.0	0.0%
Homeland Security	245.2	238.5	308.4		308.4	0.0	0.0%
Cave & Karst Research	326.5	317.3	429.3		429.3	0.0	0.0%
Institute for Complex Additive Sys Ana	535.6	523.2	540.8		540.8	0.0	0.0%
MESA			180.0		180.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	1,037.3		1,037.3	0.0	0.0%
NMIMT Total	32,272.8	33,303.5	36,630.9		37,508.7	877.9	2.4%
NNMC							
I&G	8,183.7	8,230.2	8,449.6		9,599.3	1,149.7	13.6%
Northern Pueblo's Institute	56.0	54.6	56.7		56.7	0.0	0.0%
Nursing Expansion	28.5	29.2	29.2		29.2	0.0	0.0%
Teacher Education	0.0	0.0	0.0		0.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	456.0		456.0	0.0	0.0%
Middle School Teachers Math/Science			250.0		250.0	0.0	0.0%
NNMC Total	8,268.2	8,314.0	9,241.5		10,391.2	1,149.7	12.4%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
SFCC							
I&G	9,122.7	9,482.0	9,737.9		10,068.4	330.5	3.4%
Small Business Devlpt. Centers	3,273.2	3,187.8	3,559.5		4,579.5	1,020.0	28.7%
Sign Language Services	20.5	21.3	22.5		22.5	0.0	0.0%
Nursing Expansion	35.6	36.3	38.5		38.5	0.0	0.0%
SFCC Total	12,452.0	12,727.4	13,358.3		14,708.8	1,350.5	10.1%
CNMCC							
I&G	44,071.3	48,914.0	52,409.5		51,631.8	-777.7	-1.5%
Tax Help New Mexico			0.0		342.0	342.0	
CNMCC Total	44,071.3	48,914.0	52,409.5		51,973.8	-435.7	-0.8%
LCC							
I&G	6,663.3	7,167.1	7,772.3		8,096.9	324.5	4.2%
Nursing Expansion	36.1	36.1	36.1		36.1	0.0	0.0%
LVT Total	6,699.4	7,203.2	7,808.4		8,132.9	324.5	4.2%
MCC							
I&G	2,326.5	2,406.9	2,512.5		2,701.4	188.9	7.5%
MTC Total	2,326.5	2,406.9	2,512.5		2,701.4	188.9	7.5%
NMJC							
I&G	7,874.5	7,186.2	7,851.1		6,187.6	-1,663.5	-21.2%
Athletics	35.9	38.7	39.1		39.1	0.0	0.0%
Nursing Expansion	72.7	81.8	84.6		84.6	0.0	0.0%
NMJC Total	7,983.1	7,306.7	7,974.8		6,311.3	-1,663.5	-20.9%
SJC							
I&G	18,440.1	19,417.3	20,557.5		19,545.9	-1,011.6	-4.9%
Dental Hygiene	196.5	195.6	204.7		204.7	0.0	0.0%
Nursing Expansion	339.3	351.8	367.3		367.3	0.0	0.0%
Oil and Gas Job Training Program	96.5	100.9	100.8		100.8	0.0	0.0%
Indigent Youth Program			79.9		79.9	0.0	0.0%
SJC Total	19,072.4	20,065.6	21,310.3		20,298.6	-1,011.6	-4.7%
CCC							
I&G	9,425.3	10,155.9	10,417.3		9,886.8	-530.5	-5.1%
Nursing Expansion	70.6	72.0	71.9		71.9	0.0	0.0%
CCC Total	9,495.9	10,227.9	10,489.3		9,958.7	-530.5	-5.1%
Four-Year/Two-Year Total	638,825.8	669,488.6	719,578.1		741,919.1	22,341.0	3.1%
NMMI							
I&G	0.0	0.0	0.0		850.8	850.8	
Knowles Legislative Scholarship			575.0		715.0	140.0	24.3%
Special Projects Expansion	0.0	0.0	213.8		213.8	0.0	0.0%
NMMI Total	0.0	0.0	788.8		1,779.6	990.8	125.6%
NMSBVI							
I&G	11.5	164.6	153.1		267.9	114.8	75.0%
NMSBVI Total	11.5	164.6	153.1		267.9	114.8	75.0%
NM School for the Deaf							
I&G	658.1	2,128.3	2,524.4		2,656.0	131.6	5.2%
School for the Deaf Total	658.1	2,128.3	2,524.4		2,656.0	131.6	5.2%
Special School GF Total	669.6	2,292.9	3,466.3		4,703.6	1,237.3	35.7%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY05 (2004-2005)	FY06 (2005-2006)	FY07 (2005-2006)	FY08 (2007-2008)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 415 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Higher Education Department							
Operating	1,726.0	2,129.1	2,370.0		8,495.1	6,125.1	258.4%
Adult Basic Education	5,123.7	5,685.0	5,869.1		5,886.5	17.4	0.3%
Student Financial Aid	22,194.6	23,213.6	23,929.4		24,127.0	197.6	0.8%
High Skills	600.0	600.0	599.4		599.4	0.0	0.0%
Nursing Compensation	0.0	0.0	0.0		500.0	500.0	
NM MESA, Inc.	715.8	914.4	983.4		1,183.4	200.0	20.3%
Contract to Train Dentists in NM	50.0	50.0	0.0		0.0	0.0	0.0%
Program Development Enhancement Fund	2,000.0	2,000.0	3,496.2		4,999.9	1,503.7	43.0%
Techn. Research Collab. (for Techn. Enh. Func	0.0	0.0	0.0		1,500.0	1,500.0	
Performance Fund			0.0		2,000.0	2,000.0	
Dental Hygiene Program	0.0	0.0	499.6		500.0	0.4	0.1%
Nurse Educators Fund	0.0	66.5	0.0		0.0	0.0	0.0%
Special Projects Expansion	0.0	0.0	2,678.0		1,860.0	-818.0	-30.5%
ENLACE			299.7		300.0	0.3	0.1%
Dental residencies			99.9		0.0	-99.9	-100.0%
HED Total	32,410.1	34,658.6	40,824.7		51,951.3	11,126.6	27.3%
COMPENSATION (a)					41,297.4	41,297.4	
HIGHER EDUCATION TOTAL	671,905.5	706,440.1	763,869.1		839,871.4	76,002.3	9.9%

STATUTORY AUTHORITY:

Article XII, Section 11, of the New Mexico Constitution established the state educational institutions and the control and management of each institution by a board of regents. Most statutory provisions related to postsecondary education can be found in Sections 21-1-1 through 21-29-6 NMSA 1978.

BUDGET ISSUES:

The committee recommends a total of nearly \$840 million of recurring general fund for FY08 for higher education, including the Higher Education Department and a 5 percent total compensation increase for faculty and staff. This recommendation represents an increase of \$76 million, or nearly 10 percent, from the FY07 operating budget. Of this increase, \$40.7 million is for higher education institutions and the Higher Education Department (including funding for Education Retirement Board contributions in 2009) and \$35.3 million is for the pay increase.

The Higher Education Department submitted its funding request for higher education to the Legislature in accordance with 9-25-9 NMSA 1978. The submission was generally of high quality, and reflected considerable improvement and responsiveness over last year. However, the department submitted revisions and did not submit all elements requested by the Department of Finance and Administration in its letter of October 18, 2006. As well, the submission did not include institution total and line-item detail recommendations, including line item-compensation details and special school details.

The HED request fully funded workload but proposed a recurring "enrollment decline offset" for those institutions facing workload funding decreases in the amount of \$2.7 million of recurring general fund monies. HED did not provide justification or analysis for this proposal, nor did the department identify the formula mechanisms to be imposed on these institutions in future years. The department proposed a change in the mill levy credit methodology; the proposal reached a middle ground on a fiscal cost basis and furthered the agency's attempt to standardize and gain greater consistency in its methodology. The mill levy credit request results in an incremental general fund cost of \$1.3 million. The request included a 0 percent tuition credit; 23.9 percent increase for group health insurance inflation increases, based on a new methodology; 15.14 percent increase for utility inflation based on a new methodology; 4.25 percent for across-the-board compensation increases; and 0.75 percent for the employer share of Educational Retirement Board contributions. Finally, HED proposed adding New Mexico Military Institute to the building renewal and replacement (BR&R) funding stream as well as an increase overall in the current BR&R factor to 50 percent, up 10 percent from the current level.

To the extent the state's strong financial position creates an opportunity for investment, the committee recommendation provides a significant package to address current needs and to reduce future operating costs.

Key elements of the committee's recommendation include fully funding workload, including the phase-in of branch campuses in Taos and Ruidoso, advancing every component of the cost of opening the doors, and providing funding for elements of the incentive funds envisioned by the Legislature in 2003. The committee builds on the 2006 work of the Legislature in advancing performance funding for successful outcomes by public, postsecondary institutions through both recurring and nonrecurring funding. The inflationary funding and performance funding will move the state away from over-reliance on funding inputs but preserve the equity and predictability elements of the current funding formula. The recommendation provides for financial aid needs of students through recurring and nonrecurring monies and calls for keeping tuition low for students and their families through a 0 percent tuition credit. Higher education institutions are provided the flexibility of increasing tuition up to 2 percent in the 2007-2008 academic year, without incurring a reduction in general fund appropriation.

The committee recommendation incorporates the formula driven significant reduction in general fund appropriations driven by enrollment declines of 5 percent and below at five institutions; however, the committee addresses the enrollment decline offset funding request of HED through the use of \$2.7 million in nonrecurring monies. The committee recommendation funds all inflationary factors for a total of \$8.5 million, as well as expands and increases building renewal and replacement funding at a total of \$10.2 million. A package to provide for the formula incentive funds includes \$1.5 million for program start-up costs via the program development enhancement fund, \$1.5 million for the Technology Research Collaborative (in place of the technology enhancement fund), and \$2 million of recurring funding for the performance fund. The committee recommendation invests in faculty and staff salary needs through a 4.25 percent increase in pay. As well, the committee funds the FY08 and FY09 cost of the third and fourth increments of the increase in the employer contribution share of educational retirement. Finally, the committee advances for consideration funding for endowed chairs at the state's universities and community colleges using nonrecurring general fund appropriations.

