



STATE OF NEW MEXICO

REPORT OF THE LEGISLATIVE FINANCE COMMITTEE TO THE FORTY-NINTH LEGISLATURE SECOND SESSION

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LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATION

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LEGISLATIVE BRANCH
BUDGET SUMMARY
(Dollars in Thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011		
			Agency Request	LFC Recommendation	Percent Incr/(Decr) Over FY10
111 Legislative Council Service	6,044.2	5,930.7	5,930.7	5,616.4	-5.3%
112 Legislative Finance Committee	4,318.9	4,263.4	4,263.4	4,037.7	-5.3%
114 Senate Chief Clerk	1,223.4	1,199.9	1,199.9	1,136.3	-5.3%
115 House Chief Clerk	1,168.4	1,145.1	1,155.0	1,084.4	-5.3%
117 Legislative Education Study Committee	1,287.0	1,308.5	1,308.5	1,239.1	-5.3%
119 Legislative Building Services (GAA)	4,191.4	3,941.4	4,105.6	3,888.0	-1.4%
131 Legislative Information Systems		562.9	562.9	533.1	-5.3%
131 Interim Committee Expenses	789.9	909.4	1,036.0	861.3	-5.3%
131 Pre-Session Expenses	552.3	450.5	552.3	426.7	-5.3%
131 Legislative Internship Program	45.0	45.0	45.0	45.0	0.0%
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%
TOTAL	19,674.1	19,810.4	20,212.9	18,921.6	-4.5%
REDUCTION-Laws 2009, Chapter 5, 1st Special Session		(839.2)			
TOTAL ADJUSTED LEGISLATIVE BRANCH		18,971.2			
NON-RECURRING					
Legislature		5,119.0 *			

*Appropriation for the 2010 30-day legislative session will be made by the Legislature in January 2010. The budgeted amount of \$5,119.0 was provided by the Legislative Council Service.

Appropriation for the 2011 60-day legislative session will be made by the Legislature in January 2011. An estimated amount of \$8,770.0 is based on the previous 60-day session in 2009.

TRANSMITTAL OF ESTIMATES

Appropriation estimates for the operation of the legislative branch of government are transmitted herewith by the Legislative Finance Committee. Estimates have been supplied by the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, Legislative Building Services, Senate chief clerk, and House chief clerk.

All appropriations to the legislative branch of government are made through the feed bill, except for those indicated by (GAA), which are made through the General Appropriation Act.

STATUTORY AUTHORITY:

Sections 18-1-1 through 18-1-12 NMSA 1978 provide for a Supreme Court Law Library for use by all citizens of New Mexico. The management, control, and supervision of the library are the responsibility of a board of trustees consisting of the Supreme Court justices. In addition to general circulation, the Supreme Court Law Library provides reference support, acquisition and update of legal materials, and research assistance. Its other major function is to provide guidelines, rules, and training to ensure the maintenance of all district court libraries.

MISSION:

The mission of the Supreme Court Law Library is to provide access to the primary law and related legal materials to the citizens of the State of New Mexico, including the judiciary, the Legislature, and the executive branches of state government, as well as the general public, and in so doing fulfill the constitutional requirement of providing equal access to justice.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	1,803.1	1,701.2	-34.0	1,667.2	1,701.2	1,622.0	-2.7
Other Revenues	1.0	1.5	0.0	1.5	1.8	1.8	20.0
SOURCES TOTAL	1,804.1	1,702.7	-34.0	1,668.7	1,703.0	1,623.8	-2.7
USES							
Personal Services and Employee Benefits	698.8	680.3	-34.0	646.3	740.2	687.4	6.4
Contractual Services	418.6	392.3	0.0	392.3	392.3	381.0	-2.9
Other	663.4	630.1	0.0	630.1	558.0	555.4	-11.9
Other Financing Uses	0.0	0.0	0.0	0.0	12.5	0.0	
TOTAL USES	1,780.8	1,702.7	-34.0	1,668.7	1,703.0	1,623.8	-2.7
FTE							
Permanent	9.0	9.0	0.0	9.0	9.0	8.0	-11.1
TOTAL FTE POSITIONS	9.0	9.0	0.0	9.0	9.0	8.0	-11.1

BUDGET ISSUES:

For FY11, the Supreme Court Law Library requested \$1.7 million, a 2 percent increase over the adjusted FY10 budget. LFC recommends a 2.7 percent decrease.

At the end of FY09, the Law Library lost a financial administrator and the position has remained vacant. As a cost-saving measure, the Law Library will receive assistance from the Supreme Court on all financial matters. LFC recommends the deletion of the Law Library's vacant financial administrator, which results in a \$42.8 thousand saving.

SUPREME COURT LAW LIBRARY

The purpose of the supreme court law library is to provide and produce legal information for the judicial, legislative and executive branches of state government, the legal community and the public at large so they may have equal access to the law, effectively address the courts, make laws and write regulations, better understand the legal system and conduct their affairs in accordance with the principles of law.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Percent of updated titles	78.4%	70.8%	80%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	24.25%	21.6%	<20%	<20%	<20%
Output	Number of website hits	77,748	121,392	60,000	60,000	90,000
* Output	Number of research requests	8,700	8,082	6,700	6,700	7,000

STATUTORY AUTHORITY:

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	169.5	166.1	-3.3	162.8	166.1	159.5	-2.0
Other Transfers	404.3	400.0	0.0	400.0	400.0	400.0	0.0
Other Revenues	1,300.0	1,458.1	0.0	1,458.1	1,458.1	1,427.0	-2.1
SOURCES TOTAL	1,873.8	2,024.2	-3.3	2,020.9	2,024.2	1,986.5	-1.7
USES							
Personal Services and Employee Benefits	488.1	508.2	-3.3	504.9	499.1	494.3	-2.1
Contractual Services	1,015.5	1,348.0	0.0	1,348.0	1,353.0	1,343.0	-0.4
Other	143.9	168.0	0.0	168.0	172.1	149.2	-11.2
TOTAL USES	1,647.5	2,024.2	-3.3	2,020.9	2,024.2	1,986.5	-1.7
FTE							
Permanent	5.0	5.0	0.0	5.0	6.0	5.0	0.0
Term	1.0	1.0	0.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	0.0	6.0	6.0	6.0	0.0

BUDGET ISSUES:

The Compilation Commission is an enterprise agency, mostly funded from civil action filing fees and sale of publications with minimal general fund support. The agency serves as the official publisher of the state of New Mexico. The commission sells its publications to state agencies for a reduced rate, reducing the level of spending these agencies would incur if the publications were compiled and distributed through a private entity.

For FY11, LFC recommends \$159.5 thousand from the general fund, a 2 percent decrease, reflecting reductions for discretionary items such as travel, furniture and equipment.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Database Administrator (Term to Perm)	(P208)	0.0	0.0
TOTAL			0.0	0.0

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission is to publish in print and electronic format, distribute and sell (1) laws enacted by the legislature, (2) opinions of the supreme court and court of appeals, (3) rules approved by the supreme court, (4) attorney general opinions and (5) other state and federal rules and opinions. The commission ensures the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
* Output	Amount of revenue collected, in thousands	\$1,433.9	\$1,300.0	\$1,300.0	\$1,300.0	\$1,300.0

STATUTORY AUTHORITY:

An amendment to Article VI, Section 32, of the New Mexico Constitution created the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 11 members: six lay people appointed by the governor, two attorneys elected by the New Mexico Bar Association board of commissioners, and three members appointed by the Supreme Court. The latter three positions are filled by a Supreme Court justice, a magistrate judge, and a Court of Appeals or district court judge. The six lay members serve five-year terms, while the attorney and judge members serve four-year terms.

MISSION:

The Judicial Standards Commission serves to protect the public from the improper conduct and behavior of judges; to preserve the integrity of the judicial process; to maintain public confidence in the judiciary; to create a greater awareness of proper judicial behavior on the part of the judiciary and the public; and to provide for the expeditious and fair disposition of complaints of judicial misconduct. The commission also maintains a duty to the judiciary to maintain the strict confidentiality of all matters before the commission until such time as the matters are filed in the New Mexico Supreme Court.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	839.4	787.6	-15.8	771.8	787.6	735.5	-4.7
Other Revenues	0.0	0.0	0.0	0.0	0.0	25.0	
SOURCES TOTAL	839.4	787.6	-15.8	771.8	787.6	760.5	-1.5
USES							
Personal Services and Employee Benefits	668.2	629.1	-15.8	613.3	629.1	609.3	-0.7
Contractual Services	20.2	42.6	0.0	42.6	42.6	39.0	-8.5
Other	144.0	115.9	0.0	115.9	115.9	112.2	-3.2
TOTAL USES	832.4	787.6	-15.8	771.8	787.6	760.5	-1.5
FTE							
Permanent	7.0	7.0	0.0	7.0	7.0	7.0	0.0
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

For FY11, LFC recommends a 4.7 percent general fund decrease and a 1.5 percent overall budget decrease. The recommendation includes \$25 thousand in projected revenues received from trial cost reimbursements to help supplement the cost of investigations and hearings. The recommendation reduces funding for professional services and supplies and eliminates funding for new furniture and equipment.

The commission maintains three administrators for an office of only 7 FTE. The commission should reevaluate its staffing structure to increase cost-effectiveness.

In FY09, the number of written verified judicial complaints received and docketed by the Judicial Standards Commission increased by 3.4 percent, or from 144 in FY08 to 149 in FY09. Of those docketed matters, the commission disposed of 146. Most of the cases, or 94 percent, were dismissed or resolved informally and 6 percent were resolved through formal proceedings before the commission and the New Mexico Supreme Court.

RECOMMENDED LANGUAGE:

Any unexpended balances remaining at the end of fiscal year 2011 in other state funds from funds received from trial cost reimbursements from respondents shall not revert to the general fund.

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	1.5	0	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	2	2
* Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	2.8	3	3	3	3

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,721.9	5,692.4	5,749.1	5,695.2	0.0
Other Revenues	1.4	1.0	1.0	1.0	0.0
SOURCES TOTAL	5,723.3	5,693.4	5,750.1	5,696.2	0.0
USES					
Personal Services and Employee Benefits	5,124.1	5,157.6	5,214.3	5,187.8	0.6
Contractual Services	74.1	67.7	67.7	63.0	-6.9
Other	514.4	468.1	468.1	445.4	-4.8
TOTAL USES	5,712.6	5,693.4	5,750.1	5,696.2	0.0
FTE					
Permanent	60.5	62.5	62.5	62.5	0.0
TOTAL FTE POSITIONS	60.5	62.5	62.5	62.5	0.0

BUDGET ISSUES:

For FY11, the Court of Appeals requested \$5.7 million, a 1 percent increase over FY10. The increase is primarily due to property and personnel insurance premium increases. LFC recommends a flat budget.

The most important issue facing the Court of Appeals relates to the October 2009 opening of the Court of Appeals Pamela B. Minzner Law Center. The Legislature appropriated a total of \$15 million to the Court of Appeals to plan, design, and construct the building, including a final 2009 capital outlay appropriation of \$400 thousand to furnish the building. The Legislature also appropriated \$100 thousand to fund a maintenance worker and court security officer. Nevertheless, the state budget shortfall will require the court to develop more efficient ways to operate and manage the new facility.

During FY 09, the Court of Appeals had three of 10 judges retire but still maintained a case clearance rate of 93.9 percent.

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

COURT OF APPEALS

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	103.86%	93.93%	95%	95%	95%
Explanatory	Number of legal opinions written	738	693	760	760	760

STATUTORY AUTHORITY:

Article VI of the Constitution of New Mexico provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico, having original jurisdiction in quo 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,099.0	3,029.1	3,029.1	2,969.4	-2.0
Other Transfers	0.0	0.0	12.5	0.0	
SOURCES TOTAL	3,099.0	3,029.1	3,041.6	2,969.4	-2.0
USES					
Personal Services and Employee Benefits	2,870.2	2,796.6	2,880.3	2,813.1	0.6
Contractual Services	16.9	39.7	17.9	17.9	-54.9
Other	209.9	192.8	143.4	138.4	-28.2
TOTAL USES	3,097.0	3,029.1	3,041.6	2,969.4	-2.0
FTE					
Permanent	34.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	34.0	34.0	34.0	34.0	0.0

BUDGET ISSUES:

For FY11, the Supreme Court requested \$3 million, a flat budget over FY10. LFC recommends a 2 percent decrease. The recommendation reduced funding for discretionary items such as supplies, travel, and court furniture.

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

SUPREME COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	101.1%	103.5%	95%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written	103	87			

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)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	781.1	812.9	-16.3	796.6	859.2	810.6	1.8
SOURCES TOTAL	781.1	812.9	-16.3	796.6	859.2	810.6	1.8
USES							
Personal Services and Employee Benefits	662.3	645.6	0.0	645.6	668.2	662.8	2.7
Contractual Services	6.9	9.0	0.0	9.0	9.8	9.8	8.9
Other	108.5	158.3	-16.3	142.0	181.2	138.0	-2.8
TOTAL USES	777.7	812.9	-16.3	796.6	859.2	810.6	1.8
FTE							
Permanent	15.8	15.8	0.0	15.8	15.8	15.8	0.0
TOTAL FTE POSITIONS	15.8	15.8	0.0	15.8	15.8	15.8	0.0

BUDGET ISSUES:

For FY11, the Supreme Court Building Commission requested \$859.2 thousand, a 7.8 percent increase over the adjusted FY10 budget. LFC recommends a 1.8 percent budget increase that supports the continued maintenance, preservation, and security of the supreme court building and grounds.

SUPREME COURT BUILDING COMMISSION

The purpose of the supreme court building commission is to retain custody and control of the supreme court building and its grounds and to provide care, preservation, repair, cleaning, heating and lighting and to hire necessary employees for these purposes.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <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)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	43,285.7	42,504.9	-850.4	41,654.5	43,504.9	40,591.0	-2.6
Other Transfers	1,888.1	1,400.0	0.0	1,400.0	2,041.4	3,360.0	140.0
Federal Revenues	951.4	862.9	0.0	862.9	966.3	966.3	12.0
Other Revenues	7,901.2	8,814.6	0.0	8,814.6	9,124.0	8,959.0	1.6
Fund Balance	1,898.6	1,224.6	0.0	1,224.6	1,360.0	1,360.0	11.1
SOURCES TOTAL	55,925.0	54,807.0	-850.4	53,956.6	56,996.6	55,236.3	2.4
USES							
Personal Services and Employee Benefits	28,196.7	26,779.7	0.0	26,779.7	27,797.9	26,347.2	-1.6
Contractual Services	8,477.6	9,066.1	-85.2	8,980.9	9,325.9	8,639.3	-3.8
Other	17,143.1	17,472.9	-712.4	16,760.5	18,410.1	17,287.1	3.1
Other Financing Uses	2,470.3	1,488.3	-52.8	1,435.5	1,462.7	2,962.7	106.4
TOTAL USES	56,287.7	54,807.0	-850.4	53,956.6	56,996.6	55,236.3	2.4
FTE							
Permanent	363.8	366.8	0.0	366.8	366.8	361.8	-1.4
Term	68.3	69.5	0.0	69.5	72.5	69.5	0.0
TOTAL FTE POSITIONS	432.1	436.3	0.0	436.3	439.3	431.3	-1.2

BUDGET ISSUES:

The Administrative Office of the Courts (AOC) requested a 4.4 percent general fund increase and a 5.6 percent overall budget increase. Among the largest increases were the \$1 million increase for magistrate leases, \$500 thousand for court equipment and maintenance, \$200 for video arraignment equipment and services, and \$800 for jury and witness costs.

LFC recommends a 2.6 percent general fund decrease without any expansions. Funding for magistrate pro tems, video arraignment equipment, supplies, and inventory is also reduced. Funding for all services and program costs is significantly reduced with the exception of building lease costs and jury, witness, and interpreter payments.

The committee recommends AOC continue actions to restrict in-state travel, limit supply purchases, reduce cellular phone usage, implement a hiring freeze, reduce general fund contractual services, and significantly reduce use of copy machines and facsimile lines. Furthermore, AOC programs must continue to rely on other state funds to supplement leases, jury costs, security initiatives, and video arraignment maintenance.

In FY10, AOC implemented a 50 percent increase in the jury demand fee paid by civil litigants who request a jury. AOC also implemented a new jury fee (\$5) to be paid on conviction in misdemeanor and penalty assessment cases, which will supplement funding for jurors and court interpreters. In the past two fiscal years, AOC has obtained loans exceeding \$1.2 million to meet the demand for mandatory payments to jurors. This new fee should generate \$800 thousand in FY10 and about \$1.5 million in FY11 and beyond for payments to jurors and court interpreters. As a result, LFC recommends an increase in other state funds of \$800 to account for the jury and witness fee of \$5 and the increase in jury demand fee revenue.

The Statewide Judiciary Automation Program is supported primarily by the Supreme Court automation fund (SCAF) and municipal court automation fund. Almost 100 percent of the general fund in this program is used for salaries and benefits and the judicial automation building lease. The FY11 recommendation for the Statewide Judiciary Automation Program is \$2.6 million from the general fund, or an 6.2 percent reduction.

The Magistrate Court Program is funded primarily through the general fund; however, this program also includes warrant enforcement activities funded through bench warrant revenues. Another source of revenue for this program is the court facilities fund. The facilities fund generated \$5.4 million in FY09 with approximately \$4.6 million (over 85 percent) of the revenues used for servicing bonds for Metropolitan Court facilities in Bernalillo County. The remainder of the funds will be made available for improving and maintaining court facilities and supplementing essential costs.

AOC requested a 6.2 percent increase from the general fund for the Magistrate Court program. The majority of the increase is for lease payments. AOC has opened substantial new or revitalized facilities in Las Cruces, Los Alamos, Taos, Mora, Ruidoso, and Moriarty. For FY11, LFC recommends a 1.9 percent general fund reduction that focuses resources on magistrate leases and essential personnel services and employee benefits.

The Legislature in 2009 helped reduce magistrate facility expenditures by eliminating magistrate circuit courts in Cimarron, Vaughn, and San Jon. The magistrate court in Thoreau was eliminated and the judgeship moved to Gallup. The closures became effective July 1, 2009. The Legislature also eliminated the Tatum magistrate judgeship effective December 31, 2010.

The recommendation for the Special Court Services Program, comprising of the court appointed special advocate project, supervised visitation, water rights and adjudication litigation, court appointed attorney fund (CAAF), and judges pro tem, includes a general fund decrease of 2.6 percent. The recommendation also includes \$1.5 million increase in driving while intoxicated grant fund revenues to help supplement drug court reductions. The Drug Court Advisory Council (DCAC) will assist the AOC in distributing funds to drug court programs statewide.

As part of the Accountability in Government Act, AOC was designated a key agency for FY10 and has developed measures for future quarterly reporting.

The FY11 recommendation includes two new measures that will replace existing measures at the Judicial Information Division and Special Court Services Programs. The new measure for JID will accurately track the quality of service provided to judiciary automation system users while the measure for the Special Court Services Program amends the current measure to include exchanges because exchanges represent a large component of the services provided to families in New Mexico.

BASE EXPANSION:

For FY11, AOC requested 2 FTE; a special courts program manager and network systems administrator. No expansion is recommended. LFC does authorize the movement of 1 perm FTE and its salaries and benefits between AOC Administrative Support Program and Special Courts Services Program.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Program Manager	(P610)	148.0	0.0
2	Network Systems Administrator	(P560)	181.4	0.0
TOTAL			329.4	0.0

ADMINISTRATIVE SUPPORT

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recom- mendation</u>	Percent Incr <u>(Decr)</u>
SOURCES							
General Fund Transfers	8,395.9	8,016.9	-160.6	7,856.3	8,169.9	7,600.9	-3.3
Other Transfers	1,538.1	670.0	0.0	670.0	620.0	620.0	-7.5
Federal Revenues	951.4	862.9	0.0	862.9	966.3	966.3	12.0
Other Revenues	602.2	525.0	0.0	525.0	1,325.0	1,325.0	152.4
Fund Balance	0.0	100.0	0.0	100.0	100.0	100.0	0.0
SOURCES TOTAL	11,487.6	10,174.8	-160.6	10,014.2	11,181.2	10,612.2	6.0
USES							
Personal Services and Employee Benefits	3,355.7	3,184.0	0.0	3,184.0	3,353.9	3,249.9	2.1
Contractual Services	1,262.9	1,366.8	0.0	1,366.8	1,395.6	1,240.8	-9.2
Other	6,913.4	5,624.0	-160.6	5,463.4	6,431.7	6,121.5	12.0
TOTAL USES	11,532.0	10,174.8	-160.6	10,014.2	11,181.2	10,612.2	6.0
FTE							
Permanent	37.8	38.8	0.0	38.8	37.8	37.8	-2.7
Term	2.8	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	40.6	42.8	0.0	42.8	41.8	41.8	-2.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of jury summons successfully executed	73.4%	72.5%	92%	92%	92%
* Output	Average cost per juror	\$56.22	\$58.42	\$42	\$50	\$50

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)							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recom- mendation</u>	Percent Incr <u>(Decr)</u>
SOURCES							
General Fund Transfers	3,007.5	2,847.0	-56.9	2,790.1	2,847.0	2,617.3	-6.2
Other Transfers	0.0	0.0	0.0	0.0	181.4	0.0	
Other Revenues	4,491.1	4,496.0	0.0	4,496.0	4,896.0	4,879.0	8.5
Fund Balance	669.6	669.6	0.0	669.6	400.0	400.0	-40.3
SOURCES TOTAL	8,168.2	8,012.6	-56.9	7,955.7	8,324.4	7,896.3	-0.7
USES							
Personal Services and Employee Benefits	4,535.1	4,195.1	0.0	4,195.1	4,719.3	4,365.1	4.1
Contractual Services	422.4	745.8	0.0	745.8	902.7	887.1	18.9
Other	3,001.0	3,071.7	-56.9	3,014.8	2,702.4	2,644.1	-12.3
TOTAL USES	7,958.5	8,012.6	-56.9	7,955.7	8,324.4	7,896.3	-0.7
FTE							
Permanent	39.5	41.5	0.0	41.5	41.5	41.5	0.0
Term	9.0	9.0	0.0	9.0	11.0	9.0	0.0
TOTAL FTE POSITIONS	48.5	50.5	0.0	50.5	52.5	50.5	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated court reports	95.1%	81.2%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-15.6%	-7.7%	10%	10%	10%
* Quality	Average time to respond to automation calls for assistance, in minutes			25	25	25
Output	Number of help desk calls for assistance	8,004	8,697	6,000	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	16	21.9	12	12	12
Quality	Judicial computer user qualitative rating (average) of judicial information program help desk support					

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>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>Amount of Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>FY11 - 2010-2011 LFC Recom- mendation</u>	<u>Percent Incr (Decr)</u>
SOURCES							
General Fund Transfers	24,112.6	23,971.9	-479.5	23,492.4	24,971.9	23,056.2	-1.9
Other Transfers	0.0	350.0	0.0	350.0	800.0	800.0	128.6
Other Revenues	2,807.9	3,793.6	0.0	3,793.6	2,903.0	2,755.0	-27.4
Fund Balance	140.0	455.0	0.0	455.0	860.0	860.0	89.0
SOURCES TOTAL	27,060.5	28,570.5	-479.5	28,091.0	29,534.9	27,471.2	-2.2
USES							
Personal Services and Employee Benefits	20,062.4	19,265.3	0.0	19,265.3	19,499.4	18,511.4	-3.9
Contractual Services	375.8	564.8	-4.6	560.2	784.5	459.3	-18.0
Other	7,196.0	8,740.4	-474.9	8,265.5	9,251.0	8,500.5	2.8
TOTAL USES	27,634.2	28,570.5	-479.5	28,091.0	29,534.9	27,471.2	-2.2
FTE							
Permanent	284.5	284.5	0.0	284.5	284.5	279.5	-1.8
Term	56.5	56.5	0.0	56.5	57.5	56.5	0.0
TOTAL FTE POSITIONS	341.0	341.0	0.0	341.0	342.0	336.0	-1.5

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	2.49	2.69	\$2.4	\$2.4	\$2.4
* Explanatory	Percent of cases disposed as a percent of cases filed	100.7%	101.0%	95%	95%	95%
* Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	100%	99.2%	100%	100%	100%

SPECIAL COURT SERVICES

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families, to provide judges pro tem, and adjudicate water rights disputes so that the constitutional rights and safety of citizens, especially children and families, are protected.

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10			<u>FY11 - 2010-2011</u>		
	2008-2009	2009-2010	Amount of	Adjusted	Agency	LFC	Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Reduction</u>	<u>Budget</u>	<u>Request</u>	<u>Recom- mendation</u>	<u>Incr (Decr)</u>
SOURCES							
General Fund Transfers	7,769.7	7,669.1	-153.4	7,515.7	7,516.1	7,316.6	-2.6
Other Transfers	350.0	380.0	0.0	380.0	440.0	1,940.0	410.5
Fund Balance	1,089.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	9,208.7	8,049.1	-153.4	7,895.7	7,956.1	9,256.6	17.2
USES							
Personal Services and Employee Benefits	243.5	135.3	0.0	135.3	225.3	220.8	63.2
Contractual Services	6,416.5	6,388.7	-80.6	6,308.1	6,243.1	6,052.1	-4.1
Other	32.7	36.8	-20.0	16.8	25.0	21.0	25.0
Other Financing Uses	2,470.3	1,488.3	-52.8	1,435.5	1,462.7	2,962.7	106.4
TOTAL USES	9,163.0	8,049.1	-153.4	7,895.7	7,956.1	9,256.6	17.2
FTE							
Permanent	2.0	2.0	0.0	2.0	3.0	3.0	50.0
TOTAL FTE POSITIONS	2.0	2.0	0.0	2.0	3.0	3.0	50.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of required events attended by attorneys in abuse and neglect cases	9,063	8,246	8,000	8,000	
Output	Number of monthly supervised child visitations conducted	458	511	500		
* Output	Number of cases to which court appointed special advocates volunteers are assigned	3,085	1,039	1,600	1,000	
* Output	Number of monthly supervised child visitations and exchanges conducted.				500	

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-46 NMSA 1977. New Mexico has 13 judicial districts over which 88 judges preside. Distribution and number of judgeships is determined in New Mexico statute. In the last four years, 15 district judgeships have been statutorily created.

The district courts have jurisdiction over all legal matters not specifically excepted in the New Mexico Constitution, including common law disputes, felony criminal actions and statutorily directed matters involving children. The district courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians, and specified public officials. They may commit persons to the care of the state, issue writs of aid of jurisdiction, and promulgate court rules consistent with rules established by the Supreme Court.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	72,819.6	71,534.6	-1,431.8	70,102.8	73,712.4	68,387.4	-2.4
Other Transfers	5,371.9	5,575.8	0.0	5,575.8	4,674.4	4,674.4	-16.2
Federal Revenues	236.3	57.1	0.0	57.1	0.0	0.0	-100.0
Other Revenues	1,772.1	1,742.5	0.0	1,742.5	2,282.4	2,282.4	31.0
Fund Balance	416.8	514.0	0.0	514.0	712.9	649.9	26.4
SOURCES TOTAL	80,616.7	79,424.0	-1,431.8	77,992.2	81,382.1	75,994.1	-2.6
USES							
Personal Services and Employee Benefits	67,246.7	66,220.9	-778.3	65,442.6	68,599.4	65,099.4	-0.5
Contractual Services	7,045.7	8,594.8	-528.2	8,066.6	7,877.0	7,200.4	-10.7
Other	5,421.2	4,608.3	-125.3	4,483.0	4,905.7	3,694.3	-17.6
TOTAL USES	79,713.6	79,424.0	-1,431.8	77,992.2	81,382.1	75,994.1	-2.6
FTE							
Permanent	960.5	970.5	0.0	970.5	988.0	963.6	-0.7
Term	70.8	65.3	0.0	65.3	69.3	65.3	-0.1

BUDGET ISSUES:

District courts participate in the judicial “unified budget” by proposing and gaining support for their submitted budgets through the judiciary budget committee and the Chief Judges Council. For FY11, the judiciary budget committee approved no increases in contractual services and other costs. The judiciary budget committee allowed personal services and employee benefits to reflect full funding for authorized positions and related benefits, regardless of the increase. Regarding FTE, the budget committee permitted districts to submit critical expansion requests based on the 2006 staff workload study.

District Courts requested a general fund increase of \$3.6 million, or a 5.1 percent increase over the adjusted FY10 budget appropriation. The district courts requests increased personal services and employee benefits and remained flat in contractual services and other costs requests. Five district courts requested base increases and expansions.

LFC recommends \$68.4 million from the general fund, a 2.4 percent decrease, and total funding of \$75.9 million, a 2.6 percent decrease. The recommendation focuses resources on current program and base needs. Funding for information technology equipment, furniture, transportation, and supplies was significantly reduced. Contracts for judges pro tem, attorneys, maintenance, and information technology services were also reduced.

On average, contractual services were reduced by 16 percent. For FY11, LFC recommends \$1.5 million from the driving while intoxicated grant fund to the Administrative Office of the Courts (AOC) to offset general fund reductions for drug courts. The Drug Court Advisory Council (DCAC) could assist AOC with the distribution of funds.

The LFC recommendation applies vacancy rates ranging from 2.4 to 5.9 percent. In addition, the LFC recommendation makes technical adjustments to personal services and employee benefits to align projected expenditures with actual costs.

The recommendation for district courts includes a decrease of \$254 thousand in personal services and employee benefits due to the deletion of 7 vacant FTE. A court clerk manager, human resource analyst, and 2 court clerks were deleted at the 2nd Judicial District Court; a court clerk and court reporter were deleted at the 3rd Judicial District Court, and a court reporter was deleted at the 11th Judicial District Court. All positions were left vacant for longer than six months and were deleted in accordance with LFC guidelines.

BASE EXPANSION:

The district courts requested a total of 21.5 FTE staff positions, which included staff attorneys, administrative assistants, program managers, IT specialists, and court clerks. Expansions are not recommended.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Certified Court Monitor	(243)	49.6	0.0
1	Court Clerk 2	(233)	132.9	0.0
1	Court Clerk 2	(243)	212.2	0.0
2	Legal Office Specialist	(233)	53.9	0.0
3	Human Resource Generalist	(233)	48.6	0.0
4	Information Technology Specialist	(233)	60.1	0.0
5	Bailiff 0.5 FTE Child Support Hear Off Fund	(233)	0.0	0.0
6	<u>Legal Office Specialist-Mediation Fund</u>	<u>(233)</u>	<u>63.0</u>	<u>0.0</u>
TOTAL			620.3	0.0

BUDGET SUMMARY (dollars in thousands)							
	FY09	FY10	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted			Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	6,729.7	6,603.9	-132.2	6,471.7	6,603.9	6,287.3	-2.8
Other Transfers	568.3	435.5	0.0	435.5	432.7	432.7	-0.6
Federal Revenues	67.3	0.0	0.0	0.0	0.0	0.0	
Other Revenues	314.2	494.2	0.0	494.2	494.2	494.2	0.0
SOURCES TOTAL	7,679.5	7,533.6	-132.2	7,401.4	7,530.8	7,214.2	-2.5
USES							
Personal Services and Employee Benefits	6,221.8	6,211.5	0.0	6,211.5	6,434.8	6,170.1	-0.7
Contractual Services	668.0	934.3	-132.2	802.1	730.6	721.9	-10.0
Other	571.0	387.8	0.0	387.8	365.4	322.2	-16.9
TOTAL USES	7,460.8	7,533.6	-132.2	7,401.4	7,530.8	7,214.2	-2.5
FTE							
Permanent	86.0	86.0	0.0	86.0	86.0	86.0	0.0
Term	8.8	8.8	0.0	8.8	8.8	8.8	-0.6
TOTAL FTE POSITIONS	94.8	94.8	0.0	94.8	94.8	94.8	-0.1

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	104.6%	88.9%	100%	95%	100%
* Explanatory	Percent change in case filings by case type	2.2%	10.1%			
* Quality	Recidivism of adult drug-court graduates	10.26%	11.54%	9%	9%	9%
* Explanatory	Cost per client per day for adult drug-court participants	\$33.76	\$27.20			
* Quality	Recidivism of juvenile drug-court graduates	14.29%	11.36%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$29.42	\$28.60			
* Output	Number of adult drug-court graduates	28	19	18	18	19
* Output	Number of juvenile drug-court graduates	19	9	17	17	17
* Output	Median number of days to process vendor payment vouchers	8.7	5.3	18	18	18
* Output	Number of days to process juror payment vouchers	4.5	7.0	5	5	5
* Explanatory	Graduation rate, juvenile drug court	73.08%	32.14%	50%	50%	50%
* Explanatory	Graduation rate, adult drug court	42.42%	28.36%	45%	45%	45%

SECOND JUDICIAL DISTRICT COURT

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BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	22,289.7	21,542.6	-431.0	21,111.6	22,637.8	20,765.8	-1.6
Other Transfers	1,428.7	1,630.6	0.0	1,630.6	896.2	896.2	-45.0
Other Revenues	700.2	687.5	0.0	687.5	1,211.5	1,211.5	76.2
Fund Balance	244.1	283.8	0.0	283.8	403.2	403.2	42.1
SOURCES TOTAL	24,662.7	24,144.5	-431.0	23,713.5	25,148.7	23,276.7	-1.8
USES							
Personal Services and Employee Benefits	22,830.6	22,627.3	-407.8	22,219.5	23,426.4	22,239.7	0.1
Contractual Services	198.1	407.5	-8.2	399.3	354.8	234.9	-41.2
Other	1,185.1	1,109.7	-15.0	1,094.7	1,367.5	802.1	-26.7
TOTAL USES	24,213.8	24,144.5	-431.0	23,713.5	25,148.7	23,276.7	-1.8
FTE							
Permanent	331.5	331.5	0.0	331.5	331.5	327.5	-1.2
Term	34.0	28.5	0.0	28.5	31.0	28.5	0.0
TOTAL FTE POSITIONS	365.5	360.0	0.0	360.0	362.5	356.0	-1.1

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

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
* Explanatory	Cases disposed as a percent of cases filed	93.3%	94.5%	95%	95%	95%
* Explanatory	Percent change in case filings by case type	5.3%	9.0%			
* Quality	Recidivism of adult drug-court graduates	5.43%	3.78%	8%	8%	8%
* Explanatory	Cost per client per day for adult drug-court participants	\$7.92	\$12.60			
* Quality	Recidivism of juvenile drug-court graduates	23.08%	27.54%	10%	10%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$37.48	\$37.51			
* Output	Number of adult drug-court graduates	126	128	130	130	130
* Output	Number of juvenile drug-court graduates	26	21	20	20	20
* Output	Median number of days to process vendor payment vouchers	1.25	1.0	5	5	5
* Output	Number of days to process juror payment vouchers	15	14	14	14	14
* Explanatory	Graduation rate, adult drug court	53.62%	64.97%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court	68.42%	51.22%	70%	70%	70%

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC		Percent Incr (Decr)
SOURCES							
General Fund Transfers	6,626.9	6,565.9	-131.5	6,434.4	6,861.5	6,244.9	-2.9
Other Transfers	642.1	727.8	0.0	727.8	657.0	657.0	-9.7
Other Revenues	142.7	121.1	0.0	121.1	130.0	130.0	7.3
Fund Balance	14.6	40.0	0.0	40.0	108.0	45.0	12.5
SOURCES TOTAL	7,426.3	7,454.8	-131.5	7,323.3	7,756.5	7,076.9	-3.4
USES							
Personal Services and Employee Benefits	5,996.3	6,055.0	0.0	6,055.0	6,581.6	5,918.5	-2.3
Contractual Services	871.5	943.9	-40.0	903.9	829.5	826.2	-8.6
Other	492.0	455.9	-91.5	364.4	345.4	332.2	-8.8
TOTAL USES	7,359.8	7,454.8	-131.5	7,323.3	7,756.5	7,076.9	-3.4
FTE							
Permanent	84.3	88.3	0.0	88.3	94.3	86.3	-2.2
Term	6.5	6.5	0.0	6.5	8.0	6.5	0.0
TOTAL FTE POSITIONS	90.8	94.8	0.0	94.8	102.3	92.8	-2.1

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

		FY08	FY09	FY10	FY11	FY11
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	92.3%	96.1%	90%	90%	90%
Explanatory	Percent change in case filings by case type	6.2%	5.2%			
* Quality	Recidivism of adult drug-court graduates	4.71%	5.68%	10%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$41.29	\$30.94			
Quality	Recidivism of juvenile drug-court graduates	13.46%	22.81%			
Explanatory	Cost per client per day for juvenile drug-court participants	\$67.41	\$63.66			
* Output	Number of adult drug-court graduates	25	26	30	30	30
* Output	Number of juvenile drug-court graduates	11	25	20	20	20
Output	Median number of days to process vendor payment vouchers	5	7	5	5	5
Output	Number of days to process juror payment vouchers	20	7	14	14	14
* Explanatory	Graduation rate, adult drug court	69.44%	68.42%	65%	65%	65%
* Explanatory	Graduation rate, juvenile drug court	78.57%	83.33%	70%	70%	70%

BUDGET SUMMARY (dollars in thousands)							
	FY09	FY10	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted			Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,234.7	2,151.3	-43.1	2,108.2	2,151.3	2,051.5	-2.7
Other Transfers	41.4	55.8	0.0	55.8	29.1	29.1	-47.8
Other Revenues	24.1	25.0	0.0	25.0	26.0	26.0	4.0
Fund Balance	4.0	5.0	0.0	5.0	4.0	4.0	-20.0
SOURCES TOTAL	2,304.2	2,237.1	-43.1	2,194.0	2,210.4	2,110.6	-3.8
USES							
Personal Services and Employee Benefits	1,848.6	1,838.3	0.0	1,838.3	1,863.5	1,798.2	-2.2
Contractual Services	254.9	220.9	-43.1	177.8	169.3	161.1	-9.4
Other	195.1	177.9	0.0	177.9	177.6	151.3	-15.0
TOTAL USES	2,298.6	2,237.1	-43.1	2,194.0	2,210.4	2,110.6	-3.8
FTE							
Permanent	29.5	29.5	0.0	29.5	29.5	29.5	0.0
TOTAL FTE POSITIONS	29.5	29.5	0.0	29.5	29.5	29.5	0.0

FOURTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	107.2%	95.9%	95%	95%	95%
* Explanatory	Percent change in case filings by case type	4.9%	-3.3%			
* Output	Median number of days to process vendor payment vouchers	2.0	1.21	5	5	5
* Output	Number of days to process juror payment vouchers	3	6.3	12	14	12
* Explanatory	Graduation rate, juvenile drug court	78.57%	61.11%	70%	70%	70%
* Quality	Recidivism of juvenile drug-court graduates	5.00%	25.93%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$39.74	\$33.21			
* Output	Number of juvenile drug-court graduates	11	11	9	9	9

BUDGET SUMMARY (dollars in thousands)							
	FY09	FY10	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted			Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	6,463.4	6,259.2	-125.4	6,133.8	6,259.2	5,952.4	-3.0
Other Transfers	337.0	339.0	0.0	339.0	339.0	339.0	0.0
Other Revenues	90.8	95.0	0.0	95.0	95.0	95.0	0.0
Fund Balance	16.3	20.0	0.0	20.0	20.0	20.0	0.0
SOURCES TOTAL	6,907.5	6,713.2	-125.4	6,587.8	6,713.2	6,406.4	-2.8
USES							
Personal Services and Employee Benefits	5,554.9	5,434.3	-107.8	5,326.5	5,484.2	5,303.1	-0.4
Contractual Services	853.8	909.0	-11.2	897.8	863.1	802.3	-10.6
Other	457.9	369.9	-6.4	363.5	365.9	301.0	-17.2
TOTAL USES	6,866.6	6,713.2	-125.4	6,587.8	6,713.2	6,406.4	-2.8
FTE							
Permanent	82.0	82.0	0.0	82.0	82.0	82.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	83.0	83.0	0.0	83.0	83.0	83.0	0.0

FIFTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	100.8%	93.5%	95%	95%	95%
Explanatory	Percent change in case filings by case type	-1.5%	1.1%			
Output	Median number of days to process vendor payment vouchers	6.6	5.6	5	5	5
* Output	Number of days to process juror payment vouchers	4.0	4.9	10	14	10
* Explanatory	Graduation rate, family drug court	25.00%	50%	50%	50%	50%
* Quality	Recidivism of family drug-court graduates	33.33%	47.37%	15%	15%	15%
* Output	Number of family drug-court graduates	3	5	9	9	9

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	3,115.5	3,236.9	-64.7	3,172.2	3,329.1	3,081.6	-2.9
Other Transfers	75.0	87.9	0.0	87.9	72.7	72.7	-17.3
Federal Revenues	98.7	0.0	0.0	0.0	0.0	0.0	
Other Revenues	10.5	10.8	0.0	10.8	10.8	10.8	0.0
Fund Balance	13.8	14.2	0.0	14.2	15.0	15.0	5.6
SOURCES TOTAL	3,313.5	3,349.8	-64.7	3,285.1	3,427.6	3,180.1	-3.2
USES							
Personal Services and Employee Benefits	2,378.1	2,290.7	-18.7	2,272.0	2,426.0	2,297.8	1.1
Contractual Services	686.3	866.0	-46.0	820.0	756.5	715.6	-12.7
Other	233.2	193.1	0.0	193.1	245.1	166.7	-13.7
TOTAL USES	3,297.6	3,349.8	-64.7	3,285.1	3,427.6	3,180.1	-3.2
FTE							
Permanent	34.5	35.5	0.0	35.5	35.5	35.5	0.0
Term	0.5	0.5	0.0	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	35.0	36.0	0.0	36.0	36.0	36.0	0.0

SIXTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	95.0%	102.5%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	4.0%	15.5%			
* Quality	Recidivism of juvenile drug-court graduates	35.00%	29.41%	13%	13%	13%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$48.92	\$34.80			
* Output	Number of juvenile drug-court graduates	5	3	9	9	9
* Output	Median number of days to process vendor payment vouchers	12.5	20.3	5	5	5
* Output	Number of days to process juror payment vouchers	13	19.4	14	14	14
* Explanatory	Graduation rate, juvenile drug court	100%	42.86%	90%	90%	90%

BUDGET SUMMARY (dollars in thousands)							
	FY09	FY10	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted			Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,386.2	2,311.7	-46.3	2,265.4	2,311.7	2,203.9	-2.7
Other Transfers	414.5	425.3	0.0	425.3	408.2	408.2	-4.0
Other Revenues	16.6	24.0	0.0	24.0	24.0	24.0	0.0
Fund Balance	0.0	5.0	0.0	5.0	5.0	5.0	0.0
SOURCES TOTAL	2,817.3	2,766.0	-46.3	2,719.7	2,748.9	2,641.1	-2.9
USES							
Personal Services and Employee Benefits	2,131.6	2,150.7	-46.3	2,104.4	2,144.3	2,055.8	-2.3
Contractual Services	347.4	405.6	0.0	405.6	403.2	396.2	-2.3
Other	314.6	209.7	0.0	209.7	201.4	189.1	-9.8
TOTAL USES	2,793.6	2,766.0	-46.3	2,719.7	2,748.9	2,641.1	-2.9
FTE							
Permanent	32.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	36.0	36.0	0.0	36.0	36.0	36.0	0.0

SEVENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.8%	100.5%	95%	95%	95%
Explanatory	Percent change in case filings by case type	8.3%	-7.3%			
Output	Median number of days to process vendor payment vouchers	2.25	1.5	5	5	5
* Output	Number of days to process juror payment vouchers	5	2.54	14	14	14

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,631.4	2,767.5	-55.4	2,712.1	2,817.1	2,631.4	-3.0
Other Transfers	103.6	80.0	0.0	80.0	80.0	80.0	0.0
Other Revenues	39.7	71.0	0.0	71.0	71.0	71.0	0.0
SOURCES TOTAL	2,774.7	2,918.5	-55.4	2,863.1	2,968.1	2,782.4	-2.8
USES							
Personal Services and Employee Benefits	1,785.7	1,730.6	0.0	1,730.6	1,771.1	1,664.2	-3.8
Contractual Services	806.2	1,044.5	-55.4	989.1	1,044.5	990.4	0.1
Other	153.4	143.4	0.0	143.4	152.5	127.8	-10.9
TOTAL USES	2,745.3	2,918.5	-55.4	2,863.1	2,968.1	2,782.4	-2.8
FTE							
Permanent	27.5	27.5	0.0	27.5	29.0	27.5	0.0
TOTAL FTE POSITIONS	27.5	27.5	0.0	27.5	29.0	27.5	0.0

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the fourth 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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	83.7%	82.6%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-0.4%	6.7%			
* Quality	Recidivism of adult drug-court graduates	16.22%	8.33%	10%	10%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$35.45	\$37.52			
* Quality	Recidivism of juvenile drug-court graduates	3.33%	2.94%	5%	5%	5%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$30.10	\$34.93			
* Output	Number of adult drug-court graduates	11	23	18	18	18
* Output	Number of juvenile drug-court graduates	8	11	15	15	15
* Output	Median number of days to process vendor payment vouchers	2.85	2.25	5	5	5
* Output	Number of days to process juror payment vouchers	3.45	1	9	9	9
* Explanatory	Graduation rate, juvenile drug court	57.14%	36.67%	70%	70%	70%
* Explanatory	Graduation rate, adult drug court	47.83%	60.53%	75%	75%	75%

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	3,386.6	3,317.4	-66.4	3,251.0	3,317.4	3,187.2	-2.0
Other Transfers	590.6	605.9	0.0	605.9	605.9	605.9	0.0
Other Revenues	59.7	43.0	0.0	43.0	43.0	43.0	0.0
SOURCES TOTAL	4,036.9	3,966.3	-66.4	3,899.9	3,966.3	3,836.1	-1.6
USES							
Personal Services and Employee Benefits	3,505.8	3,548.1	-62.3	3,485.8	3,516.6	3,472.4	-0.4
Contractual Services	171.2	154.2	-1.0	153.2	158.7	141.8	-7.4
Other	346.9	264.0	-3.1	260.9	291.0	221.9	-14.9
TOTAL USES	4,023.9	3,966.3	-66.4	3,899.9	3,966.3	3,836.1	-1.6
FTE							
Permanent	43.8	43.8	0.0	43.8	43.8	43.8	0.0
Term	5.5	5.5	0.0	5.5	5.5	5.5	0.0
TOTAL FTE POSITIONS	49.3	49.3	0.0	49.3	49.3	49.3	0.0

NINTH JUDICIAL DISTRICT COURT

The purpose of the fourth 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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	95.8%	101.7%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-0.4%	7.0%			
* Output	Median number of days to process vendor payment vouchers	13.25	4.3	10	10	10
* Output	Number of days to process juror payment vouchers	6.75	3.5	14	14	14

TENTH JUDICIAL DISTRICT COURT

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BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	768.3	792.7	-15.9	776.8	792.7	761.5	-2.0
Other Revenues	8.3	7.0	0.0	7.0	8.5	8.5	21.4
Fund Balance	15.4	18.0	0.0	18.0	19.7	19.7	9.4
SOURCES TOTAL	792.0	817.7	-15.9	801.8	820.9	789.7	-1.5
USES							
Personal Services and Employee Benefits	653.1	693.4	-15.9	677.5	693.4	673.2	-0.6
Contractual Services	22.1	33.4	0.0	33.4	35.7	31.8	-4.8
Other	94.9	90.9	0.0	90.9	91.8	84.7	-6.8
TOTAL USES	770.1	817.7	-15.9	801.8	820.9	789.7	-1.5
FTE							
Permanent	10.0	10.0	0.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	0.0	10.0	10.0	10.0	0.0

TENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	102.9%	86.5%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-22.4%	16.8%			
Output	Median number of days to process vendor payment vouchers	2.5	2.6	5	5	5
* Output	Number of days to process juror payment vouchers	.5	.7	9	9	9

ELEVENTH JUDICIAL DISTRICT COURT

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BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC		Percent Incr (Decr)
					Agency Request	Recom- mendation	
SOURCES							
General Fund Transfers	6,061.4	6,179.2	-123.6	6,055.6	6,412.1	5,879.7	-2.9
Other Transfers	531.2	551.7	0.0	551.7	545.2	545.2	-1.2
Federal Revenues	0.0	57.1	0.0	57.1	0.0	0.0	-100.0
Other Revenues	328.7	120.9	0.0	120.9	120.9	120.9	0.0
Fund Balance	0.0	12.1	0.0	12.1	12.1	12.1	0.0
SOURCES TOTAL	6,921.3	6,921.0	-123.6	6,797.4	7,090.3	6,557.9	-3.5
USES							
Personal Services and Employee Benefits	5,763.3	5,567.0	-102.6	5,464.4	5,758.5	5,480.4	0.3
Contractual Services	646.1	822.1	-11.7	810.4	803.6	656.8	-19.0
Other	469.2	531.9	-9.3	522.6	528.2	420.7	-19.5
TOTAL USES	6,878.6	6,921.0	-123.6	6,797.4	7,090.3	6,557.9	-3.5
FTE							
Permanent	80.5	80.5	0.0	80.5	84.5	79.5	-1.2
Term	6.5	6.5	0.0	6.5	6.5	6.5	0.0
TOTAL FTE POSITIONS	87.0	87.0	0.0	87.0	91.0	86.0	-1.1

ELEVENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	96.8%	96.3%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-2.4%	11.0%			
* Quality	Recidivism of adult drug-court graduates	5.93%	12.5%	10%	10%	10%
* Explanatory	Cost per client per day for adult drug-court participants	\$14.79	\$11.77			
* Quality	Recidivism of juvenile drug-court graduates	8.89%	11.43%	10%	10%	10%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$20.13	\$18.09			
* Output	Number of adult drug-court graduates	53	48	40	40	40
* Output	Number of juvenile drug-court graduates	14	7	16	16	16
* Output	Median number of days to process vendor payment vouchers	4.0	4.25	5	5	5
* Output	Number of days to process juror payment vouchers	4.0	3.3	14	14	14
* Explanatory	Graduation rate, juvenile drug court	66.67%	58.33%	75%	75%	75%
* Explanatory	Graduation rate, adult drug court	64.63%	58.54%	70%	70%	70%

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	3,232.9	3,142.8	-63.0	3,079.8	3,142.8	2,996.3	-2.7
Other Transfers	122.0	115.2	0.0	115.2	87.3	87.3	-24.2
Federal Revenues	70.3	0.0	0.0	0.0	0.0	0.0	
Other Revenues	36.6	43.0	0.0	43.0	47.5	47.5	10.5
Fund Balance	2.7	10.0	0.0	10.0	20.0	20.0	100.0
SOURCES TOTAL	3,464.5	3,311.0	-63.0	3,248.0	3,297.6	3,151.1	-3.0
USES							
Personal Services and Employee Benefits	2,731.1	2,735.9	-16.9	2,719.0	2,784.9	2,699.8	-0.7
Contractual Services	437.8	421.0	-46.1	374.9	295.1	293.0	-21.8
Other	275.5	154.1	0.0	154.1	217.6	158.3	2.7
TOTAL USES	3,444.4	3,311.0	-63.0	3,248.0	3,297.6	3,151.1	-3.0
FTE							
Permanent	40.5	45.5	0.0	45.5	45.5	45.5	0.0
TOTAL FTE POSITIONS	40.5	45.5	0.0	45.5	45.5	45.5	0.0

TWELFTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	102.8%	96.4%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-7.7%	18.6%			
* Quality	Recidivism of juvenile drug-court participants	19.05%	8.33%	20%	20%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$63.92	\$51.59			
* Output	Number of juvenile drug-court graduates	2	7	14	14	14
* Output	Median number of days to process vendor payment vouchers	2.0	1.83	5	5	5
* Output	Number of days to process juror payment vouchers	7	4.9	14	14	14
* Explanatory	Graduation rate, juvenile drug court	12.50%	58.33%	65%	65%	65%

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	6,892.9	6,663.5	-133.3	6,530.2	7,075.8	6,343.9	-2.9
Other Transfers	517.5	521.1	0.0	521.1	521.1	521.1	0.0
Fund Balance	105.9	105.9	0.0	105.9	105.9	105.9	0.0
SOURCES TOTAL	7,516.3	7,290.5	-133.3	7,157.2	7,702.8	6,970.9	-2.6
USES							
Personal Services and Employee Benefits	5,845.8	5,338.1	0.0	5,338.1	5,714.1	5,326.2	-0.2
Contractual Services	1,082.3	1,432.4	-133.3	1,299.1	1,432.4	1,228.4	-5.4
Other	632.4	520.0	0.0	520.0	556.3	416.3	-19.9
TOTAL USES	7,560.5	7,290.5	-133.3	7,157.2	7,702.8	6,970.9	-2.6
FTE							
Permanent	78.5	78.5	0.0	78.5	84.5	78.5	0.0
Term	4.0	4.0	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	82.5	82.5	0.0	82.5	88.5	82.5	0.0

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	91.8%	95.6%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	7.7%	10.8%			
* Quality	Recidivism of juvenile drug-court graduates	10.38%	9.64%	15%	15%	15%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$24.12	\$40.29			
* Output	Number of juvenile drug-court graduates	38	33	20	20	20
* Output	Median number of days to process vendor payment vouchers	6.5	6.8	5	5	5
* Output	Number of days to process juror payment vouchers	10.5	11.6	14	14	14
* Explanatory	Graduation rate, juvenile drug court	66.67%	70.21%	65%	65%	65%

STATUTORY AUTHORITY:

The Bernalillo County Metropolitan Court (Metro Court) was created in Section 34-8A-1 through 34-8A-14 NMSA 1978. The Metro Court provides lower court judicial services to the citizens of Bernalillo County and has jurisdiction over civil complaints involving less than \$10 thousand and all misdemeanors filed in Bernalillo County.

The Bernalillo County Metropolitan Court was established to provide a metropolitan court in a county with over 200,000 inhabitants. The 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 to have practiced in the state for three years. Metro Court judges select and appoint a court administrator who supervises all matters relating to the administration of the court. The court administrator works at the direction of the presiding judge.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	23,927.6	23,160.7	-463.3	22,697.4	24,424.3	22,143.2	-2.4
Other Transfers	87.1	126.4	0.0	126.4	122.0	122.0	-3.5
Federal Revenues	41.0	0.0	0.0	0.0	0.0	0.0	
Other Revenues	2,790.9	3,137.5	0.0	3,137.5	3,068.0	3,068.0	-2.2
Fund Balance	40.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	26,886.6	26,424.6	-463.3	25,961.3	27,614.3	25,333.2	-2.4
USES							
Personal Services and Employee Benefits	20,326.6	19,676.6	0.0	19,676.6	20,486.2	19,244.2	-2.2
Contractual Services	3,312.2	3,601.3	-75.1	3,526.2	3,849.2	3,423.5	-2.9
Other	3,214.8	3,116.7	-388.2	2,728.5	3,263.9	2,650.5	-2.9
Other Financing Uses	46.9	30.0	0.0	30.0	15.0	15.0	-50.0
TOTAL USES	26,900.5	26,424.6	-463.3	25,961.3	27,614.3	25,333.2	-2.4
FTE							
Permanent	299.0	301.0	0.0	301.0	306.0	298.0	-1.0
Term	46.5	44.5	0.0	44.5	44.5	44.5	0.0
TOTAL FTE POSITIONS	345.5	345.5	0.0	345.5	350.5	342.5	-0.9

BUDGET ISSUES:

For FY11, Bernalillo County Metropolitan Court (Metro Court) requested \$24.4 million from the general fund, an increase of \$1.7 million, 7.6 percent over the adjusted FY10 appropriation. The increase in contractual services was primarily related to a new courthouse security contract with the Albuquerque Police Department. In the other costs category, the requested 4.7 percent increase restored building maintenance contracts that were reduced in FY10.

LFC recommends \$22.1 million, a 2.4 percent reduction from the adjusted FY10 appropriation that prioritizes funding for essential maintenance, operation, and caseload-related costs. The LFC recommendation does not include funding for information technology equipment, software, and support services that can be provided by the Judicial Information Division at the Administrative Office of the Court. The recommendation does not support the increase for the security contract and encourages Metro Court to renegotiate its security contract with the city of Albuquerque.

A 4 percent vacancy rate was applied because the court has maintained a historic vacancy rate in excess of 3 percent, leaving several court clerk II positions open for over six months. For FY11, the recommendation deletes 3 FTE court clerk II positions that have been vacant for more than eight months. The court currently has 19 vacant positions, 11 of which are court clerk II positions.

Metro Court requested a 100 percent increase in inventory exempt funds to purchase microwaves, refrigerators, toasters, and coffee makers. Most of these items should not be purchased with public funds. Overall, funding for supplies, training, travel, furniture, and equipment was significantly reduced in the recommendation.

Bernalillo County Metropolitan Court operates its facility and adjacent parking structure. The Parking Division is fully funded from receipts collected in the court's parking garage and rental income from the state (e.g. Motor Vehicle Division) and retail offices. In FY09, over \$600 thousand, or 100 percent of revenue generated, was used by the division to maintain and operate the parking facility used daily by court staff, jurors, volunteers, mediators, and the general public.

BASE EXPANSION:

The Bernalillo County Metropolitan Court requested \$296.2 thousand and 5 FTE to expand the court's Background Investigations Division. The expansion would provide more in-depth background investigations of defendants during the arraignment and bonding process. LFC does not recommend the expansion because it requires specific legislation outlining the purposes and duties of the expanded program.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Enhanced Background Investigations Program	(P244)	296.2	0.0
TOTAL			296.2	0.0

BERNALILLO COUNTY METROPOLITAN COURT

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Amount of bench warrant revenue collected annually	1,299,286	\$1,233,588			
* Explanatory	Cases disposed as a percent of cases filed	101.3%	101.2%	100%	100%	100%
Output	Amount of criminal case fees and fines collected, in millions	\$6.41	\$5.78			
* Efficiency	Cost per client per day for adult drug-court participants	\$11.68	\$13.11	\$15.00	\$15.00	\$15.00
* Quality	Recidivism of driving-while-intoxicated/drug-court graduates	4.4%	6.1%	4%	4%	4%
Outcome	Number of active cases pending	22,070	22,273			
* Output	Number of driving-while-intoxicated/drug-court graduates	242	266	240	240	240
* Explanatory	Graduation rate of drug-court participants	65%	69%	70%	70%	70%
* Outcome	Fees and fines collected as a percent of fees and fines assessed	95.3%	90.7%	95%	95%	95%

STATUTORY AUTHORITY:

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC Recom- mendation		Percent Incr (Decr)
SOURCES							
General Fund Transfers	59,960.7	58,818.9	-1,177.4	57,641.5	59,643.6	56,617.4	-1.8
Other Transfers	1,417.0	992.0	0.0	992.0	1,136.0	1,136.0	14.5
Federal Revenues	1,793.4	1,086.3	0.0	1,086.3	1,252.1	1,252.1	15.3
Other Revenues	1,030.1	819.7	0.0	819.7	823.8	823.8	0.5
Fund Balance	2,754.7	1,801.3	0.0	1,801.3	963.1	1,129.3	-37.3
SOURCES TOTAL	66,955.9	63,518.2	-1,177.4	62,340.8	63,818.6	60,958.6	-2.2
USES							
Personal Services and Employee Benefits	58,087.2	58,133.9	-715.1	57,418.8	59,013.5	57,393.0	0.0
Contractual Services	1,114.0	780.1	-73.4	706.7	595.2	262.6	-62.8
Other	5,169.5	4,602.2	-388.9	4,215.3	4,209.9	3,303.5	-21.6
TOTAL USES	64,370.7	63,518.2	-1,177.4	62,340.8	63,818.6	60,958.6	-2.2
FTE							
Permanent	879.0	883.0	0.0	883.0	886.0	883.0	0.0
Term	73.0	69.5	0.0	69.5	68.3	65.1	-6.3
Temporary	3.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	955.0	952.5	0.0	952.5	954.3	948.1	-0.5

BUDGET ISSUES:

The district attorneys requested a \$2 million, or 3.5 percent, base general fund increase above the FY10 adjusted operating budget. The 2nd, 3rd and 13th district attorneys also requested reductions to their term FTE because grant funds are no longer available. LFC recommends a 1.8 percent general fund decrease below the FY10 adjusted operating level. The recommendation applies an average vacancy rate of 1.74 percent. The recommendation brings all districts contractual services and other cost category expenditures comparable with one another.

The New Mexico Sentencing Commission (NMSC) updated the staffing needs for the district attorneys. The recommendation is generated from data supplied by the case management system maintained by the districts to track cases. Last year, a combination of 974.8 attorneys, investigators, victim advocates, and support staff was recommended and this year it rose 6 percent to 1,034. Currently, not including financial officers, there are 962 authorized permanent and term FTE. As a whole the staffing-need increase from 2008 to 2009 is relatively small but a closer examination by district exposes dramatic increases within certain districts. For example, attorney FTE recommended for the 2nd, 7th, and 8th districts and division II of the 11th district increased more than 15 percent and for the 12th district it rose nearly 34 percent. The district attorneys are urged to develop procedures related to the case management system that emphasize consistency and quality control. Strengthening the Administrative Office of the District Attorneys role to issue rules to improve data output would also be beneficial.

Out-of-cycle pay increases give district attorney offices flexibility to retain staff. In FY09 the district attorneys approved out-of-cycle pay increases or lump sum bonuses for 72 employees. The general fund impact was \$262 thousand and the money came from vacancy savings and under-filling positions. In FY10, 11 pay increases or lump sum bonuses have been awarded with a general fund cost of \$25.3 thousand.

The 1st district attorney office houses a public integrity unit. In FY09, it handled 24 investigations ranging from public assistance fraud to multi-million dollar government embezzlement cases. Examples of cases it is prosecuting include the bookkeeper of Jemez Mountain School District for embezzlement and the former town manager for Bernalillo for inappropriate use of the town's credit card and possible doctoring the town's water tests. It has also collaborated with the U.S. Attorney's office and federal law enforcement agencies regarding larcenies against the federal government and developing a border states' public integrity task force.

BASE EXPANSION:

Two district attorney offices requested expansion. The 11th Judicial District Attorney - Division I requested \$103.4 thousand and 2 permanent and 1.13 term FTE. The 9th requested authorization of 1 permanent FTE with no funding.

The Division I request for 1.13 term FTE, which is federally funded, is recommended. The remaining expansion requests are not recommended, including the 9th district request, which will result in a future general fund cost.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Additional FTE, assistant trial attorney	(259)	0.0	0.0
1	Prosecution specialist #1	(261)	53.7	0.0
2	Prosecution specialist #2	(261)	50.2	0.0
3	Senior trial attorney	(261)	0.0	0.0
4	Victim advocate	(261)	0.0	0.0
<u>TOTAL</u>			103.9	0.0

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	5,044.4	4,950.4	-99.0	4,851.4	4,950.4	4,697.9	-3.2
Federal Revenues	96.6	78.8	0.0	78.8	78.8	78.8	0.0
SOURCES TOTAL	5,141.0	5,029.2	-99.0	4,930.2	5,029.2	4,776.7	-3.1
USES							
Personal Services and Employee Benefits	4,616.2	4,517.8	-99.0	4,418.8	4,517.8	4,422.0	0.1
Contractual Services	25.3	21.5	0.0	21.5	21.5	21.5	0.0
Other	477.9	489.9	0.0	489.9	489.9	333.2	-32.0
TOTAL USES	5,119.4	5,029.2	-99.0	4,930.2	5,029.2	4,776.7	-3.1
FTE							
Permanent	70.0	70.0	0.0	70.0	70.0	70.0	0.0
Term	2.0	2.0	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	72.0	72.0	0.0	72.0	72.0	72.0	0.0

FIRST JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1%	1.35%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	18	48	<25	<25	<25
Efficiency	Average time from filing of petition to final disposition, in months	2	7.87	2	2	2
Efficiency	Average attorney caseload	96	169	110	110	110
* Output	Number of cases prosecuted	2,223	3,541	2,500	2,500	2,500
* Output	Number of cases referred for screening	2,459	6,701	3,000	3,000	3,000

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request LFC Recom- mendation		Percent Incr (Decr)
SOURCES							
General Fund Transfers	17,518.2	17,169.1	-343.6	16,825.5	17,169.1	16,652.6	-1.0
Other Transfers	308.3	569.6	0.0	569.6	376.3	376.3	-33.9
Federal Revenues	137.0	180.0	0.0	180.0	268.9	268.9	49.4
Other Revenues	628.1	477.5	0.0	477.5	484.0	484.0	1.4
SOURCES TOTAL	18,591.5	18,396.2	-343.6	18,052.6	18,298.3	17,781.8	-1.5
USES							
Personal Services and Employee Benefits	17,587.9	17,483.1	-325.6	17,157.5	17,352.9	17,228.2	0.4
Contractual Services	166.3	140.2	-2.8	137.4	140.2	44.0	-68.0
Other	836.8	772.9	-15.2	757.7	805.2	509.6	-32.7
TOTAL USES	18,591.0	18,396.2	-343.6	18,052.6	18,298.3	17,781.8	-1.5
FTE							
Permanent	283.0	283.0	0.0	283.0	283.0	283.0	0.0
Term	17.0	15.5	0.0	15.5	14.0	14.0	-9.7
TOTAL FTE POSITIONS	300.0	298.5	0.0	298.5	297.0	297.0	-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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.12%	0.14%	<2.5%	<2.5%	<2.5%
Output	Number of cases dismissed under the six-month rule	55	34	<250	<250	<250
Efficiency	Average time from filing of petition to final disposition, in months	10	11.6	10.5	12	11.5
Efficiency	Average attorney caseload	422	473	500	500	450
* Output	Number of cases prosecuted	28,500	25,064	27,000	25,000	26,000
* Output	Number of cases referred for screening	30,843	29,826	43,000	30,500	30,500
Efficiency	Average number of cases prosecuted per attorney	259	231	245	245	245

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	4,638.4	4,610.3	-92.2	4,518.1	4,855.4	4,470.9	-1.0
Other Transfers	42.7	53.6	0.0	53.6	205.7	205.7	283.8
Federal Revenues	838.2	434.8	0.0	434.8	497.1	497.1	14.3
Other Revenues	165.8	194.5	0.0	194.5	192.1	192.1	-1.2
Fund Balance	662.6	366.7	0.0	366.7	365.6	365.6	-0.3
SOURCES TOTAL	6,347.7	5,659.9	-92.2	5,567.7	6,115.9	5,731.4	2.9
USES							
Personal Services and Employee Benefits	5,727.0	5,334.9	-92.2	5,242.7	5,752.2	5,435.9	3.7
Contractual Services	149.3	29.1	0.0	29.1	29.1	17.4	-40.2
Other	471.4	295.9	0.0	295.9	334.6	278.1	-6.0
TOTAL USES	6,347.7	5,659.9	-92.2	5,567.7	6,115.9	5,731.4	2.9
FTE							
Permanent	62.0	62.0	0.0	62.0	62.0	62.0	0.0
Term	21.0	21.0	0.0	21.0	19.0	19.0	-9.5
TOTAL FTE POSITIONS	83.0	83.0	0.0	83.0	81.0	81.0	-2.4

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Efficiency	Average time from filing of petition to final disposition, in months	6	4.9	6	6	6
* Output	Number of cases referred for screening	6,697	6,795	5,800	5,800	5,800
Output	Number of cases dismissed under the six-month rule	3	55	3	3	3
* Output	Number of cases prosecuted	5,152	5,133	4,600	4,600	4,600
* Outcome	Percent of cases dismissed under the six-month rule	.00055	1.07	<.3%	0.05%	0.5%
Efficiency	Average attorney caseload	257.60	197.42	160	160	160

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	3,361.0	3,221.1	-64.5	3,156.6	3,221.1	3,056.2	-3.2
SOURCES TOTAL	3,361.0	3,221.1	-64.5	3,156.6	3,221.1	3,056.2	-3.2
USES							
Personal Services and Employee Benefits	2,722.7	2,944.7	-64.5	2,880.2	2,944.7	2,868.1	-0.4
Contractual Services	100.5	80.8	0.0	80.8	80.8	15.3	-81.1
Other	309.0	195.6	0.0	195.6	195.6	172.8	-11.7
TOTAL USES	3,132.2	3,221.1	-64.5	3,156.6	3,221.1	3,056.2	-3.2
FTE							
Permanent	42.0	42.0	0.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	0.0	42.0	42.0	42.0	0.0

FOURTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the 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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of cases referred for screening	2,236	2,371	2,375	2,375	2,375
Output	Number of cases closed, per attorney	244	304	304	300	300
Output	Number of cases referred for follow-up investigation	1,118	1,596	1,120	1,200	1,200
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	5	5	6	6	6
Efficiency	Average attorney caseload	279.5	304	240	245	245
Output	Number of cases prosecuted, per attorney	1,954	304	275	250	250
* Output	Number of cases prosecuted	1,954	2,430	1,955	2,000	2,000
Output	Number of offenders accepted into pre-prosecution diversion program	73	56	50	50	50
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$14.85	\$11.1	\$10.0	\$10.0	\$10.0
Output	Number of worthless check cases processed	402	290	300	300	300
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$106.5	\$78.6	\$68.6	\$70.0	\$70.0
Output	Number of drug cases prosecuted	75	67	60	60	60
Output	Number of domestic violence cases prosecuted	248	290	250	250	250
Output	Number of victims assisted by the district attorney office	478	486	475	480	480
Output	Number of probation violations filed	189	183	180	180	180
Output	Number of county civil matters handled	50	0			
Output	Average investigator caseload	559	790	550	555	555

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	4,567.1	4,393.6	-87.9	4,305.7	4,393.6	4,284.5	-0.5
Federal Revenues	266.2	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	4,833.3	4,393.6	-87.9	4,305.7	4,393.6	4,284.5	-0.5
USES							
Personal Services and Employee Benefits	4,024.8	3,964.8	0.0	3,964.8	4,097.8	3,996.6	0.8
Contractual Services	192.1	148.7	0.0	148.7	15.7	15.7	-89.4
Other	631.4	280.1	-87.9	192.2	280.1	272.2	41.6
TOTAL USES	4,848.3	4,393.6	-87.9	4,305.7	4,393.6	4,284.5	-0.5
FTE							
Permanent	60.0	60.0	0.0	60.0	60.0	60.0	0.0
TOTAL FTE POSITIONS	60.0	60.0	0.0	60.0	60.0	60.0	0.0

FIFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0%	0.1%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	2.5	7.8	5	5	5
Efficiency	Average attorney caseload	257	304	200	200	200
* Output	Number of cases prosecuted	4,869	5,353	4,000	4,200	4,200
* Output	Number of cases referred for screening	5,151	5,779	4,500	4,700	4,700
Output	Number of cases dismissed under the six-month rule	0	6	10	10	10

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,637.2	2,596.3	-52.0	2,544.3	2,735.8	2,510.0	-1.3
Other Transfers	478.6	247.8	0.0	247.8	244.6	244.6	-1.3
Federal Revenues	105.0	105.0	0.0	105.0	104.5	104.5	-0.5
Fund Balance	78.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	3,298.8	2,949.1	-52.0	2,897.1	3,084.9	2,859.1	-1.3
USES							
Personal Services and Employee Benefits	2,811.5	2,680.2	0.0	2,680.2	2,805.7	2,654.0	-1.0
Contractual Services	80.1	19.5	0.0	19.5	19.5	19.5	0.0
Other	335.0	249.4	-52.0	197.4	259.7	185.6	-6.0
TOTAL USES	3,226.6	2,949.1	-52.0	2,897.1	3,084.9	2,859.1	-1.3
FTE							
Permanent	34.0	35.0	0.0	35.0	35.0	35.0	0.0
Term	6.0	6.0	0.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	40.0	41.0	0.0	41.0	41.0	41.0	0.0

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<1%	0	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	6	1	<5	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	6.5	3.0	6	5	5
Efficiency	Average attorney caseload	230	275	150	150	150
* Output	Number of cases prosecuted	2,169	2,567	1,900	1,900	1,900
* Output	Number of cases referred for screening	2,425	2,744	2,200	2,200	2,200
Output	Average number of cases prosecuted per attorney	230	233	200	200	200

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,483.1	2,448.2	-49.1	2,399.1	2,448.2	2,363.2	-1.5
SOURCES TOTAL	2,483.1	2,448.2	-49.1	2,399.1	2,448.2	2,363.2	-1.5
USES							
Personal Services and Employee Benefits	2,223.9	2,187.1	-28.1	2,159.0	2,196.7	2,151.5	-0.3
Contractual Services	56.2	52.9	0.0	52.9	53.3	35.5	-32.9
Other	185.9	208.2	-21.0	187.2	198.2	176.2	-5.9
TOTAL USES	2,466.0	2,448.2	-49.1	2,399.1	2,448.2	2,363.2	-1.5
FTE							
Permanent	36.0	36.0	0.0	36.0	36.0	36.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	37.0	37.0	0.0	37.0	37.0	37.0	0.0

SEVENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.6%	.26%	<2%	<1.5%	<1.5%
Output	Number of cases dismissed under the six-month rule	12	6	<25	<20	<20
Efficiency	Average time from filing of petition to final disposition, in months	5.1	5.0	5.5	5.5	5.5
Efficiency	Average attorney caseload	134	101	140	140	140
* Output	Number of cases prosecuted	1941	1915	2000	1,975	1,975
* Output	Number of cases referred for screening	1909	2093	2100	2,100	2,100
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	8.8	8.4	10	10	10
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	5.5	6.0	4.5	4.75	4.75

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,723.5	2,665.0	-53.4	2,611.6	2,665.0	2,544.9	-2.6
SOURCES TOTAL	2,723.5	2,665.0	-53.4	2,611.6	2,665.0	2,544.9	-2.6
USES							
Personal Services and Employee Benefits	2,344.0	2,391.7	0.0	2,391.7	2,391.7	2,342.4	-2.1
Contractual Services	79.1	67.8	0.0	67.8	67.8	11.0	-83.8
Other	296.3	205.5	-53.4	152.1	205.5	191.5	25.9
TOTAL USES	2,719.4	2,665.0	-53.4	2,611.6	2,665.0	2,544.9	-2.6
FTE							
Permanent	33.0	36.0	0.0	36.0	36.0	36.0	0.0
Term	1.0	0.0	0.0	0.0	0.0	0.0	
Temporary	3.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	37.0	36.0	0.0	36.0	36.0	36.0	0.0

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

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of cases referred for screening	2193	2151	3,600	2,800	2,800
Efficiency	Average time from filing of petition to final disposition, in months	6	5.6	7	6	6
* Output	Number of cases prosecuted	1,343	1,384	1,600	1,500	1,500
Efficiency	Average attorney caseload	224	196	200	200	200
* Outcome	Percent of cases dismissed under the six-month rule	2%	<2%	<3%	<3%	<3%
Output	Number of cases dismissed under the six-month rule	22	9	10	15	15
Output	Average number of cases prosecuted per attorney	192	173	200	200	200

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,782.7	2,790.8	-55.9	2,734.9	2,790.8	2,706.9	-1.0
Federal Revenues	62.8	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	2,845.5	2,790.8	-55.9	2,734.9	2,790.8	2,706.9	-1.0
USES							
Personal Services and Employee Benefits	2,669.9	2,645.5	-53.0	2,592.5	2,645.5	2,567.8	-1.0
Contractual Services	22.7	10.9	-0.2	10.7	10.9	10.9	1.9
Other	142.3	134.4	-2.7	131.7	134.4	128.2	-2.7
TOTAL USES	2,834.9	2,790.8	-55.9	2,734.9	2,790.8	2,706.9	-1.0
FTE							
Permanent	39.0	39.0	0.0	39.0	40.0	39.0	0.0
TOTAL FTE POSITIONS	39.0	39.0	0.0	39.0	40.0	39.0	0.0

NINTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of cases prosecuted	3,231	3,202	3,000	3,000	3,000
Output	Number of cases dismissed under the six-month rule	12	5	<5	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	7.2	4	5	5	5
Efficiency	Average attorney caseload	159	267	250	250	250
* Outcome	Percent of cases dismissed under the six-month rule	.0036	.0016	<1%	<1%	<1%
* Output	Number of cases referred for screening	3,231	3,701	3,200	3,200	3,200

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC Recom- mendation		Percent Incr (Decr)
SOURCES							
General Fund Transfers	1,025.3	1,014.0	-20.4	993.6	1,044.7	974.1	-2.0
Other Transfers	244.2	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	1,269.5	1,014.0	-20.4	993.6	1,044.7	974.1	-2.0
USES							
Personal Services and Employee Benefits	927.4	888.0	0.0	888.0	904.7	865.5	-2.5
Contractual Services	37.1	7.9	0.0	7.9	10.8	10.8	36.7
Other	300.7	118.1	-20.4	97.7	129.2	97.8	0.1
TOTAL USES	1,265.2	1,014.0	-20.4	993.6	1,044.7	974.1	-2.0
FTE							
Permanent	13.0	13.0	0.0	13.0	13.0	13.0	0.0
TOTAL FTE POSITIONS	13.0	13.0	0.0	13.0	13.0	13.0	0.0

TENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <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	18	3.26	10	5	5
Efficiency	Average attorney caseload	387	364.8	300	300	300
* Output	Number of cases prosecuted	661	614	1,200	1,000	1,000
* Output	Number of cases referred for screening	968	912	900	900	900
Output	Number of cases dismissed under the six-month rule	0	0	0	0	0

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC		Percent Incr (Decr)
					Agency Request	Recom- mendation	
SOURCES							
General Fund Transfers	3,577.9	3,443.7	-69.0	3,374.7	3,547.6	3,247.0	-3.8
Other Transfers	46.3	46.6	0.0	46.6	132.0	132.0	183.3
Federal Revenues	62.0	62.1	0.0	62.1	77.2	77.2	24.3
Fund Balance	1,568.0	1,185.7	0.0	1,185.7	597.5	763.7	-35.6
SOURCES TOTAL	5,254.2	4,738.1	-69.0	4,669.1	4,354.3	4,219.9	-9.6
USES							
Personal Services and Employee Benefits	3,492.9	3,841.4	0.0	3,841.4	3,970.0	3,841.1	0.0
Contractual Services	17.3	114.1	-69.0	45.1	23.5	23.0	-49.0
Other	387.6	782.6	0.0	782.6	360.8	355.8	-54.5
TOTAL USES	3,897.8	4,738.1	-69.0	4,669.1	4,354.3	4,219.9	-9.6
FTE							
Permanent	55.0	55.0	0.0	55.0	57.0	55.0	0.0
Term	10.5	10.5	0.0	10.5	12.8	11.6	10.8
TOTAL FTE POSITIONS	65.5	65.5	0.0	65.5	69.8	66.6	1.7

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

		FY08	FY09	FY10	FY11	FY11
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Number of cases referred for screening	4,691	4,917	4,500	4,500	4,500
* Output	Number of cases prosecuted	2,887	3,373	3,000	3,000	3,000
* Outcome	Percent of cases dismissed under the six-month rule	0.31%	0.12%	<0.5%	<0.5%	<0.5%
Efficiency	Average time from filing of petition to final disposition, in months	7	5.2	<6	<6	<6
Efficiency	Average attorney caseload	313	289	250	270	250
Output	Average number of cases prosecuted per attorney	192	198	170	175	175

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC		Percent Incr (Decr)
					Agency Request	Recom- mendation	
SOURCES							
General Fund Transfers	2,128.5	2,104.2	-42.1	2,062.1	2,206.8	2,029.3	-1.6
Other Transfers	237.8	26.1	0.0	26.1	124.1	124.1	375.5
SOURCES TOTAL	2,366.3	2,130.3	-42.1	2,088.2	2,330.9	2,153.4	3.1
USES							
Personal Services and Employee Benefits	1,936.8	1,959.2	0.0	1,959.2	2,155.3	1,998.8	2.0
Contractual Services	12.3	11.6	0.0	11.6	11.6	11.6	0.0
Other	166.7	159.5	-42.1	117.4	164.0	143.0	21.8
TOTAL USES	2,115.8	2,130.3	-42.1	2,088.2	2,330.9	2,153.4	3.1
FTE							
Permanent	33.0	33.0	0.0	33.0	33.0	33.0	0.0
Term	2.0	1.0	0.0	1.0	3.0	1.0	0.0
TOTAL FTE POSITIONS	35.0	34.0	0.0	34.0	36.0	34.0	0.0

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<3%	<2%	<1.5%	<2%	<2%
Output	Number of cases dismissed under the six-month rule	<75	<45	<50	<50	<50
Efficiency	Average time from filing of petition to final disposition, in months	11	12.5	9	9	9
Efficiency	Average attorney caseload	490	421	500	500	500
* Output	Number of cases prosecuted	2,209	2,786	2,609	2,700	2,700
* Output	Number of cases referred for screening	3,918	3,575	3,918	3,718	3,718

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,590.2	2,635.7	-52.7	2,583.0	2,717.5	2,541.1	-1.6
Other Transfers	48.3	48.3	0.0	48.3	53.3	53.3	10.4
Federal Revenues	225.6	225.6	0.0	225.6	225.6	225.6	0.0
Fund Balance	446.1	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	3,310.2	2,909.6	-52.7	2,856.9	2,996.4	2,820.0	-1.3
USES							
Personal Services and Employee Benefits	2,551.4	2,686.7	-52.7	2,634.0	2,718.4	2,637.3	0.1
Contractual Services	49.6	6.3	0.0	6.3	35.5	19.5	209.5
Other	314.4	216.6	0.0	216.6	242.5	163.2	-24.7
TOTAL USES	2,915.4	2,909.6	-52.7	2,856.9	2,996.4	2,820.0	-1.3
FTE							
Permanent	39.0	39.0	0.0	39.0	39.0	39.0	0.0
Term	8.5	8.5	0.0	8.5	8.5	8.5	0.0
TOTAL FTE POSITIONS	47.5	47.5	0.0	47.5	47.5	47.5	0.0

TWELFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.5%	0.31%	<0.4%	<0.5%	<0.5%
Efficiency	Average time from filing of petition to final disposition, in months	8	5.9	8	8	8
Efficiency	Average attorney caseload	325	407.3	180	180	180
* Output	Number of cases prosecuted	3,235	3,515	3,300	3,400	3,400
* Output	Number of cases referred for screening	4,381	5,495	4,800	5,000	5,000
Output	Number of cases dismissed under the six-month rule	N/A	11	Discont.	Discont.	
Output	Average investigator caseload	N/A	N/A	Discont.	Discont.	
Output	Average number of cases prosecuted per attorney	240	260.37	150	150	150
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges	N/A	N/A	Discont.	Discont.	

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	4,883.2	4,776.5	-95.6	4,680.9	4,897.6	4,538.8	-3.0
Other Transfers	10.8	0.0	0.0	0.0	0.0	0.0	
Other Revenues	236.2	147.7	0.0	147.7	147.7	147.7	0.0
Fund Balance	0.0	248.9	0.0	248.9	0.0	0.0	-100.0
SOURCES TOTAL	5,130.2	5,173.1	-95.6	5,077.5	5,045.3	4,686.5	-7.7
USES							
Personal Services and Employee Benefits	4,450.8	4,608.8	0.0	4,608.8	4,560.1	4,383.8	-4.9
Contractual Services	126.1	68.8	-1.4	67.4	75.0	6.9	-89.8
Other	314.1	495.5	-94.2	401.3	410.2	295.8	-26.3
TOTAL USES	4,891.0	5,173.1	-95.6	5,077.5	5,045.3	4,686.5	-7.7
FTE							
Permanent	80.0	80.0	0.0	80.0	80.0	80.0	0.0
Term	4.0	4.0	0.0	4.0	2.0	2.0	-50.0
TOTAL FTE POSITIONS	84.0	84.0	0.0	84.0	82.0	82.0	-2.4

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	0.2%	1.07%	<0.2%	<0.2%	<0.2%
Output	Number of cases dismissed under the six-month rule	<16	56	<17	<17	<17
Efficiency	Average time from filing of petition to final disposition, in months	9	7.7	6	6	6
Efficiency	Average attorney caseload	190	210	190	190	190
* Output	Number of cases prosecuted	7,288	5,244	8,000	6,200	6,200
* Output	Number of cases referred for screening	7,833	6,386	8,700	7,966	7,966

STATUTORY AUTHORITY:

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

MISSION:

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	2,126.7	2,084.7	-41.7	2,043.0	2,147.2	1,735.0	-15.1
Other Transfers	2,549.2	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	142.9	0.0	0.0	0.0	0.0	0.0	
Other Revenues	297.0	180.0	0.0	180.0	150.0	180.0	0.0
SOURCES TOTAL	5,115.8	2,264.7	-41.7	2,223.0	2,297.2	1,915.0	-13.9
USES							
Personal Services and Employee Benefits	1,116.0	978.5	-19.6	958.9	1,041.0	974.7	1.6
Contractual Services	82.3	39.6	-0.8	38.8	39.6	12.1	-68.8
Other	1,342.2	1,246.6	-21.3	1,225.3	1,216.6	928.2	-24.2
Other Financing Uses	2,398.5	0.0	0.0	0.0	0.0	0.0	
TOTAL USES	4,939.0	2,264.7	-41.7	2,223.0	2,297.2	1,915.0	-13.9
FTE							
Permanent	13.0	13.0	0.0	13.0	14.0	13.0	0.0
TOTAL FTE POSITIONS	13.0	13.0	0.0	13.0	14.0	13.0	0.0

BUDGET ISSUES:

AODA requested a 5.1 percent base increase from its FY10 adjusted operating budget. A 15.1 percent general fund reduction is recommended from its FY10 adjusted operating budget. The recommendation applies a 10 percent vacancy rate, which amounts to 1.3 vacant FTE, reduces the grants it awards and pares back on information technology. While the reduction is substantial, it still represents a four-year increase of 30 percent.

Laws 2009, Section 5, Subsections 1 and 2, secured fund balances from the U.S. Department of Justice (DOJ) Southwest Border Prosecution Initiative to remain in the recipient district attorney office for any future fiscal year. The district attorneys cumulative balance as of June 30, 2009, is nearly \$2.3 million. DOJ continues to reimburse states bordering Mexico for costs associated with the prosecution of crimes declined or referred by local U.S. Attorneys' offices and authorized AODA as New Mexico's designee responsible for requesting reimbursements on behalf of the 14 District Attorneys. The funds can be used for any lawful purpose, which may help offset the general fund reductions.

BASE EXPANSION:

The agency requested \$66.3 thousand and one data base administrator FTE. The expansion request is not recommended.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Database Administrator	(P264)	66.3	0.0
TOTAL			66.3	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 in order to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY12 Recomm</u>
Output	Number of district attorney employees receiving training	906	930	975	Discont.	
* Output	Number of victim notification events and escapes reported, monthly	6,780	8,019	7,000	7,500	7,500
Efficiency	Average time to resolve information technology calls for assistance, in hours				2	2
Explanatory	Percent of time network is available to users				98%	98%
* Output	Number of trainings conducted during the fiscal year				10	10

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution provides for the election of the attorney general for a term of four years and creates the position as part of the executive department. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board.

Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office. The attorney general serves as the head of the Department of Justice, the state's chief legal officer, legal counsel to state government, and consumer advocate. As the state's chief legal officer, the duties of the attorney general include prosecuting and defending cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal; prosecuting and defending all actions 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)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	16,175.3	15,726.8	-314.8	15,412.0	15,777.4	15,019.1	-2.5
Other Transfers	74.9	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	1,186.9	1,804.2	0.0	1,804.2	1,786.6	1,474.8	-18.3
Fund Balance	450.0	0.0	0.0	0.0	0.0	450.0	
SOURCES TOTAL	17,887.1	17,531.0	-314.8	17,216.2	17,564.0	16,943.9	-1.6
USES							
Personal Services and Employee Benefits	14,429.1	14,371.7	-1.8	14,369.9	14,892.0	14,328.1	-0.3
Contractual Services	616.6	605.2	-20.6	584.6	318.6	292.9	-49.9
Other	2,431.0	2,450.1	-292.4	2,157.7	2,249.4	2,218.9	2.8
Other Financing Uses	0.0	104.0	0.0	104.0	104.0	104.0	0.0
TOTAL USES	17,476.7	17,531.0	-314.8	17,216.2	17,564.0	16,943.9	-1.6
FTE							
Permanent	180.0	181.0	0.0	181.0	181.0	181.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	181.0	182.0	0.0	182.0	182.0	182.0	0.0

BUDGET ISSUES:

A 2.5 percent decrease below the Office of the Attorney General's FY10 adjusted operating budget is recommended and \$450 thousand from the consumer settlement fund is recommended to offset the general fund reduction and cover tobacco litigation expenses. The Legal Services Program general fund is decreased from the agency's FY11 request by \$25.7 thousand in contractual services and \$30.5 thousand in the other cost category. Personal services and employee benefits are decreased 0.3 percent and a 2.5 percent vacancy rate was applied.

The Medicaid Fraud Program general fund was reduced 18.1 percent from its FY10 adjusted operating budget to reflect the program's 33 percent vacancy rate and FY09 actual expenses. The agency is reorganizing the unit after discovering Medicaid recoveries were overstated in past fiscal years because of accounting errors. Although the Attorney General is reporting a decline in Medicaid recoveries, the projections are realistic. Additionally, the legal services arm of the agency engages in lawsuits against pharmaceutical companies that have the potential to yield much larger gains for the state than Medicaid fines and penalties set by the federal government.