The base-plus-incentive funding model begins with the current appropriation, recognizes increases or decreases in workload driven by enrollment changes and the mix of courses offered, adjusts for compensation increases, and recognizes changes in

fixed costs, such as utilities, library acquisitions, and health insurance and risk management premiums. This model is similar to the public school funding formula that acknowledges basic costs to “open the doors.” Formula-generated transfers (building renewal and replacement, equipment renewal and replacement, 3 percent scholarships, etc.) are added, then revenue credits (land and permanent fund, mill levy, tuition credit, etc.) are subtracted, and the resulting product is the recommended general fund appropriation for workload.

The incentive component of the formula recognizes institutional success in meeting the needs of students and the state through several incentive funds. There are five incentive funds: program development enhancement fund, performance fund, work force skills development fund, technology enhancement fund, and faculty endowment fund. A formula enhancement task force was created in late 2005 to revisit the current formula.

The committee recommends continuation of the base-plus-incentive funding model adopted for FY04. The following are major elements of the funding and recommendation for FY08.

In determining workload, the department compares the latest available, final data on student credit hour enrollment for academic year 2005-2006 with comparable data for academic year 2004-2005 (summer, fall, and spring) and calculates the percentage change. The methodology is the same for both four-year and two-year institutions. The department also compares instructional base dollars funded in absolute amounts and the percentage change. If an institution exceeds a 3 percent change in either student credit hours or base dollars, it qualifies for additional workload funding in FY08. If an institution declines by 5 percent or more only in student credit hours, it loses funding in FY08. (The base dollar comparison is not a consideration when calculating declines.) If an institution falls within the enrollment or base dollar band, it does not receive a workload adjustment directly attributed to students but might receive workload for facilities. The formulated-generated general fund cost of enrollment in FY08 compared with the prior year declined by \$2.4 million. The reduction is due to weaker enrollment overall and escalating mill levy credit for two-year institutions. As shown in the Volume III table, only Eastern New Mexico University, Northern New Mexico College, New Mexico State University-Dona Ana, Luna Community College, Mesalands Community College, and Santa Fe Community College qualified for workload increases. Of these, only Northern New Mexico College, New Mexico State University-Dona Ana and Luna posted student credit hour enrollment growth of 3 percent or greater. All other institutions noted in the table to receive a workload adjustment reflect changes related to total workload funding increases or to facilities and physical plant. Overall, the statewide student credit hour growth was virtually flat.

In large part due to the strength of the New Mexico economy and uncertainties surrounding military bases and one of the state's national laboratories, five institutions posted enrollment declines, which reduce general fund appropriations under the enrollment band concept. With respect to changes in student credit hour growth rates, these institutions are Western New Mexico University at -11 percent, Clovis Community College at -11 percent, New Mexico Junior College at -12 percent, University of New Mexico-Los Alamos at -13 percent and Eastern New Mexico University-Ruidoso at -10 percent. Given this is the first year these funding declines were triggered under the formula, the state needs time to debate the implications of the triggers and consider the missions and roles of these institutions during the interim. As such, the recommendation includes funding for the enrollment decline offset, but funding is provided on a one-time basis using nonrecurring funds. The formula methodology and calculations remain intact. Preliminary details on more recent enrollment patterns are included in Volume III.

Workload also includes the final step of phase-in funding of \$165.1 thousand in FY08 for the conversion of the instructional center in Taos to a branch campus of the University of New Mexico and \$105.7 for the Ruidoso branch campus of Eastern New Mexico University. Finally, workload includes a \$47.7 thousand cut in equipment renewal and replacement adjustments for the University of New Mexico Health Sciences Center consistent with formula methodology.

Building renewal and replacement is currently funded at 40 percent of full cost to allow institutions to address the maintenance of aging buildings. If BR&R were to be fully funded, the funding would provide 3 percent of the replacement cost of eligible facilities on an annual basis. Legislation enacted in 2004 expanded the BR&R formula to the facilities of the agricultural research centers of NMSU. In recent years, the Legislature also extended the 40 percent BR&R factor to the New Mexico School for the Deaf and the New Mexico School for the Blind and Visually Impaired. Given the severity of the condition of college and university buildings and infrastructure, the committee recommends a 30 percent increase in building renewal and replacement to 70 percent. As well, the committee includes the New Mexico Military Institute in this funding stream. Finally, the committee recommends the Legislature make considerable investment using nonrecurring funds in addressing the backlog based on the recently updated facilities condition index prepared by 3DI.

As recipients of land grant permanent fund (LGPf) distributions, higher education institutions use those funds to offset the general fund requirement for building renewal and replacement appropriations. For the University of New Mexico and the New Mexico Institute of Mining and Technology, receipts of LGPF income exceed the formula generated requirement for BR&R in

FY08. In determining the total general fund need for institutions, one-third of the excess from the institution's general fund need is deducted, while the institution retains the two-thirds to supplement operating expenditures during the fiscal year.

The equipment renewal and replacement (ER&R) factor is designed to provide resources for the periodic replacement of unrestricted instruction and general equipment, currently funded at 46.5 percent of the value required to replace all equipment using five and 12-year depreciated life cycles.

In recent years, the Legislature provided a lump sum appropriation for higher education salary increases to the Commission on Higher Education, the precursor to HED, for distribution to the institutions. Salary and total compensation increases are at the discretion of the board of regents of each institution.

For the last few years, the commission and institutions have considered faculty salary increases a top priority. In FY01, the Legislature funded a 3 percent compensation increase for both faculty and staff; in FY02, it funded a 7 percent increase for faculty and 6.5 percent increase for staff. In FY04, the Legislature funded a 3 percent increase for faculty and a 2.5 percent increase for staff. In FY05, the Legislature funded a 2 percent salary increase for faculty and staff, with a 2 percent total compensation increase funded in FY06. In FY06, most institutions awarded average salary increases to faculty and staff in excess of 2 percent. University of New Mexico-Valencia and New Mexico Junior College provided the largest increase, specifically 5 percent. Most institutions awarded staff salaries at the same rate as faculty. In FY07, most institutions provided faculty and staff compensation increases of 4.5 percent. The greatest increase of 5 percent was posted by the New Mexico Institute of Mining and Technology, while the lowest, 3.5 percent, was at the University of New Mexico-Gallup. HED does not report separate data for faculty and staff for FY07.

The committee recommends 4.25 percent salary increase for all higher education employees. This recommendation also includes a 0.75 percent contribution to ERB. The total compensation recommended increase for higher education employees is 5 percent in FY08. In addition, the recommendation accelerates the FY09 increase in employer-share retirement contributions with an additional \$6.0 million to the HED to be transferred to ERB.

The committee expressed concerns about the state's nursing shortage and received input from HED and institutions about the disparity between nursing faculty and staff salaries compared with their private sector counterparts. Therefore, an incremental \$500 thousand is included in the recommendation for HED to distribute to nursing faculty and staff in a manner similar to other compensation allocations.

An analysis of the American Association of University Professors (AAUP) faculty salary survey by the Council of University Presidents notes the highest salaries at public four-year, postsecondary institutions in New Mexico are about 7 percent below the averages for peer institutions in other states.

Corresponding information for community college salaries was compiled by the New Mexico Association of Community Colleges (NMACC) from an annual survey of faculty salaries in the Mountain States region. The latest NMACC survey indicates average salaries at New Mexico community colleges and two-year branch campuses have trended upward over the last six years, from an average of \$37,259 in 2000-2001 to \$43,775 in 2005-2006. New Mexico salaries were at 90.7 percent of the Mountain States average in 2000-2001, but up to 94 percent in 2005-2006. (The regional comparison excludes the Maricopa system serving the Phoenix metropolitan area.)

In fall 2006, the Higher Education Department (HED) prepared a proposal to increase faculty salaries. The study estimated New Mexico public, postsecondary institutions need \$25.2 million in additional funding to close the gap between certain New Mexico institutions and a comparison group. If funding were to be provided over four years, the HED analysis called for an additional \$7.2 million per year. The study appears to be based on data from the Department of Education Integrated Postsecondary Education Data System (IPEDS) and assumes 3.5 percent annual salary increases. The study compares New Mexico four-year institutions with similarly designated institutions in Texas, Oklahoma, and Arizona, while two-year institutional salaries are compared with the New Mexico average, heavily influenced by Central New Mexico College compensation levels. For Northern New Mexico College, the study assumed a significant increase in new faculty, which generated an estimated \$1.9 million salary gap by 2009. The study does not include the faculty at the University of New Mexico Health Sciences Center and does not include adjunct faculty or staff at any higher education institution. The study does not consider salary policies to improve productivity.

Methodology is important for a policy study to influence decision-making, and the rationale for the methodologies used by the HED is not currently clear. While 17 national datasets include data on faculty, HED appears to rely on IPEDS data. Many higher education institutional faculty salary studies, including that prepared annually by the New Mexico Council of University

Presidents, use data from the full-time instructional faculty salary survey published in "Academe" by the American Association for University Professors.

Further, most studies, as well as the New Mexico Council of University Presidents, in comparing faculty, use data of designated peer institutions across the United States. A national peer comparison is missing from the HED study. With respect to two-year colleges, the HED study compares each New Mexico institution with an in-state salary average. There is no comparison to either peer institutions or regional institutions.

While the HED report may advance the discussion about the need for increases in faculty compensation, additional analysis is needed. Further, the report conclusions appear to represent a departure from the traditional approach to funding New Mexico faculty compensation. In the past, higher education compensation for both faculty and staff has been provided within the funding formula context to address equity concerns, and previous salary comparison studies were used to justify across-the-board increases applied to all institutions. In light of the HED proposal, state policymakers should address the need to make a significant departure from this approach by providing targeted compensation adjustments to specific institutions.

The University of New Mexico Health Sciences Center requested \$11 million for the School of Medicine instruction and general line item as relates to School of Medicine faculty. To maintain competitiveness, the first element of the package would make progress toward bringing School of Medicine faculty to the 50th percentile of faculty compensation within the American Association of Medical Colleges rankings at a general fund cost of \$5.7 million. The second component would involve hiring of additional faculty in 22 areas with a general fund cost of \$5.4 million. Other revenue sources would be used to fund an additional 25 percent of the total costs of these new faculty members.

Laws 2005, Chapter 273 (Senate Bill 181), authorized seven years of 0.75 percent increases in the employer contribution to the Educational Retirement Board (ERB) pension fund, effectively increasing the employer contribution from 8.65 percent in FY05 (prior to the increase) to 13.90 percent in FY12 (an increase of 5.25 percent over seven years). The increased contributions were necessary to restore the solvency of the fund. The committee recommendation includes just over \$6 million for the employer cost for higher education employees in FY08 to be distributed similarly to the compensation package. In addition, the recommendation accelerates the FY08 increase with an additional \$6.0 million to HED to be transferred to ERB.

The HED formula enhancement task force advanced the case for the need for funding of inflationary costs in higher education. As well, the group prepared useful analysis using a benchmarking approach to address the need to provide funding for efficient management of costs. For the 2006 formula enhancement task force, an institutional subcommittee developed an analysis of historical actual costs. The institutional group proposed to annually apply a nationally recognized cost index appropriate to base costs. The group argued that the approach can promote benchmarking of costs against national standards and reward institutions for cost-cutting initiatives in fixed costs. Based on the group's data, average utilities usage across institutions has not increased significantly over time, reflecting the driving force of increases in utility costs stemming from price increases. Similarly, the data showed the number of employees participating in the group health insurance plans has not increased over time.

The task force proposals in this area were advanced in the November 1, 2006, request from HED. The task force proposed an index rate that would generate a 24 percent increase in FY08, inconsistent with the realities of public budgeting for a state attempting to fully fund workload and other needs, but constrained by a balanced budget requirement. Further, it should be noted state agencies were not authorized for increases in group health insurance at this order of magnitude in recent years. While 2006 will mark the third consecutive year of lower projected trend rates for medical plans, the latest estimates are three to four times the general rate of inflation. Plan sponsors that provide preferred provider organizations (PPOs), point-of-service (POS) plans for health maintenance organizations (HMOs), are expected to experience cost increases of around 12 percent in 2006. Finally, the employment cost index of private sector health insurance projected by Global Insight calls for increase of just over 4 percent in 2007 and 2008, down from a recent high of just over 10 percent in 2003. As such, the committee recommendation calls for a 12 percent inflationary increases for group insurance along with a 5 percent increase in utility funding. The committee fully funds the inflationary factors of the formula including a 10 percent increase for libraries and a 10 percent increase for risk management insurance. The University of New Mexico Health Sciences Center (UNMHSC) is included in all inflationary increase recommendations of the committee. It is important to note this inflationary funding would not constitute an automatic funding increase or expenditure driver in future years.

With respect to special projects, the committee recommendation partially funds the University of New Mexico Health Sciences Center (HSC) request for an increase in medical school instruction and general to fund additional faculty positions as well as provide for the new combined Bachelor of Arts/ Doctor of Medicine (BA/MD) program. Full funding for the program is expected

to be \$6 million and will provide for an extensive network of academic advisement, faculty mentoring, and academic evaluation along with student financial aid to promote student success in the program. In the 2005 legislative session, Senate Bill 190 included \$735.1 thousand for the BA/MD project. As well, in FY07, the legislative appropriation included \$735.1 thousand from within the lump sum special projects expansion and \$727 thousand from the junior appropriations bill in the 2006 session.

The BA/MD program is designed to provide a pipeline for students to obtain a bachelor of arts degree then a reserved space for a medical degree to ultimately provide physicians to serve New Mexico's medically underserved areas. The program will expand the medical school class from 75 to 100 students per year because 25 New Mexico high school seniors will enter the program each year. The initial student cohort began at UNM in fall 2006. According to data from UNM, 141 students applied for the 2006 pool, and 91 were interviewed. Of this amount, 49 percent were from outside of the Albuquerque metropolitan area and 48 percent were underrepresented minority applicants. Average grade point average was 4.11, with an average ACT score of 26.6. Eleven of the students were ranked No. 1 in their graduating class.

The committee provides funds for programs that serve statewide interests and fulfill the public service mission of higher education, such as the Small Business Development Centers and the Tax Help New Mexico program. Finally, based on the recommendations of the interim Tobacco Settlement Oversight committee, tobacco settlement program funds are authorized for various health-related initiatives within the higher education budget.

Finally, the committee advances funding for all of the incentives funds envisioned by the Legislature to fully address the instruction, research, and public mission of higher education. Of particular interest this year, is the new funding of \$1.5 million for the program development enhancement fund, intended to provide start-up funding for institutions to develop new academic programs. By awarding this funding on a competitive basis, HED can facilitate the planning and prioritization of these funds among various institutions. Further, the committee recommendation includes \$1.5 million for the Technology Research Collaborative (TRC) in place of the technology enhancement fund mechanism. The TRC mission is to collaborate in the acceleration of new technology business formations and expansions that will benefit applied research programs. Potential areas of emphasis are nanotechnology, optics, medical applications, digital media, sustainable natural resources, and alternative energies. Its initial four funding grants, totaling approximately \$1 million, were based on award criteria of strategic value, commercial feasibility, economic potential, collaboration, management, and availability of matching funds. Finally, to advance the performance funding pilot initiated by the Legislature in 2006, the committee recommendation includes \$2 million in recurring funding for the performance fund, along with additional nonrecurring funding.

The Legislature in 2006 provided \$5 million from the general fund to the higher education performance fund for expenditure in fiscal years 2006, 2007, and 2008 for performance awards to public, postsecondary educational institutions that meet or exceed performance targets for freshmen enrollment and persistence, including minority students. In addition, performance awards may be developed to increase graduation rates, including minority students. For the first year of awards, HED designed a proposal to focus on fall-to-fall retention for all freshmen. The allocation and award methodology contains elements recognizing outcomes for minority students, Pell-eligible, and remedial needs. In the first year, 25 percent of \$5 million in funding would be used to reward institutions meeting national benchmarks, with the other 25 percent used to reward institutions showing notable performance improvements. The first year of actual awards will be determined by the number of freshman from spring 2006 returning to college in fall 2006. Results should be available during the 2007 legislative session.

The committee recommends consideration of nonrecurring funding of up to \$25 million for endowed chairs at the state's four-year and two-year postsecondary institutions. The endowed-chair funding achieves several legislative objectives. The funding provides a mechanism for partnering with noninstitutional funding organizations, attracting, retaining, and creating incentives for enhanced student learning, scholarship, and research as well as supporting the multi-faceted missions of the state's institutions.

The surplus of nonrecurring general fund monies provides an opportunity to invest in this initiative because the distributions from the endowment are used for operating purposes of the endowed faculty positions. Expansion of the program to two-year institutions will require changes to 21-1-27.1 NMSA 1978 to reward enhanced student learning activities of faculty at those institutions.

RECOMMENDED LANGUAGE:

On approval of the commission on higher education, 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 department of higher education, 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 unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall not revert to the general fund.

The general fund appropriation to the New Mexico institute of mining and technology for the bureau of mines includes one hundred thousand dollars (\$100,000) from federal Mineral Lands Leasing Act receipts.

For every higher education institution: If the board of regents increases tuition for the 2007-2008 academic year more than two percent over the rates for the 2006-2007 academic year, the general fund appropriation for _____ campus instruction and general purposes shall be reduced by an amount equal to the incremental amount generated by the tuition rate increase over two percent.

For UNM HSC: The other state funds appropriation to the university of New Mexico health sciences center includes five million four hundred thousand dollars (\$5,400,000) from the tobacco settlement program fund for the following: one million dollars (\$1,000,000) for research and clinical care programs in lung and tobacco-related illnesses; one million (\$1,000,000) for instruction and general purposes; one million five hundred thousand dollars (\$1,500,000) for research in genomics, biocomputing and environmental health; four hundred fifty thousand dollars (\$450,000) for the poison control center; four hundred thousand dollars (\$400,000) for the pediatric oncology program; one hundred fifty thousand dollars (\$150,000) for the telemedicine program; fifty thousand dollars (\$50,000) for the los pasos program; fifty thousand dollars (\$50,000) for area health education centers; four hundred thousand dollars (\$400,000) for specialty education in trauma; and four hundred thousand dollars (\$400,000) for specialty education in pediatrics. These funds may not be used for any other purpose.

UNM MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of first-time freshmen from New Mexico who are Native American	161	129	204	204	204
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	75.2%	76%	76.5%	76.6%	76.6%
* Output	Number of post-baccalaureate degrees awarded	1,296	1,395	1,325	1,350	1,350
Output	Number of degrees awarded using extended services	212	133	190	190	190
* Outcome	Amount of external dollars for research and public service, in millions	\$103.3	\$111.1	\$116.7	\$117.0	\$117.0
* Output	Number of undergraduate transfer students from two-year colleges	1,611	1,617	1,610	1,630	1,630
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	40%	41.1%	44.0%	44.0%	44.0%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	42.1%	44.6%	42.2%	42.5%	42.5%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.2%	7.2%	11%	9.4%	9.4%
* Outcome	Percent of graduates placed in jobs in New Mexico	60.11%	60.7%	60%	60.4%	60.4%
Outcome	Percent of Hispanic students enrolled	8.73%	9.40%	10%	10%	10%
Outcome	Percent of Hispanic graduates	11.54%	8.32%	11%	11%	11%
Output	Number of students enrolled in the adult basic education program	718	807	730	735	735
* Output	Number of students enrolled in the area vocational schools program	439.5	417	453	440	440
Efficiency	Percent of programs having stable or increasing enrollments	90%	70%	60%	60%	60%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81.5%	79.3%	82%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	72.5%	70.5%	76%	75%	75%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	53%	53%	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	63.63%	54.2%	64%	55%	55%
* Outcome	Percent of graduates placed in jobs in New Mexico	31.1%	42%	65%	43%	43%
Outcome	Percent of Asian graduates	0.0%	2%	5%	5%	5%
Output	Number of students enrolled in the adult basic education program	462	495	485	485	485
* Output	Number of students enrolled in the small business development center program	533	511	282	580	580
Efficiency	Percent of programs having stable or increasing enrollments	54.54%	63.6%	77%	65%	65%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	82.26%	66.7%	78%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	51.1%	64%	52%	65.5%	65.5%
Outcome	Percent of white students enrolled	44.4%	45%	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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	60%	63%	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	11.8%	5%	12%	23%	23%
* Outcome	Percent of graduates placed in jobs in New Mexico	65%	68%	68%	68%	68%
Outcome	Percent of Native Americans enrolled	4.75%	3.3%	4.75%	4.4%	4.4%
Outcome	Percent of Native American graduates	3.5%	3.6%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	923	924	950	950	950
Output	Number of students enrolled in the community services program	3018	2,063	3,350	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	73%	61%	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	72%	77%	75%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	79%	83%	82.5%	83%	83%