The participating manufacturers that signed the tobacco master settlement agreements (MSA) with the states brought forth a challenge contending all states in 2003 failed to diligently enforce a clause in the agreement related to nonparticipating manufacturers. Although the New Mexico Legislature enacted the model escrow statute requiring nonparticipating manufacturers to either become an MSA participant or establish an escrow account and pay into it, the Attorney General will need to litigate the dispute, expected to be resolved through arbitration in early FY11. The recommendation includes \$300 thousand from the consumer settlement fund for tobacco litigation and arbitration costs.

In 2009, the Government Accountability Division opened investigations that led to a conviction and agreement to plead no contest in a fraud and misuse of public funds case involving West Las Vegas Schools and an embezzlement conviction in the case of a contractor with Motor Vehicle Division accused of taking \$700 thousand. Several public officials were also indicted in FY09 including a public regulation commissioner for misuse of public election funds; the former Region III Housing Authority executive director and three others on charges of fraud, embezzlement, and money laundering; and a former secretary of state and three others on charges related to misuse of Help America Vote Act funds. Vigorous prosecution of public fraud is supported by the Legislative Finance Committee.

The agency is also pursuing cases related to securities fraud and overcharges by pharmaceutical companies to state-funded healthcare programs. It is monitoring and reviewing qui tam cases filed under the Fraud Against Taxpayers Act. It represented the state in bankruptcy proceeding that brought the state in excess of \$1 million in FY09. Similarly, the agency has entered into contingency contracts with various attorneys who will represent the state in securities, pharmaceutical, and environmental cases. These contracts are also known as zero dollar contracts because the state does not pay the contractor. Instead, contractors receive a fee paid by the defendant and determined by the court, if the outcome is favorable to the state.

BASE EXPANSION:

The Attorney General requested \$50.6 thousand in expansion for sex offender parole hearing expenses. It is recommended the agency work on a cost-share initiative with the other agencies involved.

RECOMMENDED LANGUAGE:

The federal funds appropriation 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 appropriation to the legal services program of the attorney general includes three hundred thousand (\$300,000) for the purpose of providing tobacco litigation and arbitration costs.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Sex Offender Parole Hearing	50.6	0.0
TOTAL		50.6	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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 - 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	15,613.7	15,200.6	-304.3	14,896.3	15,251.2	14,596.8	-2.0
Federal Revenues	0.0	104.0	0.0	104.0	104.0	104.0	0.0
Fund Balance	450.0	0.0	0.0	0.0	0.0	450.0	
SOURCES TOTAL	16,063.7	15,304.6	-304.3	15,000.3	15,355.2	15,150.8	1.0
USES							
Personal Services and Employee Benefits	13,100.8	12,685.3	0.0	12,685.3	13,204.4	12,973.1	2.3
Contractual Services	610.6	576.5	-20.0	556.5	311.0	285.3	-48.7
Other	2,115.5	2,042.8	-284.3	1,758.5	1,839.8	1,892.4	7.6
TOTAL USES	15,826.9	15,304.6	-304.3	15,000.3	15,355.2	15,150.8	1.0
FTE							
Permanent	159.0	160.0	0.0	160.0	160.0	160.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	160.0	161.0	0.0	161.0	161.0	161.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of crime victims receiving information and advocacy	945	906	800	906	906
Efficiency	Number of outreach presentations conducted throughout the state	18	12	18	11	11
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	100%	100%	100%	100%	100%
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	Not Rept.	56%	90%	65%	65%
* Outcome	Percent of initial responses to requests for attorney general opinions made within three days of request	80.36%	91%	95%	90%	95%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	90%	Unknown	90%	60%	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>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>Amount of Reduction</u>	<u>Adjusted Budget</u>	<u>Agency Request</u>	<u>FY11 - 2010-2011 LFC Recom- mendation</u>	<u>Percent Incr (Decr)</u>
SOURCES							
General Fund Transfers	561.6	526.2	-10.5	515.7	526.2	422.3	-18.1
Other Transfers	74.9	0.0	0.0	0.0	0.0	0.0	
Federal Revenues	1,186.9	1,700.2	0.0	1,700.2	1,682.6	1,370.8	-19.4
SOURCES TOTAL	1,823.4	2,226.4	-10.5	2,215.9	2,208.8	1,793.1	-19.1
USES							
Personal Services and Employee Benefits	1,328.3	1,686.4	-1.8	1,684.6	1,687.6	1,355.0	-19.6
Contractual Services	6.0	28.7	-0.6	28.1	7.6	7.6	-73.0
Other	315.5	407.3	-8.1	399.2	409.6	326.5	-18.2
Other Financing Uses	0.0	104.0	0.0	104.0	104.0	104.0	0.0
TOTAL USES	1,649.8	2,226.4	-10.5	2,215.9	2,208.8	1,793.1	-19.1
FTE							
Permanent	21.0	21.0	0.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	0.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$7.9	23.3	\$12.2	3.0	\$12.2
Output	Number of program improvement recommendations forwarded to the United States department of health and human services department	4	4	5	4	4
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	25%	19%	80%	40%	40%
* Explanatory	Total medicaid recoveries, in thousands	\$1,094.0	\$558.0	\$2,000.0	\$650.0	\$2,000.0

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)							
	FY09	FY10	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted			Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	2,845.6	2,452.1	-98.2	2,353.9	2,967.6	2,291.0	-2.7
Other Revenues	432.0	400.0	0.0	400.0	400.0	430.0	7.5
Fund Balance	217.4	418.1	0.0	418.1	218.9	418.1	0.0
SOURCES TOTAL	3,495.0	3,270.2	-98.2	3,172.0	3,586.5	3,139.1	-1.0
USES							
Personal Services and Employee Benefits	2,353.4	2,579.3	-84.0	2,495.3	2,698.4	2,581.9	3.5
Contractual Services	246.6	209.3	-8.4	200.9	409.0	159.3	-20.7
Other	549.9	481.6	-5.8	475.8	479.1	397.9	-16.4
TOTAL USES	3,149.9	3,270.2	-98.2	3,172.0	3,586.5	3,139.1	-1.0
FTE							
Permanent	32.0	32.0	0.0	32.0	32.0	32.0	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	33.0	33.0	0.0	33.0	33.0	33.0	0.0

BUDGET ISSUES:

The State Auditor reported that 72 percent of the FY08 audits were completed by the regulatory due date, an improvement to the 39 percent reported for FY07. However, only 33 percent of statutory reviews were completed within 10 days. Each review generates a written report detailing violations of law or accounting practices found in annual and special audits.

As of October 2009, 74 governmental entities were designated "at risk" by the State Auditor for failing to submit an annual financial audit for FY08 or prior fiscal years. This includes several cities, counties, municipalities, and school districts that have past due audits dating as far back as FY00.

Since August 2008, the fraud hotline has processed 301 incidents. Of those incidents, 40 percent involved fraud, 15 percent involved accounting irregularities, 14 percent involved procurement and contracting improprieties, 12 percent involved time theft, and 10 percent involved conflicts of interest. Of the 301 incidents reported, 125 were referred to prosecutors, law enforcement, or other government oversight bodies. Other cases were closed due to jurisdictional or other limitations.

During the 2009 legislative session, the Audit Act was amended to require the timely submission of financial audits by school districts and charter schools. Beginning July 1, 2010, failure to comply with audit deadlines may result in the withholding of up to 7 percent of the state equalization guarantee (SEG) distribution by the Public Education Department. In addition, the Audit Act was amended to allow for a tiered system of financial reporting requirements for local entities based on a risk assessment and the size of operating budget.

In light of recent accounts of fraud and embezzlement involving the Jemez Mountain School district, the committee recommendation encourages the State Auditor to focus existing resources and FTE toward the core statutory duties of the office. This includes reclassifying administrative positions such as general counsel, chief of staff, and Contracts Division director to auditing positions. This will enable the office to dedicate resources toward conducting financial audits, which will increase revenue to the audit fund and reduce reliance on the general fund, and more importantly, promote better accountability for public funds.

During the special session the State Auditor's general fund appropriation was reduced by 4 percent or \$98 thousand. Overall, the LFC recommendation is \$63 thousand or 2.7 percent less from general fund relative to the adjusted FY10 operating budget.

As of November 2009, the State Auditor's Office reports a 9 percent vacancy rate. This is an improvement from historical averages of 15 percent in FY09 and 22 percent in FY08. The committee recommends a 4 percent vacancy rate for FY11.

The recommendation reduces contractual services by \$50 thousand and other costs by \$83 thousand, which includes rent for an Albuquerque office and related expenses. In prior fiscal years, a significant portion of contractual spending was directed toward legal fees and public relations. In addition, the State Auditor should work with the Property Control Division of GSD to determine if state-owned space is available to accommodate the agency in Santa Fe.

STATE AUDITOR

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexico citizens that funds are expended properly.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Total audit fees generated	\$403,000	\$430,000	400,000	\$400,000	\$430,000
* Explanatory	Percent of audits completed by regulatory due date	39%	72%	75%	75%	75%
Output	Number of training sessions performed	17	24	16	16	16
Outcome	Percent of statutory reviews of audit reports completed within ten days	16%	33%	75%	75%	75%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	90%	99%	100%	90%	99%
Output	Number of working paper reviews of independent public accountants	42	45	45	45	45

STATUTORY AUTHORITY:

Sections 9-11-1 through 9-11-13 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-shared taxes, such as gross receipts, and distributes revenues to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle-related permits.

MISSION:

The mission of TRD is to administer and enforce New Mexico's Tax Administration Act and Motor Vehicle Code in a manner resulting in the highest degree of accuracy and fairness to taxpayers while ensuring that all taxes owed are paid in a timely manner.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	68,330.3	70,929.6	70,929.6	64,233.8	-9.4
Other Transfers	502.7	588.9	558.8	558.8	-5.1
Federal Revenues	1,773.5	1,516.3	1,477.3	1,477.3	-2.6
Other Revenues	15,620.4	16,599.3	18,600.7	18,423.8	11.0
Fund Balance	3,221.4	244.0	135.7	135.7	-44.4
SOURCES TOTAL	89,448.3	89,878.1	91,702.1	84,829.4	-5.6
USES					
Personal Services and Employee Benefits	61,639.9	63,180.2	64,897.7	60,534.2	-4.2
Contractual Services	5,548.5	6,064.0	6,423.8	5,598.2	-7.7
Other	19,810.7	20,633.9	20,380.6	18,697.0	-9.4
Other Financing Uses	250.0	0.0	0.0	0.0	
TOTAL USES	87,249.1	89,878.1	91,702.1	84,829.4	-5.6
FTE					
Permanent	1,176.0	1,250.0	1,258.0	1,121.5	-10.3
Term	30.0	30.0	22.0	29.0	-3.3
Temporary	35.7	35.7	35.7	32.5	-9.0
TOTAL FTE POSITIONS	1,241.7	1,315.7	1,315.7	1,183.0	-10.1

BUDGET ISSUES:

For FY11, the agency's request of \$91.7 million represented a \$1.8 million increase, or 2 percent, over the FY10 operating budget of \$89.9 million. This increase was primarily attributable to higher fees in the Motor Vehicle Division (MVD) and the Property Tax Program to support a vacancy rate lower than the historical trend. Additionally, MVD increased information technology costs associated with the overhaul of the MVD system. The recommendation reduces general fund revenues 9.4 percent; with FY10 solvency reductions of 5.5 percent, there is an additional FY11 general fund decrease of 3.9 percent.

In September, when the budget request was submitted, the number of vacant positions in the agency was approximately 245, or 18.6 percent of the number authorized, down from an average historical rate of 21.9 percent. The committee recommends \$60.5 million for personal services and employee benefits, an amount 4.2 percent less than FY10 operating levels and lower than the FY09 expenditure level. The recommendation eliminates 132.7 FTE; including the exempt ombudsman and director of public policy positions, and 130.7 vacant positions. Most of the eliminated positions have been vacant for a year or more.

In accordance with fewer budgeted FTE, the recommendation reduces associated overhead expenditures, including computer replacement, printer toner, office supplies, fuel consumption, and travel. The department should also reallocate resources. For example, California identified the average cost of face-to-face general taxpayer assistance to be \$11.15 compared with a call center average cost of \$6.07. California also started charging fees for delinquent taxpayers who agree to pay the delinquent tax in installments, recouping the additional administrative cost of managing the collection. In New Mexico, the recent public reports regarding the Garduno's tax settlement case provides an example where a fee may offset the additional cost of collecting delinquent taxes over time. TRD also should seek savings on the \$4 million it spends on commercial leases for field and MVD offices.

The percentage of electronically filed New Mexico tax returns has steadily increased over the last several years, a trend mirrored by electronically filed federal tax returns. According to the Internal Revenue Service (IRS), 60 percent of all federal tax returns were filed electronically, with a particularly large spike from last-minute filers in the weeks leading up to the April 15th deadline. Leading up to the push to promote electronic filing, the IRS projected electronically filed tax returns would save money due to lower error rates, faster processing times, and reduced printing, mailing, processing, and auditing costs. Here in New Mexico, the increased number of electronic filers should reduce administrative costs in the Tax Administration Program.

The recommendation reduces funding for leased vehicles by eliminating 15 vehicles from the fleet. The New Century Colorado (NCC) project studied Colorado's state government travel practices and use of the state's vehicle fleet. NCC calculated the average operating cost per mile of each vehicle and identified the threshold where reimbursement for personal vehicle use made more sense than paying the annual cost for leasing a vehicle. In many cases, TRD's averages only 75 percent, or in several cases less, than the average number of miles driven per year in Colorado. Alternatives include increased vehicle sharing among programs, designation of "on-demand" vehicles, or fewer individually assigned vehicles.

In spite of a large number of vacant positions, MVD achieved performance improvements, including reducing the field office average wait time from 34 minutes in FY05 to 17 minutes in FY09, reducing the average uninsured driver rate from 33 percent in FY05 to 10 percent in FY09, and reducing the average time to reach a call center agent from three minutes and 45 seconds to just under two minutes.

In 2009, MVD initiated a six-year plan to transform and overhaul MVD information technology systems, upgrade phone systems with an interactive voice response system, and implement electronic or online transactions for a limited number of services. The overhaul, or MVD fix, initiative may generate personal services and employee benefits and other cost savings associated with reduced walk-in traffic in the field offices, shorter wait times, and improved fee and tax collection accountability. The initiative is supported by increased motor vehicle transaction fees evidenced by the increased other revenues in the budget request.

TRD notes that significant staffing resources of the internal audit and internal investigation bureaus of the Compliance Enforcement Program are spent verifying foreign national driver's license applications. The federal Real ID Act, passed by Congress in 2005, set federal standards for issuing drivers' licenses. The act requires states to verify an applicant's citizenship or lawful immigration status and the authenticity of all documents, including documents from foreign countries, and store electronic images of the documents. Many states including New Mexico, overburdened by the requirements of the act, have sought to have the act amended or repealed. New Mexico is waiting to hear on its request for an extension on the deadline to comply with the act.

The recommendation eliminates general fund support for the Property Tax Program and increases other revenues. Section 7-38-62 NMSA 1978 allows the agency to collect penalties, interest, and costs for administering the Property Tax Code. The agency increased the fee associated with the cost of administering the code from \$25 to \$50 on each delinquent account and incorporated the additional revenue into the budget request. The agency is also evaluating whether counties forward penalty, interest, and costs to TRD when a delinquent tax is paid to a county rather than TRD, potentially increasing future revenue available to support the program.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

BASE EXPANSION:

The recommendation supports the agency's request to move 3 FTE and \$135.7 thousand fund balance revenue, associated with the ignition interlock initiative, from the Program Support Hearings Bureau to MVD. The agency has experienced fewer than anticipated ignition interlock disputes from out-of-state drivers and believes greater use can be made of the positions if converted to enforcement compliance.

The agency requested to convert term FTE to permanent. The FTE are associated with an initiative to improve weight-distance tax compliance among commercial trucking; however, the initiative was only recently approved and the agency did include weight-distance revenue in the request for FY11. The committee does not recommend the conversion at this time.

RECOMMENDED LANGUAGE:

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

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Move interlock positions	(P572)	-135.7	-135.7
2	Move interlock positions	(P574)	135.7	135.7
3	Convert FTE from term to perm	(P573)	0.0	0.0
4	Convert FTE from term to perm	(P574)	0.0	0.0
TOTAL			0.0	0.0

TAX ADMINISTRATION

The purpose of the tax administration program is to provide registration and licensure requirements for tax programs and to ensure compliance with state tax laws and the administration, and collection of state taxes and fees that provide funding for support services for the general public through appropriations.

BUDGET SUMMARY
(dollars in thousands)

		FY09	FY10	FY11 - 2010-2011		Percent
		2008-2009	2009-2010	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	General Fund Transfers	28,859.3	30,985.4	30,985.2	28,629.5	-7.6
	Federal Revenues	1,487.5	1,516.3	1,477.3	1,477.3	-2.6
	Other Revenues	1,056.7	2,724.1	2,774.6	2,774.6	1.9
	Fund Balance	1,080.0	0.0	0.0	0.0	
	SOURCES TOTAL	32,483.5	35,225.8	35,237.1	32,881.4	-6.7
USES						
	Personal Services and Employee Benefits	25,132.6	26,908.5	28,136.5	26,084.9	-3.1
	Contractual Services	32.5	125.5	142.5	124.4	-0.9
	Other	6,428.4	8,191.8	6,958.1	6,672.1	-18.6
	TOTAL USES	31,593.5	35,225.8	35,237.1	32,881.4	-6.7
FTE						
	Permanent	501.0	560.0	564.0	489.5	-12.6
	Term	26.0	26.0	22.0	26.0	0.0
	Temporary	31.7	31.7	31.7	29.5	-6.9
	TOTAL FTE POSITIONS	558.7	617.7	617.7	545.0	-11.8

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Average return on investment for every dollar invested in the audit and compliance division			8:1	8:1	8:1
* Output	Percent of electronically filed returns for personal income tax and combined reporting system	48.74%	51%	65%	65%	65%
Outcome	Percent of baseline and funded delinquent tax collection targets met		105.2%	100%	100%	100%
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days		100%	100%	100%	100%
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	50%	39%	40%	40%	40%
* Outcome	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year		21.9%	20%	20%	20%

MOTOR VEHICLE

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the motor vehicle code and federal regulations by conducting tests, investigations and audits.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	15,263.4	15,109.8	15,109.9	13,075.5	-13.5
Federal Revenues	286.0	0.0	0.0	0.0	
Other Revenues	11,694.7	10,592.9	12,120.0	11,620.0	9.7
Fund Balance	1,385.8	0.0	135.7	135.7	
SOURCES TOTAL	28,629.9	25,702.7	27,365.6	24,831.2	-3.4
USES					
Personal Services and Employee Benefits	17,768.3	16,081.6	16,960.2	15,564.7	-3.2
Contractual Services	3,113.4	3,096.9	3,484.7	2,958.1	-4.5
Other	6,355.5	6,524.2	6,920.7	6,308.4	-3.3
Other Financing Uses	250.0	0.0	0.0	0.0	
TOTAL USES	27,487.2	25,702.7	27,365.6	24,831.2	-3.4
FTE					
Permanent	375.0	376.0	383.0	351.0	-6.6
Term	4.0	4.0	0.0	3.0	-25.0
Temporary	4.0	4.0	4.0	3.0	-25.0
TOTAL FTE POSITIONS	383.0	384.0	387.0	357.0	-7.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Efficiency	Average call center wait time to reach an agent, in minutes	4.52	1.92	3.45	3.75	3.45
* Outcome	Percent of registered vehicles with liability insurance	90%	90.5%	91%	91%	91%
* Efficiency	Average wait time in q-matic-equipped offices, in minutes	14	16.8	14	14	14
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	1	1	1	1	1
Explanatory	Average call center customer wait time based on 12,828 calls per week	3.70	1.92	3.45	3.75	2.0

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	651.3	632.3	632.3	0.0	-100.0
Other Revenues	2,512.1	2,610.2	3,021.6	3,294.7	26.2
Fund Balance	413.4	244.0	0.0	0.0	-100.0
SOURCES TOTAL	3,576.8	3,486.5	3,654.0	3,294.7	-5.5
USES					
Personal Services and Employee Benefits	2,671.7	2,781.6	2,914.4	2,639.9	-5.1
Contractual Services	103.2	127.3	88.9	81.6	-35.9
Other	761.9	577.6	650.7	573.2	-0.8
TOTAL USES	3,536.8	3,486.5	3,654.0	3,294.7	-5.5
FTE					
Permanent	49.0	49.0	49.0	45.0	-8.2
TOTAL FTE POSITIONS	49.0	49.0	49.0	45.0	-8.2

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of appraisals or valuations for companies conducting business within the state subject to state assessment	484	489	510	510	500
Output	Amount of delinquent property tax collected and distributed to counties, in millions		\$4.5	\$6.5		\$6.5
* Outcome	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value-to-market value		91%	90%	90%	92%

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the taxation and revenue department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, in order to encourage and achieve voluntary compliance with state tax laws.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,698.7	2,496.5	2,496.5	2,338.7	-6.3
Other Revenues	4.4	0.0	0.0	0.0	
SOURCES TOTAL	2,703.1	2,496.5	2,496.5	2,338.7	-6.3
USES					
Personal Services and Employee Benefits	2,196.7	1,973.1	2,047.8	1,913.5	-3.0
Contractual Services	21.6	20.1	10.2	10.2	-49.3
Other	445.6	503.3	438.5	415.0	-17.5
TOTAL USES	2,663.9	2,496.5	2,496.5	2,338.7	-6.3
FTE					
Permanent	38.0	36.0	36.0	31.0	-13.9
TOTAL FTE POSITIONS	38.0	36.0	36.0	31.0	-13.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u> 40%	<u>FY11 Recomm</u> 40%
* Outcome	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year					
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	100%	100%	100%
Output	Percent of internal audit recommendations implemented by department		90%	80%		80%
Outcome	Percent of internal investigations completed within sixty days				20%	20%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	20,857.6	21,705.6	21,705.6	20,190.1	-7.0
Other Transfers	502.7	588.9	558.8	558.8	-5.1
Other Revenues	352.5	672.1	684.5	734.5	9.3
Fund Balance	342.2	0.0	0.0	0.0	
SOURCES TOTAL	22,055.0	22,966.6	22,948.9	21,483.4	-6.5
USES					
Personal Services and Employee Benefits	13,870.6	15,435.4	14,838.8	14,331.2	-7.2
Contractual Services	2,277.8	2,694.2	2,697.5	2,423.9	-10.0
Other	5,819.3	4,837.0	5,412.6	4,728.3	-2.2
TOTAL USES	21,967.7	22,966.6	22,948.9	21,483.4	-6.5
FTE					
Permanent	213.0	229.0	226.0	205.0	-10.5
TOTAL FTE POSITIONS	213.0	229.0	226.0	205.0	-10.5

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	1%	.43%	< 1%	1%	< 1%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				30 days	
Outcome	Percent of projects certified by the department of information technology completed within budget		100%	100%	100%	100%
Outcome	Number of tax protest cases resolved	798	754	800	750	775
Outcome	Percent of matched combined reporting system taxes distributed timely			99%	99%	99%

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by section 6-8-2 NMSA 1978 and is responsible for managing the land grant (LGPF), severance tax (STPF), tobacco settlement (TSPF), and water (WPF) permanent funds, as well as the investments of other state and political subdivision clients. The council consists of 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 and staff in the day-to-day functions of the investment office.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Transfers	0.0	0.0	0.0	0.0	
Other Revenues	32,750.0	34,939.5	34,939.5	34,477.6	-1.3
SOURCES TOTAL	32,750.0	34,939.5	34,939.5	34,477.6	-1.3
USES					
Personal Services and Employee Benefits	3,558.8	3,462.8	3,655.2	3,582.1	3.4
Contractual Services	17,571.9	30,479.8	30,439.6	30,071.1	-1.3
Other	727.3	996.9	844.7	824.4	-17.3
TOTAL USES	21,858.0	34,939.5	34,939.5	34,477.6	-1.3
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
TOTAL FTE POSITIONS	32.0	32.0	32.0	32.0	0.0

BUDGET ISSUES:

The agency budget request of \$34.9 million represented a flat request from the FY10 operating budget. The request included an increase of \$192.4 thousand, or 5.6 percent over the FY10 operating budget of \$3.46 million for personal services and employee benefits. This increase was mitigated by a \$192.4 thousand combined decrease in the contractual services and combined costs categories. The requested increase in personal services and employee benefits category was due to the use of a lower vacancy rate than normal. Vacancy rates, which in the past have been more than 10 percent, have been unusually low at the agency throughout the past year and a half.

Fiscal Year 09 performance for both the LGPF and STPF were substantially negative, with losses of 22.2 percent and 23.6 percent respectively. Although the majority of these losses can be attributed to an extremely difficult market environment, the funds underperformed their respective benchmarks by a combined 6.1 percent for the year. Attribution for the underperformance can be placed almost entirely on the funds' fourth-quarter returns, which missed benchmarks by a combined 13.7 percent due to large write-downs in the agency's securities lending program. The write-downs of more than \$322 million were necessary to properly account for unrealized losses on cash collateral investments in various pieces of corporate paper. The investments were made in the short-term debt of a number of large companies, such as Lehman Brothers and Countrywide Financial, whose debt was rated AAA at the time of the original investment. However, due to the collapse in the credit markets during fall 2008, many of these investments became essentially worthless, sometimes depreciating to as little as 50 cents to the dollar. These write-downs, combined with mediocre quarterly performance throughout a number of other asset classes, led to the funds' massive underperformances in the fourth quarter, which ultimately caused the funds to substantially underperform for the entire year. From a long-term perspective, the LGPF still outperformed its benchmark by approximately 0.4 percent while the STPF underperformed its benchmark by approximately 0.5 percent for the five-year period ending June 30, 2009.

In addition to poor performance, the agency has also struggled with a myriad of legal issues, culminating in the resignation of the state investment officer. The governor has since appointed an acting state investment officer until a permanent replacement can be found.

"Pay-to-play" allegations originating in New York, that placement agents paid kickbacks to public officials in return for placing investments with institutional investors have drawn intense scrutiny from regulators, law enforcement agencies, and the public. Payments to placement agents by managers hired by New Mexico investment funds have totaled over \$40 million. Managers hired by the State Investment Council (SIC) accounted for \$31.8 million of the total. Whether these payments represent legitimate business practices or "thinly veiled kickbacks," as described by the New York Attorney General's Office, remains to be seen. Both a federal grand jury and the Securities Exchange Commission are investigating any wrongdoing. The involvement of the New Mexico Attorney General remains undisclosed thus far. The focus of these investigations is presumably Aldus Equity Partners, a private equity consultant hired by both SIC and the Educational Retirement Board (ERB). The founder of Aldus Equity Partners has already pled guilty in the state of New York to securities fraud. In his New York allocation, the Aldus executive stated that "contrary to (his) fiduciary duty" he "ensured that Aldus recommended certain proposed investments ... not necessarily in the best economic interest of New Mexico." These recommendations were admittedly at the behest of "politically connected individuals in New Mexico." A second lawsuit, brought by a former investment officer at ERB, also raises concerns regarding an earlier investment by both SIC and ERB totaling \$90 million in Vanderbilt Financial Collateralized Debt Obligations. The securities became virtually worthless as a result of the subprime mortgage meltdown.

The agency's performance in conjunction with these legal issues direct attention toward its governance structure as a whole. During the 2009 regular legislative session, Senate Bill 460 addressed this issue by expanding the membership of the council in addition to decreasing the number of members to be appointed by the executive. The legislation passed both chambers of the Legislature but was vetoed by the governor. Also crucial to these issues going forward will be the results and recommendations obtained through an independent operating and fiduciary review of all three state investment agencies funded by the Legislative Council and State Board of Finance. The report is expected to be finalized in early January.

The agency's FY08 audit reported only one finding. The issue relates to the fact the agency is still using Microsoft Excel as its primary general ledger accounting software. The agency has yet to identify a standard accounting software program suitable for its operations because any software package must be able to integrate with the SHARE system. This finding has been repeated numerous times since the SHARE system was first implemented.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. A reduction plan was submitted by the agency which took all 3 percent or approximately \$1.05 million from contractual expenditures. However, because of an existing shortfall in the agency's FY10 budget due to an increase in legal fees related to two federal investigations and an internal review, the plan will not be implemented. Additionally, the agency has submitted a request for a \$4 million supplemental appropriation to cover the remaining shortfall.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty seven million seven hundred ninety-three thousand four hundred dollars (\$27,793,400) to be used only for money manager fees.

STATE INVESTMENT COUNCIL

The purpose of the state investment program is to provide investment management of the state's permanent funds for the citizens of New Mexico in order to maximize distributions to the state's operating budget while preserving the real value of the funds for future generation of New Mexicans.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	300	-250	>25	>25	>25
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	90	40	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	49	89	<49	<49	<49
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	40	73	<49	<49	<49

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. The Assessment and Accountability Act of 2003 created the Office of Education Accountability (OEA) and placed it within DFA.

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,531.2	15,585.7	15,518.2	14,390.0	-7.7
Other Transfers	439.8	593.9	582.9	582.9	-1.9
Federal Revenues	13,178.2	14,540.3	14,540.3	14,540.3	0.0
Other Revenues	33,650.1	31,070.9	32,287.3	31,787.3	2.3
Fund Balance	0.0	5,550.3	9,160.0	5,095.2	-8.2
SOURCES TOTAL	63,799.3	67,341.1	72,088.7	66,395.7	-1.4
USES					
Personal Services and Employee Benefits	13,164.7	13,559.6	13,817.1	12,814.7	-5.5
Contractual Services	5,091.2	4,624.4	4,698.5	4,625.8	0.0
Other	41,914.9	48,857.1	53,273.1	48,655.2	-0.4
Other Financing Uses	300.0	300.0	300.0	300.0	0.0
TOTAL USES	60,470.8	67,341.1	72,088.7	66,395.7	-1.4
FTE					
Permanent	159.0	159.0	161.0	155.0	-2.5
Term	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	180.0	180.0	182.0	176.0	-2.2

BUDGET ISSUES:

The Department of Finance and Administration (DFA) requested a total FY11 budget of \$91.5 million, of which \$72.1 million was for the agency's operating budget. The remaining \$19.9 million represented expenditures related to general government, such as fiscal agent fees or special statewide initiatives – such as youth mentoring – that are passed through DFA.

The budget request reflected substantial general fund savings of almost \$156 thousand due to the FY10 consolidation of SHARE-related FTE under the Department of Information Technology (DoIT), which reduced the DoIT information technology costs allocated to the Financial Control Division (FCD). The recommendation reflects this reduction and reallocates \$60.1 thousand of the general fund savings to establish recurring budget to improve efficiencies, including increasing PeopleSoft training for financial SHARE personnel by \$20.1 thousand, reinstating the annual review of payroll tax returns for \$25 thousand, and funding the infrastructure capital improvement plan (ICIP) database and capital outlay monitoring information technology contract.

Due to the hiring freeze, the recommendation includes general fund vacancy savings totaling almost \$500 thousand and deletes six positions to streamline the agency. Additional general fund savings associated with the deletions total \$256.3 thousand. Two exempt positions appear redundant: a second deputy director for the Local Government Division (LGD) and a policy analyst in the Office of the Secretary. Two positions in LGD have been vacant for over a year, and two positions in the FCD have been vacant for at least four years.

Combining reductions generated from the request and those implemented in the recommendation – including decreases for cell phones, travel, furniture, supplies, and information technology as well as those derived from the personal salary and employee benefit reductions – produces a general fund recommendation for the DFA operating budget of \$14.4 million, down \$1.2 million from FY10. In consideration of austerity measures taken across state government, the recommendation does not support the 13 percent increase requested for other state funds used for programs administered within LGD.

The nonreverting driving-while-intoxicated (DWI) grant fund was created to receive revenues from the liquor excise tax, and distributions made according to statute include competitive grants to counties and municipalities awarded by the DWI Council. The recommendation shifts the \$1.5 million increase requested for grants to the Administrative Office of the Courts to supplement the general fund appropriation for drug courts, an authorized use of the fund. While the budget for grants has increased from \$14.5 million in FY07 to \$17.8 million for FY09, actual grants awarded have not kept pace. Grants awarded in FY07 equaled \$12.7 million while FY09 grants topped at \$16.4 million.

The agency also increased the enhanced 911 (E-911) fund request to \$20 million from \$11 million spent in FY09 and \$16.9 million budgeted for FY10. Absent a work plan and updated fund projections to reflect the increased request, the recommendation brings the funding for operating and equipping public safety answering points (PSAPS) flat to the FY10 level. Separate from the operating budget, a \$3.1 million E-911 fund appropriation is recommended to the Department of Information Technology for two high priority capital outlay projects that might not otherwise be funded: the first upgrades critical radio communications for various public safety agencies and the second upgrades Wire New Mexico, an initiative that is enabling voice, data, video, and radio capabilities throughout the state.

For the most part, the recommendation reduces nonoperating items by 15 percent. Exceptions include general dues and memberships that cover all three branches of government and food banks that saw a lower 5 percent reduction. The audit of the State Treasurer was deleted with the suggestion that it be completed every other year until financial resources strengthen. Fees for the fiscal agent services – such as providing armored car transport and processing checks, warrants, wire transfers, and electronic payments – have been growing, and the recommendation comes closer to the request.

DFA could improve operational effectiveness in several areas. First, DFA does not issue a timely monthly general fund revenue tracking report. Such reporting is critical in a period of extreme revenue weakness, and such an analysis comparing actual revenues with projections might have contributed to more timely solvency measures for FY09.

Second, oversight of local government finances by LGD should be strengthened. For example, late audits remain a critical issue, raising risks of malfeasance, misuse, abuse, and other fiscal woes. The longer these audits remain outstanding, the longer any such problems go undetected and unreported. Because the agency has no authority to require the audits, the Legislature may consider conditioning any state appropriations for local capital outlay or other local government expenditures on having a current audit. In addition, quarterly reports that track revenues and expenditures would bring more transparency to monitoring local governance during the year.

Third, while the capital outlay program has significantly improved data quality in the capital outlay monitoring system, LFC staff continues to produce the quarterly report tracking projects of \$1 million or greater. Closer DFA monitoring and reporting may have mitigated the high buildup of projects with little or no activity, amounting to \$750 million as of July 2009.

Finally, a November 2009 LFC performance report of five school districts identifies significant concerns regarding the effectiveness and accountability of operational funding. It would be useful for DFA's Office of Education Accountability to devote greater effort toward analyzing operational effectiveness rather than focusing solely on policy and program issues.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

BASE EXPANSION:

DFA requested one expansion in the Office of Education Accountability. Up to this point, 2 FTE funded by a Wallace Grant have been budgeted annually by a budget adjustment request outside DFA's annual operating budget. The Wallace Grant ends in FY10 and will not be renewed. The agency requested \$110 thousand from the general fund to maintain the administrative positions while additional funding sources are sought. The committee does not recommend funding the expansion as requested; rather, recommends the two positions be funded from the vacancy savings generated from the vacant position for executive director, currently on assignment to the Office of the Governor as a policy advisor.

RECOMMENDED LANGUAGE:

Upon certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds and on review by the legislative finance committee, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of one million five hundred thousand dollars (\$1,500,000) in fiscal year 2011.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Office of Education Accountability - 2 FTE	110.0	0.0
TOTAL		110.0	0.0

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

The purpose of the policy development, fiscal analysis, budget oversight and education accountability program is to provide professional, 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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,687.4	3,553.7	3,700.7	3,410.3	-4.0
SOURCES TOTAL	3,687.4	3,553.7	3,700.7	3,410.3	-4.0
USES					
Personal Services and Employee Benefits	3,227.2	3,158.0	3,323.5	3,045.9	-3.5
Contractual Services	87.6	177.1	166.9	161.6	-8.8
Other	185.5	218.6	210.3	202.8	-7.2
TOTAL USES	3,500.3	3,553.7	3,700.7	3,410.3	-4.0
FTE					
Permanent	35.0	35.0	37.0	34.0	-2.9
Term	0	0	0	2	
TOTAL FTE POSITIONS	35.0	35.0	37.0	36.0	2.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Level of general fund reserves maintained as a percent of recurring appropriations	10.7%	6.4%	10%	10%	6.5%
Outcome	Percent of policy recommendations completed within forty-eight hours of assignment		100%	100%	100%	100%
Outcome	Error rate for the eighteen-month general fund revenue forecast, non-oil and non-gas revenue and corporate income taxes		TBD	(+/-) 4%	(+/-) 4%	(+/-) 4%
Outcome	Error rate for the eighteen-month general fund revenue forecast, gas revenue and corporate income taxes		TBD	(+/-) 8%	(+/-) 8%	(+/-) 8%
Output	Percent of state agency budgets monitored on a quarterly basis		TBD	100%	100%	100%
Outcome	Percent of agencies that develop and implement performance monitoring plans		85.6%	100%	100%	100%
Output	Percent of state agencies monitored that are operating within available resources		98%	100%	100%	100%
Outcome	Average number of working days to process budget adjustment requests	4.83	5.3	5	5	5
Quality	Percent of board members satisfied with monthly briefings pursuant to an anonymous annual survey				100%	100%
Outcome	Return on state treasurer's office investments exceeding the board of finance approved state investment office internal benchmark, in basis points	38	TBD	5	5	5
Output	Average number of bids received at each competitive bond sales	6	7.5	7	3	3
Output	Date of bond sale following appropriate authorization and certification of project readiness	June 25	June 29	June 30	June 30	June 30
* Outcome	Percent of bond projects that expired at the end of the previous fiscal year for which proceeds are reverted six months following fiscal year-end				95%	95%
Efficiency	Percent of state payments processed electronically	45%	50%	≥50%	≥50%	≥50%
Output	Number of reports on such topics as New Mexico pre-kindergarten, the children's cabinet, high school redesign, and the alignment between p-12 and higher education		3	2	2	2
Output	Number of reports on such topics as state testing and annual yearly progress ratings, student teacher accountability reporting system, and the public education department's efforts to support schools in need of improvement		2	2	2	2
Output	Number of reports on topics such as the three-tiered licensure professional development dossier system, highly qualified educator requirements, principal evaluation system, and educator accountability reporting system		2	2	2	2
Output	Percent of school districts reviewed for quality implementation of the annual evaluation component of the three-tiered licensure system	100%	100%	100%	100%	100%
Output	Number of reports using information about education reform nationally to benchmark New Mexico's progress	4	3	3	3	3
Output	Number of principals and other staff receiving professional development tools aimed at increasing their ability to use accountability data more effectively		400	120	120	120
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted	99.2%	99.2%	90%		

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Quality	Percent of meetings for which all attending board members who request a briefing are briefed			100%		
Quality	Unimpaired capital of fiscal agent, in billions	101.5	\$190	≥\$1		
Outcome	Percent of meetings for which all attending board members are briefed		100%	100%		
Outcome	Error rate for eighteen-month general fund revenue forecast	4.9%				
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct	99%				
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct	85%				
Output	Number of state agency budget training sessions	12				
Efficiency	Percent of fiscal impact reports completed within forty-eight hours	84%				
Outcome	Percent of policy recommendations ready for presentation to the office of the secretary on schedule	97.3%				
Efficiency	Date to submit reports on the public education department's implementation of reform initiatives	June 30				
Efficiency	Date to submit reports on implementation of the Assessment and Accountability Act	June 30				
Outcome	Percent of decision-making policies of schools and school districts relating to the recruitment and retention of school employees reviewed	100%				
Outcome	Percent change in distribution of educational newsletters	15%				
Output	Number of policies, rules or regulations recommended in office of education accountability reports that were adopted	5				
Output	Number of principals and other staff aimed at increasing educational leaders ability to gather and use accountability data more effectively	250				

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

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

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,071.7	4,478.6	4,532.0	4,171.7	-6.9
Federal Revenues	13,178.2	14,540.3	14,540.3	14,540.3	0.0
Other Revenues	33,650.1	31,070.9	32,287.3	31,787.3	2.3
Fund Balance	0.0	5,550.3	9,160.0	5,095.2	-8.2
SOURCES TOTAL	51,900.0	55,640.1	60,519.6	55,594.5	-0.1
USES					
Personal Services and Employee Benefits	3,597.0	3,800.2	3,785.9	3,484.1	-8.3
Contractual Services	4,498.3	3,984.7	4,147.4	4,117.4	3.3
Other	40,672.9	47,555.2	52,286.3	47,693.0	0.3
Other Financing Uses	300.0	300.0	300.0	300.0	0.0
TOTAL USES	49,068.2	55,640.1	60,519.6	55,594.5	-0.1
FTE					
Permanent	34.0	34.0	34.0	31.0	-8.8
Term	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	55.0	55.0	55.0	52.0	-5.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of acceptable payment requests processed within five working days of receipt	97.6%	97%	95%	95%	97%
Output	Percent of population served by public safety answering points (PSAPs) equipped to provide enhanced wireless service		95.3%	90%	90%	95%
* Output	Number of capital projects older than five years that are unexpended (not expended or reverted)		0	180	20	0
Output	Dollar amount of capital projects older than five years that are unexpended (not expended or reverted), in millions		\$0	\$50	\$4	\$0
Efficiency	Average number of days from availability of funds to grant award		85	75	75	75
Quality	Percent of tax rate certifications that are accurate in the initial submission to the local entity		99%	99%	99%	99%
Output	Number of local entities participating in the infrastructure capital improvement planning program		326	325	325	326
* Output	Percent of local entity budgets submitted to the local government division by established deadline		95%	90%	90%	95%
* Outcome	Percent of local capital outlay projects included in the infrastructure capital improvement plan		57%	90%	90%	75%
* Output	Percent of state agency capital outlay projects included in the infrastructure capital improvement plan		81%	95%	90%	95%
Output	Number of local entities operating under a continuing resolution for a portion of the fiscal year		12	14	14	12
Quality	Number of annual local site visits by DWI staff				40	
Quality	Number of annual local site visits by E-911 staff				100	
Efficiency	Date updated/revised application completed				June 30	
Output	Percent of request for proposals and contracts in place and accurately processed in designated time frames				95%	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u> 100%	<u>FY11 Recomm</u>
Efficiency	Percent of project managers able to use SHARE reporting capabilities by June 30, 2011					
Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	100%				
Outcome	Percent of capital appropriations older than five years that are closed	99.2%				
Outcome	Percent of water and wastewater infrastructure appropriations that were requested through the uniform application process	Environ				
Output	Number of entities that submit projects through the uniform application process	Environ				
Output	Number of projects submitted through the uniform application process	Environ				
Outcome	Percent of eligible grant agreements sent out to local governments forty-five days after the capital outlay bill is signed	95%				
Output	Number of capital project trainings held	10				
Quality	Percent of local government officials expressing satisfaction in training received	96.5%				
Outcome	Percent of local government entities provided with training within a period of two fiscal years	92%				
Outcome	Percent of fiscal year financial reports submitted electronically by local governments	45%				
Outcome	Percent of capital appropriations managed by the community development bureau older than three years that are closed	92.0%				
Outcome	Percent of state population served by enhanced landline service	93%				
Outcome	Percent of New Mexico communities served with wireless enhanced E-911 service	93%				
Outcome	Percent of state population served by wireless enhanced E-911 service	93%				
Output	Number of county site visits by E-911 staff	117				
Output	Number of county site visits by driving while intoxicated staff	47				
Output	Satisfaction rating for training provided by the special programs bureau	97.5%				

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,100.9	5,847.0	5,579.1	5,185.0	-11.3
Other Transfers	439.8	593.9	582.9	582.9	-1.9
SOURCES TOTAL	6,540.7	6,440.9	6,162.0	5,767.9	-10.4
USES					
Personal Services and Employee Benefits	4,837.6	5,047.9	5,179.3	4,835.2	-4.2
Contractual Services	442.1	381.2	282.3	247.3	-35.1
Other	996.6	1,011.8	700.4	685.4	-32.3
TOTAL USES	6,276.3	6,440.9	6,162.0	5,767.9	-10.4
FTE					
Permanent	70.0	70.0	70.0	68.0	-2.9
TOTAL FTE POSITIONS	70.0	70.0	70.0	68.0	-2.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months	12	7	7	7	6
Efficiency	Percent of payments to vendors within the parameters set by the Procurement Code and contractual provisions		95%	95%	95%	95%
Efficiency	Percent of payroll payments to employees made by the scheduled payday		100%	99.5%	99.5%	100%
Efficiency	Percent of per diem payments to employees made within three business days of receipt at the financial control division		N/A	90%	90%	90%
Output	Number of regularly scheduled training courses for beginning, intermediate and advanced users of the statewide human resource, accounting and management reporting system		0	36	36	36
Efficiency	Average number of business days needed to process payments using the statewide human resource, accounting and management reporting system	2				
Output	Number of reissued warrants	30				
Outcome	Costs avoided due to statewide human resource, accounting and management reporting system best practice implementation, in millions	TBD				
Outcome	Savings realized through maintenance of a consolidated accounting, procurement and human resource system, in millions	TBD				
Quality	Percent of business days statewide human resource, accounting and management reporting system is available to end-users	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 all state professional service contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10	FY11 - 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,671.2	1,706.4	1,706.4	1,623.0	-4.9
SOURCES TOTAL	1,671.2	1,706.4	1,706.4	1,623.0	-4.9
USES					
Personal Services and Employee Benefits	1,502.9	1,553.5	1,528.4	1,449.5	-6.7
Contractual Services	63.2	81.4	101.9	99.5	22.2
Other	59.9	71.5	76.1	74.0	3.5
TOTAL USES	1,626.0	1,706.4	1,706.4	1,623.0	-4.9
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

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Percent of applicable contracts containing at least one performance measure among all newly issued contracts procured through the request for proposals process	100%				100%
* Outcome	Percent of funds certified "in compliance" to the state controller as required, within fifteen days after month end	N/A	N/A	90%	TBD	90%
Outcome	Percent of contracts rejected	18.7%	11.2%	10%	10%	10%
Outcome	Percent of funds reconciled and closed, as an internal process, within 15 days after month-end			100%	100%	100%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				5	5
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds				5	15
Efficiency	Financial statements issued timely to include auditor's unqualified opinion, in days	N/A				
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				
Quality	Department of finance administration employee retention rate	2.4%				

**DFA NON-OPERATING APPROPRIATIONS
BUDGET SUMMARY
(dollars in thousands)
FY 2009 - 2011**

	FY09 Actuals	FY10 Operating	FY11 Agency Request	FY11 LFC Recommen- dation	Pct increase (decrease)
SOURCES					
General fund transfers	\$13,308.3	\$11,812.5	\$11,865.8	\$9,680.1	-18.1%
Other transfers	\$296.3	\$190.0	\$190.0	\$190.0	0.0%
Federal program revenues	\$0.0				0.0%
Other program revenues					0.0%
General revenues	\$12,594.8	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
Fund balance					0.0%
TOTAL REVENUE	\$26,199.4	\$19,811.9	\$19,865.2	\$17,679.5	-10.8%
USES					
BOF emergency water fund	\$0.0	\$150.0	\$150.0	\$127.5	-15.0%
BOF fiscal agent contract	\$388.0	\$689.9	\$800.0	\$760.0	10.2%
Membership and dues	\$658.1	\$678.0	\$674.6	\$674.6	-0.5%
Citizens review board	\$589.7	\$594.2	\$594.2	\$533.6	-10.2%
Youth mentoring program	\$2,433.8	\$2,561.6	\$2,508.2	\$2,177.4	-15.0%
New Mexico acequia commission	\$13.8	\$16.4	\$16.4	\$13.9	-15.2%
Acequia & community ditch program	\$307.7	\$272.2	\$272.2	\$231.4	-15.0%
Weatherization	\$800.0	\$527.8	\$527.8	\$0.0	-100.0%
Law enforcement enhancement	\$7,809.4	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
Food bank	\$399.6	\$384.7	\$384.7	\$365.5	-5.0%
State planning districts	\$851.5	\$849.1	\$849.1	\$721.7	-15.0%
Leasehold community assistance	\$150.0	\$145.8	\$145.8	\$123.9	-15.0%
State Treasurer audit	\$23.4	\$24.0	\$24.0	\$0.0	-100.0%
County prisoner detention	\$4,942.5	\$4,871.3	\$4,871.3	\$4,140.6	-15.0%
Teen court (Luna County)	\$24.4	\$21.9	\$21.9	\$0.0	-100.0%
Teen court (Santa Fe)	\$73.1	\$65.6	\$65.6	\$0.0	-100.0%
NM rodeo initiative	\$298.3	\$150.0	\$150.0	\$0.0	-100.0%
TOTAL EXPENDITURES	\$19,763.3	\$19,811.9	\$19,865.2	\$17,679.5	-10.8%

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	1,310.0	1,323.1	1,323.1	1,296.2	-2.0
Other Revenues	317,645.5	342,801.6	357,975.7	342,788.1	0.0
Fund Balance	14,170.3	2,058.9	876.2	862.8	-58.1
SOURCES TOTAL	333,125.8	346,183.6	360,175.0	344,947.1	-0.4
USES					
Personal Services and Employee Benefits	880.6	867.0	867.0	867.0	0.0
Contractual Services	334,507.2	343,735.0	357,726.4	342,547.3	-0.3
Other	221.6	258.5	258.5	236.6	-8.5
Other Financing Uses	1,310.0	1,323.1	1,323.1	1,296.2	-2.0
TOTAL USES	336,919.4	346,183.6	360,175.0	344,947.1	-0.4
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	11.0	11.0	0.0

BUDGET ISSUES:

The PSIA budget request was \$360 million, including increases of \$15.2 million for the Benefits Program and a \$1.1 million decrease for the Risk Program. PSIA requested a flat budget of \$1.3 million for Program Support, which receives funding through transfers from the Risk and Benefits programs.

PSIA is self-insured for medical, dental, vision and disability benefits and provides coverage to approximately 60,000 public school employees and eligible dependents. For many years, PSIA maintained one of the richest plan designs available to public employees, which included low out-of-pocket expenses for primary care, urgent care, and emergency room visits.

Beginning in FY08, the frequency and severity of medical claims within the benefits program increased more rapidly than expected, leading to a 15 percent increase in medical costs, well above historical averages (see Volume III). At the time, PSIA used \$17 million in fund balance to offset the gap between projected revenues and expenditures and delayed implementing premium increases, funded by the Legislature and scheduled to take effect October 2007, until February 2008.

In FY09, medical costs continued to accelerate as expenditures exceeded revenues by \$16 million. This trend, combined with \$4 million in losses related to the program's long-term investments, resulted in an end-of-year negative fund balance of \$7.4 million. The long-term investments of the Benefits Program are used to offset increases in the number and amount of incurred but not reported (IBNR) claims.

In FY10, PSIA recommended to the Legislature a 10 percent increase in medical premiums and a 6 percent increase in dental premiums, which would have increased total revenue by 3.6 percent. However, the Legislature did not support the request because of the impact to employer and employee contributions to the program and reduction in employee take-home pay.

In response, PSIA implemented plan design changes in July 2009 that increased member cost sharing. Plan participants are now required to meet a \$300 deductible and pay 20 percent of the allowed cost for medical services up to a maximum out-of-pocket expense of \$2.8 thousand per year. Thus far, increased member cost sharing has proven effective in reducing claim costs; spending during the first quarter of FY10 is down 6 percent compared with the first quarter of FY09.

Given the continued decline in general fund monies, the committee recommends a flat budget for the benefits program. This will require PSIA to implement additional plan design changes that may increase out-of-pocket expense effective July 1, 2010, for participants seeking medical, dental, and prescription services. However, this will ensure that employee take-home pay is not adversely impacted by increased employee and employer contributions.

PSIA provides risk coverage, including workers compensation, public liability, and public property coverage, to all school districts and other educational entities. Coverage includes \$9 billion in property, 270,000 students, 41,000 employees, 5,000 school buses and other school vehicles, thousands of field trips, 42,000 sports participants, and 6,000 volunteer workers.

Premiums charged for risk coverage are projected to remain flat with FY10 operating levels. Overall, expenditures are projected to decline by \$1.1 million, a 2 percent decrease from FY10 reducing the use of fund balance.

The committee recommendation for the risk program includes projected savings to contractual services. In addition, the recommendation reduces other financing uses by \$13 thousand used for Program Support operating activities.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under Gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. PSIA submitted a plan to DFA reducing other costs by \$40 thousand related to travel and other nonessential costs.

BENEFITS PROGRAM

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

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	263,825.5	286,321.6	301,495.7	286,308.1	0.0
Fund Balance	14,170.3	0.0	0.0	0.0	
SOURCES TOTAL	277,995.8	286,321.6	301,495.7	286,308.1	0.0
USES					
Contractual Services	284,753.7	285,660.0	300,834.1	285,660.0	0.0
Other Financing Uses	655.0	661.6	661.6	648.1	-2.0
TOTAL USES	285,408.7	286,321.6	301,495.7	286,308.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Average number of days to resolve inquiries and appeals related to customer service claims	10	11	12	12	12
Outcome	Percent of participants receiving recommended preventive care		Deleted			
* Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	-1.75%	-3.6%	<=3%	<=3%	0%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	+1.25%	1.1%	<=3%	<=3%	0%
Quality	Percent of employees expressing satisfaction with group health benefits	89%	TBD	88%	88%	88%
* Output	Number of participants covered by health plans	60,372	60,163	61,000	60,000	60,000
Outcome	Percent increase in mammography screening compliance for women		54%	56%	58%	58%
Outcome	Percent increase in pap smear screening compliance women		51%	53%	55%	55%

RISK PROGRAM

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	53,820.0	56,480.0	56,480.0	56,480.0	0.0
Fund Balance	0.0	2,058.9	876.2	862.8	-58.1
SOURCES TOTAL	53,820.0	58,538.9	57,356.2	57,342.8	-2.0
USES					
Contractual Services	49,567.9	57,877.4	56,694.7	56,694.7	-2.0
Other Financing Uses	655.0	661.5	661.5	648.1	-2.0
TOTAL USES	50,222.9	58,538.9	57,356.2	57,342.8	-2.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent variance of public property premium change between public school insurance authority and industry average	17.5%	13.4%	<=15%	Deleted	
Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	5%	12.72%	<=7%	Deleted	
Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	1.7%	0%	<=15%	Deleted	
* Outcome	Number of workers' compensation claims in the area of ergonomics	170	53	185	65	≤65
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	98%	91%	98%	94%	98%
Output	Number of educational entities enrolled in the risk insurance program	163	158	160	165	165
Output	Number of loss prevention training seminars	95	108	90	112	112
Outcome	Percent change of members' average premium cost per student average daily attendance for current fiscal year as compared with prior fiscal year.			New	≤5%	≤5%
* Outcome	Average cost per workers' compensation claim for current fiscal year			New	\$5,000	≤\$5,000
Outcome	Total number of property and liability claims filed in current fiscal year			New	1,600	≤1,600
Outcome	Percent change of members' average premium cost per one hundred dollars (\$100) of building value for current fiscal year as compared with prior fiscal year			New	≤5%	≤5%
Outcome	Percent change of cost per claim for current fiscal year as compared with prior fiscal year.			New	≤5%	≤5%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the benefits and risk programs and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Transfers	1,310.0	1,323.1	1,323.1	1,296.2	-2.0
SOURCES TOTAL	1,310.0	1,323.1	1,323.1	1,296.2	-2.0
USES					
Personal Services and Employee Benefits	880.6	867.0	867.0	867.0	0.0
Contractual Services	185.6	197.6	197.6	192.6	-2.5
Other	221.6	258.5	258.5	236.6	-8.5
TOTAL USES	1,287.8	1,323.1	1,323.1	1,296.2	-2.0
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Efficiency	Percent of employee files that contain employee evaluations completed by employees' anniversary date	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	97.25%	96.7%	90%	95%	95%
Outcome	Number of prior-year audit findings that recur	0	0	0	0	0

STATUTORY AUTHORITY:

The Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable health care for New Mexico public retirees and their dependents. Section 10-7C-17 NMSA 1978 created the Discount Prescription Drug Program, formerly the Senior Prescription Drug Program. RHCA is governed by a board of 11 members: the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from New Mexico public pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendents' association, and one member from the Association of Counties.

MISSION:

The Retiree Health Care Authority seeks to provide an affordable, high-quality, comprehensive group health insurance benefit plan for present and future eligible retirees and their dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, and voluntary life coverage.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	9.7	10.0	10.0	0.0	-100.0
Other Transfers	2,734.6	2,812.4	2,832.4	2,756.5	-2.0
Other Revenues	201,481.2	217,382.5	225,067.6	217,326.6	0.0
SOURCES TOTAL	204,225.5	220,204.9	227,910.0	220,083.1	-0.1
USES					
Personal Services and Employee Benefits	1,612.3	1,636.7	1,713.9	1,713.9	4.7
Contractual Services	194,683.2	215,102.2	222,723.4	215,058.3	0.0
Other	625.4	653.6	640.3	554.4	-15.2
Other Financing Uses	2,861.9	2,812.4	2,832.4	2,756.5	-2.0
TOTAL USES	199,782.8	220,204.9	227,910.0	220,083.1	-0.1
FTE					
Permanent	24.0	25.0	25.0	25.0	0.0
TOTAL FTE POSITIONS	24.0	25.0	25.0	25.0	0.0

BUDGET ISSUES:

According to a study conducted in 2007, changes in General Accounting Standards Board (GASB) rules revealed that RHCA was projected to become insolvent by 2014. This study attracted the concern of the Legislature and led to the creation of a work group tasked with evaluating the long-term trend and actuarial condition of the RHCA fund. This work group recommended a range of statutory and administrative changes aimed at improving fund solvency, reducing long-term obligations, and providing sustainable benefits for current and future retirees. Several of the ideas presented by the work group were adopted by the Legislature and the RHCA board adopted others.

The work group's report to the executive and the Legislature recommended that future retiree premium adjustments be tied to increased medical costs, retirees subsidize 50 percent of their benefits and 75 percent of spousal benefits, the employer and employee contribution be increased from 1.95 percent to 2.4 percent, and a 25-year solvency period be established. Lastly, the report recommended the board of RHCA be reconfigured to provide greater representation from active employees.

During the 2009 legislative session, action was taken to boost the solvency of the RHCA program by gradually increasing employee and employer contributions to the program over a four year period from the current 1.95 percent to 3 percent; removing the sunset clause for a \$3 million tax suspense fund distribution; and requiring retirees to purchase service credit from RHCA equal to the actuarial present value of the benefit when purchasing service credit from the Public Employees Retirement Association or the Educational Retirement Board.

The board also took action to consolidate the current three plan design model (gold, silver and bronze) into a two plan design model (premium and premium plus) and increased premiums charged to retirees in the pre-Medicare plans an amount equal to projected medical costs.

Combined, these actions extended the projected solvency of the program from 2019 to 2028. However, a full GASB evaluation of the program has not been performed to determine the impact, if any, to the unfunded accrued actuarial liability (UAAL) of the program, previously estimated at \$2.9 billion. It should be noted the solvency projection includes rather optimistic assumptions regarding payroll growth, investment returns, and plan participation and should also be updated.

Given the significant challenges facing RHCA, including solvency, unfunded liabilities, and soaring medical costs, the executive and the Legislature should consider all options providing a comprehensive and sustainable health benefits program for all public employees and pre-Medicare retirees. This program should consolidate the administrative duties currently performed by the General Services Department, Public School Insurance Authority, Albuquerque Public Schools, and RHCA. Consolidation of these programs would lead to the development of a uniform plan design, parity among plans, and enhanced portability.

RHCA should revisit the financial condition of the fund during the July 2010 board meeting and evaluate the effectiveness of legislative efforts and board action to the program. The results will likely suggest the need for additional plan modifications and premium increases to accommodate medical costs, projected to increase an average 10 percent annually. Future actions should focus on medical costs, a 1 percent reduction would eliminate RHCA's actuarial and solvency problems.

As part of a broad strategy to reduce medical costs, RHCA is encouraged to aggressively pursue efforts promoting positive behavior changes. These efforts may include charging a penalty for costly behaviors and habits including tobacco use, diabetes, obesity, and other preventable illnesses. Combined, these ailments generate the bulk of expenditures made by RHCA and threaten the sustainability of the program.

Under new leadership, RHCA has shown significant improvements in the reporting and tracking of financial data on a regular and timely basis. These improvements enable RHCA to benchmark program performance and gauge the impact of policy decisions that should be reported to LFC and the Department of Finance and Administration on a quarterly basis.

The RHCA budget request totaled \$228 million, including increases of \$8 million for healthcare benefits administration and \$20 thousand for program support, which receives transfers from the health care benefits fund. In FY11, revenues are projected to be \$267 million (see Volume III) with expenditures of \$228 million. This includes \$25 million due to increased employee and employer contributions effective July 1, 2010. Surplus revenues are expected to be set aside for pre-funding future benefits. Given the current state fiscal condition, the full Legislature should consider delaying increased employer and employee contributions to the program scheduled to begin in FY11.

The committee recommends a flat budget for the Health Care Benefits Administration Program. This represents a 3 percent increase over RHCA's fall 2009 expenditure projections and assumes RHCA will adjust retiree premiums according to medical costs. In addition, RHCA is encouraged to discontinue providing free basic life insurance policies and begin charging retirees for the benefit, which costs approximately \$4 million per year.

The committee recommends \$2.7 million for Program Support, a 2 percent decrease from FY10 operating levels. This includes an 8 percent reduction to contractual services and 14 percent reduction in other operating costs.

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

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under Gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. RHCA submitted a plan to the Department of Finance and Administration reducing contractual services and other costs a total of \$84 thousand.

RECOMMENDED LANGUAGE:

Any unexpended balance in program support of the retiree health care authority remaining at the end of fiscal year 2011 shall revert to the health care benefits administration program.

HEALTH CARE BENEFITS ADMINISTRATION

The purpose of the health care benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	201,481.2	217,382.5	225,067.6	217,326.6	0.0
SOURCES TOTAL	201,481.2	217,382.5	225,067.6	217,326.6	0.0
USES					
Contractual Services	194,180.6	214,570.1	222,235.2	214,570.1	0.0
Other Financing Uses	2,861.9	2,812.4	2,832.4	2,756.5	-2.0
TOTAL USES	197,042.5	217,382.5	225,067.6	217,326.6	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Minimum number of years of long-term actuarial solvency	15	15	15	15	15
* Outcome	Total revenue generated, in millions	189	201	\$214.6	\$225	\$214.6
* Efficiency	Total revenue increase to the reserve fund, in millions				\$14	\$14
Efficiency	Total healthcare benefits program claims paid, in millions	\$181	\$194	\$214.5	\$222	\$222
* Efficiency	Average monthly per-participant claim cost, non-medicare eligible	700.0	\$519.	\$571	\$585	≤\$585
* Output	Average monthly per-participant claim cost, medicare eligible	\$213	\$276	\$250.	\$298.	≤\$298
Outcome	Percent of participants satisfied with the healthcare benefits program	85%	87%	85%	85%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	5.2%	1.3%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	1.6%	3.1%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	8%	9.2%	9%	9%	9%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	7	7	7	7	≤7
Efficiency	Percent of average medical premium subsidy for non-Medicare and Medicare	50%	45%	50%	50%	50%
Explanatory	Number of retiree healthcare participants	42,000	43,394	45,400	47,000	47,000
Outcome	Number of years of projected balanced spending				8	8
Outcome	Percentage annual increase in the number of non-Medicare participants receiving medical insurance coverage				+1%	+1%
Outcome	Percentage annual increase in the number of Medicare participants receiving medical insurance coverage.				+5%	+5%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the health care benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	2,734.6	2,812.4	2,832.4	2,756.5	-2.0
SOURCES TOTAL	2,734.6	2,812.4	2,832.4	2,756.5	-2.0
USES					
Personal Services and Employee Benefits	1,612.3	1,636.7	1,713.9	1,713.9	4.7
Contractual Services	502.6	532.1	488.2	488.2	-8.3
Other	619.7	643.6	630.3	554.4	-13.9
TOTAL USES	2,734.6	2,812.4	2,832.4	2,756.5	-2.0
FTE					
Permanent	24.0	25.0	25.0	25.0	0.0
TOTAL FTE POSITIONS	24.0	25.0	25.0	25.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	2	0	0	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	100%	85%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	80%	87%	85%	85%	85%

DISCOUNT PRESCRIPTION DRUG

The purpose of the discount prescription program is to reduce prescription drug expenditures for those covered participants.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	9.7	10.0	10.0	0.0	-100.0
SOURCES TOTAL	9.7	10.0	10.0	0.0	-100.0
USES					
Other	5.7	10.0	10.0	0.0	-100.0
TOTAL USES	5.7	10.0	10.0	0.0	-100.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of senior prescription drug program participants	6,600	6,696	7,000	7,000	0

STATUTORY AUTHORITY:

Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978, the General Services Department (GSD) provides consolidated services to state agencies.

MISSION:

The mission of the General Services Department is to provide quality services to state agencies and local public bodies in a cost-efficient manner. These services include purchasing, printing, risk management, health benefits, property control, building maintenance, and transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,454.6	16,192.7	17,086.8	15,055.9	-7.0
Other Transfers	0.0	10,893.8	12,394.7	10,167.3	-6.7
Other Revenues	453,278.6	467,681.0	428,504.0	423,261.0	-9.5
Fund Balance	1,912.2	9,191.0	27,977.6	3,810.1	-58.5
SOURCES TOTAL	471,645.4	503,958.5	485,963.1	452,294.3	-10.3
USES					
Personal Services and Employee Benefits	20,079.9	20,484.7	20,986.3	19,151.6	-6.5
Contractual Services	38,260.8	47,831.4	48,286.7	42,722.5	-10.7
Other	367,140.9	424,621.5	404,696.4	382,321.6	-10.0
Other Financing Uses	12,374.8	11,020.9	11,993.7	8,098.6	-26.5
TOTAL USES	437,856.4	503,958.5	485,963.1	452,294.3	-10.3
FTE					
Permanent	368.0	373.0	371.0	350.0	-6.2
TOTAL FTE POSITIONS	368.0	373.0	371.0	350.0	-6.2

BUDGET ISSUES:

For FY11, GSD's overall base request of \$486 million represented an \$18 million decrease from FY10 operating levels. This decrease was primarily attributable to projected revenues and expenditures from the Risk and Employee Group Health Benefits programs. The request also included general fund increases of \$300 thousand for the Business Office Space Management and Maintenance Program and \$980 thousand for Transportation Services Program related to aviation services.

For FY10, GSD proposed and the executive recommendation supported increasing premiums an average of 8.5 percent for each of the available medical options, resulting in an estimated general fund impact of \$10 million. However, the Legislature in 2009 did not support the proposed increase and instead required GSD to implement plan design changes and use fund balances to accommodate increased medical costs. As a result, plan participants are paying slightly higher out-of-pocket costs when seeking medical and prescription services. Premiums remained flat with FY09 levels thereby eliminating the impact on the employee. The same methodology was applied to the Public School Insurance Authority (PSIA), which is responsible for providing health benefits to approximately 60,000 public school employees.

According to the July 1, 2009, benefit enrollment census, approximately 80,000 state, local public body, and university employees and eligible dependents participate in one of two GSD medical plans administered by four medical carriers. The cost associated with administering each plan varies by plan design and demographic makeup of each group. As in prior years, medical costs continue to increase at a rate greater than inflation, currently projected at 9.7 percent. However, in light of the state's economic condition and the possibility of no additional funding to support premium increases, the LFC recommendation aligns revenues and expenditures equal to FY09 operating levels, or \$41 million less than the FY10 operating levels. This will require GSD to implement plan design changes that may increase out-of-pocket expenses beginning July 1, 2010, for participants seeking medical, dental, and prescription services.

The full Legislature should begin to evaluate the benefits and long-term sustainability of merging the Employee Group Health Benefits Program with the Benefits Program of the Public School Insurance Authority and the pre-Medicare population of the Retiree Health Care Authority. This action would create a risk pool that combines approximately 155,000 active and retired public employees and dependents under one program. This could lead to a reduction in administrative expenses, parity among the various health plans, and improved portability when transferring employment.

GSD is self-insured and sets risk premiums that reflect an agency's loss history and exposure to future losses with regard to public liability, public property, workers' compensation, unemployment compensation, and surety bond coverage.

Public property coverage includes automobile, property contents, boiler, fine arts, money, and securities. The reserve position at the end of FY09 was 618 percent, up from 327 percent in FY08. Although this ratio may appear excessive, it is difficult to find an optimal balance given the unpredictability of fires, hail storms, and other causes of property losses. For example, a recent hail storm in Los Alamos caused \$900 thousand worth of damage to the rooftops of the University of New Mexico buildings, \$500 thousand of which was paid directly from the reserves. In addition, the crash involving the Department of Public Safety helicopter resulted in the need to replace the \$6.7 million aircraft, of which \$2.7 million was paid from reserves.

During the 2009 legislative session the executive developed a plan to reduce risk rates for all lines of coverage under the public property and public liability programs by an average 6.7 percent, or \$4.6 million. By reducing agency assessments, DFA estimated a general fund savings of \$1.2 million based on agency operating budget requests. The Legislature adopted this proposal and adjusted agencies budgets as reflected in Laws 2009, Chapter 124. Despite this reduction, GSD expects to meet its spending projections and remain above a 50 percent solvency level in five of the six risk funds.

The LFC recommendation for the Risk Program aligns revenues and expenditures charged for public liability, public property, and surety bond coverage according to the DFA posted rate schedule. Collectively, this represents a \$200 thousand increase above FY10 operating levels. The recommendation supports GSD's request of \$400 thousand for the employee assistance program, which provides short-term counseling services for public employees and their dependents.

Although not included in the GSD recommendation, cost-saving measures available for consideration include reducing the rates charged for public property, public liability, and surety bond coverage as well as the employee assistance program. In addition, reducing the employer contribution toward dental and vision benefits may generate \$7.5 million of general fund savings.

The workers' compensation program continues to struggle as claims related to injured state and university workers continue to exceed projections. During FY09, actuarial projected losses increased \$3.1 million, or 9 percent, due to large settlements, payments for pre-existing conditions, and lump-sum payments for permanent-partial disabilities. The LFC recommendation supports GSD's request of \$22 million for the workers' compensation program, providing revenue in excess of anticipated expenditures and allowing GSD to continue rebuilding fund balances.

In the past, unemployment compensation was a source of significant concern because premiums were not properly assessed by GSD and payments were not made to the Workforce Solutions Department (WSD). Corrective action has been taken and premiums have been assessed and paid to WSD in a timely manner. For FY11, GSD proposed a decrease of \$2.1 million, or 25 percent for state agencies and local public bodies. The LFC recommendation supports this request.

In 2006, the state invested \$8 million into the Save Smart program aimed at reforming the state's procurement process. However, the results of this investment were unclear, leading GSD to abandon the program and request \$2 million for an e-procurement system, including computer software, licensing, maintenance support, and 15 FTE to run a strategic sourcing program.

The apparent lack of planning led to an LFC performance evaluation in 2008 that revealed a number of deficiencies in the Procurement Services Program, including the inability to track and report an estimated \$500 million in state spending for goods and services. In response, GSD developed an online vendor registration module and a database to monitor procurement code violations. However, sole source contracting and emergency procurements remain common. The implementation of the e-procurement module cannot be accomplished until the Statewide Human Resources, and Accounting System (SHARE) is upgraded.

The LFC recommendation deletes 2 vacant FTE because revenues generated through the online vendor registration process do not appear sufficient to support future operations. In addition, the recommendation reduces other costs related to furniture, supplies, travel, and training.

State Printing Services requested a flat budget with FY10 operating levels. The LFC recommendation of \$1.7 million deletes 3 vacant FTE, because the program has maintained an average vacancy in excess of 18 percent over the past two fiscal years, and does not support requested amounts for overtime and temporary pay.

The LFC recommendation for the Business Office Space Management and Maintenance Program deletes 12 FTE, including 2 requested by GSD, and funding for the energy efficiency coordinator. The recommendation does not support requested funding for overtime or annual leave payouts and applies a 5 percent vacancy rate to personal services and employee benefits. The recommendation does not support nonessential contracts and reduces other nonessential costs.

In FY09, GSD purchased a used 1986 King Air C-90 for \$2.5 million despite continued declines in usage because of agency budget cutbacks. In March 2009, the governor issued a directive to state agencies limiting the use of the state aircraft. This reduced the total number of flight hours from 606 in FY08 to 498 in FY09. Overall, efforts to coordinate air travel between agencies and schools has produced minimal results. The majority of flight hours have been used by the Department of Transportation, Children's Medical Services, School for the Visually Handicapped, State Engineer's Office, and Governor's Office.

In FY10, GSD received a \$790 thousand special appropriation from fund balances to subsidize aviation services. For FY11, fund balances will not be available to offset the gap between projected revenues and expenditures. Instead, GSD has requested \$980 thousand from the general fund to subsidize the program. However, Section 15-9-4 NMSA states GSD shall charge for the use of state aircraft an amount sufficient to offset the costs of operation, maintenance, and depreciation of state aircraft. The LFC recommendation does not support a general fund subsidy for aviation services and requires GSD to recover operational costs through rates charged to customers. Overall, the LFC recommendation for the Transportation Services Program includes a 3 percent vacancy rate to personal services and employee benefits and reduces other costs for the purchase of new vehicles.

During FY09, GSD completed the financial audits for fiscal years 2006 through 2008. These audits revealed a significant number of audit findings, including the following: inadequate reconciliation of trust funds, expenditures over the budget, improper disposal of capital assets, unpaid reversion to the general fund, and several others. In response, GSD developed a corrective action plan and expects to eliminate the majority of these findings in the FY09 financial audit.

The LFC recommendation for Program Support deletes 3 FTE: a second deputy secretary, public information officer, and attorney. The recommendation does not support funding the administrative services division director position because GSD plans to keep this position vacant while the chief financial officer serves as interim director. The recommendation reduces contractual services for employee training and attorney fees. The recommendation reduces other costs for in-state and out-of-state travel, employee training and education, information technology equipment, and furniture.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

EMPLOYEE GROUP BENEFITS

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

BUDGET SUMMARY (dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	340,386.1	381,788.0	345,000.0	340,386.1	-10.8
Fund Balance	0.0	0.0	20,958.6	0.0	
SOURCES TOTAL	340,386.1	381,788.0	365,958.6	340,386.1	-10.8
USES					
Contractual Services	20,276.4	21,756.4	24,350.0	20,280.0	-6.8
Other	312,569.9	358,843.6	339,502.2	318,918.1	-11.1
Other Financing Uses	2,188.0	1,188.0	2,106.4	1,188.0	0.0
TOTAL USES	335,034.3	381,788.0	365,958.6	340,386.1	-10.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Efficiency	Percent change in state employee medical premium compared with the industry average	4%	0%	3%	3%	0%
* Efficiency	Percent change in dental premium compared with the national average	3%	0%	+/- 3%	+/- 3%	0%
Outcome	Percentage of state group prescriptions filled with generic drugs	74%	76.4%	80%	80%	80%
* Explanatory	Percent of eligible state employees purchasing state health insurance	82%	97.5%	85%	85%	90%
Outcome	Number of local public bodies with fewer than fifty employees newly enrolled in state group health plans	12	4	10		Deleted

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 and local public bodies unemployment compensation and surety bond losses so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Transfers	0.0	7,130.3	8,107.2	6,731.2	-5.6
Other Revenues	98,106.6	72,586.8	70,895.3	70,895.3	-2.3
Fund Balance	0.0	4,667.4	3,957.6	792.5	-83.0
SOURCES TOTAL	98,106.6	84,384.5	82,960.1	78,419.0	-7.1
USES					
Personal Services and Employee Benefits	4,169.3	4,357.6	4,357.6	4,014.9	-7.9
Contractual Services	17,347.8	25,185.1	22,950.0	21,733.7	-13.7
Other	38,829.5	46,594.2	46,473.5	46,337.5	-0.6
Other Financing Uses	9,623.2	8,247.6	9,179.0	6,332.9	-23.2
TOTAL USES	69,969.8	84,384.5	82,960.1	78,419.0	-7.1
FTE					
Permanent	65.0	65.0	65.0	62.0	-4.6
TOTAL FTE POSITIONS	65.0	65.0	65.0	62.0	-4.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of state workers' compensation claimants on modified duty (early return to work)	503	587	550	600	≥600
* Explanatory	Projected financial position of the public property fund	328%	615%	350%	50%	50%
* Explanatory	Projected financial position of the workers' compensation fund	4%	13%	50%	20%	20%
Explanatory	Projected financial position of the state and local unemployment funds	25%	138%	50%	50%	50%
Explanatory	Projected financial position of the public liability fund	46%	53%	50%	50%	50%
Outcome	Percent of total liability claims resolved without a trial decision by judge or jury	89%	99%	90%	90%	90%
Output	Percent of total risk management division accounts receivable dollars uncollected one hundred twenty days after invoice due date	13%	2%	10%		Deleted
Output	Percent of total risk management division accounts receivable dollars uncollected ninety days after invoice due date			20%	5%	≤5%

STATE PRINTING SERVICES

The purpose of the state printing services 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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	1,611.2	2,400.8	2,400.8	1,793.4	-25.3
SOURCES TOTAL	1,611.2	2,400.8	2,400.8	1,793.4	-25.3
USES					
Personal Services and Employee Benefits	976.6	1,290.2	1,290.2	1,100.6	-14.7
Contractual Services	4.1	13.0	13.0	8.0	-38.5
Other	606.1	1,005.3	1,005.3	622.3	-38.1
Other Financing Uses	62.5	92.3	92.3	62.5	-32.3
TOTAL USES	1,649.3	2,400.8	2,400.8	1,793.4	-25.3
FTE					
Permanent	26.0	26.0	26.0	23.0	-11.5
TOTAL FTE POSITIONS	26.0	26.0	26.0	23.0	-11.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Efficiency	Percent of printing operations that break even, including sixty days of operating reserve	95%	93%	95%		95%
Output	Revenue generated per employee compared with previous fiscal year	\$77,989	113,000	\$80,000	\$90,000	\$90,000
Outcome	Sales growth in state printing revenue compared with previous fiscal year	9%	39%	10%	15%	0%
Quality	Percent of customers satisfied with printing services				80%	90%

BUSINESS OFFICE SPACE MGMT/MAINT SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	14,826.7	14,454.3	14,368.7	13,456.6	-6.9
Other Transfers	0.0	0.0	401.0	0.0	
SOURCES TOTAL	14,826.7	14,454.3	14,769.7	13,456.6	-6.9
USES					
Personal Services and Employee Benefits	7,946.1	7,429.1	8,066.0	7,295.2	-1.8
Contractual Services	339.4	451.8	543.5	339.4	-24.9
Other	6,050.2	6,410.7	5,997.5	5,683.4	-11.3
Other Financing Uses	158.6	162.7	162.7	138.6	-14.8
TOTAL USES	14,494.3	14,454.3	14,769.7	13,456.6	-6.9
FTE					
Permanent	173.0	173.0	171.0	161.0	-6.9
TOTAL FTE POSITIONS	173.0	173.0	171.0	161.0	-6.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Quality	Percent of customers satisfied with custodial and maintenance services	90%	93%	92%	92%	95%
* Explanatory	Percent of state-controlled office space occupied	90.3%	90%	90%	90%	95%
Quality	Percent of customers satisfied with property control services	88%	100%	90%	90%	90%
Efficiency	Percent of property control capital projects on schedule within approved budget	91.2%	91.5%	90%	90%	90%
Efficiency	Percent of operating costs for Santa Fe state-owned buildings below industry standard	-35%	-12%	</=5%	</=5%	≤5%
Output	Percent of fully funded projects under five hundred thousand dollars in construction within twelve months of budget approval	34.7%	81%	50%		Deleted
Output	Percent of fully funded projects in design within six months of approved budget				75%	75%
Output	Number of funded projects greater than five hundred thousand dollars under construction		32	TBD	12	≥12
* Outcome	Annual percent reduction of greenhouse gas emissions for state-owned buildings served by building services division relative to FY2005 baseline	84.7%	-85%	3%	3%	≥3%
Quality	Percent of building services division employees satisfied with administrative support, management direction and employee training	85.2%	86%	87%	87%	90%
Output	Percent of major facility equipment (boilers, chillers, elevators, generators and cooling towers) covered by a preventive maintenance service contract	NA	100%	85%	95%	95%
* Explanatory	Percent of projects greater than one million dollars in compliance with appropriation guidelines		100%	100%	100%	100%
* Outcome	Percent of electricity purchased by the building services division from renewable energy sources	90%	90%	90%	90%	90%

TRANSPORTATION SERVICES

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	0.0	979.7	0.0	
Other Revenues	8,791.6	10,439.5	9,742.0	9,766.9	-6.4
Fund Balance	1,792.6	3,523.6	3,061.4	3,017.6	-14.4
SOURCES TOTAL	10,584.2	13,963.1	13,783.1	12,784.5	-8.4
USES					
Personal Services and Employee Benefits	2,320.0	2,550.8	2,418.0	2,345.5	-8.0
Contractual Services	29.1	79.0	85.1	34.4	-56.5
Other	8,248.0	10,966.5	10,913.2	10,074.5	-8.1
Other Financing Uses	342.5	366.8	366.8	330.1	-10.0
TOTAL USES	10,939.6	13,963.1	13,783.1	12,784.5	-8.4
FTE					
Permanent	38.0	38.0	38.0	38.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	38.0	38.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u> Deleted
Outcome	Percent of reduction of greenhouse gas emissions from transportation service division passenger vehicles	N/A	2.2%	10%		
* Explanatory	Percent of short-term vehicle use	82%	90%	80%	80%	80%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	100%	100%	100%	100%	100%
* Output	Percent of cars and other light-duty vehicles purchased by state agencies that exceed existing federal fuel efficiency standards for passenger vehicles	100%	100%	100%	100%	100%
* Efficiency	Percent of total available aircraft fleet hours used	88%	64%	90%	65%	65%
Efficiency	Percent of passenger vehicle lease revenues to expenses	100%	99%	100%	100%	100%
Output	Percent of total transportation services division accounts receivable dollars uncollected one hundred twenty days after invoice due date	28%	21%	20%	20%	≤5%
Explanatory	Percent of state vehicle fleet beyond five-year or one hundred thousand miles standard	34%	12%	40%	25%	≤25%

PROCUREMENT SERVICES

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,627.9	1,738.4	1,738.4	1,599.3	-8.0
Other Revenues	240.8	465.9	465.9	419.3	-10.0
Fund Balance	119.6	0.0	0.0	0.0	
SOURCES TOTAL	1,988.3	2,204.3	2,204.3	2,018.6	-8.4
USES					
Personal Services and Employee Benefits	1,595.9	1,888.7	1,880.2	1,804.7	-4.4
Other	209.6	229.1	237.6	167.4	-26.9
Other Financing Uses	0.0	86.5	86.5	46.5	-46.2
TOTAL USES	1,805.5	2,204.3	2,204.3	2,018.6	-8.4
FTE					
Permanent	26.0	31.0	31.0	29.0	-6.5
TOTAL FTE POSITIONS	26.0	31.0	31.0	29.0	-6.5

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of all price agreement renewals considered for "best value" strategic sourcing option		22.9%	5%	10%	10%
* Quality	Percent of customers satisfied with procurement services	80%	84%	80%	82%	90%
* Outcome	Number of small business clients assisted	313	235	80	250	250
* Output	Number of government employees trained on Procurement Code compliance and methods	510	250	515	300	500
Efficiency	Average resolution time for Procurement Code violations under one hundred thousand dollars				30 days	≤30 days

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10	FY11 - 2010-2011		Percent Incr (Decr)
	2008-2009 <u>Actuals</u>	2009-2010 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Transfers	0.0	3,763.5	3,886.5	3,436.1	-8.7
Other Revenues	4,142.3	0.0	0.0	0.0	
Fund Balance	0.0	1,000.0	0.0	0.0	-100.0
SOURCES TOTAL	4,142.3	4,763.5	3,886.5	3,436.1	-27.9
USES					
Personal Services and Employee Benefits	3,072.0	2,968.3	2,974.3	2,590.7	-12.7
Contractual Services	264.0	346.1	345.1	327.0	-5.5
Other	627.6	572.1	567.1	518.4	-9.4
Other Financing Uses	0.0	877.0	0.0	0.0	-100.0
TOTAL USES	3,963.6	4,763.5	3,886.5	3,436.1	-27.9
FTE					
Permanent	40.0	40.0	40.0	37.0	-7.5
TOTAL FTE POSITIONS	40.0	40.0	40.0	37.0	-7.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Quality	Percent of customers satisfied with internal information technology services	80%	92%	85%	90%	90%
Quality	Percent of internal customers satisfied with administrative services division services	75.8%	76.5%	85%	80%	85%
* Efficiency	Average number of working days to process purchase orders and invoices	2	P:1, I:1.2	PO:4/Inv:8	PO:2/Inv:2	PO:2/Inv:2
Quality	Percent of external customers satisfied with billing services	80%	77%	85%	80%	85%
* Quality	Percent decrease of audit findings compared with audit findings in the previous fiscal year				25%	95%
Efficiency	Percent of payments made to vendors within forty-eight hours of invoice receipt date				80%	95%

STATUTORY AUTHORITY:

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and selected state agencies. The agency is governed by a seven-member board composed of the 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	23,508.1	28,551.3	28,639.0	26,908.3	-5.8
SOURCES TOTAL	23,508.1	28,551.3	28,639.0	26,908.3	-5.8
USES					
Personal Services and Employee Benefits	3,894.0	4,346.9	4,341.0	4,197.4	-3.4
Contractual Services	18,823.8	23,329.6	23,402.2	21,826.7	-6.4
Other	790.3	874.8	895.8	884.2	1.1
TOTAL USES	23,508.1	28,551.3	28,639.0	26,908.3	-5.8
FTE					
Permanent	55.0	57.0	58.0	58.0	1.8
Term	2.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	57.0	59.0	58.0	58.0	-1.7

BUDGET ISSUES:

The agency requested essentially a flat budget, with slight increases in contractual services and the other category. The committee recommends a 5.8 percent reduction, or \$1.7 million, from the FY10 operating budget.

As in prior years, the primary difference between the agency request and the LFC recommendation lies in the calculation of investment-related fees. The ERB request was the same as the FY10 operating budget of \$21.1 million for consulting, manager, and miscellaneous investment data services, even though the beginning fund asset value has fallen over 20 percent since the projections for FY10 were made. Given first quarter gains in FY10 of about 13 percent, the recommendation is based on a 15 percent recovery in asset value over the next 18 months and a slower investment schedule for real estate investments. If performance exceeds expectations over this period, budget adjustment authority may be granted to ERB to budget additional funds.

A key issue might be replacing the chief investment officer who, at least temporarily, has assumed the helm at the State Investment Council. Given the added responsibilities of an expanded portfolio to include alternative investments – like hedge funds, real estate, and private equity – qualified and sufficient staffing has risen in priority. Given the complicated nature of these investments and their apparent susceptibility to kickback schemes, diligent oversight and thorough examination of potential partners has become paramount. Therefore, the recommendation fully funds the Investment Division.

The recommendation includes a reduction for salary and employee benefits in addition to the 2.2 percent vacancy savings applied by the agency for a total rate of 5.2 percent. Also included is a reduction in funding for the executive director position of \$16.3 thousand to cut back the 10 percent raise applied on July 1, 2009. The committee recommends funding information technology expenditures to improve security and maintain updated software versions as requested but does not support the \$22 thousand requested in contractual services for a lobbyist.

To address solvency concerns, Laws 2005, Chapter 273, increased the employee pension contribution rate to 7.9 percent and the employer contribution rate by 0.75 percent annually from FY06 through FY12 to a final 13.9 percent. FY10 represents the fifth year of this schedule. Based on the appropriation included in Laws 2009, Chapter 124, going forward each of these 0.75 percent increments equates to an approximate additional \$18.3 million general fund appropriation. The executive proposed canceling the FY10 contribution increase as part of its deficit reduction package for FY10. However, legislation that would have implemented the reduction was not considered by the Senate during the 2009 First Special Session. Similar legislation may be proposed during the 2010 session as part of the FY11 budget balancing plan. According to actuarial simulations, the fiscal impact would be minimal.

Investment losses for two years have not aided plan sustainability, although the first quarter return for FY10 of 13 percent is taking the fund value in the right direction. ERB indicates it will not be sponsoring legislation for the 2010 legislative session, noting the number of changes made during the 2009 session are still being processed into policy and procedures. Instead, the agency will be presenting ideas to bring the fund's assets and liabilities into better balance during the interim based on board discussions and expertise provided by a pension attorney and ERB's actuary. The stated goal is to produce a sustainable defined benefit plan that considers such key pension issues as income replacement needs in a state that also provides social security, contribution parity between employee and employer, and funding status, as well as other benefit factors.

The ERB "return to work" (RTW) program, which allows retirees to return to work and collect both a paycheck and a pension, remains popular. Laws 2009, Chapter 288, extended the program 10 years from its original sunset date of 2012. Proponents of the program insist it is needed to fill "hard-to-fill" teacher positions, such as those for special education, math, medicine, or science. The latest report from 2008 showed 1,332 RTW employees, with 1,064 hired by charter and public schools and 265 working for higher education institutions. There has been no evidence supporting the assumption these positions fit the assumed "hard-to-fill" criteria. The committee recommends an analysis be completed to substantiate the need for a RTW program in light of the fact it is now costing employers up to \$5 million to pick up the employee's portion of the ERB contribution. Both the employee and employer contributions are needed to sustain the defined benefit plan, which depends on a robust cadre of active employees to help pay off liabilities. The committee also recommends ERB requests an actuarial review of whether the RTW is encouraging employees to retire sooner than they would have otherwise, as is indicated under the Public Employees Retirement Association (PERA) plan. Under that plan, retirees must wait 90 days before returning to work. It may be ERB's longer 12-month wait period mitigates this concern.