UNM TAOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	57%	58%	58%	58%	58%
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	19%	10%	20%	23%	23%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.44%	55%	70%	56%	56%
Outcome	Percent of males enrolled	31%	31%	34%	34%	34%
Outcome	Percent of male graduates	23%	33%	21%	21%	21%
Output	Number of students enrolled in the adult basic education program	237	224	100	250	250
* Output	Number of students enrolled in the concurrent enrollment program	482	1,394	400	1,600	1,600
Efficiency	Percent of programs having stable or increasing enrollments	50%	47%	52%	52%	52%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77.0%	68%	75%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80.6%	77%	82%	78%	78%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Output	Number of degrees awarded using extended university courses	19	21	25	25	25
Output	University of New Mexico hospital inpatient readmission rate	10	9.1	12	12	12
* Outcome	University of New Mexico inpatient satisfaction rate	76.1	76.8%	79.1%	80.1%	80.1%
* Output	Number of university of New Mexico cancer research and treatment center clinical trials	177	209	185	188	188
Outcome	Pass rate on licensure test by college of nursing students	90.8%	93.8%	90%	85%	85%
Outcome	Number of health science center technology commercialization activities	93	66	83	86	86
* Output	Number of post-baccalaureate degrees awarded	253	271	275	277	277
* Outcome	External dollars for research and public service, in millions	\$218.4	\$229.4	\$240.7	\$245.5	\$245.5
* Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	98%	100%	99%	98%	98%
Outcome	Percent of medical students who secured one of their top three choices in the residency program	77%	78%	84%	84%	84%
Outcome	Medical student satisfaction rates on national standardized survey	90.8%	84.6%	89.3%	91.0%	91.0%

HIGHER EDUCATION**952-977**

Output	Number of university of New Mexico hospital clinic visits	344,999	341,347	362,806	381,571	381,571
Output	Number of university of New Mexico hospital inpatient discharges	22,349	22,724	23,166	23,748	23,748
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	65%	67%	70%	70%	70%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of first-time Native American freshmen enrolled	75	79	116	116	116
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	73.3%	70.4%	75%	75%	75%
Output	Number of degree programs offered via distance education	16	23	27	28	28
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	84%	89%	91%	91%	91%
* Outcome	External dollars for research and creative activity, in millions	\$160.7	\$181.1	\$185.0	\$185.0	\$185.0
* Output	Number of teacher preparation programs available at New Mexico community college sites	4	5	5	5	5
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	43.2%	41.9%	50%	50%	50%
* Outcome	Number of undergraduate transfer students from two-year colleges	926	884	1,028	1,028	1,028

NMSU ALAMOGORDO BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	47.1%	46.4%	48%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	13.1%	9.2%	14.4%	14%	14%
* Outcome	Percent of graduates placed in jobs in New Mexico	59.65%	62.6%	60%	64%	64%
Outcome	Percent of Hispanic students enrolled	25.2%	25%	26%	25.5%	25.5%
Outcome	Percent of Native Americans graduates	3.4%	6.3%	2.95%	3.3%	3.3%
Output	Number of students enrolled in the adult basic education program	787.7	806	830	820	820
* Output	Number of students enrolled in the small business development center program	916	919	1,000	1,000	1,000
Efficiency	Percent of programs having stable or increasing enrollments	83.3%	92.3%	75%	90%	90%
* Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	77.6%	72.4%	78%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	74.7%	72.3%	75%	75%	75%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	52.1%	54.3%	55%	55%	55%
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%		
* Outcome	Percent of graduates placed in jobs in New Mexico	79.4%	80.3%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	37.69%	37.3%	39%	40%	40%
Outcome	Percent of Hispanic graduates	37.2%	32.8%	39%	36%	36%
* Output	Number of students enrolled in the contract training program	226	442	300	450	450
Output	Number of students enrolled in the area vocational school program	46	83	80	85	85
Efficiency	Percent of programs having stable or increasing enrollments	71%	74%	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%		
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.3%	85.2%	84%	83%	83%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	44.1%	49.3%	41%	43%	43%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.7%	9.4%	14.6%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	77.4%	76.7%	77%	77%	77%
Outcome	Percent of males enrolled	43.9%	43.4%	47%	47%	47%
Outcome	Percent of Hispanic graduates	59.3%	63.4%	60%	59%	59%
Output	Number of students enrolled in the contract training program	1,224	1,491	1,300	1,500	1,500
* Output	Number of students enrolled in the adult basic education program	4,902	4,955	5,100	5,100	5,100
Efficiency	Percent of programs having stable or increasing enrollments	90%	93.1%	85%	90%	90%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	76.7%	81.1%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	81.4%	82.3%	84%	82%	82%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	45.42%	49.6%	46%	47%	47%
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	11.77%	12.8%	12%	17.2%	17.2%
* Outcome	Percent of graduates placed in jobs in New Mexico	78.81%	80.9%	79%	80%	80%
Outcome	Percent of Hispanic students enrolled	33.4%	32.8%	32%	33%	33%
Outcome	Percent of Native American graduates	45.7%	42.1%	46%	36%	36%
Output	Number of students enrolled in the adult basic education program	363	375	375	375	375
* Output	Number of students enrolled in the community services program	1,190	1,014	1,180	725	725
Efficiency	Percent of programs having stable or increasing enrollments	72.%	67%	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	75%	74.5%	75%	73.6%	73.6%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83.9%	86.21%	84%	85%	85%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Percent of Native American students enrolled	6.5%	6.8%	8%	8%	8%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	45%	54%	57%	61%	61%
Output	Number of students enrolled in extended services	1,248	1,285	1,300	1,300	1,300
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	93%	80%	93%	90%	90%
* Outcome	Percent of total funds generated by grants and contracts	30%	26%	23%	20%	20%
* Output	Number of undergraduate transfer students from two-year colleges	242	256	275	437	437
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	18%	23%	28%	20%	20%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of first-time, full-time freshmen who are Native American	6	8	10	5	5
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	53.2%	53.9%	54%	51%	51%
Output	Number of courses available through instructional television and online via the internet	107	146	115	175	175
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	5%	3.8%	3%-5%	3%-5%	3%-5%
* Output	Number of graduates receiving teacher licensure	171	160	155	155	155
* Outcome	External dollars to be used for programs to promote student success, in millions	\$3.6	\$7	\$4	\$4.1	\$4.1
* Output	Number of undergraduate transfer students from two-year colleges	144	153	160	150	150
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	20.9%	20%	23%	20%	20%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of Hispanic first-year students enrolled	163	162	220	225	225
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	59.2%	57.6%	62.5%	60%	60%
Output	Number of internet-based courses offered	55	101	75	150	150
* Outcome	External dollars supporting research and student success, in millions	\$8.3	\$8.3	\$8.65	\$8.8	\$8.8
* Output	Number of undergraduate transfer students from two-year colleges	356	431	370	400	400
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	32.1%	34.6%	32.5%	33.0%	33.0%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.	93.2%	96.9%	95.0%	95.0%	95.0%

ENMU ROSWELL BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	59.3%	59.8%	61%	61%	61%
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	12.11%	12.9%	12.5%	13.5%	13.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	78.7%	72.5%	75.5%	73%	73%
Outcome	Percent of males enrolled	46%	46.4%	46.5%	46.5%	46.5%
Outcome	Percent of male graduates	25%	46.2%	25.5%	26.5%	26.5%
Output	Number of students enrolled in the concurrent enrollment program	662	707	600	630	630
Output	Number of students enrolled in the distance education program	2,245	2,355	1,950	2,000	2,000
* Efficiency	Percent of programs having stable or increasing enrollments	82.93%	72.1%	80.5%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	73.01%	75.2%	76%	75.9%	75.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83.6%	76%	85%	76.5%	76.5%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	58.5%	56.6%	61%	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	15.2%	34.8%	17.4%	26.2%	26.2%
Outcome	Percent of graduates placed in jobs in New Mexico	69.1%		66%		
Outcome	Percent of Hispanic students enrolled	20.9%	20.8%	22%	22.5%	22.5%
Outcome	Percent of Hispanic student graduates	26.3%	24.3%	28%	23.5%	23.5%
Output	Number of students enrolled in adult basic education	302	352	350	400	400
Output	Number of students enrolled in the contract training program	358	461	460	495	495
* Efficiency	Percent of programs having stable or increasing enrollments	80%	64%	81%	65%	65%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	53.2%	54.8%	75%	55.0%	54.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.6%	78.5%	83%	84%	84%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	88	105	60	80	80
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	70%	68%	75%	75%	75%
Output	Number of students enrolled in distance education courses	276	255	300	248	248
* Output	Number of students registered in master of science teaching program	130	146	150	100	100
* Outcome	External dollars for research and creative activity, in millions	\$62	\$70	\$71	\$75	\$75
* Output	Number of undergraduate transfer students from two-year colleges	30	38	40	40	40
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	39%	43%	50%	45%	45%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	65%	57.7%	71%	71%	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	12%	9.7%	15%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.1%	69%	70%	70%	70%
Outcome	Percent of Native Americans enrolled	9.3%	6.9%	9.3%	9.3%	9.3%
Outcome	Percent of Native American graduates	7%	8.5%	7%	7%	7%
* Output	Number of students enrolled in the adult basic education program	324	404	300	300	300
Output	Number of students enrolled in the concurrent enrollment program	244	232	300	300	300
Efficiency	Percent of programs having stable or increasing enrollments	64%	47%	69%	60%	60%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81%	80.4%	75%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73.5%	76.0%	80%	80%	80%