The committee recommends revisiting the issue of governance for ERB. Currently, the board is composed of seven trustees, two of which are ex officio, two of which are governor appointees, and three of which are elected by constituents. Drafts of proposed legislation in prior years have added qualifications of financial expertise for the governor appointees as well as two new members possessing at least 10 years experience in economics, investments, finance, or public finance. While enhancing the board's expertise regarding investment oversight, increasing the number of members would also promote the feasibility of monthly board meetings. The difficulty in attaining a quorum from a small group more frequently than the current bi-monthly schedule has become a critical issue. Increasing the number of members on the investment committee would also counteract any appearance of undue political pressure to make certain investments.

ERB added 2 FTE for FY09 and FY10 to address data issues associated with transferring to the agency's new computerized retirement system, IRIS. Thus, these term positions are dropped from the base budget for FY11.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduces manager fees by 5.9 percent, or \$1.3 million, and increases the vacancy savings by \$173.9 thousand to produce a 5 percent overall reduction. The LFC recommendation for FY11 is 0.8 percent lower than the adjusted FY10 amount.

BASE EXPANSION:

The committee supports ERB's request to reclassify one of the term positions created for data cleansing as a permanent FTE. Completing the data cleansing project and maintaining the data going forward is essential for providing accurate benefits, benefit estimates, and actuarial projections.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement program in the contractual services category includes nineteen million five hundred sixty-nine thousand six hundred dollars (\$19,569,600) to be used only for investment manager and consulting fees.

The other state funds appropriation to the educational retirement program in the contractual services category includes seven hundred thousand dollars (\$700,000) for payment of custody services associated with the fiscal agent contract.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Conversion Term to Perm</u>	<u>(P635)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			0.0	0.0

EDUCATIONAL RETIREMENT

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Average number of days to process refund requests	15	21	15	15	15
* Outcome	Funding period of unfunded actuarial accrued liability, in years	61.4	46.2	≤30	≤30	≤30
* Outcome	Average rate of return over a cumulative five-year period	9.5%	2.4%	8%	8%	8%
Outcome	Percent of member satisfaction with seminars and trainings	95%	96%	96%	95%	96%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	18	17	20	20	20
Output	Percent of retirement applications processed within sixty days	98%	95%	98%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	6,250	8,361	6,250	8,000	8,000
Output	Number of member workshops conducted	27	25	35	35	35
Output	Percent completion of the new pension systems	100%	100%			
Quality	Percent of accurately computed retirements	99.5%	99.5%	99.5%	99.5%	99.5%

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission (NMSC) was created in 1994 under Section 9-3-10 NMSA 1978 as the Criminal and Juvenile Justice Coordinating Council. Laws 2003, Chapter 75, changed the agency name to the New Mexico Sentencing Commission. Section 9-3-13 NMSA 1978 created a Sex Offender Management Board within the commission. The commission has four committees in addition to that board: Data, Sentencing Reform, Legislative, and Juvenile.

MISSION:

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.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	799.4	724.8	724.8	688.6	-5.0
Other Transfers	30.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	829.4	754.8	754.8	718.6	-4.8
USES					
Contractual Services	821.1	712.8	746.3	710.4	-0.3
Other	8.3	42.0	8.5	8.2	-80.5
TOTAL USES	829.4	754.8	754.8	718.6	-4.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

BUDGET ISSUES:

The New Mexico Sentencing Commission is composed of 24 members with different backgrounds related to the criminal justice system. The commission is active during the session in analyzing and offering comment on bills introduced by the Legislature. In addition, the commission provides research reports on topical subjects on a scheduled or ad hoc basis. A recent example is a report identifying New Mexico Corrections Department inmates possibly eligible for an early release program. The commission is statutorily required by the County Detention Facility Reimbursement Act to annually calculate the felony offender incarceration percentage and the distribution amount for each eligible county. NMSC has received a \$30 thousand transfer from the county detention facility reimbursement fund to perform this service. NMSC has received additional recurring appropriations from the general fund to support the activities of the Sex Offender Management Board and the Justice Information Sharing Council (JISC) activities.

The commission contract with the University of New Mexico (UNM) is for both administrative and research services. UNM is paid an administrative fee of 10 percent to perform this function. Until FY10 the commission did not pay a specific rent. For FY11 UNM projects a rent charge of \$24 thousand. The FY11 recommendation is for a reduction of 5 percent from the general fund, \$36.2 thousand from the FY10 appropriation. Potential NMSC reductions include limiting the anticipated part-time attorney function, reducing the number of meetings to minimize per diem expenses and leasing a less expensive automobile. Because UNM now adds a separate rent charge, consideration should be given to eliminating the contractual arrangement with UNM. The commission will pay approximately \$60 thousand in fees to UNM for administrative services provided to state agencies for little or no cost.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 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	13	12	11	13	13
Outcome	Number of uses of offender query by justice personnel per month			100,000	100,000	100,000
Efficiency	Percent of total state justice personnel with access to offender query		70%	75%	75%	75%
* Outcome	Percent of total possible victims who receive automated victim notification		TBD	25%	25%	25%

STATUTORY AUTHORITY:

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

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	42,395.0	42,681.0	42,681.0	40,973.8	-4.0
Other Revenues	326.2	161.3	240.0	240.0	48.8
SOURCES TOTAL	42,721.2	42,842.3	42,921.0	41,213.8	-3.8
USES					
Personal Services and Employee Benefits	26,041.0	25,366.3	25,674.1	24,828.3	-2.1
Contractual Services	10,863.2	11,204.7	10,920.2	10,626.6	-5.2
Other	5,736.8	6,271.3	6,326.7	5,758.9	-8.2
TOTAL USES	42,641.0	42,842.3	42,921.0	41,213.8	-3.8
FTE					
Permanent	394.0	403.0	403.0	403.0	0.0
Term	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	396.0	403.0	403.0	403.0	0.0

BUDGET ISSUES:

The Public Defender Department requested a flat budget and applied a 7.5 percent vacancy rate. A 4 percent decrease is recommended and other revenue is increased 48.8 percent. The recommendation applies a 3.6 percent vacancy rate and reduces personal services and employee benefits by 2.1 percent, signaling the importance of filling some vacancies to prevent trials from being delayed.

In 2009 an expansion was included for a Gallup office. The agency completed the request for proposal process for a building and awarded the bid to a Gallup firm. It anticipates a building will be ready for occupancy by March 2010. Also, three entry-level attorney positions will be filled and temporarily placed at Bernalillo County Metropolitan Court, where the employees will receive training in defending and trying misdemeanor cases before transferring to the Gallup office.

Nearly \$1.8 million was spent on the Santa Rosa prison riot death penalty cases, which opened in 1999 and involve three inmates charged with the murder of a prison guard. Two of the three inmates have been sentenced, while the third inmate's case is pending before the Supreme Court. Even if the pending case is overturned, it would be remanded back to the trial court as a non-death penalty first degree murder case and a special appropriation would not be needed.

The number of Public Service Law Loan Repayment Program (LRAP) participants increased from 28 to 63 this year, seven of which are employed by the Public Defender Department. This is a three-year program that provides participants financial assistance to repay legal educational loans by serving low-income or underserved residents through employment with state or local government or in the nonprofit sector.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

CRIMINAL LEGAL SERVICES

The purpose of the criminal legal service program is to provide effective legal representation and advocacy for eligible clients so that their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that also sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of alternative sentencing treatment placements for felony and juvenile clients	5,761	3,890	5,800	4,000	4,000
* Efficiency	Percent of cases in which application fees were collected	25.6	34%	30%	35%	35%
* Quality	Percent of felony cases resulting in a reduction of original formally filed charges	24%	36.6%	35%	37%	37%
* Explanatory	Annual attorney full-time-equivalent vacancy rate		7.6%	7%	9%	7%

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,628.3	4,443.7	4,443.7	4,198.8	-5.5
SOURCES TOTAL	4,628.3	4,443.7	4,443.7	4,198.8	-5.5
USES					
Personal Services and Employee Benefits	3,576.9	3,729.7	3,729.7	3,557.0	-4.6
Contractual Services	64.9	109.3	109.3	104.2	-4.7
Other	393.9	604.7	604.7	537.6	-11.1
TOTAL USES	4,035.7	4,443.7	4,443.7	4,198.8	-5.5
FTE					
Permanent	40.3	40.3	40.3	40.3	0.0
TOTAL FTE POSITIONS	40.3	40.3	40.3	40.3	0.0

BUDGET ISSUES:

For FY11, the agency request of \$4.4 million is flat with FY10 operating levels. The committee recommendation for FY11 reflects an overall decrease of \$224 thousand, or 5 percent below FY10 operating levels. This includes a 5 percent vacancy rate applied to personal services and employee benefits based on a historical rate of 21 percent over the past two years and reduces contractual services by \$5 thousand.

In addition, the Office of the Governor is projecting significant savings related to information technology and telecommunication costs that were redistributed in the request to travel, information technology equipment and the governor's contingency fund. The committee recommendation keeps costs flat except the reduction in information technology services costs.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

EXECUTIVE MANAGEMENT AND LEADERSHIP

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	20	20	25	25	≤25
Output	Number of days to answer or refer to the proper entity constituent requests for information	2	2	4	4	≤4
Output	Number of days to respond to requests for pardons	4	4	14	14	≤14
Output	Number of days to process extraditions	9	10	13	13	≤13

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the office of Lieutenant Governor and established the person serving as lieutenant governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the lieutenant governor as state ombudsman. The lieutenant governor serves as a member of the Board of Finance, Mortgage Finance Authority, Border Authority, Small Business Advocacy Council, Workforce Development Board, Rural Development Council, Financial Independence Task Force, Small Business Advocacy Council, and Governor's Finance Committee and serves as chair of the Children's Cabinet.

MISSION:

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the New Mexico Senate and serves as ombudsman and acting governor in cases when the governor is out of state.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 Agency Request	LFC Recom- mendation	Percent Incr (Decr)
SOURCES							
General Fund Transfers	857.2	839.5	-33.6	805.9	839.5	784.6	-2.6
Other Revenues	25.0	0.0	0.0	0.0	0.0	0.0	
SOURCES TOTAL	882.2	839.5	-33.6	805.9	839.5	784.6	-2.6
USES							
Personal Services and Employee Benefits	712.2	721.7	0.0	721.7	722.7	691.7	-4.2
Contractual Services	42.6	48.1	-33.6	14.5	48.5	33.5	131.0
Other	117.8	69.7	0.0	69.7	68.3	59.4	-14.8
TOTAL USES	872.6	839.5	-33.6	805.9	839.5	784.6	-2.6
FTE							
Permanent	8.0	8.0	0.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	0.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

Overall, the agency budget request of \$839 thousand represented a flat request with FY10 operating levels. Subsequently, action taken during the special session reduced the agency's operating budget by 4 percent of \$34 thousand.

The committee recommendation for FY11 reflected a 6.5 percent decrease from FY10 operating levels, but only a 2.6 percent decrease from the adjusted operating budget. This includes a 4 percent vacancy rate applied to personal services and employee benefits based on a historical rate of 8 percent over the past two years. Additionally, the recommendation includes a \$25 thousand reduction to contractual services and in-state travel.

STATE OMBUDSMAN

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of children's cabinet meetings	6	6	6	6	6
Output	Number of youth advisory council meetings	4	4	4	4	4
Output	Quarterly tracking reports on constituent services activities	4	4	4	4	4
Output	Number of small business forums		4	4	4	4
Outcome	Percent of constituent service cases closed within thirty days of initial receipt		86.7	80%	80%	80%

STATUTORY AUTHORITY:

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 19-27-10 NMSA 1978 to create a single, unified executive branch department to streamline and improve information technology systems. DoIT administers all laws and exercises all functions formerly administered by the Office of the Chief Information Officer (OCIO) and the Information Technology Commission (ITC) pursuant to the Information Technology Management Act, and the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The new agency is a cabinet-level department with three authorized divisions: Program Support, Enterprise Services, and Enterprise Operations.

The Department of Information Technology Act establishes a rate committee consisting of seven executive agency members, five appointed by the governor and two designated by statute -- the secretary of the Department of Finance and Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

The Information Technology Commission (ITC) consists of 17 voting members and eight nonvoting members. ITC focuses on developing and implementing the state information technology (IT) plan and reviews and approves critical IT initiatives and needs for the state, strategies for identifying IT projects that impact multiple agencies, and proposed rules by the secretary.

MISSION:

The mission of the Department of Information Technology is to provide cost-effective and efficient enterprise products, services, and solutions within a secure and reliable environment for its customers.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,352.1	926.0	1,388.4	831.3	-10.2
Other Transfers	3,676.5	5,829.1	10,907.0	3,394.3	-41.8
Other Revenues	43,635.1	56,012.6	59,028.1	46,551.5	-16.9
SOURCES TOTAL	48,663.7	62,767.7	71,323.5	50,777.1	-19.1
USES					
Personal Services and Employee Benefits	16,566.1	17,185.5	18,314.2	16,124.0	-6.2
Contractual Services	7,401.9	11,633.6	11,516.2	8,654.4	-25.6
Other	20,395.2	27,525.6	29,986.1	22,021.0	-20.0
Other Financing Uses	3,999.2	6,423.0	11,507.0	3,977.7	-38.1
TOTAL USES	48,362.4	62,767.7	71,323.5	50,777.1	-19.1
FTE					
Permanent	218.0	218.0	218.0	203.0	-6.9
TOTAL FTE POSITIONS	218.0	218.0	218.0	203.0	-6.9

BUDGET ISSUES:

DoIT proposes to consolidate all enterprise activities currently designated as applications and operations into the Enterprise Services Program. This will allow the agency to streamline several of the inefficiencies that have plagued the department since its inception in 2007. In addition, this will enhance the reporting and tracking of revenues and expenditures for the services that DoIT provides and eliminate the accounting problems associated with transferring funds among programs.

The purpose of the Compliance and Project Management Program, a new program for FY11, will be to provide oversight of information technology projects and plans for state agencies, ensuring compliance with state rules, standards, initiatives, and strategic plans. This program will also provide quality assurance and contract review prior to recommendation to the DoIT secretary.

DoIT charges fees to state agencies for information technology services, including use of the Statewide Human Resource, Accounting and Management Reporting System (SHARE) and telecommunications including voice, data, radio, and wireless services. DoIT is required to comply with the Federal Office of Management and Budget's Circular A-87, which provides guidelines for DoIT's cost allocation plan.

Failure to comply with federal guidelines may require the state to reimburse the federal government for overcharges and interest. For example, the Legislature in 2009 appropriated \$2.9 million to pay for a ruling in federal district court in New Mexico Department of Information Technology v. U.S. Department of Health and Human Services and Michael O'Leavitt.

DoIT should begin planning for the elimination of approximately \$10 million, or 20 percent of its annual revenue associated with mainframe services. This plan should evaluate the opportunity to create efficiencies and reduce the overhead cost of providing information technology services.

During the past several years the depreciation expenses recovered through rates were spent on operating costs rather than on equipment replacement. As a result, DoIT reported a \$22 million shortfall in funds needed for equipment replacement. In response, DoIT developed an official charter for the planning, usage policies, and procedures related to equipment replacement. In FY11, DoIT plans to transfer \$5.3 million into the equipment replacement fund including \$1.3 million for the depreciation of SHARE.

In FY09, DoIT developed a plan to replenish the equipment replacement fund over a three-year period. Initially, DoIT requested additional general fund in the form of a supplemental or special appropriation. The plan called for DoIT enterprise services to charge an amount sufficient to recover the cost of providing the services, accumulate an equipment reserve, and maintain an adequate operating fund balance to cover projected expenses for 60 days. However, DoIT continues to struggle with high accounts receivable balances estimated at \$7.5 million at the end of FY09. This prevents DoIT from being able to set aside funding for equipment replacement.

The Legislature attempted to resolve this issue by amending the Department of Information Technology Act to require the prompt payment of all DoIT invoices. However, formal policies and procedures have not been developed or coordinated through DFA, responsible for enforcing the timely payment of DoIT invoices.

In FY10, funding, staff and responsibility for the technical maintenance of SHARE was transferred from the Department of Finance and Administration (DFA) to DoIT. As a result, a memorandum of understanding (MOU) was signed between DoIT and the DFA to improve information technology and project management support for SHARE. Under the terms of the MOU, a SHARE system manager responsible for the technical operations of the system will report to the DoIT Secretary and DFA state controller.

DoIT's budget request of \$71.3 million, an \$8.6 million increase over FY10, included significant increases to personal services and employee benefits and other costs totaling \$3.6 million. In addition, DoIT requested an increase of \$5.1 million to other financing uses related to the depreciation expense of capital assets to the equipment replacement fund (ERF).

The budget summary reflects a significant reduction in revenues, expenditures, and FTE to the Compliance and Project Management Program with a corresponding increase to the Enterprise Services Program. This transfer aligns DoIT's business functions as specified in the Department of Information Technology Act.

The committee recommendation totals \$50.7 million, a \$12 million, or 19.1 percent, decrease from FY10. This assumes the bulk of DoIT's revenue generated through information technology, telecommunication, and radios services will remain flat with FY09, given the state's fiscal condition. The recommendation also accounts for the increased revenue received from the collection of SHARE Human Capital Management and wireless services fees.

The committee recommendation for the Enterprise Services Program consolidates all enterprise-related activities under one program. The recommendation does not support requested funding for overtime, applies a 5 percent vacancy rate, and deletes 9 FTE that have been vacant for more than six months. This will reduce overhead costs incorporated into the fees charged for DoIT services. The recommendation includes the transfer of \$583 thousand to DFA to support SHARE financial operations.

The committee recommendation for the Compliance and Project Management Program includes the transfer of all enterprise-related funding and personnel to the Enterprise Services Program. The recommendation deletes 4 FTE including two vacant positions and two positions related to contract review. The recommendation includes funding for the program's share of administrative costs including transfers to program support.

The committee recommendation for Program Support includes a \$379 thousand reduction from FY10 operating levels and deletes 2 FTE (special projects director and public information officer). The recommendation does not support the request for legal fees because the agency maintains a general counsel and can request legal counsel from the Attorney General's Office. Lastly, the recommendation deletes funding for lease of office space in Albuquerque and related expenses.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required DoIT to reduce the FY10 operating budget from the general fund by \$70 thousand. The plan submitted by the agency and approved by the Department of Finance and Administration reduces personal services and employee benefits \$70 thousand or 7.6 percent.

COMPLIANCE AND PROJECT MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009	FY10 2009-2010	FY11 - 2010-2011		Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,052.1	926.0	1,388.4	831.3	-10.2
Other Transfers	0.0	1,536.6	0.0	0.0	-100.0
Other Revenues	0.0	19,793.3	0.0	0.0	-100.0
SOURCES TOTAL	1,052.1	22,255.9	1,388.4	831.3	-96.3
USES					
Personal Services and Employee Benefits	1,049.9	6,156.2	1,096.4	665.6	-89.2
Contractual Services	0.0	4,538.4	4.0	0.0	-100.0
Other	0.9	7,934.8	49.4	25.8	-99.7
Other Financing Uses	0.0	3,626.5	238.6	139.9	-96.1
TOTAL USES	1,050.8	22,255.9	1,388.4	831.3	-96.3
FTE					
Permanent	11.0	76.0	11.0	7.0	-90.8
TOTAL FTE POSITIONS	11.0	76.0	11.0	7.0	-90.8

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of executive agency certified projects reviewed monthly for compliance and oversight requirements	100%	100%	100%	100%	100%
* Output	Percent of information technology projects that require and receive a formal architecture review prior to project implementation			100%	100%	100%

ENTERPRISE SERVICES

The purpose of the enterprise services program is to provide reliable and secure infrastructure for voice, radio, video and data communications, through the state's enterprise data center and telecommunications network.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	300.0	0.0	0.0	0.0	
Other Transfers	0.0	518.6	7,133.1	0.0	-100.0
Other Revenues	43,635.1	36,219.3	59,028.1	46,551.5	28.5
SOURCES TOTAL	43,935.1	36,737.9	66,161.2	46,551.5	26.7
USES					
Personal Services and Employee Benefits	12,087.9	7,644.5	13,784.5	12,237.1	60.1
Contractual Services	7,349.9	6,925.2	11,384.5	8,605.5	24.3
Other	20,198.1	19,371.7	29,723.8	21,871.1	12.9
Other Financing Uses	3,999.2	2,796.5	11,268.4	3,837.8	37.2
TOTAL USES	43,635.1	36,737.9	66,161.2	46,551.5	26.7
FTE					
Permanent	164.0	99.0	164.0	155.0	56.6
TOTAL FTE POSITIONS	164.0	99.0	164.0	155.0	56.6

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Amount of information technology savings, cost avoidance or both realized through enterprise services and promotion of multi-agency initiatives, in millions	\$5.0	\$5.2	\$5.0	\$5.0	\$5.0
* Output	Queue-time to reach a customer service representative at the help desk, in seconds	0:17	0:19.5	0:20	0.20	≤0:17
Outcome	In-service percentage of the state voice communication network	99.9%	99.9%	99.9%	99.9%	99.9%
Output	Percent of servers successfully backed up as scheduled	91%	88%	100%	100%	100%
* Outcome	Percent of unscheduled downtime of the mainframe	0.00%	0.125%	.01%	.01%	≤.01%
Output	Percent of mission-critical data and applications residing in the enterprise data center not compromised upon security breach			0%	0%	0%
Output	Percent of information technology assets inventoried and managed through an automated asset management system			75%	75%	75%
Outcome	Percent of unscheduled downtime of the mainframe affecting user access, or batch scheduling or both			.01%	.01%	≤.01%
Outcome	Terabytes of data stored at enterprise data center compared with terabytes of data stored at agency locations (disk, tape and optical storage)	Not Rept			879.5/50	879.5/50
Outcome	Cumulative number of agency applications residing on enterprise servers	Not Rept			550	550
Outcome	Cumulative number of co-located servers replaced by enterprise servers	Not Rept			90	90
Output	Percent of business days the statewide human resources, accounting and management system is unavailable due to unscheduled down time during business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday				5%	≤5%

PROGRAM SUPPORT

The purpose of program support is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	3,676.5	3,773.9	3,773.9	3,394.3	-10.1
SOURCES TOTAL	3,676.5	3,773.9	3,773.9	3,394.3	-10.1
USES					
Personal Services and Employee Benefits	3,428.3	3,384.8	3,433.3	3,221.3	-4.8
Contractual Services	52.0	170.0	127.7	48.9	-71.2
Other	196.2	219.1	212.9	124.1	-43.4
TOTAL USES	3,676.5	3,773.9	3,773.9	3,394.3	-10.1
FTE					
Permanent	43.0	43.0	43.0	41.0	-4.7
TOTAL FTE POSITIONS	43.0	43.0	43.0	41.0	-4.7

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of audit corrective action plan commitments completed on schedule		0	75%	75%	95%
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date	53%	67% Avg	60%	75%	95%
Outcome	Dollar amount of account receivables over sixty days	\$11,300,000	\$7,150,000	\$7,500,000	\$7,500,000	≤\$500,000
* Outcome	Percent of mainframe services meeting federal standards for cost recovery	100%	100%	100%	100%	100%
Outcome	Percent of voice, data and radio services meeting federal standards for cost recovery	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for 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)						
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)	
			Agency Request	LFC Recommendation		
SOURCES						
Other Revenues	40,092.5	38,189.3	33,867.3	33,584.3	-12.1	
SOURCES TOTAL	40,092.5	38,189.3	33,867.3	33,584.3	-12.1	
USES						
Personal Services and Employee Benefits	5,624.6	5,920.6	6,148.4	5,951.5	0.5	
Contractual Services	18,951.3	30,895.0	26,345.2	26,305.4	-14.9	
Other	942.9	1,373.7	1,373.7	1,327.4	-3.4	
TOTAL USES	25,518.8	38,189.3	33,867.3	33,584.3	-12.1	
FTE						
Permanent	76.0	76.0	76.0	76.0	0.0	
Term	12.0	12.0	12.0	12.0	0.0	
TOTAL FTE POSITIONS	88.0	88.0	88.0	88.0	0.0	

BUDGET ISSUES:

Expenditures for PERA's FY11 operating budget continue to be dominated by fees associated with managing the investment portfolio, trending up or down with asset value. This fluctuation has been accentuated in recent years by the greater reliance on performance fees, which fell dramatically in FY09 as active managers underperformed benchmarks across the board (see Volume 1). The drop in average fund value from \$12.7 billion for FY08 to an average of \$10.6 billion over FY09 also contributed to a decrease in base manager fees. The combination produced a sharp drop in fees from \$21.5 million for FY08 to \$13.8 million for FY09.

The dramatic swing in fund value, coupled with the meaningful recovery of 13 percent demonstrated in the first quarter of FY10, complicates manager fee projections for FY11. If returns underperform expectations, the associated fees will revert to the fund according to the recommended language limiting the appropriation. If FY11 reflects outperformance, PERA has special budget authority to budget additional funds for fees if necessary. Thus, investment-related contractual services are supported as requested, including \$600 thousand for attorney fees for addressing alternative investment allocations.

Likewise, other contractual service contracts are supported as requested except for a reduction of \$28.5 thousand for a lobbyist. In particular, the post-warranty maintenance contract for PERA's information technology system (RIO) is included for \$861 thousand. However, recommended language restricts the appropriation because funds allocated for this purpose were diverted to other contractual services in FY10, and an unsuccessful budget request increase was sought to cover the resulting shortfall. Also, the committee recommends adopting expenses related to PERA's new building as requested while a baseline is being developed from FY10 actual costs. However, property insurance is funded at \$10.9 thousand to align with the rate published by the General Services Department Risk Division.

Prior-year in-band salary increases, primarily applied to personnel in the Investment Division, resulted in a FY11 budget request that was 3.8 percent higher in personal salary and employee benefits. The recommendation applies a vacancy savings rate of 3.3 percent. How PERA reconciles the pressure to pay Wall Street salaries to hire and retain qualified talent within the state's personnel system is a core budget issue, and one that PERA faces immediately with a key hiring decision for a new chief investment officer. Vacancies have hampered efforts to cleanse the membership data, a project that was started in FY09. Originally scheduled to take two years, the project is now projected to last through most of FY11 at a continued cost of about \$600 thousand.

RIO continues to present challenges. Although a transition to the SHARE general ledger (GL) module was scheduled for July 1, 2009, PERA reports that full integration between SHARE and RIO will not be achievable without reconfiguring RIO's chart of accounts. In the meantime, the third-party GL program, Great Plains, is needed as a translator between the two systems. In addition, PERA's business processes require custom financial reports, which have not been available through SHARE. Finally, RIO will not support issuing warrants, which would allow daily reconciliation to the bank. It is likely these issues will continue into FY11, and funding for Great Plains is recommended to ensure that PERA can produce financial reports. Resolution of RIO's issues depends to a large extent on resources provided by the Financial Control Division (FCD) of the Department of Finance and Administration and coordination between PERA and FCD. Both have been limited, leading to a directive from the board to establish a work group of key PERA personnel to identify, implement, and monitor solutions.

The June 30, 2009, valuation does not fully reflect the impact on funded status imposed by the two years of investment losses. Although first quarter returns were substantially positive, PERA's consultants project possible contribution increases of 4 percent or more to maintain solvency over the long run. In the near term, PERA's board has adopted the recommendation to support legislation during the 2010 legislative session to increase the contribution rate for the municipal fire plan by 2 percent, split equally between the employer and employee. Sustaining the defined benefit plans requires the willingness and ability of plan sponsors to support these added costs. Given the extraordinary economic decline and reduced revenues, the ability of the state and employees to pay more is questionable.

Reducing plan costs by reducing plan benefits or increasing eligibility requirements may be needed to maintain PERA retirement plans as defined benefit plans. A task force convened by Laws 2009, Chapter 288, is reviewing this issue. PERA has also commissioned a \$220 thousand actuarial study to review its 31 plan structures, benefits, and peer comparisons to develop recommended changes. However, both the task force and study recommendations are not anticipated until some time in late 2010 for the 2011 legislative session.

For several reasons it may be prudent to consider plan redesign in the 2010 legislative session rather than waiting until 2011. Both the magistrate and judicial plans continue their slide to insolvency. The magistrate plan suffers from both underfunding and a plan enhancement that allows benefits after one year of service. In addition, parity issues have multiplied. Effective July 1, 2010, employees under the new "tier" implemented by Laws 2009, Chapter 288 (House Bill 573), will pay the same as employees under the old plan with reduced benefits. As originally structured, HB573 brought uniformity to various public safety, fire, and correction plans by implementing a standard 25 years of service for all such members. By exempting some plans in the final bill, the gap has widened. Also, some employees will only need to work 20 years to be eligible for retirement and others, including most members of state general plan 3, will need to work 30 years. Such discrepancies, if unaddressed until 2011, may lead to a complicated "tiering" of plans that leave some employees and hiring agencies permanently disadvantaged. Finally, because plan changes are normally applied to new hires, most plan impacts take time to improve solvency.

PERA's governance structure, coupled with a vigorous gatekeeper role played by PERA's alternative investment advisor, appeared to minimize the appearance of "pay to play" investments. However, the committee supports legislation to improve investment expertise on PERA's board.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduces investment manager fees by \$1.1 million for an overall budget reduction of 3 percent. The LFC FY11 recommendation for contractual services is 11.7 percent lower than the adjusted FY10 amount.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes twenty-one million eight hundred ninety-eight thousand two hundred dollars (\$21,898,200) to be used only for investment manager and consulting fees.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes two million one hundred one thousand six hundred dollars (\$2,101,600) to be used only for fiscal agent custody services.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes six hundred thousand (\$600,000) to be used only for investment-related legal fees.

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes eight hundred sixty one thousand dollars (\$861,000) to be used only for the retirement information online system maintenance fees.

PENSION ADMINISTRATION

The purpose of the pension administration program is to provide information, retirement benefits, and an actuarially sound fund to association members so they can receive the defined benefit they are entitled to when they retire from public service.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Quality	Percent of accurately computed retirements	98.5%	98.5%	98.5%	99%	99%
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	30-35	40-45	30-45	30-40	30-40
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	128	-181	>50	>50	>50
* Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	13		30 or less	30 or less	30 or less
* 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	75th	93rd	<49th	<49th	<49th

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,937.8	2,884.3	3,091.0	2,680.1	-7.1
Federal Revenues	55.2	51.4	38.6	38.6	-24.9
Other Revenues	129.9	124.0	144.6	144.6	16.6
Fund Balance	13.0	57.2	62.4	62.4	9.1
SOURCES TOTAL	3,135.9	3,116.9	3,336.6	2,925.7	-6.1
USES					
Personal Services and Employee Benefits	2,497.6	2,454.7	2,605.8	2,438.8	-0.6
Contractual Services	169.2	165.6	161.8	76.8	-53.6
Other	427.3	496.6	569.0	410.1	-17.4
TOTAL USES	3,094.1	3,116.9	3,336.6	2,925.7	-6.1
FTE					
Permanent	40.0	40.0	40.0	40.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	43.0	43.0	43.0	43.0	0.0

BUDGET ISSUES:

The Commission of Public Records requested \$3 million from the general fund, or 7.2 percent above the FY10 operating level. The requested increase included funds to hire for four vacancies, leasing additional records storage space and information technology hardware and software. The agency reported that it has operated with a 10 percent vacancy rate since fall 2008. This led to shortened hours at the Archives Research Room, limiting off-site training to local and tribal governments, and an inability to meet performance measures, including the measure on review of records retention and disposition schedules. The committee recommends a 7.1 percent general fund decrease and increases to both other revenue and its fund balance by a total of 25 percent.

The commission reports the records centers in Albuquerque and Santa Fe are at capacity. The General Services Department negotiated a new five-year lease that expands its Albuquerque space beginning in July 2010, but this is a temporary solution. The agency is engaged in a space needs assessment which, when completed, will offer storage solutions. The agency is also progressing toward an enterprise content management (ECM) solution for managing the state's electronic records and, specifically, to obtain an electronic records management system that will function as a centralized electronic records repository (CERR) for the inactive records of state agencies. Phase one of the CERR has been funded; a needs assessment was completed in June 2009 and the acquisition of software application to replace the current Image 2000 records management system and serve as a first step toward the development of the CERR, and the wider ECM solution, is underway. Funding for phase two and three was requested last year and again this year.

The recommendation curtails grant awards such as those for videotapes of Taos World Poetry Bouts and video performances of the Taos Children's Theater. In 2009, the New Mexico Historical Records Advisory Board (NMHRAB), an adjunct to the commission, awarded \$78.4 thousand in grants to 19 New Mexico institutions. Scholarships totaling \$11 thousand were also awarded in FY10 to conduct research on New Mexico history and cultures.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

STATE COMMISSION OF PUBLIC RECORDS

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Maximum number of days between rule effective date and online availability	30	30.25	30	30	30
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	100%	99.75%	100%	98%	98%
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	100%	100%	100%	98%	100%
Outcome	Percent of annual strategic action plan achieved or on schedule	75%	70%	75%	75%	75%
Output	Number of research documents and educational activities provided by the state historian			10	10	10
* Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	26.4%	24.2%	50%	30%	30%
Output	Number of times during a fiscal year visitors accessed information on the NM history web site. (NM digital history project).	N/A	N/A	84,000	84,000	84,000

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the office of the Secretary of State. The secretary of state may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The secretary of state is the keeper of the great seal of the state of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the secretary of state who, with the governor and state Supreme Court chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

MISSION:

The mission of the office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government. It is also the mission of the secretary of state to file and maintain records vital to the interests of commerce and industry.

	BUDGET SUMMARY (dollars in thousands)						
			Amount of Reduction	Adjusted Budget	FY11 – 2010-2011 LFC		Percent Incr (Decr)
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted			Agency Request	Recom- mendation	
SOURCES							
General Fund Transfers	4,165.5	4,644.4	-185.8	4,458.6	10,017.4	4,644.4	4.2
Other Revenues	450.0	1,500.0	0.0	1,500.0	1,500.0	450.0	-70.0
SOURCES TOTAL	4,615.5	6,144.4	-185.8	5,958.6	11,517.4	5,094.4	-14.5
USES							
Personal Services and Employee Benefits	2,675.9	2,657.4	-150.0	2,507.4	2,840.8	2,665.8	6.3
Contractual Services	638.3	787.7	-25.0	762.7	857.2	617.4	-19.1
Other	828.3	2,699.3	-10.8	2,688.5	7,819.4	1,811.2	-32.6
TOTAL USES	4,142.5	6,144.4	-185.8	5,958.6	11,517.4	5,094.4	-14.5
FTE							
Permanent	42.0	41.0	0.0	41.0	41.0	40.0	-2.4
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	43.0	42.0	0.0	42.0	42.0	41.0	-2.4

BUDGET ISSUES:

The agency requested a \$377.9 thousand, or 8.5 percent, general fund base increase above the FY10 adjusted operating budget and an additional \$5.2 million in expansion items related primarily to election expenses, for an overall increase of 125 percent above the FY10 adjusted operating budget. The FY11 general fund recommendation is a 4.2 percent increase above the FY10 adjusted operating budget.

The Administration and Operations program is reduced 2.9 percent. Personal services and employee benefits was increased slightly to help the agency fill the information technology director position. An FTE devoted to public information and public relations was cut. An uncommonly high maintenance fee related to commercial and business licensing and registration is reduced in favor of negotiating hourly rates for services when needed. The other cost category, including the public campaign finance recommendation, was reduced to reflect historical expenditures. The category also offers cost-savings opportunities, such as reducing the number of pages in the blue book and publishing it electronically.

An increase of 34.5 percent is recommended in the Election Program to help move away from perpetual special appropriations to fund recurring primary and general election expenses. While the \$1.1 million falls short of the \$6 million the agency requested, there are opportunities that would lower the cost without sacrificing quality.

In 2008 the general election cost \$5.3 million. Approximately 1.1 million New Mexicans are registered to vote and 32 percent, or 833,365, voted in the 2008 general election. The agency ordered 2,592,280 ballots, 41 percent more than the total number of registered voters, and approximately 68 percent were destroyed. Each of the 1,582 precincts requires a different ballot combination and the printer charges a minimum \$100 set-up fee for the first 100 ballots for every new combination, or \$1.6 million; the total order was \$2.6 million. Other significant expenses included printing and postage to send voter information cards to all voters, advertising proclamations, E-canvass, ballot tracking, equipment programming, guidebooks, and additional election supplies.

Forces that drive election costs up relate to election returns, early voting, and voter information cards but costs could be lowered. First, report election returns by the 70 legislative districts to lower printer set-up fees. Second, closing general election early voting several days before Election Day would provide clerks, particularly in more the populous counties, with time to inventory unused ballots (currently unused ballots are destroyed) and deliver them to the appropriate precincts for Election Day voters and order any additional ballots needed for Election Day voters. Primary elections, on the other hand, traditionally have low voter turnout and might be served just as well without early voting. Changes to early voting could eliminate some ballot waste along with any perception of potential voter fraud from the huge excess of ballots purchased. Lastly, statute requires the agency send voter information cards to active voters. In 2006, county clerks reported many cards were erroneous, not received, or undeliverable. Subsequent mailings have also included incorrect voting days, hours, and locations. The cards are not necessary to vote and may be duplicative of county clerk mailings.

The Secretary of State oversees the public election fund used to finance Public Regulation Commission (PRC) and certain judgeship election campaigns. Fees collected by PRC, \$300 thousand annually, are used to finance its campaigns, and the tax administration suspense fund, \$1.2 million annually, finances certain judicial elections. Six PRC candidates accessed \$180.9 thousand for the 2008 primary and three candidates accessed \$232.3 thousand for the general election. No judicial candidates have applied to use the funds. In 2010, elections will be held to fill three PRC seats along with retention elections for two Court of Appeals and three Supreme Court seats. It is difficult to predict how many candidates will apply for public election funds but 100 percent use of available funds is reserved for the primary in FY10 and \$450 thousand is recommended in FY11 for the general election.

After setbacks to replace the current political finance reporting system using internal resources were followed by a security failure, the agency's entire network infrastructure and server and desktop security have been strengthened. It now plans to emulate Washington state's campaign finance reporting system and will contract with a software development company to conduct a gap analysis, meant to identify the holes between New Mexico's business requirements and Washington's campaign reporting system. It will also use a contractor to move forward with ground-up development, which LFC cautions against because it leaves the agency without recourse if the contractor fails to design or build the system correctly. This course of action allows the contractor to drive system needs and potentially increase costs.

New Mexico is being sued by a handful of groups that claim the state failed to comply with the National Voter Registration Act requiring most states to provide voter registration opportunities to low-income Americans who apply for or use public assistance programs such as Food Stamps, Temporary Assistance for Needy Families, or Medicaid. Plaintiffs believe governments should be responsible for registering citizens to vote.

BASE EXPANSION:

A \$5.2 million expansion was requested for expenses related to the 2011 general election expenses and \$53.2 thousand and for postage and promotion of the confidential address program. Election expansion of \$257 thousand is recommended.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	2010 General Election	(P783)	5,127.7	257.0
2	<u>Confidential Address Program</u>	<u>(P642)</u>	<u>53.2</u>	<u>0.0</u>
TOTAL			5,180.9	257.0

ADMINISTRATION AND OPERATIONS

The purpose of the administration and operations program is to provide operational services to commercial and business entities and citizens - including administration of notary public commissions, uniform commercial code filings, trademark registrations and partnerships - and to provide administrative services needed to carry out elections.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	Agency <u>Request</u>	FY11 - 2010-2011 LFC <u>Recom- mendation</u>	Percent Incr (Decr)
SOURCES							
General Fund Transfers	4,165.5	3,763.0	-150.5	3,612.5	4,006.2	3,506.0	-2.9
Other Revenues	450.0	1,500.0	0.0	1,500.0	1,500.0	450.0	-70.0
SOURCES TOTAL	4,615.5	5,263.0	-150.5	5,112.5	5,506.2	3,956.0	-22.6
USES							
Personal Services and Employee Benefits	2,675.9	2,657.4	-150.0	2,507.4	2,840.8	2,665.8	6.3
Contractual Services	638.3	762.7	0.0	762.7	773.2	592.4	-22.3
Other	828.3	1,842.9	-0.5	1,842.4	1,892.2	697.8	-62.1
TOTAL USES	4,142.5	5,263.0	-150.5	5,112.5	5,506.2	3,956.0	-22.6
FTE							
Permanent	42.0	41.0	0.0	41.0	41.0	40.0	-2.4
Temporary	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	43.0	42.0	0.0	42.0	42.0	41.0	-2.4

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of prior-year audit findings resolved			100%	100%	100%
* Output	Percent of partnership registration requests processed within the three day statutory deadline			100%	100%	100%

ELECTIONS

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	Agency <u>Request</u>	FY11 - 2010-2011 LFC <u>Recom- mendation</u>	Percent Incr (Decr)
SOURCES							
General Fund Transfers	0.0	881.4	-35.3	846.1	6,011.2	1,138.4	34.5
SOURCES TOTAL	0.0	881.4	-35.3	846.1	6,011.2	1,138.4	34.5
USES							
Contractual Services	0.0	25.0	-25.0	0.0	84.0	25.0	
Other	0.0	856.4	-10.3	846.1	5,927.2	1,113.4	31.6
TOTAL USES	0.0	881.4	-35.3	846.1	6,011.2	1,138.4	34.5
FTE							
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office			97%	97%	97%
Output	Number of training sessions provided to all county clerks on changes to the Election Code		2	2	2	2
* Outcome	Percent of eligible registered voters who are registered to vote			80%	78%	78%
* Outcome	Percent of campaign reports filed electronically by the due date			100%	98%	98%
Output	Percent of laws in the Election Code that require rules for which rules have been promulgated		100%	100%	100%	100%
* Outcome	Percent of voting machines tested			100%	100%	100%
Efficiency	Percent of public requests and complaints responded to within the three day statutory deadline			100%	100%	100%
Outcome	Percent of eligible Native American voters who are registered to vote			80%	75%	75%

STATUTORY AUTHORITY:

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

The Personnel Act requires the board to provide rule coverage in the following areas: classification plan; compensation plan; competitive entrance and promotion tests; exemption from testing for professional persons who possess recognized registration or certification by another agency; probationary period; employment lists of ranked job candidates; hours of work, holiday, and leave; disciplinary procedures and right of appeal to the board; rejection of applicants who fail to meet reasonable requirements; and emergency employment when no qualified applicants are available.

Under the Personnel Act, the SPO director shall supervise administrative and technical personnel activities; act as secretary to the board; establish, maintain, and publish annually a roster of all state employees with each employee's division, title, pay rate, and other pertinent data; report annually to the board; recommend to the board rules considered necessary or desirable to effectuate the act; and supervise all tests and prepare and submit to prospective agencies lists of persons passing them.

MISSION:

The purpose of the Personnel Act is to establish a system of personnel administration for New Mexico based solely on qualifications and ability to provide greater economy and efficiency in the management of state affairs.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,462.3	4,462.7	5,154.5	4,146.4	-7.1
Fund Balance	60.0	60.0	60.0	60.0	0.0
SOURCES TOTAL	4,522.3	4,522.7	5,214.5	4,206.4	-7.0
USES					
Personal Services and Employee Benefits	4,022.0	4,085.9	4,668.8	3,944.8	-3.5
Contractual Services	21.3	31.7	31.7	28.6	-9.8
Other	368.8	405.1	514.0	233.0	-42.5
TOTAL USES	4,412.1	4,522.7	5,214.5	4,206.4	-7.0
FTE					
Permanent	65.0	64.0	64.0	56.0	-12.5
TOTAL FTE POSITIONS	65.0	64.0	64.0	56.0	-12.5

BUDGET ISSUES:

In accord with LFC guidelines, the recommendation eliminates eight positions, including one exempt position. This represents a 12.5 percent reduction in staffing, well below the agency's last three fiscal year vacancy rates, which ranged from 15 percent to over 23 percent. Sufficient funding and staffing will remain to allow the department to accomplish its mission.

In a report in August 2009, "Human Capital Trends and Innovations", the Pew Center on the States expressed concern with turnover data submitted by New Mexico. The data shows over 42 percent of newly hired employees leave state government within their first year of employment. Particular attention was paid by PEW to the fact that over 28 percent of all newly hired employees were involuntarily terminated. With one out of every four new hires being fired because of poor job performance, the state would appear to have a statewide problem with recruitment and or selection efforts. At a time when revenues are shrinking, the additional cost of turnover only adds to the financial dilemma of the organization.

This finding highlights concerns regarding SPO's ability to actively develop and maintain a strong oversight capability as the human resource system is increasingly automated and agencies are given more latitude in their decision-making. This has been the consensus opinion of the LFC (2001 and 2007); the Hay Group (2001 and 2006); and, Donald Klingner of the University of Colorado (2007). Most of these reviews highlighted issues with SPO's provision of oversight and enforcement of the Personnel Act.

SPO, since 2007, has focused on revitalizing its quality assurance functions to ensure that merit system standards are being adhered to throughout state government. In April 2008, a review by its quality assurance bureau of the state's recruitment and selection process was concluded. This review validated and underscored many of the concerns regarding oversight and its necessity in maintaining a merit system.

The executive needs to continue development of meaningful metrics to assist SPO, the executive, and the Legislature in assessing the effectiveness and efficiency of the human resource system in New Mexico. SHARE should allow SPO the ability to gather data that previously could not easily be obtained. However, sufficient resources and time have not been applied to the development of such reports. Access to information is restrictive and not transparent with reports being difficult to produce.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Personnel Board to reduce the FY10 operating budget from the general fund by \$89.5 thousand.

RECOMMENDED LANGUAGE:

Any unexpended balance remaining in the state employees' career development conference fund at the end of fiscal year 2011 shall not revert to the general fund.

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide a flexible system of merit-based opportunity, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public, so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Average number of days to fill a vacant position	46	44	40	40	40
Output	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency-specific management training	100%	100%	100%	100%	100%
Outcome	Percent of managers in medium to small agencies who successfully complete the management and supervision training sponsored by the state personnel office	83%	84%	80%	80%	80%
* Outcome	Percent of union grievances resolved prior to formal arbitration	99.8%	75%	95%	95%	95%
* Outcome	Percent of new employees who successfully complete their probationary period	79%	71%	85%	85%	85%
* Outcome	Number of rule compliance audit reviews performed during the fiscal year		25	5	5	5
* Output	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year	99%	79%	99%	99%	99%
* Outcome	Number of personnel system review audits performed during the fiscal year		12	4	4	4
Output	Percent of rule compliance review audit exceptions corrected within six months of discovery	100%	93%	100%		100%
* Outcome	Average employee pay as a percent of board-approved comparator market, based on legislative authorization	103%	103%	100%	100%	100%
* Outcome	Percent of new hire employee turnover			25%	25%	25%

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.

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	330.6	323.4	323.4	298.8	-7.6
SOURCES TOTAL	330.6	323.4	323.4	298.8	-7.6
USES					
Personal Services and Employee Benefits	247.0	246.0	244.6	244.6	-0.6
Contractual Services	3.7	4.1	4.1	4.1	0.0
Other	66.7	73.3	74.7	50.1	-31.7
TOTAL USES	317.4	323.4	323.4	298.8	-7.6
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

BUDGET ISSUES:

The board reviews and approves local boards ensuring conformity to requirements of the Public Employee Bargaining Act. The board authorizes and monitors labor representation elections. The board hears and rules on prohibited practice complaints. The LFC recommendation reflects adjustments made in the other category to more reasonably reflect actual FY09 agency use.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Public Employee Relations Board to reduce the FY10 operating budget from the general fund by \$24.6 thousand.

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

The purpose of the public employee labor relations board is to assure all state and local public body employees have the right to organize and bargain collectively with their employers or to refrain from such.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
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	1%	0%	1%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within one hundred days of request for approval	100%	99%	100%	100%	100%
Output	Percent of prohibited practice complaints decided within one hundred eighty days of filing	92%	93%	94%	94%	94%
Output	Percent of petitions processed within one hundred eighty days of filing	92%	93%	94%	95%	95%
Outcome	Percent of cases resolved through agreement, mediation or arbitration	60%	55%	65%	65%	65%

STATUTORY AUTHORITY:

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

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

MISSION:

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

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	4,465.6	4,212.1	-168.8	4,043.3	4,334.4	3,948.9	-2.3
Other Transfers	0.0	41.0	0.0	41.0	0.0	122.3	198.3
Federal Revenues	0.0	4.0	0.0	4.0	0.0	0.0	-100.0
SOURCES TOTAL	4,465.6	4,257.1	-168.8	4,088.3	4,334.4	4,071.2	-0.4
USES							
Personal Services and Employee Benefits	3,246.1	3,190.6	-168.8	3,021.8	3,451.8	3,221.2	6.6
Contractual Services	242.6	366.9	0.0	366.9	143.0	143.0	-61.0
Other	945.3	699.6	0.0	699.6	739.6	707.0	1.1
TOTAL USES	4,434.0	4,257.1	-168.8	4,088.3	4,334.4	4,071.2	-0.4
FTE							
Permanent	42.0	42.0	0.0	42.0	42.0	41.0	-2.4
TOTAL FTE POSITIONS	42.0	42.0	0.0	42.0	42.0	41.0	-2.4

BUDGET ISSUES:

The agency request of \$4.3 million represented an increase of 6 percent over the adjusted FY10 operating budget. The request included an 14.2 percent increase in personal services and employee benefits and a 5.7 percent increase in other costs. These increases were offset by a 61 percent decrease in contractual services. The agency's budget was adjusted after action during the special session reduced its general fund appropriation by 4 percent or \$168 thousand dollars.

The LFC recommendation of approximately \$4.1 million in conjunction with action taken during the special session represents a 6.2 percent decrease in the agency's general fund appropriation, but only a 4.4 percent overall decrease in agency spending relative to the total FY10 appropriation. The 1.8 percent difference is made up of other transfers from management fees charged to participants of the agency's local government investment pool (LGIP), \$41 thousand of which were used to fund an FY10 expansion within the agency's investment division related to the management of the LGIP. These fees currently require legislative appropriation for use at the State Treasurer's Office, and if not appropriated for use in the management of the LGIP, revert directly to the general fund. Therefore the appropriation of these funds to the State Treasurer's Office for management of the LGIP will have a possible negative effect on the general fund, despite the fact the monies are formally considered "other transfers." To ensure that the effects of this appropriation would be net neutral to the general fund, the agency has indicated it will consider increasing the fees currently charged to LGIP participants from approximately 4.2 basis points to 5 basis points.

The LFC recommendation eliminates 1 exempt FTE. Within the agency's finance and budget division a large amount of duplication occurs between the exempt chief financial officer position and a classified position designated "finance staff." The recommendation eliminates the exempt position and consolidates the duties of the two positions into one classified position. The elimination of this FTE will save more than \$158 thousand, or 3.9 percent of the adjusted FY10 operating budget.

Due to turbulent financial markets and the current budget situation, the State Treasurer's Office has faced many investment and cash flow difficulties throughout FY09 and FY10. Interest earnings on state balances have decreased significantly over the past three fiscal years, from over \$100 million in FY08 to a projected \$20 million in FY10. The reasons for the sharp decrease are shrinking general fund balances combined with unprecedentedly low interest rates. The balance of the State Treasurer's general fund, comprising state general fund monies and self-earning accounts, stood at only \$1.55 billion as of October 31, 2009, representing less than half the balance of a few years ago. The decrease is almost totally attributable to the state's current budget situation in conjunction with a number of state agencies running their account balances significantly into the red. These overdrafts have the potential to cost the state millions of dollars in foregone interest over the course of the fiscal year. Low balances have also forced the State Treasurer's Office to maintain an extremely short duration on the overall general fund portfolio, which has added to the problem of historically low interest rates. Although the economy is showing signs of improvement, the Federal Reserve has indicated it intends to keep interest rates at all-time lows "for an extended period," further compounding the problem of low yields.

The agency also saw the systematic liquidation of one of its key holdings beginning last September. The Reserve Primary money market fund, the world's oldest and most established, suffered losses of more than 1 percent of its net asset value, causing a run on the fund following the collapse of Lehman Brother's on September 15, 2008. As a result of the chaos that ensued, the Securities and Exchange Commission was forced to freeze the fund's assets so that the assets could be liquidated in as timely and orderly a manner as possible. As of November, the fund had returned to the State Treasurer's Office approximately 92 cents to each dollar of the more than \$1 billion invested on behalf of the general fund and LGIP at the time of the fund's collapse. The State Treasurer's Office expected to receive 99 cents to each dollar invested by December 31, 2009.

The agency's FY08 audit had only one new finding, however, seven findings were repeated, including one from as early as FY06. Although the FY08 total of 8 findings was an improvement over last year's 16 findings, it marks the second consecutive year the agency has failed to meet its audit-related performance measure, which allows for only three findings. Some of the most important findings were problems with daily auto reconciliation necessitating manual intervention, issues with the calculation and timeliness of interest to self-earning accounts, the allowance of cash overdrafts by various state agencies, and untimely reversions to the general fund.

STATE TREASURER'S OFFICE

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of employee development and appraisal assessments closed out by the deadline	100%	100%	100%	100%	100%
* Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	17	-31	5	5	5
* Outcome	Percent of agencies rating overall satisfaction with state investment office services on a scale of one to seven with a score of five or better.	90%	0	90%	80%	80%
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	12	-53	5	5	5
* Outcome	Percent of employees rating their employment experience on a scale of one to seven with a score of five or higher.	66%	0	80%	80%	80%
* Outcome	Percent of reconciling items cleared within thirty days of identification.	N/A	0	0	0	100%
* Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end	29%	-42.4%	10%	5%	5%
* Outcome	Maximum number of audit findings	16	8	3	3	3

STATUTORY AUTHORITY:

The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with ensuring any person practicing architecture complies with the provisions of the Architecture Act. As of June 30, 2009, 2,244 architects were registered in New Mexico: 714 in-state registrants and 1,530 out-of-state registrants.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	63.6	368.6	105.3	105.3	-71.4
Fund Balance	294.1	0.0	263.3	254.3	
SOURCES TOTAL	357.7	368.6	368.6	359.6	-2.4
USES					
Personal Services and Employee Benefits	259.5	259.4	253.0	253.0	-2.5
Contractual Services	10.7	14.4	14.4	14.4	0.0
Other	71.3	94.8	101.2	92.2	-2.7
TOTAL USES	341.5	368.6	368.6	359.6	-2.4
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

BUDGET ISSUES:

The board is requesting a total of \$368.6 thousand, \$105.3 thousand from other program revenues and \$263.3 thousand from fund balance. The use of fund balance is necessary because the board collects registration fees every two years. The fund balance is projected to be \$263.3 thousand at the end of FY11.

ARCHITECTURAL REGISTRATION

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of registration applications processed	2,087	2,244	2,100	2,100	2,200
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%	2%	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver the complaint to the enforcement subcommittee	10.4	10	10	10	10

STATUTORY AUTHORITY:

The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency operating in the capacity of a public "port authority" at the international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

MISSION:

The Border Authority works continuously with the local trade community, local government jurisdictions, and the federal border enforcement agencies in the United States and Mexico, promoting and marketing New Mexico ports of entry as an integral part of a border development partnership with Chihuahua.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	560.8	513.6	513.6	355.4	-30.8
Other Revenues	0.0	40.0	40.0	40.0	0.0
Fund Balance	0.0	0.0	0.0	25.0	
SOURCES TOTAL	560.8	553.6	553.6	420.4	-24.1
USES					
Personal Services and Employee Benefits	390.9	362.8	362.8	285.4	-21.3
Contractual Services	33.3	75.3	75.3	30.0	-60.2
Other	102.2	115.5	115.5	105.0	-9.1
TOTAL USES	526.4	553.6	553.6	420.4	-24.1
FTE					
Permanent	5.0	5.0	5.0	4.0	-20.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	4.0	-20.0

BUDGET ISSUES:

The Border Authority has broad statutory authority to operate like other port authorities across the United States. The Border Authority can initiate, develop, acquire, own, construct, and maintain border development projects; may issue bonds; and may impose tolls, fees, and any other charges for the use of the authority's facilities, programs, or services. The Border Authority should explore and develop revenue-generating opportunities to achieve self-sufficiency.

The Border Authority requested \$362.8 thousand for 5 FTE; however, for a relatively small department, and with three out of the five staff being management positions, the LFC recommendation reduces the number to 4 FTE by eliminating the funding for the deputy director position. In addition, the recommendation reduces funding for business plan consulting and engineering service contracts and miscellaneous other costs, including reducing the number of leased vehicles and the number of cell phones in the department. In addition, the recommendation supplants revenue from the general fund with cash balances accumulated over the years due to the agency's non-reverting status.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

BORDER AUTHORITY

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	2.9%	4.7%	3.1%	3.1%	4.9%
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%	92%	90%	92%
Outcome	Number of commercial and noncommercial vehicles traveling through New Mexico ports	748,656	790,240	800,000	830,000	830,000
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	240	250	260	260	260

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,504.5	11,074.3	11,098.8	9,527.4	-14.0
Other Transfers	1,072.2	1,072.2	1,072.2	1,072.2	0.0
Other Revenues	4,305.2	4,679.8	4,500.8	4,429.3	-5.4
SOURCES TOTAL	16,881.9	16,826.3	16,671.8	15,028.9	-10.7
USES					
Personal Services and Employee Benefits	5,619.0	4,748.6	4,747.0	4,587.3	-3.4
Contractual Services	1,586.7	2,109.8	2,112.1	1,762.2	-16.5
Other	8,637.9	9,947.9	9,812.7	8,679.4	-12.8
Other Financing Uses	0.0	20.0	0.0	0.0	-100.0
TOTAL USES	15,843.6	16,826.3	16,671.8	15,028.9	-10.7
FTE					
Permanent	86.5	84.5	84.5	80.5	-4.7
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	86.5	85.5	85.5	81.5	-4.7

BUDGET ISSUES:

For FY11, the Tourism Department's overall budget request of \$16.7 million was \$154.4 thousand, or 1 percent, lower than the FY10 operating budget but still greater than what was spent in FY09. The agency's requested reduction was primarily attributable to projected revenues in the "New Mexico Magazine" program that are lower due to a decrease in the level of advertising and subscriptions as a result of the economy.

The department receives approximately \$5 million to market, promote, and advertise the state as a tourism destination. The marketing budget, primarily contractual services, is divided among public relations, market research, international marketing, and promotional marketing. Public relations services include personal contacts with the press, including paying for hotel stays, dinners, and car rentals; targeted press releases; and media coverage reporting. Market research services conduct surveys or convene focus groups to evaluate the effectiveness of certain advertising campaigns or impact of tourism industry on the economy, such as the impact of the film industry. The department is encouraged to use less expensive market research services, such as those that can be provided through the state's colleges and universities while also providing a valuable educational experience for students. A number of the press public relations personal contacts are donated by hotels and restaurants, reducing the need for a state appropriation to support these activities. The recommendation reduces the allocation for press public relations, market research, and international marketing by \$274.9 thousand, nearly a third.

The bulk of the advertising and promotion budget is devoted to an advertising contract, most recently with M&C Saatchi, to develop, produce and purchase ads for national magazines, television, radio, and an Internet-based campaign. With 20 offices spread around the world, the Tourism Department can reduce the number of separate international marketing contracts and rely on M&C Saatchi's international expertise. The recommendation reduces the amount of the advertising contract by 5 percent, but eliminates or reduces funding for other advertising activities that are less targeted, too small to have a national impact, or difficult to evaluate, including the Tournament of Roses parade float and sponsorship and promotion of the New Mexico Bowl.

The \$1 million cooperative advertising program supports such a broad range of local community activities that the department can't reasonably evaluate grantee performance. Further, the cooperative advertising program requires local matching funds, and in light of the difficult economic environment, it may be more difficult for rural communities to allocate the necessary matching funds. The recommendation reduces funding to \$750 thousand and encourages the department to develop a new competitive grant program dedicated to rural and frontier communities that is more focused with a coherent strategy.

The recommendation reduces overhead in the Sports Authority program by eliminating the exempt deputy director position and funding for office space rent. With the number of FTE reduced to 2, the program is encouraged to move to state-owned office space, perhaps at the State Fair or the University of New Mexico athletic arena.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

RECOMMENDED LANGUAGE:

The general fund appropriation to the tourism development program in the other cost category includes seven hundred fifty thousand dollars (\$750,000) for the cooperative advertising program.

The general fund appropriations to the marketing and promotion program of the tourism department include four hundred thousand dollars (\$400,000) in the contractual services category and three million three hundred thousand dollars (\$3,300,000) in the other category for direct marketing, promotion and advertising. Of the appropriation in the other category, one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the state parks division of the energy, minerals and natural resources department, one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the cultural affairs department and fifty thousand dollars (\$50,000) shall be used on statewide advertising efforts to promote golf tourism.

MARKETING AND PROMOTION

The purpose of the marketing and promotion program is to produce and provide collateral, editorial and special events for the consumer and trade industry so that they may increase their awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY (dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	7,070.3	7,179.8	7,179.8	6,257.2	-12.8
Other Revenues	85.0	85.0	85.0	90.0	5.9
SOURCES TOTAL	7,155.3	7,264.8	7,264.8	6,347.2	-12.6
USES					
Personal Services and Employee Benefits	2,164.8	1,707.7	1,707.7	1,677.2	-1.8
Contractual Services	434.3	838.5	838.5	563.6	-32.8
Other	3,648.2	4,718.6	4,718.6	4,106.4	-13.0
TOTAL USES	6,247.3	7,264.8	7,264.8	6,347.2	-12.6
FTE					
Permanent	40.5	40.5	40.5	39.5	-2.5
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	40.5	41.5	41.5	40.5	-2.4

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	New Mexico's domestic tourism market share	1.2%	N/A	1.25%	1.25%	1.25%
Outcome	Percent change in visits to New Mexico visitor information centers	-38.0%	89.0%	1.2%	1.2%	1.2%
Outcome	Average wait time for vacation guide, in days	11	14	11	11	11
Outcome	Percent increase in lodger's tax revenue	0.50%	N/A	0.5%	0.5%	0.5%
Outcome	Number of stories featured in the media as a result of external efforts	268	820	300	300	300
Outcome	Economic impact of tourism in the state of New Mexico, in billions	\$5.1	\$5.1	\$5.1	\$5.1	\$5.1
* Output	Print advertising conversion rate		-	25%	25%	25%
Output	Website conversion rate	48%	48%	48%	48%	48%
* Output	Broadcast conversion rate	34%		34%	34%	34%
Output	Number of events increasing awareness of New Mexico as a visitor destination	150	109	150	130	130
Quality	Number of domestic qualified leads generated	3,933	1,454	1,500	1,500	1,500
Quality	Number of stories placed in the media	606	1,542	170	170	1,600
Quality	Number of international qualified leads generated	4,100	5,006	4,100	4,100	5,000
Efficiency	Number of return visitors to New Mexico	17,800,000	17,800,000	17,800,000	17,800,000	17,800,000
						0
* Explanatory	Number of visits to visitor information centers	682,066	1,289,175	1,100,000	1,100,000	1,300,000
Explanatory	Unique visitors to website	3,282,447	1,351,849	5,000,000	3,100,000	3,100,000

TOURISM DEVELOPMENT

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so that they may identify their needs and assistance can be provided to locate resources to fill those needs whether internal or external to the organization.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,810.5	1,517.0	1,517.0	1,221.4	-19.5
Other Transfers	1,072.2	1,072.2	1,072.2	1,072.2	0.0
SOURCES TOTAL	2,882.7	2,589.2	2,589.2	2,293.6	-11.4
USES					
Personal Services and Employee Benefits	518.0	360.1	360.1	360.1	0.0
Contractual Services	175.0	195.8	195.8	180.8	-7.7
Other	2,189.7	2,013.3	2,033.3	1,752.7	-12.9
Other Financing Uses	0.0	20.0	0.0	0.0	-100.0
TOTAL USES	2,882.7	2,589.2	2,589.2	2,293.6	-11.4
FTE					
Permanent	7.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	7.0	5.0	5.0	5.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of partnered cooperative advertising applications received	15	21	35	35	35
Outcome	Value of matching dollars and in-kind contributions to tribes to promote joint Indian tourism activities.					TBD
Output	Pounds of litter removed by communities awarded grants by the New Mexico clean and beautiful program	2,373,854	3,545,982	3,000,000	3,000,000	3,000,000
Outcome	Value of matching dollars and in-kind contributions by tribes to promote joint Indian tourism activities, in thousands	\$131	\$129	\$130	\$130	\$130
Outcome	Number of active New Mexico community scenic byway organizations	16	26	16	16	16
Outcome	Number of anti-litter educational outreach events		381	381	381	381
Outcome	Number of calls to 1-800 toss no mas telephone line				60	60
Output	Number of New Mexico communities and volunteers involved with New Mexico clean and beautiful clean-up events	63/23,406	51/20,823	65/30,000	65/30,000	65/30,000

NEW MEXICO MAGAZINE

The purpose of the New Mexico magazine 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 cultural, historical and educational perspectives.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	4,220.2	4,570.2	4,415.8	4,339.3	-5.1
SOURCES TOTAL	4,220.2	4,570.2	4,415.8	4,339.3	-5.1
USES					
Personal Services and Employee Benefits	1,253.1	1,196.3	1,194.8	1,194.8	-0.1
Contractual Services	841.4	971.1	953.4	923.4	-4.9
Other	2,125.7	2,402.8	2,267.6	2,221.1	-7.6
TOTAL USES	4,220.2	4,570.2	4,415.8	4,339.3	-5.1
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

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Circulation rate	105,665	85,264	109,000	100,000	90,000
* Output	Advertising revenue per issue, in thousands	\$112.3	\$103	\$125	\$110	\$105
* Output	Collection rate	99.1%	99.1%	98.5%	98.5%	99.2%
Efficiency	Net acquisition cost per subscriber	\$7.96	\$4.53	\$1.84	\$1.84	\$1.84
Efficiency	Revenue per subscriber					TBD

SPORTS AUTHORITY

The purpose of the sports authority program is to recruit new events and retain existing events of professional and amateur sports to advance the economy and tourism in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	523.5	555.9	555.9	393.6	-29.2
SOURCES TOTAL	523.5	555.9	555.9	393.6	-29.2
USES					
Personal Services and Employee Benefits	276.4	210.8	210.8	170.2	-19.3
Contractual Services	74.5	75.9	95.9	65.9	-13.2
Other	172.6	269.2	249.2	157.5	-41.5
TOTAL USES	523.5	555.9	555.9	393.6	-29.2
FTE					
Permanent	3.0	3.0	3.0	2.0	-33.3
TOTAL FTE POSITIONS	3.0	3.0	3.0	2.0	-33.3

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Number of new major sporting events attracted to New Mexico	1	1	1	1	2
* Outcome	Number of new minor sporting events attracted to New Mexico	10	12	7	7	13
Output	National television audience share for New Mexico bowl	2.5	2.6	2.5	2.5	2.5
Output	Attendance at New Mexico bowl	30,000	24,735	27,000	25,000	25,000
Outcome	Number of new minor sporting events attracted to New Mexico					

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,100.2	1,821.6	1,846.1	1,655.2	-9.1
Other Revenues	0.0	24.6	0.0	0.0	-100.0
SOURCES TOTAL	2,100.2	1,846.2	1,846.1	1,655.2	-10.3
USES					
Personal Services and Employee Benefits	1,406.7	1,273.7	1,273.6	1,185.0	-7.0
Contractual Services	61.5	28.5	28.5	28.5	0.0
Other	501.7	544.0	544.0	441.7	-18.8
TOTAL USES	1,969.9	1,846.2	1,846.1	1,655.2	-10.3
FTE					
Permanent	19.0	19.0	19.0	17.0	-10.5
TOTAL FTE POSITIONS	19.0	19.0	19.0	17.0	-10.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Acceptance rate of payment vouchers	95%	95%	95%	95%	95%
Output	Number of payment vouchers processed weekly	100	125	100	100	125
Efficiency	Number of repeat audit findings	4		0	0	0
Efficiency	Number of audit findings	3	-	0	0	0
Explanatory	Percent of administrative costs of overall agency operating budget	12%	11%	12%	12%	12%

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-55 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	9,750.8	9,209.5	9,209.5	8,183.5	-11.1
SOURCES TOTAL	9,750.8	9,209.5	9,209.5	8,183.5	-11.1
USES					
Personal Services and Employee Benefits	5,086.2	4,924.9	5,247.9	4,498.9	-8.6
Contractual Services	3,438.8	3,268.0	2,945.0	2,906.7	-11.1
Other	931.5	1,016.6	1,016.6	777.9	-23.5
TOTAL USES	9,456.5	9,209.5	9,209.5	8,183.5	-11.1
FTE					
Permanent	70.0	70.0	69.0	63.0	-10.0
TOTAL FTE POSITIONS	70.0	70.0	69.0	63.0	-10.0

BUDGET ISSUES:

The LFC "Survey of Statewide Economic Development Incentives" report identified a variety of state agencies, local communities, and nonprofit programs that perform economic development activities; however, fragmentation, duplication, or overlap among these programs often wastes administrative resources and creates an environment in which participants are not served efficiently and effectively, increasing the chance for some projects to receive multiple incentives. Without a statewide plan and a uniform basis for calculating and reporting cost per job created, it is difficult to evaluate which incentives should continue and those that could be eliminated.

For FY11, the Economic Development Department's budget request of \$9.2 million was flat compared with FY10. The department shifted \$323 thousand to the personal services and employee benefits category and reduced the number of FTE to reflect a transfer of an FTE to the Cultural Affairs Department. The additional personal services and employee benefits budget was needed to support a staff that has grown over the last several years, including new exempt staff.

The committee recommends deleting 6 FTE, in addition to the position transferred to DCA, for a total reduction of 7 FTE from the FY10 operating level. Reducing the funding and number of FTE preserves funds for direct economic development services. The deleted positions include two exempt positions -- the public information officer and one of the two directors in the Economic Development Division -- and two classified positions that have been vacant for more than a year in the Economic Development Division and the Technology Commercialization Program, and two presently filled positions in the Film Program.

Since FY05, the general fund appropriation for the Film Program has more than doubled, while the number of FTE increased 50 percent, growing from eight to 12 over the same period. During the formative years of the Film Program, additional staff was necessary to scout film locations and build an inventory of the state's film resources, help local communities with permitting and building film capacities, and helping filmmakers connect with film crews. However, as the film industry matures, the need for a large staff of state employees has diminished. Many of the jobs performed by employees of the Film Program can now be performed by film support companies in the private sector. In addition, many local communities have added film offices or film liaisons capable of providing the same services once provided by the state. Today, there are many private location scouts and assistants, accountants that specialize in film and maximizing the film rebate, production assistants and supervisors, and local film commissions. Additionally, the Film Program staff is top heavy with seven out of 11 positions being line managers or higher -- including a deputy director, an operations manager, and an office manager. The recommendation reduces the funding 26.6

percent and the number of FTE to 9. The budget request for the Film Program included funding to continue evaluating the fiscal impact of the film industry in New Mexico by Earnst and Young and others; however, the most recent study was in January 2009 and another study, so soon after the initial study, may not yield additional information. The committee, therefore, does not recommend the study. The Film Program and the Film Museum at DCA share rented space in an old movie theater; however, with recommendations for fewer FTE in both agencies, the need for rented office space is diminished and the recommendation removes \$115 thousand for rent.

A plentiful number of opportunities exist for EDD to identify inefficiencies and duplication within the department to reduce the cost of administration, including consolidating programs and handing off other programs or functions to nonprofits or local governmental entities.

The department is organized in such a manner that the size and activity of the Mexican Affairs Program presents an opportunity for consolidation within the Economic Development Division. Similar to the Office of International Trade, the Mexican Affairs Program could operate as a department within the Economic Development Division. The Mexican Affairs Program has struggled to identify a purpose and a mission unique from the Office of International Trade and over the last four years has received a red program rating on the annual performance report card. Most of the activities of the Mexican Affairs Program are focused on diplomatic efforts rather than actual job creation. The recommendation eliminates funding for the vacant director position and the Bi-National Sustainability Laboratory contract and reduces the budget for overhead expenditures.

The New Mexico Research Applications Act, enacted during the 2009 legislative session, provides for a nonprofit corporation -- a quasi-state agency -- to foster technological investment and intellectual property economic development. The act supplants the need for a separate Technology Commercialization Program within the Economic Development Department. The recommendation begins the process of winding down the Technology Commercialization Program and funding the nonprofit by transferring a portion of the budget to the contractual services category to contract with the nonprofit. In addition, the recommendation deletes an FTE that has been vacant for over a year.

A significant portion of the Program Support budget is allocated to the New Mexico Partnership contract. The New Mexico Partnership is a public private nonprofit created to attract business to New Mexico and create jobs, and it has achieved superior performance levels. However, being a quasi-state entity, the partnership should not be immune to budget cutbacks. In addition, the partnership has spent money lobbying the state for additional funding and, more recently, for immunity from budget cuts. As a quasi-state agency, the partnership should be held to the same provision of the law that prevents state agencies from lobbying. The recommendation reduces the funding level for the New Mexico Partnership contract 10 percent to \$1.2 million.

A central issue facing the agency is creating and retaining jobs in rural communities. To support rural job growth, the recommendation, in the various programs, includes \$110 thousand for business incubators, \$200 thousand for the certified community initiative, and \$825 thousand for the MainStreet initiative.

Funding for the job training incentive program (JTIP), historically funded with nonrecurring appropriations, has decreased in recent years. Chapter 124, Laws 2009, appropriated \$2 million from the general fund and \$1 million from the employment security department fund at the Workforce Solutions Department. The committee recommendation includes nonrecurring revenue from employment security department fund balances to support JTIP in FY11.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

ECONOMIC DEVELOPMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,869.2	3,410.9	3,410.9	3,234.0	-5.2
SOURCES TOTAL	3,869.2	3,410.9	3,410.9	3,234.0	-5.2
USES					
Personal Services and Employee Benefits	2,034.7	1,921.9	2,039.5	1,875.4	-2.4
Contractual Services	1,573.0	1,293.7	1,176.1	1,186.3	-8.3
Other	214.3	195.3	195.3	172.3	-11.8
TOTAL USES	3,822.0	3,410.9	3,410.9	3,234.0	-5.2
FTE					
Permanent	28.0	28.0	28.0	26.0	-7.1
TOTAL FTE POSITIONS	28.0	28.0	28.0	26.0	-7.1

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Number of workers trained by the job training incentive program	1,978	1,369	2,000	2,000	2,000
* Outcome	Percent of employees whose wages were subsidized by the job training incentive program still employed by the company after one year		35	60	60	60
* Outcome	Total number of jobs created due to economic development department efforts		4,570	4,500	4,500	4,600
* Outcome	Total number of rural jobs created	1,890	1,641	1,200	1,500	1,700
* Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership	3,984	2,225	3,000	4,000	3,000
* Outcome	Number of jobs created by mainstreet	569	549	190	400	570
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	9	6	12	12	12
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	24	36	28	28	36
Outcome	Number of communities participating in mainstreet	28	24	21	21	25
Outcome	Number of communities certified through the certified communities initiative	38	39	40	40	40
Outcome	Number of jobs created through business expansions	565	554	600	600	600
Outcome	Total number of business expansions assisted by economic development department		42	40	40	45
Outcome	Number of international trade transactions	25	9	30	30	30
Outcome	Number of international consulting sessions with New Mexico companies by office of international trade	341	225	475	475	475
Output	Number of leads created through the economic development partnership		417	400	400	425
Output	Number of rural businesses participating in the job training incentive program			TBD		25
Output	Average annual cost per economic development partnership job created			\$500	\$500	\$500
Output	Number of urban jobs created	3,692	2,929	3,300	3,000	3,300

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of locates through the economic development partnership	9	7	12	12	12
Output	Number of businesses participating in the job training incentive program			TBD		30
Output	Average annual cost per job training incentive program trainee			2,500	2,500	2,500
Output	Number of jobs created by aerospace and aviation companies	238	4	200	200	100

FILM

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of New Mexico film industry.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,377.8	1,451.2	1,451.2	1,065.1	-26.6
SOURCES TOTAL	1,377.8	1,451.2	1,451.2	1,065.1	-26.6
USES					
Personal Services and Employee Benefits	766.6	788.0	793.2	638.4	-19.0
Contractual Services	170.7	223.2	218.0	171.4	-23.2
Other	320.5	440.0	440.0	255.3	-42.0
TOTAL USES	1,257.8	1,451.2	1,451.2	1,065.1	-26.6
FTE					
Permanent	12.0	12.0	11.0	9.0	-25.0
TOTAL FTE POSITIONS	12.0	12.0	11.0	9.0	-25.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$660.3	\$674.1	\$240	\$240	\$700
Outcome	Number of films and media projects principally made in New Mexico	93	89	85	85	100
* Output	Number of media industry worker days	151,082	143,165	177,000	177,000	177,000

MEXICAN AFFAIRS

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	518.6	513.5	513.5	351.3	-31.6
SOURCES TOTAL	518.6	513.5	513.5	351.3	-31.6
USES					
Personal Services and Employee Benefits	241.7	278.2	307.2	200.7	-27.9
Contractual Services	110.3	137.7	108.7	70.3	-48.9
Other	92.4	97.6	97.6	80.3	-17.7
TOTAL USES	444.4	513.5	513.5	351.3	-31.6
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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of leads generated for potential maquiladora supplier projects annually			10	10	10
* Output	Number of jobs created by maquiladora suppliers	226	80	230	230	230
Output	Number of trade missions to Mexico annually			5	5	5

TECHNOLOGY COMMERCIALIZATION

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	280.9	264.3	264.3	208.8	-21.0
SOURCES TOTAL	280.9	264.3	264.3	208.8	-21.0
USES					
Personal Services and Employee Benefits	251.8	228.0	228.0	83.5	-63.4
Contractual Services	0.0	12.4	12.4	106.2	756.5
Other	30.2	23.9	23.9	19.1	-20.1
TOTAL USES	282.0	264.3	264.3	208.8	-21.0
FTE					
Permanent	3.0	3.0	3.0	2.0	-33.3
TOTAL FTE POSITIONS	3.0	3.0	3.0	2.0	-33.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of company contacts and counseling sessions		802	200	200	850
* Outcome	Amount of investment as a result of office of science and technology efforts, in millions		\$31.7	\$5	\$10	\$33
Output	Number of businesses trained by NM9000 quality management standards		23	15	15	25
Output	Number of new jobs created as a result of office of science and technology efforts		666	100	100	700
* Output	Number of new angel investors found as a result of office of science and technology efforts		52	12	12	60

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)

		FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
				<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	General Fund Transfers	3,704.3	3,569.6	3,569.6	3,324.3	-6.9
	SOURCES TOTAL	3,704.3	3,569.6	3,569.6	3,324.3	-6.9
USES						
	Personal Services and Employee Benefits	1,791.4	1,708.8	1,880.0	1,700.9	-0.5
	Contractual Services	1,584.8	1,601.0	1,429.8	1,372.5	-14.3
	Other	274.1	259.8	259.8	250.9	-3.4
	TOTAL USES	3,650.3	3,569.6	3,569.6	3,324.3	-6.9
FTE						
	Permanent	23.0	23.0	23.0	22.0	-4.3
	TOTAL FTE POSITIONS	23.0	23.0	23.0	22.0	-4.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of performance measure targets in the general appropriation act that were met			85%		95%
Efficiency	Time to fill vacant positions from date position becomes vacant		60 days	60 days		60 days
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt		60	20	20	65

STATUTORY AUTHORITY:

The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, and 60-2B-1 through 60-2B-14 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with the responsibility to enforce and administer laws, rules, regulations, and codes relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, and alcohol. Through executive orders and legislative mandates, the department has the responsibility of licensing and enforcement for 29 professional boards and commissions. By statute the department has a minimum of six divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities (SID), and Alcohol and Gaming (AGD).

RLD consists of five programs. The Construction Industries and Manufactured Housing divisions are combined into one program, as are the Financial Industries and Securities Industries divisions. The remaining programs are classified in the same manner as the department's divisions: Program Support, Boards and Commissions, and Alcohol and Gaming.

MISSION:

The mission of the Regulation and Licensing Department is to balance public health, safety, and welfare with business and economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,311.6	15,861.3	15,861.3	14,542.1	-8.3
Other Transfers	1,543.8	2,069.9	1,844.1	1,784.1	-13.8
Federal Revenues	77.1	109.0	107.0	107.0	-1.8
Other Revenues	7,479.0	7,060.4	9,838.7	7,813.5	10.7
Fund Balance	3,501.4	1,770.9	1,016.9	815.7	-53.9
SOURCES TOTAL	28,912.9	26,871.5	28,668.0	25,062.4	-6.7
USES					
Personal Services and Employee Benefits	18,744.1	19,760.9	20,826.1	18,412.6	-6.8
Contractual Services	734.2	1,125.0	1,387.1	1,047.4	-6.9
Other	3,762.3	4,591.5	5,060.7	4,208.3	-8.3
Other Financing Uses	4,365.6	1,394.1	1,394.1	1,394.1	0.0
TOTAL USES	27,606.2	26,871.5	28,668.0	25,062.4	-6.7
FTE					
Permanent	320.9	320.9	337.9	317.9	-0.9
Term	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	327.9	327.9	344.9	324.9	-0.9

BUDGET ISSUES:

For FY11, the Regulation and Licensing Department requested \$28.6 million, or a 6.6 percent, budget increase. The request for general fund was flat. Increases are for professional services contracts in the Construction Industries Division and Boards and Commissions.

The general fund recommendation is \$14.5 million, or an 8.3 percent reduction. LFC looked at reducing administration and overhead costs particularly in the Program Support Division.

The agency's FY10 operating budget includes vacancy rates ranging from 8 percent to 16 percent, with an overall average rate of 11 percent. The FY11 budget request submitted by RLD applied average vacancy rates of 3 percent, well below their historic vacancy rates. LFC applied vacancy savings rates of at least 6 percent to the FY11 recommendation. In addition, the LFC recommendation makes technical adjustments to personal services and employee benefits to align projected expenditures with actual costs, while reducing vacant positions to entry-level salaries.

The recommendation for the Construction Industries Division includes a decrease of \$240 thousand in personal services and employee benefits due to the deletion of 4 vacant FTE. As of October 1, 2009, there are 17 vacant positions at CID. Similarly, the recommendation for the Program Support Division includes a decrease of \$216.1 thousand in personal services and employee benefits due to the deletion of 1 vacant FTE and two exempt positions (litigation attorney, public information officer). RLD currently has 16 exempt positions, nine of which are directors or superintendents.

In the contractual services category funding for professional services contracts ranging from attorney services to hearing officers was reduced an average of 8 percent. In the other costs category the recommendation reduces funding for supplies, advertising, out-of-state travel, information technology, and vehicle and equipment leases. Also, funding for air cards, personal digital assistants (PDA), and cell phones were reduced because LFC analysis indicates RLD has one of the highest wireless-equipment-to-FTE ratio of any state agency.

The Construction Industries Division reports that over the last several years residential construction in New Mexico has declined significantly. Total housing unit authorizations are down 50 percent. The slide is now 10 quarters long. Third quarter single-family authorizations were down 47.3 percent, while multi-family authorizations were off 73.9 percent. The total dollar value of construction contracts awarded during the third quarter of 2008 was down 26.4 percent. Residential contracts plunged 56.1 percent and contracts for other than buildings slipped 22.3 percent, while contracts for nonresidential buildings posted a gain of 3.8 percent. The reduction in construction activity should allow CID to improve the timeliness of its services around the state without growing its budget.

In 2004, a team approach to managing and administering the department's 29 boards and commissions with the goal of streamlining processes within the division was initiated. The team approach has caused problems among the boards and commissions because many share staff, equipment, and supplies. While seemingly a beneficial management approach, the division has maintained high levels of vacancies and made it difficult to track personnel and reorganization efforts.

As of the beginning of FY10, RLD has 23 boards, commissions, and divisions offering online license renewals. The agency plans to aggressively pursue implementing online license renewals for remaining boards, divisions, and commissions. By the end of FY10, the agency hopes to have 27 boards using online renewals and 65 percent of all eligible licensees using the online renewals process.

Most of the boards and commissions receive their revenues from fees for licenses, registrations, permits, penalties, exams, and training materials. Funds are then used to develop and update training manuals and conduct inspections, complaint hearings, surveys, trainings, and investigations. A detailed review of fund balances indicates that many of the boards and commissions are maintaining fund balances three times the size of their current year operating budget. This may indicate boards and commissions are not providing enough services or are charging licensees excessive fees. RLD should consider re-evaluating its fee structure, especially given the current economic climate.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Regulation and Licensing Department to reduce the FY10 operating budget from the general fund by \$873.1 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$493.9 thousand from personal services and benefits, \$25.4 thousand from contractual services, and \$353.8 thousand from other costs.

BASE EXPANSION:

The Financial Institutions Division requested \$1.2 million in other revenues and 14 FTE to implement the provisions contained in Laws of 2009 Chapter 122 (SB 342). Chapter 122 aligns the state Mortgage Loan Originator Licensing and Enforcement Act, the Mortgage Loan Company Act, and the Home Loan Protection Act with federal standards. The statute also creates a nonreverting mortgage regulatory fund in the state treasury and provides appropriation authority to support the Financial Institution Division's administration and enforcement of the acts. The department has yet to establish the fee structure to generate the requested revenues. Accordingly, the LFC recommendation authorizes 4 new FTE financial examiners but not the full expansion. Further, the department should provide an implementation plan for the new program and perhaps revisit the magnitude of the proposed fees.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Mortgage Regulatory Fund (14 FTE)	(P600) 1,250.0	296.0
2	Real Estate Appr Comp/Invest (1 FTE)	(BDPR) 62.6	0.0
3	SEC Enforcement and Investor Ed	(P600) 247.5	0.0
4	CID Consumer Recovery Fund (2 FTE)	(P599) 150.0	0.0
TOTAL		1,710.1	296.0

BOARDS AND COMMISSIONSBUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	138.3	99.9	99.9	91.1	-8.8
Other Transfers	330.0	385.8	160.0	100.0	-74.1
Other Revenues	7,346.6	6,876.5	7,671.2	7,293.5	6.1
Fund Balance	3,367.2	1,334.4	851.4	650.2	-51.3
SOURCES TOTAL	11,182.1	8,696.6	8,782.5	8,134.8	-6.5
USES					
Personal Services and Employee Benefits	4,449.2	5,252.7	5,100.2	4,826.1	-8.1
Contractual Services	297.0	561.5	684.7	532.6	-5.1
Other	1,050.4	1,488.3	1,603.5	1,382.0	-7.1
Other Financing Uses	4,365.6	1,394.1	1,394.1	1,394.1	0.0
TOTAL USES	10,162.2	8,696.6	8,782.5	8,134.8	-6.5
FTE					
Permanent	88.2	88.2	89.2	88.2	0.0
TOTAL FTE POSITIONS	88.2	88.2	89.2	88.2	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 and rules relating to general construction and manufactured housing standards to industry professionals.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	9,577.3	9,450.3	9,450.3	8,687.6	-8.1
Other Transfers	0.0	250.0	250.0	250.0	0.0
Federal Revenues	77.1	109.0	107.0	107.0	-1.8
Other Revenues	119.5	100.0	250.0	100.0	0.0
SOURCES TOTAL	9,773.9	9,909.3	10,057.3	9,144.6	-7.7
USES					
Personal Services and Employee Benefits	8,005.6	7,921.5	8,125.5	7,340.9	-7.3
Contractual Services	21.1	66.5	86.5	54.3	-18.3
Other	1,628.7	1,921.3	1,845.3	1,749.4	-8.9
TOTAL USES	9,655.4	9,909.3	10,057.3	9,144.6	-7.7
FTE					
Permanent	135.0	135.0	137.0	131.0	-3.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	138.0	138.0	140.0	134.0	-2.9

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	90%	94%	96%	96%	96%
Outcome	Percent of permitted manufactured housing projects inspected	100%	90%	90%	90%	90%
Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	100%	84%			

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction	15%	-3%			
Efficiency	Percent of inspections request and inspections results in database within twenty-four hours.	90%	96%			
* Efficiency	Percent of all inspections performed, including installations of manufactured homes in the field, within seven days of inspection request			70%	70%	70%
Efficiency	Percent of inspections completed within twenty-four hours of receipt of request	65%	80%			
Output	Percent increase in unlicensed contractors identified and brought into compliance	30%	38%			
Efficiency	Percent of inspections completed within forty-eight hours of receipt of request	80%	85%			

FINANCIAL INSTITUTIONS AND SECURITIES

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

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,097.4	2,997.0	2,997.0	2,941.1	-1.9
Other Revenues	12.9	83.9	1,917.5	420.0	400.6
Fund Balance	134.2	436.5	165.5	165.5	-62.1
SOURCES TOTAL	3,244.5	3,517.4	5,080.0	3,526.6	0.3
USES					
Personal Services and Employee Benefits	2,881.0	2,819.2	3,818.8	2,904.8	3.0
Contractual Services	7.1	203.4	313.4	183.4	-9.8
Other	318.0	494.8	947.8	438.4	-11.4
TOTAL USES	3,206.1	3,517.4	5,080.0	3,526.6	0.3
FTE					
Permanent	46.0	46.0	60.0	50.0	8.7
TOTAL FTE POSITIONS	46.0	46.0	60.0	50.0	8.7

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	90.2%	96.4%	93%	95%	95%
Outcome	Percent of all mutual fund filings processed within ten business days	100%	99%			
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	96.4%	95.5%	95%	95%	95%
Outcome	Percent of all applications for broker-dealer and investment adviser registration processed within thirty days of receipt by the securities division of the completed application			93%	96%	96%
Outcome	Percent of investment adviser registrants examined annually			50%	50%	50%

ALCOHOL AND GAMING

The purpose of the alcohol and gaming program is to regulate the sale, service and public consumption of alcoholic beverages and, in cooperation with the department of public safety, enforce the Liquor Control Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,129.2	1,011.3	1,011.3	921.1	-8.9
SOURCES TOTAL	1,129.2	1,011.3	1,011.3	921.1	-8.9
USES					
Personal Services and Employee Benefits	838.7	919.7	918.6	831.1	-9.6
Contractual Services	184.0	45.6	45.6	44.8	-1.8
Other	63.8	46.0	47.1	45.2	-1.7
TOTAL USES	1,086.5	1,011.3	1,011.3	921.1	-8.9
FTE					
Permanent	16.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	16.0	16.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Number of days to process a dispenser license application that requires a hearing	169	137	139	139	139
* Output	Number of days to resolve an administrative citation that does not require a hearing	78	52	30	30	30
* Outcome	Number of days to issue a restaurant (beer and wine) liquor license	169	120	120	120	120

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,369.4	2,302.8	2,302.8	1,901.2	-17.4
Other Transfers	1,213.8	1,434.1	1,434.1	1,434.1	0.0
SOURCES TOTAL	3,583.2	3,736.9	3,736.9	3,335.3	-10.7
USES					
Personal Services and Employee Benefits	2,569.6	2,847.8	2,863.0	2,509.7	-11.9
Contractual Services	225.0	248.0	256.9	232.3	-6.3
Other	701.4	641.1	617.0	593.3	-7.5
TOTAL USES	3,496.0	3,736.9	3,736.9	3,335.3	-10.7
FTE					
Permanent	35.7	35.7	35.7	32.7	-8.4
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	39.7	39.7	39.7	36.7	-7.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of prior-year audit findings resolved	50%	54%	50%	50%	50%
Output	Percent of payment vouchers that the administrative services division submitted to the department of finance administration without errors	65%	98.6%	90%	95%	95%
Output	Percent of information service support tasks completed within the timeframe requested	91%	91%	94%	90%	90%
Quality	Percent of accurate payroll and personnel information entered into the human resource management system	60%	90%	90%	90%	90%
Quality	Percent of customers satisfied with information service internal support services	91%	85%	94%	94%	94%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				30	30

PUBLIC ACCOUNTANCY BOARD

The purpose of the state board of public accountancy 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within five days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%
Output	Average number of days to process a completed application and issue a license	3-5	3			
Efficiency	Average number of hours to respond to telephone complaints	24	6			
Output	Average number of days to review and investigate a complaint	30	15			

BOARD OF ACUPUNCTURE AND ORIENTAL MEDICINE

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process completed application and issue a license	3-5	1-5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of phone calls returned within twenty-four hours	100%	95%			
Output	Average number of days to review and investigate a complaint	30	30			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

ATHLETIC COMMISSION

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5	1			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Efficiency	Percent of complaints processed and adjudicated annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint.			75%	75%	75%

ATHLETIC TRAINERS BOARD

The purpose of the athletic trainer practice 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-5	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	95%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	90%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

BOARD OF BARBERS AND COSMETOLOGISTS

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5	3-5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	90%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Output	Percent of barber, cosmetology and body art establishments inspected once every eighteen months			80%	80%	80%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			75%	75%	75%

CHIROPRACTIC EXAMINERS BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-2			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

COUNSELING AND THERAPY BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-4	1-4			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

DENTAL HEALTH CARE BOARD

The purpose of the dental health 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

INTERIOR DESIGN BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	95%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

LANDSCAPE ARCHITECTS BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	98%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5	3-5			
Efficiency	Average number of hours to respond to telephone complaints	24	48			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	75%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

NURSING HOME ADMINISTRATORS BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	2-4	2-4			
Efficiency	Average number of hours to respond to telephone complaints	24	20			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	90%			
Output	Average number of days to review and investigate a complaint	30	25			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

NUTRITION AND DIETETICS PRACTICE BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	2-4	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	90%			
Output	Average number of days to review and investigate a complaint	30	None			
Output	Percent of complaints reviewed and processed annually	100%	None			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-5	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	85%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

BOARD OF OPTOMETRY

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5	22			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	98%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than 4 months from receipt of complaint			75%	75%	75%

BOARD OF OSTEOPATHIC MEDICAL EXAMINERS

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	5			
Efficiency	Average number of hours to respond to telephone complaints	24	36			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	85%			
Output	Average number of days to review and investigate a complaint	30	30			
Outcome	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

BOARD OF PHARMACY

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5-7	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	98%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

PHYSICAL THERAPY BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	85%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

BOARD OF PODIATRY

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	98%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

PRIVATE INVESTIGATORS AND POLYGRAPHERS BOARD

The purpose of the private investigators 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	3-5	4			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	98%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within 3 days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

BOARD OF PSYCHOLOGIST EXAMINERS

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	5			
Efficiency	Average number of hours to respond to telephone complaints	24	36			
Outcome	Percent of telephone calls returned within twenty hours	100%	75%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

REAL ESTATE APPRAISERS BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	80%			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

REAL ESTATE COMMISSION

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	80%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint			75%	75%	75%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Efficiency	Average number of hours to respond to telephone complaints	24	36			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	85%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	95%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint			75%	75%	75%

BOARD OF SOCIAL WORK EXAMINERS

The purpose of the social worker 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-5	1-5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Efficiency	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint			75%	75%	75%

SPEECH LANGUAGE HEARING AND AUDIOLOGY BOARD

The purpose of the speech language pathology, audiology and hearing aid dispensing practices board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-5	5			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	100%			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint			75%	75%	75%

BOARD OF THANATOPRACTICE

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average number of days to process a completed application and issue a license	1-3	1-3			
Outcome	Percent of complaints processed and adjudicated annually	100%	0			
Efficiency	Average number of hours to respond to telephone complaints	24	24			
Outcome	Percent of telephone calls returned within twenty-four hours	100%	95%			
Output	Average number of days to review and investigate a complaint	30	30			
Output	Percent of complaints reviewed and processed annually	100%	0			
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of funeral establishments and crematories inspected once every eighteen months			75%	75%	75%

NAPRAPATHY BOARD

The purpose of the naprapathy 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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting no later than four months from receipt of complaint			75%	75%	75%

ANIMAL SHELTERING SERVICES BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

SIGNED LANGUAGE INTERPRETING PRACTICE BOARD

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

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of phone calls and emails returned within twenty-four hours and responses to written correspondence completed within three days of receipt			75%	75%	75%
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application			80%	80%	80%
Output	Percent of complaints logged and processed within two days of receipt of written complaint, then investigated and presented at next board compliance meeting or no later than four months from receipt of complaint			75%	75%	75%

STATUTORY AUTHORITY:

Article XI, Section 1, of the New Mexico Constitution created the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. PRC is composed of five elected members.

MISSION:

The mission of PRC is to regulate utilities, telecommunications, motor carriers, and insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law; to promote public safety through the State Fire Marshal, the Firefighter Training Academy, and Pipeline Safety Bureau; and to register all corporations doing business in New Mexico.

BUDGET SUMMARY (dollars in thousands)							
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	Amount of Reduction	Adjusted Budget	FY11 – 2010-2011		Percent Incr (Decr)
					Agency Request	LFC Recom- mendation	
SOURCES							
General Fund Transfers	11,337.3	11,035.2	-442.6	10,592.6	11,435.9	9,959.9	-6.0
Other Transfers	13,881.2	13,332.7	0.0	13,332.7	13,629.3	12,527.9	-6.0
Federal Revenues	605.0	595.0	0.0	595.0	573.5	573.5	-3.6
Fund Balance	10,749.6	10,766.3	0.0	10,766.3	12,911.3	10,766.3	0.0
SOURCES TOTAL	36,573.1	35,729.2	-442.6	35,286.6	38,550.0	33,827.6	-4.1
USES							
Personal Services and Employee Benefits	19,886.0	19,751.5	-383.2	19,368.3	20,576.4	18,431.6	-4.8
Contractual Services	806.9	1,587.2	-12.4	1,574.8	1,732.2	1,421.3	-9.7
Other	12,740.8	14,109.2	-47.0	14,062.2	15,960.1	13,693.4	-2.6
Other Financing Uses	0.0	281.3	0.0	281.3	281.3	281.3	0.0
TOTAL USES	33,433.7	35,729.2	-442.6	35,286.6	38,550.0	33,827.6	-4.1
FTE							
Permanent	283.0	284.0	0.0	284.0	285.0	273.0	-3.9
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	284.0	285.0	0.0	285.0	286.0	274.0	-3.9

BUDGET ISSUES:

The 1st Special Session of the 49th Legislature reduced FY10 general fund revenues in the Insurance Policy Program and Program Support a combined \$442.6 thousand, or 4 percent. The agency reduced personal services and employee benefits \$383.2 thousand, contractual services \$12.4 thousand, and the other category \$47 thousand.

The agency achieved success at reducing the number of vacancies over the last several years; however, with lower levels of funding from the general fund, the agency will find it difficult to reduce the rate further. The agency's budget request did not apply a vacancy rate and vacant positions were requested at mid-point or greater. The committee recommends all vacant positions at minimum, applies varying vacancy rates, and deletes 11 FTE.

The Policy and Regulation Program is composed of the commissioners' offices and the consumer relations, legal, transportation, and utility divisions. The recommendation deletes nearly \$550 thousand and 8 FTE; three executive assistants, one economist, one lawyer, one financial analyst, one compliance officer, and one office administrator. Deleted positions had been vacant for a year or more or were positions where multiple vacancies of the same classification existed. After deleting FTE, the remaining vacant positions were recommended at the minimum level and a 5 percent vacancy rate was applied. Contractual services are recommended above the FY09 expenditure level, but less than the FY10 operating budget, and attributable to over-estimated amounts for consultants and expert witnesses.

The Insurance Policy Program is charged with providing a regulatory framework for an efficient, safe, fair, and stable insurance market in New Mexico while also assuring that rates are competitive, insurance agents are licensed, and fraud is investigated. The Insurance Policy Program escaped FY10 budget cuts in solvency. The recommendation for FY11 reduces spending by 7.9 percent and deletes an actuary and an investigator position that have been vacant for more than a year.

The Public Safety Program is composed of the State Fire Marshal's Office (SFMO), Fire Fighters Training Academy, Waste Isolation Pilot Plant (WIPP), and Pipeline Safety divisions and provides resources, training, and services to protect citizens from fires, pipeline hazards, and nuclear waste storage. The programs are supported by appropriations from the fire protection fund, federal grants, and fees levied on intrastate companies with pipelines running through the state. While the LFC recommendation prioritizes public safety, appropriations are reduced 5.1 percent to keep fees and levies in line with the economic environment facing the state.

The patient's compensation fund (PCF), established pursuant to Section 41-5-25 NMSA 1978, is financed by a surcharge on all qualified healthcare providers. Any judgment, except a punitive one, over \$200 thousand obtained in a medical malpractice action against a qualified healthcare provider will be paid by the patient's compensation fund. To qualify under the plan, a healthcare provider must pay a surcharge and carry liability insurance with limits of \$200 thousand per occurrence or deposit an equivalent amount of security with the Superintendent of Insurance. In October, a cash balance report shows a balance of \$21.1 million in the patients compensation fund. Each year the department over-projects expenditures for the patient's compensation fund; therefore, the recommendation is less than requested but is flat compared with FY10. The December 2007 actuarial study, the most recent study, projected a positive fund balance if the PCF ceased operations and paid all outstanding claims. The actuarial study noted that the PCF turned the corner on solvency and was a positive reversal of prior studies. Since the 2007 study, the PRC has increased the health care provider surcharge.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission in the personal services and employee benefits category includes sixty four thousand one hundred dollars (\$64,100) from the pipeline safety fund and one hundred nineteen thousand nine hundred dollars (\$119,900) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-two thousand eight hundred dollars (\$42,800) from the title insurance maintenance fund, one hundred three thousand six hundred dollars (\$103,600) from the insurance fraud fund, two hundred forty-two thousand dollars (\$242,000) from the patient's compensation fund, and four million eight hundred forty-six thousand five hundred dollars (\$4,846,500) from the insurance operations fund.

The internal service funds/interagency transfers to the insurance policy program of the public regulation commission include one million sixty-two thousand six hundred dollars (\$1,062,600) for the insurance fraud bureau from the insurance fraud fund.

The internal service funds/interagency transfers appropriation to the insurance policy program of the public regulation commission include three hundred fifteen thousand six hundred dollars (\$315,600) for the title insurance bureau 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 five hundred thirty-six thousand eight hundred dollars (\$2,536,800) 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 six hundred seventy thousand dollars (\$1,670,000) 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 nine hundred thirty thousand dollars (\$930,000) 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 ninety-three thousand four hundred dollars (\$93,400) from the insurance fraud fund, three hundred eleven thousand dollars (\$311,000) from the fire protection fund, forty-four thousand dollars (\$44,000) from the title insurance maintenance fund, sixty-five thousand dollars (\$65,000) from the public regulation commission reproduction fund and nineteen thousand two hundred dollars (\$19,200) from the patient's compensation fund.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	FFTA - Grounds Keeper	(P612)	0.0	0.0
TOTAL			0.0	0.0

PATIENT'S COMPENSATION FUND

BUDGET SUMMARY (dollars in thousands)					
FY11 - 2010-2011					
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Fund Balance	10,749.6	10,766.3	12,911.3	10,766.3	0.0
SOURCES TOTAL	10,749.6	10,766.3	12,911.3	10,766.3	0.0
USES					
Contractual Services	247.8	435.0	580.0	435.0	0.0
Other	9,184.8	10,050.0	12,050.0	10,050.0	0.0
Other Financing Uses	0.0	281.3	281.3	281.3	0.0
TOTAL USES	9,432.6	10,766.3	12,911.3	10,766.3	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

POLICY AND REGULATION PROGRAM

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

BUDGET SUMMARY (dollars in thousands)							
FY11 - 2010-2011							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	Agency <u>Request</u>	LFC <u>Recom- mendation</u>	Percent Incr (Decr)
SOURCES							
General Fund Transfers	8,280.0	7,973.8	-319.7	7,654.1	8,338.7	7,111.5	-7.1
Other Transfers	154.9	155.4	0.0	155.4	184.0	184.0	18.4
SOURCES TOTAL	8,434.9	8,129.2	-319.7	7,809.5	8,522.7	7,295.5	-6.6
USES							
Personal Services and Employee Benefits	7,459.2	7,116.7	-279.2	6,837.5	7,510.2	6,345.0	-7.2
Contractual Services	138.4	223.8	-8.9	214.9	223.8	205.3	-4.5
Other	780.7	788.7	-31.6	757.1	788.7	745.2	-1.6
TOTAL USES	8,378.3	8,129.2	-319.7	7,809.5	8,522.7	7,295.5	-6.6
FTE							
Permanent	89.7	89.7	0.0	89.7	89.7	81.7	-8.9
TOTAL FTE POSITIONS	89.7	89.7	0.0	89.7	89.7	81.7	-8.9

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of docketed cases closed in a fiscal year	91.5%	108.6%	86%	86%	92%
Output	Number of formal complaints processed by the transportation division	75	84	73	73	85
Output	Number of docketed cases completed	440	402	425	425	425
* Efficiency	Average number of days for a rate case to reach final order	261	177	<215	<215	<210
Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%	100%	100%
* Outcome	Comparison of average commercial electric rates between major New Mexico utilities and selected utilities in regional western states	4%	1.8%	+/-5%	+/-5%	+/-4%
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	1,962.7	1,117.6	\$1,900	\$1,900	\$1,900
Explanatory	Number of docketed cases opened in a fiscal year	403	390	425	425	425

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Explanatory	The amount of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers		5%	6%	6%	6%
Efficiency	Therms of natural gas saved as a result of utility energy-efficiency programs		188,940	1,000,000	1,000,000	1,000,000
* Explanatory	Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states		4.48%	+/-5%	+/-5%	+/-5%
Efficiency	Kilowatt hours of electricity saved as a result of utility energy-efficiency programs		N/A	1,000,000	1,000,000	1,000,000

INSURANCE POLICY PROGRAM

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>Amount of Reduction</u>	<u>Adjusted Budget</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Percent Incr (Decr)</u>
SOURCES							
Other Transfers	7,679.1	7,177.8	0.0	7,177.8	7,519.8	6,613.1	-7.9
SOURCES TOTAL	7,679.1	7,177.8	0.0	7,177.8	7,519.8	6,613.1	-7.9
USES							
Personal Services and Employee Benefits	5,896.1	5,959.8	0.0	5,959.8	6,301.8	5,627.1	-5.6
Contractual Services	108.7	427.2	0.0	427.2	427.2	327.5	-23.3
Other	651.7	790.8	0.0	790.8	790.8	658.5	-16.7
TOTAL USES	6,656.5	7,177.8	0.0	7,177.8	7,519.8	6,613.1	-7.9
FTE							
Permanent	88.0	88.0	0.0	88.0	88.0	86.0	-2.3
TOTAL FTE POSITIONS	88.0	88.0	0.0	88.0	88.0	86.0	-2.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	99.4%	99.8%	90%	90%	99%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	81%	80%	80%	80%	80%
Output	Percent of producer applications, appointments and renewals processed within ten business days	90%	95%	90%	90%	91%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum	100%	100%	100%	100%	100%
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	86%	88%	85%	85%	88%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	95%	95%	100%
Output	Percent of form and rate filings processed within ninety days	98.5%	97%	95%	95%	97%
Output	Number of managed healthcare outreach presentations conducted annually	182	93	100	100	100
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees	100%	100%	95%	95%	100%

PUBLIC SAFETY PROGRAM

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>Amount of Reduction</u>	<u>Adjusted Budget</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recom- mendation</u>	<u>Percent Incr (Decr)</u>
SOURCES							
Other Transfers	5,540.5	5,489.3	0.0	5,489.3	5,402.9	5,198.2	-5.3
Federal Revenues	605.0	595.0	0.0	595.0	573.5	573.5	-3.6
SOURCES TOTAL	6,145.5	6,084.3	0.0	6,084.3	5,976.4	5,771.7	-5.1
USES							
Personal Services and Employee Benefits	3,538.6	3,671.7	0.0	3,671.7	3,712.9	3,609.9	-1.7
Contractual Services	245.5	394.9	0.0	394.9	394.9	359.0	-9.1
Other	1,658.1	2,017.7	0.0	2,017.7	1,868.6	1,802.8	-10.7
TOTAL USES	5,442.2	6,084.3	0.0	6,084.3	5,976.4	5,771.7	-5.1
FTE							
Permanent	52.3	53.3	0.0	53.3	54.3	53.3	0.0
Term	1.0	1.0	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	53.3	54.3	0.0	54.3	55.3	54.3	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of inspection and audit hours performed by the state fire marshals office	23,955	18,013	25,000	25,000	25,000
* Output	Number of personnel completing training through the state firefighter training academy	4,078	3,003	4,050	4,050	4,050
Quality	Pass rate for state certification exams administered by the state firefighter academy	93%	91%	90%	90%	91%
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	65%	62%	65%	65%	65%
* Outcome	Percent of fire departments' insurance service office ratings of nine or ten that have been reviewed by survey or audit	100%	98%	95%	95%	97%
* Outcome	Percent of statewide fire districts with insurance office ratings of eight or better	59%	63%	65%	65%	65%
Explanatory	Number of fire districts statewide	392	390	392	392	392
Output	Number of inspection and audit hours performed by the pipeline safety bureau	6,060	18,013	7,000	7,090	17,000

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)							
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	Amount of <u>Reduction</u>	Adjusted <u>Budget</u>	FY11 - 2010-2011		Percent Incr (Decr)
					<u>Agency Request</u>	<u>LFC Recom- mendation</u>	
SOURCES							
General Fund Transfers	3,057.3	3,061.4	-122.9	2,938.5	3,097.2	2,848.4	-3.1
Other Transfers	506.7	510.2	0.0	510.2	522.6	532.6	4.4
SOURCES TOTAL	3,564.0	3,571.6	-122.9	3,448.7	3,619.8	3,381.0	-2.0
USES							
Personal Services and Employee Benefits	2,992.1	3,003.3	-104.0	2,899.3	3,051.5	2,849.6	-1.7
Contractual Services	66.5	106.3	-3.5	102.8	106.3	94.5	-8.1
Other	465.5	462.0	-15.4	446.6	462.0	436.9	-2.2
TOTAL USES	3,524.1	3,571.6	-122.9	3,448.7	3,619.8	3,381.0	-2.0
FTE							
Permanent	53.0	53.0	0.0	53.0	53.0	52.0	-1.9
TOTAL FTE POSITIONS	53.0	53.0	0.0	53.0	53.0	52.0	-1.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	100%	100%	100%	100%	100%
Efficiency	Percent of fully functional information technology applications systems	100%	100%	100%	100%	100%
Output	Average number of days to issue charter documents	3 days	3 Days	5 days	5 days	5 days
Outcome	Opinion of previous fiscal year independent agency audit	Unqual.	Unqual	Unqual.	Unqual.	Unqual.
Outcome	Number of user sessions on public regulation commission webpages		2,804,954	1,200,000	1,200,000	2,000,000
Outcome	Percent of prior-year audit findings eliminated	75%	80%	100%	100%	100%
Explanatory	Percent increase in public use of info share		37.8%	5%	5%	5%
Explanatory	Number of prior-year audit findings	8	2	0	0	0

STATUTORY AUTHORITY:

The Medical Practice Act, Sections 61-6-1 through 61-6-35 NMSA 1978, establishes the Medical Board. The nine members of the board are appointed by the governor to staggered four-year terms.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	1,714.4	1,207.3	1,707.3	1,653.7	37.0
Fund Balance	0.0	500.0	0.0	0.0	-100.0
SOURCES TOTAL	1,714.4	1,707.3	1,707.3	1,653.7	-3.1
USES					
Personal Services and Employee Benefits	991.8	1,056.5	1,043.5	1,043.5	-1.2
Contractual Services	234.6	322.7	311.5	311.5	-3.5
Other	296.3	328.1	352.3	298.7	-9.0
TOTAL USES	1,522.7	1,707.3	1,707.3	1,653.7	-3.1
FTE					
Permanent	13.0	14.0	14.0	14.0	0.0
TOTAL FTE POSITIONS	13.0	14.0	14.0	14.0	0.0

BUDGET ISSUES:

The board issued a total of 859 new licenses in FY09, of which 508 were for physicians. This was a 3.4 percent decrease from the FY08 level of 526 newly licensed physicians. The board continues to increase the use of License 2000, an online license application and renewal system.

In FY09, 87 physicians and 14 physician assistants participated in the board's voluntary monitored-treatment program. There were no reported relapses and eight individuals successfully completed their programs.

The LFC recommendation reflects adjustments made in the other category to more reasonably reflect actual FY09 agency use.

LICENSING AND CERTIFICATION

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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of consumers provided with information through written license verification and website access	1,696,475	1,179,534	1,500,000	1,000,000	1,500,000
* Output	Number of tri-annual physician licenses issued or renewed	3,508	3,546	3,600	2,600	3,600
* Output	Number of biennial physician assistant licenses issued or renewed	262	277	260	200	260
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	2	11	5	10	10
Output	Number of complaints resolved within twelve months	210	214	210	200	210
Output	Number of participants in monitored treatment program	63	180	50	50	50
Outcome	Percent of participants who relapse	4.76%	0%	8%	5%	5%
* Outcome	Number of days to issue a physician license	85	79	45	80	75

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	1,660.9	2,086.2	1,766.0	1,766.0	-15.3
Fund Balance	1,250.0	400.0	861.5	586.5	46.6
SOURCES TOTAL	2,910.9	2,486.2	2,627.5	2,352.5	-5.4
USES					
Personal Services and Employee Benefits	1,160.5	1,243.0	1,259.8	1,247.5	0.4
Contractual Services	148.9	222.9	222.9	222.9	0.0
Other	574.6	1,020.3	1,144.8	882.1	-13.5
Other Financing Uses	1,000.0	0.0	0.0	0.0	
TOTAL USES	2,884.0	2,486.2	2,627.5	2,352.5	-5.4
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	19.0	19.0	0.0

BUDGET ISSUES:

The nursing board issued 13,897 licenses in FY09, slightly less than the FY08 level of 13,930. The board budget request represented a 5.8 percent increase over the FY10 operating budget. At the end of FY09, the board had a fund balance of \$2.3 million and projects it will have a fund balance of \$2.1 million at the end of FY10.

The board, as part of its strategic plan to address the nursing shortage within New Mexico, requested to continue to use \$400 thousand fund balance for the "nursing excellence fund." This fund was established to enhance recruitment and retention of professional nurses, increase career and educational opportunities via scholarships, and improve interactions with health facility administrations, the medical profession, and institutions of higher education. LFC recommends approval of \$300 thousand for this purpose. In FY10, over \$400 thousand was placed into the fund for this purpose. While implementation has been slow to start due to changes in board leadership, activity is picking up speed once again. The current recession has minimized the impact of the nursing shortage as more nurses have returned to the workforce, thus mitigating the immediate need for this funding. The agency needs to continue to develop a strategic plan for addressing the shortage issue as the workforce is aging, and shortage issues will return.

LICENSING AND CERTIFICATION

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

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
* Quality	Number of licenses issued	13,930	12,581	14,000	14,000	14,000
Quality	Percent of programs in full compliance	100%	98%	98%	100%	100%
Quality	Number of public information announcements	4	7	4	4	4
* Efficiency	Number of months to resolution of disciplinary matter	6	6	6	6	6
Output	Number of rule reviews	1	0	1	1	1
* Efficiency	Number of days to issue a nurse license	13.8	14	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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	478.4	435.1	435.1	370.0	-15.0
Other Transfers	1,150.4	695.0	695.0	695.0	0.0
Other Revenues	14,299.8	13,969.0	13,969.0	12,793.5	-8.4
SOURCES TOTAL	15,928.5	15,099.1	15,099.1	13,858.5	-8.2
USES					
Personal Services and Employee Benefits	7,689.3	6,797.9	6,797.9	6,484.9	-4.6
Contractual Services	3,734.8	3,810.6	3,810.6	3,608.1	-5.3
Other	4,504.4	4,490.6	4,490.6	3,765.5	-16.1
TOTAL USES	15,928.5	15,099.1	15,099.1	13,858.5	-8.2
FTE					
Permanent	78.0	78.0	78.0	73.0	-6.4
TOTAL FTE POSITIONS	78.0	78.0	78.0	73.0	-6.4

BUDGET ISSUES:

For FY11, the State Fair requested a flat budget from FY10. The recommendation includes a base decrease of \$1.2 million in enterprise revenue and a general fund reduction of \$65.1 thousand for the operation of the African American Performing Arts Center (AAPAC). The AAPAC is not a core strategic activity for the fair.

As an enterprise agency, revenues must be generated to cover expenses. The 2009 New Mexico State Fair saw an overall decrease of 8 percent in revenues. The agency has a running cash deficit of approximately \$1 million. In FY09, \$549.1 thousand was appropriated in supplemental funding to cover a revenue shortfall and temporary labor costs. In addition, a budget adjustment request for \$725 thousand was submitted to cover salaries for temporary employees hired for events. For the last three fiscal years, the average cost of temporary employees was \$2.5 million and was underbudgeted by as much as \$1 million. The hiring of temporary employees is dependent on the number of events held on the fairgrounds. The recommendation for FY11 funds temporary employees at \$2.2 million.

Also contributing to the FY09 agency shortfall is the number of unauthorized positions. As of September 1, 2009, the agency had five unauthorized positions. The 2009 General Appropriation Act authorized and funded 78 FTE while the agency budgeted for 83 FTE. The agency has kept 18 authorized positions vacant to cover the cost of the five unauthorized positions. The vacant positions include janitors, plumbers, business operation specialists, an accountant, a painter, and a landscaping and grounds worker. Of the 78 authorized FTE, seven are governor-appointed positions, such as the fair manager, deputy director, special projects coordinator, capital projects coordinator, division director, market manager, and attorney. The five unauthorized positions account for nearly \$360 thousand in personal services and benefits and include an office assistant, community legislative liaison, special projects coordinator, and two executive assistants. Again, the recommendation does not authorize or fund the five FTE.

Due to the high number of vacant positions, the recommendation includes the elimination of five positions. One vacant position dates back to 2003. The average vacancy rate over the last three fiscal years is 19 percent for authorized positions. The high vacancy rate demonstrates the agency does not generate enough revenue to fill authorized positions, and the positions are not critical to the operation of the agency. In the future, any request for supplemental funding relating to personal services and benefits will be carefully scrutinized should the employment of unauthorized employees continue.

The State Racing Commission approved the relocation of the Albuquerque Downs to Moriarty in May 2008. During the 2009 legislative session, House Joint Resolution 19 extended the lease until January 11, 2011, with an option to extend the lease until January 11, 2012. The resolution also allows for the lease to be increased by no less than 10 percent. Fair officials have not provided information relating to the lease with the Albuquerque Downs.

In November 2008, the executive announced the fairgrounds would be the site of the state's equestrian facility yet, \$12 million allocated for the equestrian facility remains unexpended with no activity on the project.

Since 2005, the agency has received annual parimutuel tax revenues in the amount of \$1.2 million; \$695 thousand of the tax revenue pays debt service on a \$5.5 million negotiable bond issued by New Mexico Finance Authority. Funds derived from the bond are used for capital infrastructure improvements on the fairgrounds. The bonds are scheduled to be paid in full by FY14.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

RECOMMENDED LANGUAGE:

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

The general fund appropriation to the New Mexico state fair includes three hundred seventy thousand dollars (\$370,000) for the operation of the African American performing arts center and exhibit hall at the New Mexico state fair.

STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

PERFORMANCE MEASURES

		<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Budget</u>	<u>FY11</u> <u>Request</u>	<u>FY11</u> <u>Recomm</u>
* Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	91.3%	97.3%	90%	90%	90%
Output	Percent of counties represented through exhibits at the annual state fair	100%	100%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	497,543	446,159	500,000	500,000	500,000
* Output	Percent of surveyed attendees at the annual state fair event indicating the state fair has improved	36.5%	45.9%	45%	45%	45%
* Output	Number of total attendees at annual state fair event	730,529	602,504	690,000	650,000	650,000

STATUTORY AUTHORITY:

The Engineering and Surveying Practice 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 8,100 engineers and surveyors currently are licensed to practice in New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	966.6	823.3	823.3	748.0	-9.1
SOURCES TOTAL	966.6	823.3	823.3	748.0	-9.1
USES					
Personal Services and Employee Benefits	392.4	536.1	536.1	475.4	-11.3
Contractual Services	24.9	64.6	64.6	64.6	0.0
Other	185.5	222.6	222.6	208.0	-6.6
TOTAL USES	602.8	823.3	823.3	748.0	-9.1
FTE					
Permanent	7.0	9.0	9.0	8.0	-11.1
TOTAL FTE POSITIONS	7.0	9.0	9.0	8.0	-11.1

BUDGET ISSUES:

The board projects a fund balance of \$514.5 thousand at the end of FY11, compared with an FY09 fund balance of \$548.5 thousand and a projected FY10 balance of \$289.8 thousand.

In FY10, funding was appropriated to the board for 2 FTE, a line manager and an information technology analyst. Due to the hiring freeze ordered by the executive, neither position has been filled. Organizational analysis indicates that, with the two additional positions, this agency will have three supervisory-management positions out of 9 FTE, with one position not supervising anyone. The recommendation eliminates the vacant line manager position, a funding level still 24 percent above FY09.

STATE BOARD OF LICENSURE FOR ENGINEERS AND LAND SURVEYORS

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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%	100%
Output	Number of examinations administered	544	593	575	600	600
* Output	Number of licenses or certifications issued	639	802	750	800	800
Output	Number of complaints processed	60	78	65	70	75
Efficiency	Percent of cases resolved through compliance or legal action within one year	100%	90%	97%	98%	98%

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,308.7	6,275.7	6,409.4	5,849.0	-6.8
SOURCES TOTAL	6,308.7	6,275.7	6,409.4	5,849.0	-6.8
USES					
Personal Services and Employee Benefits	4,362.8	4,245.7	4,374.8	4,049.9	-4.6
Contractual Services	766.1	784.6	784.6	731.9	-6.7
Other	1,163.5	1,245.4	1,250.0	1,067.2	-14.3
TOTAL USES	6,292.4	6,275.7	6,409.4	5,849.0	-6.8
FTE					
Permanent	63.0	63.0	65.0	63.0	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	63.5	63.5	65.5	63.5	0.0

BUDGET ISSUES:

The Gaming Control Board requested a flat base budget. LFC recommends a \$426.7 thousand decrease, or 6.8 percent below its FY10 general fund appropriation. Agency reports indicate six vacant positions, or a 9 percent vacancy rate. The recommendation applies an 8 percent vacancy rate. The contractual services category is reduced \$52.7 thousand and relates in part to its request to transfer funds to the Governor's office for an attorney to address tribal matters. The other cost category eliminated out-of-state travel, favors leasing less costly vehicles and follows the agency's reduction plan that it submitted to the executive branch. The Legislature may also consider amending the statute authorizing the governor to set salaries of board members in favor of salary limits when duties are not likely full-time.

In June 2009, the board approved the last of six gaming licenses allowed under the Indian Gaming Compact until it expires in 2037. La Mesa Racetrack and Casino in Raton is the final license recipient and will build an interim facility in FY10 with plans for 600 slot machines when complete.

New Mexico has 14 gaming tribes. Of these, Acoma, Mescalero, Jicarilla, Pojoaque and the Navajo Nation have not signed the 2007 amended Tribal-State Class III Gaming Compact and continue to operate under the 2001 Tribal-State Class III Gaming Compact. The board reports that minus the tribes that have not signed the compact, 14,828 tribal gaming machines are in operation as of October 2008.

The board is responsible for confirming that quarterly payments made to the state reconcile with quarterly reports, proper revenue-sharing percentages from net win, and final audited financial statements. For the first time tribal revenue sharing and regulatory fees paid to the state dropped 5.7 percent in 2009.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Gaming Control Board to reduce the FY10 operating budget from the general fund by \$314,000.

BASE EXPANSION:

The board requested 2 FTE, one in information services and a police officer position. The expansion requests are not recommended.

BASE EXPANSION LISTING
FY11 - 2010-2011

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Certified Enforcement Officer for Raton, NM	(P680)	54.1	0.0
2	Central Monitoring System Technical Support	(P680)	79.6	0.0
TOTAL			133.7	0.0

GAMING CONTROL BOARD

The purpose of the gaming control board is to provide strictly regulated gaming activities and to promote responsible gaming to the citizens of New Mexico so they can attain a strong level of confidence in the board's administration of gambling laws and assurance that the state has competitive gaming that is free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited revenue sharing as calculated by the gaming control board for the current calendar year	-3%	4%	<10%	<10%	<10%
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%
Output	Percent decrease in repeat violations by licensed gaming operators	100%	88%	90%	Discontinue	
* Outcome	Ratio of gaming revenue generated to general funds expended	29:1	29.7:1	28:1	28:1	28:1
Output	Percent of bingo and raffle licensees correctly meeting the reporting requirements		85%	75%	75%	80%
Output	Number of citations issued to licensed gaming operators	5.5%	8.1%	< 20%	50	50
Quality	Percent of work permit and work permit renewal licensees processed within seventy-two hours		82%	90%	90%	90%

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,359.1	2,311.3	2,311.3	2,067.3	-10.6
SOURCES TOTAL	2,359.1	2,311.3	2,311.3	2,067.3	-10.6
USES					
Personal Services and Employee Benefits	1,086.8	1,186.6	1,227.9	1,185.7	-0.1
Contractual Services	929.3	833.1	822.2	635.0	-23.8
Other	268.8	291.6	261.2	246.6	-15.4
TOTAL USES	2,284.9	2,311.3	2,311.3	2,067.3	-10.6
FTE					
Permanent	17.3	17.3	17.3	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	19.7	19.7	0.0

BUDGET ISSUES:

The State Racing Commission (SRC) requested a flat budget. LFC recommends a \$244 thousand decrease, or 10.6 percent below its FY10 general fund operating budget. The most significant decrease is in contractual services and relates to its contract with Iowa State University. Separately, it would be beneficial for the agency to expand its existing joint powers agreement with the Gaming Control Board and weave the two agencies functions more tightly together to achieve administrative efficiencies.

In April 2008, the commission approved the transfer of the Downs at Albuquerque racing license from the state fair grounds in Albuquerque to Moriarty. However, problems associated with natural gas pipelines around the Moriarty site postponed the move. The Downs' lease at its current location was extended through January 11, 2011, with an option to further extend it until 2012.

In June 2009 the racing application submitted by La Mesa Racetrack and Casino in Raton was approved by the commission and the Gaming Control Board soon followed with approval of its gaming licenses. La Mesa indicated it will build an interim facility in FY10 and plans to have 600 slot machines when complete. This is the final license recipient under the Indian Gaming Compact until the compact expires in 2037.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the State Racing Commission to reduce the FY10 operating budget from the general fund by \$115,700.

HORSE RACING REGULATION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's pari-mutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
* Outcome	Percent of equine samples testing positive for illegal substances	.8%	0.01%	0.8%	0.8%	0.8%
* Output	Total amount collected from parimutuel revenues, in millions	\$1.0	\$0.8	\$0.8	\$0.9	\$0.9
Efficiency	Average regulatory cost per live race day at each racetrack	\$4,000	\$4,300	\$4,500	\$5,000	\$4,300
Efficiency	Average number of days to close investigation cases	30	30	30	30	30
Output	Number of audit exceptions noted on annual financial statement	8	4	0	0	0
Outcome	Percent of prior-year audit findings resolved	70%	90%	100%	100%	100%
Outcome	Timely collections of penalty fees by licensee to the general fund	30	30	30	30	30

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	268.4	268.5	268.5	268.5	0.0
Fund Balance	32.4	67.5	64.4	62.8	-7.0
SOURCES TOTAL	300.8	336.0	332.9	331.3	-1.4
USES					
Personal Services and Employee Benefits	152.2	151.2	149.4	149.4	-1.2
Contractual Services	94.5	127.0	127.0	127.0	0.0
Other	54.1	57.8	56.5	54.9	-5.0
TOTAL USES	300.8	336.0	332.9	331.3	-1.4
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:

The FY11 projected fund balance is \$106.3 thousand, compared with an FY09 fund balance of \$234.7 thousand and a projected FY10 balance of \$167.2 thousand. The projected FY11 balance represents 32 percent of the operating budget. The board was to meet in the fall to consider revisions to rules and regulations, including a fee increase to offset increasing expenditures.

BOARD OF VETERINARY MEDICINE

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

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Number of months to resolution of disciplinary matter	6.8	6	6	6	6
Outcome	Percent of facilities in full compliance	79%	65%	84%	95%	95%
* Output	Number of veterinarian licenses issued annually	45	29	60	31	31
Output	Number of facility licenses issued annually	17	35	10	37	37
Output	Number of registered veterinary technicians licenses issued annually	20	61	18	70	70
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	2	3	3	5	5
Outcome	Attrition rate of all licensees annually	4%	4%	5%	4%	4%
Outcome	Percent of New Mexico-registered veterinary technicians employed in state	97%	99%	97%	98%	98%
Outcome	Percent of New Mexico-licensed veterinarians employed in the state	60%	62%	60%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action	79%	79%	80%	85%	85%
Outcome	Percent of complaints resolved through adjudication	21%	0%	20%	10%	10%
Output	Number of facilities inspected annually	148	152	148	152	152
Outcome	Percent of inspected facilities requiring a plan of correction	21%	34%	30%	25%	25%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	2%	10%	8%	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 1978 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was approved by the president on October 24, 1974. The commission comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

MISSION:

The mission of the Cumbres and Toltec Scenic Railroad Commission is to preserve and develop the Cumbres and Toltec Scenic Railroad, a historic 19th century railroad "museum on wheels," for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	97.5	99.2	100.0	94.2	-5.0
Other Revenues	3,426.8	3,806.0	3,731.0	3,657.4	-3.9
SOURCES TOTAL	3,524.3	3,905.2	3,831.0	3,751.6	-3.9
USES					
Personal Services and Employee Benefits	119.4	137.8	137.7	119.1	-13.6
Contractual Services	3,402.9	3,649.9	3,617.8	3,560.3	-2.5
Other	72.1	117.5	75.5	72.2	-38.6
TOTAL USES	3,594.4	3,905.2	3,831.0	3,751.6	-3.9
FTE					
Permanent	2.9	2.9	2.8	2.9	0.0
TOTAL FTE POSITIONS	2.9	2.9	2.8	2.9	0.0

BUDGET ISSUES:

The 2009 season showed a continuation of higher ridership and revenues for the railroad. Total ticket revenue for FY09 was \$3.2 million, a 7.5 percent increase over 2008. Despite decreased tourism throughout the state in FY09, ridership remained steady at 44,802 passengers. Reduced fire conditions, a more aggressive marketing campaign throughout both northern New Mexico and southern Colorado, and the management of the Cumbres and Toltec Scenic Railroad Commission played an important part in this success.

The railroad continues to address its greatest need: refurbishing track and engines through the implementation of a five-year capital improvement plan. Track maintenance, neglected for many years since the states of Colorado and New Mexico purchased the line in 1970, has significantly improved since FY06 with the initiation of the five-year plan. New Mexico has appropriated \$1 million in each of the last three years in support of this plan. The Cumbres and Toltec Scenic Railroad Commission has completed purchase and installation of 33,381 railroad ties and 56,638 tons of rock ballast and surfaced and aligned 58.4 miles of track on the first raise (lifting of the track to accommodate new ties and ballast). The railroad still needs to purchase and install another 20,000 railroad ties, 58 thousand tons of rock ballast, and 204,800 rail anchors and align 5.1 miles for the first raise and 64 miles for the second raise.

This capital program has resulted in trains arriving up to half an hour earlier than in years past, allowing tourists to spend more time in the local communities. The ride is smoother and more enjoyable, resulting in reduced wear and tear on the rolling stock. Train derailments, once a common problem, have been eliminated. Once this rehabilitation program is completed, the railroad will move to a less expensive capital asset maintenance program.

Both the state of New Mexico and Colorado share the costs associated with the operation of the rail. While New Mexico has been consistent in its support of both the operating and capital plans of the railroad, Colorado, due to budget shortfalls, has not always been able to meet its obligations. For FY11, Colorado might allocate federal stimulus funds for rail infrastructure development on the railroad.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2011, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use toward operating expenses of the railroad.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

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

PERFORMANCE MEASURES

		<u>FY08</u> <u>Actual</u>	<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Budget</u>	<u>FY11</u> <u>Request</u>	<u>FY11</u> <u>Recomm</u>
Outcome	Total number of passengers	42,822	44,802	44,000	44,000	44,000
Output	Revenue generated from ticket sales, in millions	\$3.002	\$3.227	\$3.325	\$3.459	\$3.459

STATUTORY AUTHORITY:

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Sections 9-15-48 through 9-15-51 NMSA 1978, and is administratively attached to the Economic Development Department.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	153.0	148.7	148.7	137.4	-7.6
SOURCES TOTAL	153.0	148.7	148.7	137.4	-7.6
USES					
Personal Services and Employee Benefits	112.0	110.4	110.4	110.4	0.0
Contractual Services	20.0	19.8	19.8	8.5	-57.1
Other	20.5	18.5	18.5	18.5	0.0
TOTAL USES	152.5	148.7	148.7	137.4	-7.6
FTE					
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

BUDGET ISSUES:

The Legislature in 2009 extended the life of the office and commission to July 1, 2015, pursuant to the Sunset Act and provided that the office and commission shall continue to operate according to the provisions of Sections 9-15-48 through 9-15-51 NMSA 1978 through July 1, 2016, when the statute is repealed.

The department has played an integral role in the effort to retain and find a new mission for Cannon and more recently for Kirkland Air Force Bases. Additionally, the department continues to work on land acquisition to protect Cannon's air space and work with the Clovis community on base expansion issues.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure that state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	14	9	5	5	10
Outcome	Number of community support organizations benefiting from the activities of the commission and the office	8	5	3	3	8
Output	Number of communities assisted by the office of military base planning and support	6	5	5	5	6

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	797.9	1,245.5	2,371.8	1,183.0	-5.0
SOURCES TOTAL	797.9	1,245.5	2,371.8	1,183.0	-5.0
USES					
Personal Services and Employee Benefits	494.6	789.9	1,157.6	784.8	-0.6
Contractual Services	24.8	208.4	626.0	172.0	-17.5
Other	199.3	247.2	588.2	226.2	-8.5
TOTAL USES	718.7	1,245.5	2,371.8	1,183.0	-5.0
FTE					
Permanent	6.0	9.0	12.0	9.0	0.0
TOTAL FTE POSITIONS	6.0	9.0	12.0	9.0	0.0

BUDGET ISSUES:

A ground-breaking ceremony for Spaceport America was held on June 19, 2009, marking the start of the construction phase. The ground-breaking also marked the end of almost 20 years worth of planning that started in 1990 with the initial business and strategic plan and a \$1.4 million investment.

The department expects the spaceport runway to be complete by the first quarter of FY11 and the terminal hanger facility to be available for Virgin Galactic to accept the leasehold by the second quarter of FY11. Following Virgin Galactic's leasehold improvements, an opening ceremony is projected for some time during the third quarter of FY11, with flights taking off from the spaceport shortly thereafter. According to the lease agreement, Virgin will start paying rent 90 to 120 days after it starts launching flights.

Although Virgin Galactic is the anchor tenant, the Spaceport Authority is working to recruit a diverse portfolio of aerospace companies. In addition to space tourism, the department is working to recruit companies that will launch small satellites and rockets carrying scientific research.

The base budget request does not reflect the transition to an operational phase; however, the department requested several expansion items. The recommendation funds vacant positions at minimum salaries and reduces funding for marketing and promotion of the spaceport and subscriptions and dues. The Spaceport Authority should work with the Tourism Department to promote and market the spaceport with funds appropriated for marketing and promotion of tourism assets.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

BASE EXPANSION:

The department requested four expansion items totaling \$1.1 million to accommodate the transition from construction to operations. The first three expansion requests are for a financial development director, business development director, and a program manager. The fourth expansion would increase the base budget by \$843 thousand and include funds for a space education program, increased annual audit costs, additional outside legal council, marketing and promotion, website development, base salary increases, and ranch lease payments. The ranch leases allow access through the Bar Cross and Lewis Cain ranches. Since 2008, the department has paid ranch lease obligations with capital outlay funds but is expected to exhaust those funds after construction. LFC recommends the agency take a second look at the ranch leases, compare the amounts with other similar land access leases paid by the state, and determine whether an annual payment of \$175 thousand is a fair price.

The capital outlay appropriations were made when construction costs were high. In the current economic environment, it is expected that construction cost could be lower than projected. The department should reevaluate the construction budget, deauthorize capital appropriations where appropriate, and seek legislative approval to shift revenues for temporary FTE.

BASE EXPANSION LISTING
FY11 - 2010-2011

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Financial development director	(P770)	109.4	0.0
2	Industry/Business development director	(P770)	109.4	0.0
3	Program manager	(P770)	64.5	0.0
4	<u>Base budget expansion - land leases</u>	<u>(P770)</u>	<u>843.0</u>	<u>0.0</u>
TOTAL			1,126.3	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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Annual aerospace jobs created due to spaceport authority efforts			150		150
Efficiency	Number of key project milestones completed within established timeframes	12	11	13	13	13
Output	Number of visitors to the x-prize cup			25,000		Delete

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 Act) and 13-4B-1 through 13-4B-3 NMSA (Fine Art In Public Buildings Act); and Sections 47-12A-1 through 47-12A-6 NMSA (Cultural Properties Preservation Easement Act).

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	34,116.6	33,622.5	34,478.9	30,980.2	-7.9
Other Transfers	1,704.3	2,067.0	1,763.1	1,763.1	-14.7
Federal Revenues	3,009.8	3,278.7	3,206.0	3,379.6	3.1
Other Revenues	4,556.3	5,700.2	5,372.5	5,372.5	-5.7
SOURCES TOTAL	43,387.0	44,668.4	44,820.5	41,495.4	-7.1
USES					
Personal Services and Employee Benefits	29,497.7	30,034.3	30,136.1	28,799.2	-4.1
Contractual Services	4,402.5	4,990.3	4,866.9	4,249.4	-14.8
Other	6,822.4	9,643.8	9,817.5	8,446.8	-12.4
TOTAL USES	40,722.6	44,668.4	44,820.5	41,495.4	-7.1
FTE					
Permanent	463.2	469.2	480.7	467.2	-0.4
Term	112.8	102.8	94.0	95.0	-7.6
Temporary	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	584.0	580.0	582.7	570.2	-1.7

BUDGET ISSUES:

The department's FY11 overall general fund request was \$856.4 thousand, or 2.5 percent, greater than the FY10 operating budget. The increase is due to six expansion items, including 8 new FTE. The LFC recommendation is a base general fund decrease of \$2.6 million, or 7.9 percent. In accordance with the FY11 guidelines, the committee recommends funding contractual services and the other costs categories similar to FY09 expenditure levels. Most expenditures in these categories relate to nonessential government services.

The Museums and Monuments Program exceeded performance measures related to attendance in FY09. The opening of the New Mexico History Museum in May contributed greatly to the performance. Total attendance generated by the program exceeded 843,000 visitors, well above the FY09 target. Attendance levels for the museums and monuments facilities in August 2009 increased 28 percent compared with August 2008. Attendance at several monuments facilities, including El Camino Real and Fort Seldon, decreased significantly compared with prior years. The committee recommends eliminating the film museum, which does not collect admissions revenue and is not included in the department's attendance data. Elimination of the film museum saves operational costs associated with rent at the Jean Cocteau Theater and an unauthorized exempt position. The Legislature in 2009 passed House Bill 59 creating the New Mexico Veterans Museum. A site in Las Cruces was selected for the museum on land currently owned by the U.S. Bureau of Land Management. The department selected an architect and planning and design are underway. The total cost to fund the construction of the museum is estimated at \$25.7 million.

The library services program exceeded all performance measures in FY09. The LFC recommendation is a base general fund decrease of \$369.7 thousand from FY10 operating levels. The decrease includes a reduction to contractual services and state aid grants.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Cultural Affairs Department to reduce the FY10 operating budget from the general fund by \$1.7 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$507 thousand from personal services and employee benefits, \$656 thousand from contractual services including the New Mexico endowment for the humanities, the family pass program, and preservation of historical properties, and \$494 thousand from other costs.

BASE EXPANSION:

The Department of Cultural Affairs (DCA) requested \$856.4 thousand for six expansion items, including 8 additional FTE. The requested expansion included a position transferred from the Economic Development Department for the coordination of the children's cabinet, the statehood centennial, and other statewide initiatives. The department requests legislative authorization and \$90.8 thousand from the general fund associated with the position. The committee does not recommend funding an expansion position at this time.

The department requested \$266 thousand for operational costs related to the Fort Stanton State Monument. The property has been transferred from the General Services Department (GSD) to the State Monument Division of the DCA. In FY11, GSD requested to reduce its general fund by \$97.9 thousand and 2 FTE, which is not sufficient to cover the requested expansion at DCA. The LFC does not recommend funding expansion positions at this time.

The agency requested \$249.6 thousand for the New Mexico Archaeology Center operational costs. The center is scheduled to open in January 2011. The request includes operational costs for six months associated with 2 additional FTE and other costs to support the center. The committee recommends \$50 thousand additional funding to support the operational costs.

The Legislature in 2009 appropriated \$75 thousand to the agency for operational costs at the Spencer Theater. The department requested \$75 thousand in FY11 for operational costs and to meet the requirements of a memorandum of understanding between the department and the Jacqueline Spencer Morgan Trust. The Jacqueline Spencer Morgan Trust will donate a nearby residence and 139 acres to the department contingent on the terms of the memorandum. The terms of the memorandum rely on sufficient funding and authorization from the Legislature. The committee does not recommend funding the expansion request at this time. Given the economic climate, adding another facility would further strain department resources.

The agency requested \$75 thousand for operational costs at the Los Luceros property located near Espanola. The Legislature in 2009 appropriated \$150 thousand for operational costs and \$100 thousand as a special appropriation for the development of a master plan. The committee does not recommend the expansion request prior to the completion of the master plan.

The department requested \$100 thousand in expansion for the planning and program development of the Taylor property, which already receives \$75,000 in recurring funding. The department requested a program manager to consult with former Representative J. Paul Taylor and use his unique knowledge of the property as a guide for future operations. While the request has merit, the department should use existing resources to accomplish the expansion.

RECOMMENDED LANGUAGE:

Any unexpended balances in the cultural affairs department remaining at the end of fiscal year 2011 from appropriations made from the general fund shall not revert.

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

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	NM archaeology center operations	(P536)	249.6	50.0
2	Statewide initiatives	(P540)	90.8	0.0
3	Spencer theater	(P536)	75.0	0.0
4	Los Luceros	(P536)	75.0	0.0
5	Fort Stanton state monument operations	(P536)	266.0	0.0
6	<u>Taylor monument</u>	<u>(P536)</u>	<u>100.0</u>	<u>0.0</u>
TOTAL			856.4	50.0

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	22,575.0	22,343.2	23,108.8	20,606.0	-7.8
Other Transfers	199.7	255.0	205.0	205.0	-19.6
Federal Revenues	171.8	0.0	91.9	91.9	
Other Revenues	3,497.6	4,109.0	3,645.1	3,645.1	-11.3
SOURCES TOTAL	26,444.1	26,707.2	27,050.8	24,548.0	-8.1
USES					
Personal Services and Employee Benefits	18,648.9	18,406.1	18,423.8	17,666.2	-4.0
Contractual Services	1,053.3	1,670.0	1,576.3	1,141.2	-31.7
Other	4,738.3	6,631.1	7,050.7	5,740.6	-13.4
TOTAL USES	24,440.5	26,707.2	27,050.8	24,548.0	-8.1
FTE					
Permanent	329.0	335.0	345.0	335.0	0.0
Term	48.3	46.8	39.0	39.0	-16.7
TOTAL FTE POSITIONS	377.3	381.8	384.0	374.0	-2.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs	840,520	843,475	841,000	845,000	845,000
* Output	Number of participants to off-site educational, outreach and special events related to museum missions	251,578	191,730	160,000	160,000	185,000
* Output	Number of participants at on-site educational, outreach and special events related to museum missions	316,336	317,437	320,000	320,000	320,000

PRESERVATION

The purpose of the preservation program is to identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	973.8	919.8	919.8	855.4	-7.0
Other Transfers	1,504.6	1,812.0	1,558.1	1,558.1	-14.0
Federal Revenues	874.2	943.6	952.6	952.6	1.0
Other Revenues	931.8	1,388.3	1,624.8	1,624.8	17.0
SOURCES TOTAL	4,284.4	5,063.7	5,055.3	4,990.9	-1.4
USES					
Personal Services and Employee Benefits	3,605.5	4,306.3	4,240.0	4,196.6	-2.5
Contractual Services	227.8	292.6	269.8	269.8	-7.8
Other	401.9	464.8	545.5	524.5	12.8
TOTAL USES	4,235.2	5,063.7	5,055.3	4,990.9	-1.4
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
Term	40.5	37.5	37.5	37.5	0.0
Temporary	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	81.5	78.5	78.5	78.5	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of participants in educational, outreach and special events related to preservation mission	5,333	15,000	5,800	15,000	15,000
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	57%	81%	60%	60%	63%
* Output	Annually completed number of historic structures preserved, using preservation tax credits	73	48	55	48	48
* Output	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	11.0 million	23.2 million	5 million	5 million	5 million

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10	FY11 - 2010-2011		Percent Incr (Decr)
	2008-2009 <u>Actuals</u>	2009-2010 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	4,068.6	4,341.1	4,341.1	3,971.4	-8.5
Federal Revenues	1,330.6	1,782.0	1,608.4	1,782.0	0.0
Other Revenues	34.5	35.0	35.0	35.0	0.0
SOURCES TOTAL	5,433.7	6,158.1	5,984.5	5,788.4	-6.0
USES					
Personal Services and Employee Benefits	2,842.0	2,958.0	2,957.3	2,791.9	-5.6
Contractual Services	1,160.3	1,153.3	1,247.3	1,175.6	1.9
Other	1,242.7	2,046.8	1,779.9	1,820.9	-11.0
TOTAL USES	5,245.0	6,158.1	5,984.5	5,788.4	-6.0
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
Term	19.5	14.0	14.0	14.0	0.0
TOTAL FTE POSITIONS	61.5	56.0	56.0	56.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	88%	87%	85%	85%	85%
* 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	987,329	1018293	1,012,000	900,000	900,000
* Output	Number of participants in educational, outreach and special events related to library mission	19,591	21,922	20,000	19,500	19,500

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10	FY11 - 2010-2011		Percent Incr (Decr)
	2008-2009 <u>Actuals</u>	2009-2010 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,132.3	1,958.2	1,958.2	1,851.5	-5.4
Federal Revenues	633.2	553.1	553.1	553.1	0.0
Other Revenues	18.4	0.0	0.0	0.0	
SOURCES TOTAL	2,783.9	2,511.3	2,511.3	2,404.6	-4.2
USES					
Personal Services and Employee Benefits	964.1	946.2	1,006.7	1,006.7	6.4
Contractual Services	1,423.2	1,410.5	1,342.0	1,267.2	-10.2
Other	207.5	154.6	162.6	130.7	-15.5
TOTAL USES	2,594.8	2,511.3	2,511.3	2,404.6	-4.2
FTE					
Permanent	11.5	11.5	12.0	11.5	0.0
Term	4.5	4.5	3.5	4.5	0.0
TOTAL FTE POSITIONS	16.0	16.0	15.5	16.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of arts trails brochures marketing cultural tourism loops distributed statewide	new	new	100,000	deleted	deleted
Output	Number of professional organizations supported throughout New Mexico for arts activities	165		166	deleted	deleted
* Output	Number of clients provided professional development training in arts industry	3,409	4,179	3,450	3,450	3,450
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	39%	44%	39%	35%	35%
* Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,399,991		1,400,000	1,000,000	1,200,000
* Output	Number of musicians, music groups and businesses supporting the music industry who have registered on nmmusic.org website	1,236	1,430	1,000	1,250	1,250
* Output	Number of participants in educational and outreach programs and workshops, including participants from rural areas	8,096	4,377	4,300	3,000	3,500
Output	Number of individuals or businesses provided training in establishing and marketing arts-based cottage industries	2,639		1,500	deleted	deleted

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)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	4,366.9	4,060.2	4,151.0	3,695.9	-9.0
Other Revenues	74.0	167.9	67.6	67.6	-59.7
SOURCES TOTAL	4,440.9	4,228.1	4,218.6	3,763.5	-11.0
USES					
Personal Services and Employee Benefits	3,437.2	3,417.7	3,508.3	3,137.8	-8.2
Contractual Services	537.9	463.9	431.5	395.6	-14.7
Other	232.0	346.5	278.8	230.1	-33.6
TOTAL USES	4,207.1	4,228.1	4,218.6	3,763.5	-11.0
FTE					
Permanent	45.7	45.7	46.7	43.7	-4.4
Temporary	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	47.7	47.7	48.7	45.7	-4.2

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of performance targets in the General Appropriation Act, met (excluding this measure)	61%	83%	80%	80%	80%
* Output	Percent of department supervisory and managerial staff that completes targeted professional development training	new	new	5%	5%	5%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				23	23
Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues	0%			deleted	deleted

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,304.7	1,171.4	1,171.4	669.8	-42.8
Federal Revenues	1,645.3	0.0	0.0	0.0	
Other Revenues	4,831.7	4,150.2	4,824.9	4,824.9	16.3
Fund Balance	0.0	674.7	0.0	276.3	-59.0
SOURCES TOTAL	7,781.7	5,996.3	5,996.3	5,771.0	-3.8
USES					
Personal Services and Employee Benefits	4,510.0	4,420.9	4,615.3	4,615.3	4.4
Contractual Services	1,475.6	342.4	189.1	189.1	-44.8
Other	1,540.0	1,233.0	1,191.9	966.6	-21.6
TOTAL USES	7,525.6	5,996.3	5,996.3	5,771.0	-3.8
FTE					
Permanent	73.0	75.0	75.0	75.0	0.0
TOTAL FTE POSITIONS	73.0	75.0	75.0	75.0	0.0

BUDGET ISSUES:

For FY11, the overall Livestock Board request was \$5.9 million, which is flat relative to FY09. This included a general fund request of \$1.1 million and an other revenues request of \$4.8 million. There were no expansion items in the agency request. The recommendation does not support the agency's out-of-state travel and vehicle purchase requests and applies fund balance (fund 39500) to reduce the agency's general fund impact.

The board chairman and the executive director have resolved one of the major issues faced by the agency: the realignment of agency assets and personnel following the discontinuance of the board's meat inspection program and the corresponding loss of some \$640 thousand in federal funding support. Additionally, the agency has hired a seasoned financial manager to address the board's budget, financial, and fiscal policy matters.

An ongoing concern relates to the board's fee structure. The Livestock Inspection 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 are 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 holdings or grazing allotments do not have to move cattle. The committee recommends the board re-evaluate existing fee structures and alternative funding sources to identify additional user revenues that might be applied to offset the costs related to animal cruelty or other investigative initiatives. It is important to note that fees represent roughly 77 percent of the agency's operational revenues. 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, while dairy herds, generally assembled in one location, lend themselves to more realistic head counts by county assessors.

One of the more significant issues facing the agency is the aftermath of two recent cases of bovine tuberculosis (TB) found in the state. In response, the U.S. Department of Agriculture (USDA) downgraded the state to modified accredited advanced status for bovine TB, which means that cattle growers must expose their herds to three days of disease testing before crossing the state border for any reason but slaughter. The board has provided technical support to New Mexico ranchers and has adjusted its operations to mitigate the impact to the cattle industry. It has also applied for, and received, USDA conditional TB-free status in the areas of the state where the disease was not identified.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

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

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)

	FY09 2008-2009	FY10 2009-2010	FY11 - 2010-2011		Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	923.0	1,025.0	1,025.0	586.9	-42.7
Federal Revenues	1,645.3	0.0	0.0	0.0	
Other Revenues	4,158.8	4,150.2	4,150.2	4,150.2	0.0
Fund Balance	0.0	0.0	0.0	276.3	
SOURCES TOTAL	6,727.1	5,175.2	5,175.2	5,013.4	-3.1
USES					
Personal Services and Employee Benefits	3,952.4	3,796.0	4,001.1	4,001.1	5.4
Contractual Services	1,440.3	305.0	151.7	151.7	-50.3
Other	1,420.8	1,074.2	1,022.4	860.6	-19.9
TOTAL USES	6,813.5	5,175.2	5,175.2	5,013.4	-3.1
FTE					
Permanent	64.5	67.0	67.0	67.0	0.0
TOTAL FTE POSITIONS	64.5	67.0	67.0	67.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Efficiency	Average percentage of investigation findings completed within one month	50%	65%	60%	60%	60%
* Output	Number of road stops per month	36	68	60	75	75
* Outcome	Number of livestock thefts reported per one thousand head inspected	1.2	.1	1	1	1
* Outcome	Number of disease cases per one thousand head inspected			.05	.05	.05
Outcome	Percent of retail meat dealers holding valid licenses			55%	55%	55%
Output	Number of on-site verifications of animal health, disease control and movement			3,000	3,000	3,000

ADMINISTRATION

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

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	132.5	146.4	146.4	82.9	-43.4
Other Revenues	672.9	0.0	674.7	674.7	
Fund Balance	0.0	674.7	0.0	0.0	-100.0
SOURCES TOTAL	805.4	821.1	821.1	757.6	-7.7
USES					
Personal Services and Employee Benefits	557.6	624.9	614.2	614.2	-1.7
Contractual Services	35.3	37.4	37.4	37.4	0.0
Other	119.2	158.8	169.5	106.0	-33.2
TOTAL USES	712.1	821.1	821.1	757.6	-7.7
FTE					
Permanent	8.5	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.5	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of payment vouchers processed	3,050	3,038	3,000	3,000	3,000
Outcome	Percent of vouchers processed within 10 business days	80%	90%	90%	90%	90%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				90	90
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds				365	365

STATUTORY AUTHORITY:

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Sport Hunting and Fishing, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Depredation Services, which oversees depredation complaints as well as the implementation of intervention options for dealing with animals causing property damage; and Administration, which provides 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)

	FY09	FY10	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	328.3	0.0	0.0	0.0	
Other Transfers	5.0	360.0	0.0	0.0	-100.0
Federal Revenues	12,618.2	10,942.5	11,453.5	11,293.7	3.2
Other Revenues	21,153.2	24,734.2	25,434.9	24,973.4	1.0
Fund Balance	2,758.8	1,930.4	2,255.0	2,201.8	14.1
SOURCES TOTAL	36,863.5	37,967.1	39,143.4	38,468.9	1.3
USES					
Personal Services and Employee Benefits	19,492.6	21,001.2	21,005.1	20,621.1	-1.8
Contractual Services	2,962.3	3,862.5	4,191.0	4,081.0	5.7
Other	11,363.2	12,606.1	13,450.0	13,269.5	5.3
Other Financing Uses	497.3	497.3	497.3	497.3	0.0
TOTAL USES	34,315.4	37,967.1	39,143.4	38,468.9	1.3
FTE					
Permanent	289.0	296.0	301.0	293.0	-1.0
Term	11.0	10.0	8.0	10.0	0.0
Temporary	4.5	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	304.5	308.0	312.0	305.0	-1.0

BUDGET ISSUES:

For FY11, DGF's overall base request of \$38.6 million is a \$700 thousand increase over the FY10 operating budget of \$37.9 million. This increase is primarily attributed to increased costs in the administration program associated with credit card merchant fees for licensing sales and online special hunt applications. The agency requested \$509 thousand for expansion items and receives no general fund support. It is funded from fees, penalties, income from department-owned property, and federal revenues.

The game protection fund is the department's operating fund and is its largest fund. It is nonreverting and sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crop sales, interest on investments, and land rental or lease income. The projected FY11 unreserved/undesignated fund balance is \$19.9 million. In FY10, in recognition of the significant projected balance in the game protection fund, the General Appropriations Act replaced the \$336.8 thousand in general fund monies included in the agency's base request with other revenues.

The share with wildlife fund is a subsidiary account under the game protection fund and is a nonreverting fund that receives revenues from federal grants, gifts, hunting and fishing licenses, and various other sources, including donations through the state tax form check-off. Funds are used to assist endangered and at-risk wildlife, regardless of species. The projected FY11 unreserved/undesignated fund balance is \$1 million.

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. The projected FY11 unreserved/undesignated fund balance is \$1 million.

The big game enhancement fund is a nonreverting subsidiary account under the game protection fund program that receives revenues from enhancement hunting permits for elk, deer, bighorn sheep, and Gould's turkey, as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration, and management of those species under the Sport Hunting and Fishing Program. The projected FY11 unreserved/undesignated fund balance is \$863.1 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. The projected FY11 unreserved/undesignated fund balance is \$264.9 thousand.

The habitat management fund is supported by a \$3 habitat management stamp included in the purchase of each hunting and fishing license or the wildlife-associated recreation permit started in FY06. Proceeds from the fund will be used to make habitat improvements and to develop and maintain properties owned by the State Game Commission. The projected FY11 unreserved/undesignated fund balance is \$1.4 million.

The trail safety fund is supported by fees associated with off-highway motor vehicles (OHVs) regulations designed to protect the safety of all OHV users and ensure responsible and sensitive OHV use. The law requires all OHV users to register or acquire a permit for their OHV if it is used on public land. During the 2009 legislative session, Chapter 53 (Senate Bill 379) transferred this program, including a fund balance of \$1.2 million and 2 FTE, to DGF from the Tourism Department. The projected FY11 unreserved/undesignated fund balance is \$1.5 million.

A significant issue facing the agency in FY11 will be the continued support of the transfer of DGF properties within Pecos Canyon to the State Parks Division of the Energy, Minerals and Natural Resources Department (EMNRD). Pecos Canyon has been under the management of DGF for several years and DGF managed four campgrounds in the canyon. However, the campgrounds have been neglected and are in need of major improvements to be safe and appealing to visitors and protect fragile resources. Riparian vegetation, much limited in New Mexico, is degraded in all areas, producing a negative effect on many wildlife and plant species. Further, the lack of law enforcement presence in the canyon has been a major contributing factor to the deficient conditions of the canyon.

Recognizing that DGF lacked the expertise to administer these sites as campgrounds, also during the 2009 legislative session both Senate Joint Memorial 16 and House Joint Memorial 16 requested that EMNRD establish Pecos Canyon State Park on lands owned by the State Game Commission and other lands that the State Parks Division determines to be appropriate. In support of this transition, the committee encourages DGF to continue to explore options to apply nongeneral fund revenues and fund balances in support of Pecos Canyon infrastructure projects. Additionally, the agency has indicated it will submit a special appropriation request for \$200 thousand in Game Protection Fund monies to enhance properties in Pecos Canyon to the direct benefit anglers and hunters.

The agency generally met or surpassed program performance targets for FY09; however, in the Wildlife Depredation and Nuisance Abatement Program, the FY09 target to resolve 95 percent of complaints within one year was not achieved. The agency is encouraged to continue to work with landowners and to explore long-term strategies to help alleviate the depredation problem.

For FY11, the agency's capital request was \$4.7 million primarily for completion of the Rock Lake warm water fish hatchery, improvement of wildlife management facilities, and resolving dam safety issues. Sizeable fund balances provide the opportunity to address dam repair and maintenance projects that will benefit both DGF and the Office of the State Engineer. Further, the balance of the agency's bond interest and retirement fund should be applied to capital projects that benefit DGF licensees.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

As a non-general fund agency, Executive Order 2009-044 required the Department of Game and Fish to develop an expenditure restriction proposal. The plan was submitted by the agency but, to date, it has not been approved by the Department of Finance and Administration.

BASE EXPANSION:

The department presented an expansion request in the FY11 budget request, including 4 FTE and \$509 thousand in funding comprising \$159.8 thousand in federal funds and \$296 thousand in other revenues, and \$53.2 thousand in find balance. The agency applied the following vacancy savings rates in the FY11 request: Sport Hunting and Fishing (2.5 percent); Conservation Services (1.1 percent); Wildlife Depredation (3.6 percent); and Administration (2.4 percent). As there is no general fund impact, no additional vacancy savings are being applied to allow the agency to address FY11 expansion requests (4 FTE) by appropriately reclassifying positions to meet current and anticipated requirements, as opposed to authorizing additional FTE. This is particularly appropriate for addressing staffing requirements associated with inspection, prevention, and education initiatives associated with the control of aquatic invasive species. Further, with respect to vacant positions, the recommendation includes a reduction of 3 FTE – one each in the Conservation, Depredation, and Administration programs – that State Personnel Office data indicate have been vacant since 2007.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	OHV Educational Coordinator	(P716)	103.0	0.0
2	OHV Law Enforcement Coordinator	(P716)	193.0	0.0
3	Aquatic Invasive Species	(P716)	213.0	0.0
4	Convert term to perm	(P716)	0.0	0.0
5	<u>Convert term to perm</u>	<u>(P716)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			509.0	0.0

SPORT HUNTING AND FISHING

The purpose of the sport hunting and fishing program is to provide a statewide system for hunting activities as well as self-sustaining and hatchery-supported fisheries taking into account hunter safety, quality hunts, high demand areas, guides and outfitters, quotas and assuring that local and financial interests receive consideration.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	92.6	0.0	0.0	0.0	
Other Transfers	0.0	360.0	0.0	0.0	-100.0
Federal Revenues	8,845.9	7,996.6	8,225.8	8,066.0	0.9
Other Revenues	10,723.9	12,504.3	12,793.6	12,470.7	-0.3
Fund Balance	701.5	677.2	837.7	784.5	15.8
SOURCES TOTAL	20,363.9	21,538.1	21,857.1	21,321.2	-1.0
USES					
Personal Services and Employee Benefits	12,623.9	13,524.8	13,607.4	13,336.8	-1.4
Contractual Services	772.5	1,420.7	1,500.7	1,390.7	-2.1
Other	5,196.0	6,095.3	6,251.7	6,096.4	0.0
Other Financing Uses	497.3	497.3	497.3	497.3	0.0
TOTAL USES	19,089.7	21,538.1	21,857.1	21,321.2	-1.0
FTE					
Permanent	193.0	197.0	202.0	197.0	0.0
Term	2.0	2.0	0.0	2.0	0.0
Temporary	4.0	1.5	2.5	1.5	0.0
TOTAL FTE POSITIONS	199.0	200.5	204.5	200.5	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Angler opportunity and success	82%	82%			
* Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	169,011	166,312	165,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	83%	83%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	451,337	423,501	455,000	455,000	455,000
Output	Number of mentored and youth hunting opportunities		5,062	2,000	2,000	2,000
Output	Acres of private land enrolled in access programs, open gate		120,000			
* Outcome	Percent of anglers satisfied with opportunity and success		82	80%	80%	80%
* Output	Acres of accessible sportsperson opportunity through the open gate program		120,000	60,000	60,000	60,000

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	235.7	0.0	0.0	0.0	
Other Transfers	5.0	0.0	0.0	0.0	
Federal Revenues	3,534.0	2,645.9	2,922.2	2,922.2	10.4
Other Revenues	2,568.8	4,480.2	4,535.2	4,483.4	0.1
Fund Balance	1,319.7	608.2	403.1	403.1	-33.7
SOURCES TOTAL	7,663.2	7,734.3	7,860.5	7,808.7	1.0
USES					
Personal Services and Employee Benefits	2,424.7	2,681.9	2,652.1	2,615.7	-2.5
Contractual Services	1,559.6	1,605.4	1,863.9	1,863.9	16.1
Other	2,974.2	3,447.0	3,344.5	3,329.1	-3.4
TOTAL USES	6,958.5	7,734.3	7,860.5	7,808.7	1.0
FTE					
Permanent	32.0	33.0	33.0	32.0	-3.0
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	41.5	41.5	40.5	-2.4

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	77	82			
Outcome	Number of gaining access into nature opportunities offered	45				
* Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	132,000	76,861	100,000	100,000	100,000
* Output	Number of recreational days of access provided by the gaining access into nature project		13,501	10,000	10,000	10,000
* Output	Number of state threatened and endangered species studied and conserved through recovery planning and the comprehensive wildlife conservation strategy for New Mexico		82	35	35	35

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	967.9	1,054.7	989.8	944.8	-10.4
Fund Balance	237.6	145.0	111.0	111.0	-23.4
SOURCES TOTAL	1,205.5	1,199.7	1,100.8	1,055.8	-12.0
USES					
Personal Services and Employee Benefits	240.2	329.7	330.8	285.8	-13.3
Contractual Services	79.8	130.7	130.7	130.7	0.0
Other	521.0	739.3	639.3	639.3	-13.5
TOTAL USES	841.0	1,199.7	1,100.8	1,055.8	-12.0
FTE					
Permanent	5.0	5.0	5.0	4.0	-20.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	4.0	-20.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	91%	75%	95%	95%	95%
Output	Number of educational publications distributed with a message about minimizing potentially dangerous encounters with wildlife			250,000	250,000	250,000
Output	Number of wildlife complaints responded to		271	100	100	100

ADMINISTRATION

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	238.3	300.0	305.5	305.5	1.8
Other Revenues	6,892.6	6,695.0	7,116.3	7,074.5	5.7
Fund Balance	500.0	500.0	903.2	903.2	80.6
SOURCES TOTAL	7,630.9	7,495.0	8,325.0	8,283.2	10.5
USES					
Personal Services and Employee Benefits	4,203.8	4,464.8	4,414.8	4,382.8	-1.8
Contractual Services	550.4	705.7	695.7	695.7	-1.4
Other	2,672.0	2,324.5	3,214.5	3,204.7	37.9
TOTAL USES	7,426.2	7,495.0	8,325.0	8,283.2	10.5
FTE					
Permanent	59.0	61.0	61.0	60.0	-1.6
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	60.0	61.0	61.0	60.0	-1.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of vacancies filled within one hundred eighty days of occurrence	81%				
Quality	Percent error rate in processing special hunt applications	<1%				
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	95	76%			
Output	Percent of special hunt applications processed without error		99.8%	99.8%	99.8%	99.8%
Outcome	Percent of vacancies filled within one hundred twenty days of occurrence		46%	75%	75%	75%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period				20	20

STATUTORY AUTHORITY:

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

MISSION:

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	26,054.7	24,850.8	26,275.6	22,296.7	-10.3
Other Transfers	3,402.5	2,962.3	3,272.2	3,272.2	10.5
Federal Revenues	18,831.6	27,918.2	21,399.3	21,809.9	-21.9
Other Revenues	14,112.5	14,681.4	13,576.0	14,826.0	1.0
Fund Balance	2,405.6	7,841.6	3,491.7	3,491.7	-55.5
SOURCES TOTAL	64,806.9	78,254.3	68,014.8	65,696.5	-16.0
USES					
Personal Services and Employee Benefits	31,546.5	31,538.8	31,376.8	29,672.8	-5.9
Contractual Services	7,405.0	16,827.1	13,196.8	13,042.8	-22.5
Other	21,630.6	25,689.6	19,373.0	18,912.7	-26.4
Other Financing Uses	3,579.1	4,198.8	4,068.2	4,068.2	-3.1
TOTAL USES	64,161.2	78,254.3	68,014.8	65,696.5	-16.0
FTE					
Permanent	437.0	443.0	444.0	420.0	-5.2
Term	42.0	44.0	44.0	42.0	-4.5
Temporary	48.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	527.0	535.0	536.0	510.0	-4.7

BUDGET ISSUES:

For FY11, the agency's overall base request of \$67.9 million represented a \$10.3 million reduction from the FY10 operating budget of \$78.2 million. However, the request included \$26.3 million in general fund revenue, an ambitious \$1.4 million increase relative to FY10 that was primarily for the State Parks Program. The request also included a federal funds expansion of \$119 thousand and 2 FTE in the Mining and Minerals Program. The total FY11 general fund recommendation of \$22.3 million represents a \$2.5 million, or 10.3 percent, reduction from the FY10 general fund level of \$24.8 million.

While the agency applied vacancy rates in selected programs, in recognition of the executive hiring freeze and in order to more closely align the programs with their historical vacancy rate, the recommendation applies additional vacancy savings as follows: Healthy Forests (1.2 percent); State Parks (9 percent); Oil and Gas Conservation (5 percent); and Program Leadership and Support (4 percent). Additionally, a total of 24 FTE are being deleted, including a financial specialist and urban planner in program support and a management analyst in the Oil and Gas Conservation Program. State personnel office reports indicate these positions have been vacant since before January 2009.

The agency expects a significant \$6.8 million drop in federal funding, primarily in the Healthy Forests Program relative to FY10. This reduction is also largely responsible for the agency's overall \$3.6 million reduction in contractual services relative to FY10. However, for FY11, the agency requested no additional general fund money over FY10 to offset the loss of forestry's federal funds. The same cannot be said for the State Parks Program's FY11 request, where the reduction of \$3 million in no-longer-available fund balance is partially replaced with a \$1.4 million general fund increase. While this general fund increase is not recommended, to address shortfalls in the state parks program, the recommendation includes \$500 thousand in gross receipt tax revenues from the administratively attached Youth Conservations Corps. It additionally includes \$750 thousand to be generated by licenses, fees, and revenues associated with state park operations.

Due to the fact that some 48 percent of the agency's total FY11 general fund request is for park activities, and with little chance of additional revenues materializing in the near future if the parks program cannot generate sufficient revenues to support the FY11 recommendation, the agency should realign park operations, as other states have proposed, with an eye to reducing administrative and program functions in headquarters and the consolidation of regional offices, with any remaining resources then being applied to core activities. While the agency had made some progress in replacing obsolete equipment over the past several years, all replacement activity must be placed on hold.

Citing budget constraints, the department has already closed Bluewater Lake State Park for the season. The agency should expand seasonal park closures where appropriate, and, in accordance with evaluation criteria, mothball, close, or transfer properties to other government or nonprofit owners. Evaluation criteria include: significance (historic or uncommon natural or cultural resources); high visitation; quality of visitor experiences; outstanding examples of specific habitat or flora and fauna; scenic qualities; condition of facilities and buildings; and the ratio of earned revenue to management cost. A spreadsheet indicating individual park FY08 and FY09 visitor counts and revenue generation is included in Volume III.

A related issue facing the agency in FY11 will be the transfer of Department of Game and Fish (DGF) properties within Pecos Canyon to EMNRD's State Parks Program. Pecos Canyon has been under the management of DGF for several years and DGF managed four campgrounds in the canyon. However, the campgrounds have been neglected and are in need of major improvements to be safe, appealing to visitors, and protect fragile resources. Riparian vegetation, much limited in New Mexico, is degraded at all areas, producing a negative effect on many wildlife and plant species. Further, the lack of law enforcement presence in the canyon has been a major contributing factor to the deficient conditions of the canyon.

Recognizing that DGF lacked the expertise to administer these sites as campgrounds, during the 2009 legislative session both Senate Joint Memorial 16 and House Joint Memorial 16 requested that EMNRD establish Pecos Canyon State Park on lands owned by the State Game Commission and other lands that the State Parks Division determines to be appropriate. In support of this transition, the committee recommends a special appropriation of \$750 thousand from the game protection fund for Pecos Canyon State Park and other state park facilities to support infrastructure improvements that benefit anglers and hunters.

The agency submitted a substantial FY11 capital projects request totaling \$30.1 million. Top ranked projects include statewide parks restoration, the Rio Grande trail project, concessionaire enhancements, and the Manzano State Park visitor center.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Energy, Minerals and Natural Resources Department to reduce the FY10 operating budget from the general fund by \$995.4 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Personal Services \$627.1 thousand, Contractual Services \$78.6 thousand and Other Costs \$289.7 thousand.

BASE EXPANSION:

In the Mining and Minerals Program, the agency requested an expansion of 2 FTE and \$119 thousand in federal funds to support abandoned mine activities. The expansion is recommended; however, the 2 additional FTE are not supported. The agency can reclassify and realign vacant FTE if so required.

RECOMMENDED LANGUAGE:

Notwithstanding Section 7-1-6.38(B) NMSA 1978, the other state funds appropriations to the state parks program of the energy, minerals and natural resources department include five hundred thousand dollars (\$500,000) from the government gross receipt tax revenues allocated to the youth conservation corps to support operational costs.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Authorization One Existing Unauthorized FTE	(P743)	57.1	57.1
2	Authorization One New FTE	(P743)	62.1	62.1
TOTAL			119.2	119.2

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, use 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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,207.6	1,282.0	1,282.0	859.9	-32.9
Federal Revenues	427.2	370.2	183.8	594.4	60.6
SOURCES TOTAL	1,634.8	1,652.2	1,465.8	1,454.3	-12.0
USES					
Personal Services and Employee Benefits	1,367.7	1,356.3	1,377.8	1,377.8	1.6
Contractual Services	165.1	189.3	12.8	12.8	-93.2
Other	102.0	106.6	75.2	63.7	-40.2
TOTAL USES	1,634.8	1,652.2	1,465.8	1,454.3	-12.0
FTE					
Permanent	13.0	13.0	13.0	13.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent reduction in energy use in public facilities receiving energy efficiency retrofit projects through the Energy Efficiency and Renewable Energy Bonding Act, the Public Facilities Energy Efficiency Act, the Water Conservation Act or the clean energy projects program	10%	10%	10%	10%	10%
* Output	Number of inventoried clean energy projects evaluated annually		50	50	50	50
* Outcome	Percent of retail electricity sales from investor-owned utilities in New Mexico from renewable energy sources		9%	10%	10%	10%
Explanatory	Annual utility costs for state-owned buildings in dollars	15,450,000				
Outcome	Percent of total transportation fuels used by state agencies that are produced from renewable sources					
Outcome	Percent of inventoried alternative energy projects evaluated annually	30%				
Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,745.5	3,692.0	3,692.0	3,605.2	-2.4
Other Transfers	108.4	0.0	0.0	0.0	
Federal Revenues	8,035.9	11,571.2	4,747.7	4,747.7	-59.0
Other Revenues	430.4	471.1	449.1	449.1	-4.7
Fund Balance	81.2	240.0	94.1	94.1	-60.8
SOURCES TOTAL	12,401.4	15,974.3	8,982.9	8,896.1	-44.3
USES					
Personal Services and Employee Benefits	4,710.8	4,673.9	4,464.2	4,410.6	-5.6
Contractual Services	836.5	3,265.0	695.1	695.1	-78.7
Other	6,719.5	8,035.4	3,823.6	3,790.4	-52.8
TOTAL USES	12,266.8	15,974.3	8,982.9	8,896.1	-44.3
FTE					
Permanent	59.0	59.0	59.0	58.0	-1.7
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	70.0	70.0	70.0	69.0	-1.4

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	760	2,898	500	500	500
* Outcome	Percent of at-risk communities participating in collaborative wildfire protection planning	40%	44%	25%	25%	25%
* Output	Number of acres restored in New Mexico's forests and watersheds		17,993	8,000	8,000	8,000
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries	0				

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,367.0	11,375.2	12,800.0	10,101.0	-11.2
Other Transfers	2,982.8	2,620.0	2,617.0	2,617.0	-0.1
Federal Revenues	4,089.4	8,079.0	8,079.0	8,079.0	0.0
Other Revenues	9,478.0	9,150.2	9,390.0	10,640.0	16.3
Fund Balance	1,951.6	4,798.0	1,800.0	1,800.0	-62.5
SOURCES TOTAL	30,868.8	36,022.4	34,686.0	33,237.0	-7.7
USES					
Personal Services and Employee Benefits	14,139.8	14,253.2	14,371.9	13,078.6	-8.2
Contractual Services	884.0	4,451.2	4,334.4	4,180.4	-6.1
Other	12,968.7	14,849.2	13,513.9	13,512.2	-9.0
Other Financing Uses	2,569.1	2,468.8	2,465.8	2,465.8	-0.1
TOTAL USES	30,561.6	36,022.4	34,686.0	33,237.0	-7.7
FTE					
Permanent	239.0	246.0	246.0	233.0	-5.3
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	293.0	300.0	300.0	287.0	-4.3

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.89	\$0.93	\$0.87	\$0.87	\$0.87
* Output	Number of interpretive programs available to park visitors	2,824	3,345	2,600	2,600	2,600
Output	Number of acres added to state parks			220	220	220
* Explanatory	Number of visitors to state parks	4,603,901	4,518,390	4,000,000	4,000,000	4,000,000
Output	Number of persons who complete a certified New Mexico boating safety education course			800	800	800
Output	Miles added to state parks trails and the Rio Grande trail			20	20	20
Outcome	Percent of visitors satisfied with state parks		98.5%	80%		
Outcome	Percent completion of new parks and park expansion projects receiving appropriations	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)					
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	504.1	605.2	605.2	579.4	-4.3
Federal Revenues	4,295.8	5,053.4	5,801.6	5,801.6	14.8
Other Revenues	744.4	661.0	736.9	736.9	11.5
Fund Balance	109.6	303.6	62.3	62.3	-79.5
SOURCES TOTAL	5,653.9	6,623.2	7,206.0	7,180.2	8.4
USES					
Personal Services and Employee Benefits	2,756.0	2,912.7	2,869.8	2,887.8	-0.9
Contractual Services	2,473.9	3,036.8	3,806.3	3,806.3	25.3
Other	421.8	673.7	529.9	486.1	-27.8
TOTAL USES	5,651.7	6,623.2	7,206.0	7,180.2	8.4
FTE					
Permanent	17.0	16.0	17.0	17.0	6.3
Term	15.0	17.0	17.0	15.0	-11.8
TOTAL FTE POSITIONS	32.0	33.0	34.0	32.0	-3.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Percent of abandoned uranium mines with current site assessments		23%	20%	50%	50%
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	96%	96.5%	100%	100%	100%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	99%	100%	100%	100%	100%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,420.0	4,369.5	4,369.5	4,032.2	-7.7
Other Transfers	97.5	128.5	441.4	441.4	243.5
Federal Revenues	315.5	361.6	350.2	350.2	-3.2
Other Revenues	3,459.7	4,399.1	3,000.0	3,000.0	-31.8
Fund Balance	263.2	2,500.0	1,535.3	1,535.3	-38.6
SOURCES TOTAL	8,555.9	11,758.7	9,696.4	9,359.1	-20.4
USES					
Personal Services and Employee Benefits	4,453.5	4,373.5	4,344.0	4,126.8	-5.6
Contractual Services	3,025.5	5,866.7	4,328.4	4,328.4	-26.2
Other	772.9	1,400.1	909.0	788.9	-43.7
Other Financing Uses	102.3	118.4	115.0	115.0	-2.9
TOTAL USES	8,354.2	11,758.7	9,696.4	9,359.1	-20.4
FTE					
Permanent	63.0	63.0	63.0	57.0	-9.5
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	68.0	68.0	68.0	62.0	-8.8

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of inspections of oil and gas wells and associated facilities	35,169	38,318	23,500	23,500	23,500
* Outcome	Percent increase in the amount of water diverted from disposal for other uses		425.8%	10%	10%	10%
Output	Percent of inactive wells at the beginning of year plugged under a plugging order, properly temporarily abandoned or returned to production at the end of the year		47%	10%	10%	10%
Outcome	Percent of inventoried orphaned wells plugged annually	39%				
Explanatory	Number of inventoried orphaned wells statewide	40				
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer-impact activities	1				
Output	Number of inactive wells					

PROGRAM LEADERSHIP AND SUPPORT

The purpose of program leadership and support is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,810.5	3,526.9	3,526.9	3,119.0	-11.6
Other Transfers	213.8	213.8	213.8	213.8	0.0
Federal Revenues	1,667.8	2,482.8	2,237.0	2,237.0	-9.9
SOURCES TOTAL	5,692.1	6,223.5	5,977.7	5,569.8	-10.5
USES					
Personal Services and Employee Benefits	4,118.7	3,969.2	3,949.1	3,791.2	-4.5
Contractual Services	20.0	18.1	19.8	19.8	9.4
Other	645.7	624.6	521.4	271.4	-56.5
Other Financing Uses	907.7	1,611.6	1,487.4	1,487.4	-7.7
TOTAL USES	5,692.1	6,223.5	5,977.7	5,569.8	-10.5
FTE					
Permanent	46.0	46.0	46.0	42.0	-8.7
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	49.0	49.0	49.0	45.0	-8.2

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of prior-year financial audit findings resolved	100%	86%	100%	100%	100%
Output	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	54	55	45	45	45
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds, assuming all state approvals are in place and contract provisions are met				30	30
Outcome	Percent of time local area computer network is available	97%				

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,885.8	2,885.8	2,885.8	2,885.8	0.0
Fund Balance	344.1	979.3	720.4	720.4	-26.4
SOURCES TOTAL	3,229.9	3,865.1	3,606.2	3,606.2	-6.7
USES					
Personal Services and Employee Benefits	152.2	149.3	158.1	158.1	5.9
Contractual Services	2,888.3	3,605.4	3,045.3	3,045.3	-15.5
Other	59.4	60.4	52.8	52.8	-12.6
Other Financing Uses	130.0	50.0	350.0	350.0	600.0
TOTAL USES	3,229.9	3,865.1	3,606.2	3,606.2	-6.7
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

BUDGET ISSUES:

The primary focus of the Youth Conservation Corps (YCC) is to promote youth employment, values, training, and tuition. It is a 2 FTE program funded with government gross receipt tax revenues and fund balances from the youth conservation corps fund.