SANTA FE COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	41.4%	47.9%	45%	48%	48%
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	7.6%	4.0%	9%	8%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	77.3%	73.2%	78%	78%	78%
Outcome	Percent of Hispanic students enrolled	36.1%	35.5%	43%	43%	43%
Outcome	Percent of Hispanic graduates	42.6%	45.5%	47%	46%	46%
Output	Number of students enrolled in the adult basic education program	2,252.7	1,972	2,300	2,300	2,300
* Output	Number of students enrolled in the contract training program	1,916	4,852	2,900	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	77.8%	79.6%	75%	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	79.8%	75.8%	75%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80%	78%	80%	78.5%	78.5%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	43.8%	50%	44.2%	48%	48%
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	7.5%	7.6%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	86.4%	79.9%	83.5%	82%	82%
Outcome	Percent of Hispanic students enrolled	40.4%	40.8%	40.3%	40.9%	40.9%
Outcome	Percent of Hispanic graduates	35.6%	35.7%	37.2%	37.2%	37.2%
* Output	Number of students enrolled in distance education program	2,828	4,048	2,600	2,900	2,900
Output	Number of students enrolled in concurrent enrollment program	581	703	550	650	650
Efficiency	Percent of programs having stable or increasing enrollments	81%	77.9%	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	79%	78.5%	81.3%	83.3%	83.3%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.4%	84.1%	84%	84%	84%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	71%	62%	71%	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	24%	19%	25%	22.5%	22.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	92%	88%	93%	90%	90%
Outcome	Percent of white students enrolled	15%	11%	16%	16%	16%
Outcome	Percent of male graduates	25%	26%	25%	25%	25%
Output	Number of students enrolled in the health education center program	3,244	3,161	2,500	2,800	2,800
* Output	Number of students enrolled in the small business development center program	243	404	350	400	400
Efficiency	Percent of programs having stable or increasing enrollments	73%	83%	75%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	84%	78%	84%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	96%	90%	96%	90%	90%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	41.6%	53.2%	42.1%	45.6%	45.6%
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	14.8%	28.4%	15.8%	30%	30%
* Outcome	Percent of graduates placed in jobs in New Mexico	58.7%	78%	59.2%	67.5%	67.5%
Outcome	Percent of Hispanic students enrolled	34.3%	33%	37.5%	36.6%	36.6%
Outcome	Percent of female graduates	47.9%	37.5%	41.4%	39.3%	39.3%
Output	Number of students enrolled in the adult basic education program	389.7	365	390	390	390
* Output	Number of students enrolled in the small business development center program	58.3	70	75	75	75
Efficiency	Percent of programs having stable or increasing enrollments	77.8%	80%	80%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	68%	58.5%	75%	64%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	65.1%	67.3%	65.6%	67.5%	67.5%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	62.1%	60.9%	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	29.58%	33.86%	25%	27%	27%
* Outcome	Percent of graduates placed in jobs in New Mexico	69.7%	68.6%	66%	67%	67%
Outcome	Percent of Hispanic students enrolled	34.3%	36.9%	34%	34%	34%
Outcome	Percent of Hispanic graduates	37.6%	36.8%	34%	34%	34%
Output	Number of students enrolled in the area vocational school program	162	175	180	182	182
* Output	Number of students enrolled in distance education program	2,332	6,139	3,000	4,300	4,300
Efficiency	Percent of programs having stable or increasing enrollments	87.5%	64.9%	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	44.03%	70.9%	72.1%	72.5%	72.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	77.1%	75.3%	77.9%	76%	76%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	65.4%	70.4%	66%	71%	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	14.2%	13.3%	15%	15.7%	15.7%
* Outcome	Percent of graduates placed in jobs in New Mexico	64.8%	62.3%	65%	62%	62%
Outcome	Percent of Native Americans enrolled	29.9%	31.2%	27%	27%	27%
Outcome	Percent of Native American graduates	23.5%	22.8%	26%	26%	26%
Output	Number of students enrolled in the community services program	2,602	2,734	2,720	2,720	2,720
* Output	Number of students enrolled in the service learning program	362	381	375	385	385
Efficiency	Percent of programs having stable or increasing enrollments	84.2%	73.7%	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	74%	72.6%	82%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	69.4%	63.9%	70%	70%	70%

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	54%	81%	55%	72%	72%
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%	7.3%	20%	20%	20%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.0%	64%	81%	72%	72%
Outcome	Percent of Hispanic students enrolled	26.2%	28.5%	28%	29%	29%
Outcome	Percent of Hispanic graduates	26%	28.3%	27%	29%	29%
Output	Number of students enrolled in the distance education program	1,032	1,181	1,050	1,100	1,100
* Output	Number of students enrolled in the concurrent enrollment program	442	456	450	560	560
Efficiency	Percent of programs having stable or increasing enrollments	79%	76%	80%	79%	79%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	64.1%	80.6%	75%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	73%	85%	79%	79%

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute is to provide a college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Output	Percent of full-time-equivalent capacity enrolled each fall term	95%	94%	95%	95%	95%
* Outcome	American college testing composite scores for graduating high school seniors	22.4	21.2	21.5	21.5	21.5
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	60	61	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	58	58	62	62	62
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	63	65	59	60	60
* Quality	Number of faculty development events	90	69	70	72	72
* Efficiency	Percent of cadets on scholarships or financial assistance	74%	80%	68%	70%	70%
Efficiency	Total annual cost of attendance	\$8,048	\$8,048	\$8,400	\$8,302	\$8,302

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 the work force, and to lead independent, productive lives.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of students achieving at least seventy percent of annual individualized education	95%		95%		
Output	Number of students served at main campus	60	64	60		
* Quality	Number of staff proficient in Braille on main campus	52	49	52		52
* Efficiency	Ratio of students per teacher at main campus	5:1		5:1		
* Outcome	Percent of students achieving at least seventy percent of annual individualized education program goals in the early childhood program	72%		80%		
Output	Number of students served through the early childhood program	470	1,611	500		
Quality	Number of staff proficient in Braille within early childhood program	20	27	20		27
Efficiency	Number of students per teacher in the early childhood program	3:1		6:1		
* Output	Number of students served through outreach programs	134	124	200		
Quality	Number of staff proficient in Braille in outreach programs	10	9	10		9
Quality	Percent of parents' and districts' rating of overall quality of services based on annual survey		86%	80%	96%	86%
Output	Number of students served through a full continuum of services		1,799		1,979	1,979
Outcome	Number of training opportunities within the state using a diverse service delivery model		2	2	4	4
Outcome	Number of contacts with outside agencies		81	50	60	60
Efficiency	Number of interactions and communications among departments and programs		25	25	26	26

NEW MEXICO SCHOOL FOR THE DEAF

The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully-accessible and language-rich learning environment for its students who are deaf and hard-of-hearing, and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

PERFORMANCE MEASURES

		<u>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
* Outcome	Percent of students in grades three to twelve demonstrating academic improvement across curriculum domains	60%	74.5%	75%	75%	75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	90%	78%	75%	75%	75%
* Outcome	Rate of transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	100%	90%	90%	90%	90%
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	80%	85%	80%	80%	80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	90%	93%	90%	90%	90%
* Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies		14		10	10
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	100%	71%	100%	100%	100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication		100%	100%	100%	100%
Outcome	Number of children per year referred to the step*hi program by age six months identified through newborn hearing screening	11	19	15	20	20
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three to six month developmental progress	100%	94%	100%	100%	100%
Outcome	Percent of level 1 beginning licensed teachers assigned a mentor		50%		90%	90%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY08
(dollars in thousands)