For FY11, the agency requested a base budget of \$3.6 million, a \$259 thousand decrease from the FY10 operating budget level. Of this amount, \$3.4 million is in the contractual services and other financing uses categories for contracts with local government and state agencies, nonprofit organizations, and Native American tribes and pueblos.

In 2009, 44 projects were funded and the agency indicates that some 800 New Mexico youth were employed. Examples of projects funded in 2009 include trail construction in the Manzano mountains, restoration of historic adobe structures, and the removal of vegetation to enhance watershed health and fire prevention.

The Legislature in 1994 (Section 7-1-6.38 NMSA 1978) authorized distribution of 25 percent of governmental gross receipts tax to the public project revolving fund for state park capital improvements and to implement the Youth Conservation Corp Act (YCCA). Forty percent is appropriated to implement the provisions of the YCCA and the remaining 60 percent is appropriated for "state park and recreation area capital improvements, to include the cost of planning, engineering, design, construction, renovation, repair, equipment and furnishings." The projected FY10 unreserved or undesignated YCC fund balance is \$797.5 thousand, and although these funds could be applied to offset general fund requirements in the State Parks Program, the 60 percent limit on the parks portion precludes realignment of the funds. To address this issue, the full Legislature should consider amending Section 7-1-6.38 NMSA 1978 to reduce the 40 percent YCC portion to 20 percent, and raise the state parks percentage from 60 percent to 80 percent. With additional funding, the State Parks Program can expand the planning, engineering, design and construction, of new state park facilities – such as Pecos Canyon State Park – with substantially less general fund impact.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Although not specifically included in Executive Order 2009-044, the Youth Conservation Corps reduced the FY10 operating budget by \$36 thousand in other revenues.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the age of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of youth employed annually	730	830	900	800	800
* Outcome	Percent of projects completed within one year		98%	95%	95%	95%
Outcome	Percent of grant awards used toward wages for corps members	68%	70%	70%	70%	70%
Outcome	Percent of projects completed during the year	100%				
Output	Number of cash bonuses and tuition vouchers awarded	8				
Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	31				

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	157.8	3.7	182.0	88.1	2,281.1
Other Transfers	0.0	7.3	0.0	0.0	-100.0
SOURCES TOTAL	157.8	11.0	182.0	88.1	700.9
USES					
Personal Services and Employee Benefits	113.1	-0.1	115.3	0.0	-100.0
Contractual Services	3.8	4.4	5.0	88.1	1,902.3
Other	51.8	6.7	61.7	0.0	-100.0
TOTAL USES	168.7	11.0	182.0	88.1	700.9
FTE					
Permanent	2.0	0.0	2.0	0.0	
TOTAL FTE POSITIONS	2.0	0.0	2.0	0.0	

BUDGET ISSUES:

The governor vetoed \$168 thousand, or 93.8 percent, of the FY10 Intertribal Ceremonial Office operating budget, including the FTE. During the interim, the Gallup Intertribal Ceremonial Association (GICA), a nonprofit corporation, responded to the executive's request for an updated business plan. GICA developed a short- and long-range business plan and restated its mission and operational structure. The plan proposes to restructure the budget, accounting processes, and board of directors; issue a contract for an executive director; and broaden local and regional support for the ceremonial. As part of the new business plan, appropriations from the Legislature would flow through McKinley County, acting as a fiscal agent, and allow GICA to hire a director, advertise the ceremonial, and pay a portion of operational expenditures until sustainable revenue sources from local sources are identified.

The post-veto FY10 budget of \$11 thousand was increased \$77 thousand with revenues from cash balances from fees, ticket sales, and gifts accumulated over several years in the intertribal ceremonial fund, a nonreverting fund, bringing the adjusted FY10 operating budget to \$88.1 thousand. In addition, the city of Gallup Intertribal Indian Ceremonial, a consortium, received \$20 thousand from the Tourism Department's cooperative advertising program to promote the ceremonial. The committee recommends \$88.1 thousand to contract with McKinley County to help support ceremonial expenditures in FY11. The recommendation is a substantial increase from the post-veto level, but nearly half the FY09 appropriation, which supported 2 FTE, an independent annual audit, and overhead.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Intertribal Ceremonial Office to reduce the FY10 operating budget from the general fund by \$200.

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

		FY08	FY09	FY10	FY11	FY11
		Actual	Actual	Budget	Request	Recomm
* Output	Number of intertribal ceremonial tickets sold	6,337	6,337	7,000	7,000	7,000
Output	Dollar value of sponsorships	\$132,700	\$132,700	\$150,000	\$132,000	\$150,000
Output	Number of sponsorships	75	0	100	5	100
Outcome	Percent of operating revenue from sources other than the general fund	10%	10%	10%	10%	90%

STATUTORY AUTHORITY:

The Commissioner of Public Lands is an elective office created by the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	15,412.2	13,966.2	13,547.2	13,502.2	-3.3
SOURCES TOTAL	15,412.2	13,966.2	13,547.2	13,502.2	-3.3
USES					
Personal Services and Employee Benefits	10,378.9	10,606.9	10,475.0	10,430.0	-1.7
Contractual Services	420.1	693.2	676.7	676.7	-2.4
Other	1,882.4	2,094.4	1,849.4	1,849.4	-11.7
Other Financing Uses	502.7	571.7	546.1	546.1	-4.5
TOTAL USES	13,184.1	13,966.2	13,547.2	13,502.2	-3.3
FTE					
Permanent	155.0	155.0	153.0	152.0	-1.9
TOTAL FTE POSITIONS	155.0	155.0	153.0	152.0	-1.9

BUDGET ISSUES:

The agency's FY11 request of \$13.5 million was solely other program revenue from the land office maintenance fund. Surplus balances of the maintenance fund are distributed to beneficiaries, including schools. As a reduction in agency spending results in additional funding available to beneficiaries, indirectly, SLO spending reductions result in more general fund revenue. For FY11, the agency budget request reflects a 3 percent overall reduction from FY10 and includes a 2 FTE reduction. The recommendation reduces by one-half (\$45 thousand) in annual funding, and 1 FTE, for the agency's exempt communications director. In January 2011, the agency should realign these duties and eliminate the FTE in the FY12 request.

In FY09, public schools and seven universities, along with three hospitals, correctional facilities, water conservation projects, and the public buildings capital fund earned \$567 million from energy production, ranching and farming leases, and business and community development activity on state trust lands.

However, the first quarter of FY10 witnessed the reduction in revenues, with SLO collecting \$90 million, \$104 million less than last year's first quarter earnings of \$194 million. This reduction is generally attributable to SLO's dependence on commodity prices for oil and natural gas during the first quarter; nonetheless, the agency is optimistic that revenues will improve in the upcoming quarters.

As the issue of SLO land exchanges continues to generate interest, it may be useful to consider modifying SLO land trade rules to resemble the land disposal policy of the Board of Finance. Whereas existing SLO policy requires one appraisal, Board of Finance policy requires an independent evaluation of the appraisal by the Taxation and Revenue Department. This approach would increase the transparency of the SLO's land trade initiatives.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Although not specifically included in Executive Order 2009-044, the State Land Office has initiated expenditure restrictions of 3 percent in other revenues.

RECOMMENDED LANGUAGE:

The commissioner of public lands is authorized to hold in suspense amounts received pursuant to agreements entered into for the sale of state royalty interests that, as a result of the sale, became eligible for tax credits under Section 29 of the Internal Revenue Code, above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balance, as is necessary to re-purchase the royalty interests pursuant to the agreements.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Total trust revenue generated, in millions	\$546.3	536.5	\$299.1	\$299.7	\$299.7
* Outcome	Bonus income per leased acre from oil and gas activities	\$285.59	143.78	\$155.00	\$200.00	\$200.00
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$2.7	2.1	\$1.5	\$1.5	\$1.5
* Output	Average income per acre from oil, natural gas and mineral activities	\$177.10	\$155.99	\$130.00	\$150.00	\$150.00
* Output	Average income per acre from agricultural leasing activities	\$.82	\$.86	\$.57	\$.63	\$.63
* Output	Average income per acre from commercial leasing activities	\$12.06	\$6.62	\$7.55	\$6.15	\$6.15
Output	Number of lease and attachment documents imaged	179,096	418,324			
* Output	Percent of total trust revenue generated allocated to beneficiaries	98%	98%	96%	95%	95%
Output	Number of acres restored to desired conditions for future sustainability		1,816	1,700	1,500	1,500
Output	Percent of active lease and attachment documents imaged		22%	14.5%	13%	13%

STATUTORY AUTHORITY:

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are companion agencies. Pursuant to Section 72-2-1 through 72-2-17 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:

The mission of the OSE is to actively protect and manage the water resources of New Mexico for beneficial uses by its people and in accordance with law.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	24,561.6	22,141.5	22,141.5	18,373.3	-17.0
Other Transfers	12,452.2	16,262.1	16,262.1	17,662.1	8.6
Federal Revenues	578.9	517.3	277.0	277.0	-46.5
Other Revenues	10,974.7	9,234.8	8,884.3	9,784.3	6.0
Fund Balance	1,718.8	3,869.3	4,445.5	4,945.5	27.8
SOURCES TOTAL	50,286.2	52,025.0	52,010.4	51,042.2	-1.9
USES					
Personal Services and Employee Benefits	24,725.0	23,900.2	23,935.4	23,185.9	-3.0
Contractual Services	7,824.8	9,249.1	8,965.6	7,760.5	-16.1
Other	5,668.5	6,445.9	6,462.9	6,049.3	-6.2
Other Financing Uses	9,017.6	12,429.8	12,646.5	14,046.5	13.0
TOTAL USES	47,235.9	52,025.0	52,010.4	51,042.2	-1.9
FTE					
Permanent	354.5	354.5	354.5	341.5	-3.7
Term	0.0	0.0	3.0	0.0	
TOTAL FTE POSITIONS	354.5	354.5	357.5	341.5	-3.7

BUDGET ISSUES:

For FY11, OSE's overall base request of \$51.7 million represented a \$300 thousand reduction from the FY10 operating budget of \$52 million. This request included \$22.1 million in general fund revenue, a flat amount relative to FY10. The request also included a federal funds expansion of \$227 thousand and 3 FTE and reflected an across-programs average vacancy savings rate of 7.9 percent. The agency has additionally requested the realignment of 3.5 FTE with no aggregate FTE increase.

The recommendation eliminates 13 FTE, including 2 exempt FTE in program support, resulting in a general fund savings of \$533.9 thousand. State personnel office records indicate these positions have been vacant since before January 2009. Compared with the FY10 operating budget level, the recommendation also reduces contractual services by \$1.4 million (the average of FY08 and FY09 actual expenses) and other costs by \$400 thousand. Overall, the FY11 general fund recommendation represents a \$3.7 million reduction from the agency's FY10 general fund operating levels.

The agency submitted an ambitious FY11 capital projects request totaling \$38.1 million. Top ranked projects included surface and ground water measurement activities (\$1 million), dam emergency repair (\$5 million), and Indian water rights settlements (\$15.2 million).

Under the Rio Grande interstate compact, New Mexico is obligated to deliver a certain quantity of water annually to Texas at Elephant Butte Reservoir. In 2001 through 2003, following several years of drought, a pilot channel was excavated through 25 miles of the exposed sediment delta of Elephant Butte Reservoir to ensure that flows of the Rio Grande would reach Elephant Butte Reservoir and thus contribute to the Rio Grande compact delivery obligations. ISC has historically addressed pilot channel maintenance through either capital outlay or special appropriations. Maintaining the pilot channel on an annual basis is the only means to efficiently and inexpensively convey New Mexico's Rio Grande compact delivery water through dry portions of the delta to the active reservoir pool. Whereas the agency request included \$1 million from the general fund to support channel activities, the recommendation instead supports a \$900 thousand appropriation from the improvement to the Rio Grande income fund, as this project meets the criteria associated with the fund.

For FY11, clarification of water rights and ownership priorities continue to present challenges to policymakers. To address adjudication issues, staff from the Administrative Office of the Courts (AOC) continues to meet with staff from the Office of the State Engineer (OSE) to study stream adjudication procedures in both New Mexico and other states. AOC has raised a number of questions with respect to the role of OSE in the adjudication process, including the role of the attorney general and the state courts. It is noted the agency failed to achieve the FY09 performance targets related to the number of protested and aggrieved water rights backlogged.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of the State Engineer to reduce the FY10 operating budget from the general fund by \$1.2 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Personal Services \$336.2 thousand, Contractual Services \$613.7 thousand and Other Costs \$268.1 thousand.

BASE EXPANSION:

In the Interstate Stream and Compact Compliance Program, the agency requested an expansion of 3 FTE and \$227 thousand in federal funds to support Los Lunas refugium operations. The expansion is recommended; however, the 3 additional FTE are not supported; the agency can reclassify and realign vacant FTE if so required.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program:

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of Rio Grande income fund and one million six hundred twenty thousand one hundred dollars (\$1,620,100) from the New Mexico irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include one million six hundred seventy-nine thousand one hundred dollars (\$1,679,100) from the improvement of Rio Grande income fund and seven million nine hundred sixty-three thousand one hundred dollars (\$7,963,100) 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 internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operation. Any unexpended balances remaining at the end of fiscal year 2011 from this appropriation shall revert to the game protection fund.

The appropriations to the interstate stream compact compliance and water development program of the state engineer include one million nine hundred thousand dollars (\$1,900,000) to (a) match seventeen and one-half percent of the cost of work undertaken by the United States army corps of engineers pursuant to the Federal Water Resources Development Act of 1986, provided that no amount of this appropriation shall be expended for any project unless the appropriate acequia system or community ditch has agreed to provide seven and one-half percent of the cost from any source other than the irrigation works construction fund or improvement of Rio Grande 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 the state funds three hundred thousand dollars (\$300,000) for engineering services for approved acequia projects.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequia, irrigation and conservancy districts. The interstate stream commission's authority also includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

The interstate stream commission's authority to make loans from the New Mexico 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.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer in the other category include eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operation. Any unexpended or unencumbered balance remaining at the end of fiscal year 2011 from this appropriation shall revert to the game protection fund.

For the Litigation and Adjudication Program:

The internal service 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 New Mexico irrigation works construction fund and three million four hundred thousand dollars (\$3,400,000) from the water project fund pursuant to Section 72-4(A)-9 NMSA 1978.

For the Program Support Program:

The internal service funds/interagency transfers appropriations to the program support program of the state engineer include seven hundred fifty-six thousand nine hundred dollars (\$756,900) from the New Mexico irrigation works construction fund.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Los Lunas Refugium Operations and Maintenance	277.0	277.0
TOTAL		277.0	277.0

IRRIGATION WORKS CONSTRUCTION FUND

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	8,096.5	7,633.8	7,274.3	7,274.3	-4.7
Fund Balance	173.1	3,869.3	4,445.5	4,945.5	27.8
SOURCES TOTAL	8,269.6	11,503.1	11,719.8	12,219.8	6.2
USES					
Other Financing Uses	8,087.4	11,503.1	11,719.8	12,219.8	6.2
TOTAL USES	8,087.4	11,503.1	11,719.8	12,219.8	6.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

IMPROVEMENT OF RIO GRANDE INCOME FUNDBUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	2,024.5	926.7	926.7	1,826.7	97.1
SOURCES TOTAL	2,024.5	926.7	926.7	1,826.7	97.1
USES					
Other Financing Uses	930.2	926.7	926.7	1,826.7	97.1
TOTAL USES	930.2	926.7	926.7	1,826.7	97.1
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state to any person so they can maintain their quality of life and to provide safety inspections of all non-federal dams within the state and to owners and operators of such dams so they can operate the dam safely.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,370.1	11,475.4	11,398.2	10,750.1	-6.3
Other Transfers	577.4	1,767.7	1,767.7	1,767.7	0.0
Federal Revenues	22.7	0.0	0.0	0.0	
Other Revenues	556.5	559.4	563.3	563.3	0.7
SOURCES TOTAL	13,526.7	13,802.5	13,729.2	13,081.1	-5.2
USES					
Personal Services and Employee Benefits	11,594.2	11,129.3	11,049.0	10,827.4	-2.7
Contractual Services	516.0	1,035.1	1,035.1	698.5	-32.5
Other	1,472.4	1,638.1	1,645.1	1,555.2	-5.1
TOTAL USES	13,582.6	13,802.5	13,729.2	13,081.1	-5.2
FTE					
Permanent	184.5	184.5	183.0	177.0	-4.1
TOTAL FTE POSITIONS	184.5	184.5	183.0	177.0	-4.1

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Average number of unprotested new and pending applications processed per month	75	74	80	65	65
* Explanatory	Number of unprotested and unaggrieved water right applications backlogged	524	481	630	597	597
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database		25,047	22,000	22,000	22,000
* Outcome	Number of dams inspected per year to establish baseline			110	90	110
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	60%	77%	75%	79%	79%
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	96%	96%	100%	98%	100%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	72%	76%	77%	78%	78%
Output	Average number of protested and aggrieved applications processed per month	10	12			
Explanatory	Number of protested and aggrieved water rights backlogged	295	342			
Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	65.6%				

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)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	6,527.3	5,522.9	5,358.1	2,733.6	-50.5
Other Transfers	5,907.2	8,467.5	8,424.5	9,824.5	16.0
Federal Revenues	556.2	517.3	277.0	277.0	-46.5
Other Revenues	297.2	114.9	120.0	120.0	4.4
Fund Balance	1,545.7	0.0	0.0	0.0	
SOURCES TOTAL	14,833.6	14,622.6	14,179.6	12,955.1	-11.4
USES					
Personal Services and Employee Benefits	4,275.7	4,388.0	4,261.5	3,883.6	-11.5
Contractual Services	5,557.4	6,270.6	5,973.4	5,428.0	-13.4
Other	3,323.0	3,964.0	3,944.7	3,643.5	-8.1
TOTAL USES	13,156.1	14,622.6	14,179.6	12,955.1	-11.4
FTE					
Permanent	54.0	54.0	52.0	48.0	-11.1
Term	0.0	0.0	3.0	0.0	
TOTAL FTE POSITIONS	54.0	54.0	55.0	48.0	-11.1

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of calendar year, in acre feet (final accounting will be available at end of fiscal year)	92,500	98,500	0	0	0
* Outcome	Rio Grande river compact accumulated delivery credit or deficit at end of calendar year, in acre feet	59,500	116,000	0	0	0
Outcome	Number of acres purchased to complete implementation phase of Pecos settlement	11,268	11,745	12,000	2,000	2,000
Outcome	Acre-foot capacity of augmentation well fields constructed to complete implementation phase of Pecos settlement	15,750	15,750	15,750	15,750	15,750

LITIGATION AND ADJUDICATION PROGRAM

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,045.9	1,638.4	1,694.9	1,389.8	-15.2
Other Transfers	5,503.7	5,313.0	5,313.0	5,313.0	0.0
SOURCES TOTAL	7,549.6	6,951.4	7,007.9	6,702.8	-3.6
USES					
Personal Services and Employee Benefits	5,436.8	4,844.8	4,901.3	4,877.2	0.7
Contractual Services	1,618.5	1,731.0	1,731.0	1,466.5	-15.3
Other	342.6	375.6	375.6	359.1	-4.4
TOTAL USES	7,397.9	6,951.4	7,007.9	6,702.8	-3.6
FTE					
Permanent	72.0	71.0	72.0	71.0	0.0
TOTAL FTE POSITIONS	72.0	71.0	72.0	71.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Number of offers to defendants in adjudications	529	2,972	1,000	1,000	1,000
* Outcome	Percent of all water rights that have judicial determinations	43%	43%	45%	45%	45%

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,618.3	3,504.8	3,690.3	3,499.8	-0.1
Other Transfers	463.9	713.9	756.9	756.9	6.0
SOURCES TOTAL	4,082.2	4,218.7	4,447.2	4,256.7	0.9
USES					
Personal Services and Employee Benefits	3,418.3	3,538.1	3,723.6	3,597.7	1.7
Contractual Services	132.9	212.4	226.1	167.5	-21.1
Other	530.5	468.2	497.5	491.5	5.0
TOTAL USES	4,081.7	4,218.7	4,447.2	4,256.7	0.9
FTE					
Permanent	44.0	45.0	47.5	45.5	1.1
TOTAL FTE POSITIONS	44.0	45.0	47.5	45.5	1.1

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Percent of department contracts that include performance measures	100%	100%	100%	100%	100%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				10	10

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	300.3	310.2	325.0	197.8	-36.2
Federal Revenues	14.5	0.0	0.0	0.0	
Other Revenues	154.0	154.0	154.0	154.0	0.0
Fund Balance	0.0	0.0	0.0	127.2	
SOURCES TOTAL	468.8	464.2	479.0	479.0	3.2
USES					
Personal Services and Employee Benefits	204.3	268.1	268.7	268.7	0.2
Contractual Services	81.7	108.7	108.7	108.7	0.0
Other	90.9	87.4	101.6	101.6	16.2
TOTAL USES	376.9	464.2	479.0	479.0	3.2
FTE					
Permanent	4.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	4.0	5.0	5.0	5.0	0.0

BUDGET ISSUES:

The commission generates revenue from application fees for registered and certified organic farms and producers, the sale of organic certification manuals, and advertisements in the agency newsletter. Further revenue is generated through annual assessment fees totaling one-half of 1 percent on organic sales for certified producers whose annual gross sales exceed \$2 thousand; the fee is capped at \$10 thousand for producers whose gross exceeds \$2 million annually. For FY11, the agency projects revenue of \$130 thousand. The recommendation acknowledges this revenue source and reduces the agency's general fund level accordingly.

As of FY09, the commission annually inspected some 187 certified organic producers, while gross organic sales for licensees are about \$45 million for calendar year 2008. For FY11 the agency anticipates a significant increase in consumer support of the state's organic products industry, projecting an annual growth rate of 10 percent which generally corresponds with national projections.

The agency indicates that the U.S. Department of Agriculture (USDA) continues to question the commission's ability to adequately carry out its certification program with, in its opinion, limited organizational resources. Further, that loss of accreditation by USDA could damage organic producers' and processors' ability to remain in business. The agency should pursue realignment discussions with the New Mexico Department of Agriculture in order to reduce administrative overhead and more efficiently address USDA concerns.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Organic Commodity Commission to reduce the FY10 operating budget from the general fund by \$9.3 thousand.

ORGANIC COMMODITY COMMISSION

The purpose of the New Mexico organic commodity commission is to provide consumers of organic products in New Mexico with credible assurance about the veracity of organic claims made and to enhance the development of local economies tied to agriculture, through rigorous regulatory oversight of the organic industry in New Mexico and through ongoing educational and market assistance projects.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	94%	40%	10%	10%	10%
* Output	Percent of organic farms inspected annually	100%	100%	100%	100%	100%
Output	Number of certified organic businesses	186	187	200	190	190
Output	Number of spot-checks performed	6	6	20	15	15
Output	Number of attendees at the annual organic farming conference	614	400	400	500	500
Output	Number of client requests for assistance	1,350	1,700	1,350	1,350	1,350

STATUTORY AUTHORITY:

The Commission on the Status of Women is authorized under Sections 28-3-1 through 28-3-11 NMSA 1978. The commission is composed of 15 members appointed by the governor and is a clearinghouse for all women's issues, including discrimination, education, training, health, housing, and recognition of achievement. The commission sponsors numerous conferences and training seminars and oversees the Governor's Award for Outstanding New Mexico Women, the New Mexico Women's Hall of Fame, and the TeamWorks-Transforming Women's Lives program through the Temporary Assistance for Needy Families (TANF) block grant.

MISSION:

The Commission on the Status of Women increases the awareness of the rights, responsibilities, and interests of women and girls in New Mexico through preservation and recognition of women's history and contributions to the state.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	790.8	792.2	792.2	744.7	-6.0
Other Transfers	1,427.2	1,440.0	1,440.0	1,440.0	0.0
Other Revenues	41.9	60.0	60.0	60.0	0.0
SOURCES TOTAL	2,259.9	2,292.2	2,292.2	2,244.7	-2.1
USES					
Personal Services and Employee Benefits	942.1	929.3	919.3	919.3	-1.1
Contractual Services	750.9	808.2	830.5	825.6	2.2
Other	537.7	554.7	542.4	499.8	-9.9
TOTAL USES	2,230.7	2,292.2	2,292.2	2,244.7	-2.1
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	16.0	16.0	0.0

BUDGET ISSUES:

The commission submitted a flat base request for FY11 of \$2.3 million. The request included \$792.2 thousand from the general fund, a \$1.44 million transfer from the Human Services Department from the federal Temporary Assistance for Needy Families (TANF) block grant, and \$60 thousand from donations and ticket sales.

Most of the commission budget is for the TeamWorks program, which provides employment assistance for women in the Albuquerque and Las Cruces areas. In FY09, more than 1,170 clients received services through this program and 453 received employment earning at least \$7 per hour. For FY11, the Human Services Department is issuing a request for proposals for the NMWorks and TeamWorks program to more effectively meet program goals. Currently, NMWorks serves both men and women, while TeamWorks serves a separate population--single women receiving TANF funding. The commission will respond to the request for proposal if there is a component that serves the unique population of women.

Displaced Homemaker and Women in Transition program activities included 30 workforce trainings or conferences, informational conferences, job fairs, and workshops of benefit to women, totaling 195.5 hours of direct services. Direct services in FY09 totaled 695.5 hours, including 105 women provided with one-on-one coaching and 400 hours of assistance provided to 800 clients statewide through the toll-free referral line. The commission also hosts the Governor's Award Banquet. Previous commission achievements include distribution of 5,000 "Girl's Health" calendars and an equal number of Teen Resource directories, as well as the production of the Emmy-awarded, 60-minute, "New Mexico Girl's Documentary" produced through the services of television station KOAT.

The Governor's Women's Health Advisory Council was transferred to the commission to provide greater visibility to women's health issues. The committee previously recommended that performance measures for this activity be developed. However, all performance measures submitted were output-oriented and were not approved by the Department of Finance and Administration.

In total, the committee recommendation is \$2.24 million, \$47.5 thousand or 2 percent less than the FY10 budget. The recommendation assumes the commission will be awarded funding for the TeamWorks program. Based on the outcome of the competitive offering, funding to TeamWorks may be reduced or eliminated. A 6 percent general fund reduction is also included in the recommendation.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Commission on the Status of Women to reduce the FY10 operating budget from the general fund by \$39.6 thousand.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the commission on the status of women includes one million four hundred forty thousand dollars (\$1,440,000) for the teamworks program directed towards workforce development for adult women on temporary assistance for needy families from the federal block grant to New Mexico.

The other state funds appropriations to the status of women program of the commission on the status of women include ten thousand dollars (\$10,000) from the women in transition fund to host conferences and seminars and associated expenses and fifty thousand dollars (\$50,000) from the commission on the status of women conference fund to host the governor's award for outstanding New Mexico women, the pioneer award, the trailblazer award and various conference booths.

Revenue collected for ticket sales in excess of expenses for conference, awards, seminars and summits shall not revert.

COMMISSION ON STATUS OF WOMEN

The purpose of the commission on the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of teamworks seven-week life skills class sessions for clients per year				25	25
Output	Number of teamworks seven-week computer class sessions for clients per year				25	25
Outcome	Job placement expected outcomes/target for teamworks clients				708	708
* Outcome	Percent of 12-month job retention of teamworks clients				60%	60%
Outcome	Percent of 24-month job retention of teamworks clients				50%	50%
Outcome	Percent of teamworks employment placements ≥ \$7.50/hr				95%	95%
Outcome	Percent of teamworks clients meeting federal temporary assistance for needy families requirements				50%	50%
Output	Number of temporary assistance for needy families clients served through the teamworks program	1,083	1,178	1,000	1,000	1,000
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	200	225	200	200	200
Output	Number of publications distributed annually				2,000	2,000
Output	Number of award programs conducted annually	3	3	2	2	2
Output	Number of informational conferences or trainings sponsored or hosted				2	2
Output	Number of workshops on elderly women and money				4	4
Output	Number of workshops on women and financial planning				12	12
* Output	Number of one-to-one coaching hours performed				200	200
Outcome	Number of information fairs	1	1	1	2	2
Outcome	Number of workshops on women, divorce and finances	16	12	12	12	12
Output	Number of workforce conferences or trainings sponsored or hosted				16	16
Output	Number of informational conferences for teenage girls				2	2
Output	Number of girls leadership institutes				3	3

STATUTORY AUTHORITY:

The Office of African American Affairs (OAAA) was established pursuant to the 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	844.5	820.7	820.7	745.6	-9.2
SOURCES TOTAL	844.5	820.7	820.7	745.6	-9.2
USES					
Personal Services and Employee Benefits	362.0	351.8	357.0	356.5	1.3
Contractual Services	208.6	245.8	238.6	209.7	-14.7
Other	159.8	223.1	225.1	179.4	-19.6
TOTAL USES	730.4	820.7	820.7	745.6	-9.2
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:

OAAA's FY11 budget request of \$820.7 thousand is flat compared with the agency's FY10 operating budget. OAAA estimates it will revert approximately \$111.8 thousand to the general fund for FY09, primarily from contractual services. LFC recommends a decrease of \$75.1 thousand, or 9.2 percent, for FY11 that maintains funding at the FY09 actual expenditure level.

OAAA shares similar goals with the Martin Luther King Jr. Commission. There is potential for the two agencies to share administrative costs by aligning Martin Luther King Jr. Commission with OAAA.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Office of African American Affairs to reduce the FY10 operating budget from the general fund by \$41 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures in contractual services.

OFFICE OF AFRICAN AMERICAN AFFAIRS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African-Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of participants who indicate on the program survey that their awareness of services provided by the office of African American affairs has increased		5%	25%	25%	25%
Output	Number of New Mexican African-Americans recognized per year, statewide, for their achievements	31	50	50	50	50
Output	Number of churches, organizations and counties receiving information	600	750	600	450	600

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of informative meetings, documents and publications to increase awareness of health disparities that adversely affect the New Mexico African-American community		2	5	5	5
Output	Number of educational regional conferences	5	5			
Output	Number of African-American organizations and churches statewide to be included in a database	490	500			
Output	Number of town hall meetings conducted per year	8	8			
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	7	7			

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 of 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	3,318.1	3,708.9	4,122.0	3,640.2	-1.9
Fund Balance	833.3	413.1	0.0	94.4	-77.1
SOURCES TOTAL	4,151.4	4,122.0	4,122.0	3,734.6	-9.4
USES					
Personal Services and Employee Benefits	997.9	1,036.1	1,069.7	999.4	-3.5
Contractual Services	1,673.9	2,104.0	2,019.8	1,810.0	-14.0
Other	513.0	355.1	405.7	359.2	1.2
Other Financing Uses	590.0	626.8	626.8	566.0	-9.7
TOTAL USES	3,774.8	4,122.0	4,122.0	3,734.6	-9.4
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

BUDGET ISSUES:

The commission is responsible for administering the Telecommunications Access Act [Section 63-9F-12 NMSA 1978], including the telecommunications access fund.

Revenue for the commission comes from a surcharge of 0.33 percent on telephone services, including most mobile phone services. In FY09, revenue for the fund totaled about \$3.57 million, about \$260 thousand more than was appropriated. Assuming growth of 1 percent, FY11 revenue should be about \$3.64 million. This revenue does not support the commission's budget request, and the commission should align expenditures with its revenue stream.

While the commission has not reconciled its operating fund and telecommunication access fund, at the end of FY09 fund balances are estimated to be about \$1 million and at the end of FY10 are projected to be \$500 thousand to \$600 thousand. To support the FY11 total appropriation, the committee recommends a \$94.4 thousand appropriation from fund balances. Funding for personal services and employee benefits is sufficient to meet the agency's needs in FY11. Funding for temporary positions is not included, and the agency's vacant position is recommended for funding at entry level. The recommendation for contractual services is based on historical levels of spending. For the past several years the commission spent much less than its appropriation, particularly in contractual services, and significant fund balances amassed in its fund.

In future years, the state should consider consolidating the Governor's Commission on Disability, the Commission for Deaf and Hard-of-Hearing Persons, and the Commission for the Blind to take advantage of operational efficiencies, related missions, and duplicative administrative overhead.

The transfer to the Sign Language Interpreting Practices Board at the Regulation and Licensing Department is reduced to \$100 thousand from \$160.8 thousand in FY10. The board has a balance of more than \$200 thousand in its fund and does not need 2.4 FTE, as authorized, to license an estimated 250 sign language interpreters.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Commission for Deaf and Hard-of-Hearing Persons to develop an expenditure restriction plan to achieve FY10 operating budget savings. The commission submitted a plan to the Department of Finance and Administration, but as of this writing it had not been received by LFC.

RECOMMENDED LANGUAGE:

The internal service funds/ interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for the deaf and hard-of-hearing persons in the other financing uses category includes four hundred sixty-six thousand dollars (\$466,000) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide deaf and hard-of-hearing rehabilitation services.

The internal service funds/ interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for the deaf and hard-of-hearing persons in the other financing uses category includes one hundred thousand dollars (\$100,000) to transfer to the sign language interpreting practices board of the regulation and licensing department.

COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS

The purpose of the commission for deaf and hard-of-hearing persons is to serve as a dynamic resource that will enhance the quality of life for deaf and hard-of-hearing citizens of New Mexico by being the recognized advocate in important issues impacting the deaf and hard-of-hearing community; the proactive provider of innovative programs and services; and the statewide umbrella and information clearinghouse for interested individuals, organizations, agencies and institutions.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of workshops and training sessions conducted	31	80	40	40	40
Output	Number of outreach events coordinated	47	154	55	24	24
* Output	Number of information referrals and outreach contacts	10,513	7,225	11,000	10,000	10,000
Output	Number of review and audits of the New Mexico telecommunications relay service	0	0		1	1
Output	Average number of relay calls per month		10,000	10,000	10,000	10,000
Output	Hours provided by the sign language interpreter referral service	111	32,428	134	30,000	30,000
Output	Number of sign language interpreting mentors	16	16	18	16	16
* Output	Number of accessible technology equipment distributions	12,480	805	1,500	800	800
Output	Staff hours devoted to reducing communication barriers	85%	10,400	13,000	15,000	15,000
* Output	Number of clients provided assistance to reduce or eliminate communication barriers	N/A	N/A	1,100	1,300	1,300

STATUTORY AUTHORITY:

The Martin Luther King, Jr. Commission is authorized under Sections 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members, with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission, in addition to planning and coordinating a statewide commemorative Martin Luther King, Jr. holiday, spends the remainder of the year teaching King's nonviolent principles and philosophy. The commission hosts an annual youth conference to teach King's philosophy.

The commission also provides a hands-on learning experience by taking competitively selected students to visit places central to the civil rights movement, such as the King Center (birth place of King), Ebenezer Baptist Church (where King preached), and the National Civil Rights Museum. Also, members of the commission staff travel around the state to visit schools, tribes, and nonprofit service providers to teach King's principles and philosophy.

MISSION:

The mission of the Martin Luther King, Jr. 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	397.3	380.0	380.0	364.8	-4.0
SOURCES TOTAL	397.3	380.0	380.0	364.8	-4.0
USES					
Personal Services and Employee Benefits	201.4	190.6	189.5	189.5	-0.6
Contractual Services	39.1	47.0	47.0	42.0	-10.6
Other	137.7	142.4	143.5	133.3	-6.4
TOTAL USES	378.2	380.0	380.0	364.8	-4.0
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

BUDGET ISSUES:

It appears the Martin Luther King, Jr. Commission over spent its FY09 budget. On October 6, 2009, the SHARE single-year budget status report for FY09 showed the agency at a negative \$1 thousand, and the agency reported it has two outstanding invoices that have not been posted to SHARE totaling \$8.7 thousand.

As indicated above, the agency's mission is very narrow and also duplicates the mission of the Office of African American Affairs. The Office of African American Affairs participates in Martin Luther King, Jr. commemorative ceremonies annually and participates in many of the same special events as the Martin Luther King, Jr. Commission. To have administrative costs for two agencies with common goals is inefficient. Also, the Martin Luther King, Jr. Commission is contracting with Time Keepers Inc. for a chief financial officer at a cost of \$25.6 thousand. If the two agencies combine, the Martin Luther King, Jr. Commission could use the budget analyst on staff at the Office of African American Affairs. LFC recommends future consideration for aligning the Martin Luther King, Jr. Commission with the Office of African American Affairs.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under Gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings by 3 percent. The plan submitted by the agency reduces the FY10 operating budget by \$11.4 thousand, or 3 percent. The LFC recommendation for the FY11 budget is 1 percent lower than the adjusted FY10 amount.

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 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	15	11	17	10	10
Output	Number of youth anti-violence workshops conducted	9	9	10	9	9

STATUTORY AUTHORITY:

The Commission for the Blind was created by Sections 28-7-15 through 28-7-23 NMSA 1978. The commission consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society.

MISSION:

The Commission for the Blind's mission is to enable persons who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness, and, above all, promoting the belief that blindness is not a barrier to successful employment or to living an independent and meaningful life.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,088.1	2,067.7	2,141.2	2,033.9	-1.6
Federal Revenues	4,661.8	5,600.2	5,475.4	5,475.4	-2.2
Other Revenues	627.1	490.1	405.1	405.1	-17.3
SOURCES TOTAL	7,377.0	8,158.0	8,021.7	7,914.4	-3.0
USES					
Personal Services and Employee Benefits	4,590.7	4,978.5	4,853.2	4,797.9	-3.6
Contractual Services	114.9	207.1	207.1	207.1	0.0
Other	2,357.6	2,972.4	2,961.4	2,909.4	-2.1
TOTAL USES	7,063.2	8,158.0	8,021.7	7,914.4	-3.0
FTE					
Permanent	106.5	106.5	106.5	96.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	107.5	107.5	107.5	97.5	0.0

BUDGET ISSUES:

The commission continues to meet or exceed meaningful performance targets for providing services to the blind community in New Mexico. In FY09, the U.S. Department of Education gave the commission top honors in three performance areas: the percent of placements in competitive employment settings, the percent of persons employed who have significant disabilities, and the starting salaries of persons who are employed.

With the rate of elderly blind increasing across the nation, the commission is developing a senior living center in Albuquerque to help the newly blind adjust and remain self sufficient. In addition, the commission is anticipating an increase in the number of children who will become eligible for services over the next few years due primarily to a 29 percent increase in premature births, in which visual impairments and other disabilities are significantly more common.

Federal funding is the primary revenue source for the commission, providing 69 percent of the total revenue under a variety of general fund matching requirements. As of September 1, 2009, 29 positions were vacant. The agency's average FY09 vacancy rate was 27.4 percent. With the commission shifting its employees from factory production of textile goods to senior living and education services, the recommendation deletes 10 of 13 factory worker positions that have been vacant for long periods of time. One deleted position has been vacant since 2006, four have been vacant since 2007, and four have been vacant since 2008. An additional 6 percent savings from the remaining 19 vacancies was also assumed.

Despite a 1.5 percent general fund reduction, the FY11 total recommendation represents a 12 percent increase over actual FY09 expenditures. If and when the commission identifies an appropriate enterprise activity other than production of textile goods, then the deleted positions can be restored.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Commission for the Blind to reduce the FY10 operating budget from the general fund by \$41.4 thousand.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balances in the commission for the blind remaining at the end of fiscal year 2011 from appropriations made from the general fund shall not revert.

COMMISSION FOR THE BLIND

The purpose of the blind services program is to assist blind or visually impaired citizens of New Mexico to achieve economic and social equality so they can have independence based on their personal interests and abilities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of quality employment opportunities obtained for blind or visually impaired consumers	50	45	50	40	45
* 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	601	614	600	600	600
* Outcome	Average employment wage for the blind or visually impaired person	19.73	16.04	15.00	14.00	14.00
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	32	33	32	32	32
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				60 days	60 days

STATUTORY AUTHORITY:

Section 9-21-1 through 9-21-16 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

MISSION:

The mission of the Indian Affairs Department (IAD) is to lead and improve the quality of life for all New Mexico Indian citizens by affecting policy that strengthens tribal-state relations.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,541.9	3,421.0	3,421.0	2,826.5	-17.4
Other Transfers	524.4	638.9	500.0	360.0	-43.7
Other Revenues	200.4	0.0	0.0	0.0	
SOURCES TOTAL	4,266.7	4,059.9	3,921.0	3,186.5	-21.5
USES					
Personal Services and Employee Benefits	1,276.1	1,261.3	1,224.5	1,112.6	-11.8
Contractual Services	818.7	1,156.3	956.2	734.0	-36.5
Other	1,933.6	1,642.3	1,740.3	1,339.9	-18.4
TOTAL USES	4,028.4	4,059.9	3,921.0	3,186.5	-21.5
FTE					
Permanent	15.0	16.0	16.0	15.0	-6.3
TOTAL FTE POSITIONS	15.0	16.0	16.0	15.0	-6.3

BUDGET ISSUES:

The FY10 recommendation includes a decrease from the general fund of 17.4 percent and an overall decrease of 21.5 percent for a total recommendation of approximately \$3.2 million. The 36.5 percent reduction in the contractual services category is due partly to reductions from an expiring grant of \$39 thousand and a \$200 thousand grant that failed to materialize. The recommendation for personal services and employee benefits assumes a vacancy rate of 6.25% and savings of \$36 thousand. The recommendation further reduces personal services and employee benefits by deleting an exempt public information officer.

The recommendation for the other uses category is down 18.4 percent. Other uses comprises about 20 projects, for \$1.6 million in FY10. The projects include \$410 thousand for the Santa Fe Indian School leadership program, \$300 thousand for Navajo Nation emergency management, \$35 thousand for the University of New Mexico tribal language program, \$50 thousand for the Pueblo of Jemez Walatowa visitor's center, \$50 thousand for heritage preservation on the Jicarilla Apache Nation, \$50 thousand for the Isleta Pueblo recreation program, and \$40 thousand to provide case management services to victims of radiation exposure. Generally the contracts and grants do not include outcome performance measures and the department provides limited budget oversight and management on the projects. The department should prioritize funding based on strategic priorities and expectations for meaningful results.

The other transfer revenue source includes \$360 thousand from the tobacco settlement program fund for Native American tobacco cessation efforts.

IAD currently oversees over \$61 million for more than 450 capital projects with 4 FTE. Since 2005, \$23 million has been appropriated to the tribal infrastructure fund for 72 projects. The department improved its ability to assist and provide technical assistance for the completion of capital projects.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Indian affairs to reduce the FY10 operating budget from the general fund by \$188 thousand.

BASE EXPANSION:

The IAD request includes one expansion item with a value of \$100 thousand coming from the other transfers revenue source. The expansion request would restore tobacco settlement program funds to the same level of appropriation prior to the 2009 legislative session. The restoration of these funds is not recommended. In addition, the agency included two projects funded in Laws 2009, Chapter 124 (House Bill 2), Section 5, in the base request which LFC considers to be expansion and has extracted from the base.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the Indian affairs program of the Indian affairs department includes three hundred sixty thousand dollars (\$360,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Jemez Pueblo Utilities	(P696)	20.0	0.0
*	Tohatchi Youth Development	(P696)	50.0	0.0
1	<u>Tobacco Cessation & Prevention Program</u>	<u>(P696)</u>	<u>100.0</u>	<u>0.0</u>
TOTAL			170.0	0.0

* The Department included these items in the base request. The LFC considers the items to be expansion and has extracted them from the base.

INDIAN AFFAIRS DEPARTMENT

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	100%	100%	100%	NA	NA
Outcome	Number of audit findings	0		0	0	0
* Output	Number of capital projects over fifty thousand dollars (\$50,000) completed and closed	60	60	73	75	75
Output	Number of capital outlay process training sessions conducted for tribes	13	15	12	13	15
Output	Percent of grants and service contracts with more than two performance measures	100%	100%	100%	NA	NA
* Output	Number of capital outlay projects under fifty thousand dollars (\$50,000) completed and closed	73	70	80	80	80
Output	Percent of special project appropriation contracts sent out by June 30 to tribal entities that have submitted an acceptable scope of work				75%	75%
Output	Number of cabinet-level agencies that have fully complied with the state-tribal collaboration act				20	20
Output	Percent of fiscal impact report requests completed annually				90%	95%
Outcome	Number of hits to the Indian affairs department website				50,000	50000
Outcome	Number of Indian affairs department news items printed in press (including television)				15	15

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, development of ALTSD infrastructure, meaningful quality of life, and zero tolerance for abuse, neglect, and fraud.

ALTSD is composed of five programs: the Consumer and Elder Rights Program, which administers the long-term care ombudsman program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans' Act and encompasses the functions of the former Older Worker and Community Involvement programs; the Long-Term Care Program, which encompasses the home- and community-based long-term care programs; Adult Protective Services; 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	49,504.2	49,002.3	50,153.5	45,918.2	-6.3
Other Transfers	6,846.1	7,398.2	7,248.5	6,627.8	-10.4
Federal Revenues	9,896.8	10,689.9	9,946.5	9,929.4	-7.1
Other Revenues	110.0	90.0	90.0	72.6	-19.3
SOURCES TOTAL	66,357.1	67,180.4	67,438.5	62,548.0	-6.9
USES					
Personal Services and Employee Benefits	18,436.8	18,538.1	17,960.7	16,843.9	-9.1
Contractual Services	4,862.2	6,158.4	6,216.3	5,546.2	-9.9
Other	39,004.3	40,246.3	41,023.9	38,107.9	-5.3
Other Financing Uses	2,187.7	2,237.6	2,237.6	2,050.0	-8.4
TOTAL USES	64,491.0	67,180.4	67,438.5	62,548.0	-6.9
FTE					
Permanent	268.0	272.5	272.5	267.5	-1.8
Term	15.5	16.0	19.0	13.0	-18.8
TOTAL FTE POSITIONS	283.5	288.5	291.5	280.5	-2.8

BUDGET ISSUES:

The agency's FY11 base request was \$66.5 million, a reduction of \$718.1 thousand, or 1.1 percent from the FY10 operating budget. The agency estimates a reduction in federal funds of \$734.4 thousand, especially from the Centers for Medicare and Medicaid Services system transformation grant. The general fund request was \$49.2 million, an increase of \$175 thousand over the FY10 operating budget. The agency also requested two expansions totaling \$977 thousand from the general fund to replace funds "lost" due to reductions in the 2009 General Appropriation Act. The request included \$750 thousand from the Human Services Department (HSD) Temporary Assistance to Needy Families (TANF) grant that was not included in the HSD request. This has been a continuing transfer and employs 28 seniors part-time and funds the 4 FTE in employment program management. HSD has determined, due to the economy, the funds will be needed to meet the primary requirements of the TANF program.

The recommendation is \$62.5 million, a reduction of \$4.6 million or 6.9 percent; transfers from the general fund are reduced 6.3 percent to \$45.9 million. The recommendation eliminates all positions vacant for more than one year and applies a 9 percent vacancy factor, inline with vacancies in most of the programs. In addition, vacant positions were recommended at entry level and lowest medical insurance rate per Department of Finance and Administration instructions. Also recommended for reduction are 3 FTE funded by the TANF transfers. To administer the employment programs, 1 FTE has been transferred to the Aging Network Program and funded from the general fund. The recommended FTE are 280.5, a reduction of 3.8 percent, and includes 5 exempt FTE (secretary, deputy secretary, general counsel, agency director for faith-based and community initiatives, and the Long-Term Services Program director). FY09 expenditures were used as the baseline for most expenses unless a detailed justification was provided. Interim legislative committees have heard considerable testimony about the importance of the food assistance programs provided by the agency, and the recommendation for the Aging Network Program minimizes reductions in nutrition programs.

The base recommendation for the Consumer and Elder Rights Program is an 11.5 percent reduction, reflecting higher vacancies and reduction in other costs, particularly in travel and miscellaneous other expenses. Staffing is maintained at the 2009 appropriated level. The recommendation provides for an increase in professional services to allow contracting with trainers and presenters at department training sessions and staff trainings. The Aging and Disability Resource Center reports it is receiving 230 calls per day with questions related to social services available. The agency attempts to respond to all requests for assistance whether it relates to senior services or not. The center also is the intake for calls to report abuse, neglect, or exploitation for the Adult Protective Services Program. This has lead to an increase in call volume.

The Aging Network recommendation is \$34.5 million, a reduction of \$1.4 million or 4.1 percent. The recommendation is generally at the FY09 actual expenditure levels but maintains transfers to the area agencies on aging at the FY10 levels to provide meals for seniors. Care and support services are continued at the FY09 expenditure level. The agency reports an increase in senior meals resulting from the downturn in the economy and is anticipating delivering 3.7 million meals in the current year. There have been some scattered reports of senior centers not being able to meet demands and the agency may need to reallocate resources to meet the needs. The recommendation includes \$350 thousand in TANF transfers for the golden opportunities for lifelong development (GOLD) employment program and also transfers 1 FTE from Program Support to administer the program. However, the funds should be for direct program expenditures and administrative costs should be paid from the general fund appropriation.

The recommendation for the Long-Term Services Program is \$8.2 million, a decrease of 14.1 percent. A reduction of 4 FTE is recommended due to the positions being vacant for more than one year. The recommendation reduces 1 FTE assigned full-time to the Behavioral Health Collaborative. The agency, in conjunction with HSD implemented the Coordinated Long-Term Services (CoLTS) managed-care program, to provide services to individuals covered by the disabled and elderly waiver, personal care option consumers, nursing home residents, and individuals with brain injuries. These are an expensive cohort receiving services, and CoLTS was created to provide better coordinated care and hopefully reduce expenses. To date, 37,158 individuals have been enrolled in CoLTS. However, since implementation, the per-member per-month cost has increased 9.8 percent in 10 months. The stated reason is members are accessing more services to which they are entitled but, to date, the agency has not provided a detailed analysis for the utilization increase resulting in increased costs. These increases are reflected in the costs for the disabled and elderly waiver and the personal care option.

The two CoLTS managed care organizations, Amerigroup and Evercare, have had difficulty in making timely reimbursements for services to providers and other contractors. This has resulted in some providers needing to take out loans to make payrolls and cover expenses. Evercare reported it did not realize the magnitude of the reimbursement effort and has implemented an employee training program to improve performance. However, staff turnover has reduced the effectiveness of this initiative. Some improvement has been noted by providers but the problems with the payment system still need improvement. These concerns have been expressed at several interim legislative committee hearings. In addition, Evercare has been sanctioned by the state for failure to comply with CoLTS information technology systems obligations and requirements. The monetary sanction is 0.5 percent of the monthly capitation rate to be increased by 0.25 percent for each month the company is out of compliance. The initial monetary sanction is \$300 thousand and will increase approximately \$150 thousand each month until Evercare is in compliance with reporting requirements.

The recommendation for the Adult Protective Services (APS) Program is \$12.8 million, a reduction of 6.8 percent. The recommendation reflects a higher vacancy rate, eliminates 1 FTE vacant for more than one year, and reduces adult day care to a level that supports services for those seniors in danger of abuse, neglect, or exploitation. Other costs are at FY09 expenditure levels particularly in the area of care and support. APS reports an increase in the number of investigations of senior abuse, neglect, and exploitation. For the first quarter of FY10, APS reports a 16.6 percent increase over the same period in FY09. Largely responsible for the increase is "self-neglect" cases, increasing at a faster rate than other types of cases. The agency will continue to analyze this trend.

The impact of the reductions in TANF funding results in the recommendation for the reduction of 3 FTE managing employment programs for seniors and transfer of 1 FTE to the Aging Network from Program Support. In addition, 2 FTE are recommended for reduction because they have been vacant for more than one year. However the recommendation includes continued funding for the Harmony computer system, which will replace the legacy system inherited from CYFD.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Aging and Long-Term Services Department to reduce the FY10 operating budget from the general fund by \$1.3 million. Reductions were taken in all programs with the Consumer and Elder Rights being reduced by the highest percentage from personal services and employee benefits.

BASE EXPANSION:

No expansions were recommended.

RECOMMENDED LANGUAGE:

Any unexpended balance remaining at the end of fiscal year 2011 in other state funds from conference registration fees shall not revert.

The temporary assistance for needy families transfer from the human services department to the aging and long-term services department for the senior employment program may be used for direct services and not administrative costs.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Aging Network Program-Funding Restoration (P594)	627.0	0.0
2	APS - Adult Day Care-Funding Restoration (P593)	350.0	0.0
TOTAL		977.0	0.0

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	802.6	936.6	936.6	799.9	-14.6
Other Transfers	70.4	163.0	164.9	161.9	-0.7
Federal Revenues	1,120.0	1,119.4	1,020.0	1,002.9	-10.4
SOURCES TOTAL	1,993.0	2,219.0	2,121.5	1,964.7	-11.5
USES					
Personal Services and Employee Benefits	1,581.7	1,660.5	1,571.2	1,527.4	-8.0
Contractual Services	100.9	47.7	113.1	91.1	91.0
Other	593.9	510.8	437.2	346.2	-32.2
TOTAL USES	2,276.5	2,219.0	2,121.5	1,964.7	-11.5
FTE					
Permanent	14.0	18.5	18.5	18.5	0.0
Term	4.0	6.5	7.0	6.5	0.0
TOTAL FTE POSITIONS	18.0	25.0	25.5	25.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of ombudsman complaints resolved	5,309	4,313	6,100	5,490	5,490
* Output	Percent of people accessing consumer and elder rights programs in need of two or more daily living services who receive information, referral and assistance	12,984	15,342	13,000	11,700	13,000
Output	Number of granny cams loaned	13	12	65		
* Output	Number of persons accessing the aging and long-term services department's resource center	14,898	68,014	15,000	13,500	15,000
Output	Number of individuals receiving free or low-cost drugs through the prescription drug assistance program	4,808	606	5,000	4,500	4,500
* Outcome	Percent of resident-requested transitions from nursing homes to home- and community-based services that are completed to the satisfaction of the resident within nine months from the request				100%	100%
Outcome	Percent of critical medicare cases resolved within ninety days				75%	75%
Outcome	Percent of individuals assisted with low-income subsidy applications, who were pre-screened for low-income subsidy eligibility by consumer and elder rights division staff				90%	90%

AGING NETWORK

The purpose of the aging network is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the work force and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	28,267.9	27,387.6	28,014.6	26,278.3	-4.1
Other Transfers	356.2	319.7	319.7	350.0	9.5
Federal Revenues	7,255.4	8,096.8	8,096.8	8,096.8	0.0
Other Revenues	110.0	90.0	90.0	72.6	-19.3
SOURCES TOTAL	35,989.5	35,894.1	36,521.1	34,797.7	-3.1
USES					
Personal Services and Employee Benefits	62.2	5.5	66.9	122.0	2,118.2
Contractual Services	18.5	115.0	105.0	105.0	-8.7
Other	35,170.4	35,586.0	36,161.6	34,570.7	-2.9
Other Financing Uses	175.7	187.6	187.6	0.0	-100.0
TOTAL USES	35,426.8	35,894.1	36,521.1	34,797.7	-3.1
FTE					
Permanent	0.0	0.0	0.0	1.0	
Term	0.5	0.5	1.0	0.5	0.0
TOTAL FTE POSITIONS	0.5	0.5	1.0	1.5	200.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of individuals exiting from the federal older worker program who obtain unsubsidized employment	18%	13.1%	20.5%	18.5%	18.5%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	91%	78%	85%	76.5%	78%
Output	Number of older adults placed in meaningful employment	366	394	400	360	360
* Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	34%	20.2%	40%	36%	36%
* Output	Number of adult daycare service hours provided	114,475	126,558	160,000	144,000	130,000
Output	Number of hours of respite care provided	141,796	122,072	150,000	135,000	120,000
Output	Number of one-way trips provided to community services for eligible consumers	875,276	863,005	830,000	747,000	830,000
Output	Number of homemaker hours provided in the state fiscal year	131,291	141,482	130,000		
Output	Number of children served through the foster grandparent program	2,110	1,933	2,570	2,313	2,313
* Output	Number of persons receiving aging network community services	36.7%	28.8%	40%	100,000	100,000
* Outcome	Number of persons whose food insecurity is alleviated by meals received through the aging network	1,657,867	1,730,936	1,700,000	25,000	25,000
Output	Number of home-delivered meals provided through the aging network	2,061,747	2,096,850	2,000,000		
Output	Number of families served through the grandparents-raising-grandchildren initiative	549	619	300	270	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)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	4,345.5	4,696.3	4,696.3	4,389.0	-6.5
Other Transfers	3,555.6	4,014.2	3,835.0	3,617.3	-9.9
Federal Revenues	848.2	829.0	185.0	185.0	-77.7
SOURCES TOTAL	8,749.3	9,539.5	8,716.3	8,191.3	-14.1
USES					
Personal Services and Employee Benefits	4,040.2	4,381.6	3,789.7	3,524.8	-19.6
Contractual Services	661.7	2,444.4	2,047.3	1,988.0	-18.7
Other	683.4	663.5	829.3	628.5	-5.3
Other Financing Uses	2,012.0	2,050.0	2,050.0	2,050.0	0.0
TOTAL USES	7,397.3	9,539.5	8,716.3	8,191.3	-14.1
FTE					
Permanent	56.0	56.0	56.0	54.0	-3.6
Term	7.0	5.0	7.0	5.0	0.0
TOTAL FTE POSITIONS	63.0	61.0	63.0	59.0	-3.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of total personal care option cases that are consumer-directed	17.2%	19.3%	12%	10.8%	12%
* Outcome	Percent of disabled and elderly coordinated long term services c waiver (formerly medicaid waiver) clients who receive services within ninety days of eligibility determination	97%	98.6%	100%	90%	98%
* Outcome	Average number of months that individuals are on the coordinated long term services c waiver (formerly disabled and elderly waiver) registry prior to receiving an allocation for services	31	42	24	60	60
* Output	Number of clients enrolled in coordinated long-term services		39,630			37,158
* Outcome	Average annual cost per client in the coordinated long-term services program		N/A		N/A	\$19,056
Output	Number of brain injury clients served through the self-directed waiver	137	317	135		
* Output	Number of individuals on the self-directed mi via waiver	522	970	400	800	950
* Output	Number of consumers who transition from nursing facilities placement to community-based services	132	156	150	135	135

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	11,547.9	11,287.1	11,811.3	10,317.6	-8.6
Other Transfers	2,511.3	2,471.0	2,498.6	2,498.6	1.1
SOURCES TOTAL	14,059.2	13,758.1	14,309.9	12,816.2	-6.8
USES					
Personal Services and Employee Benefits	7,946.2	7,635.6	7,809.8	7,475.8	-2.1
Contractual Services	3,882.8	3,386.2	3,763.8	3,205.0	-5.4
Other	1,995.8	2,736.3	2,736.3	2,135.4	-22.0
TOTAL USES	13,824.8	13,758.1	14,309.9	12,816.2	-6.8
FTE					
Permanent	140.0	140.0	140.0	139.0	-0.7
TOTAL FTE POSITIONS	140.0	140.0	140.0	139.0	-0.7

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of adults with repeat maltreatment	12.1%	13.5%	9%		
Outcome	Percent of cases closed within ninety days of referral	N/A	N/A	70%		
* Output	Number of adults receiving adult protective services investigations of abuse, neglect or exploitation	6,361	6,633	6,250	5,625	6,250
* Outcome	Number of incapacitated adults, who receive in-home services or interventions, through adult protective services as a result of an investigation of abuse, neglect or exploitation				800	800
* Outcome	Percent of adult protective services investigations requiring emergency or priority response within twenty-four hours or less				10.5%	10.5%

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	4,540.3	4,694.7	4,694.7	4,133.4	-12.0
Other Transfers	352.6	430.3	430.3	0.0	-100.0
Federal Revenues	673.2	644.7	644.7	644.7	0.0
SOURCES TOTAL	5,566.1	5,769.7	5,769.7	4,778.1	-17.2
USES					
Personal Services and Employee Benefits	4,806.5	4,854.9	4,723.1	4,193.9	-13.6
Contractual Services	198.3	165.1	187.1	157.1	-4.8
Other	560.8	749.7	859.5	427.1	-43.0
TOTAL USES	5,565.6	5,769.7	5,769.7	4,778.1	-17.2
FTE					
Permanent	58.0	58.0	58.0	55.0	-5.2
Term	4.0	4.0	4.0	1.0	-75.0
TOTAL FTE POSITIONS	62.0	62.0	62.0	56.0	-9.7

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds				0	0
* Output	Percent of contractors assessed with no significant findings	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Human Services Department was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs related to providing medical and financial assistance for eligible populations and child support collection activities. The agency consists of five divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services, and Income Support. Behavioral Health Services transferred from the Department of Health after enactment of Laws 2007, Chapter 371.

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)

	FY09	FY10	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	881,241.7	716,210.5	1,047,119.2	787,229.7	9.9
Other Transfers	144,064.1	136,030.9	128,268.0	134,436.0	-1.2
Federal Revenues	3,350,445.0	3,348,506.2	4,063,630.7	3,475,564.8	3.8
Other Revenues	64,477.5	75,879.8	88,264.6	89,690.6	18.2
Fund Balance	152.1	0.0	0.0	0.0	
SOURCES TOTAL	4,440,380.4	4,276,627.4	5,327,282.5	4,486,921.1	4.9
USES					
Personal Services and Employee Benefits	107,741.3	106,095.1	107,497.7	102,521.8	-3.4
Contractual Services	126,923.2	127,304.0	157,456.8	124,489.3	-2.2
Other	3,979,986.0	3,927,381.8	4,955,334.8	4,149,430.3	5.7
Other Financing Uses	98,753.1	115,846.5	106,993.2	110,479.7	-4.6
TOTAL USES	4,313,403.6	4,276,627.4	5,327,282.5	4,486,921.1	4.9
FTE					
Permanent	1,913.0	1,920.0	1,945.0	1,790.0	-6.8
Term	62.0	62.0	45.0	45.0	-27.4
Temporary	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	2,025.0	2,032.0	2,040.0	1,885.0	-7.2

BUDGET ISSUES:

The department faces some significant challenges to meet a growing demand for Medicaid services, provide substance abuse and mental health services in a still-fragmented behavioral health system, and provide cash assistance and support services for an increasing number of families in the Temporary Assistance for Needy Families (TANF) program. The committee recommendation places a priority on maintaining these essential services, and the department will have to find administrative and nonessential program savings in FY11 to continue the most critical functions.

Medicaid provides comprehensive medical care (hospitalization, doctor visits, pharmaceuticals, etc), vision services, and dental services to more than 460,000 New Mexicans – primarily children, pregnant mothers, parents in the TANF program, and certain elderly and disabled individuals receiving supplemental security income (SSI). Eligibility for Medicaid depends on income. All children (18 and younger) are eligible if the family income is below 185 percent of the federal poverty level (FPL) (\$40,793 a year for a family of four). Children make up more than half of the individuals covered by the program – 310,672 New Mexico children were enrolled in Medicaid in May 2009. Including individuals enrolled in the State Coverage Insurance (SCI) and other programs, the total number of individuals enrolled in Medicaid and similar programs rises to more than 506,000.

As the largest program in state government, spending on Medicaid programs grew from \$2.46 billion in fiscal year 2005 to \$3.5 billion in fiscal year 2009 – a 42.1 percent increase. Enrollment in the traditional program has grown about 11.7 percent over the same period. The SCI program was implemented and now covers more than 40,000 individuals with a similar but more restricted benefit package. With the department projecting expenditures to rise to \$4.3 billion in FY11, the state must take steps to curtail this rapid climb in costs.

For FY10, appropriations for Medicaid programs grew by almost 7 percent. Few, if any, state programs received such an increase. The growth was possible because the American Recovery and Reinvestment Act (ARRA) increased the federal share of Medicaid spending, allowing the state to lower the general fund appropriation but maintain and grow the Medicaid programs. The federal share of Medicaid spending – known as the federal medical assistance percentage or FMAP – has risen to an average of about 80.2 percent in FY10.

Despite the FY10 increase and the additional federal funding for Medicaid, higher SCI and Medicaid enrollment has HSD projecting a \$48 million “shortfall” in general fund monies in FY10. The shortfall includes a \$5.9 million, or 1 percent, reduction required by the governor’s executive order following the 2009 special session. The department will undertake a series of cost-containment efforts to eliminate this shortfall, and some expenses will likely be pushed into FY11.

HSD has enrolled Medicaid clients at a faster rate than projected, especially in the SCI program. HSD projects just over 560,000 will be enrolled in Medicaid and other programs by the end of FY10 -- 500,000 in Medicaid and SCHIP, 53,000 in SCI, and another 10,000 for Medicare beneficiary and premium assistance programs.

As a waiver program, the department has significant management flexibility to control enrollment in the State Coverage Insurance (SCI) program. During the 2009 session, the Medicaid appropriations included funding to cover about 41,000 clients per month in FY10. The expansion of another 12,000 SCI clients per month costs \$90.5 million, which accounts for approximately \$18.5 million of the current general fund shortfall. HSD began a waiting list for SCI at the end of 2009. As of July 2009, 41,600 clients were enrolled in the SCI program. More than 12,000 are enrolled at University of New Mexico Hospital. The program has been instrumental in reducing uncompensated care costs at UNM Hospital – providing insurance for sick individuals in need of health care. Increasingly the program is marketed as a means to cover uninsured but likely healthier individuals in the workplace.

In addition, with the enactment of the Children’s Health Insurance Program Reauthorization Act (CHIPRA) in February 2009, New Mexico received a more than 400 percent increase in its CHIP block grant, some \$280 million in FY09. The new law also phases out the ability for states to fund adult coverage with the CHIP block grant, as New Mexico does for the SCI program. To continue SCI with regular (Title XIX) Medicaid funds, the department submitted a waiver application to the Centers for Medicare and Medicaid Services (CMS) in September 2009. That application benchmarks an SCI spending level that will be used for coverage of childless adults. To ensure the highest possible block grant, the department increased spending in the SCI program for all of FY09, particularly by retroactively raising per-member per-month rates. This spending level, currently matched at the higher CHIPRA rate, will be shifted to a lower matching rate under the regular Medicaid program. Due to the higher FMAP rates under ARRA, this shift isn’t as significant in FY10 as it is in FY11 or FY12.

All such cost increases in FY09 and FY10 significantly impact the budget need for FY11. In November 2009, the department announced a series of cost-containment initiatives around provider rate and benefit reductions. Most significantly, in December 2009, provider reimbursements were reduced by 3 percent for almost all providers and facilities. HSD also announced a series of benefit reductions ranging from limiting adult dental benefits to restricting some long-term care services. As of this writing, some benefits will be reduced but none will be eliminated in FY10. The timing needed to implement many of these measures is lengthy and includes public meetings, rule promulgation, and public hearings. Many of the reductions, including benefit and administrative changes, may not be effective until February 2010.

For FY11, the department will have to continue and expand such cost-saving efforts. The recommendation provides for an essentially flat Medicaid budget at the FY10 appropriated level. To allow for enrollment total growth of about 6 percent from the appropriated level, the department will have to further restrict SCI enrollment, reduce the rates paid to managed care organizations, further cut or eliminate some benefits, change the way it pays for behavioral health managed care services, and seek additional cost savings that may include additional provider rate cuts, significant administrative changes to the managed care contracts, and possibly redesigning the program to focus on core services and populations.

The ending of the federal stimulus for Medicaid will create a significant need for new general fund appropriations in FY11. The enhanced federal matching rate for Medicaid (known as FMAP or federal medical assistance percentage), currently 80.49 percent, is scheduled to end December 31, 2010. The rate will return to its formula-established rate of 69.78 percent in January 1, 2011 – half way through state fiscal year 2011. This drop will result in a state fiscal year average rate of about 75.4 percent – a more than 5 percentage point decline from FY10. During the 2009 regular session, LFC projected the need to replace \$76.2 million of federal FMAP funds in FY11, and the committee recommends fully replacing these funds. The total recommendation from the general fund for the Medical Assistance Program and Medicaid Behavioral Health is \$668.7 million, with another \$9.9 million for HSD Medicaid administration. In other revenues, the recommendation assumes the Legislature will pass legislation to continue moving 100 percent of the tobacco settlement payment to the tobacco settlement program fund for Medicaid appropriations. With a payment of \$45.6 million estimated in FY11, the recommendation includes \$30.2 million from the tobacco settlement program fund for Medicaid programs. Including other state funds of \$76.6 million, mostly for the sole community provider hospital program, the total recommended state share for Medicaid expenditures in FY11 is \$878.9 million. The federal share for Medicaid is estimated at \$2.7 billion -- 75.4 percent of \$3.58 billion of expenditures.

Predicting Medicaid enrollment is an inexact science. And while enrollment is sensitive to economic conditions, which has largely driven the rising caseload, it is also sensitive to policy decisions of the department. Slowing outreach efforts has some effect on enrollment patterns, but more significant shifts in caseloads occur through changes to recertification and eligibility policies.

Over the past several years, HSD has put significant effort into retaining Medicaid clients and growing enrollment. In 2007, HSD established a recertification project that eased the process for staying on the Medicaid program. Clients must certify their need for Medicaid benefits every 12 months and may do so by phone, fax, mail, or e-mail. These efforts, combined with the severe economic downturn, have led to the highest Medicaid enrollment in the state's history.

The American Recovery and Reinvestment Act (ARRA) limits a state's ability to enact more restrictive Medicaid eligibility. This includes implementing a premium-sharing program, changing the recertification time period, and lowering income limits. States may try to slow enrollment by reducing or limiting outreach; however, changing enrollment patterns by limiting outreach is slow to take effect. Enrollment is more sensitive to broader economic conditions. The ARRA restrictions end January 1, 2011, and do not apply to state-funded programs such as premium assistance for kids (PAK), premium assistance for maternity (PAM), or SCI.

The FY11 recommendation assumes enrollment will average 553,770 clients per month – 502,070 in regular Medicaid, 41,000 in SCI, and 10,700 in other programs. To achieve such enrollment growth, HSD will have to reduce per-member rates in the managed care programs. As indicated in Table 1 below, the recommendation assumes spending of about \$2.4 billion in managed care programs, some \$350 million less than that projected by the department. Managed care programs account for about two-thirds of all Medicaid enrollment and spending.

Table 1

	Agency Request: Average PMPM rates*	Recommendation: Average PMPM rates	Agency Request: Average Monthly Enrollment*	Recommendation: Average Monthly Enrollment	Recommendation: Projected Expenditures
Salud	\$307	\$300	335,044	328,567	1,182,841,200
Behavioral Health [^]	\$64	\$60	354,943	328,567	236,568,240
CoLTS	\$1,715	\$1,650	40,075	39,000	772,200,000
SCI	\$667	\$475	55,484	41,000	233,700,000
Total					2,425,309,440

*HSD-projected PMPM rates and enrollment are estimated by LFC.

[^]Does not include the behavioral health coordinated fee for service program, also administered by OptumHealth.

With the increasing use of managed care systems in the Medicaid program, LFC has sought detail about the per-member-per-month rates paid to managed care organizations. LFC views the information as critical for evaluating the effectiveness of the program and making budget recommendations to the Legislature. HSD maintains the information is confidential. Without this information, the committee recommendation is based on reasoned assumptions about the rates and potential savings that can be realized, as noted in Table 1.

To implement such reductions, the department should consider requiring all managed care organizations (MCOs) to count premium taxes and assessments for the New Mexico Medical Insurance Pool (NMMIP) as an administrative expense and not a direct service. HSD has limited administrative costs to 14 percent of capitated payments in FY11, but excludes from this calculation the 4 percent premium tax and the approximately 1 percent NMMIP assessment. Including these costs reduces spending on true direct services to about 81 percent of revenue, instead of the stated target of 86 percent in FY11. Implementing this change would be costly for the MCOs, and the department should consider a phased implementation or an expectation that MCOs will spend down reserve levels above that required by the insurance division.

The greater degree the department contains the per-person costs, the more clients can be covered. This is particularly true in the SCI program, where the \$667 average per member per month rate is almost twice that paid for regular Medicaid, despite its more limited benefit package. With significant enrollment growth in this program, the number of healthier individuals in the program has grown, effectively spreading the risk and reducing per person costs in the program. In addition, the department may also have to require a premium for individuals below 100 percent of FPL. In 2007, the state began paying the \$75 premium, making SCI a free insurance program for this population. About 85 percent of all SCI enrollees are in this group.

The recommendation anticipates similar savings in the behavioral health managed care program. With the same enrollment growth and rate reductions as in the physical health program, the committee recommends \$273.2 million for Medicaid behavioral health. A 2007 LFC evaluation noted that the behavioral health coordinated fee-for-service contract pays a significantly higher administrative fee than other similar contracts, such as that paid by GSD's Risk Management Division for state employee insurance programs. The committee recommendation assumes a reduction of the administrative fee to 5 percent, saving \$1.8 million in general fund revenue.

In other savings, the recommendation does not include \$2.6 million for premium assistance programs. Enrollment in the programs remains small, and CHIPRA should allow HSD to provide coverage to at least the children of these higher income families. The department rebid its utilization review contract to include review of level of care determinations in the Coordination of Long Term Services (CoLTS) program and the developmentally disabled waiver program. The \$11.6 million contract was awarded to Molina Health Care in FY10. As with many contracts, the recommendation assumes a 10 percent reduction in this contract. Further, current cost-saving measures in FY10, including current year rate negotiations, should eliminate most of the agency's projected push forward of expenses into FY11. The department's FY11 request includes about \$211.8 million, including \$42 million from the general fund, to cover the FY10 expenses in FY11.

For Medicaid administration at HSD the committee recommends \$9.9 million from the general fund, an 8.6 percent decrease from the FY10 appropriation. The total reduction, including federal funds, is 3.6 percent. Federal revenues will account for a greater share of total spending on administration. The recommendation deletes 12 vacant positions, all vacant for more than six months, assumes 5 percent vacancy savings, and eliminates funding for contracts not deemed essential, such as external consulting contracts for review of the SCI program.

Performance in the Medical Assistance Division, particularly in Medicaid managed care programs, did not improve significantly in FY09, despite the significant increases in funding and enrollment. HSD tracks most of this performance data through its contracts with MCOs. The department sets performance targets for the MCOs and has a financial incentive program for performance, but the department should also report on a broader set of outcome measures to determine whether client health is improving.

After several years of declines, enrollment in the Income Support Division's (ISD) welfare-related programs has risen sharply in the last year. The number of persons using food stamp benefits, now known as the Supplemental Nutrition Assistance Program or SNAP, is at its highest level in the program's history in New Mexico, with more than 135,000 cases, or about 324,000 persons, in September 2009. Enrollment in the TANF program has grown from 15,114 cases in September 2008 to 19,013 cases in September 2009.

Unrestrained caseload growth in the general assistance program during FY08 forced the department to restrict eligibility for the program. The caseload fell from 2,327 in September 2008 to 1,447 in April 2009. After a pledge by the governor to contribute \$2 million of discretionary federal stimulus funds, the caseload rose again to 2,342 in September 2009. The average benefit per case exceeds \$400 per month. At this spending rate, the program will cost about \$11 million in FY10, some \$3.1 million more than was appropriated for the program. Even with the stimulus funds, the department will have to reduce the caseload and contain the cost in the current year. For FY11, the committee recommendation does not replace these stimulus funds but reallocates spending from other ISD programs and anticipates additional Social Security reimbursements for a total appropriation of \$8.76 million for FY11.

In the TANF program, the Legislature and the department have put significant effort into avoiding a federal penalty for the failure of the program to meet federal work participation rates. This task is made more difficult because state laws exempt more clients from work requirement than does federal law. Recognizing this challenge, the Legislature appropriated more funding for the NM Work contracts and appropriated general fund revenue for a solely state-funded cash assistance program. More importantly, HSD began certifying more maintenance-of-effort expenditures in other departments, thus reducing the requirements of TANF clients. Because that certification didn't occur in 2007, the federal government put New Mexico's TANF program under penalty status for failing to meet the work participation rates in that year. While the penalty could bring a significant cost, the department can avoid a monetary penalty by verifying the work participation rate improvement over the past year.

Much of the heavy caseload increase has been supported by an infusion of federal stimulus for the TANF program. In FY10, the Legislature appropriated \$36.6 million of TANF stimulus funds for FY09 and FY10 caseload increases. This revenue plus carry-forward balances have allowed the department to meet higher expenditures. Spending on cash assistance is projected to reach \$92.5 million in FY10. With some economic improvement anticipated in 2010, these expenditures should begin to decline in FY11. The committee recommendation appropriates \$79 million for cash assistance. If the caseloads continue at this higher level, the Legislature and the department will have to significantly reprioritize spending in FY12, because most carry-forward balance will be exhausted.

In anticipation of needs in FY12, the committee recommendation reduces the funding for TANF support services in other agencies by eliminating appropriations for substance abuse services, the strengthening families program, and home-visiting services through the Children, Youth and Families Department. The recommendation also includes \$350 thousand for the GOLD mentor program at the Aging and Long-Term Services Department and \$2 million for domestic violence services at CYFD. These programs carry a high per-person cost and are not targeted at priority TANF clients.

The recommendation provides \$3 million for pre-kindergarten programs at CYFD and the Public Education Department and more than \$39 million for childcare programs at CYFD, including \$7.2 million first appropriated during the 2008 special session. The recommendation uses about \$3 million less in carryover revenue than requested by the department. With a projected FY11 balance of \$37.6 million, the \$26.2 million recommended by the committee would leave a balance of at least \$11.4 million at the end of FY11.

The federal stimulus funds and improvement in the work participation rates have all but eliminated the need for a separate state-funded TANF program. The recommendation reduces funding for this purpose to \$500 thousand, which should be directed to meet the 90 percent work participation rate of two-parent families.

The Behavioral Health Services Program administers non-Medicaid federal and state funds for substance abuse and mental health services. In FY11, several large federal grants, including funding transferred from CYFD, will end. Seventeen term positions will lose funding, and staff support for the Behavioral Health Purchasing Collaborative will be impacted. Permanent staff of the program will have to assume additional duties in supporting the collaborative. In addition to the term FTE, the recommendation assumes a 10 percent vacancy savings among permanent positions. Unless additional federal contracts are awarded to the state, total spending in contractual services will decline in FY11. Nevertheless, the recommendation provides an additional \$125 thousand from the general fund for contracts. The reduction in general fund revenue is less than 1 percent.

The Child Support Enforcement Program (CSEP) continues to increase the percent of cases with support orders and the amount of child support collected – key measures of the program's success. Although not yet meeting the targets, the program is making steady progress. Changes in federal regulations due to the Deficit Reduction Act (DRA) and corresponding state law (Laws 2007, Chapter 350) increased the cap on pass-through child support payments to TANF clients. The law benefits those owed child support and on public assistance programs but reduces federal payments to CSEP.

The recommendation shifts \$438 thousand from the Income Support Division to CSEP for TANF pass-through payments. Previously, these payments were made to TANF clients from general fund appropriations to ISD. Appropriations from the general fund to CSEP receive a 66 percent federal match, and the pass-through funds are more effectively used in CSEP. The recommendation deletes 40 of 60 vacant positions, including child support workers and lawyers. Savings in contracts will likely have to come from the larger contracts for call center services and hearing officers.

In FY11, the Program Support budget will realize a slightly higher percentage of federal revenue due to projected cost-allocation changes. With several large information technology projects, especially the replacement of the ISD2 system, the recommendation does not delete FTE in the Information Technology Division; instead it assumes 10 percent vacancy savings. Cost savings in information technology equipment, employee training, rent and travel, and some contracts will be required. The recommendation eliminates 15 vacant positions and 3 exempt FTE – a general counsel, communications director, and executive secretary.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Human Services Department to reduce the FY10 operating budget from the general fund by \$28.7 million. The plan submitted by the agency and approved by the Department of Finance and Administration reduces expenditures as follows: \$25.8 million from care and support services, including \$21.9 million from Medicaid, of which \$16 million will be replaced by increased federal funds and appropriations from the tobacco settlement program fund. The action in Medicaid amounts to an additional 1 percent, or \$5.9 million, reduction not contemplated by the Legislature during the special session. Another \$3.9 million will be reduced from the state-funded TANF program and other programs in Income Support. The order reduces contracts by \$1.7 million -- \$730 thousand from Behavioral Health Services Program, \$800 thousand in Medical Assistance, and \$190 thousand in Program Support. In personal services and employee benefits, the order reduces the general fund by about \$1.2 million, mostly by swapping \$1.1 million of federal revenue, including ARRA funds, in Program Support and Child Support Enforcement.

BASE EXPANSION:

The department requested 10 budget expansion items, totaling \$29.7 million, of which \$28.1 is from the general fund. Eight of the requests are for the Behavioral Health Services Program, including \$4.5 million for operations of a new intensive outpatient treatment facility at the Los Lunas treatment and training center. The outpatient facility is the first phase of a complex that will include, if funded and built, a women's residential treatment (WRT) facility. The Legislature has appropriated \$10 million in capital outlay for the project, and completion of its construction is anticipated in January 2011. Even under this delayed completion date, the department may have to push the opening until FY12.

HSD requested two additional expansion requests. One would add 21 FTE in the Information Technology (IT) Division of Program Support for IT support and program development across the department. With a more than 20 percent vacancy rate, the agency should fill vacant positions before adding new FTE, and the recommendation provides funding to reduce by half the division's vacancy rate. The other request would replace \$650 thousand of other revenue with revenue from the general fund to pay for distribution of food to schools. The department should already have \$250 thousand in the operating budget for this purpose and any additional amount needed may be billed to the schools, as the department currently does.

RECOMMENDED LANGUAGE:

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 the breast and cervical cancer treatment program.

The other state funds appropriations to the medical assistance program of the human services department include twenty-eight million six hundred ninety-seven thousand dollars (\$28,697,000) from the tobacco settlement program fund, contingent on enactment of legislation during the second session of the forty-ninth legislature to distribute one hundred percent of the tobacco settlement payment to the tobacco settlement program fund.

The federal funds appropriation to the income support program of the human services department includes twelve million six hundred forty-five thousand nine hundred dollars (\$12,645,900) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the human services department include one million five hundred ninety thousand dollars (\$1,590,000) from the general fund and seventy-seven million eight hundred thirty-four thousand dollars (\$77,834,000) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including education grants, clothing allowances, one-time diversion payments and state-funded payments to aliens.

The federal funds appropriations to the income support program of the human services department include six hundred thousand dollars (\$600,000) 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 thirteen million three hundred seventy thousand dollars (\$13,370,000) from the federal temporary assistance for needy families block grant for support services, including seven hundred thousand dollars (\$700,000) for employment-related costs, six hundred seventy thousand dollars (\$670,000) for transportation services 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 forty-four million nine hundred sixty-nine thousand three hundred dollars (\$44,969,300) from the temporary assistance for needy families block grant for transfers to other agencies, including thirty-nine million six hundred nineteen thousand three hundred dollars (\$39,619,300) to the children, youth and families department for childcare programs, two million dollars (\$2,000,000) to the children, youth and families department for domestic violence programs, one million five hundred thousand dollars (\$1,500,000) to the children, youth and families department for pre-kindergarten programs, one million five hundred thousand dollars (\$1,500,000) to the public education department for pre-kindergarten programs and three hundred fifty thousand dollars (\$350,000) to the aging and long-term care services department for the gold mentor program.

The appropriations to the income support program of the human services department include six million three hundred sixty-five thousand five hundred dollars (\$6,365,500) from the general fund and two million four hundred one thousand dollars (\$2,401,000) from other state funds for general assistance.

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.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Los Lunas Sub. Abuse Trtmt/Training Ctr	(P767)	4,546.4	0.0
2	HSD -ITD Staff Expansion	(P522)	3,619.7	0.0
3	FANS Commodity Distribution to Schools*	(P525)	0.0	0.0
4	Maintain Critical Workforce	(P767)	1,847.5	0.0
5	Behavioral Health Provider Service Capacity	(P767)	17,001.9	0.0
6	Southern NM Community BH Crisis Response Syst	(P767)	1,400.0	0.0
7	Crisis Housing Pilot Program	(P767)	750.0	0.0
8	Transportation in Native American Svc Areas	(P767)	150.0	0.0
9	Behavioral Health Local Collaboratives	(P767)	324.0	0.0
10	Behavioral Health Planning Council	(P767)	50.0	0.0
TOTAL			29,689.5	0.0

*This request replaces \$650.0 in other revenue from the schools with \$650.0 from the general fund.