	FY06 APPROPRIATION	FY07 APPROPRIATION	FY08 PSS REQUEST	FY08 LFC RECOMMENDATION
PROGRAM COST	\$ 1,903,074.6	\$ 2,025,533.3	\$ 2,175,399.2	\$ 2,175,399.2
Adjustment for prior year workload decline	\$ -	\$ (2,996.9)	\$ -	\$ -
ENROLLMENT GROWTH	\$ 14,700.0	\$ 11,987.4	\$ 9,488.5	\$ 9,488.5
FIXED COSTS	\$ 2,100.0	\$ 3,166.3	\$ 2,937.0	\$ 2,937.0
INSURANCE COSTS	\$ 16,300.0	\$ 21,227.7	\$ 10,327.3	\$ 10,324.8
COMPENSATION FOR PUBLIC SCHOOL EMPLOYEES:				
Teachers	\$ 6,252.5	\$ 55,789.1	\$ -	\$ 49,334.0
Instructional Staff	\$ 2,381.9	\$ 9,638.4	\$ -	\$ 7,854.5
Other Certified and Non-certified	\$ 5,372.7	\$ 18,232.9	\$ -	\$ 15,321.5
Educational Assistants	\$ 1,900.0	\$ 7,907.7	\$ -	\$ 4,496.8
Minimum Salaries - Three-tiered Licensure Structure				
Level 2 & 3 to \$40,000 in FY06	\$ 51,800.0	\$ -	\$ -	\$ -
Level 3 to \$45,000 in FY 07	\$ -	\$ 6,841.3	\$ -	\$ -
Level 3 to \$50,000 in FY 08	\$ -	\$ -	\$ 20,809.7	\$ 10,739.6
Minimum Salaries - Principals (requires legislation)	\$ -	\$ -	\$ 3,506.0	\$ 4,300.0
Increase in Employer's ERB Contribution (.75 percent)	\$ 11,780.6	\$ 13,215.6	\$ 14,000.0	\$ 14,166.9
Full-Day Kindergarten (replace TANF funds)	\$ 4,000.0	\$ -	\$ -	\$ -
Student Assessment (CRTs/school district costs)	\$ 2,000.0	\$ -	\$ -	\$ -
Kindergarten-One Plus (requires legislation)	\$ -	\$ -	\$ -	\$ 16,518.1
Elementary Physical Education (requires legislation)	\$ -	\$ -	\$ -	\$ 6,562.0
Elementary Fine Arts	\$ 6,000.0	\$ 4,795.0	\$ -	\$ -
Sanding Adjustment	\$ -	\$ 61.4	\$ -	\$ -
PROGRAM COST	\$ 2,027,662.3	\$ 2,175,399.2	\$ 2,236,467.7	\$ 2,327,442.9
Dollar Increase Over Previous Year Appropriation		\$ 147,736.9	\$ 61,068.5	\$ 152,043.7
Percentage Increase			2.8%	7.0%
LESS PROJECTED CREDITS	\$ (58,600.0)	\$ (57,600.0)	\$ (55,600.0)	\$ (55,600.0)
LESS OTHER STATE FUNDS (from driver's license fees)	\$ (1,300.0)	\$ (850.0)	\$ (750.0)	\$ (750.0)
STATE EQUALIZATION GUARANTEE	\$ 1,967,762.3	\$ 2,116,949.2	\$ 2,180,117.7	\$ 2,271,092.9
Dollar Increase Over Previous Year Appropriation		\$ 149,186.9	\$ 63,168.5	\$ 154,143.7
Percentage Increase		7.6%	3.0%	7.3%
CATEGORICAL PUBLIC SCHOOL SUPPORT				
TRANSPORTATION				
Operational	\$ 87,678.7	\$ 91,385.0	\$ 93,209.8	\$ 91,186.6
School-owned Bus Replacements	\$ 176.4	\$ 420.4	\$ 420.4	\$ 3,500.0
Rental Fees (Contractor-owned Buses)	\$ 11,296.5	\$ 10,605.1	\$ 11,224.4	\$ 11,000.4
Compensation	\$ 501.5	\$ 2,074.2	\$ -	\$ 1,926.1
Increase in Employer's ERB Contribution (.75 percent)	\$ 300.9	\$ 325.2	\$ 325.2	\$ 339.9
TOTAL TRANSPORTATION	\$ 99,954.0	\$ 104,389.5	\$ 105,179.8	\$ 107,953.0
SUPPLEMENTAL DISTRIBUTIONS				
Out-of-state Tuition	\$ 380.0	\$ 369.6	\$ 370.0	\$ 370.0
Emergency Supplemental	\$ 2,000.0	\$ 1,997.9	\$ 2,000.0	\$ 7,000.0
INSTRUCTIONAL MATERIAL FUND	\$ 30,500.0	\$ 32,965.4	\$ 37,224.9	\$ 37,224.9
EDUCATIONAL TECHNOLOGY FUND	\$ 5,000.0	\$ 4,994.8	\$ 6,000.0	\$ 6,000.0
INCENTIVES FOR SCHOOL IMPROVEMENT FUND	\$ 1,600.0	\$ 1,598.3	\$ 1,600.0	\$ -
SCHOOLS IN NEED OF IMPROVEMENT FUND	\$ -	\$ 2,397.5	\$ 2,500.0	\$ 4,000.0
TOTAL CATEGORICAL	\$ 139,434.0	\$ 148,713.0	\$ 154,874.7	\$ 162,547.9
TOTAL PUBLIC SCHOOL SUPPORT	\$ 2,107,196.3	\$ 2,265,662.2	\$ 2,334,992.4	\$ 2,433,640.8
Dollar Increase Over Previous Year Appropriation		\$ 158,465.9	\$ 69,330.2	\$ 167,978.6
Percentage Increase		7.5%	3.1%	7.4%
RELATED APPROPRIATIONS: RECURRING				
Public Education Department	\$ 11,761.7	\$ 12,625.0	\$ 19,995.1	\$ 13,765.7
Accelerated ERB Employer Contribution for FY 09	\$ -	\$ -	\$ -	\$ 14,506.8
Accreditation	\$ -	\$ -	\$ 1,000.0	\$ -
Advanced Placement	\$ 190.0	\$ 1,198.7	\$ 2,000.0	\$ 2,000.0
After School Enrichment Program	\$ -	\$ -	\$ 7,500.0	\$ -
Anti-obesity Programs	\$ -	\$ -	\$ 1,000.0	\$ -
Apprenticeship Assistance	\$ 650.0	\$ 649.3	\$ 850.0	\$ 650.0
Beginning Teacher Mentorship	\$ 900.0	\$ 899.1	\$ 900.0	\$ 2,000.0
Breakfast for elementary students/Food to schools	\$ 475.0	\$ -	\$ 2,921.8	\$ -
Core Curriculum Framework (Pre-AP)	\$ 381.6	\$ 381.6	\$ -	\$ -
Cyber Academy for Rio Rancho High School	\$ -	\$ 256.9	\$ -	\$ -
Domestic violence recognition/training program	\$ 50.0	\$ -	\$ -	\$ -
Elementary Physical Education	\$ 1,425.0	See Line 88	\$ 6,562.0	See Line 20
Family and Youth Resource Act	\$ 1,500.0	\$ 1,498.4	\$ 2,000.0	\$ 1,500.0
Farms to Schools	\$ -	\$ -	\$ 500.0	\$ -
Fiesta Educativa parent conference and outreach	\$ -	\$ 7.0	\$ -	\$ -
GRADS - Teen Pregnancy Prevention	\$ 1,000.0	\$ 999.0	\$ 1,000.0	\$ 1,000.0
High School Redesign (Advanced Placement & Pre-Advanced Placement)	\$ -	\$ -	\$ 6,000.0	\$ -
Indian Education Act of 2003 (includes \$1,000.0 for rural literacy program1 FY07 & 08)	\$ 2,500.0	\$ 2,497.4	\$ 2,500.0	\$ 2,500.0
Innovative Digital Education and Learning	\$ -	\$ -	\$ 2,247.4	\$ -
Kindergarten Plus	\$ 400.0	\$ 999.0	\$ 1,000.0	See Line 19
NM GOVERNMENT EDUCATION FUND	\$ 47.5	\$ -	\$ -	\$ -
New Mexico Teacher Performance Incentive Program	\$ -	\$ -	\$ 5,000.0	\$ 5,000.0
Obesity Programs	\$ 475.0	\$ -	\$ -	\$ -
Parental Training and Involvement	\$ 44.7	\$ -	\$ 1,000.0	See Line 98
Pre-kindergarten Program (Includes \$1 million to be transferred to CYFD)	\$ -	\$ 3,995.8	\$ 18,000.0	\$ 6,000.0
Reading Material Fund	\$ -	\$ 100.0	\$ 100.0	\$ -
School Improvement Framework	\$ -	\$ -	See Line 100	\$ 3,000.0
Statewide School Safety Crime Stoppers	\$ -	\$ -	\$ 250.0	\$ -
Summer Reading, Math and Science Institutes	\$ -	\$ 699.3	\$ 3,000.0	\$ 3,000.0
Truancy Prevention/Dropout Prevention	\$ 475.0	\$ 999.0	\$ 1,000.0	\$ -
Uniform Chart of Accounts Support and Maintenance	\$ -	\$ -	\$ 500.0	\$ -
TOTAL RELATED APPROPRIATIONS: RECURRING	\$ 22,275.5	\$ 27,805.5	\$ 86,826.3	\$ 54,922.5
GRAND TOTAL	\$ 2,129,471.8	\$ 2,293,467.7	\$ 2,421,818.7	\$ 2,488,563.3
Dollar Increase Over Previous Year Appropriation		\$ 163,995.9	\$ 128,351.0	\$ 195,095.6
Percentage Increase		7.7%	5.6%	8.5%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY08
(dollars in thousands)

87	SECTION 5 – RELATED APPROPRIATIONS: NONRECURRING (PUBLIC EDUCATION DEPARTMENT)					87
88	Assessment & Test Development/Exit Exams	\$ 7,000.0	\$ 6,600.0 *I	\$ 1,000.0	\$ -	88
89	Breakfast for Elementary Students/Food to Schools	\$ -	\$ 2,000.0 *I	\$ -	\$ -	89
90	Bullying Prevention	\$ -	\$ -	\$ 500.0	\$ -	90
91	CHARTER SCHOOL STIMULUS FUND	\$ 1,000.0	\$ -	\$ -	\$ -	91
92	Computer-based Math & On-demand Student/Classroom Info. Access	\$ -	\$ 2,500.0 *I	\$ 1,000.0	\$ -	92
93	Dance Program in Albuquerque	\$ -	\$ -	\$ 200.0	\$ -	93
94	Elementary Physical Education/Anti-obesity Programs	\$ -	\$ 2,000.0 *I	\$ -	See Line 20	94
95	Emergency Supplemental	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0	See Line 41	95
96	For Specialized Legal Services for Gallup-McKinley Supreme Court Hearing	\$ -	\$ -	\$ 120.0	\$ 120.0	96
97	New Mexico Executive Educator Turnaround Specialists	\$ -	\$ -	\$ 1,500.0	\$ -	97
98	Parental Training and Involvement/Domestic Violence Curriculum	\$ 285.0	\$ 750.0 *I	\$ 1,000.0	\$ -	98
99	PED FY07 Supplemental Funding for Salaries and Other Costs	\$ -	\$ -	\$ 2,962.0	\$ -	99
100	Pre-kindergarten	\$ 4,000.0	\$ -	\$ -	\$ -	100
101	Pre-kindergarten Start-up	\$ -	\$ 1,500.0 *I	\$ 7,500.0	\$ -	101
102	Prueba de Espanol	\$ 100.0	\$ -	\$ -	\$ -	102
103	Public School Funding Formula Study (to LCS)	\$ -	\$ 500.0 *I	\$ -	\$ -	103
104	Regional Education Cooperatives Operations	\$ -	\$ 750.0	\$ -	\$ -	104
105	Rural Education/Community Revitalization	\$ -	\$ 250.0 *I	\$ 2,000.0	\$ -	105
106	School Improvement Framework	\$ -	\$ 6,000.0 *I	\$ 7,500.0	\$ -	106
107	SCHOOL LIBRARY MATERIAL FUND	\$ 1,000.0	\$ 3,000.0	\$ -	\$ -	107
108	School to Careers/Dropout Prevention	\$ -	\$ -	\$ 250.0	\$ -	108
109	School-owned Bus Replacements	\$ -	\$ 3,680.9	\$ -	\$ -	109
110	Schools Outreach (to DFA)	\$ 250.0	\$ -	\$ -	\$ -	110
111	Start-up school based health clinics (to DOH)	\$ 2,000.0	\$ -	\$ -	\$ -	111
112	Science and Supercomputing	\$ -	\$ -	\$ 470.0	\$ -	112
113	Science Teacher Resources	\$ -	\$ -	\$ 1,666.5	\$ -	113
114	STATE EQUALIZATION GUARANTEE (To offset reductions in Impact Aid Credits FY07)	\$ -	\$ -	\$ 2,000.0	\$ 2,000.0	114
115	State Support Reserve Fund	\$ -	\$ -	\$ 1,500.0	\$ -	115
116	Statewide School Safety - GPS for School Buses	\$ -	\$ -	\$ 2,600.0	\$ -	116
117	Statewide School Safety - Security Cameras	\$ -	\$ -	\$ 2,000.0	\$ -	117
118	Student ID system maintenance (moved to PED)	\$ 40.0	\$ -	\$ -	\$ -	118
119	Summer Camp Program in Santa Fe	\$ -	\$ 300.0	\$ 350.0	\$ -	119
120	Summer Institutes for Reading & Mathematics (professional development)	\$ -	\$ 1,000.0 *I	\$ -	See Line 80	120
121	Supplemental support to school districts experiencing operational shortfalls	\$ -	\$ -	\$ -	\$ 6,300.0	121
122	Supplemental support to schools targeted for closing	\$ -	\$ -	\$ -	\$ 3,000.0	122
123	Teach for America	\$ -	\$ -	\$ 500.0	\$ -	123
124	TEACHER PROFESSIONAL DEVELOPMENT FUND	\$ 2,400.0	\$ 2,000.0	\$ 2,500.0	\$ -	124
125	Three-tiered Licensure Evaluation System: Teachers	\$ 400.0	\$ 300.0 *I	\$ -	\$ -	125
126	Truancy Prevention/Dropout Prevention	\$ -	\$ -	\$ -	\$ -	126
127	Uniform Chart of Accounts (District Implementation Costs FY08)	\$ 600.0	\$ 122.5 *I	\$ 4,257.6	\$ -	127
128	TOTAL RELATED APPROPRIATIONS: NONRECURRING	\$ 24,075.0	\$ 38,253.4	\$ 48,376.1	\$ 11,420.0	128
129	SECTION 7 – DATA PROCESSING APPROPRIATIONS	\$ -	\$ -	\$ -	\$ -	129
130	Innovative Digital Education and Learning	\$ -	\$ -	\$ 8,501.6	\$ -	130
131	Data Warehouse at PED	\$ -	\$ 2,000.0 *I	\$ 6,350.0	\$ -	131

STATUTORY AUTHORITY:

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor and increased the amount of funding distributed to public schools and all beneficiaries of income from state trust land.

BUDGET ISSUES:

Public schools receive operational revenue from the general fund, federal funds, other state funds, local revenue, and cash balances.

The Public Education Department (PED) uses the state equalization guarantee (SEG), also known as the "funding formula," to distribute money to public schools. About 90 percent of a school district's operational revenue is derived through the formula. The formula, designed to guarantee each public school student equal access to programs and services appropriate to educational need despite geographic location or local economic conditions, is enrollment-driven with weighted factors for school and district size, teacher qualifications, students' special needs, and other circumstances. Membership weighted for such factors generates a program unit. PED divides the annual SEG appropriation by the total number of statewide units to determine the

unit value. Funds are then distributed to districts by multiplying the unit value by the number of units generated by the district. School districts may spend formula dollars according to local priorities; however, they must comply with statutory requirements and relevant PED directives. A significant finding identified in PED's FY05 annual audit notes the department does not audit attendance information supplied by districts. Because the number of units a district generates is determined using weighted membership, the failure to audit self-reported district attendance numbers is of concern.

In determining a district's SEG, the state takes credit for 75 percent of three revenue sources: a 0.5 local mill levy, federal forest funds, and the operational portion of federal impact aid funds, all of which remain at the district. A challenge by the Gallup-McKinley and Zuni school districts to U.S. Department of Education rules allowing states to take credit for federal impact aid funds is currently on the docket of the U.S. Supreme Court and will be heard in early 2007. If the court rules the practice of taking credit for these funds is inappropriate, the state could be liable for as much as \$300 million in one-time costs and \$50 million in annual recurring costs.

The department's request for program costs of \$2.236 billion did not include funding for compensation but did include the final year phase-in of the three-tier career ladder for teachers and funding for implementation of minimum salaries for principals. The LFC recommendation for program costs of \$2.327 billion, an increase of \$152 million or 7 percent over FY07, includes an average 4.25 percent salary increase for all public school employees. An additional \$10.7 million is included to implement the next phase of the three-tier teacher career ladder and \$4.3 million for implementing minimum salaries for principals. The recommendation also includes funding for elementary physical education and an expansion of Kindergarten Plus, an extended school year program, to the first grade for all students in school improvement or restructuring schools.

The committee recommendation includes a total of \$55.6 million in credits: \$45.7 million from impact aid, \$9.2 million from the 0.5 local mill levy, \$700 thousand from federal forest funds, and \$750 thousand from drivers' license fees. Public schools are required to offer an elective classroom driver safety education course and receive \$3 from each driver's license for this purpose. The department reports the current option for an eight-year driver's license is reducing these revenues annually. A \$2 million reduction in credits as a result of decreases in federal impact aid and drivers' license fees results in an additional \$2 million general fund requirement. The committee recommends reviewing this figure during the session as better estimates are received. Adjusted for credits, the SEG recommendation is \$2.271 billion, for a 7.3 percent increase.

Specific recommendations are as follows:

Enrollment growth. Fiscal year 2008 funding is based on an average of the 80th and 120th day enrollment for FY07 except for those districts with membership growth greater than 1 percent. These districts receive 1.5 units per member for enrollment growth over 1 percent. The recommendation includes funding of \$9.5 million to meet a projected growth of 1,855 units for FY08. This appears to be somewhat conservative and might need to be adjusted when 40th day attendance numbers are received from districts.

Fixed costs. The fixed costs recommendation of \$2.9 million funds the agency request and is based on a consumer price index of 1.7 percent. Concerns remain as to the widely fluctuating cost of energy, and reevaluation of this amount should be undertaken when second quarter financial statements are received from districts.

Insurance. Increases in insurance costs are part of total compensation for public school employees. These costs become part of the unit value and are distributed to schools through the funding formula. Except for Albuquerque Public Schools (APS), revenue is then transferred from the districts to the New Mexico Public School Insurance Authority (NMPSIA) to provide health insurance benefits to employees and risk insurance to the districts. NMPSIA estimates for FY08 that medical insurance premiums will increase by 10.6 percent. Property and liability insurance is projected to decrease by 19.6 percent while workers' compensation premiums are expected to increase by 47.4 percent due primarily to a court ruling that the compensation period allowed for mental disabilities must be equivalent to that allowed for physical disabilities. APS projects a 4 percent overall increase in medical, dental, and prescription drug coverage and no more than a 10 percent increase in property, liability, and workers' compensation premiums. The recommendation includes \$10.3 million for NMPSIA and APS insurance costs. To determine the viability of combining the functions of both NMPSIA and APS to take advantage of the economies of scale available, a study is underway and a status report is expected in early 2007.

Three-Tiered Teacher Licensure. The public school support request included \$20.8 million for final year implementation of the \$50 thousand minimum annual salary for Level 3 teachers. The recommendation includes \$10.7 million to establish the \$50 thousand minimum annual salary for Level 3 teachers only after the 4.25 percent compensation increase recommended by the committee is implemented. The three-tier career ladder represents an extraordinary commitment by the Legislature to improve public education in New Mexico. Despite these efforts progress in improving student achievement has been painfully slow, with the number of New Mexico schools failing to achieve AYP continuing to grow and the achievement gap continuing to widen.

Included in the committee recommendation for program and transportation costs is \$14.5 million for the 0.75 percent increase in the Educational Retirement Board (ERB) employer contribution.

Kindergarten Plus. The Office of Educational Accountability (OEA) notes that Kindergarten Plus program participants demonstrate improved literacy skills and social skills as they participate in an extended kindergarten school year with highly trained teachers, while data provided by PED indicates students enrolled in Kindergarten Plus classrooms are entering first grade much better prepared than their peers not receiving these services. Schools note the most effective use of program funds is to add days to the beginning of kindergarten and to the beginning of first grade. Expansion of the program is recommended to schools in need of improvement, particularly in high-poverty areas. The recommendation includes \$8.2 million for implementing Kindergarten Plus in all schools statewide with 85 percent or greater free lunch eligibility and in school improvement or restructuring. An additional, \$8.3 million is included in the recommendation to expand the program into first grade for the same schools.

Elementary Physical Education. The recommendation includes \$6.6 million for the implementation of elementary physical education statewide. Current research indicates that the prevalence of overweight children has more than doubled in the past 20 years and current estimates indicate that rates have not yet begun to decrease. Funding to schools would be dependent on an application process and would be in addition to funding already contained in SEG.

Categorical Public School Support. The committee recommendation is \$162.5 million, an increase of \$7.6 million, or 4.9 percent. The following are included in categorical public school support:

Transportation. Within categorical support, the transportation distribution is used to make payments to school districts for the to-and-from transportation costs of students in kindergarten through twelfth grade and 3 and 4-year-old developmentally disabled students enrolled in public school programs. The funding is for operational costs, school-owned equipment, rental and lease fees for buses, a 4.25 percent salary increase, and a 0.75 percent increase in the employer share of ERB contributions. The recommendation also includes technical adjustments for the cost of fuel and contractor lease rates. The committee recommends \$107.9 million, \$3.5 million over the FY07 appropriation.