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	695,980.3	538,594.2	818,475.1	611,431.2	13.5
Other Transfers	141,170.1	133,943.0	128,268.0	134,436.0	0.4
Federal Revenues	2,532,890.5	2,550,513.6	3,093,245.8	2,543,810.1	-0.3
Other Revenues	53,113.7	64,490.0	77,413.0	77,414.0	20.0
Fund Balance	152.1	0.0	0.0	0.0	
SOURCES TOTAL	3,423,306.7	3,287,540.8	4,117,401.9	3,367,091.3	2.4
USES					
Personal Services and Employee Benefits	11,917.9	10,877.5	11,207.6	11,068.0	1.8
Contractual Services	25,435.5	26,419.5	36,656.1	32,190.9	21.8
Other	3,211,461.3	3,186,128.8	4,004,692.5	3,259,000.2	2.3
Other Financing Uses	48,777.9	64,115.0	64,845.7	64,832.2	1.1
TOTAL USES	3,297,592.6	3,287,540.8	4,117,401.9	3,367,091.3	2.4
FTE					
Permanent	151.0	153.0	153.0	141.0	-7.8
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	162.0	164.0	164.0	152.0	-7.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screenings as measured by healthcare effectiveness data and information set		73%	70%	69%	69%
* Outcome	Number of children and youth receiving services in the medicaid school-based services program	16,860	16,795	16,500	16,500	16,500
* Output	Number of adults enrolled in state coverage insurance	23,060	37,918	35,000	40,000	40,000
* Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services as measured by healthcare effectiveness data and information set		60%	69%	70%	70%
Output	Number of employers participating in state coverage insurance	700	1,300	1,000	1,400	1,400

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent increase of eligible children under age twenty-one who get healthcare coverage through medical assistance programs		4.1%	5%		
Output	Percent increase of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs		10.6%	2%		
Output	Percent increase of eligible children under age five who get healthcare coverage through medical assistance programs		4%	2%		
* Outcome	Percent of children enrolled in medicaid managed care who have a dental exam as measured by healthcare effectiveness data and information set		60%	52%	65%	65%
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screenings as measured by healthcare effectiveness data and information set		51%	54%	55%	55%
Output	Percent of eligible children age six to twenty-one years who get healthcare coverage through medical assistance programs				65%	65%
Output	Percent of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs				35%	35%
Output	Percent of eligible children through age five, who get healthcare coverage through medical assistance programs				90%	90%

MEDICAID BEHAVIORIAL HEALTH

The purpose of the Medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	67,951.0	62,430.4	80,075.0	67,194.5	7.6
Federal Revenues	215,081.0	227,943.6	239,833.0	206,006.5	-9.6
SOURCES TOTAL	283,032.0	290,374.0	319,908.0	273,201.0	-5.9
USES					
Other	283,032.0	290,374.0	319,908.0	273,201.0	-5.9
TOTAL USES	283,032.0	290,374.0	319,908.0	273,201.0	-5.9
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	48,814.9	47,485.9	52,219.8	42,486.4	-10.5
Other Transfers	620.6	0.0	0.0	0.0	
Federal Revenues	537,229.3	505,626.3	668,004.9	668,474.9	32.2
Other Revenues	3,713.8	4,157.9	3,412.6	4,237.6	1.9
SOURCES TOTAL	590,378.6	557,270.1	723,637.3	715,198.9	28.3
USES					
Personal Services and Employee Benefits	53,459.0	53,503.0	52,781.1	51,442.6	-3.9
Contractual Services	23,531.4	24,263.4	24,261.4	22,939.6	-5.5
Other	464,964.2	429,614.4	606,239.5	596,961.4	39.0
Other Financing Uses	48,124.5	49,889.3	40,355.3	43,855.3	-12.1
TOTAL USES	590,079.1	557,270.1	723,637.3	715,198.9	28.3
FTE					
Permanent	1,075.0	1,075.0	1,075.0	1,015.0	-5.6
Term	34.0	34.0	34.0	34.0	0.0
Temporary	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	1,159.0	1,159.0	1,159.0	1,099.0	-5.2

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of temporary assistance for needy families clients who receive a job		39%	60%	60%	60%
* Outcome	Percent of parent participants who meet temporary assistance for needy families federally required work participation requirements		38.4%	51%	50%	50%
* Outcome	Percent of temporary assistance for needy families participants who retain a job for six or more months				60%	60%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements	51.1%	47%	60%	90%	90%
Output	Number of New Mexico works clients referred to one-stop programs		1,535	4,000	4,000	4,000
* Outcome	Percent of children eligible for supplemental nutrition assistance program participating in the program	70.2%	79.6%	72%	75%	75%
* Outcome	Percent of expedited supplemental nutrition assistance program cases meeting federally required measure of timeliness within seven days	98.1%	97.8%	98%	98%	98%
* Outcome	Percent of regular supplemental nutrition assistance program cases meeting the federally required measure of timeliness within thirty days	98%	98.5%	97%	98%	98%
* Outcome	Percent of eligible individuals receiving supplemental nutrition assistance program benefits				69%	69%
Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements	42.2				
Outcome	Number of New Mexico families receiving food stamps	97,989	111,140	98,000		
Outcome	Number of temporary assistance for needy families clients who receive a job	6,488				
Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	76.5%	42.8%	78%		

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	44,534.7	44,411.1	70,480.9	44,001.6	-0.9
Other Transfers	2,273.4	2,087.9	0.0	0.0	-100.0
Federal Revenues	16,982.7	16,286.2	10,842.7	10,842.7	-33.4
Other Revenues	42.0	21.0	21.0	21.0	0.0
SOURCES TOTAL	63,832.8	62,806.2	81,344.6	54,865.3	-12.6
USES					
Personal Services and Employee Benefits	2,658.7	2,944.2	2,108.8	1,770.1	-39.9
Contractual Services	58,482.6	57,186.6	77,002.1	50,946.8	-10.9
Other	606.9	883.2	441.5	356.2	-59.7
Other Financing Uses	1,821.6	1,792.2	1,792.2	1,792.2	0.0
TOTAL USES	63,569.8	62,806.2	81,344.6	54,865.3	-12.6
FTE					
Permanent	26.0	26.0	30.0	26.0	0.0
Term	17.0	17.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	43.0	43.0	30.0	26.0	-39.5

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of youth on probation who were served by the statewide entity	43.5%	TBD	45%	45%	45%
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	9.5%	9%	8%	8%	8%
* Outcome	Youth suicide rate among fifteen to nineteen year olds served by the statewide entity	TBD	TBD	3.0	3.0	3.0
Outcome	Percent of individuals with mental illness, substance abuse disorders or both receiving services who report satisfaction with staff support with their housing needs	N/A	TBD	80%	80%	80%
Outcome	Number of driving-while-intoxicated arrests among persons receiving substance abuse treatment or services provided by the statewide entity	N/A	TBD	12%	12%	
Output	Percent of adults on probation served by the statewide entity	N/A	TBD	39%	39%	39%
* Output	Number of individuals served annually in substance abuse, mental health programs or both administered through the behavioral health purchasing collaborative statewide entity contract	72,980	76,105	73,000	73,000	75,000
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven and thirty days				37% & 59%	
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days					37%
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days					59%
Outcome	Suicide rate among adults twenty years and older served by the statewide entity				20.5	20.5

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u> 80%	<u>FY11 Recomm</u> 80%
* Outcome	Percent of people receiving substance abuse treatments who demonstrate improvement in the alcohol domain on the addiction severity index					
Outcome	Percent of people receiving substance abuse treatments who demonstrate improvement in the drug domain on the addiction severity index				75%	75%
Outcome	Percent of children receiving behavioral health services who have achieved age-appropriate scores in math and reading				Baseline	
Output	Percent increase of new supportive housing units created with development capital				Baseline	
Output	Percent increase of local community-based supportive housing partnerships				Baseline	
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for alcohol		TBD	80%		
Output	Percent increase of subsidized supportive housing rental vouchers for persons with disabilities				Baseline	
Outcome	Percent of individuals served by statewide entity living in subsidized, supportive housing units				Baseline	
Outcome	Suicide rate among adults age twenty and older per one hundred thousand (calendar year)		TBD	15.0		
Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for drugs		TBD	75%		
Outcome	Percent of children and adolescents receiving behavioral health services who are successful in school	N/A	TBD	81%		
Outcome	Suicide rate among children age fifteen to nineteen per one hundred thousand (based on three-year averages)	N/A	TBD	14.0		

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	8,788.3	8,909.8	9,344.8	8,784.6	-1.4
Federal Revenues	20,595.3	21,225.4	20,545.0	19,457.5	-8.3
Other Revenues	3,989.2	3,667.6	4,129.2	4,129.2	12.6
SOURCES TOTAL	33,372.8	33,802.8	34,019.0	32,371.3	-4.2
USES					
Personal Services and Employee Benefits	20,996.2	21,112.2	21,112.2	20,350.2	-3.6
Contractual Services	7,460.9	7,581.7	7,288.4	6,848.2	-9.7
Other	4,906.1	5,108.9	5,618.4	5,172.9	1.3
TOTAL USES	33,363.2	33,802.8	34,019.0	32,371.3	-4.2
FTE					
Permanent	403.0	408.0	408.0	368.0	-9.8
TOTAL FTE POSITIONS	403.0	408.0	408.0	368.0	-9.8

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Amount of child support collected, in millions	\$103.2	\$111.1	\$105.0	\$110.0	\$110.1
* Outcome	Percent of current support owed that is collected	58%	59.3	59%	60%	60%
* Outcome	Percent of cases with support orders	66.2	66.2%	68%	70%	70%
Outcome	Percent of children born out of wedlock with paternity establishment in child support cases	101.8%	105.4%	72%	75%	75%
Outcome	Percent of children with court-ordered medical support covered by private health insurance	36%	40%		40%	40%
Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections	57.2%	60.3%			

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	15,172.5	14,379.1	16,523.6	13,331.4	-7.3
Federal Revenues	27,666.2	26,911.1	31,159.3	26,973.1	0.2
Other Revenues	3,618.8	3,543.3	3,288.8	3,888.8	9.8
SOURCES TOTAL	46,457.5	44,833.5	50,971.7	44,193.3	-1.4
USES					
Personal Services and Employee Benefits	18,709.5	17,658.2	20,288.0	17,890.9	1.3
Contractual Services	12,012.8	11,852.8	12,248.8	11,563.8	-2.4
Other	15,015.5	15,272.5	18,434.9	14,738.6	-3.5
Other Financing Uses	29.1	50.0	0.0	0.0	-100.0
TOTAL USES	45,766.9	44,833.5	50,971.7	44,193.3	-1.4
FTE					
Permanent	258.0	258.0	279.0	240.0	-7.0
TOTAL FTE POSITIONS	258.0	258.0	279.0	240.0	-7.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of invoices paid within thirty days of receipt of the invoice	78.55%	99%	100%	100%	100%
Outcome	Percent of audit findings that are material weaknesses	0%	0%	0%	0%	0%
Outcome	Number of office of inspector general claims over thirty-six months old		4,245	3,470	3,470	3,470
Outcome	Percent of federal grant reimbursements completed that meet the federal standards for timeliness	100%	88.9%	100%	100%	100%
Output	Percent of timely final decisions on administrative disqualification hearings		100%	100%	100%	100%
Output	Number of days for the chief financial officer to certify the accuracy of financial transactions after the close of an accounting cycle		TBD	45 days	45 days	45
Output	Percent of supplemental nutrition assistance program allegations of an intentional program violation referred to the investigation bureau that are completed within ninety days and referred for an administrative disqualification hearing				50%	50%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u> 100%	<u>FY11 Recomm</u> 100%
Efficiency	Percent compliance with schedule approved by the department of finance and administration for turnaround time associated with the expenditure of federal funds and the request for reimbursement for expenditures from federal treasury					
Outcome	Percent of prior-year audit findings resolved in the current fiscal year	64%				
Outcome	Percent of federal financial reports completed accurately by due date	100%	86%			
Output	Percent of investigations referred to the office of inspector general completed within ninety days from the date assigned		34.62%	70%		
Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	77%				
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	77%				

STATUTORY AUTHORITY:

The Workforce Solutions Department was created in 2007 by Sections 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1933 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

MISSION:

The mission of the Workforce Solutions Department (WSD) is to improve the quality, career mobility, and empowerment of the New Mexico workforce, enhance productivity and competitiveness of New Mexico industry, and increase the self-sufficiency of those entering and moving up in the workforce.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8,557.9	7,317.9	8,609.4	4,587.5	-37.3
Other Transfers	4,655.1	4,341.8	5,118.5	3,638.6	-16.2
Federal Revenues	38,162.1	35,095.9	39,623.3	41,623.3	18.6
Other Revenues	199.9	5,115.3	6,089.3	3,917.9	-23.4
SOURCES TOTAL	51,575.0	51,870.9	59,440.5	53,767.3	3.7
USES					
Personal Services and Employee Benefits	28,144.8	28,057.1	29,412.0	26,801.8	-4.5
Contractual Services	2,502.8	2,801.3	3,733.4	3,133.4	11.9
Other	20,767.1	17,362.2	21,176.6	20,885.0	20.3
Other Financing Uses	160.2	3,650.3	5,118.5	2,947.1	-19.3
TOTAL USES	51,574.9	51,870.9	59,440.5	53,767.3	3.7
FTE					
Permanent	541.0	499.0	500.0	494.0	-1.0
Term	42.5	31.5	30.5	31.5	0.0
TOTAL FTE POSITIONS	583.5	530.5	530.5	525.5	-0.9

BUDGET ISSUES:

LFC recommends reducing support from the general fund and increasing federal funds projected from receipt of American Recovery and Reinvestment Act (ARRA) 2009 funding, deleting FTE, eliminating funding for unauthorized FTE, and factoring an 8 percent vacancy rate. The recommendation also includes eliminating \$250 thousand for the individual development account and \$41.5 thousand in the other category from reductions to the transportation pool and information technology equipment.

In FY09, WSD received \$30.7 million of nonrecurring federal funding stemming from ARRA. The department received \$2.7 million in unemployment insurance (UI) administration funding to support reemployment services, \$3.2 million in employment services funding for UI claimants, \$11.8 million in Workforce Investment Act (WIA) funding, and \$13 million in UI modernization funding. New Mexico is projected to receive an additional \$26 million in UI modernization funding. During the 2009 legislative session, the Legislature appropriated \$6 million of the UI modernization funding for enhancements to the UI insurance claims and interactive voice system and for facility upgrades statewide to bring buildings into compliance with the Americans with Disabilities Act. The UI modernization funding requires legislative approval and may be used on appropriation by the Legislature to pay employment service administrative costs. As such, LFC recommends \$2 million in ARRA UI modernization funding for expenditure in FY11 in the Workforce Transition Services Program.

The recommendation includes deleting 4 authorized exempt FTE and deleting funding for 3 unauthorized exempt FTE. The authorized exempt FTE are a division director II in Labor Relations Program, and a public information officer, policy senior analyst, and executive director in Program Support. The unauthorized exempt FTE are two administrative positions in Business Services Program and a building services coordinator in Program Support. The deletion of the seven exempt positions reduces the number of exempt FTE to 10 at WSD. Also, the committee recommends the deletion of 1 permanent FTE and 1 unauthorized sponsored term FTE from the Workforce Solutions University. WSD's FY11 budget request included an overall vacancy rate of 0.1 percent. LFC recommends an 8 percent vacancy rate, well below the agency's actual FY09 vacancy rate of 14.3 percent.

The savings from deleting FTE, deleting unauthorized FTE funding, and factoring a vacancy rate were reallocated to reduce general fund revenue by \$408 thousand in the personal services and employee benefits category and by \$30.9 thousand in the contractual services and other categories. Also, \$322.9 thousand in general fund revenues, \$149.1 thousand in other state funds, \$247.5 thousand in internal services funds/interagency transfers, and \$1.5 million in federal funds is reallocated from the savings to reduce other revenues. WSD's FY11 budget request included \$1.9 million in cash balances. The department requested \$4.9 million in other revenues from the employment security department fund, public works apprenticeship and training fund, and labor enforcement fund. The projected FY09 revenues for these funds total \$3 million. On December 1, 2009, WSD reported its FY11 budget request had an incorrect fund balance projection for the employment security department fund and the department projected, based on its budget request, the fund balance would be a negative \$821.8 thousand at the end of FY11. LFC recommends reducing other revenues to adjust for the incorrect fund balance for the employment security department fund and to align it with projected revenues for FY11. The committee also recommends using the \$1 million of the cash balance in the employment security department fund for a special appropriation to the Economic Development Department's Job Training Incentive Program.

WSD's increase in recurring federal funding for FY11 is largely due to the expansion of the Trade Adjustment Assistance (TAA) program. The TAA program helps workers who have lost their jobs as a result of foreign trade. The program offers a variety of benefits and services to eligible workers, including job training, income support, job search and relocation allowances, a tax credit to help pay the costs of health insurance, and a wage supplement to certain reemployed trade-affected workers 50 years old or older. The department has requested \$3.4 million in FY11 in federal TAA funding. This is an increase of \$2.9 million from FY10. The Trade and Globalization Adjustment Assistance Act of 2009, part of ARRA, made changes to the TAA program by increasing worker benefits and certification criteria.

The executive recommended the transfer of workers' compensation fund balance to the New Mexico Department of Labor in FY05, which has continued each year since. LFC recommends the continued transfer of \$691.5 thousand from the workers' compensation fund for FY11 to support agency operations. The workers' compensation fund is projected to have a balance on June 30, 2010, of \$2.4 million.

Employer taxes are collected by WSD and deposited in the federal treasury in the UI trust fund. New Mexico's UI trust fund over the last several years has been among the most solvent in the United States. On November 6, 2009, the balance of New Mexico's UI trust fund was \$260 million, a substantial decrease from the June 19, 2009, balance of \$400 million. WSD reported that currently \$1 million is expended per day from the fund. The department projects the fund will be at a negative \$113 million by January 1, 2011. The depleting fund balance can be attributed to significantly higher unemployment. WSD will likely propose increasing employer contribution rates in the 2010 legislative session to address the projected shortfall. For example, implementing contribution schedule 3, as noted in Section 51-1-11 NMSA 1978, would raise UI tax revenue by \$118 million in 2010 and create a \$19 million surplus by January 1, 2011. To delay or reduce increases to employer contribution rates, the Legislature may consider eliminating benefits for part-time and full-time students estimated to cost over \$9 million in 2009, and eliminating the temporary increase to weekly benefit amount paid, which costs approximately \$20 million annually, from 60 percent to 53.5 percent of the average weekly wage.

In 2007, the Legislature approved the creation of a state UI trust fund. WSD will create the fund by diverting \$150 million over a 3.5 year period with the principle invested by the State Investment Council (SIC). Interest earned can be used to help support activities related to unemployment or employment security. Also, funds from the state UI trust fund are available to transfer to the federal UI trust fund if needed. On November 6, 2009, the state UI trust fund was at \$92.5 million. WSD's FY10 operating budget included \$1.1 million from interest earned from the state UI trust fund; however, the total earnings from the fund was \$456 thousand in FY09. Currently, the fund is invested in short-term instruments earning approximately 0.2 percent. WSD is assessing ways to increase interest earned on the fund, such as proposing legislation to expand SIC's authority regarding investment options. The Legislature may also consider eliminating the state UI trust fund and moving funding to the federal UI trust fund to eliminate the need for increasing employer contribution rates.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Workforce Solutions Department to reduce the FY10 operating budget from the general fund by \$402.9 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$203.3 thousand in personal services and employee benefits, \$89.2 thousand in contractual services, and \$110.4 in other costs.

BASE EXPANSION:

WSD requested an expansion with no fiscal impact that reallocates federal funding for a state administrative entity bureau for WIA funding and an expansion totaling \$600 thousand for the at-risk youth program. The LFC does not view the realignment of federal funding for the state administrative entity bureau as an expansion item. The LFC recommendation adjusts for the reallocation of the federal funding in the base budget. Also, the committee does not recommend the expansion request for the at-risk youth program.

RECOMMENDED LANGUAGE:

The federal funds appropriation to the workforce transition services program of the workforce solutions department includes two million dollars (\$2,000,000) in American Recovery and Reinvestment Act 2009 unemployment insurance modernization funding for expenditure in state fiscal year 2011.

The other state funds appropriation to the workforce transition services program of the workforce solutions department in the other financing uses category includes one hundred twenty-nine thousand two hundred dollars (\$129,200) from the state unemployment trust fund provided that, if the earnings from the investment of the state unemployment trust fund are less than the total appropriations from that fund, each appropriation from the fund shall be reduced proportionately.

The internal services/interagency transfers appropriation to the labor relations program of the workforce solutions department includes six hundred ninety-one thousand five hundred dollars (\$691,500) from fund balances in the workers' compensation administration fund.

The other state funds appropriation to the workforce technology program of the workforce solutions department in the other financing uses category includes sixteen thousand four hundred dollars (\$16,400) from the state unemployment trust fund provided that, if the earnings from the investment of the state unemployment trust fund are less than the total appropriations from that fund, each appropriation from the fund shall be reduced proportionately.

The other state funds appropriation to program support of the workforce solutions department in the other financing uses category includes twenty-five thousand seven hundred dollars (\$25,700) from the state unemployment trust fund provided that, if the earnings from the investment of the state unemployment trust fund are less than the total appropriations from that fund, each appropriation from the fund shall be reduced proportionately.

BASE EXPANSION LISTING
FY11 - 2010-2011

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	State admin entity to program support (8 FTE)	(P775)	-639.0	0.0
1	State admin entity to program support (1 FTE)	(P778)	-950.1	0.0
1	Admin services division to state admin entity	(P779)	-976.6	0.0
1	State administrative entity bureau (9 FTE)	(P779)	2,753.8	0.0
1	Transfer state administrative entity funding	(P779)	-188.1	0.0
<u>2</u>	<u>At-risk youth program</u>	<u>(P779)</u>	<u>600.0</u>	<u>0.0</u>
TOTAL			600.0	0.0

WORKFORCE TRANSITION SERVICES

The purpose of the workforce transition program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	3,608.9	3,459.7	3,459.7	1,456.0	-57.9
Other Transfers	2,227.4	904.7	2,131.5	791.9	-12.5
Federal Revenues	15,309.4	13,580.8	12,816.3	14,816.3	9.1
Other Revenues	0.0	1,704.7	2,806.9	1,467.3	-13.9
SOURCES TOTAL	21,145.7	19,649.9	21,214.4	18,531.5	-5.7
USES					
Personal Services and Employee Benefits	15,387.1	15,288.6	15,340.7	14,001.1	-8.4
Contractual Services	1,139.2	502.6	851.1	851.1	69.3
Other	4,619.4	2,954.0	2,891.1	2,887.4	-2.3
Other Financing Uses	0.0	904.7	2,131.5	791.9	-12.5
TOTAL USES	21,145.7	19,649.9	21,214.4	18,531.5	-5.7
FTE					
Permanent	308.0	295.0	289.0	289.0	-2.0
Term	40.5	28.5	26.5	26.5	-7.0
TOTAL FTE POSITIONS	348.5	323.5	315.5	315.5	-2.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of adult participants receiving workforce development services through the public workforce system who are employed in the first quarter after the exit quarter	86%	83%	86%	86%	86%
* Outcome	Percent of Workforce Investment Act dislocated workers receiving workforce development services who are employed in the first quarter after the exit quarter	84%	88%	84%	84%	88%
* Outcome	Percentage of youth participants who are in employment or enrolled in post secondary education or advanced training in the first quarter after the exit quarter		66%	71%	71%	71%
Outcome	Percent of new employer status determinations completed within ninety days of the quarter ending date		81%	70%	70%	80%
Outcome	Average earnings of adult Workforce Investment Act participants who are employed in the second and third quarter following the exit quarter			\$9,000	\$9,000	\$9,000
Outcome	Total number of individuals receiving Workforce Investment Act and Wagner-Peyser services			13,000	100,000	100,000
Outcome	Number of workforce solutions department integrated business and career centers			38	32	32
Outcome	Average earnings of Workforce Investment Act dislocated worker participants who are employed in both the second and third quarter following the exit quarter			\$11,400	\$11,400	\$11,400
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim		86%	87%	87%	87%
* Output	Percent of adult Workforce Investment Act participants employed in both the second and third quarter following the exit quarter			72%	72%	72%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Percent of Workforce Investment Act dislocated worker participants employed in both the second and third quarter following the exit quarter		93%	75%	75%	90%
* Output	Average unemployment insurance call center wait time to reach an agent, in minutes		20	<5	<5	<5
Output	Annual number of workers placed			56,100	50,000	50,000
Output	Annual number of workers provided training services			12,036	1,000	1,000

LABOR RELATIONS

The purpose of the labor relations program is to provide employment rights information and other work-site based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,478.1	1,400.3	2,091.8	1,282.0	-8.4
Other Transfers	1,802.0	1,442.3	1,194.1	1,768.7	22.6
Federal Revenues	257.0	250.0	250.0	250.0	0.0
Other Revenues	0.0	750.8	1,194.1	1,077.2	43.5
SOURCES TOTAL	3,537.1	3,843.4	4,730.0	4,377.9	13.9
USES					
Personal Services and Employee Benefits	2,308.2	2,108.7	2,420.2	2,186.8	3.7
Contractual Services	0.7	11.5	11.5	11.5	0.0
Other	1,228.1	972.4	1,104.2	1,102.4	13.4
Other Financing Uses	0.0	750.8	1,194.1	1,077.2	43.5
TOTAL USES	3,537.0	3,843.4	4,730.0	4,377.9	13.9
FTE					
Permanent	43.0	42.0	42.0	41.0	-2.4
TOTAL FTE POSITIONS	43.0	42.0	42.0	41.0	-2.4

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of backlogged human rights commission hearings pending each quarter	0	0	0	0	0
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	96%	100%	96%	96%	96%
* Outcome	Percent of discrimination cases referred to alternative dispute resolution that were settled				78%	78%
* Output	Number of targeted public works inspections completed	1,881	1,915	1,800	1,800	1,800

WORKFORCE TECHNOLOGY

The workforce technology program provides and maintains customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,549.3	1,365.6	1,365.6	1,342.5	-1.7
Other Transfers	229.1	201.3	237.8	35.6	-82.3
Federal Revenues	2,944.2	3,208.7	3,176.6	3,176.6	-1.0
Other Revenues	160.2	226.6	277.2	75.0	-66.9
SOURCES TOTAL	4,882.8	5,002.2	5,057.2	4,629.7	-7.4
USES					
Personal Services and Employee Benefits	3,032.6	3,032.9	3,068.5	2,843.2	-6.3
Contractual Services	822.0	760.2	812.2	812.2	6.8
Other	868.0	1,007.8	938.7	938.7	-6.9
Other Financing Uses	160.2	201.3	237.8	35.6	-82.3
TOTAL USES	4,882.8	5,002.2	5,057.2	4,629.7	-7.4
FTE					
Permanent	48.0	41.0	42.0	41.0	0.0
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	49.0	42.0	42.0	42.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of system availability during scheduled up-time		98%	95%	95%	95%
Outcome	Percent of time unemployment insurance benefits are paid within one business day of claimant certification				95%	95%
Output	Percent of unemployment insurance system response time average, less than five seconds				80%	80%

BUSINESS SERVICES

The purpose of the business services program is to provide standardized business solution strategies and labor market information through New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	391.4	308.4	308.4	3.2	-99.0
Federal Revenues	2,400.5	2,811.3	4,962.8	4,962.8	76.5
SOURCES TOTAL	2,791.9	3,119.7	5,271.2	4,966.0	59.2
USES					
Personal Services and Employee Benefits	1,930.4	2,010.2	1,963.7	1,664.4	-17.2
Contractual Services	43.4	283.1	283.6	283.6	0.2
Other	818.1	826.4	3,023.9	3,018.0	265.2
TOTAL USES	2,791.9	3,119.7	5,271.2	4,966.0	59.2
FTE					
Permanent	39.0	32.0	31.0	31.0	-3.1
TOTAL FTE POSITIONS	39.0	32.0	31.0	31.0	-3.1

		PERFORMANCE MEASURES				
		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of employers sampled reporting customer satisfaction		94%	84%	84%	90%
* Output	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services		104,033	20,000	20,000	20,000
Output	Number of days to publish, at the state level, seasonally adjusted business employment dynamics quarterly data on receipt from the bureau of labor statistics		9	30	30	9

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

		BUDGET SUMMARY (dollars in thousands)				
		FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
				Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	1,530.2	783.9	1,383.9	503.8	-35.7
	Other Transfers	396.6	1,793.5	1,555.1	1,042.4	-41.9
	Federal Revenues	17,251.0	15,245.1	18,417.6	18,417.6	20.8
	Other Revenues	39.7	2,433.2	1,811.1	1,298.4	-46.6
	SOURCES TOTAL	19,217.5	20,255.7	23,167.7	21,262.2	5.0
USES						
	Personal Services and Employee Benefits	5,486.5	5,616.7	6,618.9	6,106.3	8.7
	Contractual Services	497.5	1,243.9	1,775.0	1,175.0	-5.5
	Other	13,233.5	11,601.6	13,218.7	12,938.5	11.5
	Other Financing Uses	0.0	1,793.5	1,555.1	1,042.4	-41.9
	TOTAL USES	19,217.5	20,255.7	23,167.7	21,262.2	5.0
FTE						
	Permanent	103.0	89.0	96.0	92.0	3.4
	Term	1.0	2.0	4.0	4.0	100.0
	TOTAL FTE POSITIONS	104.0	91.0	100.0	96.0	5.5

		PERFORMANCE MEASURES				
		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of annual independent state audit prior-year findings resolved		75%	100%	100%	100%
Output	Percent completion of program and fiscal monitoring of all state and federal services providers including distribution of final report on an annual basis within forty-five days after the exit conference				100%	100%
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			5 days	7 days	7 days

STATUTORY AUTHORITY:

The Workers' Compensation Administration (WCA) administers the Workers' Compensation Act (Sections 52-1-1 through Sections 52-1-70 and Sections 52-5-1 to 52-5-22 NMSA 1978), Occupational Disease Disablement Law (Sections 52-3-1 to 52-3-60 NMSA 1978), and Health Care Provider Law (Sections 52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	13,496.3	12,742.4	12,018.8	11,607.5	-8.9
SOURCES TOTAL	13,496.3	12,742.4	12,018.8	11,607.5	-8.9
USES					
Personal Services and Employee Benefits	8,781.4	9,107.7	9,107.7	8,038.1	-11.7
Contractual Services	302.1	445.5	448.7	448.7	0.7
Other	2,040.5	2,497.7	2,462.4	2,429.2	-2.7
Other Financing Uses	691.5	691.5	0.0	691.5	0.0
TOTAL USES	11,815.5	12,742.4	12,018.8	11,607.5	-8.9
FTE					
Permanent	141.0	143.0	143.0	136.0	-4.9
TOTAL FTE POSITIONS	141.0	143.0	143.0	136.0	-4.9

BUDGET ISSUES:

LFC recommends a decrease of \$1.1 million in FY11 from the FY10 operating budget. Laws 2009, Chapter 3, Section 4, reduced the workers' compensation administration fund by \$5 million to address the state's budget shortfall in FY09. WCA estimates workers' compensation assessments will decrease by 3.7 percent in FY10 due to declining payrolls. The fund balance could worsen if the unemployment rate continues to steadily increase in New Mexico.

The recommendation includes a decrease of \$430.2 thousand in personal services and employee benefits due to the deletion of 4 FTE that have been vacant for over a year and the deletion of 3 exempt FTE (attorney, special assistant III and administrative assistant III). WCA currently has 11 exempt positions. Also, WCA's budget request includes a vacancy rate of 0.2 percent for the personal services and employee benefits category. The committee recommends the application of a vacancy rate of 8 percent, totaling \$595.7 thousand and below the agency's historic vacancy rate of 16 percent. The other category shows a reduction of \$33.2 thousand in office supplies, Department of Information Technology telecommunication rates, and out-of-state travel costs.

WCA receives funding from quarterly fees of \$2 collected from employees, matched by an employer contribution of \$2, and a relatively new 30 cent assessment, for a combined annual total of \$17.20 per employee. The 30 cent assessment supports claims filed against employers that were noncompliant with the law requiring workers' compensation insurance. When fees fall short of supporting the agency's budget, accumulated fund balances have been used to support agency expenditures. WCA projects the fund balance to be \$5.9 million at the end of FY10.

The uninsured employers' fund was created in 2003 to provide workers' compensation benefits for those whose employers by law should, but do not, have workers' compensation coverage. The source of funding is supplemented by the collection of costs plus penalties from the uninsured employers whose employees receive benefits from the fund. Due to concerns regarding solvency of the fund, in December 2005 WCA changed its regulations to implement a lifetime cap of \$40 thousand for medical and indemnity each per injury. WCA does not have an actuarial study on the uninsured employers' fund.

The Workforce Solutions Department has received funding from the workers' compensation fund since FY05 to replace decreasing federal funds. The committee recommends the transfer to continue in FY11.

WCA's office in Las Vegas, NM, has a total square footage of 6,515, and houses five employees full-time and one employee who moves between the Las Vegas and Santa Fe offices. In FY09, WCA reported the Las Vegas office served an average of 19.5 walk-in clients and conducted an average of 10.3 hearings a month. LFC recommends WCA evaluate whether it is cost-effective to have an office in Las Vegas.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies funded by other state funds were included in Executive Order 2009-044 and directed to generate budget savings for FY10. The plan submitted by the agency increases vacancy savings by \$347 thousand to produce a 2.7 percent overall reduction. The LFC recommendation for the FY11 budget is 6.2 percent lower than the adjusted FY10 amount.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefit to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	12,022.7	11,573.3	10,849.7	10,438.4	-9.8
SOURCES TOTAL	12,022.7	11,573.3	10,849.7	10,438.4	-9.8
USES					
Personal Services and Employee Benefits	8,781.4	9,107.7	9,107.7	8,038.1	-11.7
Contractual Services	292.1	345.5	348.7	348.7	0.9
Other	1,302.1	1,428.6	1,393.3	1,360.1	-4.8
Other Financing Uses	691.5	691.5	0.0	691.5	0.0
TOTAL USES	11,067.1	11,573.3	10,849.7	10,438.4	-9.8
FTE					
Permanent	141.0	143.0	143.0	136.0	-4.9
TOTAL FTE POSITIONS	141.0	143.0	143.0	136.0	-4.9

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of formal claims resolved without trial	83.1%	93%	85%	85%	85%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	.720	.640	.650	.620	.620
* Outcome	Percent of employers referred for investigation that are determined to be in compliance with insurance requirements of the Workers' Compensation Act		62%	65%	65%	65%
Outcome	Percent of all employers with worker compensation premium liabilities above five thousand dollars that have met reporting requirements for safety inspections		37%	baseline	35%	35%
Outcome	Number of employers that have received education or outreach from the workers' compensation administration	8,348				
* Output	Number of first reports of injury processed	37,658	36,151	40,000	38,400	38,400
Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	4,389	3,989			
Output	Number of employers that had a workplace safety visit or consultation	2,065				
Output	Number of serious injuries and illnesses caused by workplace conditions	5,722	5,147			
Efficiency	Percent of employers experiencing three or more accidents within a twelve-month period that demonstrate a reduction in the number of accidents per year following workers' compensation administration safety inspection and consultation		57%	baseline	56%	56%

UNINSURED EMPLOYERS' FUND

To provide workers' compensation benefits to employees of uninsured employers.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	1,473.6	1,169.1	1,169.1	1,169.1	0.0
SOURCES TOTAL	1,473.6	1,169.1	1,169.1	1,169.1	0.0
USES					
Contractual Services	10.0	100.0	100.0	100.0	0.0
Other	738.4	1,069.1	1,069.1	1,069.1	0.0
TOTAL USES	748.4	1,169.1	1,169.1	1,169.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

STATUTORY AUTHORITY:

The Division of Vocational Rehabilitation (DVR) is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. DVR is a division within the Public Education Department. The statute requires DVR to provide vocational education to disabled individuals. Vocational education services include guidance and counseling, vocational instruction, training for vocational education instructors, transportation, and training material and equipment.

MISSION:

The mission of DVR is to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,248.6	5,888.1	5,959.2	5,770.3	-2.0
Other Transfers	1,298.2	1,391.5	1,453.8	1,453.8	4.5
Federal Revenues	34,558.0	38,158.5	38,100.7	38,100.7	-0.2
Other Revenues	50.4	0.0	0.0	0.0	
Fund Balance	137.9	53.0	83.0	83.0	56.6
SOURCES TOTAL	42,293.1	45,491.1	45,596.7	45,407.8	-0.2
USES					
Personal Services and Employee Benefits	18,915.5	20,429.2	19,766.0	19,766.0	-3.2
Contractual Services	755.6	1,086.3	1,100.7	1,029.6	-5.2
Other	21,600.6	23,975.6	24,730.0	24,612.2	2.7
TOTAL USES	41,271.7	45,491.1	45,596.7	45,407.8	-0.2
FTE					
Permanent	287.0	287.0	287.0	287.0	0.0
Term	38.0	38.0	26.0	26.0	-31.6
TOTAL FTE POSITIONS	325.0	325.0	313.0	313.0	-3.7

BUDGET ISSUES:

The overall general fund recommendation of \$5.8 million for the agency represents a 2 percent decrease compared with the FY10 operating budget. The basic support federal grant is matched at 78.7 percent federal funds to 21.3 percent from the general fund and represents the majority of the Rehabilitation Services Program. Anticipated federal funds for the Rehabilitation Services Program decreased from FY10 due to reductions in general fund monies and the corresponding match. In addition, the program decreased federally funded term positions and did not receive a mentoring trans age youth grant, which was 100 percent federally funded. However, in FY10 the program received \$4.4 million in American Recovery and Reinvestment Act funding. The department plans to use the funding for the remainder of FY10 and FY11. In addition to the general fund match, \$466 thousand is transferred from the Commission for the Deaf and Hard-of-Hearing Persons to increase vocational training for hearing-disabled individuals. These funds qualify as state matching funds.

In FY09, the Rehabilitation Services Program experienced a decrease in outcomes related to performance measures. Financial and economic conditions created challenges in the labor market, making it more difficult for persons with disabilities to obtain employment. Consequently, the agency revised one performance measure related to the number of persons achieving suitable employment for a minimum of 90 days to reflect the current economic conditions. The FY11 target decreased to 1,700 from 1,850 in FY10.

The Independent Living Services Program contracts with centers throughout the state to provide services in their communities. The general fund recommendation includes a decrease of \$117.8 thousand, or 8.8 percent. In FY10, the Independent Living Services program did not sustain any reductions in general fund. Federal funds increased \$91.4 thousand in FY11. For FY10, the program received \$199.2 thousand in additional federal funds related to the American Recovery and Reinvestment Act.

The Disability Determination Program is 100 percent federally funded through the Social Security Administration. The program adjudicates eligibility for Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) for all applicants from the state of New Mexico. In FY11, the anticipated increase in federal funds for the program is \$1.9 million, or 16.1 percent.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Division of Vocational Rehabilitation to reduce the FY10 operating budget from the general fund by \$117.8 thousand.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes four hundred sixty-six thousand dollars (\$466,000) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

Any unexpended balances in the division of vocational rehabilitation remaining at the end of fiscal year 2011 from appropriations made from the general fund shall not revert.

REHABILITATION SERVICES PROGRAM

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so that they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,867.7	4,552.3	4,623.4	4,552.3	0.0
Other Transfers	1,298.2	1,391.5	1,453.8	1,453.8	4.5
Federal Revenues	23,905.0	25,525.8	23,472.6	23,472.6	-8.0
Other Revenues	50.1	0.0	0.0	0.0	
Fund Balance	137.9	53.0	83.0	83.0	56.6
SOURCES TOTAL	30,258.9	31,522.6	29,632.8	29,561.7	-6.2
USES					
Personal Services and Employee Benefits	13,959.9	13,987.8	13,517.8	13,517.8	-3.4
Contractual Services	582.3	828.6	856.7	785.6	-5.2
Other	14,732.2	16,706.2	15,258.3	15,258.3	-8.7
TOTAL USES	29,274.4	31,522.6	29,632.8	29,561.7	-6.2
FTE					
Permanent	190.0	190.0	190.0	190.0	0.0
Term	38.0	38.0	26.0	26.0	-31.6
TOTAL FTE POSITIONS	228.0	228.0	216.0	216.0	-5.3

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,687	1,544	1,850	1,700	1,700
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	61%	56%	60%	60%	60%
* Outcome	Percent of persons achieving suitable employment outcomes who are competitively employed or self-employed	96%	94%	97%	95%	95%
* Outcome	Percent of persons with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	96%	94%	96%	95%	95%

INDEPENDENT LIVING SERVICES PROGRAM

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,380.9	1,335.8	1,335.8	1,218.0	-8.8
Federal Revenues	158.6	250.0	250.0	250.0	0.0
SOURCES TOTAL	1,539.5	1,585.8	1,585.8	1,468.0	-7.4
USES					
Other	1,502.3	1,585.8	1,585.8	1,468.0	-7.4
TOTAL USES	1,502.3	1,585.8	1,585.8	1,468.0	-7.4
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of independent living plans developed	611	739	550	550	650
* Output	Number of individuals served for independent living	860	997	800	800	800

DISABILITY DETERMINATION PROGRAM

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so that they may receive benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	10,494.4	12,382.7	14,378.1	14,378.1	16.1
Other Revenues	0.3	0.0	0.0	0.0	
SOURCES TOTAL	10,494.7	12,382.7	14,378.1	14,378.1	16.1
USES					
Personal Services and Employee Benefits	4,955.6	6,441.4	6,248.2	6,248.2	-3.0
Contractual Services	173.3	257.7	244.0	244.0	-5.3
Other	5,366.1	5,683.6	7,885.9	7,885.9	38.7
TOTAL USES	10,495.0	12,382.7	14,378.1	14,378.1	16.1
FTE					
Permanent	97.0	97.0	97.0	97.0	0.0
TOTAL FTE POSITIONS	97.0	97.0	97.0	97.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Efficiency	Number of days for completing an initial disability claim	78.65	80.4	80	80	80
* Quality	Percent of disability determinations completed accurately	94.7%	97.7%	97%	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, Workforce Solutions, and Children, Youth and Families, the director of the Division of Vocational Rehabilitation of the Public Education Department, and the director of Behavioral Health Services Division of the Human Services Department.

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	942.2	1,168.9	1,268.9	822.3	-29.7
Other Transfers	88.8	50.0	0.0	58.5	17.0
Fund Balance	22.8	0.0	0.0	63.5	
SOURCES TOTAL	1,053.8	1,218.9	1,268.9	944.3	-22.5
USES					
Personal Services and Employee Benefits	625.8	720.3	747.8	633.5	-12.1
Contractual Services	132.6	339.4	308.2	178.2	-47.5
Other	210.2	159.2	212.9	132.6	-16.7
TOTAL USES	968.6	1,218.9	1,268.9	944.3	-22.5
FTE					
Permanent	10.0	10.0	10.0	8.0	-20.0
TOTAL FTE POSITIONS	10.0	10.0	10.0	8.0	-20.0

BUDGET ISSUES:

The commission opted to contract for adaptive driving services rather than start a state-run training program. Therefore, the recommendation for FY11 eliminates an FTE position dedicated to the program and shifts \$70 thousand into contractual services. The recommendation also deletes a vacant administrative secretary FTE. If necessary, the commission may seek administrative support from the Department of Finance and Administration, to which it is administratively attached.

While the commission received \$250 thousand for deaf-blind support service providers (SSP) in Bernalillo County in FY10, this function is better managed primarily by the Commission for Deaf and Hard-of-Hearing Persons, which has contracts with organizations that can provide the services. The commission set aside funding for four SSP-related initiatives with this appropriation – a demonstration project in Bernalillo County, a model training project, a Native American summer camp, and direct services through existing state agency programs at the Division of Vocational Rehabilitation and the Commission for the Blind. The Commission for Deaf and Hard-of-Hearing Persons should seek to continue the initiatives that prove successful, and funding for this purpose at the Governor's Commission on Disability is reduced to \$50 thousand in FY11.

The commission will also be able to use other revenue in FY11, including cash balances that have accrued in the nonreverting disability fund.

In future years, the state should consider consolidating the Governor's Commission on Disability, the Commission for Deaf and Hard-of-Hearing Persons, and the Commission for the Blind to take advantage of operational efficiencies, related missions, and duplicative administrative overhead.

While the commission requested an increase from the general fund to expand the Southwest Conference on Disability, the agency will have to seek sponsorships and other revenue sources to grow the conference in FY11.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Governor's Commission on Disability to reduce the FY10 operating budget from the general fund by \$58.5 thousand.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>SW Conf on Disability/20 Yr Anniv of ADA</u>	<u>(P698)</u>	<u>50.0</u>	<u>0.0</u>
TOTAL			50.0	0.0

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability is to promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age or other factors. The commission educates state administrators, legislators and the public on the issues facing New Mexicans with disabilities, especially as they relate to Americans with Disability Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that quality of life issues for New Mexicans with disabilities are being addressed	191	211	125	125	125
* Outcome	Number of presentations and events in which agency participates and contributes	43	75	45	45	45
Output	Number of persons seeking technical assistance on disability issues	4,974	5,238			
Outcome	Percent of requested architectural plan reviews and site inspection completed				80%	80%
Output	Number of architectural plans reviewed and sites inspected	203	211			

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,186.9	4,396.9	6,642.4	4,186.9	-4.8
Other Transfers	50.0	50.0	75.0	75.0	50.0
Federal Revenues	625.9	510.5	536.9	510.5	0.0
SOURCES TOTAL	4,862.8	4,957.4	7,254.3	4,772.4	-3.7
USES					
Personal Services and Employee Benefits	1,035.2	984.3	1,272.6	996.3	1.2
Contractual Services	3,130.9	3,293.3	5,307.8	3,319.9	0.8
Other	605.7	679.8	673.9	456.2	-32.9
TOTAL USES	4,771.8	4,957.4	7,254.3	4,772.4	-3.7
FTE					
Permanent	15.0	15.0	20.0	15.0	0.0
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	20.0	16.0	0.0

BUDGET ISSUES:

The DDPC base appropriation request was \$6.6 million, \$2.2 million or 51 percent over the FY10 operating budget of \$4.4 million. The majority of the requested increase, \$2 million, was to address DDPC estimated growth in the guardianship program.

The recommendation is \$4.19 million, which represents a 4.8 percent decrease from the general fund appropriation for FY10. Guardianship contractual services are recommended at the current amount to maintain continuity in guardianships at the same level of services. A vacancy factor of 5 percent was applied to the guardianship program; the vacancy rate for FY08 was 10.6 percent although no vacancies exist at the current time. Contracts and other cost items were reduced to FY09 expenditure levels and out-of-state travel was significantly reduced to allow one individual to attend a conference when the request was for multiple individuals from the same program. Two items resulting from management decisions adding to agency costs were not funded. The first was an increase in liability rates to \$49.5 thousand from \$2.4 thousand in FY10, resulting from a settlement for the termination of the former legal counsel, and a 7 percent pay increase for the executive director. Because these increases were not authorized by acts of the Legislature, the agency will need to fund these increased costs for savings within other areas.

DDPC should explore combining administrative and financial functions with other commissions (e.g., the Commission for Deaf and Hard-of-Hearing Persons and Governor's Commission on Disabilities) to reduce administrative costs among the agencies.

Both the Developmental Disabilities Planning Council and Brain Injury Advisory Council are meeting program requirements and provide advice to the Department of Health, Aging and Long-Term Services Department, and Human Services Department. The Consumer Services Program operates the Center for Self-Advocacy to support and assist individuals with disabilities. DDPC reports staffing issues at the center because there is only 1 FTE to supervise employees with disabilities.

For the guardianship program, the number of clients receiving corporate guardianship at the end of FY09 was 690, an increase of 96 from FY08 or 14 percent. DDPC budgeted growth of this program to 777 by the end of FY10 and expects growth to continue to approximately 1,500 in the future.

Since the guardianship program was transferred from the Attorney General in 2004, the program has grown from \$2.39 million to \$3.5 million, an increase of 42 percent, and from 2.5 to 5.5 FTE, an increase of 120 percent. Even though the Developmental Disabilities Planning Council was created as an advocacy agency for individuals with developmental disabilities, the efforts of guardianship is a significantly increased role requiring greater resources. As the program grows, DDPC has needed to develop infrastructure to support the program, including managers, financial and contract capabilities and information technology support.

In 2008, HM6 established a task force to review the guardianship program and make recommendations to the Legislature for changes to statute and the program. The recommendations of the task force resulted in passage of Laws 2009, Chapter 159. The term "ward" is replaced throughout New Mexico law with the phrase "protected person." It also included changes in the minimal qualifications for guardians, requirements to make guardians more responsive to their clients, including the need to report any felony convictions of the guardian, and to be consulted in decisions about their clients.

DDPC generally met all the performance targets; however, targets in the request for some measures were significantly below the FY09 performance.

Some performance targets were increased to reflect results achieved in FY09 with the same staffing level.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Developmental Disabilities Planning Commission to reduce the FY10 operating budget from the general fund by \$131.9 thousand. Most of the reductions were taken in contractual services in the area of guardianship.

BASE EXPANSION:

DDPC requested \$663.9 thousand from the general fund and 5 FTE in four expansions. The request includes an FTE for the Consumer Services Program's Center for Self Advocacy to provide supervision for volunteers at the facility, 2 FTE for the guardianship program for oversight and training, one information technology position to maintain and update the website and computer databases, and an accountant and auditor position to better coordinate and segregate financial matters.

No expansions were recommended. DDPC should coordinate with DOH to staff the Center for Self-Advocacy to increase hours services are available.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	CSA Position	(P739)	49.5	0.0
2	Office of Guardianship Expansion	(P737)	523.5	0.0
3	IT Generalist Position	(P727)	66.7	0.0
4	<u>Accountant/Auditor Position</u>	<u>(P727)</u>	<u>50.6</u>	<u>0.0</u>
TOTAL			690.3	0.0

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities for persons with disabilities so that they may realize their dreams and potentials and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	493.5	508.5	638.0	472.1	-7.2
Federal Revenues	625.9	510.5	536.9	510.5	0.0
SOURCES TOTAL	1,119.4	1,019.0	1,174.9	982.6	-3.6
USES					
Personal Services and Employee Benefits	537.3	516.7	585.7	492.4	-4.7
Contractual Services	300.1	161.3	324.7	311.8	93.3
Other	282.0	341.0	264.5	178.4	-47.7
TOTAL USES	1,119.4	1,019.0	1,174.9	982.6	-3.6
FTE					
Permanent	6.5	6.5	8.5	6.5	0.0
Term	1.0	1.0	0.0	1.0	0.0
TOTAL FTE POSITIONS	7.5	7.5	8.5	7.5	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of persons with developmental disabilities, their family members or guardians and others involved in services for persons with developmental disabilities served by the agency in the federally mandated areas	6,430	5,800	2,500	2,500	5,500
* Output	Number of monitoring site visits conducted	49	45	36	36	45
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	173	212	44	44	200
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	95%	90%	80%	80%	90%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the utilization and implementation of programs provided through the aging and long-term services department's brain injury services fund so that they may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	128.8	128.0	128.0	97.0	-24.2
SOURCES TOTAL	128.8	128.0	128.0	97.0	-24.2
USES					
Personal Services and Employee Benefits	66.4	64.7	65.6	65.6	1.4
Contractual Services	6.7	26.8	25.3	6.9	-74.3
Other	52.5	36.5	37.1	24.5	-32.9
TOTAL USES	125.6	128.0	128.0	97.0	-24.2
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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	95%	98%	80%	80%	95%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship is to enter into, monitor, and enforce guardianship contracts for income-eligible persons and help to file, investigate and resolve complaints about guardianship services provided by contractors in order to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,320.8	3,518.3	5,581.9	3,428.2	-2.6
SOURCES TOTAL	3,320.8	3,518.3	5,581.9	3,428.2	-2.6
USES					
Personal Services and Employee Benefits	335.5	316.7	501.0	354.5	11.9
Contractual Services	2,815.9	3,096.2	4,948.8	2,997.9	-3.2
Other	83.7	105.4	132.1	75.8	-28.1
TOTAL USES	3,235.1	3,518.3	5,581.9	3,428.2	-2.6
FTE					
Permanent	5.5	5.5	7.5	5.5	0.0
TOTAL FTE POSITIONS	5.5	5.5	7.5	5.5	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Quality	Percent of protected persons provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey	100%	95%	75%	75%	90%
* Outcome	Percent of protected persons properly served with the least restrictive means, as evidenced by an annual technical compliance audit	100%	100%	80%	80%	95%
Quality	Percent of protected persons properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey	N/A	N/A	80%	80%	80%

CONSUMER SERVICES PROGRAM

The purpose of the consumer services program is to provide training, information and referral for individuals with disabilities and their family members so that they can live more independent and self-directed lives.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	243.8	242.1	294.5	189.6	-21.7
Other Transfers	50.0	50.0	75.0	75.0	50.0
SOURCES TOTAL	293.8	292.1	369.5	264.6	-9.4
USES					
Personal Services and Employee Benefits	96.0	86.2	120.3	83.8	-2.8
Contractual Services	8.2	9.0	9.0	3.3	-63.3
Other	187.5	196.9	240.2	177.5	-9.9
TOTAL USES	291.7	292.1	369.5	264.6	-9.4
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

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs	5,812	5,803	3,500	3,500	5,500
Output	Number of individuals trained on self-advocacy and disability-related issues	230	476	75	75	450
Output	Number of trainings conducted annually on self-advocacy and disability-related issues	15	47	6	6	40
* Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings	94.41%	96%	85%	85%	93%
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues, as evidenced by training tests	88.75%	85%	80%	80%	85%

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 an intensive care unit, is required to provide health care 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 health care, providing quality acute care, long-term care, and related services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	7,858.0	5,489.3	5,786.1	5,094.1	-7.2
Federal Revenues	253.7	257.0	321.8	321.8	25.2
Other Revenues	22,141.3	23,840.7	23,394.3	22,702.3	-4.8
Fund Balance	1,800.0	0.0	0.0	0.0	
SOURCES TOTAL	32,053.0	29,587.0	29,502.2	28,118.2	-5.0
USES					
Personal Services and Employee Benefits	13,663.9	12,936.6	12,953.2	12,312.9	-4.8
Contractual Services	4,708.9	4,599.5	4,646.1	4,646.1	1.0
Other	6,045.6	6,561.6	6,116.8	6,065.1	-7.6
Other Financing Uses	7,858.0	5,489.3	5,786.1	5,094.1	-7.2
TOTAL USES	32,276.4	29,587.0	29,502.2	28,118.2	-5.0
FTE					
Permanent	211.5	211.5	211.5	211.5	0.0
Term	13.5	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	225.0	225.0	225.0	225.0	0.0

BUDGET ISSUES:

The agency's total request of \$29.5 million was flat compared with the FY10 operating budget. The agency projected decreased patient revenues of \$500 thousand from payments for individual care mostly from private insurers. It included increased transfers from the miners' trust income fund of \$300 thousand for a request of \$5.8 million from the fund. Revenues in the trust on June 30, 2009, were \$5.35 million. The committee recommendation of \$28.1 million is a reduction of 4.7 percent from the request and 5 percent from FY10. Except for direct patient care positions budgeted at mid-point, vacant positions are budgeted at entry level, and all other vacant positions are budgeted at the lowest rate for employees in the available state health insurance plans. This is consistent with the executive request instructions and LFC guidelines. This action reduces the need by \$640 thousand. Minor adjustments were made in other costs to match FY09 actual expenditures unless requested increases were sufficiently justified.

The committee recommends a 5 percent vacancy factor as opposed to the agency request of no vacancy rate. The agency request reported a vacancy of 11.4 percent and an average of 12.3 percent for FY09. Applying a reasonable vacancy factor will reduce distributions from the income fund.

For FY09, reported expenditures exceeded revenues by approximately \$220 thousand. The agency submitted deposits to the Department of Finance and Administration that have not yet been credited. The FY09 agency audit will be used to determine expenditures to revenues. Adjusting entries will be made if an over-expenditure still remains.

Because of investment losses approximating 30 percent for the miners' trust fund and the reduction from 5.8 percent to 5.5 percent in FY13 and 5 percent in FY17 in distribution from the fund, it is prudent to reduce the distribution from the miners trust

income fund to the minimum level required to support the acute care hospital and long-term care facility. This will provide additional revenue in the future.

The new acute care hospital is a 75,000-square-foot, 33-bed facility and meets new hospital design standards and best operational practices. It provides in-patient and out-patient care and has two state-of-the-art operating rooms, two trauma rooms, and two treatment rooms in the emergency room area, one hazardous materials decontamination room, and a triage room. It also has a lighted helicopter pad. The facility provides pulmonary services, both oncology and Black Lung treatment, which it augments with a mobile van for Black Lung treatment services statewide. Cost of the facility was \$24.1 million and principal and debt payments are \$1.3 million annually.

The emergency room is a 24-hour facility and is the only emergency room on Interstate 25 between Las Vegas and Pueblo, Colorado. The acute facility also operates an obstetrics unit and reflects the transition of the hospital from serving miners to being the county and regional hospital for the area.

In addition, the agency operates a long-term care nursing facility at another location in Raton, licensed for 10 adult residents, and a nursing facility of 37 beds. The facility received a five-star rating from the Centers for Medicare and Medicaid Services (CMS) for the quality of services provided. Only 7 percent of nursing facilities receive this rating.

Due to reduction of miners in the local area, only 15 percent of patients at the acute care hospital are miners. At the long-term care facility 90 percent patients are classified as miners.

The hospital and community still have not determined a future use for the old hospital. The agency spends approximately \$280 thousand annually for minor upkeep but the building will deteriorate over time due to non-use. The Board of Trustees needs to aggressively look for future uses or plan for destruction.

The Miners' Hospital will soon experience financial difficulties because of community desires for a full-capacity hospital, declining income trust fund revenues, and small revenues from federal sources. A briefing provided by the hospital indicates that operating expenses will exceed revenues beginning in FY12. In an attempt to earn additional revenue, the hospital is planning on applying to CMS to be designated as a critical access hospital. If approved, approximately \$1.3 million in additional revenue will be realized. This status is designed to ensure medical coverage in rural areas and will allow recouping from the federal government of 101 percent of federally billed costs. Additional funding will be provided to keep the emergency room open. However, the acute bed capacity will have to be reduced to 25 to comply with federal requirements. This will reduce staffing levels in the facility. In addition, the hospital administrator has begun discussions with city and county authorities about the possible need for funding to augment existing revenues. Other initiatives include electronic billing and collections to improve revenues from third parties.

The agency's performance on the measure for infection rate following treatment of almost 8 percent is very high compared with its target of less than 2 percent. Management attention is needed to reduce this rate. The patient fall rate has been reduced to one-quarter of 1 percent, which is commendable and reflects a good training program and attention to detail by staff.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 requested Miners' Hospital of New Mexico to reduce the FY10 operating budget by responsible but meaningful savings. The agency submitted a reduction of \$474.4 thousand or 2 percent; however, the LFC recommendation is still below the reduced FY10 operating budget.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the healthcare program of miners' hospital of New Mexico in the other financing uses category includes five million ninety-four thousand one hundred dollars (\$5,094,100) from the miners' trust fund.

MINERS' HOSPITAL OF NEW MEXICO

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

		FY08	FY09	FY10	FY11	FY11
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of budgeted revenue collected	114%	97%	100%	100%	100%
* Outcome	Infection rates following treatment per 1,000 patient days	2.53%	7.695%	<2.0%	<2.0%	<2.0%
Outcome	Average patient length of stay, in days, for the acute-care facility	3.3	3.7	3	4	4
* Outcome	Patient fall rates per 1,000 patient days	0.63%	.25%	0.5%	0.5%	0.5%
Output	Number of outpatient visits	13,206	16,298	15,840	15,840	15,840
Output	Number of outreach clinics conducted	20	15	18	18	18
Output	Number of admissions to the acute-care facility	1,528	1,558	1,600	1,600	1,600
Output	Number of discharges from the acute-care facility	1,525	1,568	1,500	1,500	1,500
Output	Number of visits to the black lung clinic	89	189	110	110	110
Output	Number of admissions to the long-term care facility	32	37	35	35	35
Output	Number of visits to the outreach clinic	216	519	450	450	450
Output	Number of surgeries performed	591	888	750	750	750
Outcome	Percent of occupancy at nursing home based on licensed beds				85%	85%
Efficiency	Gross number of days in accounts receivable				70	70
Quality	Percent of patients readmitted within 30 days with same or similar diagnosis				<20%	<20%
Quality	Percent of time provider fails to respond to emergency room patient within required time frames				<5%	<5%
Quality	Percent of emergency department patients returning to the emergency department with same or similar diagnosis				<15%	<15%

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 seven programs: Public Health; Epidemiology and Response; Laboratory Services; Facilities Management; Developmental Disabilities Support; Health Certification, Licensing and Oversight; and Administration. Laws 2007, Chapter 325, transferred the behavioral health services program from DOH to the Human Services Department (HSD) effective July 1, 2007.

Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, pharmaceutical services, community-based services for the developmentally disabled, and licensing and oversight of hospitals, nursing homes, other healthcare facilities, and other community programs.

In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, 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.

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)

	FY09	FY10	FY11 – 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	294,181.2	285,434.3	296,021.5	270,716.7	-5.2
Other Transfers	79,656.4	35,591.9	33,092.1	30,876.2	-13.2
Federal Revenues	99,901.9	100,454.5	106,509.6	105,167.0	4.7
Other Revenues	56,095.3	118,150.7	118,592.8	115,250.4	-2.5
Fund Balance	2,121.0	0.0	0.0	0.0	
SOURCES TOTAL	531,955.8	539,631.4	554,216.0	522,010.3	-3.3
USES					
Personal Services and Employee Benefits	211,221.5	220,915.6	218,906.0	209,583.2	-5.1
Contractual Services	90,816.5	95,341.6	100,525.9	88,539.6	-7.1
Other	144,164.0	153,639.4	155,331.6	153,255.2	-0.3
Other Financing Uses	66,521.6	69,734.8	79,452.5	70,632.3	1.3
TOTAL USES	512,723.6	539,631.4	554,216.0	522,010.3	-3.3
FTE					
Permanent	3,077.5	3,103.5	3,103.5	3,024.0	-2.6
Term	1,049.5	1,064.5	1,063.5	1,021.5	-4.0
Temporary	30.0	26.0	26.0	23.0	-11.5
TOTAL FTE POSITIONS	4,157.0	4,194.0	4,193.0	4,068.5	-3.0

BUDGET ISSUES:

The agency FY11 base request was \$554.2 million, an increase of \$14.6 million, or 2.7 percent from the FY10 operating budget. Most of this increase was related to other financing uses in the Developmental Disability Support Program due to the expected reduction in the federal medical assistance percentage (FMAP), which has seen increased funding from the American Recovery and Reinvestment Act (ARRA) of 2009. This enhanced the match to New Mexico by approximately 10 percent but is set to expire on December 31, 2010. As a result, the increased FMAP will be available for only half of the FY11.

Other increases were requested in the Epidemiology and Response and Laboratory Services programs of \$2.1 million due to issues surrounding the influenza pandemic declared by the federal Centers for Disease Control and Prevention (CDC). Federal funds are increased by almost \$5 million as a result of the pandemic to provide for identification and testing, reporting,

immunizations, and treatment. In addition, the agency is anticipating increased federal revenues related to the Women, Infant and Children (WIC) program, bioterrorism, emerging infections, colorectal cancer screening, and the Family, Infant and Toddler (FIT) program.

The recommendation is \$522 million, of which \$270.7 million is from the general fund. This is an overall decrease of 3.3 percent and includes a reduction of 125.5 FTE that have been vacant for more than a year as reported in SHARE. Contracts are reduced by 7.1 percent with emphasis being placed on performing essential services with agency staff instead of by contract.

The recommendation for the Public Health Program is \$198.7 million, a reduction of 2.4 percent. Unfilled positions are reduced by 31 FTE. The program has concentrated on improving the state's immunization ranking for childhood diseases and the state is now ranked 17th of the 50 states for calendar year 2008. There has been a substantial increase in demand for influenza vaccinations, both for the seasonal flu and for H1N1. Seasonal flu vaccines were ordered at the previous year levels, but because of the scare of a pandemic, the vaccine was quickly used and shortages at public health offices have been reported. Teen pregnancy rates continue to be a problem, although New Mexico is now ranked 49th of the 50 states. The program continues to put emphasis on education and family planning and has a target of reaching 7,400 individuals annually. Funding for the WIC food subsidy program has been increased by the U.S. Department of Agriculture by \$1.5 million and will allow additional families to be served. Current projections are for 123,000 families to receive services, and the additional funding will allow an increase. Programs previously funded from the tobacco settlement revenues have been reduced approximately 15 percent so the funds can be used for the Medicaid program. Performance results from individual contracts were lacking and most of the smoking reductions were related to increased taxes. The many small contracts should be consolidated to reduce administrative costs.

The recommendation for the Epidemiology and Response Program is \$26.4 million, an increase of 4.4 percent that reflects increased federal revenues of \$1.4 million. Most of this increase is to provide a response to the H1N1 influenza pandemic. The program has effectively coordinated efforts in reporting and responding to the outbreak. While new cases appear to be on the decline, efforts continue to quickly identify new cases and recommend patients for treatment. To date, 43 individuals in New Mexico have died from H1N1. While the program is not meeting goals for exercises for pandemic influenza, the response to the H1N1 influenza is evidence of an effective program.

The recommendation for the Scientific Laboratory Program is \$11.4 million, an increase of 6.1 percent resulting from additional earned revenues. The program will move into a state-of-the-art facility in 2010. The Tri-Laboratory was designed to include many features not found in the current location, including "clean rooms" and vented workstations. These improvements will reduce odors throughout the facility, give sufficient work space for laboratory staff, and improve overall operations. The program was certified by the CDC to test for H1N1 during the past year. Driving-while-intoxicated testing timeframes were outside targets and statutory requirements due to the unexpected loss of two technicians. Improvement has been noted with the hiring of new staff but is still below targets. The program should reconsider providing free testing to agencies "grandfathered" by past practices. For example, the New Mexico Environment Department (NMED) receives approximately \$800 thousand in free testing annually because it was once part of DOH. Many of these tests can be funded in part by federal funds received by NMED.

The Facilities Management Program provides oversight, strategic direction, and fiscal guidance to the six facilities and the Los Lunas Community Program operated by DOH. The recommendation is \$136.5 million, a reduction of 7.2 percent. The appropriation from the general fund is reduced \$3.9 million, mostly by recommending elimination of 51.5 FTE vacant for more than one year. The program continues to meet licensure and accreditation requirements and has significantly reduced the number of substantiated cases of abuse, neglect, and exploitation throughout all facilities. The Fort Bayard Medical Center (FBMC) is still being monitored by the U.S. Department of Justice but has made substantial improvement in addressing findings identified. The center also was recertified by the federal Centers for Medicare and Medicaid Services (CMS) for Medicaid reimbursement effective in June 2008, and CMS is evaluating its plan to recertify for Medicare services. A new facility is being built through funding arranged by Grant County. DOH will have debt service costs of approximately \$4 million annually beginning in FY12.

The Legislative Finance Committee program evaluation staff conducted a review of DOH facilities reported in "Department of Health Oversight of State Operated Facilities," September 28, 2009. The report commended the current Office of Facilities Management for initiating many improvements during its tenure. Key findings of the report were inadequate of financial operations, inability to project revenue and control expenses, and ineffective staffing and employee turnover. The report recommended establishing a financial unit within the Office of Facilities Management to more closely track revenues and expenditures. In the area of staffing, it recommends review of labor agreements to allow adjustment of schedules based on the number of occupied beds. DOH facilities have a capacity of 845 beds with an average occupancy of 647, although authorized staffing is based upon full occupancy.

If DOH is unable to manage the facilities program within the recommended appropriation, it should consider closing Turquoise Lodge and moving clients to unused capacity at Yucca Lodge at FBMC and to the New Mexico Rehabilitation Center in Roswell. In addition to the cost savings, the recommendation is based on the fact the Human Services Department (HSD) is building a substance abuse facility in Los Lunas, a project started without considering the capacity of DOH facilities. The new facility was approved by the state Board of Finance on September 15, 2009, and the groundbreaking ceremony was held on November 18, 2009, with the first phase expected to open for occupancy in January 2011. DOH and HSD should consult on what capacity is needed for substance abuse services and plan for needed capacity beginning with existing facilities. The state needs integrated, not separate, management of facilities. If HSD wants to establish and oversee substance abuse facilities, management authority should be transferred to it.

The recommendation for the Developmental Disabilities Support Program is \$119.5 million, an increase of 1.2 percent. However, this is \$10 million less than the department request. The program has grown considerably from a total budget (state and federal funds) of \$200 million in FY2001 to \$270 million in FY2008. Average annual cost per client has increased from \$53.6 thousand to \$71 thousand, an increase of 32.5 percent. Participants have been increased through legislative appropriations from 2,434 to 3,750; however, the waiting list for services continues to grow and currently is 4,720 individuals, with an average wait of more than eight years. The state has benefitted from the enhanced FMAP resulting from ARRA and has reduced the funding from the general fund while ensuring total program funding. The Legislature included \$5.4 million in additional general fund monies for FY10, which the department did not use for new clients because it was concerned about future funding. Despite assurances during LFC hearings of the Legislature's commitment to fund the program, the department decided to offer up \$8 million in funds available for the waiver to meet the governor's executive order to reduce overall state funding for FY10. These funds could have provided services for approximately 460 individuals on the waiting list.

The recommendation for other financing uses, the match for the Medicaid funding, is calculated from the current enrollment of 3,750 at an average cost of \$71,000. This results in a program cost of \$266.3 million at a blended FMAP rate of 75.4 percent for FY11. The general fund portion will be \$65.5 million. The recommendation is \$69.9 million and includes \$2 million to enroll approximately 110 individuals from the waiting list and \$2.4 million for the medically fragile.

LFC is conducting a program review of the Developmental Disabilities Support Program with the following objectives:

- Review costs and related performance outcomes;
- Assess oversight to ensure access to cost-effective, high quality care, and
- Review management of the central registry and waiting list and whether people are transitioned into services in a timely manner.

The review should be completed in April 2010.

The program continues to make slow progress on issues relating to the Jackson lawsuit and has two action items pending.

The program requested one expansion to move 15 FTE from the Health Certification, Licensing and Oversight Program, which provides a quality assurance program for providers. There is mutual agreement between the programs on this "no cost" transfer, and it is included in the recommendation.

The recommendation for the Health Certification, Licensing and Oversight program is \$12.3 million, a reduction of 17.6 percent. The major reason for the reduction is the transfer of the quality assurance program to DDSP and reduction of 11 FTE vacant for more than one year. The program routinely requests additional FTE to meet its statutory requirement to assess health providers and nursing homes annually; however, it has failed to fill authorized positions. The program should consider raising licensing fees to the statutory limits, which would raise approximately \$399 thousand for program operations. The program did complete required compliance surveys for adult residential care and adult daycare facilities in FY09. The criminal screening of caregivers continues to be excellent, with all new employees screened in a timely manner.

The recommendation for the Administration program is \$17.2 million, a decrease of 13.3 percent largely resulting from a recommendation of reduction of 7 FTE vacant for more than one year. The transfers to the trauma fund are recommended at \$3.5 million consistent with the 2009 executive recommendation. Payment of vouchers within 90 days is at 69 percent; payment of late vouchers maybe assessed an additional 1.5 percent per month for those vouchers not paid in a timely manner. Overall management of agency capital outlay projects is effective and close cooperation exists with the General Services Department.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Health to reduce the FY10 operating budget from the general fund by \$10.4 million. The agency decided to take \$8.049 million of this amount from the Developmental Disability Support Program.

BASE EXPANSION:

The department requested four expansions that are actually two paired expansions. Both involve moving a function from one program to another. The expansion to move 15 FTE from the Health Certification, Licensing and Oversight Program to the Developmental Disability Support program to provide a quality assurance program for providers is related to the Jackson lawsuit. There is mutual agreement between the programs on this "no cost" transfer, and it is recommended.

The second pair of expansions would transfer a financial manager FTE from Facilities Management Program to the Epidemiology and Response Program. However, this request is inconsistent with the recommendation made in the program review of DOH facilities to establish a financial oversight unit in Facilities Management and is not recommend.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public health program of the department of health in the contractual services category includes two hundred thousand dollars (\$200,000) for operational support of women's health services in Santa Fe county.

The other state funds appropriations to the public health program of the department of health include seven million seven hundred forty-eight thousand dollars (\$7,748,000) from the tobacco settlement program fund for smoking cessation and prevention programs, one million eighty thousand dollars (\$1,080,000) from the tobacco settlement program fund for diabetes prevention and control services, four hundred twenty-three thousand dollars (\$423,000) from the tobacco settlement program fund for HIV/AIDS prevention, services and medicine and one hundred eighty thousand dollars (\$180,000) from the tobacco settlement program fund for breast and cervical cancer screening.

Any unexpended balances in the public health program of the department of health in the contractual services category from appropriations made from the county-supported medicaid fund for the support of the primary healthcare services related to the Rural Primary Health Care Act remaining at the end of fiscal year 2011 shall not revert.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes sixty-nine million eight hundred ninety-two thousand three hundred dollars (\$69,892,300) for medicaid waiver services in local communities: two million three hundred ninety-four thousand eight hundred dollars (\$2,394,800) for medically fragile services and sixty-seven million four hundred ninety-seven thousand five hundred dollars (\$67,497,500) for services to the developmentally disabled which includes two million dollars (\$2,000,000) that only may be used to enroll new clients from the developmental disabilities medicaid waiver waiting list and not to expand services provided to existing clients enrolled in the developmental disabilities Medicaid waiver program.

The general fund appropriation to the health certification, licensing and oversight program of the department of health of five hundred thirty-one thousand dollars (\$531,000) may only be used for receivership.

The other state funds appropriation to the health certification, licensing and oversight program of the department of health is contingent on the program increasing licensing fees to the statutory authorized levels.

The general fund appropriation of forty-seven million one hundred nine thousand six hundred dollars (\$47,109,600) to the department of health in the contractual services category is contingent of the department of health including performance measures in its outcome-based contracts to increase oversight and accountability.

BASE EXPANSION LISTING
FY11 - 2010-2011

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	QUEST Transfer	(P007)	1,241.8	1,241.8
2	QUEST Transfer	(P008)	-1,241.8	-1,241.8
3	Position Transfer	(P003)	73.2	0.0
4	<u>Position Transfer</u>	<u>(P006)</u>	<u>-73.2</u>	<u>0.0</u>
TOTAL			0.0	0.0

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce disparities and ensure timely access to quality, culturally competent, health care.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	81,368.5	80,110.8	79,892.4	71,531.5	-10.7
Other Transfers	20,913.7	20,846.4	18,416.5	16,928.7	-18.8
Federal Revenues	73,692.3	75,019.1	80,170.0	79,575.0	6.1
Other Revenues	25,368.4	27,657.9	30,777.5	30,703.5	11.0
Fund Balance	1,784.7	0.0	0.0	0.0	
SOURCES TOTAL	203,127.6	203,634.2	209,256.4	198,738.7	-2.4
USES					
Personal Services and Employee Benefits	56,892.2	53,737.4	53,802.5	51,913.0	-3.4
Contractual Services	55,907.6	55,048.5	55,864.8	50,664.7	-8.0
Other	86,669.9	94,248.3	98,989.1	95,561.0	1.4
Other Financing Uses	634.8	600.0	600.0	600.0	0.0
TOTAL USES	200,104.5	203,634.2	209,256.4	198,738.7	-2.4
FTE					
Permanent	382.5	382.5	382.5	372.5	-2.6
Term	638.5	646.5	646.5	624.5	-3.4
Temporary	1.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	1,022.0	1,030.0	1,030.0	997.0	-3.2

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of adults who use tobacco	20.8%	19.3%	19.2%	19.0%	19.0%
Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes project	2,446	3,641	3,350	3,450	3,450
Output	Number of new enrollees in syringe exchange programs	724	1,111	1,100	1,100	1,100
Outcome	Percent of individuals re-enrolling in the syringe exchange program who are not sharing syringes	NA	NA	NA	70%	70%
Output	Percent of distributed syringes returned to syringe exchange program	NA	NA	NA	96%	96%
* Explanatory	Number of packs of cigarettes sold per New Mexican	09/08	09/09	28	53.6	53.6
Output	Number of calls to tobacco cessation helpline	NA	NA	NA	14,000	14,000
Output	Number of human immunodeficiency virus/acquired immune deficiency prevention interventions	21,541	26,740	18,000	22,000	22,000
Outcome	Percent of persons enrolled in the agency's human immunodeficiency virus services and receiving combination therapy who demonstrate an undetectable viral load	NA	NA	NA	75%	75%
Output	Percent of partners of individuals with syphilis who are identified and treated	74.8%	FY10-Q1	80%	80%	80%
* Outcome	National ranking of New Mexico children who are fully immunized	40th	Sept 09	30th	30th	30th
Outcome	Percent of individuals diagnosed with primary or secondary syphilis treated within thirty days of diagnosis	NA	NA	NA	95%	95%
Output	Percent of partners of individuals with gonorrhea who are identified and treated	90.9%	FY10-Q1	82%	82%	82%
Output	Number of operating school-based health centers	84	84	84	84	84

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of youth served at school-based health centers	18,809	22,130	20,000	20,000	20,000
Output	Number of students receiving behavioral health services in school-based health centers	NA	5,097	4,000	6,000	6,000
Output	Number of visits to agency-funded school-based health centers	40,234	43,421	43,500	43,500	43,500
Output	Number of calls to the agency-funded crisis line	15,788	18,717	20,000	20,000	20,000
* Output	Percent of preschoolers fully immunized	78.4%	*95%	82%	82%	82%
Output	Annual number of births registered at vital records for females ages fifteen to seventeen	1,414	*1,480	1,515	1,515	1,515
Output	Unduplicated number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	8,411	5,351	7,200	7,400	7,400
* Outcome	National ranking of New Mexico teen birth rate per one thousand for girls ages fifteen to seventeen	50th	49th	48th	48th	48th
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	83.77%	84.12%	85%	85%	85%
Output	Number of women, infant and children eligible persons receiving services	NA	186,019	123,000	123,000	123,000

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	11,578.9	9,850.3	9,815.5	9,278.1	-5.8
Other Transfers	200.1	311.7	296.7	286.0	-8.2
Federal Revenues	13,217.8	14,118.1	15,975.7	15,568.3	10.3
Other Revenues	1,315.1	1,009.6	1,335.3	1,276.8	26.5
Fund Balance	205.7	0.0	0.0	0.0	
SOURCES TOTAL	26,517.6	25,289.7	27,423.2	26,409.2	4.4
USES					
Personal Services and Employee Benefits	12,831.7	10,903.7	13,684.6	12,835.1	17.7
Contractual Services	7,292.3	7,732.4	6,124.6	6,079.2	-21.4
Other	6,428.6	6,653.6	7,614.0	7,494.9	12.6
TOTAL USES	26,552.6	25,289.7	27,423.2	26,409.2	4.4
FTE					
Permanent	58.0	58.0	59.0	51.0	-12.1
Term	155.0	153.0	153.0	144.0	-5.9
TOTAL FTE POSITIONS	213.0	211.0	212.0	195.0	-7.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fee	97.8%	97.0%	98%	98%	98%
* Output	Number of designated trauma centers in the state	6	6	9	9	9
* Output	Number of health emergency exercises conducted to assess and improve local capability	77	53	85	60	60
Output	Number of hospitals reporting data in the state trauma registry	15	17	20	20	20

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the state of New Mexico to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,254.3	6,534.3	6,832.4	6,494.4	-0.6
Federal Revenues	1,758.0	1,740.0	1,740.0	1,692.2	-2.7
Other Revenues	2,164.2	2,498.5	3,023.3	3,242.2	29.8
SOURCES TOTAL	11,176.5	10,772.8	11,595.7	11,428.8	6.1
USES					
Personal Services and Employee Benefits	7,778.4	7,742.3	7,742.3	7,618.9	-1.6
Contractual Services	362.6	421.8	1,244.7	1,244.7	195.1
Other	2,879.6	2,608.7	2,608.7	2,565.2	-1.7
TOTAL USES	11,020.6	10,772.8	11,595.7	11,428.8	6.1
FTE					
Permanent	84.0	84.0	84.0	84.0	0.0
Term	50.0	50.0	49.0	46.0	-8.0
TOTAL FTE POSITIONS	134.0	134.0	133.0	130.0	-3.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses that are analyzed within specified turnaround times	98%	98.5%	98%	98%	98%
* Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are analyzed and reported within ten business days	NA	63.49%	90%	85%	85%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases analyzed and reported within seven business days	78%	63.49%	90%	85%	85%
Output	Number of laboratory tests performed each year	412,405	355,948	340,000	340,000	340,000
Outcome	Percent of office of medical investigator toxicology cases completed within ninety days	NA	NA	NA	90%	90%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral healthcare services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility and community-based settings and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	53,883.5	63,551.5	63,478.3	59,643.2	-6.1
Other Transfers	47,193.2	716.0	716.0	611.0	-14.7
Federal Revenues	3,591.7	0.0	231.1	226.8	
Other Revenues	23,556.9	82,777.6	79,439.4	75,969.0	-8.2
SOURCES TOTAL	128,225.3	147,045.1	143,864.8	136,450.0	-7.2
USES					
Personal Services and Employee Benefits	101,848.8	112,956.1	111,517.7	106,637.4	-5.6
Contractual Services	8,884.6	11,572.3	10,366.4	9,323.7	-19.4
Other	19,281.4	22,516.7	21,980.7	20,488.9	-9.0
TOTAL USES	130,014.8	147,045.1	143,864.8	136,450.0	-7.2
FTE					
Permanent	2,272.0	2,299.0	2,298.0	2,247.5	-2.2
Temporary	27.0	23.0	23.0	23.0	0.0
TOTAL FTE POSITIONS	2,299.0	2,322.0	2,321.0	2,270.5	-2.2

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 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	0.12	0	0	0	0
* Output	Percent of operational capacity beds filled at all agency facilities	NA	NA	NA	90%	90%
* Efficiency	Percent of billed third-party revenues collected at all agency facilities	NA	NA	NA	65%	65%
Explanatory	Total dollar amount of uncompensated care at all agency facilities (in thousands)	NA	NA	NA	\$43,000.0	\$43,000.0
Output	Percent of clients at sequoyah adolescent treatment center without relapses at six months post discharge	100%	95%	92%	92%	92%
Output	Percent of clients at turquoise lodge without relapses at ninety days post discharge	76%	49%	45%	45%	45%
Output	Percent of clients at New Mexico rehabilitation center with continued improvement on medical rehabilitation goals six months post discharge	95%	96%	85%	90%	90%
Output	Percent of low-risk residents at New Mexico behavioral health institute's long-term care program who have pressure sores	1.95%	0.9%	2%	3.8%	2%
Output	Percent of low-risk residents at Fort Bayard medical center who have pressure sores	1.16%	5.7%	2%	3.8%	2.0%
Output	Percent of low-risk residents at New Mexico state veterans' home who have pressure sores	1.88%	3.2%	2%	3.8%	2%

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support 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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	119,916.1	107,073.5	116,988.9	107,086.4	0.0
Other Transfers	6,030.5	7,299.7	8,626.8	8,476.4	16.1
Federal Revenues	2,054.5	2,571.7	2,571.7	2,549.5	-0.9
Other Revenues	1,278.1	1,200.0	1,400.0	1,400.0	16.7
SOURCES TOTAL	129,279.2	118,144.9	129,587.4	119,512.3	1.2
USES					
Personal Services and Employee Benefits	10,341.9	10,104.8	11,356.0	11,180.7	10.6
Contractual Services	16,570.0	19,065.9	19,329.0	18,553.7	-2.7
Other	19,675.8	19,839.4	20,189.9	19,885.6	0.2
Other Financing Uses	65,886.8	69,134.8	78,712.5	69,892.3	1.1
TOTAL USES	112,474.5	118,144.9	129,587.4	119,512.3	1.2
FTE					
Permanent	72.0	72.0	74.0	73.0	1.4
Term	80.0	89.0	102.0	101.0	13.5
Temporary	1.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	153.0	162.0	177.0	174.0	7.4

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Outcome	Percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment	33%	FY10-Q1	40%	40%	40%
Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services	09/08	FY10	97%	97%	97%
Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	98%	Jul 2010	97%	97%	97%
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	96%	95%	98%	98%	98%
Output	Percent of Jackson lawsuit requirements from the plan of action and appendix a to the joint stipulation completed	76%	76%	80%	90%	90%
Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	87%	89%	97%	91%	97%
Explanatory	Number of individuals on developmental disabilities waiver receiving services	NA	3,792	NA	3,792	3,792
Explanatory	Number of individuals on developmental disabilities waiver waiting list	NA	NA	NA	4,720	4,720

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,786.7	5,324.7	5,698.4	4,957.2	-6.9
Other Transfers	4,515.9	5,262.3	3,542.1	3,289.7	-37.5
Federal Revenues	1,624.9	1,658.2	1,649.9	1,560.1	-5.9
Other Revenues	2,040.3	2,637.1	2,532.3	2,452.8	-7.0
Fund Balance	130.6	0.0	0.0	0.0	
SOURCES TOTAL	14,098.4	14,882.3	13,422.7	12,259.8	-17.6
USES					
Personal Services and Employee Benefits	10,550.8	10,601.2	9,958.0	8,920.9	-15.9
Contractual Services	710.2	553.2	550.0	550.0	-0.6
Other	2,790.5	3,727.9	2,774.7	2,648.9	-28.9
Other Financing Uses	0.0	0.0	140.0	140.0	
TOTAL USES	14,051.5	14,882.3	13,422.7	12,259.8	-17.6
FTE					
Permanent	55.0	55.0	53.0	49.0	-10.9
Term	123.0	123.0	110.0	103.0	-16.3
TOTAL FTE POSITIONS	178.0	178.0	163.0	152.0	-14.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of abuse, neglect and exploitation incidents for community-based programs investigated within forty-five days	93%	94.15%	95%	95%	95%
* Output	Percent of required compliance surveys completed for adult residential care and adult daycare facilities	65%	100%	80%	95%	95%
Explanatory	Number of allegations of abuse, neglect and exploitation reported	2,031	1,501	1,600	1,800	1,800
Explanatory	Average length of time between the notice of disqualification to the final determination for individuals requesting caregiver criminal history screening	NA	35	45	40	40
Output	Percent of intermediate care facilities for the mentally disabled receiving an unannounced survey by health facility and licensing	NA	100%	NA	100%	100%
* Output	Percent of developmental disabilities, family infant toddler, medically fragile and behavioral health providers receiving a survey by the quality management bureau	NA	88%	NA	85%	85%

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,393.2	12,989.2	13,315.6	11,725.9	-9.7
Other Transfers	803.0	1,155.8	1,494.0	1,284.4	11.1
Federal Revenues	3,962.7	5,347.4	4,171.2	3,995.1	-25.3
Other Revenues	372.3	370.0	85.0	206.1	-44.3
SOURCES TOTAL	19,531.2	19,862.4	19,065.8	17,211.5	-13.3
USES					
Personal Services and Employee Benefits	10,977.7	14,870.1	10,844.9	10,477.2	-29.5
Contractual Services	1,089.2	947.5	7,046.4	2,123.6	124.1
Other	6,438.2	4,044.8	1,174.5	4,610.7	14.0
TOTAL USES	18,505.1	19,862.4	19,065.8	17,211.5	-13.3
FTE					
Permanent	154.0	153.0	153.0	147.0	-3.9
Term	3.0	3.0	3.0	3.0	0.0
Temporary	1.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	158.0	157.0	157.0	150.0	-4.5

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	54.6%	72.8%	70%	75%	75%
Output	Number of telehealth sites throughout the state used for patient services	66	257	90	400	400
* Output	Number of patient encounters provided through telehealth sites statewide	3,779	4,687	4,000	4,500	4,500
Output	Number of hours of health-related training and consultation delivered using New Mexico telehealth networks	NA	3,344	6,700	3,500	3,500
Output	Number of working days between expenditure of federal funds and request for reimbursement	NA	NA	NA	5 days	5 days

STATUTORY AUTHORITY:

The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, ground- and surface-water quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

MISSION:

The Department of Environment (NMED) preserves and protects surface and groundwater, air quality, and land in New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,163.3	15,998.7	15,998.7	14,734.2	-7.9
Other Transfers	30,275.3	29,556.6	32,470.0	32,494.7	9.9
Federal Revenues	18,318.8	23,376.6	19,020.5	19,020.5	-18.6
Other Revenues	36,266.4	37,710.9	37,634.1	34,734.1	-7.9
Fund Balance	4,300.5	4,760.2	5,922.1	5,846.8	22.8
SOURCES TOTAL	105,324.3	111,403.0	111,045.4	106,830.3	-4.1
USES					
Personal Services and Employee Benefits	48,499.1	50,103.4	50,042.3	49,106.8	-2.0
Contractual Services	10,775.5	12,939.6	12,557.2	10,500.4	-18.9
Other	15,405.1	19,486.0	18,812.9	17,565.4	-9.9
Other Financing Uses	26,918.1	28,874.0	29,633.0	29,657.7	2.7
TOTAL USES	101,597.8	111,403.0	111,045.4	106,830.3	-4.1
FTE					
Permanent	312.0	312.5	313.0	298.0	-4.6
Term	408.5	408.0	403.5	383.0	-6.1
TOTAL FTE POSITIONS	720.5	720.5	716.5	681.0	-5.5

BUDGET ISSUES:

The agency's FY11 budget request reflected a \$1.2 million decrease in overall operating expenditures, or 7.5 percent. The agency increased the use of special fund balances by 22 percent, or \$1.2 million, and requested a flat general fund appropriation to the original FY10 operating level. After adjusting for a misclassification of \$3.9 million between federal funds and other transfers made in the FY10 operating budget, the agency's request reflected a \$425.6 thousand, or 2.2 percent, decrease in federal revenue and \$1.8 million, or 5.3 percent decrease in other transfers.

The committee recommendation reduces the general fund appropriation by almost 8 percent in light of lower FY11 revenue projections. Expenditure reductions are applied across the board but focus primarily on personnel costs and discretionary other expenditures, such as travel, supplies, and maintenance. Vacancy savings, applied to the general fund allocation for vacant positions, total \$562.4 thousand. The main exception to cutbacks is an increase of \$200 thousand in other state funds in the Environmental Protection Program to pay for contracts relating to economic analyses of rulemaking, including those linked to greenhouse gas rules as proposed by the 2009 House Memorial 52. The lack of such cost-benefit data has been a deficiency in the department's rulemaking process. Contracts relating to reducing mercury exposure are maintained.

In addition to savings, the recommendation moves \$100 thousand corrective action fund from the Drinking Water Bureau (DWB) to the Environmental Health Program to supplant general fund revenue, producing an overall decrease of \$1.3 million in the recommended general fund appropriation. Offsetting increases of \$50 thousand from the New Mexico Finance Authority and \$50 thousand in the water conservation fund maintains resource levels for DWB. The agency projections for this fund appear understated. The recommendation also reduces direct expenditures from the corrective action fund by \$3 million to reflect budget increases of almost \$4 million in FY10 for remediation of the Santa Fe courthouse site. This reduction will provide better legislative monitoring of the fund balance for FY11.

Revenues have become insufficient to support the department as currently structured. This resulted from a period of expansion early in the decade, which grew operating expenditures from \$55.4 million in FY04 to the \$84.1 million originally budgeted for FY09, followed by subsequent declines in federal and general fund revenues more recently. Federal revenue peaked in FY06 at \$25.9 million. From a pre-solvency high of just over \$17 million originally budgeted for FY09, general fund revenue was reduced by \$843 thousand as part of the FY09 solvency plan.

These reductions pressured greater use of the agency's special funds, particularly fund balances, to fill the gap because key fee-based revenue streams have also weakened due to a slower economy and construction. Given the potential disruption to the agency of losing the supplemental funding requested, the committee recommends adopting the agency's special funds request for FY11 with only two changes noted above.

To the extent possible, permitting and user fees should support related programs, which means reevaluating fee structures. Fees for the solid waste program, for example, have not changed since inception and no longer meet current costs. Some fee revenues decline faster than general fund appropriations, compressing budget resources. This dynamic is particularly problematic for the Environmental Health Program, where fees supply about 38 percent of the program's \$10.5 million budget and the rest is primarily made up general fund revenues. The committee recommends the agency compare fee structures for similar activities in other states and continue to work with industry, other stakeholders, relevant commissions and boards, and the appropriate interim legislative committees to develop proposed legislation to update fees to provide higher and more stable revenue streams. In addition, greater use of five-year forecasts would promote more effective and transparent fund management.

The agency's FY11 budget request reflected the assumption that the FY09 general fund reductions were temporary. The committee recommends a thorough evaluation of fixed costs to implement permanent reductions. Lease contracts including escalation clauses, for example, could be renegotiated in markets where commercial occupancy is down. Rolling back personnel costs for all divisions to more sustainable levels is paramount, with a focus on retaining those positions essential for performing the permitting, compliance, and remediation functions.

The agency began this effort by eliminating 5 full-time-equivalent (FTE) in the Water Quality Program due to the lack of federal funding. The LFC recommendation extends this initiative by deleting 39.5 FTE, bringing the count closer to the FY04 level of 639.5 FTE. Presumably, 23 of these positions are not essential to maintain minimum levels of operations because the agency did not request funding for them to meet the executive's mandate for a flat general fund budget. The committee also recommends deleting most positions vacant a year or more as well as the public information officer position, producing general fund savings of \$280.1 thousand. The vacancy deletions include one attorney and 4.5 information technology (IT) FTE. There are currently 16 attorneys and 25 IT staff in the agency.

Finally, the cost and implications of unfunded mandates and executive initiatives need to be recognized and vetted through the legislative process. More stringent federal regulations and inspection procedures, for example, have increased the workload for the petroleum storage tank and drinking water programs. While underground storage tank federal grants have kept pace, compliance has not. Due to the high cost of meeting the regulations, small "mom and pop" gas stations in rural areas are at risk. Support for small public drinking water providers has also suffered due to lower federal revenues. Rulemaking and the executive initiative to promote environmental justice have significantly increased and prolonged hearings, reallocating resources otherwise committed to inspections. In addition to evaluating costs prior to implementing new initiatives, outcomes need to be monitored and evaluated for cost-effectiveness and policy-making. The river ecosystem restoration projects, for example, lacked adequate statutory authority and oversight, and results remain uncertain.

Performance for FY09 declined for most programs. The agency attributes most underperformance to the hiring freeze and cautions that some programs may continue to underperform given staff reductions. Future performance depends on actions taken to prioritize resources, reduce costs, and increase revenues through new fee structures. How much these efforts better align sources and uses – and how much general fund revenue will still be required to adequate fund activities to protect human health, water, and air – remains the central issue facing decision makers.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Department of Environment to reduce the FY10 operating budget from the general fund by \$800.4 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$193 thousand in the Environmental Health Program, \$185.5 thousand in the Water Quality Program, \$96.5 thousand in the Environmental Protection Program, \$197.3 thousand in the Water and Wastewater Infrastructure Development Program, and \$128.1 thousand in Program Support.

BASE EXPANSION:

The agency request reduced the number of positions in the Water Quality Program by 5 FTE and transferred 1 FTE to the Water and Wastewater Infrastructure Development Program (WWID) to add one community outreach staff position as an expansion. The recommendation includes the reduction of 5 FTE but does not support the transfer. The community outreach section originally staffed with 4 FTE in the reorganization that created WWID, has not developed performance measures to track accountability despite repeated requests from LFC. Until such measures reflect program effectiveness, additional resources are not warranted. A transfer and reclassification of 0.5 FTE from WWID to its special fund for administering clean water revolving loans is recommended.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Community services staff-1 FTE	(P774)	75.3	0.0
3	Pay for transfer 0.5 FTE with special fund	(1111)	45.6	45.6
4	0.5 FTE transfer from WWID to special fund	(P774)	0.0	0.0
5	Transfer 1 FTE from P568 to P774	(P568)	0.0	0.0
6	Pay for 1 FTE transfer with special fund	(1111)	75.3	0.0
TOTAL			196.2	45.6

SPECIAL REVENUE

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	36,266.4	37,710.9	37,534.1	34,634.1	-8.2
Fund Balance	4,300.5	4,760.2	5,922.1	5,846.8	22.8
SOURCES TOTAL	40,566.9	42,471.1	43,456.2	40,480.9	-4.7
USES					
Personal Services and Employee Benefits	366.7	503.0	449.5	449.5	-10.6
Contractual Services	3,259.2	3,000.0	3,240.0	1,240.0	-58.7
Other	8,532.4	10,094.1	10,133.7	9,133.7	-9.5
Other Financing Uses	26,918.1	28,874.0	29,633.0	29,657.7	2.7
TOTAL USES	39,076.4	42,471.1	43,456.2	40,480.9	-4.7
FTE					
Permanent	4.0	4.5	5.0	5.0	11.1
TOTAL FTE POSITIONS	4.0	4.5	5.0	5.0	11.1

ENVIRONMENTAL HEALTH

The purpose of the environmental health program is to protect public health and the environment through specific programs that provide regulatory oversight over food service and food processing facilities, regulation of on-site treatment and disposal of liquid wastes, regulation of public swimming pools and baths, regulation of medical radiation and radiological technologist certification, application of the mosquito abatement regulation, oversight of waste isolation pilot plant transportation and education and public outreach about radon in homes and public buildings.

BUDGET SUMMARY
(dollars in thousands)

	FY09	FY10	FY11 - 2010-2011		Percent Incr (Decr)
	2008-2009 Actuals	2009-2010 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,343.8	6,263.8	6,263.8	5,849.9	-6.6
Other Transfers	3,260.1	3,949.5	3,997.4	4,097.4	3.7
Federal Revenues	437.9	294.9	274.7	274.7	-6.8
SOURCES TOTAL	10,041.8	10,508.2	10,535.9	10,222.0	-2.7
USES					
Personal Services and Employee Benefits	8,434.5	8,344.9	8,453.7	8,269.8	-0.9
Contractual Services	115.2	162.2	178.2	173.4	6.9
Other	1,565.3	2,001.1	1,904.0	1,778.8	-11.1
TOTAL USES	10,115.0	10,508.2	10,535.9	10,222.0	-2.7
FTE					
Permanent	111.0	111.0	111.0	104.0	-6.3
Term	24.0	25.0	25.0	25.0	0.0
TOTAL FTE POSITIONS	135.0	136.0	136.0	129.0	-5.1

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Number of free well water tests	999	1,687	1,000	1,000	1,000
Outcome	Percent of homeowners with contaminated wells advised on how to eliminate or reduce health risks			100%	100%	100%
Explanatory	Number of targeted domestic well investigations			6	6	6
* Output	Percent of new septic tanks inspections completed	85%	93%	85%	85%	90%
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks	12	22	TBD	TBD	TBD
* Outcome	Percent of high-risk food-related violations corrected within the timeframes noted on the inspection report issued to permit commercial food establishments	71%	85%	100%	100%	100%
* Output	Percent of annual permitted commercial food establishment inspections completed	100%	100%	100%	100%	100%
Output	Percent of license inspections completed within the timeframes identified in radiation control bureau policies		95%	95%	95%	95%
* Output	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies		91%	95%	95%	95%
Outcome	Percent of radioactive material licensees and x-ray registrants inspected and issued a notice of violation that come into compliance within the timeframe specified		91%	97%	97%	97%
Output	Number of food-related inspections performed by environmental health division environmental scientists	9,108	9,613			
Output	Percent of license inspections and radiation-producing machine inspections completed within nuclear regulatory commission and food and drug administration guidelines	94.5%				

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days of receipt of application	100%	100%			
Outcome	Percent of radioactive material licensees and x-ray registrants inspected and issued a notice of violation that come into compliance following receipt of technical assistance from the bureau	97%				

WATER QUALITY

The purpose of the water quality program is to protect the quality of New Mexico's ground- and surface-water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife and to ensure that hazardous waste generation, storage, treatment and disposal are conducted in a manner protective of public health and environmental quality.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,211.2	3,029.0	3,029.0	2,685.5	-11.3
Other Transfers	5,859.4	7,512.3	7,222.0	7,222.0	-3.9
Federal Revenues	10,295.3	11,013.9	11,380.0	11,380.0	3.3
SOURCES TOTAL	19,365.9	21,555.2	21,631.0	21,287.5	-1.2
USES					
Personal Services and Employee Benefits	13,621.8	14,316.2	14,512.0	14,198.7	-0.8
Contractual Services	3,433.3	4,960.7	4,986.9	4,986.9	0.5
Other	1,610.7	2,278.3	2,132.1	2,101.9	-7.7
TOTAL USES	18,665.8	21,555.2	21,631.0	21,287.5	-1.2
FTE					
Permanent	46.0	46.0	46.0	44.0	-4.3
Term	159.5	158.5	153.5	152.5	-3.8
TOTAL FTE POSITIONS	205.5	204.5	199.5	196.5	-3.9

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of groundwater discharge permitted facilities receiving annual field inspections and compliance evaluations			65%	65%	65%
* Outcome	Percent of permitted facilities where monitoring results demonstrate compliance with groundwater standards	75%	73%	75%	75%	75%
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with Los Alamos national laboratories and Sandia national laboratory consent orders	100%	100%	90%	90%	95%
Output	Percent of cases in which Sandia national laboratories and Los Alamos national laboratories are notified of agency action on document submittals within the timeframe specified in the executed consent orders	92%	93%	90%	90%	90%
* Efficiency	Percent of department of energy generator site audits for the waste isolation pilot project on which agency action will be taken within forty-five days	90%	93%	80%	80%	80%
Output	Percent reduction of active facilities that have never been inspected			3.5%	3.5%	3.5%
* Output	Percent of large quantity hazardous waste generators inspected			20%	20%	20%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	780/150	634/124	1,500/10K	125/40K	125/40K
Output	Number of miles or acres of active watershed restoration, including wetlands projects, river ecosystem restoration projects and federal Clean Water Act projects			200	200	200
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	89%	94%			

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	100%	100%			
Outcome	Percent of permitted facilities where monitoring results do not exceed standards	75%	73%			
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	76% of 875	61% of 935			
Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters	173				
Output	Percent of inspections that are first-time inspections for hazardous waste notifiers, generators and transporters	71%	77%			
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five-year goal	87/24	53/22			
Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality	441	TBD			
Explanatory	Approximate number of hazardous waste notifiers in the state	1,801	1,904			

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources, ensure New Mexicans breathe healthy air and ensure every employee safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	2,785.4	2,780.8	2,780.8	2,557.1	-8.0
Other Transfers	10,988.0	10,634.0	11,078.3	11,078.3	4.2
Federal Revenues	3,383.3	3,899.3	3,536.7	3,536.7	-9.3
SOURCES TOTAL	17,156.7	17,314.1	17,395.8	17,172.1	-0.8
USES					
Personal Services and Employee Benefits	13,618.9	13,983.2	14,033.7	13,842.5	-1.0
Contractual Services	427.5	721.9	838.2	828.2	14.7
Other	2,034.0	2,609.0	2,523.9	2,501.4	-4.1
TOTAL USES	16,080.4	17,314.1	17,395.8	17,172.1	-0.8
FTE					
Permanent	71.0	71.0	71.0	69.0	-2.8
Term	131.0	132.0	132.0	128.5	-2.7
TOTAL FTE POSITIONS	202.0	203.0	203.0	197.5	-2.7

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of days per year in which the air quality index exceeds one hundred, exclusive of natural events such as high winds and wildfires	10 days	5 Days			≤8
* Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	100%	100%	100%	100%	100%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 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	96.4%	95.9%	96%	95%	95%
Output	Percent of referrals alleging serious hazards responded to via an on-site inspection or investigation (letter or phone call to employer) within ten working days			95%	95%	95%
Outcome	Number of confirmed release sites contaminated by petroleum products that achieve no further action status as a result of aggressive remediation		47	30	30	30
Output	Number of storage tank sites with confirmed releases of petroleum products that are high risk and are undergoing aggressive corrective action		148	150	150	150
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection requirements of the petroleum storage tanks regulations	77%	58%	90%	90%	90%
* Outcome	Percent of active solid waste facilities and infectious waste generators inspected that were found to be in substantial compliance with the New Mexico solid waste rules			75%	75%	75%
Outcome	Percent of landfills compliant with groundwater sampling and reporting requirements	61%	72%	80%	80%	75%
Explanatory	Annual number of registered and closed landfills in substantial compliance with post-closure requirements			TBD	TBD	TBD
Outcome	Annual statewide greenhouse gas emissions, in million metric tons			50.9MMt	49.8MMt	49.8MMt
Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters	No data	No data			
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	No data	No data			
Output	Percent of worker health and safety complaints responded to within five days	96.4%	100%			
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	No data	No data			
Explanatory	Number of new confirmed releases from leaking storage tank sites that are being assessed for environmental and human health risk		23			
Outcome	Percent increase in tons of materials recycled by state agencies	11%				
Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	76%	81%			
Outcome	Percent of landfills meeting groundwater monitoring requirements	61%	72%			
Output	Percent of confirmed releases from leaking storage tank sites that are undergoing assessment or corrective action	45.8%				
Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action	448				

WATER AND WASTEWATER INFRASTRUCTURE DEVELOPMENT

The purpose of the water and wastewater infrastructure development program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan and recommendations for efficient and effective use of water and wastewater loan funds, and to ensure compliance with the Safe Drinking Water Act.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	469.8	447.4	447.4	402.4	-10.1
Other Transfers	8,015.7	5,217.5	7,453.1	7,377.8	41.4
Federal Revenues	1,488.8	5,143.3	1,525.2	1,525.2	-70.3
SOURCES TOTAL	9,974.3	10,808.2	9,425.7	9,305.4	-13.9
USES					
Personal Services and Employee Benefits	5,812.9	6,142.5	5,862.3	5,769.3	-6.1
Contractual Services	2,774.3	3,387.1	2,620.4	2,613.4	-22.8
Other	746.0	1,278.6	943.0	922.7	-27.8
TOTAL USES	9,333.2	10,808.2	9,425.7	9,305.4	-13.9
FTE					
Permanent	29.0	30.0	30.0	28.0	-6.7
Term	60.0	59.5	60.0	50.0	-16.0
TOTAL FTE POSITIONS	89.0	89.5	90.0	78.0	-12.8

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Explanatory	Number of new projects funded from the clean water state revolving fund program and the rural infrastructure revolving loan program		11	TBD	TBD	TBD
* Explanatory	Dollar amount of new projects funded from the clean water state revolving fund program and the rural infrastructure revolving loan program, in millions		\$12.4	TBD	TBD	TBD
Explanatory	Number of uniform funding applications processed for water, wastewater and solid waste projects			TBD	TBD	TBD
Outcome	Number of boil water advisories issued to consumers when a water system violates the bacteria (or total coliform) standard and the presence of e. coli or fecal coliform is detected			TBD	TBD	TBD
* Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	97.2%	100%	100%	100%	100%
Output	Number of site visits and assistance actions provided to public water systems to ensure compliance with the federal Safe Drinking Water Act regulations			180	180	180
Output	Percent of public water systems surveyed to ensure compliance with drinking water regulations			90%	90%	90%
* Outcome	Percent of environmental protection agency clean water state revolving loan fund capitalization grant and matching state funds committed to New Mexico communities for wastewater infrastructure development in the state fiscal year following receipt of an environmental protection agency award				75%	75%
Outcome	Percent of public water systems that comply with acute maximum contaminant levels	98.5%	99%			

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	97%	73%			
Quality	Percent customer satisfaction with the construction bureau's technical assistance and engineering services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	97.85%	98%			
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 department of finance and administration secretary and analyst	7/18/08	8/1/09			
Output	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	2,445	7,647			
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	97.85%	97%			

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, administrative, legal, and information management support to programs to operate in the most knowledgeable, efficient and cost-effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,353.1	3,477.7	3,477.7	3,239.3	-6.9
Other Transfers	2,152.1	2,243.3	2,719.2	2,719.2	21.2
Federal Revenues	2,713.5	3,025.2	2,303.9	2,303.9	-23.8
Other Revenues	0.0	0.0	100.0	100.0	
SOURCES TOTAL	8,218.7	8,746.2	8,600.8	8,362.4	-4.4
USES					
Personal Services and Employee Benefits	6,644.3	6,813.6	6,731.1	6,577.0	-3.5
Contractual Services	766.0	707.7	693.5	658.5	-7.0
Other	916.7	1,224.9	1,176.2	1,126.9	-8.0
TOTAL USES	8,327.0	8,746.2	8,600.8	8,362.4	-4.4
FTE					
Permanent	51.0	50.0	50.0	48.0	-4.0
Term	34.0	33.0	33.0	27.0	-18.2
TOTAL FTE POSITIONS	85.0	83.0	83.0	75.0	-9.6

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	100%	100%	100%	100%	100%
* Output	Percent of prior-year significant audit findings resolved	66.7%	57%	100%	100%	100%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	95.5%	100%	96%	96%	96%
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				30	30
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			
Efficiency	Percent of clients contacted within two weeks of assignment of case	95.5%	99%			
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	100%	100%			

STATUTORY AUTHORITY:

The Office of Natural Resources Trustee was created by Sections 75-7-1 through 75-7-5 NMSA 1978. The Office of the Natural Resources Trustee (ONRT) is administratively attached to the Environment Department and has as its sole mission the restoration of natural resources on state land injured as a result of a release of a hazardous substance or oil.

The natural resources trustee fund is used to pay court-ordered settlements and the costs of restoration activities in addition to being used as the repository for settlement monies reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery, and settlement process.

The Natural Resources Trustee is authorized to conduct assessments to determine injury to natural resources as well as to plan and implement restoration back to the condition prior to their contamination. As opposed to remediation (where contaminants are removed or the risk neutralized), restoration projects cannot access Superfund monies. Therefore, a viable financially responsible party must be found first to pay for site assessment and then restoration.

The Office of the Natural Resources Trustee favors working consensually because restoration can proceed more quickly and economically. However, it reserves the option to sue for natural resource damage when necessary.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	417.9	422.7	422.7	408.3	-3.4
Other Revenues	1,101.1	0.0	2,000.0	2,000.0	
SOURCES TOTAL	1,519.0	422.7	2,422.7	2,408.3	469.7
USES					
Personal Services and Employee Benefits	366.3	361.9	363.7	361.8	0.0
Contractual Services	1,115.4	17.6	2,011.1	2,006.7	11,301.7
Other	33.9	43.2	47.9	39.8	-7.9
TOTAL USES	1,515.6	422.7	2,422.7	2,408.3	469.7
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:

For FY11, the Office of Natural Resource Trustee (ONRT) budget request of \$2.4 million included an increase of \$2 million. This funding is from other revenues awarded by the courts in settlement cases. In the past, the department has submitted a budget adjustment request (BAR) as needed to accommodate these settlement awards as work is scheduled. This year ONRT requested that \$2 million be placed into the budget to alleviate the need to do BARs throughout the year for anticipated workload. This revenue is reflected in contractual services within the FY11 budget. Absent this increase, the recommendation reflects a decrease of 3.4 percent in the general fund appropriation.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Office of the Natural Resources Trustee to reduce the FY10 operating budget from the general fund by \$14.4 thousand.

OFFICE OF THE NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Number of acres of habitat restoration	1,110	1,385	500	500	500
* Outcome	Number of acre-feet of water conserved through restoration	726	1,017	500	500	500

STATUTORY AUTHORITY:

The New Mexico Health Policy Commission (HPC) is composed of nine members appointed to three-year terms by the governor and confirmed by the Senate in accordance with Sections 9-7-11.1 through 9-7-11.3 NMSA 1978. The commission administers the health information system, which collects, analyzes, and disseminates health-related information, and the Health Information Alliance, a cooperative effort of the state, national laboratories, and private entities interested in gathering, sharing, and evaluating health information. HPC also is the lead agency for a number of reports requested by the Legislature and annually produces the "Quick Facts" statistical report 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 provides research, guidance, and recommendations on health policy and planning issues to the executive and legislative branches of state government, healthcare consumers, and the healthcare industry.

BUDGET SUMMARY (dollars in thousands)						
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)	
			Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	1,259.0	805.7	961.9	628.1	-22.0	
Other Revenues	2.0	5.0	5.0	5.0	0.0	
SOURCES TOTAL	1,261.0	810.7	966.9	633.1	-21.9	
USES						
Personal Services and Employee Benefits	932.8	605.8	784.2	564.3	-6.9	
Contractual Services	20.7	0.0	7.5	6.5		
Other	310.8	204.9	175.2	62.3	-69.6	
TOTAL USES	1,264.3	810.7	966.9	633.1	-21.9	
FTE						
Permanent	15.0	14.0	14.0	8.0	-42.9	
TOTAL FTE POSITIONS	15.0	14.0	14.0	8.0	-42.9	

BUDGET ISSUES:

For FY11, the commission's base budget request was \$967 thousand, an increase of \$156 thousand or 19.2 percent over the FY10 operating budget.

The enabling statute, Section 9-7-11, states, "The purpose of the New Mexico health policy commission is to provide a forum for the discussion of complex and controversial health policy and planning issues for the creative exploration of ideas, issues and problems surrounding health policy and planning...." A major responsibility is "developing a plan for and monitor the implementation of the state's health policy" and publishing a plan and annual report that includes "a workplan of goals and objectives for addressing the state's health policy and planning issues in the upcoming year." The commission meets a minimum of four times per year and has been able to have a quorum at these meeting.

The agency has been unable to define its role in the health policy debate, especially its participation in the discussions and publication of the state's health plan, which is to include "a workplan of goals and objections for addressing the state's health policy and planning issues in the upcoming year." The Human Services Department (HSD), with assistance from the Department of Health (DOH), has been the lead agency to develop health policy for the state. The commission has largely been excluded from health policy development by the executive, and, as a result, the commission has concentrated on participating in or conducting task forces on select issues resulting from legislative memorials. This exclusion has resulted in frustration among the committee members, staff and the Legislature.

Currently, DOH's director of policy and performance is serving as the executive director of the commission. After the departure of the previous director, the new director has made it an agency priority to complete outstanding reports of health issues and to concentrate on health workforce issues. In the past year, the commission completed 10 reports related to health issues and maintained the health information database.

The future of HPC is unclear. During the 2008 legislative session, three bills were introduced, two of which were executive bills,

to move HPC to the proposed Health Care Authority. During the 2008 special legislative session, another executive bill would have moved the commission to the proposed Health Care Benefits Administration. Lastly, in the 2009 legislative session, two bills were introduced, one a governor's bill, to move HPC to DOH. In addition, the governor vetoed a bill that would have allowed the commission to deposit revenues from other sources to help fund activities.

The committee recommendation is \$633.1 thousand, a reduction of \$177.6 thousand or 22 percent. It also reflects the recent activity of the commission and dual roles of the executive director in the commission and within DOH. The recommendation is based on the commission moving into state office space presumably in the Runnels building in space vacated by HSD Behavioral Health Services. In addition, responsibilities for data collection under the Health Information System Act should be shared with DOH, and the Legislature should consider administratively attaching the commission to DOH rather than DFA. DOH could then do the financial management for the commission. The recommendation deletes all vacant positions, assigns the salary of the executive director and financial management to DOH, and uses FY09 expenses as the basis for recommending operating costs.

The committee further recommends required statutory changes be introduced to align the commission structure to the Department of Health.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the New Mexico Health Policy commission to reduce the FY10 operating budget from the general fund by \$40.3 thousand.

NEW MEXICO HEALTH POLICY COMMISSION

The purpose of the New Mexico health policy commission is to provide relevant and current health-related data, health research, information and comprehensive analysis to consumers, state health agencies, the executive, the legislature and the private health sector so they can obtain or provide improved health access in New Mexico.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of health-related bills analyzed during the legislative session	190	240	175	175	100
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	31%	71%	90%	90%	90%
Output	Percent of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems.	98%	98%	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 surviving spouses, and dependent children; assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service; and assists veterans, their surviving spouses, and their children in establishing the benefits and privileges to which they are entitled.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,311.2	3,241.3	3,221.3	3,037.9	-6.3
Federal Revenues	163.3	166.0	166.0	166.0	0.0
Other Revenues	0.0	20.0	0.0	40.0	100.0
Fund Balance	49.3	0.0	40.0	0.0	
SOURCES TOTAL	3,523.8	3,427.3	3,427.3	3,243.9	-5.4
USES					
Personal Services and Employee Benefits	2,135.5	1,986.4	2,042.1	2,047.1	3.1
Contractual Services	660.3	988.9	917.6	821.3	-16.9
Other	546.0	452.0	467.6	375.5	-16.9
TOTAL USES	3,341.8	3,427.3	3,427.3	3,243.9	-5.4
FTE					
Permanent	38.0	38.0	40.0	38.0	0.0
Term	2.0	2.0	2.0	4.0	100.0
TOTAL FTE POSITIONS	40.0	40.0	42.0	42.0	5.0

BUDGET ISSUES:

VSD submitted an essentially flat budget request for FY11, funded mostly from the general fund. However, the request, especially in other costs, lacked detailed justifications for the anticipated expenditures. One expansion was requested for 2 FTE to manage the Veterans Enterprise and Training Program (VETPRO). Public Law 108-183 mandates 3 percent of federal contracts go to military service disabled-veteran-owned small businesses, and VETPRO was provided as an agency expansion to oversee compliance in New Mexico. Originally, the agency proposed managing this program through a contract but, because of difficulties in finding a qualified contractor, it now plans on using agency staff. The expansion moves funding from contractual services to personal services and employee benefits to fund the proposed 2 FTE without requiring additional general fund monies.

VSD continues to support the approximately 180,000 veterans through improving access and dissemination of information of value to veterans and particularly information on benefits available from the Department of Veterans Affairs (DVA). It works with state and national veterans' organizations and advocates for veterans with the federal government. One program receiving national recognition from the DVA secretary is the Veterans Business Resource Center which assists veterans in establishing small businesses throughout the state. In addition, the department hosted a conference of state veterans' organizations for military honor guard teams. Through legislative support and continuing appropriations, the department has contracted with veterans groups to provide honor guards at veteran funerals to ensure individuals receive the respect earned from military service. Through coordination with other workforce organizations, VSD conducted a Heroes Hiring Heroes veterans job fair to assist veterans in finding employment. The department has made a dedicated effort to assist veterans leaving the military with honorable service in Iraq and Afghanistan.

The committee recommends a total appropriation of \$3.2 million, a reduction of 5.4 percent. Personal services and employee benefits are reduced by applying a 4 percent vacancy factor based on the average vacancy of 11.3 percent reported by the department. Contracts are funded as requested on the Form E-4 which differed from the S-9; however, the committee is

concerned about uniform contracts to veterans' organizations in the amount of \$25.7 thousand awarded without adjustment for the number of veterans served. Contracts should be issued based on services provided. There also is no evidence these contracts were ever competitively bid. Other costs were adjusted based on FY09 actual expenditures because specific justifications were not provided. Out-of-state travel was significantly reduced; however, funding is provided for several out-of-state trips to ensure the secretary is able to coordinate activities with DVA and national veterans' organizations. In other state funds, the committee recommends \$40 thousand from the license plate fund to reduce general fund needs. The committee further recommends the agency use nonrecurring fund balance for purchasing furniture, information technology equipment, and other capital expenses.

No explanation is provided by the department for the significant underachievement in the number of veterans served, which is only 70 percent of the target.

BASE EXPANSION:

The committee recommends the expansion for the Veterans Enterprise and Training Program by moving funding from contractual services to personal services and employee benefits and authorizing 2 FTE.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Veteran Enterprise and Training Program	0.0	84.0
TOTAL		0.0	84.0

VETERANS' SERVICES DEPARTMENT

The purpose of the veterans' service program is to carry out the mandates of the New Mexico state legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain benefits to which they are entitled in order to improve their quality of life.

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of veterans served by veterans' services department field offices	33,776	24,426	35,000	35,000	35,000
Output	Number of referrals from veterans' services officers to contract veterans organizations	17,618	18,258	19,000	19,000	19,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	26,852	24,181	25,000	20,000	20,000
Output	Number of educational programs reviewed, approved and audited	1,426	1,839	1,500	1,500	1,500
* Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	222	182	300	300	300
* Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	84	92	85	85	85
* Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	8,880	8,348	9,000	8,500	8,500
Outcome	Percent of New Mexico veterans impacted by department programs	18.61%	13.61%	20%	20%	20%
Output	Number of external prior-year audit finding	0	0	0	0	0

STATUTORY AUTHORITY:

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Sections 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies.

MISSION:

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	202,987.0	200,592.3	201,750.4	189,520.2	-5.5
Other Transfers	47,775.3	49,672.5	48,937.4	47,746.5	-3.9
Federal Revenues	142,082.4	137,995.5	140,004.3	139,471.8	1.1
Other Revenues	5,588.8	4,972.0	5,279.5	5,241.8	5.4
Fund Balance	1,726.9	277.0	380.4	380.4	37.3
SOURCES TOTAL	400,160.4	393,509.3	396,352.0	382,360.7	-2.8
USES					
Personal Services and Employee Benefits	127,465.2	120,612.1	121,990.2	119,823.4	-0.7
Contractual Services	74,984.6	78,063.0	77,282.2	68,132.1	-12.7
Other	193,518.9	194,594.2	196,839.6	194,165.2	-0.2
Other Financing Uses	3,029.1	240.0	240.0	240.0	0.0
TOTAL USES	398,997.8	393,509.3	396,352.0	382,360.7	-2.8
FTE					
Permanent	2,006.1	2,068.1	2,117.1	2,026.1	-2.0
Term	64.0	63.0	39.0	69.0	9.5
TOTAL FTE POSITIONS	2,070.1	2,131.1	2,156.1	2,095.1	-1.7

BUDGET ISSUES:

For FY11, CYFD requested base budget increases from the general fund of approximately \$1.2 million. The base budget increases were \$500 thousand for care and support in the Protective Services Program and \$658 thousand for Department of Information Technology rate increases in telecommunication and human resource management system fees.

The LFC recommendation includes the following reductions from the general fund FY10 operating budget: \$1.5 million in personal services and employee benefits category, \$8.2 million in contractual services, and \$167.4 thousand in miscellaneous reductions in the other category. The miscellaneous reductions in the other category were in radio communication, travel, advertising, postage, subscriptions and dues, employee training and education, and office supplies. Also, the committee recommends a decrease of \$1.9 million in general fund revenue in child care assistance.

The LFC recommendation includes general fund reductions of \$253.9 thousand from deleting 3 exempt FTE, \$204.3 thousand from deleting 3 FTE deputy director positions, and \$1 million from deleting 39 vacant positions. The deleted exempt positions include a domestic violence coordinator and executive in Youth and Family Services Program, and a children's cabinet director in Program Support. The 3 FTE deputy director positions are administrative and are in Juvenile Justice Facilities Services, Protective Services, and Early Childhood Services programs. Currently, CYFD has 6 FTE director positions and 12 FTE deputy director positions for its five programs. The LFC recommendation did not include deleting vacant FTE related to child safety or welfare positions, such as psychologists, probation and parole officers, youth care specialists, nurses and social workers. Of the remaining 85 FTE that did not relate to child safety and welfare, the committee recommendation supported deleting 45.9 percent.

The most significant general fund reductions in contractual services are \$2 million in domestic violence, \$1 million in prekindergarten, \$1.5 million in early childhood development, and \$897.5 thousand in the teen parenting and fatherhood program. LFC recommends budgeting \$1 million in fund balances from the domestic violence offender treatment and intervention fund for domestic violence programs. The budgeting of the fund balance reduces the overall reduction of general

fund revenue in contracts to \$7.2 million.

The committee recommendation includes \$2 million for domestic violence services, a decrease of \$1.6 million from FY10, and \$1.5 million for prekindergarten programs from the Temporary Assistance for Needy Families (TANF) grant funds transferred from the Human Services Department. The recommendation does not include the \$500 thousand in TANF grant funds appropriated for home visiting programs in FY10.

In FY09, CYFD received one-time federal funding of \$17.8 million from the American Recovery and Reinvestment Act (ARRA) 2009 from the child care and development block grant (CCDBG) and \$3.6 million from an increase to the federal medical assistance percentage (FMAP) rate for adoption and foster care maintenance payments. CYFD is using \$13.6 million of the CCDBG funding to provide childcare assistance to families up to 200 percent of the federal poverty level. In addition, \$3.1 million of the CCDBG funding will be used for quality improvement activities for child care with an emphasis on infant and toddler care. The CCDBG funding must be fully expended by September 30, 2010, and the adoption and foster care maintenance funding must be expended by December 31, 2010. CYFD reported \$800 thousand in ARRA funding from the FMAP increase is included in the FY11 budget request under care and support in the Protective Services Program. However, the department projects, even with the additional ARRA funding, in FY11 there will be a shortfall of \$500 thousand in care and support for foster care and adoption maintenance payments.

On August 31, 2009, CYFD closed the Area 1 juvenile justice facility in Springer and relocated five clients to the Youth Diagnostic and Development Center (YDDC) in Albuquerque. The department reported the facility did not have a sufficient population due to the design of the facility. Area 1 did not have a school and was a low-security facility. This required the department to place only low-risk clients, between 18-21 years old, who had their GED or high school diploma. The average cost per client per day at the facility was \$987. There were 27 people employed at Area 1 for five clients. Seven of the 27 employees have not found new employment as of November 30, 2009. CYFD worked with the State Personnel Office on a reduction of force plan now in effect for the seven prior employees of Area 1. CYFD reported the savings from closing Area 1 would be used for needed resources to implement Cambiar New Mexico, which is based on the nationally recognized Missouri Model.

CYFD has fully implemented Cambiar New Mexico at the J. Paul Taylor Center in Las Cruces. Cambiar focuses on rehabilitation and regionalization instead of confinement and punishment. The model includes the following initiatives: smaller and secure regional facilities statewide, smaller and more nurturing living units, youth-centered unit management, individualized service plans, and youth care specialists trained with clinical and therapeutic skills. The Cambiar model is more expensive to operate due to the requirement of smaller living units of 12 clients. This reduces the capacity of secure juvenile facilities and increases staffing levels of youth care specialists. As of October 25, 2009, the capacity of secure juvenile facilities was 299 statewide, with a total of 68 beds available primarily at the YDDC and Camino Nuevo facilities. CYFD's FY11 budget request included \$500 thousand to the Missouri Youth Services Institute for staff training at YDDC. The department received a \$750 thousand special appropriation and \$1 million in capital outlay funding to remodel the J. Paul Taylor Center and YDDC. However, Laws 2009, Chapter 128, reauthorized \$500 thousand of the capital outlay funding for master planning, design, and renovations to juvenile detention centers statewide to implement Cambiar New Mexico. The feasibility study and master plan is estimated to be completed by March 2010.

On May 11, 2009, LFC released the "Program Evaluation: Investment in Early Childhood" report. The evaluation identified savings of over \$4.2 million by reallocating funding from duplicative services and reducing excessive administrative spending. The report estimated savings of \$2.6 million from duplicative state-funded preschool programs and approximately \$1.6 million from reducing New Mexico prekindergarten administrative costs to 10 percent. The report noted the Governmental Accountability Office stated, "When multiple state agencies manage multiple early childhood education and care programs, mission fragmentation and program overlap occur." CYFD received \$9.7 million for prekindergarten in FY10, of which 22.7 percent was budgeted for administrative and support costs, and 77.3 percent was budgeted for child reimbursement, material, and transportation costs. LFC recommends the reduction in prekindergarten contracts in FY11 focus on reducing administrative and support costs to ensure the majority of funding that directly impacts the child and prekindergarten classroom remain intact.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Children, Youth and Families Department to reduce the FY10 operating budget from the general fund by \$6 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$1 million in personal services and employee benefits, \$4 million in contractual services, and \$1 million in other costs.

BASE EXPANSION:

CYFD requested a total of seven base expansions for FY11 that reflect no fiscal impact. The expansion requests propose using

existing program funding to create the following positions: 1 permanent FTE psychiatrist medical doctor, 4 term FTE nurses, 1 permanent FTE juvenile community corrections manager, and 3 permanent FTE domestic violence program managers. CYFD requests expansions to convert 16 unauthorized term FTE to permanent FTE in the Protective Services Program and Early Childhood Services Program. Of the 16 unauthorized term FTE, 7 FTE are funded from federal fund revenues, 7 FTE are funded from general fund revenues, and 2 FTE are funded from federal and general fund revenues. Also, the agency seeks an expansion request to convert from term to permanent 28 authorized term FTE funded by federal child care and development block grant funding in the Early Childhood Services Program.

Due to declining state budgets over the last two fiscal years, LFC does not recommend adding FTE, converting unauthorized FTE to permanent FTE, or converting federally funded authorized term FTE to permanent FTE. LFC recommends converting the federally funded 4 unauthorized term FTE in Protective Services Program and 3 unauthorized term FTE in Early Childhood Services Program to authorized term FTE.

RECOMMENDED LANGUAGE:

The general fund and internal services funds/interagency transfers appropriations to the early childhood services program of the children, youth and families department include seven million eight hundred twenty-five thousand eight hundred dollars (\$7,825,800) for direct services and eight hundred sixty-nine thousand five hundred dollars (\$869,500) for administrative and program support in the prekindergarten program.

The federal funds appropriations to the early childhood services program of the children, youth and families department include thirty-seven million two hundred twenty-six thousand six hundred dollars (\$37,226,600) for childcare programs from the child care and development block grant to New Mexico.

The internal service funds/interagency transfers appropriations to the early childhood services program of the children, youth and families department include thirty-nine million six hundred nineteen thousand three hundred dollars (\$39,619,300) for childcare programs and one million five hundred thousand dollars (\$1,500,000) for pre-kindergarten programs from the temporary assistance for needy families block grant to New Mexico.

The internal service funds/interagency transfer appropriations to the youth and family services program of the children, youth and families department include two million dollars (\$2,000,000) for domestic violence programs from the temporary assistance for needy families block grant to New Mexico.

Notwithstanding statutory restrictions on the use of money from the domestic violence offender treatment and intervention fund, one million dollars (\$1,000,000) is transferred to the youth and family services program of the children, youth and families department for domestic violence programs.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Psychiatrist medical doctor	0.0	0.0
2	Term registered nurses	0.0	0.0
3	Federal unauthorized term to perm (6 FTE)	0.0	0.0
4	Child care eligibility term to perm (28 FTE)	0.0	0.0
5	Unauthorized positions term to perm (10 FTE)	0.0	0.0
6	Juvenile community correction manager (1 FTE)	0.0	0.0
7	Domestic violence program managers (3 FTE)	0.0	0.0
TOTAL		0.0	0.0

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including but not limited to medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 – 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	67,171.5	39,480.8	40,099.0	38,976.4	-1.3
Other Transfers	1,220.5	1,648.3	1,595.1	1,555.2	-5.6
Other Revenues	1,692.4	1,613.3	1,613.3	1,579.9	-2.1
Fund Balance	1,726.9	0.0	0.0	0.0	
SOURCES TOTAL	71,811.3	42,742.4	43,307.4	42,111.5	-1.5
USES					
Personal Services and Employee Benefits	52,711.9	30,352.3	31,820.8	31,312.6	3.2
Contractual Services	11,022.3	7,558.0	6,514.4	5,904.4	-21.9
Other	7,432.4	4,832.1	4,972.2	4,894.5	1.3
TOTAL USES	71,166.6	42,742.4	43,307.4	42,111.5	-1.5
FTE					
Permanent	849.8	564.5	572.5	560.5	-0.7
Term	0.0	0.0	4.0	0.0	
TOTAL FTE POSITIONS	849.8	564.5	576.5	560.5	-0.7

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury	3.0%	4.0%	3%	3%	3%
* Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities	4.0%	10.1%	10%	10%	10%
* Outcome	Percent of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility	5%	3.7%	6%	6%	6%
* Output	Percent of possible education credits earned by clients in juvenile justice division facilities	42.4%	38.4%	47%	47%	47%
Output	Percent of youth in a juvenile justice services facility who are within one hundred miles of their family and home community		49%	60%		

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	59,711.2	60,383.5	61,153.8	59,388.5	-1.6
Other Transfers	971.4	727.2	727.2	727.2	0.0
Federal Revenues	50,330.5	47,815.0	49,506.1	49,388.9	3.3
Other Revenues	2,181.3	1,566.3	1,873.8	1,869.5	19.4
SOURCES TOTAL	113,194.4	110,492.0	113,260.9	111,374.1	0.8
USES					
Personal Services and Employee Benefits	50,169.5	47,257.0	48,790.4	48,515.9	2.7
Contractual Services	9,887.1	12,340.3	12,410.5	11,382.6	-7.8
Other	53,171.6	50,654.7	51,820.0	51,235.6	1.1
Other Financing Uses	196.3	240.0	240.0	240.0	0.0
TOTAL USES	113,424.5	110,492.0	113,260.9	111,374.1	0.8
FTE					
Permanent	834.0	840.0	853.0	842.0	0.2
Term	0.0	0.0	0.0	6.0	
TOTAL FTE POSITIONS	834.0	840.0	853.0	848.0	1.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination	93%	93.4%	91.5%	93%	93%
* Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	73.3%	72.7%	69.9%	69.9%	72%
Outcome	Percent of children adopted within twenty-four months from entry into foster care	35%	28.3%	28.3%	28.3%	28.3%
Outcome	Percent of children in foster care for twelve months with no more than two placements	83.6%	86.1%	80.5%	80.5%	80.5%
* Output	Percent of children who are not the subject of substantiated maltreatment while in foster care	99.66%	99.5%	99.68%	99.68%	99.68%

EARLY CHILDHOOD SERVICES

The purpose of the early childhood services program is to provide quality child care, nutrition services, early childhood education and training to enhance the physical, social and emotional growth and development of children.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	36,459.2	36,459.2	30,831.7	-15.4
Other Transfers	0.0	42,220.3	42,220.3	41,675.6	-1.3
Federal Revenues	0.0	79,692.1	80,009.8	79,794.3	0.1
Other Revenues	0.0	900.0	900.0	900.0	0.0
Fund Balance	0.0	277.0	380.4	380.4	37.3
SOURCES TOTAL	0.0	159,548.6	159,969.7	153,582.0	-3.7
USES					
Personal Services and Employee Benefits	0.0	7,595.9	7,432.9	7,049.7	-7.2
Contractual Services	0.0	20,138.2	20,538.2	16,462.5	-18.3
Other	0.0	131,814.5	131,998.6	130,069.8	-1.3
TOTAL USES	0.0	159,548.6	159,969.7	153,582.0	-3.7
FTE					
Permanent	0.0	104.5	142.5	98.5	-5.7
Term	0.0	47.0	19.0	47.0	0.0
TOTAL FTE POSITIONS	0.0	151.5	161.5	145.5	-4.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of children receiving state subsidy in stars/aim high programs level two through five or with national accreditation	64.4%	69.2%	60%	69%	69%
Outcome	Percent of licensed childcare providers participating in stars/aim high levels two through five or with national accreditation	65.3%	68.9%	65%	65%	65%
Outcome	Percent of children in state funded pre-kindergarten showing measurable progress on the preschool readiness kindergarten tool	68.5%	NA	68.5	68.5%	68.5%
* Output	Percent of families participating in home-visiting programs with a completed family plan				TBD	baseline
* Output	Percent of family providers participating in the child- and adult-care food program	94.8%	94.9%	92%	95%	95%
Output	Number of first home visits with families participating in the home-visiting evaluation process	613	616	600		

YOUTH AND FAMILY SERVICES

The purpose of the youth and family services program is to develop and provide needed quality prevention, intervention and after-care services to youth and families in their communities.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	66,475.6	52,221.3	51,951.0	48,687.3	-6.8
Other Transfers	45,447.1	4,943.7	4,258.5	3,652.2	-26.1
Federal Revenues	81,400.9	4,522.4	4,522.4	4,518.5	-0.1
Other Revenues	1,715.1	892.4	892.4	892.4	0.0
SOURCES TOTAL	195,038.7	62,579.8	61,624.3	57,750.4	-7.7
USES					
Personal Services and Employee Benefits	12,750.3	23,324.1	22,480.3	22,072.9	-5.4
Contractual Services	52,140.5	36,260.4	36,260.4	32,823.9	-9.5
Other	129,504.5	2,995.3	2,883.6	2,853.6	-4.7
Other Financing Uses	313.8	0.0	0.0	0.0	
TOTAL USES	194,709.1	62,579.8	61,624.3	57,750.4	-7.7
FTE					
Permanent	160.3	384.1	384.1	373.1	-2.9
Term	64.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	224.3	396.1	396.1	385.1	-2.8

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan	65.8%	72.5%	70%	70%	70%
* Outcome	Percent of domestic violence offenders who complete a batterer's intervention program	65.8%	60.4%	70%	70%	70%
* Outcome	Percent of clients who complete formal probation	90%	91%	90%	90%	90%
Outcome	Percent of multi-systemic therapy clients who have not committed a subsequent juvenile offense within two years of discharge from service	81%	78%	86.5%	86.5%	86.5%
Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	78.0%				
Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	59.6%				
* Output	Percent of clients readjudicated within two years of previous adjudication	4.7%	6.4%	5.8%	5.8%	5.8%
Output	Percent of adult victims or survivors receiving domestic violence services who are made aware of other available community services				TBD	baseline

PROGRAM SUPPORT

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	9,628.7	12,047.5	12,087.4	11,636.3	-3.4
Other Transfers	136.3	133.0	136.3	136.3	2.5
Federal Revenues	10,351.0	5,966.0	5,966.0	5,770.1	-3.3
SOURCES TOTAL	20,116.0	18,146.5	18,189.7	17,542.7	-3.3
USES					
Personal Services and Employee Benefits	11,833.5	12,082.8	11,465.8	10,872.3	-10.0
Contractual Services	1,934.7	1,766.1	1,558.7	1,558.7	-11.7
Other	3,410.4	4,297.6	5,165.2	5,111.7	18.9
Other Financing Uses	2,519.0	0.0	0.0	0.0	
TOTAL USES	19,697.6	18,146.5	18,189.7	17,542.7	-3.3
FTE					
Permanent	162.0	175.0	165.0	152.0	-13.1
Term	0.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	162.0	179.0	169.0	156.0	-12.8

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent vacancy rate for youth care specialists	11.5%	10.6%	8%	8%	8%
Outcome	Average vacancy rate for childcare eligibility interviewers		4.64%	15%	15%	15%
Outcome	Percent vacancy rate for child welfare workers		10%	12%		
Outcome	Average vacancy rate for child welfare workers		11.5%			
Outcome	Average vacancy rate for juvenile correctional officers		11.4%			
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				7	7

STATUTORY AUTHORITY:

The Department of Military Affairs (DMA) operates pursuant to Article I, Section 8, of the Constitution of the United States and Article XVIII, Sections 1 and 2, of the Constitution of New Mexico. The department is established and governed by the New Mexico Military Code (Chapter 20 NMSA 1978). Although the governor is commander in chief of the state military forces, the adjutant general directs DMA and is appointed by the governor to a five-year term.

MISSION:

The department's primary mission is to provide the necessary infrastructure to support the Army and Air National Guard, State Defense Force, Civil Air Patrol, and the New Mexico Youth Challenge Academy.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,472.8	7,442.1	7,487.6	6,875.8	-7.6
Other Transfers	162.9	0.0	0.0	0.0	
Federal Revenues	11,301.9	12,467.9	12,539.6	11,942.5	-4.2
Other Revenues	182.0	210.4	227.8	227.8	8.3
SOURCES TOTAL	19,119.6	20,120.4	20,255.0	19,046.1	-5.3
USES					
Personal Services and Employee Benefits	8,327.2	8,773.2	9,036.8	8,150.8	-7.1
Contractual Services	2,022.0	2,632.9	4,075.5	3,903.0	48.2
Other	7,610.0	8,714.3	7,142.7	6,992.3	-19.8
TOTAL USES	17,959.2	20,120.4	20,255.0	19,046.1	-5.3
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	136.0	131.0	131.0	126.0	-3.8
TOTAL FTE POSITIONS	168.0	163.0	163.0	158.0	-3.1

BUDGET ISSUES:

For FY11 the Department of Finance and Administration authorized the consolidation of The Department of Military Affairs into one program from the previous two programs, National Guard Support and Crisis Response. The consolidated program, also named National Guard Support, will perform the same functions but has greater flexibility in effectively using the appropriations from the general fund to maximize federal fund matching requirements. The National Guard Support program provides infrastructure for the New Mexico National Guard as well as accounting, maintenance, and other administrative services. The program is supported by a combination of revenue sources. The committee recommends a total of \$19 million with \$6.9 million from the general fund and \$11.9 million in federal funds. In addition, the recommendation includes \$227.8 thousand of other revenues derived from a variety of internal functions such as armory rental. The FY11 recommendation from the general fund is 7.6 percent below the FY10 appropriation. The National Guard Support program reports vacancy rates of proximately 18 percent for FY08 and FY09. The committee recommendation incorporates a vacancy rate of 13.5 percent, well below the historical rate. The result is an overall 7.1 percent decrease in personal services and employee benefits when federal funds are included. An increase in federal funds for contracts, primarily for engineering services at armories, contributes to the contractual services increase of 48.2 percent.

The New Mexico Youth Challenge Academy is an activity that works directly with at-risk teenagers. The program seeks to build character and ethical behavior in the youths. A Youth Challenge budget is submitted to and approved by the National Guard Bureau. The approved budget is based on a 40 percent state and 60 percent federal revenue allotment. The FY10 budget is approved for 200 youth and \$2.8 million. For FY11, the committee recommends a submission to the National Guard Bureau for 175 youth and a Youth Challenge total budget of \$2.45 million, a reduction of 12.5 percent. This will result in a reduction of 5 term FTE for the Youth Challenge activity. The committee recommendation from the general fund includes appropriations for the Civil Air Patrol proficiency and school drug demand contracts at the FY10 level of \$25 thousand and \$30 thousand, respectively.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Military Affairs to reduce the FY10 operating budget from the general fund by \$566.3 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: personal services and employee benefits, \$174.5 thousand; contractual services, \$56.8 thousand; and, other, \$335 thousand.

NATIONAL GUARD SUPPORT PROGRAM

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard in maintaining a high degree of readiness to respond to state and federal missions; and, to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Rate of attrition of the New Mexico army national guard	15.7%	15.5%	16%	16%	16%
* Outcome	Percent of strength of the New Mexico national guard	90%	100%	90%	91%	91%
Output	Number of major environmental compliance findings from inspections	10	0	10	5	5
* Outcome	Percent of cadets successfully graduating from the youth challenge academy	78%	99%	90%	91%	91%
* Output	Number of New Mexico youth challenge academy cadets who earn their high school equivalency annually		114	95	97	97

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	542.7	485.4	538.0	468.1	-3.6
SOURCES TOTAL	542.7	485.4	538.0	468.1	-3.6
USES					
Personal Services and Employee Benefits	347.4	341.8	386.1	320.5	-6.2
Contractual Services	7.7	7.4	7.5	11.5	55.4
Other	139.7	136.2	144.4	136.1	-0.1
TOTAL USES	494.8	485.4	538.0	468.1	-3.6
FTE					
Permanent	6.0	6.0	7.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	7.0	6.0	0.0

BUDGET ISSUES:

The board conducted 3,808 hearings in FY09. Of these, 2,690 were regular hearings defining parolee release conditions. Another 1,118 were revocation hearings that determine whether a parole violation requires the parolee to return to prison or if other sanctions are appropriate. The result of these revocation hearings has an impact on the prison population. In addition, the board coordinated information and provided recommendations to the governor for 150 executive clemency applications. Section 31-21-10.1 NMSA 1978 extends parole provisions for sex offenders and, as these cases accrue, an expanded board may be required.

The FY11 recommendation from the general fund for the Parole Board totals \$468.1 thousand. Included is \$4 thousand from the general fund for an expansion. This is a 3.6 percent decrease from FY10. The personal services and employee benefits category has a 2 percent vacancy rate. The other category anticipates board expenses consistent with the FY09 actual expenditures and the FY10 operating budget.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Parole Board to reduce the FY10 operating budget from the general fund by \$14.6 thousand.

BASE EXPANSION:

The recommendation does not include an expansion FTE for a hearing officer. Beginning in FY11 statute requires parole hearings for certain sex offenders. The number of hearings is expected to increase over the years and may justify an FTE at some point. However, for FY11 a New Mexico Sentencing Commission study projects only two hearings with the total rising to 36 by FY14. The FY11 recommendation includes a \$4 thousand expansion to contract a hearing officer to meet the Parole Board's statutory obligation.

BASE EXPANSION LISTING
FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Hearing Officer	(P704)	59.9	4.0
TOTAL			59.9	4.0

PAROLE BOARD

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	34	30	25	15	15
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	93.8%	92.6%	95%	93%	95%
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated	1 update	1 update	1 update	1 update	1 update
* Outcome	Percent of parole certificates issued within ten days of hearing or ten days of receiving relevant information needed			95%	95%	95%

STATUTORY AUTHORITY:

Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 created the Juvenile Public Safety Advisory Board (JPSAB). The board is administratively attached to the Children, Youth and Families Department (CYFD).

MISSION:

The mission of the JPSAB is to provide citizen oversight, review programs and initiatives, and make recommendations to CYFD on all matters relating to adjudicated youth program operations; conduct onsite facility inspections and visits; and ensure the appropriate care and treatment services are being provided to youth.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	434.8	224.2	229.5	217.5	-3.0
SOURCES TOTAL	434.8	224.2	229.5	217.5	-3.0
USES					
Personal Services and Employee Benefits	299.1	202.6	193.9	194.0	-4.2
Contractual Services	5.9	3.2	5.9	5.9	84.4
Other	68.0	18.4	29.7	17.6	-4.3
TOTAL USES	373.0	224.2	229.5	217.5	-3.0
FTE					
Permanent	6.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	6.0	3.0	3.0	3.0	0.0

BUDGET ISSUES:

In the 2009 legislative session, the JPSAB was created and replaced the Juvenile Parole Board. The following are the board's duties: advise CYFD on release decisions, meet with CYFD's secretary a minimum of twice a year to discuss activities of the department, visit each juvenile secure facility once a year and submit a written report on the conditions of the facility relating to care and treatment of youth, make recommendations to CYFD's secretary and director of the Juvenile Justice Facilities Program on programs and facilities, and adopt rules and regulations as may be necessary for the discharge of duties of the board.

JPSAB by statute is to consist of seven members; however, the agency's budget can not support additional members. The board is currently composed of the three original Juvenile Parole Board members. JPSAB reported it would require additional funding for more members as CYFD regionalizes juvenile secure facilities.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required Juvenile Public Safety Advisory Board to reduce the FY10 operating budget from the general fund by \$6.7 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: \$4.4 thousand in personal services and employee benefits and \$2.3 thousand in other costs.

JUVENILE PUBLIC SAFETY ADVISORY BOARD

The purpose of the juvenile public safety advisory board is to monitor each youth's rehabilitative process through therapy and support services to assure that there is a low risk for reoffending or re-victimizing the community.

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
Output	Percent of clients reviewed at forty days	86%	97%	95%	95%	95%
Output	Percent of clients reviewed every ninety days	100%	100%	95%		
Output	Number of client reviews held by the staff	816	741	700		
Outcome	Percent of residents paroled that successfully complete the conditions of parole	47%	47%	60%		
Outcome	Number of individual parole hearings held by the juvenile parole board	250	264	250	250	250

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	291,441.8	284,588.8	288,394.9	271,700.6	-4.5
Other Transfers	1,173.4	409.2	452.0	952.0	132.6
Federal Revenues	428.3	98.9	76.0	976.0	886.9
Other Revenues	22,024.1	21,243.4	21,473.8	21,481.2	1.1
Fund Balance	1,545.7	545.7	909.5	750.0	37.4
SOURCES TOTAL	316,613.3	306,886.0	311,306.2	295,859.8	-3.6
USES					
Personal Services and Employee Benefits	137,777.5	133,957.0	139,343.5	136,410.9	1.8
Contractual Services	49,253.1	52,363.4	53,259.3	48,254.6	-7.8
Other	117,733.7	120,565.6	118,703.4	110,694.3	-8.2
Other Financing Uses	1,000.0	0.0	0.0	500.0	
TOTAL USES	305,764.3	306,886.0	311,306.2	295,859.8	-3.6
FTE					
Permanent	2,483.5	2,484.5	2,484.5	2,484.5	0.0
Term	48.0	48.0	44.0	44.0	-8.3
TOTAL FTE POSITIONS	2,531.5	2,532.5	2,528.5	2,528.5	-0.2

BUDGET ISSUES:

The FY11 LFC recommendation from the general fund for the New Mexico Corrections Department (NMCD) totals \$271.7 million, a \$12.9 million, or 4.5 percent decrease from the FY10 operating budget. The total agency recommendation is 3.6 percent lower than FY10 principally due to the lower recommendation from the general fund.

The LFC FY11 recommendation for the Inmate Management and Control Program is \$247.7 million, with \$231.9 million from the general fund. This program also includes the former Inmate Programming Program that was incorporated into Inmate Management and Control because the principal services it provided, education and addiction services, were performed at the facilities. The recommendation from the general fund is \$9.9 million, or 4.1 percent below the FY10 operating budget. The decreases are centered on the contracts with the medical and the private prison providers. The recommendation assumes the medical contract is reduced by approximately \$4 million. Presumably this can be accomplished by operational efficiencies developed over the past three years as the relationship between the contractor and NMCD has matured. In addition, services must be refined to deliver acceptable care at affordable cost in exactly the same fashion that benefit changes evolve in Medicare, Medicaid or private sector programs.

The private prison contracts are reduced approximately \$4.5 million from the FY10 operating level. NMCD has already begun cost reduction in these contracts by minimizing the inmate population toward the contractual minimum guarantee. While this strategy has worked, a limit may be reached as the inmate population increases. The private prisons primarily house level III custody inmates. Depending on the custody demographic of the inmate population increase, the in-house NMCD level III capacity may be exceeded. At that point level III inmates must be housed in private facilities with the requisite per diem charge unless the classification system is compromised, potentially leading to security and safety concerns. Recent vacant regular capacity beds totaled 110 out of 2,268 spots, a rate of 4.8 percent. Of the 110 openings only 13 were custody level III and the balance were lower custody levels. Vacancies in higher custody levels or medical beds at public facilities totaled 120. These numbers confirm the opportunity to house additional level III inmates in public facilities but not without eventually compromising

the classification system. Beyond the ability of NMCD to house these inmates, private prison cost reductions are dependent on lower per diem charges. If lower per diem rates cannot be negotiated then the possibility of closed prisons and early release of eligible inmates could be the result. The November 2009 total inmate count for both private and public facilities stood at 6,495, 5,922 men and 573 women. The independent contractor that provides inmate population projections estimates 6,586 at the end of FY10 and 6,685 at the end of FY11. The total prison capacity stands at 6,984 with 2,494 in private facilities. The November 2009 private facility inmate count was 2,243. If the private count rises to the total capacity without per diem reductions, the additional annual cost approaches \$6.5 million.

The Inmate Management and Control Program reports an average vacancy rate for FY09 of 14 percent. Recent vacancy rates continue in the 12 percent to 13 percent range with 260 vacancies out of 1,987 FTE. For positions designated as correctional officers, the request reflects 180 vacant positions out of 1,361, a vacancy rate of 13 percent. All other positions have a similar vacancy rate. The committee recognizes the importance of public safety positions and the recommendation is based on a 3 percent vacancy rate for the correctional officers, essentially full funding. For other positions a vacancy rate of 9 percent was applied, partially in recognition of the hiring freeze. The resultant combined vacancy rate is 5.3 percent, significantly below the actual rate. Full funding for correctional officers should result in reduced overtime with resultant savings. If full correctional officer staffing cannot be obtained at a 97 percent funding level then recruiting and retention policies need examination. If after such analysis it is determined full staffing cannot be achieved, then a reduction of FTE needs consideration.

The FY11 recommendation for Program Support is \$8.5 million, with \$8.1 million from the general fund. The recommendation from the general fund is \$480 thousand, or 5.6 percent below the FY10 operating budget. Program Support had vacancy rates of 10 percent in FY08 and 6 percent in FY09. At the time of the request, there were 12 vacancies out of the 96 positions, a vacancy rate of 13 percent. The LFC recommendation is based on a vacancy rate of 7 percent, consistent with recent experience and in recognition of the hiring freeze. The contracts category is 14 percent lower than FY10 and includes reduction of management training and professional photography for the annual report. Likewise, the other category is reduced \$250 thousand and will require leasing fewer automobiles, minimizing office purchases, and forestalling information technology purchases.

Corrections Industries operates as an enterprise fund and in recent years has not required a direct appropriation from the general fund. However, sales lagged and the fund balance safety cushion dwindled. A potential cash-flow problem was averted by NMCD's use of the FY09 solvency program transfer authority to move \$1.3 million of general fund monies from Inmate Management and Control to Corrections Industries, a nonreverting entity. The FY11 NMCD request assumes Corrections Industries regains self-sufficiency with a budget increase of \$400 thousand and without use of any of the projected \$2.7 million fund balance that includes the \$1.3 million recently transferred from Inmate Management and Control. The committee recommendation is for only a 2.3 percent increase and encourages controls, efficiencies, and increased sales to allow Corrections Industries to regain a firm financial footing. Any excess funds should go to fund balance to avert another cash shortage requiring an infusion from the general fund. Because none of the \$1.3 million general fund solvency fund balance is required for FY11, the recommendation includes a transfer of \$500 thousand of these funds to Community Corrections to help continuation of the high quality parolee services that contributes to the parolees' success in the community.

The FY11 LFC recommendation for Community Offender Management is down 5.3 percent. The recommendation from the general fund declines \$2.2 million, or 7.4 percent. However, fund balance and higher revenue from probation and parole fees totaling \$550 thousand partially offset the reduction from the general fund. Personal services and employee benefits were reduced only 1.5 percent as maintenance of the probation and parole workforce becomes increasingly important if any inmate early release is required. A reduction of 11.2 percent is recommended in the other category, assuming lower lease costs can be negotiated. The statewide county detention center cost was reduced to \$500 thousand from \$1 million, reflecting actual costs in FY09.

The FY11 LFC recommendation from the general fund to Community Corrections was reduced \$231 thousand, 6.1 percent. Fund balance is not available because it was used as part of the FY10 solvency. A transfer of \$500 thousand from the Corrections Industries Program offsets part of the reduction. The net reduction is primarily from reduced parolee services. Many of these services are provided by the Behavioral Health Collaborative contractor. As in other NMCD programs, only a negotiated lower unit cost from our business partners will allow for the current level of service to continue.

Spending in both Community Offender Management and Community Corrections is an investment for lower recidivism rates and better personal outcomes for former offenders that, in turn, reduces prison costs over the long run. It also has a direct impact on lowering prison costs by offering less expensive alternatives to high-priced prison space for suitable offenders. Efficiencies and lower contractual costs are imperative to continue this investment process.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the New Mexico Corrections Department to reduce the FY10 operating budget from the general fund by \$11.4 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Inmate Management and Control, \$8.2 million in medical and private prison contract savings and \$1.5 million in federal funds supplants general fund; \$1.6 million in various other category reductions in Community Offender Management; and, \$150 thousand of contract reductions in Community Corrections.

RECOMMENDED LANGUAGE:

The appropriations for the community offender management/vendor-run program of the corrections department are appropriated to the community corrections grant fund.

No more than five hundred thousand dollars (\$500,000) of the general fund appropriations to the community offender management program of the corrections department shall be used for detention costs for parole violators.

The other state funds appropriations to the corrections industries program of the corrections department include five hundred thousand dollars (\$500,000) for transfer to the internal service fund/interagency transfers category of the community corrections/vendor-run program of the corrections department.

The internal services funds/interagency transfer category of the community corrections/vendor-run program of the corrections department include five hundred thousand dollars (\$500,000) transferred from the corrections industries program of the corrections department.

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 <u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	246,969.9	241,833.4	246,277.2	231,900.1	-4.1
Other Transfers	194.3	165.5	202.2	202.2	22.2
Federal Revenues	428.3	98.9	76.0	976.0	886.9
Other Revenues	14,650.6	14,783.4	14,594.1	14,594.1	-1.3
SOURCES TOTAL	262,243.1	256,881.2	261,149.5	247,672.4	-3.6
USES					
Personal Services and Employee Benefits	107,735.5	105,369.8	109,724.9	107,827.5	2.3
Contractual Services	48,792.4	51,707.0	52,566.3	47,665.0	-7.8
Other	100,405.4	99,804.4	98,858.3	92,179.9	-7.6
TOTAL USES	256,933.3	256,881.2	261,149.5	247,672.4	-3.6
FTE					
Permanent	1,940.5	1,946.5	1,947.5	1,947.5	0.1
Term	44.0	44.0	40.0	40.0	-9.1
TOTAL FTE POSITIONS	1,984.5	1,990.5	1,987.5	1,987.5	-0.2

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Recidivism rate of success for offenders after release program by thirty-six months	32.6%	39.80%	35%	35%	35%
* Outcome	Percent of female offenders successfully released in accordance with their scheduled release dates	89.9%	92%	95%	90%	90%
* Outcome	Percent turnover of correctional officers	12.6%	10.01%	13%	13%	13%
* Output	Graduation rate of correctional officer cadets from the corrections department training academy	88.2%	87.59%	90%	90%	90%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
	Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed	77.1%	78.90%	78%	78%
*	Output	Percent of eligible inmates who earn a general equivalency diploma		89%	78%	78%
*	Output	Percent of participating inmates completing adult basic education		31%	32%	32%
*	Outcome	Percent of male offenders successfully released in accordance with their scheduled release dates		81%	90%	90%
*	Efficiency	Daily cost per inmate, in dollars, for prior fiscal year	TBD	TBD	\$87.00	\$95.50
	Outcome	Percent of therapeutic community graduates reincarcerated within thirty-six months of release		New FY10	40%	40%
	Output	Percent of inmates with a history of domestic violence receiving domestic violence prevention education		New FY10	100%	100%
	Output	Percent of victims of domestic violence receiving domestic violence education to include availability of resources and or support		New FY10	100%	100%
*	Output	Percent of inmates testing positive for drug use (including inmates refusing to be tested) in a random monthly drug test	2.09%	2.20%	<2%	<=2%
*	Output	Number of inmate-on-inmate assaults with serious injury	20	19	23	23
*	Output	Number of inmate-on-staff assaults with serious injury	4	7	6	6
*	Output	Number of escapes from a publicly run corrections department facility		0	0	0
*	Output	Number of escapes from a secure non-New Mexico corrections department facility		0	0	0
	Output	Average number of days an inmate waits for medical, dental or psychiatric services		New FY10	3	3
*	Outcome	Percent of standard healthcare requirements met by medical contract vendor		100%	87%	87%
*	Outcome	Percent of eligible sex offenders within three years of release who are receiving treatment		46.16%	65%	65%
	Output	Percent of inmate grievances resolved informally		New FY10	85%	85%

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates in order to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,133.9	0.0	0.0	0.0	
Other Transfers	6.8	0.0	0.0	0.0	
Other Revenues	5,118.2	4,637.9	5,035.1	4,742.5	2.3
Fund Balance	0.0	0.0	0.0	500.0	
SOURCES TOTAL	6,258.9	4,637.9	5,035.1	5,242.5	13.0
USES					
Personal Services and Employee Benefits	2,234.4	1,692.2	2,348.5	2,106.5	24.5
Contractual Services	2.9	20.7	20.7	20.7	0.0
Other	2,187.1	2,925.0	2,665.9	2,615.3	-10.6
Other Financing Uses	0.0	0.0	0.0	500.0	
TOTAL USES	4,424.4	4,637.9	5,035.1	5,242.5	13.0
FTE					
Permanent	38.0	38.0	38.0	38.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	42.0	42.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Profit and loss ratio	TBD	TBD	break even	break even	break even
* Outcome	Percent of eligible inmates employed	10.99%	7.80%	11%	11%	11%

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	30,795.1	30,381.6	29,770.5	28,138.3	-7.4
Other Transfers	633.7	0.0	0.0	0.0	
Other Revenues	2,080.2	1,700.0	1,700.0	2,000.0	17.6
Fund Balance	1,000.0	0.0	250.0	250.0	
SOURCES TOTAL	34,509.0	32,081.6	31,720.5	30,388.3	-5.3
USES					
Personal Services and Employee Benefits	20,063.0	19,642.0	19,815.9	19,342.0	-1.5
Contractual Services	26.7	39.6	72.1	39.6	0.0
Other	10,312.4	12,400.0	11,832.5	11,006.7	-11.2
Other Financing Uses	1,000.0	0.0	0.0	0.0	
TOTAL USES	31,402.1	32,081.6	31,720.5	30,388.3	-5.3
FTE					
Permanent	392.0	392.0	391.0	391.0	-0.3
TOTAL FTE POSITIONS	392.0	392.0	391.0	391.0	-0.3

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Outcome	Percent turnover of probation and parole officers	24.7%	21.40%	20%	20%	20%
* Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	85%	91.68%	90%	90%	90%
Quality	Average standard caseload per probation and parole officer	93	91	92	92	110
Quality	Average intensive supervision program caseload per probation and parole officer	29	19	20	20	20
Output	Percent of absconders apprehended		10.42%	15%	15%	15%
Quality	Average number of offenders in intensive or high-risk supervision		26.25	25	25	25

COMMUNITY CORRECTIONS/VENDOR RUN

The purpose of the community corrections/vendor run program is to provide selected offenders on probation and parole with residential and nonresidential service settings and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration without undue risk to the public.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,855.7	3,790.6	3,790.6	3,559.6	-6.1
Other Transfers	99.2	0.0	0.0	500.0	
Other Revenues	44.2	42.1	42.1	42.1	0.0
Fund Balance	545.7	545.7	659.5	0.0	-100.0
SOURCES TOTAL	4,544.8	4,378.4	4,492.2	4,101.7	-6.3
USES					
Personal Services and Employee Benefits	813.1	769.0	861.9	768.6	-0.1
Contractual Services	41.9	9.4	45.9	25.0	166.0
Other	3,256.6	3,600.0	3,584.4	3,308.1	-8.1
TOTAL USES	4,111.6	4,378.4	4,492.2	4,101.7	-6.3
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

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Average community corrections program caseload per probation and parole officer	33	30	30	30	35
* Output	Percent of male offenders who complete the residential treatment center program		15.67%	75%	75%	75%
* Output	Percent of female offenders who complete the residential treatment center program		15.58%	75%	75%	75%
* Output	Percent of female offenders who complete the halfway house program		32.25%	75%	75%	75%

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	<u>FY11 - 2010-2011</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8,687.2	8,583.2	8,556.6	8,102.6	-5.6
Other Transfers	239.4	243.7	249.8	249.8	2.5
Other Revenues	130.9	80.0	102.5	102.5	28.1
SOURCES TOTAL	9,057.5	8,906.9	8,908.9	8,454.9	-5.1
USES					
Personal Services and Employee Benefits	6,931.5	6,484.0	6,592.3	6,366.3	-1.8
Contractual Services	389.2	586.7	554.3	504.3	-14.0
Other	1,572.2	1,836.2	1,762.3	1,584.3	-13.7
TOTAL USES	8,892.9	8,906.9	8,908.9	8,454.9	-5.1
FTE					
Permanent	96.0	91.0	91.0	91.0	0.0
TOTAL FTE POSITIONS	96.0	91.0	91.0	91.0	0.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
*	Outcome	Percent of prisoners reincarcerated back into the corrections department system within thirty-six months due to new charges or pending charges	New FY10	40%	40%	40%
	Outcome	Percent of prisoners reincarcerated back into the corrections department within thirty-six months due to technical parole violations	New FY10	40%	40%	40%
*	Outcome	Percent of all prisoners reincarcerated back into the corrections department within thirty-six months	45.81%	46.34%	47%	47%
*	Outcome	Percent of sex offenders reincarcerated back into the corrections department within thirty-six months	34.71%	36.22%	40%	40%
	Output	Percent of department staff trained on legal subjects to include but not limited to unlawful discrimination, sexual harassment and internal policy and procedures	New FY10	100%	100%	100%
	Output	Percent of department staff trained in motivational interviewing techniques	New FY10	100%	100%	100%
	Outcome	Percent of employee union grievances resolved prior to arbitration	New FY10	90%	90%	90%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission (CVRC) was created by Section 31-22-4 NMSA 1978 to protect the citizens of New Mexico from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcements efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified by law. The commission board consists of five gubernatorial appointees.

MISSION:

The mission of the Crime Victims Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

BUDGET SUMMARY (dollars in thousands)					
	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,262.4	2,387.0	2,472.4	1,953.0	-18.2
Federal Revenues	5,045.3	4,798.1	4,647.5	4,647.5	-3.1
Other Revenues	653.8	450.0	499.5	499.5	11.0
Fund Balance	0.0	0.0	117.2	117.2	
SOURCES TOTAL	7,961.5	7,635.1	7,736.6	7,217.2	-5.5
USES					
Personal Services and Employee Benefits	1,177.2	1,214.0	1,219.9	1,207.7	-0.5
Contractual Services	281.4	314.7	314.7	263.0	-16.4
Other	5,155.5	5,206.4	5,502.0	5,046.5	-3.1
Other Financing Uses	253.0	900.0	700.0	700.0	-22.2
TOTAL USES	6,867.1	7,635.1	7,736.6	7,217.2	-5.5
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

BUDGET ISSUES:

The Crime Victims Reparation Commission (CVRC) is composed of two programs, Victim Compensation and Federal Grants Administration. The total FY11 budget recommendation for both programs is \$7.2 million, down 5.5 percent from \$7.64 million in FY10. The general fund decrease is 18.2 percent to \$2 million. The revenue is a combination of money from the general fund, reimbursement from perpetrators, and federal funds. There is no matching requirement from the general fund to receive the federal funds.

CVRC processes claims for statutorily specified criminal acts to reimburse the victim, deceased victim's dependents, or any individual who voluntarily assumes the funeral or medical expenses of the victim. For FY09, reimbursement included \$211.4 thousand for 375 claims for child sexual abuse and 93 for physical abuse. Fifty drunken driving claims that included 17 deaths totaled \$149.8 thousand. Domestic violence incidents resulted in the largest total payout of \$488.5 thousand for 353 claims that included 28 homicides. Statute does include a basic maximum payout of \$20 thousand for a single claim. However, there is no minimum and the reduced appropriation from the general fund may require a lower unit value per claim. For example, awards to hospitals may need to be reduced to 60 percent of the billing as opposed to the recent effort to reimburse at 100 percent. The administrative cost to reimburse approximately \$1.6 million to victims is almost \$1.3 million, making it incumbent on CVRP to introduce efficiencies for a higher proportion of victim payments.

The Federal Grants Administration Program manages federal funds from the Office of Justice programs Victims of Crime Act and Violence Against Women Act. For FY11, \$4.65 million is recommended from these grants. Primarily the other category expenditures are awarded to state agencies and community organizations to fund victim advocate positions in judicial districts.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Crime Victims Reparation Commission to reduce the FY10 operating budget from the general fund by \$71.6 thousand. Details of the expenditure reduction plan were not available.

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,262.4	2,387.0	2,472.4	1,953.0	-18.2
Other Revenues	653.8	450.0	499.5	499.5	11.0
Fund Balance	0.0	0.0	117.2	117.2	
SOURCES TOTAL	2,916.2	2,837.0	3,089.1	2,569.7	-9.4
USES					
Personal Services and Employee Benefits	904.8	946.8	946.4	934.2	-1.3
Contractual Services	261.3	286.7	286.7	235.0	-18.0
Other	1,730.7	1,603.5	1,856.0	1,400.5	-12.7
TOTAL USES	2,896.8	2,837.0	3,089.1	2,569.7	-9.4
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

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of formal regional trainings conducted annually	8	8	8	8	8
* Output	Number of formal internal staff trainings conducted annually	6	6	6	6	6
Outcome	Percent increase in number of reparation applications received	2%	38%	2%	2%	2%
* Efficiency	Average number of days to process applications	125	134	119	<120	119
Efficiency	Percent of payment vouchers for care and support sent to the department of finance and administration within two working days of the receipt of payment list	90%	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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	5,045.3	4,798.1	4,647.5	4,647.5	-3.1
SOURCES TOTAL	5,045.3	4,798.1	4,647.5	4,647.5	-3.1
USES					
Personal Services and Employee Benefits	272.4	267.2	273.5	273.5	2.4
Contractual Services	20.1	28.0	28.0	28.0	0.0
Other	3,424.8	3,602.9	3,646.0	3,646.0	1.2
Other Financing Uses	253.0	900.0	700.0	700.0	-22.2
TOTAL USES	3,970.3	4,798.1	4,647.5	4,647.5	-3.1
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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Efficiency	Percent of sub-recipients that receive compliance monitoring via desk audits	83%	83%	83%	83%	85%
Outcome	Percentage increase in number of services provided to victims of crime by grant sub-recipients	2%	2%	2%	2%	2%
* Efficiency	Percent of site visits conducted	36%	40%	40%	40%	50%
Output	Number of statewide training conferences held for service providers and victim advocates	1	1	1	1	1
Efficiency	Number of working days to complete payment voucher after completion of drawdown	5	5	6	6	6
* Output	Number of training workshops conducted for sub-recipients	14	12	12	12	14
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds			5	5	5
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury			5	5	5

STATUTORY AUTHORITY:

The Department of Public Safety (DPS) was created as a cabinet department in 1987. The reorganization sections are in the Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978. The act incorporated the following law enforcement entities under a single organization: the New Mexico State Police, Law Enforcement Academy, Alcoholic Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. The Motor Transportation Division (MTD), formerly a part of the Taxation and Revenue Department, was transferred to DPS on July 1, 1998. Laws 2007, Chapter 291, removed the Emergency Management and the Homeland Security Support Program from DPS and the Office of Homeland Security from the Governor's Office to create a separate Homeland Security and Emergency Management Department. The creation of DPS was intended to provide overall coordination and access for all law enforcement functions in the state.

MISSION:

The mission of the Department of Public Safety is to provide the best and most efficient law enforcement, support, and emergency services available to protect and secure the people of New Mexico in their lives, homes, and communities. DPS's areas of focus are drunken driving, drug crime, violent crime, and traffic safety.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	97,844.8	94,827.6	94,922.9	90,959.4	-4.1
Other Transfers	9,691.1	11,859.3	11,494.4	11,452.1	-3.4
Federal Revenues	7,135.3	19,691.0	16,075.1	16,372.0	-16.9
Other Revenues	5,025.1	5,816.3	6,117.9	5,215.2	-10.3
Fund Balance	1,455.9	1,965.0	1,340.0	940.0	-52.2
SOURCES TOTAL	121,152.2	134,159.2	129,950.3	124,938.7	-6.9
USES					
Personal Services and Employee Benefits	88,595.1	93,681.5	90,959.0	87,347.9	-6.8
Contractual Services	1,988.2	4,285.8	4,981.0	4,882.2	13.9
Other	28,099.6	36,191.9	34,010.3	32,708.6	-9.6
TOTAL USES	118,682.9	134,159.2	129,950.3	124,938.7	-6.9
FTE					
Permanent	1,218.5	1,218.5	1,220.5	1,209.5	-0.7
Term	107.0	106.0	101.0	96.0	-9.4
Temporary	24.2	24.2	24.2	24.2	0.0
TOTAL FTE POSITIONS	1,349.7	1,348.7	1,345.7	1,329.7	-1.4

BUDGET ISSUES:

The FY11 LFC recommendation from the general fund for the Department of Public Safety (DPS) totals \$91 million, a \$3.7 million, or 4.1 percent, decrease from the FY10 operating budget. The total agency recommendation is 6.9 percent lower than FY10, principally due to lower recommendations from the general fund. However, the FY11 DPS recommendation is still higher than the FY08 total operating budget of \$122.8 million and within \$1 million of the appropriation from the general fund. As the FY11 federal funds and Department of Transportation transfers and forfeitures materialize, the total FY11 budget may increase.

The LFC recommendation for the Law Enforcement Program is \$77.8 million, with \$66.9 million from the general fund. Unfilled positions continue to be a problem for the Law Enforcement Program, with 142 vacancies out of a total of 842 term and perm positions for a vacancy rate of 16.7 percent. The DPS budget request reflected a continuing vacancy rate of 14 percent to 16 percent for the past two fiscal years. Of the 142 vacant positions, 90 were for State Police positions and 15 for Special Investigations, a vacancy rate of 16 percent. This compares with 86 vacant positions in September 2008 and 96 in September 2007. A combination of keen competition for qualified law enforcement officers and budgetary constraints contribute to the persistent vacant positions. To further bolster public safety, a vacancy rate of only 10 percent is applied to State Police compared with the actual of 16 percent. This allows opportunity for funded recruitment and retention efforts to combat the persistent vacancy levels that may imperil public safety. The effort is reinforced by the American Recovery and Reinvestment Act (ARRA) funding award of \$5.4 million distributed through the justice assistance grant. DPS indicated in the budget adjustment request the funds would be used for 38 commissioned positions over FY10 and FY11. Approximately \$2.4 million of ARRA funding is available for FY11. The funds can be maximized by hiring the recruits as term employees and transferring them to permanent slots as attrition opens permanent, funded positions. This funding can also be used for equipment and the

recommendation anticipates 38 automobiles will be purchased in addition to support the 38 cadets and recruit school. In the event the vacancies for certified law enforcement officers are not reduced with the resources available for FY11, consideration should be given to deleting positions. Funding for the contract category increases due to the availability of federal funds for instructional resources at the Law Enforcement Academy.

More than five hundred automobiles are in service and a "take home" policy is in effect. If the average round trip commute is only 20 miles, this totals 10,000 miles daily. With approximately 241 annual work days the total mileage is 2.4 million. At an approximate direct operating cost of 20 cents per mile, the annual cost is \$480 thousand before the capital cost of effectively replacing 24 automobiles using 100,000 miles as the replacement criteria. The recommendation reduces the auto fuel and maintenance costs appropriation by a total of \$200 thousand in anticipation of the "take home" policy being modified to accommodate the requirements of current low revenues. The full \$480 thousand was not reduced in recognition of potential difficulties in first-year implementation.

Annual automobile replacement continues to be a concern. DPS reported the Law Enforcement Program needs to replace 344 vehicles that will top 95,000 miles in FY11 and the Motor Transportation Program needs 81. This includes approximately 250 automobiles not replaced in FY10 but eligible under DPS criteria. At a current cost of \$21,588 per automobile, the requested replacement cost totals \$9.2 million. The committee recommendation does not include a direct appropriation for this purpose. However, if commissioned officer positions remain vacant, the extra funds could be used to purchase automobiles.

The FY11 LFC recommendation for the Motor Transportation Program is \$23.3 million, a decrease of 4 percent from the FY10 operating budget. The recommendation from the general fund is \$9.9 million, a reduction of 3.8 percent from the FY10 operating budget. Included in the other transfers is \$6.94 million from the Department of Transportation state road fund. This funding level is consistent with prior years.

The Motor Transportation Program has certified law enforcement officer vacancy problems similar to the Law Enforcement Program. There are 32 vacant positions out of a total of 154, a vacancy rate of 20 percent. This has been a continuing problem and Motor Transportation reported a similar rate for the past two years. The FY11 recommendation reduces the number of certified law enforcement positions by 10 to 144 from 154. Five deleted positions are funded by the road fund and the second five from the general fund. This allows the recommendation to apply the lower vacancy rate of only 5.9 percent to the balance of the program, including the 144 certified law enforcement positions. Also, this will potentially leave road funds available to purchase automobiles. The automobile take home policy is discouraged in this program as well and a reduction of \$70 thousand is applied to automobile operating costs.

The FY11 LFC recommendation from the general fund for the Program Support Program is \$14.2 million, a decrease of 5.8 percent from the FY10 total of \$15.1 million. The total program recommendation, including all revenue sources, is \$23.8 million, a decrease of 9.8 percent over the FY10 operating budget of \$26.4 million. The decrease of federal funds is attributable to a change in federal flow-through grant monies. However, \$300 thousand of federal recovery funds are included for the personal services category. The solvency sweep reduced the availability of other revenues; however, the program may consider increasing fingerprinting fees to offset the new maintenance contract costs associated with the recently implemented automated system that performs this function.

The LFC Program Support recommendation includes a vacancy savings in personal services and employee benefits of 10 percent. This is far below the current vacancy rate of 23.4 percent, 49 vacant positions out of 209, reported in the agency request. Program Support reports a continuing vacancy rate of over 20 percent for the past two years. Included in the vacant are 14 forensic scientist positions out of a total of 51, a vacancy rate of 27.5 percent for this critical law enforcement support function. A year ago, 12 forensic scientist positions were vacant, indicating efforts to increase capacity in this function have not succeeded.

A recurring theme in all three programs is extremely high vacancy rates, particularly for certified law enforcement officers and forensic scientist positions. These types of positions are central to the agency's mission. The State Police have had approximately 100 open positions out of 605 for almost three years. To address this problem, the Law Enforcement Program has a FY11 recommended decrease of only 3.7 percent from the general fund, even in this period of low revenues. The program also has a total of \$5 million federal stimulus funds available for at least FY10 and FY11 to augment state appropriations. Continuing to even partially fund vacant positions becomes increasingly difficult with low revenues. In the absence of improved recruitment and retention results, consideration must be given to reducing the FTE count, even in positions of this nature. The Motor Transportation Program recommendation deletes 10 law enforcement positions in FY11 and such action may be extended to the other programs if such high vacancy rates persist.

In addition to the recurring appropriations, DPS has a total of \$4 million appropriated to the department for the following capital

outlay projects: Lordsburg port of entry, \$500 thousand; Santa Teresa port of entry, \$1.5 million; and automobiles, \$2 million.

Other capital appropriations to the General Services Department for DPS projects include: Las Vegas State Police district office, \$5.5 million; Las Cruces State Police district office, \$5.8 million; forensic crime lab, \$1 million; and, Lordsburg Port of Entry, \$11 million.

The LFC capital tracking group reports all projects are making satisfactory progress.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Department of Public Safety to reduce the FY10 operating budget from the general fund by \$2.8 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures in the personal services and employee benefits category for each program as follows: Program Support, \$677.8 thousand; Law Enforcement Program, \$1.74 million; and, Motor Transportation Program, \$411.1 thousand.

BASE EXPANSION:

The requested expansion to incorporate the 35 Special Investigations certified law enforcement officers into the State Police is not recommended. The inclusion of the Special Investigations positions with the State Police would create efficiencies and synergy that would enhance the performance of the Law Enforcement Program. However, this change must be accompanied by an actuarial study of the impact to the retirement programs since Special Investigations and State Police do not currently share the same retirement benefits.

The request to transfer 3 FTE from the Law Enforcement Program to the Motor Transportation Program without funds is not recommended. This would only have the effect of adding 3 additional unfunded FTE to Motor Transportation when the recommendation already deletes 10 FTE.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the motor transportation program of the department of public safety include six million nine hundred forty thousand dollars (\$6,940,000) from the state road fund.