Instructional Materials. The annual adoption of instructional materials follows a six-year cycle in all core curriculum areas. Funding for FY08 is for math, music and the arts. 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. Balances remaining at the end of the fiscal year may be retained by the eligible entities for expenditure in subsequent years. Public schools may use the entire amount of these funds on adopted instructional materials but are restricted to using no more than 50 percent on nonadopted materials. Charter schools and adult basic education centers may use all the funding on nonadopted materials. Accredited private schools may only purchase instructional materials on the state adopted list. The recommendation includes \$37.2 million for FY08 recognizing the high cost of math adoption materials.

Emergency Supplemental. Recognizing the recurring nature of emergency supplemental funding, the recommendation consolidates \$2 million in recurring and \$5 million in nonrecurring appropriations from FY07 and recognizes the entire amount as a recurring cost. Historically, small schools have been the primary users of these funds; however, a growing number of larger schools are applying for supplemental assistance. Concerns have been raised by many districts regarding insufficient distribution of funds through the funding formula to meet mandates. The funding formula study is underway, but recommendations for changes to the formula are not expected until the second quarter of FY08, just prior to the 2008 session.

Schools in Need of Improvement. The department has noted the need for extending the school day and school year for schools in the most need of improvement. For the 2006-2007 school year, 51 schools are in restructuring II, yet recurring funding is available to assist only about 30 of these schools. The department continues to rely heavily on outside contractors for school assistance, reducing the amount available for direct interventions. The recommendation increases and consolidates funding into a single fund to provide schools with the highest need, greater resources to implement school improvement initiatives.

Related Appropriations: Recurring. The level of categorical education-related recurring funding has escalated significantly from an appropriation in FY05 of \$18.4 million to an FY08 executive request of \$86.8 million, an increase of more than 300 percent. This proliferation of new programs continues with little accountability, particularly for its impact on student performance. Categorical or earmarked appropriations are problematic in that they tend to disqualify school funding and divert resources away from core educational need, as well as diluting funding that would normally be directed into SEG. The absence of categorical funding and fund "tracking" in the original funding formula was viewed as a way to encourage local school district initiatives in seeking more efficient and effective means of achieving desirable educational goals. The committee, however, does recognize the value of a limited number of initiatives that have demonstrated positive results.

Educational Retirement Board Contributions. The committee recommends \$14.5 million to provide a three-quarter percent increase in the employer contribution to the educational retirement board to provide in advance for the FY09 cost of the employer share of the contribution increases for public education employees.

Beginning Teacher Mentorship. A number of studies that examine why teachers leave the profession in their first five years point to a lack of mentorship as a primary cause. High quality and sustained mentorship is vital to continue the preparation of high-quality teachers and the recommendation includes \$2 million for this effort.

Indian Education. The Indian Education Act intended to focus PED on narrowing the achievement gap among New Mexico's Native American students; however, performance and persistent measurement is hindered by executive veto of language requiring accountability and reporting of graduation rates and retention and higher education enrollment among Native American students. The recommendation continues appropriations of \$2.5 million and includes language directing \$1 million to a rural literacy program for Native American students.

Pre-Kindergarten. The committee continues to struggle with funding for pre-kindergarten absent data on student performance from the ongoing pilot program and how the performance of students enrolled in the PED program compares with students enrolled in the Children, Youth and Families Department (CYFD) program. Although specifically requested on numerous occasions by the committee, a status report presented to the Legislative Education Study Committee (LESC) and LFC by the National Institute for Early Education Research (NIEER) is noticeably lacking in substantive information regarding student achievement, either in the aggregate or by department program.

The executive request includes \$18 million in recurring funding, \$7.5 million for start-up costs, and \$5 million in capital requests to begin a four-year rollout of the program. Absent any type of meaningful data as to the effectiveness of the program, the recommendation includes a modest increase of \$2 million, \$1 million of which is to be transferred to CYFD. The executive is urged to provide disaggregated and detailed evaluation results as quickly as possible to allow for a thorough analysis of program effectiveness. Further, administrative rules for the pre-kindergarten program proposed by PED and currently out for public review do not contain any provisions for program accountability and evaluation.

Summer Reading, Math and Science Institutes. FY07 was the first year these institutes were funded. Data received from teachers and school districts point to a successful professional development offering. Research indicates successful professional development is content-based and sustained, the approach these institutes take. The recommendation includes \$3 million to expand institutes statewide and to promote a more comprehensive reading component lacking in the FY07 institutes.

Supplemental Appropriations. A number of school districts have reported difficulties meeting operational expenses for FY07 as a result of insufficient funding through the funding formula, particularly in meeting salary increases. The committee recommendation includes \$6.3 million to assist districts experiencing operating shortfalls and \$3.0 million to provide supplemental support to individual schools targeted for closing and experiencing operation shortfalls. The recommendation provides for the PED secretary to verify the amount needed by each school district and charter school prior to distributing the funds.

The department projects credits from federal impact aid receipts will drop by approximately \$2 million in FY07. This is an estimated amount; final credit calculations and distributions are not available to the state until May. It is possible that an increase in property valuation will offset this amount by a small amount, however, not sufficiently to make up the shortfall. Two million dollars is recommended to cover the shortfall contingent on certification by the secretary of the final amount required after all credits have been received.

RECOMMENDED LANGUAGE:

Except as otherwise provided, unexpended balances of appropriations made in the public school support subsection remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

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 2007-2008 school year and then, upon verification of the number of units statewide for fiscal year 2008 but no later than January 31, 2008, the secretary of public education may adjust the program unit value.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funds to provide an average four and one-quarter percent salary increase for all teachers, other instructional staff and other licensed and unlicensed staff, effective July 1, 2007. Prior to the approval of a school district's or charter school's budget, the secretary of public education shall verify that each school district or charter school is providing an average four and one-quarter salary increase for all teachers

and other licensed school employees and an average four and one-quarter percent salary increase for nonlicensed school employees.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funds to implement the fifty thousand (\$50,000) minimum salary for level three-A teachers. The secretary of public education shall verify that school districts and charter schools have implemented the salary increases for teachers prior to implementing the minimum salaries for level three-A teachers.

The secretary of public education, in collaboration with the department of finance and administration, office of educational accountability, shall ensure all level three-A teachers receiving salary increases under the three-tiered minimum salary have been evaluated under the tiered licensure evaluation system and have the professional competencies of level three-A teachers. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any teacher who has not been evaluated.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

The general fund appropriation to the state equalization guarantee distribution contains six million five hundred sixty-two thousand (\$6,562,000) dollars for elementary physical education contingent on the enactment of enabling legislation of the first session of the forty-eighth legislature.

The general fund appropriation to the state equalization guarantee distribution contains sixteen million five hundred eighteen thousand one hundred (\$16,518,100) dollars for expanding kindergarten plus to all title-one schools in school improvement or restructuring and to expand the program into the first grade for the same schools, contingent on the enactment of legislation of the first session of the forty-eighth legislature.

For the 2007-2008 school year, the state equalization guarantee distribution contains sufficient funding for school districts to implement a formula-based program for the first time. 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.

The general fund appropriation for the transportation distribution includes sufficient funding to provide an average four and one-quarter percent salary increase for transportation employees effective July 1, 2007.

The general fund appropriation for the transportation distribution includes sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

Any unexpended or unencumbered balance in the supplemental distributions of the public education department remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

The appropriation to the instructional material fund is made from the federal Minerals Land Leasing Act (30 USCA 181, et seq.) receipts.

The general fund appropriation to the public education department for the Family and Youth Resource Act shall fund family and youth services pursuant to the Family and Youth Resource Act.

The general fund appropriation to the public education department for the Indian Education Act contains one million dollars (\$1,000,000) to provide a rural literacy initiative to support new after-school and summer literacy block programs for students in kindergarten through eighth grade in schools with a high proportion of Native American students, contingent on receipt of five-hundred thousand dollars (\$500,000) in matching funds from sources other than the state.

The public education department and the children, youth and families department shall report jointly and quarterly to the legislative education study committee and the legislative finance committee regarding implementation of the prekindergarten program. The four quarterly reports will address student progress by department, infrastructure expenditures, teacher and provider qualifications and adequacy of instructional materials.

Any unexpended or unencumbered balance in the authorized distributions remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the public education department includes fourteen million five hundred six thousand eight hundred dollars (\$14,506,800) to provide a three-quarter percent increase in the employer contribution to the educational retirement fund to be transferred in fiscal year 2008 to the educational retirement board to provide in advance for the fiscal year 2009 cost of the employer share of contribution increases for public education employees.

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>FY05 Actual</u>	<u>FY06 Actual</u>	<u>FY07 Budget</u>	<u>FY08 Request</u>	<u>FY08 Recomm</u>
Explanatory	Percent of elementary students receiving school breakfasts			89,873	51%	51%
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students		94%	100%	100%	100%
* Quality	Annual percent of classes in core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	76.9%	76%	95%	90%	95%
* Quality	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	77.5%	88%	95%	92%	95%
* Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts			49%	59%	59%
* Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics			33%	44%	44%
* Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts			42%	53%	53%
* Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics			20%	35%	35%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools			55%	43%	43%
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words			60%	74%	74%
Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools			80%	80%	80%
Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in reading				59%	59%

PUBLIC SCHOOL SUPPORT

993

Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in mathematics		44%	44%
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in reading		53%	53%
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in mathematics		35%	35%
Outcome	Percent of kindergarten through third grade students in reading first schools scoring on grade level on reading first assessments		60%	60%
Outcome	Number of public school students habitually truant		28,000	28,000
Outcome	Number of schools identified as needing improvement		400	400
* Explanatory	Annual cohort graduation rate for school year 2004-2005 ninth graders	90%	65%	80%
Explanatory	Number of schools making annual yearly progress		325	325