Any unexpended balances in the department of public safety remaining at the end of fiscal year 2011 made from appropriations from the state road fund shall revert to the state road fund.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Law Enforcement Consolidation	(P504)	95.3	0.0
2	Transfer FY10 Expansion FTE	(P781)	0.0	0.0
3	Transfer FY10 Expansion FTE	(P504)	0.0	0.0
<u>TOTAL</u>			95.3	0.0

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 – 2010-2011		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	72,055.0	69,489.6	69,584.9	66,889.7	-3.7
Other Transfers	2,265.6	4,475.7	3,323.4	3,323.4	-25.7
Federal Revenues	1,728.3	3,918.0	3,439.7	3,439.4	-12.2
Other Revenues	3,383.4	4,019.1	3,887.9	3,215.9	-20.0
Fund Balance	1,392.3	1,565.0	940.0	940.0	-39.9
SOURCES TOTAL	80,824.6	83,467.4	81,175.9	77,808.4	-6.8
USES					
Personal Services and Employee Benefits	60,828.7	64,315.0	61,953.0	59,526.1	-7.4
Contractual Services	1,026.2	1,605.8	1,822.6	1,783.8	11.1
Other	17,084.3	17,546.6	17,400.3	16,498.5	-6.0
TOTAL USES	78,939.2	83,467.4	81,175.9	77,808.4	-6.8
FTE					
Permanent	830.0	833.0	832.0	829.0	-0.5
Term	10.0	9.0	4.0	4.0	-55.6
Temporary	24.2	24.2	24.2	24.2	0.0
TOTAL FTE POSITIONS	864.2	866.2	860.2	857.2	-1.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Explanatory	Number of fatal crashes in New Mexico per year	363	343	400	400	400
* Output	Number of driving-while-intoxicated arrests by department of public safety commissioned personnel in New Mexico	3,363	3,694	3,400	3,200	3,200
Output	Number of first time driving-while-intoxicated arrests per year	2,111	2,362	2,000	2,000	2,000
Output	Number of repeat driving-while-intoxicated arrests per year	1,252	1,332	1,400	1,200	1,200
* Output	Number of drug arrests by department of public safety commissioned personnel in New Mexico	1,349	1,256	1,200	1,000	1,000
* Output	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel	201	216	250	200	200
* Output	Number of administrative citations issued to licensed liquor establishments for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division	483	558	250	200	200
Outcome	Percent of cadets who successfully complete training and pass the law enforcement officer certification exam	100%	100%	98%	98%	98%
* Output	Number of criminal cases investigated by department of public safety commissioned personnel in New Mexico	18,803	17,525	15,000	15,000	15,000
* Output	Number of criminal citations or arrests for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division	155	230	200	150	150
Outcome	Percent of strength of department of public safety commissioned personnel	88.0%	84.2%	87%	81%	95%

MOTOR TRANSPORTATION DIVISION

The purpose of the motor transportation program is to provide the highest quality of commercial motor vehicle enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	9,616.3	10,277.3	10,277.3	9,887.9	-3.8
Other Transfers	7,391.0	7,304.3	8,094.5	8,055.0	10.3
Federal Revenues	3,090.5	6,725.6	5,360.7	5,360.7	-20.3
Other Revenues	17.7	0.0	25.0	25.0	
SOURCES TOTAL	20,115.5	24,307.2	23,757.5	23,328.6	-4.0
USES					
Personal Services and Employee Benefits	15,356.4	16,606.5	16,470.2	15,917.3	-4.2
Contractual Services	554.0	2,065.7	2,142.6	2,122.6	2.8
Other	4,107.2	5,635.0	5,144.7	5,288.7	-6.1
TOTAL USES	20,017.6	24,307.2	23,757.5	23,328.6	-4.0
FTE					
Permanent	218.5	218.5	221.5	213.5	-2.3
Term	55.0	55.0	55.0	50.0	-9.1
TOTAL FTE POSITIONS	273.5	273.5	276.5	263.5	-3.7

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Output	Number of narcotic seizures by the motor transportation police division	84	74	60	52	52
* Output	Number of commercial motor vehicle safety inspections by the motor transportation police division	118,872	114,628	90,000	95,500	95,500
* Output	Number of citations issued by motor transportation police division officers to commercial motor carrier vehicles subject to, and not in compliance with, the requirements of the weight distance tax act		3,076	500	400	400
Outcome	Percent of strength of commissioned officers	85.7%	80.0%	87%	87%	87%
Outcome	Percent of strength of transportation inspectors				90%	90%
* Output	Number of motor carrier safety audits completed				200	200

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)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	16,173.5	15,060.7	15,060.7	14,181.8	-5.8
Other Transfers	34.5	79.3	76.5	73.7	-7.1
Federal Revenues	2,316.5	9,047.4	7,274.7	7,571.9	-16.3
Other Revenues	1,624.0	1,797.2	2,205.0	1,974.3	9.9
Fund Balance	63.6	400.0	400.0	0.0	-100.0
SOURCES TOTAL	20,212.1	26,384.6	25,016.9	23,801.7	-9.8
USES					
Personal Services and Employee Benefits	12,410.0	12,760.0	12,535.8	11,904.5	-6.7
Contractual Services	408.0	614.3	1,015.8	975.8	58.8
Other	6,908.1	13,010.3	11,465.3	10,921.4	-16.1
TOTAL USES	19,726.1	26,384.6	25,016.9	23,801.7	-9.8
FTE					
Permanent	170.0	167.0	167.0	167.0	0.0
Term	42.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	212.0	209.0	209.0	209.0	0.0

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of grants management bureau compliance site visits made to each grantee per year	27	43	60	60	60
* Outcome	Percent of prior-year audit findings resolved	50.0%	58.8%	100%	100%	100%
Outcome	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99.9%	99.9%	99.9%	99.9%
Outcome	Percent of help desk tickets resolved within forty-eight work hours of receipt	97.0%	99.9%	98%	98%	98%
* Output	Number of unfilled forensic scientist vacancies in the chemistry unit	3	3	0	0	0
* Output	Number of unfilled forensic scientist vacancies in the latent prints unit	0	0	0	0	0
Output	Number of unfilled forensic scientist vacancies in the firearms and toolmark unit	0	0	0	0	0
* Outcome	Percent of forensic cases completed within thirty working days		71.3%	85%	75%	80%
Output	Number of criminal record jackets updated per year		1,204	1,200	1,200	1,200
Efficiency	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds				0	0
Efficiency	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				75	75

STATUTORY AUTHORITY:

The Homeland Security and Emergency Management Department (HSEMD) was created by Section 9-21-1 through 9-28-7 NMSA 1978 under the Homeland Security and Emergency Management Act. The act removed emergency management and homeland security support functions from Department of Public Safety (DPS) and policy development, agency coordination, and implementation functions from Office of Homeland Security at the Office of the Governor to create a separate Homeland Security and Emergency Management Department.

MISSION:

HSEMD's mission is to lead New Mexico's efforts in protecting life and property against all threats and hazards by integrating and managing comprehensive and coordinated protective actions, preparedness programs, mitigation projects, response activities, and recovery efforts prior to, during, and following emergencies or disasters.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,656.6	3,332.0	3,332.0	3,076.5	-7.7
Other Transfers	114.9	230.3	208.2	208.2	-9.6
Federal Revenues	24,092.9	39,844.7	31,231.4	31,224.5	-21.6
Other Revenues	176.4	10.0	10.0	10.0	0.0
SOURCES TOTAL	28,040.8	43,417.0	34,781.6	34,519.2	-20.5
USES					
Personal Services and Employee Benefits	4,661.0	4,740.2	4,760.4	4,646.1	-2.0
Contractual Services	1,130.6	1,672.8	1,431.3	1,403.2	-16.1
Other	17,197.4	37,004.0	28,589.9	28,469.9	-23.1
TOTAL USES	22,989.0	43,417.0	34,781.6	34,519.2	-20.5
FTE					
Permanent	26.0	22.0	22.0	22.0	0.0
Term	56.0	56.0	56.0	56.0	0.0
TOTAL FTE POSITIONS	82.0	78.0	78.0	78.0	0.0

BUDGET ISSUES:

The Homeland Security and Emergency Management Department is the consolidated state agency primarily responsible for emergency management and homeland security functions. The FY11 recommendation is \$34.5 million, a decrease of 20.5 percent from FY10. Individual grants may vary considerably from year to year as the federal government's priorities change. For example, in FY10 the stonegarden federal grant that supports local state border jurisdictions with Mexico by enhancing security capabilities increased by \$1.7 million to \$4.9 million but for FY11 is projected to fall \$1.3 million to \$3.4 million. Contributing to the FY11 decline in federal funds from \$39.8 million in FY10 to \$31.2 million in FY11 is a decrease of \$6.4 million in the public safety interoperable communications grant. The changing availability of federal funds results in large fluctuations in the HSEMD budget.

The recommendation from the general fund for FY11 is reduced by \$255.5 thousand, 7.7 percent, to \$3.1 million from the FY10 operating budget. The agency reports annual vacancy rates in the 22 percent range and the recommendation applies a vacancy rate of 15.5 percent. The recommendation for the governor's exempt FTE is maintained at the FY10 operating budget level of \$279 thousand. The number of governor exempt FTE is 5, down from 9 in FY09. Other expenditure reductions can be taken from general fund support in professional services and grants that is not required for federal matching in order to minimize the overall budgetary impact.

Federal emergency management funding related to disaster declarations totaled \$21.4 million in FY07 and \$11.5 million in FY08. These funds are not included in the recurring budget but are administered by the agency in a flow-through capacity. Due to the high dollar amounts, the agency should develop performance measures related to these funds to ensure accountability.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Homeland Security and Emergency Management Department to reduce the FY10 operating budget from the general fund by \$166.6 thousand. Details of the expenditure reduction plan were not available.

HOMELAND SECURITY AND EMERGENCY MANAGEMENT

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexico including all agencies, branches and levels of government for the citizens of New Mexico.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of exercises conducted annually in compliance with federal guidelines	25	34	29	34	34
Outcome	Number of local emergency operation plans, including terrorism incident annex, current within three years	29	31	32	32	32
* Outcome	Number of program and administrative team compliance visits conducted each year on all grants	37	38	37	38	38
Output	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds				3	3
Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				38	38

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 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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	374,071.3	359,516.4	366,512.7	366,512.7	1.9
Other Revenues	407,401.8	439,226.4	398,722.6	398,003.1	-9.4
Fund Balance	14,841.5	7,458.4	6,693.1	6,693.1	-10.3
SOURCES TOTAL	796,314.6	806,201.2	771,928.4	771,208.9	-4.3
USES					
Personal Services and Employee Benefits	154,172.2	164,421.0	159,795.3	149,416.7	-9.1
Contractual Services	343,424.1	300,064.6	286,633.9	272,872.6	-9.1
Other	316,484.6	334,765.7	318,561.2	341,981.6	2.2
Other Financing Uses	6,914.0	6,949.9	6,938.0	6,938.0	-0.2
TOTAL USES	820,994.9	806,201.2	771,928.4	771,208.9	-4.3
FTE					
Permanent	2,663.0	2,663.0	2,663.0	2,413.0	-9.4
Term	93.5	93.5	91.5	91.5	-2.1
TOTAL FTE POSITIONS	2,756.5	2,756.5	2,754.5	2,504.5	-9.1

BUDGET ISSUES:

Due to continued state road fund (SRF) revenue losses, the New Mexico Department of Transportation (NMDOT) budget request for FY11 reflected a 4.3 percent decrease from the FY10 operating budget and a 6 percent decrease from FY09 actuals.

Congress continues to debate replacement legislation to authorize and govern the next five years of federal spending for the nation's surface transportation programs. This had been governed by the Safe, Accountable, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which expired in October 2009. Congress is expected to pass a continuing resolution for this program in calendar year 2010. SAFETEA-LU, effective from 2004-2009, differed from prior multi-year authorizations by the inclusion of multiple congressional earmarks, resulting in expenditures far exceeding appropriations. This forced the Federal Highway Administration (FHWA), beginning in 2006, to initiate rescissions of appropriations to the states as the highway trust fund (HTF) was depleted. Congress has indicated that successor legislation may include an increase in the amount of funding authorized to states, thus amplifying the concerns over the solvency of the HTF.

The discussion in Volume I outlined issues with fuel taxes as the primary source of federal and state funding for highway construction and maintenance activities in New Mexico. In FY09, SRF unrestricted revenues fell short of the budgeted \$402.1 million to \$365 million. In October 2009, NMDOT adjusted its FY10 budgeted SRF level of \$395 million to \$360 million with the expectation that it may drop as low as \$340 million. NMDOT subsequently reduced its FY10 operating budget by \$31.9 million and initiated other actions to identify at least another \$20 million in reductions. The NMDOT FY10 operating budget has been adjusted from \$806.2 million to \$766.2 million with an expectation that revenue growth is not anticipated until FY12. Accordingly, to maximize resources available for highway maintenance and operational expenses, the FY11 budget recommendation eliminates five exempt and 245 classified positions within the department. NMDOT currently has more than 420 vacant and funded positions. The elimination of these positions, many of which have been vacant over two years, results in a 9.1 percent reduction in staffing and minimizes reductions in operational expenses associated with highway maintenance.

In FY10 the Legislature appropriated \$11.9 million to fund construction projects throughout the state, under either the State Transportation Improvement Program (STIP) or Governor Richardson's Investment Partnership (GRIP). These projects do not

qualify for federal funding and are typically found in rural New Mexico. The FY11 budget recommendation includes \$20.8 million for this purpose and to enhance maintenance activities throughout the state.

NMDOT has a total outstanding debt of \$1.59 billion with FY11 debt service obligations of \$166 million for all NMDOT bonds. GRIP bonds account for \$1.2 billion in outstanding principal with a final maturity date in 2026; \$434 million in authorized bonds remain to be issued with \$200 million being obligated by a line of credit.

The Transportation Commission, working through the New Mexico Finance Authority (NMFA), struggled in FY09 with the financing of GRIP. The department was caught in the fallout of the sub-prime market crisis because GRIP's portfolio contained both variable-rate and auction rate security products. In 2009, the commission in response made a strategic decision to reverse itself on issuing 20-year bonds for GRIP. This decision was driven in part by the department's inability to absorb increased debt service levels above \$162 million. Additionally, as Waste Isolation Pilot Plant bonds are paid off in FY11, federal revenues from the WIPP program will also diminish by \$13 million, thus reducing the debt service ceiling in future years to less than approximately \$149 million. Accordingly, the commission has temporarily suspended plans for the issuance of the final \$234 million in GRIP bonds originally planned for 2010.

The New Mexico Finance Authority (NMFA) currently charges the department 25 basis points, or approximately \$3 million annually, on the outstanding principal balance of the debt financed through NMFA. NMFA, as agreed to by NMDOT, directs one-half of this payment into a revolving fund, managed by NMFA to assist local governmental entities in financing road programs. This process requires projects that are approved and ready to construct and requires local government match. Notwithstanding the benefits of this activity, concern has been expressed this activity circumvents the Legislature's appropriation role as it applies to the SRF and that there should be legislative oversight. Additionally, retaining this fee within the NMDOT would offset, to some extent, the loss of WIPP revenue used for debt service. NMDOT should seek to reduce this fee to a more market competitive rate or seek its elimination entirely.

Since FY97, the total number of lane miles within the state highway system has increased by 11.4 percent. The continued loss of SRF revenue significantly impacts the department's ability to maintain highways, forcing cost reduction measures throughout the program to include: modifying chip sealing activities, closure of rest areas throughout the state, curtailing or reducing roadside mowing activities, curtailing equipment replacement programs and not filling vacant positions as evidenced by agency vacancy rates expected to approach 20 percent.

In 2007, the Legislature approved 55 FTE for maintenance activities to address backlogged maintenance needs throughout the state. However, the department's ability to recruit trained equipment operators and other trades personnel initially was impacted by the robust job market in gas and oil development and the industry's ability to pay substantially more than the state and most recently by a statewide hiring freeze.

The commuter rail project funded under GRIP is 97 percent complete, at a projected cost of approximately \$400 million with an additional \$50 million being held in escrow and \$25 million set aside for contingencies.

Operating costs are estimated to increase from a current level of \$14 million a year to \$20 million with the full operation of the commuter rail system. A referendum on the imposition of a 1/8 cent gross receipts tax (GRT) increase was approved by voters in the Rio Metro Transit District (Bernalillo, Sandoval and Valencia counties) and the North Central Transit District (Santa Fe, Los Alamos, Rio Arriba and Taos counties) in the 2008 general election.

The tax in the Rio Metro Transit District was expected to raise \$19 million per year, while revenue from the tax from the North Central District was projected at \$8 million per year. However, GRT for all of these counties is reported to be well below expectations, with the Middle Rio Grande Council of Government (MRCOG) reporting it might be as much as \$3.8 million short of expectation. The Transportation Commission in November 2009 went on record that there would not be any SRF used for the rail operations and that Rio Metro should evaluate service reductions or additional contributions from local government to continue operations through the remainder of FY10.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate expenditure restriction plans. The plan submitted by DOT reduces personal services and employee benefits by \$10.1 million. DOT reduced road contract maintenance by \$14 million, which represents a 42 percent reduction. The plan includes a \$6.4 million reduction to field supplies, rest area closures, reduced maintenance, and heavy equipment purchases. Other reductions of \$4.1 million include \$2.3 million for traffic safety grants to communities. Because of declining state road fund revenues, an additional \$1.5 million will not be spent, which will assist in cash flow operations.

RECOMMENDED LANGUAGE:

The other state funds appropriations to the transportation and highway operations program of the department of transportation includes fifteen million dollars (\$15,000,000) for a fleet management and heavy equipment program.

The other state funds appropriations to the program and infrastructure program of the department of transportation include twenty million seven hundred fifty-nine and nine hundred dollars (\$20,759,900) for maintenance and reconstruction of state managed highways that do not qualify for federal funding.

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)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	363,483.8	355,016.4	360,586.2	360,586.2	1.6
Other Revenues	142,754.9	132,431.4	125,772.5	129,964.7	-1.9
Fund Balance	7,800.0	7,458.4	3,773.1	3,773.1	-49.4
SOURCES TOTAL	514,038.7	494,906.2	490,131.8	494,324.0	-0.1
USES					
Personal Services and Employee Benefits	28,759.6	28,442.1	29,688.6	27,086.3	-4.8
Contractual Services	286,086.7	247,775.5	251,206.4	239,012.7	-3.5
Other	213,583.5	218,688.6	209,236.8	228,225.0	4.4
TOTAL USES	528,429.8	494,906.2	490,131.8	494,324.0	-0.1
FTE					
Permanent	411.0	411.0	411.0	355.0	-13.6
Term	41.0	41.0	40.0	40.0	-2.4
TOTAL FTE POSITIONS	452.0	452.0	451.0	395.0	-12.6

PERFORMANCE MEASURES

		FY08 Actual	FY09 Actual	FY10 Budget	FY11 Request	FY11 Recomm
* Explanatory	Annual number of riders on park and ride	370,315	316,233	≥225,000	>225,000	≥225,000
* Outcome	Annual number of riders on the rail runner corridor (in millions)			≥1.5	≥1.5	≥1.5
* Outcome	Total number of traffic fatalities			<414	<405	≥405
* Outcome	Number of alcohol-related traffic fatalities	New FY09	144	≤160	<155	<155
* Outcome	Number of non-alcohol-related traffic fatalities	221	231	≤264	<260	<260
* Outcome	Number of passengers not wearing seatbelts in motor vehicle fatalities			≤184	<180	<180
* Output	Number of crashes in established safety corridors	708	TBD11/09	≤800	≤790	≤790
* Explanatory	Percent of projects in production let as scheduled	91%	75%	≥75%	>75%	≥75%
* Outcome	Percent of airport runways in satisfactory or better condition				>70%	>70%
* Quality	Ride quality index for new construction	4.0	4.1	≥4.0	≥4.0	≥4.0
* Quality	Percent of final cost-over-bid amount on highway construction projects	5.5%	5.2%	≤6.0%	<6.0%	≤6.0%
* Outcome	Percent of front-occupant seatbelt usage	91%	TBD 12/09	≥90%	>90%	≥90%
* Outcome	Number of pedestrian fatalities			<50	<50	<50
* Outcome	Number of head-on crashes per one hundred million vehicle miles traveled	1.43	1.30	2.65	<2.55	≤2.55
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled	0.58	0.53	≤0.88	<0.88	≤0.88
Output	Number of non-alcohol-related traffic fatalities per one hundred million vehicle miles traveled	0.81	0.84	≤1.0	<1.0	≤1.0
Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled		1.37	2.01	<2.0	≤2.0

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Number of alcohol-related fatal crashes				<137	<137
Outcome	Number of alcohol-related injury crashes				Baseline	Baseline
Outcome	Number of alcohol-related crashes				Baseline	Baseline
Output	Revenue dollars per passenger on park and ride	\$2.88	\$2.91	\$2.95	Delete	\$2.95

TRANSPORTATION AND HIGHWAY OPERATIONS

The purpose of the transportation and highway operations program is to maintain and provide improvements to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 – 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Federal Revenues	8,922.8	4,500.0	4,500.0	4,500.0	0.0
Other Revenues	218,653.3	251,299.8	219,312.2	221,795.2	-11.7
Fund Balance	3,041.5	0.0	2,920.0	2,920.0	
SOURCES TOTAL	230,617.6	255,799.8	226,732.2	229,215.2	-10.4
USES					
Personal Services and Employee Benefits	98,362.1	108,992.0	104,424.8	98,992.9	-9.2
Contractual Services	52,484.7	45,943.9	29,174.7	28,949.9	-37.0
Other	89,073.1	100,863.9	93,132.7	101,272.4	0.4
TOTAL USES	239,919.9	255,799.8	226,732.2	229,215.2	-10.4
FTE					
Permanent	1,972.0	1,972.0	1,972.0	1,837.0	-6.8
Term	47.7	47.7	47.7	47.7	0.0
TOTAL FTE POSITIONS	2,019.7	2,019.7	2,019.7	1,884.7	-6.7

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Number of statewide pavement preservation lane miles	4,321	3,787	≥4,000	≥4,000	≥4,000
* Efficiency	Maintenance expenditures per lane mile of combined systemwide miles	\$2,634	\$2,997	≥\$3,500	≥\$3,500	≥\$3,500
* Outcome	Percent of non-interstate lane miles rated good			≥86%	≥88%	≥88%
* Output	Amount of litter picked up from department roads, in tons	15,397	15,459	≥16,000	≥16,000	≥16,000
* Outcome	Percent of interstate lane miles rated good			≥97%	≥97%	≥97%
* Quality	Customer satisfaction levels at rest areas	96.2%	98%	≥98%	≥98%	≥98%
* Outcome	Number of combined systemwide miles in deficient condition	3,306	TBD12/09	≤2,500	≤2,500	≤2,500

PROGRAM SUPPORT

The purpose of program support is to provide management and administration of financial and human resources, custody and maintenance of information and property and the management of construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011 Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	1,664.7	0.0	1,426.5	1,426.5	
Other Revenues	45,993.6	55,495.2	53,637.9	46,243.2	-16.7
Fund Balance	4,000.0	0.0	0.0	0.0	
SOURCES TOTAL	51,658.3	55,495.2	55,064.4	47,669.7	-14.1
USES					
Personal Services and Employee Benefits	27,050.5	26,986.9	25,681.9	23,337.5	-13.5
Contractual Services	4,852.7	6,345.2	6,252.8	4,910.0	-22.6
Other	13,828.0	15,213.2	16,191.7	12,484.2	-17.9
Other Financing Uses	6,914.0	6,949.9	6,938.0	6,938.0	-0.2
TOTAL USES	52,645.2	55,495.2	55,064.4	47,669.7	-14.1
FTE					
Permanent	280.0	280.0	280.0	221.0	-21.1
Term	4.8	4.8	3.8	3.8	-20.8
TOTAL FTE POSITIONS	284.8	284.8	283.8	224.8	-21.1

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
* Quality	Number of external audit findings	15	TBD	≤6	≤6	≤6
Quality	Percent of prior-year audit findings resolved	TBD	TBD	100%	100%	100%
* Efficiency	Percent of invoices paid within thirty days	97.5%	95%	≥99%	≥95%	≥95%
* Outcome	Vacancy rate in all programs	12.66%	14.4%	≤9%	≤13%	≤13%
* Output	Percent of information technology projects on-time and on-budget		92%	100%	100%	100%
* Output	Number of employee work days lost due to accidents	483.5	340	≤110	≤125	≤125
* Output	Number of employee injuries			≤100	≤100	≤100
* Output	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury				10 days	10 days

STATUTORY AUTHORITY:

Article XII, Section 6, of the New Mexico Constitution created a cabinet department headed by a secretary of public education and created an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

MISSION:

The purpose of the department is to create and maintain a customer-focused organization that provides leadership, technical assistance, and quality assurance to improve performance for all students and close the achievement gap.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,785.5	15,979.3	17,108.7	15,200.0	-4.9
Other Transfers	1,081.5	0.0	90.6	90.6	
Federal Revenues	21,663.8	42,594.4	28,956.0	28,956.0	-32.0
Other Revenues	937.9	872.9	1,542.3	1,542.3	76.7
Fund Balance	305.1	305.1	0.0	0.0	-100.0
SOURCES TOTAL	40,773.8	59,751.7	47,697.6	45,788.9	-23.4
USES					
Personal Services and Employee Benefits	22,237.0	22,332.0	21,954.5	20,960.3	-6.1
Contractual Services	15,833.7	27,291.7	18,965.3	18,965.3	-30.5
Other	4,121.0	10,128.0	6,777.8	5,863.3	-42.1
TOTAL USES	42,191.7	59,751.7	47,697.6	45,788.9	-23.4
FTE					
Permanent	216.2	216.2	216.2	208.2	-3.7
Term	108.0	111.0	109.0	102.0	-8.1
Temporary	4.6	4.6	4.6	4.6	0.0
TOTAL FTE POSITIONS	328.8	331.8	329.8	314.8	-5.1

BUDGET ISSUES:

The Public Education Department (PED) budget request for FY11 reflected an overall decrease of \$12 million, or 20 percent from the FY10 operating budget. Much of this decrease was attributed to a reduction of federal funds carryover for multiple year grants. Although the department's overall request decreased, the FY11 general fund request for the agency increased by \$1.1 million, or 7 percent, as a result of an expansion request for operations and maintenance costs associated with the Student Teacher Accountability Reporting System (STARS) and the Operating Budget Management System (OBMS).

The department continues to experience problems with a number of financial operations and with providing timely reimbursements to school districts. Districts continue to complain about the extended time needed for the department to process and pay reimbursements, and with the influx of federal stimulus funding, this function is becoming more critical. School districts are expected to receive more than \$180 million in additional Title I and Individuals with Disabilities Education Act- Part B (IDEA-B) funding from the American Recovery and Reinvestment Act over the next two years that needs to be distributed in an accurate and timely manner.

An analysis of staffing suggests the department might not be allocating sufficient resources into financial operations. LFC urges the department to develop, during the 2010 interim, a two-program structure consisting of a program and policy division and a financial operations division. Currently, the agency operates as a single program with one appropriation that does not distinguish between program and financial operations. The LFC evaluation of selected school districts presented to the committee in November 2009 demonstrates the need for the department to invest substantially more resources into district oversight, financial accountability, and the more efficient distribution of flow-through funding to districts. The LFC recommendation includes language to appropriate funding specifically for financial operations functions and encourages the department to work with LFC and DFA staff to develop programs during the interim.

The department continues to operate with nine assistant secretaries, some with management responsibilities over as few as nine staff, fewer employees than most bureaus statewide. PED should consolidate the administration of its divisions under fewer directors. In addition, the department maintains two unauthorized governor exempt staff and two public information officers. As

a result, the recommendation deletes three assistant secretary positions, one public information officer position, and two unauthorized exempt positions, a net decrease of \$693.2 thousand to personal services and employee benefits.

Historically the department carries an 18 percent vacancy rate that appears to be, in part, self-imposed in order to fund the two unauthorized governor exempt staff, meet salary requirements of numerous exempt positions, and fund the higher cost of education administrator positions. The agency request includes a vacancy rate of 7.5 percent for FY11. The recommendation supports this request and reduces the number of authorized positions. A number of positions across the agency continue to be held vacant, some for as long as two years. These positions apparently are no longer needed and the committee recommendation deletes four permanent positions (2- education administrator-A, 1- information technology manager, and 1- office and administrative support) and nine term positions throughout the agency, resulting in a decrease of \$301 thousand in general fund revenue.

The need for high quality and accurate data between the department and school districts remains a concern. Although the data is improving, more work is needed. The LFC recommendation includes \$850 thousand for the operational and maintenance costs associated with STARS and OBMS. It should be noted that the Santa Fe and Las Cruces school districts, in a short period of time, have implemented a web-based portal for parents and students to have access to teacher assignments and grades. This raises concerns regarding the implementation of the STARS data system, the complexity of the system, and the length of time it has taken to be up and operating effectively.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Public Education Department to reduce the FY10 operating budget from the general fund by \$479.9 thousand. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Personal services and employee benefits - \$186.9 thousand, contractual services - \$156 thousand, and other costs - \$137 thousand.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public education department in the personal services and employee benefits category includes six million one hundred fifty-one thousand dollars (\$6,151,000) for the office of the deputy secretary for finance and administration, the office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau and the school budget and finance analysis bureau.

The general fund appropriation to the public education department in the contractual services category includes one million one hundred forty-three thousand one hundred dollars (\$1,143,100) for the office of the deputy secretary for finance and administration, the office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau and the school budget and finance analysis bureau.

The general fund appropriation to the public education department in the other category includes one million one hundred thousand dollars (\$1,100,000) for the office of the deputy secretary for finance and administration, the office of the inspector general, the administrative services division, the program support and student transportation division, the capital outlay bureau and the school budget and finance analysis bureau.

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of current-year appropriations that require a request for proposal or grant application sent to school districts by September 30	Not Rept	100%	100%	100%	100%
Outcome	Percent of customers interacting with the public education department who report satisfaction with their telephone communications with the department	97%	95%	97%	97%	97%
* Outcome	Percent of No Child Left Behind Act adequate yearly progress designations accurately reported by August 1	99.99%	100%	100%	100%	100%
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended	Not Rept	90%		deleted	deleted
* Outcome	Average processing time for school district budget adjustment requests, in days	4		7	7	7
Output	Percent of school district budget adjustment requests processed in under thirty days			100%	100%	100%
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposal or grant application		67%		deleted	deleted
Outcome	Percent of public education department contracts issued within ninety days of receipt of completed request for proposals			90%	90%	90%
Outcome	Percent of completion of the agreed on audit schedule for the public education department internal audit section	75%	100%	100%	100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value	.78%	.53%	2%	2%	2%
* Explanatory Outcome	Percent completion of the data warehouse project	100%	100%	75%	N/A	N/A
	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers	TBD	In Prog		95%	95%
* Outcome	Percent of teachers passing all strands of professional dossiers on the first submittal			85%	85%	85%
Outcome	Percent of bureaus in five core areas (data collection and reporting, assessment and accountability, special education, capital outlay, school budget and finance analysis) meeting the public education department's customer service standards	100%	67%	85%		85%
Outcome	Percent of prior-year audit findings resolved and not repeated	Not Rept	Not Met	100%	100%	100%
Explanatory	Number of elementary schools participating in the state-funded elementary school breakfast program					
Outcome	Percent of eligible children served in state-funded pre-kindergarten	18.2%	In Prog	19%	19%	19%
Output	Current fiscal year special appropriations site-specific awards made by October 30			65%	65%	65%
Output	Current fiscal year special appropriations distributed through the request for applications or request for information process awards made by October 30			65%	65%	65%
Output	Current fiscal year special appropriations statute-dependent awards made no later than six months after appropriation				100%	100%

STATUTORY AUTHORITY:

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of regional education cooperatives (RECs) among local school boards or other state-supported educational institutions to provide education-related services. These services may include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) is authorized to approve the existence and operation of RECs, which are classified as individual state agencies administratively attached to PED and are exempt from the provisions of the State Personnel Act. An REC is governed by a regional education coordinating council (RECC) composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, nine RECs are authorized statewide.

Prior to FY09, the regional education cooperatives did not receive direct general fund appropriations. Historically, an REC receives operating revenue from school districts as federal flow-through funds and from the district distribution from the state equalization guarantee (SEG) for ancillary-related services. Beginning in FY06, to comply with provisions of the federal Cash Management Improvement Act of 1990, PED changed the way these funds are distributed to RECs from an advance allotment to a reimbursement for costs incurred. REC complained that these changes caused some cash-flow issues to arise, resulting in some late payments to vendors. In FY10, RECs received an appropriation of \$1.2 million to cover a portion of the REC base operating costs and as a result of solvency measures, the appropriation was reduced by \$78 thousand.

As a result of the federal stimulus package, school districts are receiving \$80.6 million in added Title I grants and \$90.1 million in special education monies in FY10 and FY11. These added revenues should provide more than enough money for districts to contract with REC for special education, instructional, and professional development services. The committee recognizes the importance of the REC to rural school district operations but does not recommend general fund support for FY11 and recommends school districts and REC take full advantage of increased federal funds to improve academic opportunities for students.

All of the REC audits are current for FY09 except for REC #2 in Gallina. The State Auditor has included this REC on its list of at-risk agencies for not submitting an audit since 2007.

REGIONAL EDUCATION COOPERATIVES APPROPRIATIONS FOR FY11							
Cooperative	FY10 General Fund	Reduction Amount	FY10 Adjusted Budget	FY 11 General Fund	Other State Funds	Federal Funds	FY11 Total
Northwest Regional Education Cooperative (Gallina)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative (Raton)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$3,357.5	\$2,854.8	\$6,212.3
Northeast Regional Education Cooperative (Las Vegas)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$0.0	\$2,415.4	\$2,415.4
Central Regional Education Cooperative (Albuquerque)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$335.7	\$1,700.0	\$2,035.7
Lea Regional Education Cooperative (Hobbs)	\$133.3	(\$8.6)	\$124.7	\$0.0	\$0.0	\$3,900.0	\$3,900.0
Pecos Valley Regional Cooperative (Artesia)	\$133.4	(\$8.8)	\$124.6	\$0.0	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative (Ruidoso)	\$133.4	(\$8.8)	\$124.6	\$0.0	\$4,000.0	\$4,800.0	\$8,800.0
Southwest Regional Cooperative (T or C)	\$133.4	(\$8.8)	\$124.6	\$0.0	\$300.0	\$4,500.0	\$4,800.0
TOTAL	\$1,200.0	(\$78.0)	\$1,122.0	\$0.0	\$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 support and oversight in administering construction grants, deficiencies correction, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council. The director may employ two deputies and, subject to budgetary constraints and approval of the council, may employ or contract with such technical and administrative personnel necessary to carry out the statutory provisions.

The membership of the council consists of a representative from the Governor's Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, the director of the Legislative Finance Committee, the director of the Legislative Council Service, and the director of the Legislative Education Study Committee.

MISSION:

The mission of PSFA is to support quality public education by encouraging and assisting districts with the prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning, to involve active community participation in the education process, and to assist policy makers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	6,362.4	6,178.6	6,144.8	5,254.5	-15.0
SOURCES TOTAL	6,362.4	6,178.6	6,144.8	5,254.5	-15.0
USES					
Personal Services and Employee Benefits	3,907.7	4,201.0	4,193.4	3,880.0	-7.6
Contractual Services	226.3	353.1	353.1	235.1	-33.4
Other	1,111.7	1,624.5	1,598.3	1,139.4	-29.9
TOTAL USES	5,245.7	6,178.6	6,144.8	5,254.5	-15.0
FTE					
Permanent	55.0	54.0	54.0	54.0	0.0
TOTAL FTE POSITIONS	55.0	54.0	54.0	54.0	0.0

BUDGET ISSUES:

Since its creation, PSFA has funded all of its operational costs from balances in the public school capital outlay fund (PSCOF), which derives its revenue from supplemental severance tax bonds (SSTB) proceeds. Section 22-24-4 NMSA 1978 provides that operational expenses, both core and field oversight, are authorized to be paid from the fund and are limited to an amount not to exceed 5 percent of the three-year average annual grant assistance. The fund is nonreverting and any unexpended funds from appropriations revert to the fund at the end of the fiscal year. Historically, the agency has maintained expenses below 3 percent but the number has grown to approximately 3.5 percent in FY10 and approximately 3.9 percent in the agency's FY11 request. Much of this growth can be attributed in the past couple of years to the implementation of web-based software to assist districts with facilities management and construction management efforts; however, for FY11, it appears to be a result of lowered revenue projections and increased pressure on the fund to pay for expanding initiatives.

In recent years PSCOF has been an attractive target as a source of revenue to fund an ever-growing list of initiatives for PSFA, schools, and school districts. These include, among others, an expanded and inflation-adjusted state match to the local 2 mill levy, increased lease payment assistance to schools tied to the annual increase in the consumer price index with statutory caps on total expenditures removed, master plan assistance, building demolition, reimbursements to the Construction Industries Division and the State Fire Marshal for inspection services, and funding for construction management and facilities management software. Also, in the special session of 2009 an appropriation of \$29 million from PSCOF was made to pay the cost of property insurance in FY10 for school districts. These expenditures, excluding insurance payments, are expected to be as much as 16 percent of the annual grant awards in FY10 and, when the insurance payment of \$29 million is included, the amount exceeds 33

percent, all of which reduces funding for the core agency mission of building and repairing schools.

For the 2009 standards-based awards cycle, the Public School Capital Outlay Council (PSCOC) awarded \$180.6 million to fund the state share of 24 projects in 19 districts from PSCOF and prior-year general fund appropriations made specifically for charter schools. For the first time since the inception of the standards-based program, PSCOC certified a need for the issuance of long-term supplemental severance tax bonds. The bonds will generate \$100 million for awards. The PSCOC approach of first funding planning and design then, when a project is ready to bid, awarding construction dollars is paying off with a significant reduction in the amount of time to complete projects and in the long-term costs associated with project delays.

As a result of funding constraints and the diversion of funds, PSCOC deferred the 2010 funding cycle for school projects. The deferral appears to be reasonable because of progress made and the backlog of existing commitments. This action suggests the need for the agency to adjust the level and scope of both its field and administrative activities.

For FY11, the agency requested \$6.1 million from PSCOF to cover all agency operational costs, nearly a flat request compared with FY10. At the end of FY09, the agency reverted a little more than \$1 million and the limited justification provided with the agency request did not sufficiently validate the need for continued funding at current levels. The recommendation assumes a 5 percent vacancy rate, accounting for a portion of the FY09 reversion, and reduces overall spending as a result of a reduced workload from fewer projects being funded statewide.

Since FY03, PSCOC has awarded approximately \$1.4 billion to fund more than 800 standards-based and deficiency-corrections projects in districts. As a result, the state has made significant progress toward ensuring children are taught in adequately sized, well lit, safe, and attractive buildings. Since 2004, when the standards-based process for school facilities funding was implemented, the average New Mexico Condition Index (NMCI) score for all school buildings improved from 70 percent to 37 percent and the average score for the top 100 projects on the ranked list improved from 172 percent to 64 percent. This indicates the magnitude of need among all school facilities across the state dropped dramatically in the past five years, and most projects going forward should focus on renovation rather than replacement.

The agency continues to make progress in developing and implementing a successful oversight, guidance, and assistance program, including an effective financial plan that provides transparency to PSCOC members and the public. Of significance is the improvement in project development cycle times. In 2005, just over 10 percent of projects were under contract by the end of the first year; in 2009 this improved to 73.8 percent, an advance of more than 600 percent. The agency continues to be successful in providing oversight and assistance to districts in pre-project planning, project design, project approval, and construction for more than \$1.4 billion in projects authorized by the council and continues to oversee master planning efforts that will allow districts to better maintain facilities.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Agencies not under gubernatorial control and whose FY10 operating budgets were not reduced during the 1st Special Session of the 49th Legislature, were included in Executive Order 2009-044 and requested to generate budget savings of 3 percent. The Public School Capital Outlay Council, which oversees the agency, has not met to discuss the issue.

PUBLIC SCHOOL FACILITIES AUTHORITY

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 educational programs approved by the public education department.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of projects meeting all contingencies completed within the specified period of awards	63%	80%	75%	80%	80%
Efficiency	Percent of total submitted school construction plans reviewed and acted on	82%	84%	90%	90%	90%
* Efficiency	Percent compliance with prompt payment provision of the Retainage Act for all direct payments to vendors	99%	99%	90%	100%	100%
Efficiency	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council	12	18	15	20	18

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Efficiency	Average processing time of final action on plans submitted	16 days	16 days	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	31.06%	36.69%			

STATUTORY AUTHORITY:

Pursuant to 21-1-26 NMSA 1978, the Higher Education Department determines an adequate level of funding for institutions of higher education and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Post-Secondary Educational Planning Act, Post-Secondary Education Articulation Act, Student Loan Act, Education Trust Act, graduate program approval, and proprietary school licensing. Additionally, the department recommends institutional capital project priorities and administers state-supported financial aid programs. The department administers the adult basic education program and is responsible for licensing proprietary postsecondary schools, for which it charges fees. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired. Finally, the department should cooperate with colleges and universities to create a statewide public agenda for higher education needs and goals, study enrollment capacity needs, develop a statement of statewide educational needs, and analyze the financial impacts of proposed new degree programs.

MISSION:

The mission of HED is to administer a coordinated statewide system of public postsecondary education with governance shared between the department and the governing boards of the colleges and universities.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 Actuals	FY10 2009-2010 Budgeted	FY11 – 2010-2011 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	44,874.7	44,903.9	45,003.9	41,716.3	-7.1
Other Transfers	43,094.4	42,989.7	43,000.0	44,302.7	3.1
Federal Revenues	7,685.8	8,372.3	8,213.9	8,213.9	-1.9
Other Revenues	5,812.8	2,757.8	2,787.8	2,787.8	1.1
Fund Balance	0.0	8,500.0	8,500.0	8,500.0	0.0
SOURCES TOTAL	101,467.7	107,523.7	107,505.6	105,520.7	-1.9
USES					
Personal Services and Employee Benefits	4,280.7	4,031.1	4,178.1	3,777.3	-6.3
Contractual Services	1,167.5	2,059.8	1,854.3	1,797.0	-12.8
Other	22,497.9	24,063.2	22,715.5	23,309.3	-3.1
Other Financing Uses	69,983.2	77,369.6	78,757.7	76,637.1	-0.9
TOTAL USES	97,929.3	107,523.7	107,505.6	105,520.7	-1.9
FTE					
Permanent	32.5	34.5	37.5	32.5	-5.8
Term	14.5	19.5	22.5	18.5	-5.1
TOTAL FTE POSITIONS	47.0	54.0	60.0	51.0	-5.6

BUDGET ISSUES:

The committee recommendation is \$105.5 million, down 1.9 percent compared with FY10. The general fund appropriation is down 7.2 percent in FY11, compared with the original operating budget for FY10. In the recommendation, the base operating budget is reduced, principally through reduction in personal services and employee benefits costs as well as reductions to New Mexico Innovative Digital Education and Learning (NM IDEAL) system. Flow-through of certain general fund appropriations to public, postsecondary institutions is reduced, consistent with the approach for public, post-secondary institutional budgets. A reduction in general fund appropriations for student financial aid programs is replaced with funding from the college affordability endowment fund.

In the recommendation, revenues for the Policy Development and Institutional Financial Oversight Program are expected to be down by nearly 9 percent. In addition to general fund revenue declines, grant funding is down 5.4 percent compared with FY10. The college affordability challenge grant, the wallace grant and the achieving the dream grant will expire in FY11.

The agency's operating budget would decline due to a reduction in personal services and employee benefits. The committee recommendation assumes 10 percent vacancy savings. Further, the recommendation reduces two full-time permanent positions: an attorney position and a financial coordinator for the institutional finance division. Both of these positions are vacant. Based on the agency submission, one term position related to existing funding in the areas of nursing oversight is eliminated so

that nursing funds can flow through to college and university programs. The total general fund reduction for the agency's operating budget is \$254 thousand, compared with the FY10 original operating budget.

The IDEAL program remains a priority for the Department, despite significant ongoing challenges. The program is anticipating a shortfall of \$959.0 thousand in FY11 to address paying a hosting contract and fees for integration, customization, and maintenance. IDEAL has the potential to charge for its services to state agencies and other users, but has not brought forward a proposal. The IDEAL reduction relative to the FY10 original operating budget is \$263 thousand, bringing the FY11 funding in at \$667.5 thousand.

For the student financial aid programs, the base budget request increased \$362.3 thousand from the FY10 operating budget. The increase is attributed to the Robert C. Byrd scholarship, which will be transferred from the Public Education Department in FY11. The scholarships are awarded to high school seniors who show promise of continued excellence in postsecondary education. The general fund request for the financial aid program remained flat from the FY10 operating budget. The LFC recommendation for the program includes a decrease of \$1.3 million in general fund monies, or 5.2 percent, replaced with funds from the college affordability endowment fund.

The department resolved issues that delayed payments to students until as late as October in FY08 and FY09. The department refined the budget structure in FY10 to facilitate timely student financial aid payments. Participation in scholarship and financial aid programs increased in FY09, including an increase in lottery scholarship participants from 16,683 in 2007 to 17,228 in 2008. The LFC recommendation includes \$41 million from the lottery tuition fund and \$8.5 million in fund balance to support the lottery scholarship program in FY11. Additional work to the lottery model is necessary, along with frequent engagement of stakeholders to update key assumptions and consider alternative scenarios regarding future viability of the program.

EXECUTIVE ORDER 2009-044 ADJUSTMENTS:

Executive Order 2009-044 required the Higher Education Department to reduce the FY10 operating budget from the general fund by \$1.5 million. The plan submitted by the agency and approved by Department of Finance and Administration reduces expenditures as follows: Flow-through funding reductions including \$271.6 thousand to New Mexico Learning Network and \$125.5 thousand for supplemental nursing compensation for nursing faculty and staff; student financial aid by \$260.2 thousand; educational retirement board contributions by \$180.7 thousand; adult basic education programs by \$124.9 thousand and \$102.0 thousand for agency operations.

BASE EXPANSION:

The department requested \$100.0 thousand to support the instruction and general expense space facility initiative with recurring funds. The agency requested additional IDEAL staff without additional funding resources. Finally, the agency requested a Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) data analyst and state coordinator using federal funds. Requests for expansions are not recommended due to the state's constrained fiscal environment and need to focus on core mission.

RECOMMENDED LANGUAGE:

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2011 from appropriations made from the general fund shall revert to the general fund.

Notwithstanding the provisions of 21-21L-1 through 21-21L-8 NMSA 1978, the other state funds appropriations to the student financial aid program of the higher education department include one million three hundred two thousand seven hundred dollars (\$1,302,700) from the college affordability endowment fund for student financial aid programs.

BASE EXPANSION LISTING FY11 - 2010-2011

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Space Verification	(P505)	100.0	0.0
2	IDEAL Permanent Staff	(P505)	0.0	0.0
3	<u>GEAR UP Data Analyst and State Coordinator</u>	<u>(P505)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			100.0	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 and to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY09 2008-2009 <u>Actuals</u>	FY10 2009-2010 <u>Budgeted</u>	FY11 - 2010-2011		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	18,119.9	18,849.1	18,949.1	16,964.2	-10.0
Other Transfers	86.8	86.5	0.0	0.0	-100.0
Federal Revenues	6,775.1	7,823.3	7,399.4	7,399.4	-5.4
Other Revenues	93.6	145.0	175.0	175.0	20.7
SOURCES TOTAL	25,075.4	26,903.9	26,523.5	24,538.6	-8.8
USES					
Personal Services and Employee Benefits	4,280.7	4,031.1	4,178.1	3,777.3	-6.3
Contractual Services	1,167.5	2,059.8	1,854.3	1,797.0	-12.8
Other	9,864.1	9,544.7	7,834.7	8,428.5	-11.7
Other Financing Uses	12,075.6	11,268.3	12,656.4	10,535.8	-6.5
TOTAL USES	27,387.9	26,903.9	26,523.5	24,538.6	-8.8
FTE					
Permanent	32.5	34.5	37.5	32.5	-5.8
Term	14.5	19.5	22.5	18.5	-5.1
TOTAL FTE POSITIONS	47.0	54.0	60.0	51.0	-5.6

PERFORMANCE MEASURES

		FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY11 <u>Request</u>	FY11 <u>Recomm</u>
Output	Number of students enrolled in dual credit programs	10,830	9,951	13,000	13,000	13,000
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	41.68%	42.39	40%	43%	43%
Output	Percent of adult basic education students who set and attain the goal of passing the general education diploma	38%	22%	40%	40%	40%
Outcome	Number of adult basic education students who set the goal of passing the general education diploma	4,365	4,353	4,500	4,500	4,500
Outcome	Number of family members participating in gaining early awareness and readiness for undergraduate programs (GEAR UP) events	2,894	2,611	2,900	2,900	2,900
Outcome	Percent of a cohort students who meet the promotion requirements of each grade level		91%	92%		
Output	Number of adult basic education students who set and attain the goal of obtaining employment	789	1,355	800	1,500	1,500
* Outcome	Percent of adult basic education students who set and attain the goal of obtaining employment	53%	55%	55%	58%	58%
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution after six years	40%	39.40%	40%	40%	40%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury					
Outcome	Number of working days between disbursement of federal funds from federal treasury to expenditure of such funds					

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Percent of public secondary education unique student identification numbers collected from public postsecondary students that came from New Mexico public high schools					
Output	Percent of adult basic education students from eligible enrollment who attain the general education diploma		49.2%	50%		
Outcome	Number of adult basic education students who obtain employment		1,438	1,500		
Outcome	Percent of adult basic education students from total enrollment who transition to New Mexico public postsecondary education or training		5%	7%		
Output	Number of first time freshmen who enter college with earned college credit		3,288	3,500		
Outcome	Percent of first-time freshmen who enter college with earned college credit		19.1%	22%		
Outcome	Percent of New Mexico public high schools participating in dual credit programs	95%	89.88%	97%	97%	97%
Outcome	Percent of New Mexico public postsecondary institutions participating in dual credit programs	100%	100%	100%	100%	100%
Output	Percent of New Mexico high school graduates who are first-time undergraduates who take developmental education courses	50%	50.53%	40%	40%	40%
Output	Number of recent New Mexico high school graduates who are first-time undergraduates who take developmental education courses	7,870	8,709	6,000	6,000	6,000
Outcome	Persistence rate of high school graduates who are first-time undergraduates who take developmental education courses	76%	77%	75%	78%	78%
Output	Number of adult basic education students who set passing the general educational development test as a goal	4,365	4,353	4,500	4,500	4,500
Outcome	Number of adult basic education students who set and attain the goal of passing the general educational development test	1,654		1,700		
Explanatory	Percent of first-time freshman from New Mexico public high schools	60%	74%	62%	75%	75%
Output	Number of first-time freshman from New Mexico public high schools	9,616	1,5329	13,200	15,000	15,000
Output	Number of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	11,608	12,559	11,700	13,000	13,000
Outcome	Percent of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	20%	21.43%	22%	22%	22%
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	138:122	157:148	137:125	137:125	137:125
Outcome	Percent of first-time, degree-seeking community college students who have graduated from the same institution or another public institution or have transferred after three years	15%	18.5%	17%	19%	19%
Outcome	Number of degrees awarded in career-technical programs geared toward New Mexico's needs	4,752	4,564	4,800	4,800	4,800
Outcome	Facility condition index for public postsecondary institutions	TBD				
* Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	94%	91%	95%	95%	95%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	4,317	4,398	4,500	4,500	4,500
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	22%	20%	23%	23%	23%
Output	Percent of capital projects evaluations and audits performed to ensure institutional accountability and responsibility	66%	88%	68%	68%	68%
* Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	60%	60%	90%	90%	90%

STUDENT FINANCIAL AID PROGRAM

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so that all New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 2008-2009 Actuals</u>	<u>FY10 2009-2010 Budgeted</u>	<u>FY11 - 2010-2011 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	26,754.8	26,054.8	26,054.8	24,752.1	-5.0
Other Transfers	43,007.6	42,903.2	43,000.0	44,302.7	3.3
Federal Revenues	910.7	549.0	814.5	814.5	48.4
Other Revenues	5,719.2	2,612.8	2,612.8	2,612.8	0.0
Fund Balance	0.0	8,500.0	8,500.0	8,500.0	0.0
SOURCES TOTAL	76,392.3	80,619.8	80,982.1	80,982.1	0.4
USES					
Other	12,633.8	14,518.5	14,880.8	14,880.8	2.5
Other Financing Uses	57,907.6	66,101.3	66,101.3	66,101.3	0.0
TOTAL USES	70,541.4	80,619.8	80,982.1	80,982.1	0.4
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of first-time freshmen lottery recipients graduated from college after the ninth semester	66%	70%	67%	71%	71%
Outcome	Percent of students who receive state loan-for-service funding who provided service after graduation	83%	91.2%	84%	92%	92%
Outcome	Percent of first-time freshmen participating in work study programs enrolling in their second year	87%	79.14%	88%	88%	88%
Outcome	Percent of first-time freshmen participating in merit-based programs enrolling in their second year	82%	71.46%	83%	83%	83%
Outcome	Percent of first-time freshman participating in need-based grant programs enrolling in their second year	79%	68.06%	80%	80%	80%
Outcome	Percent of state financial aid funds used for need-based aid	29.4%	31.99%	35%	35%	35%
Output	Annual average federal student loan debt for all students enrolled at four-year public schools	7,311	9,866	8,000	9,500	9,500

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Annual average federal student loan debt for all students enrolled at two-year public schools	4,384	5,916	5,000	6,000	6,000
* Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	3,081	3,221	3,200	3,300	3,300
* Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	76%	81.31%	78%	82%	82%
* Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	75%	73.46%	75%	75%	75%
* Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	66%	64.62%	68%	68%	68%
* Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	65%	63.35%	66%	66%	66%
Outcome	Percent of state funds for need-based aid relative to pell grant aid	20.8%	31.96%	30.9%	33%	33%
Output	Number of students receiving college affordability awards		2,340	1,500	1,500	2,000
Outcome	Number of need-based scholarships awarded to students with an estimated family contribution of zero		18,868			

Student Financial Aid Program Detail
(Dollars in Thousands)

	FY09	FY10	HED FY11	LFC FY11	LFC	LFC
	Actual	Budget	Request	REC	\$ inc/dec	% inc/dec
Student Incentive Grant						
general fund	12,052.3	12,052.3	12,052.3	11,488.0	(564.3)	-4.7%
fund balance	0.0	0.0	0.0	0.0	0.0	
general revenues	0.0	0.0	0.0	0.0	0.0	
federal funds	353.9	349.0	349.0	349.0	0.0	0.0%
total	12,406.2	12,401.3	12,401.3	11,837.0	(564.3)	-4.6%
College Affordability Endowed Scholarships						
Other Program Revenues	2,000.0	2,000.0	2,000.0	3,302.7	1,302.7	65.1%
total	2,000.0	2,000.0	2,000.0	3,302.7	1,302.7	65.1%
Nursing Student Loan †						
general fund	300.0	300.0	300.0	287.0	(13.0)	-4.3%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	300.0	300.0	300.0	287.0	(13.0)	-4.3%
Nurse Educators Fund †						
general fund	150.0	150.0	150.0	144.0	(6.0)	-4.0%
total	150.0	150.0	150.0	144.0	(6.0)	-4.0%
Medical Student Loan Prog.						
general fund	333.0	333.0	333.0	318.0	(15.0)	-4.5%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	333.0	333.0	333.0	318.0	(15.0)	-4.5%
Osteopathic Student Loan						
general fund	0.0	0.0	0.0	0.0	0.0	
fund balance	0.0	0.0	0.0	0.0	0.0	
total	0.0	0.0	0.0	0.0	0.0	
Work-Study						
general fund	5,989.6	5,989.6	5,989.6	5,715.0	(274.6)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	5,989.6	5,989.6	5,989.6	5,715.0	(274.6)	-4.6%
Student Choice						
general fund	1,004.7	304.7	304.7	291.0	(13.7)	-4.5%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	1,004.7	304.7	304.7	291.0	(13.7)	-4.5%
Vietnam Veterans Scholarship						
general fund	113.6	113.6	113.6	109.0	(4.6)	-4.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	113.6	113.6	113.6	109.0	(4.6)	-4.0%
Graduate Scholarship						
general fund	619.2	619.2	619.2	591.0	(28.2)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	619.2	619.2	619.2	591.0	(28.2)	-4.6%
NM Scholars						
general fund	1,000.0	1,000.0	1,000.0	954.0	(46.0)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	1,000.0	1,000.0	1,000.0	954.0	(46.0)	-4.6%
Minority Doctoral Assistance						
general fund	132.0	132.0	132.0	126.0	(6.0)	-4.5%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	132.0	132.0	132.0	126.0	(6.0)	-4.5%
Teacher Loan-for-Service						
general fund	250.0	250.4	250.4	239.0	(11.4)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	250.0	250.4	250.4	239.0	(11.4)	-4.6%
Teacher Loan Forgiveness Act*						
general fund	0.0	0.0	0.0	0.0	0.0	
total	0.0	0.0	0.0	0.0	0.0	
Allied Health						
general fund	108.0	108.0	108.0	103.0	(5.0)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	108.0	108.0	108.0	103.0	(5.0)	-4.6%
Health Professional Loan Repayment						
general fund	1,146.7	1,146.7	1,146.7	946.9	(199.8)	-17.4%
fund balance	0.0	0.0	0.0	0.0	0.0	
federal funds	0.0	200.0	200.0	200.0	0.0	0.0%
total	1,146.7	1,346.7	1,346.7	1,146.9	(199.8)	-14.8%
Legislative Endowment Fund						
other program revenues	112.8	112.8	112.8	112.8	0.0	
fund balance	0.0	0.0	0.0	0.0	0.0	
total	112.8	112.8	112.8	112.8	0.0	
WICHE Loan-for-Service						
general fund	2,153.9	2,153.9	2,153.9	2,055.0	(98.9)	-4.6%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	2,153.9	2,153.9	2,153.9	2,055.0	(98.9)	-4.6%
Lottery Scholarship						
other program revenues	41,007.6	40,903.2	41,000.0	41,000.0	96.8	0.2%
interest income						
fund balance	0.0	8,500.0	8,500.0	8,500.0	0.0	0.0%
total	41,007.6	49,403.2	49,500.0	49,500.0	96.8	0.2%

Student Financial Aid Program Detail
(Dollars in Thousands)

	FY09	FY10	HED FY11	LFC FY11	LFC
	Actual	Budget	Request	REC	\$ inc/dec
Dentistry Loan for Service					
general fund	54.7	54.7	54.7	52.2	(2.5)
fund balance	0.0	0.0	0.0	0.0	0.0
total	54.7	54.7	54.7	52.2	(2.5)
Public Service Law Loan Repayment					
general fund	299.7	299.7	299.7	286.0	(13.7)
total	299.7	299.7	299.7	286.0	(13.7)
Peace Officer and Fire Fighter Fund*					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Higher Education Disability Act*					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Dental Residency Program					
general fund	1,000.0	1,000.0	1,000.0	1,000.0	0.0
total	1,000.0	1,000.0	1,000.0	1,000.0	0.0
Merit-based Scholarships #					
general fund	47.0	47.0	47.0	47.0	0.0
total	47.0	47.0	47.0	47.0	0.0
Ed Trust Board					
other program revenues	0.0	500.0	500.0	500.0	0.0
total	0.0	500.0	500.0	500.0	0.0
HED Outreach					
general fund	0.0	0.0	0.0	0.0	0.0
total	0.0	0.0	0.0	0.0	0.0
Robert C. Byrd					
federal funds	0.0	0.0	265.5	265.5	265.5
total	0.0	0.0	265.5	265.5	265.5
GRAND TOTAL	67,981.4	78,619.8	78,982.1	78,982.1	362.3
GF GRAND TOTAL	26,507.1	26,054.8	26,054.8	24,752.1	(1,302.7)

Notes to Student Financial Aid Budget Detail:

Differences between LFC detail and Table 1 are due to rounding and \$2 million in other revenue from the college affordability endowment fund.

† FY09 HED request for Nursing Student Loan for Service program reduced to show Nurse Educators Fund separately.

* Indicates new programs added through 2007 legislative action.

Indicates new programs added through 2008 legislative action.

Note: Fund balances not submitted and not available from HED.

Higher Education FY11 Recurring Funding Summary

FY10 Original Operating Base

853,195.2

	HED Request		LFC Rec	LFC Rec Subtotal Cumulatives
Four-year workload growth	7,743.0		7,743.0	
Two-year college workload growth	13,500.7		13,500.7	
UNM Law School tuition differential			100.0	
I&G institutional support productivity savings			(8,085.1)	
I&G academic support admin. productivity savings			(2,225.8)	
Reduce BR&R by 50 percent to 32.75%			(12,848.1)	
Shift 50% of BR&R to GO or severance tax bonds	(12,848.1)			
Reduce I&G by ARRA distribution			(10,937.5)	
Tuition Revenue Credit				
In-state	0%	6%	(13,375.8)	
Additional in-state for two-year colleges	0%	9%	(4,175.1)	
Out-of-state	0%	15%	(3,000.5)	
Tuition waivers reduction---5 percent of total			(2,965.8)	
I&G incremental workload reduction	(8,395.7)			
Pro-rated I&G base reduction			(10,400.0)	(46,669.9)
Reduce athletics budgets --- athletics (excl. NMMI)		10%	(1,432.3)	
Reduce public television -- 3 institutions		10%	(371.8)	
Reduce AES BR&R by 50 percent to 32.75%			(151.5)	
Reduce research and public service projects			(12,609.7)	(14,565.4)
Special schools --- grand total reductions		5%	(339.4)	(339.4)
Higher Ed Dept. Op. Bud. + Flow Through		10%	(1,884.9)	
Higher Ed Dept. St. Fin. Aid (a)		5%	(1,302.7)	(3,187.7)
Total Reductions	(0.0)		(64,762.3)	(64,762.3)

(a) LFC staff recommendation Includes language as "notwithstanding current statute" and replaces general fund reduction with college affordability endowment balances.

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
Agency/Institution/Program	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET	HED Request	LFC REC	Dollar Change	Percent Change
UNM						
I&G	194,726.5	187,411.0	187,227.5	173,086.6	-14,324.4	-7.6%
Athletics	2,834.1	2,744.1	2,744.1	2,469.7	-274.4	-10.0%
Educational Television	1,399.7	1,256.8	1,256.8	1,131.1	-125.7	-10.0%
Gallup	10,364.1	9,869.7	9,513.2	8,648.1	-1,221.6	-12.4%
Nursing Expansion	35.8	35.1	35.1	32.8	-2.3	-6.5%
Los Alamos	2,364.4	2,315.3	2,222.6	2,014.9	-300.4	-13.0%
Valencia	5,133.5	5,428.3	5,691.6	5,312.2	-116.1	-2.1%
Taos	2,679.1	2,436.5	3,005.3	2,987.9	551.4	22.6%
Judicial Selection	81.8	61.2	61.2	57.2	-4.0	-6.5%
Judicial Education Center	373.0	186.2	186.2	165.7	-20.5	-11.0%
Spanish Resource Center	113.4	81.5	81.5	72.5	-9.0	-11.0%
Southwest Research Center	1,970.8	1,439.0	1,439.0	1,280.7	-158.3	-11.0%
Substance Abuse Program	164.2	199.5	199.5	186.5	-13.0	-6.5%
Native American Intervention	203.8	203.3	203.3	190.1	-13.2	-6.5%
Resource Geographic Info Sys	143.6	103.0	103.0	96.3	-6.7	-6.5%
Natural Heritage Program	83.2	83.0	83.0	55.4	-27.6	-33.3%
Southwest Indian Law Clinic	218.8	218.0	218.0	194.0	-24.0	-11.0%
BBER-Census & Pop. Analysis	423.7	476.0	476.0	445.1	-30.9	-6.5%
New Mexico Historical Review	88.5	63.5	63.5	56.5	-7.0	-11.0%
Ibero-American Ed. Consortium	188.1	134.8	134.8	120.0	-14.8	-11.0%
Youth Educ. Recreation Prog.	157.3	156.9	156.9	139.6	-17.3	-11.0%
Advanced Materials Research	69.4	49.9	49.9	0.0	-49.9	-100.0%
Mfg. Engineering Prog.	700.1	503.1	503.1	447.8	-55.3	-11.0%
Hispanic Student Center	127.8	121.4	121.4	113.5	-7.9	-6.5%
Wildlife Law Education	154.0	135.6	135.6	120.7	-14.9	-11.0%
Women's Career Development	24.5	0.0	0.0	0.0	0.0	#DIV/0!
Youth Leadership Development	79.3	79.3	79.3	70.6	-8.7	-11.0%
Morrissey Hall Research	61.9	58.6	58.6	54.8	-3.8	-6.5%
Disabled Student Services	233.9	233.9	233.9	218.7	-15.2	-6.5%
Min. Grad Recruit & Retention	167.5	167.5	167.5	156.6	-10.9	-6.5%
Graduate Research Dev. Fund	86.4	82.1	82.1	73.1	-9.0	-11.0%
Community Based Education	881.4	631.8	631.8	421.4	-210.4	-33.3%
Corrine Wolfe Children's Law Center	316.9	270.7	270.7	240.9	-29.8	-11.0%
Mock Trials Program	112.7	107.1	107.1	95.3	-11.8	-11.0%
ENLACE	97.5	97.2	97.2	90.9	-6.3	-6.5%
Pre-college minority student math/science	315.8	300.0	300.0	280.5	-19.5	-6.5%
Special Projects Expansion and Flexibility	1,108.1	289.0	289.0	144.5	-144.5	-50.0%
Latin American Student Recruitment	247.3	164.8	164.8	109.9	-54.9	-33.3%
Saturday Science and Math Academy	70.0	66.2	66.2	58.9	-7.3	-11.0%
Utton Transboundary Resources Center	492.3	466.1	466.1	419.5	-46.6	-10.0%
Law College Prep Mentoring Program	204.5	193.6	193.6	172.3	-21.3	-11.0%
Law Library Improvements		140.0	140.0	124.6	-15.4	-11.0%
Navajo language research and teaching	100.0	100.0	100.0	93.5	-6.5	-6.5%
Biomedical engineering	290.0	208.8	208.8	139.3	-69.5	-33.3%
Student athlete retention	250.0	237.5	237.5	158.4	-79.1	-33.3%
Department of media arts	357.0	173.5	173.5	115.7	-57.8	-33.3%
International education initiatives	280.0	266.0	266.0	177.4	-88.6	-33.3%
College mentoring program	136.8	136.5	136.5	121.5	-15.0	-11.0%
Institute for aerospace engineering	100.0	72.0	72.0	64.1	-7.9	-11.0%
Alfonso Ortiz center	57.0	41.0	41.0	0.0	-41.0	-100.0%
Research service learning	50.0	0.0	0.0	0.0	0.0	0.0%
Licensed alcohol/drug counselor internship	20.0	0.0	0.0	0.0	0.0	0.0%
Student mass transit	35.0	0.0	0.0	0.0	0.0	0.0%
African American studies	30.0	30.0	30.0	28.1	-2.0	-6.5%
African American Student Services Program		26.0	26.0	24.3	-1.7	-6.5%
Integrate Morrissey Hall & African American Performing Arts		64.0	64.0	59.8	-4.2	-6.5%
Africana studies faculty initiative	100.0	100.0	100.0	93.5	-6.5	-6.5%
Residential Rehabilitation Transition Facility	120.0	0.0	0.0	0.0	0.0	0.0%
Center Latin American resources & outreach	33.0	39.0	39.0	0.0	-39.0	-100.0%
Land grant studies program	117.0	84.2	84.2	78.7	-5.5	-6.5%
Latin American studies recruit/retain faculty/students	141.0	134.0	134.0	119.3	-14.7	-11.0%
Lat. Am./Iberian Institute/Latin Am. studies program	46.2	33.3	33.3	0.0	-33.3	-100.0%
Arts laboratory interdisciplinary film/digital media	145.0	145.0	145.0	129.1	-16.0	-11.0%
UNM Total	231,706.7	220,951.4	221,150.8	203,560.2	-17,391.3	-7.9%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET			Dollar Change	Percent Change
Agency/Institution/Program			HED Request	LFC REC		
Health Sciences Center						
Medical School I & G	63,704.2	61,921.4	61,921.4	58,814.8	-3,106.6	-5.0%
Cancer Center	2,999.1	2,983.9	2,983.9	2,789.9	-194.0	-6.5%
Office of Medical Investigator	4,208.7	4,194.4	4,194.4	3,921.8	-272.6	-6.5%
EMS Academy	916.7	913.7	913.7	854.3	-59.4	-6.5%
Children's Psychiatric Hospital	7,692.8	7,634.2	7,634.2	7,138.0	-496.2	-6.5%
Hemophilia Program	583.9	582.4	582.4	544.5	-37.9	-6.5%
Carrie Tingley Hospital	5,551.8	5,510.2	5,510.2	5,152.0	-358.2	-6.5%
Out-of-County Indigent	1,241.1	1,241.1	1,241.1	1,160.4	-80.7	-6.5%
Specialized Perinatal Care	616.8	615.3	615.3	575.3	-40.0	-6.5%
Newborn Intensive Care	3,689.1	3,674.4	3,674.4	3,435.6	-238.8	-6.5%
Pediatric Oncology	905.3	1,002.0	1,002.0	936.9	-65.1	-6.5%
Young Children's Health Center	652.7	647.5	647.5	605.4	-42.1	-6.5%
Pediatric Pulmonary Program	207.8	207.2	207.2	193.7	-13.5	-6.5%
Area Health Education Centers	180.7	180.6	180.6	90.3	-90.3	-50.0%
Grief Intervention Program	184.7	184.0	184.0	172.0	-12.0	-6.5%
Pediatric Dysmorphology	160.2	159.7	159.7	149.3	-10.4	-6.5%
Locum Tenens	837.9	745.8	745.8	697.3	-48.5	-6.5%
Center for Disaster Medicine	113.4	113.1	113.1	75.4	-37.7	-33.3%
Poison Control Center	1,520.6	1,514.7	1,514.7	1,416.2	-98.5	-6.5%
Fetal Alcohol Study	185.9	138.8	138.8	129.8	-9.0	-6.5%
Telemedicine	539.2	537.6	537.6	478.5	-59.1	-11.0%
Nurse Mid-wifery	393.1	353.8	353.8	236.0	-117.8	-33.3%
Nursing Expansion	1,961.3	1,922.1	1,922.1	1,797.2	-124.9	-6.5%
Lung/Tobacco-rel. Res. & Clinical	0.0	0.0	0.0	0.0	0.0	0.0%
Genomics, Biocomp, & Env. Health	226.9	213.0	213.0	0.0	-213.0	-100.0%
Los Pasos Program	8.9	8.7	8.7	0.0	-8.7	-100.0%
Trauma Specialty Education	29.8	29.8	29.8	0.0	-29.8	-100.0%
Pediatrics Specialty Education	29.0	29.0	29.0	0.0	-29.0	-100.0%
Native American Health Center	330.1	329.1	329.1	307.7	-21.4	-6.5%
Children's Cancer Camp	112.0	0.0	0.0	0.0	0.0	0.0%
Oncology	99.9	99.9	99.9	93.4	-6.5	-6.5%
Donated Dental Services	25.0	25.0	25.0	0.0	-25.0	-100.0%
Special Projects Expansion	131.5	0.0	0.0	0.0	0.0	0.0%
Rural physicians residencies	302.9	302.7	302.7	269.4	-33.3	-11.0%
Hepatitis C Comm. Health Outcomes	950.0	999.0	999.0	934.1	-64.9	-6.5%
Dental Residencies	100.0	99.6	99.6	88.6	-11.0	-11.0%
Cooperative Pharmacy Program	457.0	457.0	457.0	304.8	-152.2	-33.3%
Integrative Medicine Program	312.0	311.7	311.7	207.9	-103.8	-33.3%
Nurse Advice Line	35.0	34.0	34.0	30.3	-3.7	-11.0%
Rural Clinical Improvements	57.0	0.0	0.0	0.0	0.0	0.0%
Pediatrics Telehealth	10.0	0.0	0.0	0.0	0.0	0.0%
Multidisciplinary Evaluation Clinic	50.0	49.7	49.7	0.0	-49.7	-100.0%
Health Career Pathways for Underrep. Students	31.7	0.0	0.0	0.0	0.0	0.0%
Comprehensive Rural Health Care Outreach	64.0	0.0	0.0	0.0	0.0	0.0%
Health Sciences Total	102,409.7	99,966.1	99,966.1	93,601.0	-6,365.1	-6.4%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
Agency/Institution/Program	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET	HED Request	LFC REC	Dollar Change	Percent Change
NMSU						
I&G	126,591.4	125,338.5	122,929.2	112,373.9	-12,964.6	-10.3%
Athletics	3,914.2	3,766.8	3,766.8	3,390.1	-376.7	-10.0%
Rodeo	0.0	0.0	0.0	0.0	0.0	0.0%
Educational Television	1,307.5	1,167.4	1,167.4	1,050.7	-116.7	-10.0%
Alamogordo	6,467.4	7,240.8	7,596.9	7,146.8	-94.0	-1.3%
Nursing Expansion	30.1	29.5	29.5	27.6	-1.9	-6.5%
Carlsbad	4,090.9	4,409.6	4,449.3	4,312.4	-97.2	-2.2%
Nursing Expansion	144.5	118.2	118.2	110.5	-7.7	-6.5%
Dona Ana	19,721.5	20,463.4	21,492.2	20,230.9	-232.5	-1.1%
Nursing Expansion	112.4	110.2	110.2	103.0	-7.2	-6.5%
Grants	3,247.5	3,332.1	3,498.5	3,374.2	42.1	1.3%
Department of Agriculture	11,547.1	11,261.6	11,261.6	10,529.6	-732.0	-6.5%
Agricultural Experiment Station	15,926.5	15,315.8	15,315.8	14,168.7	-1,147.1	-7.5%
Cooperative Extension Service	13,175.9	12,627.1	12,627.1	11,806.3	-820.8	-6.5%
Water Resources Research	468.0	440.8	440.8	220.4	-220.4	-50.0%
Coordination of Mexico Prog.	102.0	67.3	67.3	44.9	-22.4	-33.3%
Indian Resources Development	394.1	379.4	379.4	354.7	-24.7	-6.5%
Mfg. Sector Development Program	431.1	384.2	384.2	341.9	-42.3	-11.0%
Waste Mgmt. Ed./Res. Cons.	540.8	482.8	482.8	241.4	-241.4	-50.0%
Alliance for Underrep. Students	400.7	348.6	348.6	325.9	-22.7	-6.5%
Campus Security	90.3	59.7	59.7	39.8	-19.9	-33.3%
Carlsbad Mfg. Sector Development	443.7	394.1	394.1	262.9	-131.2	-33.3%
Nursing Expansion	835.8	814.5	814.5	761.6	-52.9	-6.5%
Arrowhead Center for Business Dev.	129.6	123.3	123.3	115.3	-8.0	-6.5%
Viticulturist	215.3	207.6	207.6	194.1	-13.5	-6.5%
Family Strengthening/Parenting Classes	47.5	0.0	0.0	0.0	0.0	0.0%
Aerospace Engineering	616.8	407.9	407.9	272.1	-135.8	-33.3%
Math and Science Skills Disadv. Students	32.4	0.0	0.0	0.0	0.0	0.0%
Special Projects Expansion and Flexibility	913.4	304.0	304.0	152.0	-152.0	-50.0%
NM Space Consortium Grant	50.0	0.0	0.0	0.0	0.0	0.0%
Las Vegas Schools Ag Education Project	110.0	91.0	91.0	45.5	-45.5	-50.0%
Institute for International Relations	200.0	176.4	176.4	88.2	-88.2	-50.0%
Tribal extension program	247.0	238.2	238.2	222.7	-15.5	-6.5%
Mental health nurse practitioner program	325.0	415.0	415.0	369.4	-45.7	-11.0%
Family wellness program	57.0	28.2	28.2	0.0	-28.2	-100.0%
Virtual film school	50.0	0.0	0.0	0.0	0.0	0.0%
Space consortium and outreach program	102.0	96.3	96.3	64.2	-32.1	-33.3%
Alliance teaching and learning advancement	175.0	139.0	139.0	69.5	-69.5	-50.0%
Center for economics & personal finance	50.0	0.0	0.0	0.0	0.0	0.0%
College assistance migrant program	329.4	286.2	286.2	143.1	-143.1	-50.0%
English teacher collaborative	20.0	0.0	0.0	0.0	0.0	0.0%
College of Ag Leadership Training	100.0	87.3	87.3	58.2	-29.1	-33.3%
Chile Industry	250.0	236.1	236.1	210.1	-26.0	-11.0%
Nursing scholarships	100.0	25.0	25.0	0.0	-25.0	-100.0%
Science education enhancement for teachers outreach	71.0	35.1	35.1	17.6	-17.6	-50.0%
Speech & hearing special program		100.0	100.0	50.0	-50.0	-50.0%
NMSU Total	214,174.8	211,549.0	210,730.7	193,290.3	-18,258.7	-8.6%
NMHU						
I&G	29,573.3	28,833.0	28,005.5	26,288.7	-2,544.3	-8.8%
Athletics, Wrestling and Rodeo	2,030.3	2,253.4	2,253.4	2,028.1	-225.3	-10.0%
Visiting Scientist	19.2	0.0	0.0	0.0	0.0	0.0%
Upward Bound	131.7	100.1	100.1	89.1	-11.0	-11.0%
Advanced Placement	297.0	281.8	281.8	250.8	-31.0	-11.0%
Native American Rec. & Ret.	44.2	24.1	24.1	22.5	-1.6	-6.5%
Diverse Populations Study	336.0	258.6	258.6	129.3	-129.3	-50.0%
Spanish Program	287.7	308.2	308.2	205.6	-102.6	-33.3%
Special Projects Expansion and Flexibility	282.2	93.1	93.1	46.6	-46.6	-50.0%
Spanish/English Immersion Program	199.8	0.0	0.0	0.0	0.0	0.0%
Forest and watershed institute	252.6	252.0	252.0	226.8	-25.2	-10.0%
Bilingual Education Materials	60.0	57.0	57.0	50.7	-6.3	-11.0%
Social work outreach and clinical training	50.0	49.8	49.8	0.0	-49.8	-100.0%
Wrestling program	200.0	0.0	0.0	0.0	0.0	0.0%
Rodeo	134.0	0.0	0.0	0.0	0.0	0.0%
Medical health interpreter training center	20.0	0.0	0.0	0.0	0.0	0.0%
Prepare for medical school	100.0	50.0	50.0	0.0	-50.0	-100.0%
NMHU Total	34,018.0	32,561.1	31,733.6	29,338.2	-3,222.9	-9.9%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

Agency/Institution/Program	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET	HED Request	LFC REC	Dollar Change	Percent Change
WNMU						
I&G	17,041.9	16,447.1	16,037.3	14,852.8	-1,594.3	-9.7%
Athletics	2,099.4	2,096.7	2,096.7	1,887.0	-209.7	-10.0%
Child Development Center	588.2	392.3	392.3	261.7	-130.6	-33.3%
NAFTA	14.7	0.0	0.0	0.0	0.0	0.0%
Instructional Television	135.7	90.5	90.5	60.4	-30.1	-33.3%
Nursing Expansion	563.4	552.1	552.1	516.2	-35.9	-6.5%
Web-based Teacher Licensure	388.6	259.2	259.2	172.9	-86.3	-33.3%
Special Projects Expansion	0.0	0.0	0.0	0.0	0.0	0.0%
Criminal justice program	85.0	42.5	42.5	0.0	-42.5	-100.0%
WNMU Total	20,916.9	19,880.4	19,470.6	17,750.9	-2,129.5	-10.7%
ENMU						
I&G	27,228.1	26,775.5	25,649.1	23,882.3	-2,893.2	-10.8%
Athletics	2,470.4	2,393.3	2,393.3	2,154.0	-239.3	-10.0%
Educational Television	1,289.8	1,194.2	1,194.2	1,074.8	-119.4	-10.0%
Roswell	15,559.9	14,554.5	13,785.1	12,541.4	-2,013.1	-13.8%
Roswell-Distance Ed. for High School	75.0	37.5	37.5	0.0	-37.5	-100.0%
Nursing Expansion	75.4	73.9	73.9	69.1	-4.8	-6.5%
Ruidoso	1,718.0	1,756.6	2,103.1	2,079.4	322.8	18.4%
Ruidoso-Adult Basic Education	178.8	89.4	89.4	44.7	-44.7	-50.0%
Center for Teaching Excellence	272.4	0.0	0.0	0.0	0.0	0.0%
Blackwater Draw Site & Mus.	100.0	99.7	99.7	88.7	-11.0	-11.0%
Airframe Mechanics	73.6	49.1	49.1	0.0	-49.1	-100.0%
Job Trng for Physically & Ment.	24.0	0.0	0.0	0.0	0.0	0.0%
Assessment Project	143.2	0.0	0.0	0.0	0.0	0.0%
Nursing Expansion	42.0	41.2	41.2	38.5	-2.7	-6.5%
Social Work	156.1	149.7	149.7	99.8	-49.9	-33.3%
Special Projects Expansion and Flexibility	307.6	103.0	103.0	51.5	-51.5	-50.0%
Math and Science Programs	25.0	0.0	0.0	0.0	0.0	0.0%
Student Success Programs	77.0	77.0	77.0	68.5	-8.5	-11.0%
Distance Teacher Education	175.0	175.0	175.0	87.5	-87.5	-50.0%
At Risk Student Tutoring	98.0	98.0	98.0	87.2	-10.8	-11.0%
Speech & Hearing Rehabilitation Outreach	54.0	54.0	54.0	27.0	-27.0	-50.0%
Aviation Science Technology	95.0	95.0	95.0	63.4	-31.6	-33.3%
Emergency Medical Services Management	95.0	95.0	95.0	63.4	-31.6	-33.3%
Science and Math Teacher Development	95.0	94.1	94.1	62.8	-31.3	-33.3%
ENMU Total	50,428.3	48,005.7	46,456.4	42,584.0	-5,421.7	-11.3%
NMIMT						
I&G	28,054.0	29,062.1	28,395.9	26,447.7	-2,614.4	-9.0%
Athletics	256.4	248.1	248.1	223.3	-24.8	-10.0%
Geophysical Research Center	1,015.3	981.5	981.5	900.5	-81.0	-8.3%
Bureau of Mines	4,206.3	4,069.2	4,069.2	3,804.7	-264.5	-6.5%
Petroleum Recovery Research	2,330.2	2,300.0	2,300.0	2,150.5	-149.5	-6.5%
Bureau of Mine Inspection	312.0	302.1	302.1	282.5	-19.6	-6.5%
Energetic Materials Center	869.3	848.0	848.0	778.0	-70.0	-8.3%
Science Fair/Science Olympiad	463.7	448.6	448.6	299.2	-149.4	-33.3%
Homeland Security	712.3	701.1	701.1	624.0	-77.1	-11.0%
Cave & Karst Research	527.8	518.8	518.8	461.7	-57.1	-11.0%
Institute for Complex Additive Sys Ana	1,010.2	978.8	978.8	898.0	-80.8	-8.3%
Small Business Innovation & Research Outreach		150.0	150.0	75.0	-75.0	-50.0%
MESA	255.0	150.0	150.0	140.3	-9.8	-6.5%
Special Projects Expansion and Flexibility	217.0	50.0	50.0	0.0	-50.0	-100.0%
Acquifer mapping	264.0	258.9	258.9	233.0	-25.9	-10.0%
Preengineering program	50.0	0.0	0.0	0.0	0.0	0.0%
Southeast NM center for energy studies	250.0	187.4	187.4	93.7	-93.7	-50.0%
Statewide teacher student computer program	60.0	40.0	40.0	0.0	-40.0	-100.0%
Supercomputer training mid and high school	56.4	28.6	28.6	0.0	-28.6	-100.0%
High school student summer science program	72.0	50.0	50.0	0.0	-50.0	-100.0%
NMIMT Total	40,981.9	41,373.2	40,707.0	37,412.1	-3,961.1	-9.6%
NNMC						
I&G	10,166.4	10,684.2	10,631.6	10,203.3	-480.9	-4.5%
Athletics	240.0	240.0	240.0	216.0	-24.0	-10.0%
Northern Pueblo's Institute	126.4	100.2	100.2	89.2	-11.0	-11.0%
Nursing Expansion	29.2	0.0	0.0	0.0	0.0	0.0%
Special Projects Expansion and Flexibility	337.4	337.4	337.4	253.1	-84.4	-25.0%
Middle School Teachers Math/Science	250.0	0.0	0.0	0.0	0.0	0.0%
Math and Science teacher education	100.0	0.0	0.0	0.0	0.0	0.0%
Health sciences and nursing program	200.0	31.2	31.2	0.0	-31.2	-100.0%
Faculty salaries	120.0	120.0	120.0	106.4	-13.6	-11.3%
Math and Science Teacher academy	50.0	0.0	0.0	0.0	0.0	0.0%
NNMC Total	11,619.4	11,513.0	11,460.4	10,868.0	-645.0	-5.6%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

Agency/Institution/Program	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET	HED Request	LFC REC	Dollar Change	Percent Change
SFCC						
I&G	10,068.9	8,630.8	9,159.2	8,499.2	-131.6	-1.5%
Small Business Devlpt. Centers	5,148.7	5,193.5	5,193.5	4,855.9	-337.6	-6.5%
Sign Language Services	22.5	0.0	0.0	0.0	0.0	0.0%
Nursing Expansion	92.7	90.8	90.8	84.9	-5.9	-6.5%
SFCC Total	15,332.8	13,915.1	14,443.5	13,440.0	-475.1	-3.4%
CNMCC						
I&G	54,711.9	48,725.0	52,350.0	48,718.6	-6.4	0.0%
Tax Help New Mexico	342.0	324.1	324.1	162.1	-162.1	-50.0%
CNMCC Total	55,053.9	49,049.1	52,674.1	48,880.7	-168.4	-0.3%
LCC						
I&G	8,652.5	8,410.4	8,095.9	7,565.0	-845.4	-10.1%
Athletics	75.0	197.8	197.8	178.0	-19.8	-10.0%
Special Projects Expansion and Flexibility		125.0	125.0	93.8	-31.3	-25.0%
Nursing Expansion	36.1	35.4	35.4	33.1	-2.3	-6.5%
Equine and other related Economic Development		200.0	200.0	100.0	-100.0	-50.0%
LCC Total	8,763.6	8,968.6	8,654.1	7,969.9	-998.7	-11.1%
MCC						
I&G	3,108.1	3,596.7	4,279.0	4,330.8	734.1	20.4%
Special Projects Expansion and Flexibility		58.0	58.0	43.5	-14.5	-25.0%
Athletics	75.0	72.8	72.8	65.5	-7.3	-10.0%
MCC Total	3,183.1	3,727.5	4,409.8	4,439.8	712.3	19.1%
NMJC						
I&G	7,721.8	7,261.7	5,579.3	4,916.5	-2,345.2	-32.3%
Athletics	320.5	310.4	310.4	279.4	-31.0	-10.0%
Nursing Expansion	165.3	162.0	162.0	151.5	-10.5	-6.5%
Oil and Gas Training Center	25.0	95.0	95.0	63.4	-31.6	-33.3%
Lea County distance education consortium	136.5	68.3	68.3	34.2	-34.2	-50.0%
NMJC Total	8,369.1	7,897.4	6,215.0	5,444.9	-2,452.5	-31.1%
SJC						
I&G	22,043.5	21,727.0	23,054.0	22,049.3	322.3	1.5%
Dental Hygiene	204.7	203.8	203.8	190.6	-13.2	-6.5%
Nursing Expansion	368.6	361.2	361.2	337.7	-23.5	-6.5%
Oil and Gas Job Training Program	100.8	0.0	0.0	0.0	0.0	0.0%
Indigent Youth Program	79.9	53.3	53.3	47.4	-5.9	-11.0%
SJC Total	22,797.5	22,345.3	23,672.3	22,625.0	279.7	1.3%
CCC						
I&G	10,330.9	9,705.5	9,663.7	8,989.0	-716.5	-7.4%
Special Projects Expansion and Flexibility		25.0	25.0	0.0	-25.0	-100.0%
Nursing Expansion	71.9	70.5	70.5	65.9	-4.6	-6.5%
CCC Total	10,402.8	9,801.0	9,759.2	9,054.9	-746.1	-7.6%
Four-Year/Two-Year Total	830,158.5	801,503.9	801,503.6	740,259.7	-61,244.2	-7.6%
NMMI						
I&G	972.1	841.7	841.7	799.6	-42.1	-5.0%
Athletics	325.0	315.2	315.2	299.4	-15.8	-5.0%
Knowles Legislative Scholarship	912.8	912.8	912.8	867.2	-45.6	-5.0%
Special Projects Expansion	0.0	0.0	0.0	0.0	0.0	0.0%
NMMI Total	2,209.9	2,069.7	2,069.7	1,966.2	-103.5	-5.0%
NMSBVI						
I&G	334.7	325.1	325.1	308.8	-16.3	-5.0%
Low vision clinic programs	20.0	20.0	20.0	19.0	-1.0	-5.0%
Early childhood center		400.0	400.0	380.0	-20.0	-5.0%
NMSBVI Total	354.7	745.1	745.1	707.8	-37.3	-5.0%
NM School for the Deaf						
I&G	3,856.4	3,705.6	3,705.6	3,520.3	-185.3	-5.0%
Statewide outreach services	275.0	267.0	267.0	253.7	-13.4	-5.0%
School for the Deaf Total	4,131.4	3,972.6	3,972.6	3,774.0	-198.6	-5.0%
Special School GF Total	6,696.0	6,787.4	6,787.4	6,448.0	-339.4	-5.0%

**HIGHER EDUCATION
INSTITUTIONAL BUDGET SUMMARY**
(dollars in thousands)

	FY09 (2008-2009)	FY10 (2009-2010)	FY11 (2010-2011)			
Agency/Institution/Program	BUDGET (incl. SB 165 recurring op. bud.)	ORIGINAL OPERATING BUDGET	HED Request	LFC REC	Dollar Change	Percent Change
Higher Education Department						
Operating	4,696.6	4,362.4	4,369.1	3,852.6	-509.8	-11.7%
Adult Basic Education	6,735.3	6,247.1	6,247.1	5,841.0	-406.1	-6.5%
Student Financial Aid	26,754.1	26,054.8	26,054.8	24,752.1	-1,302.7	-5.0%
High Skills	599.4	557.6	557.6	521.4	-36.2	-6.5%
Nursing Compensation	500.0	465.1	465.1	434.9	-30.2	-6.5%
NM MESA, Inc.	1,183.4	1,100.9	1,100.9	1,029.3	-71.6	-6.5%
Program Development Enhancement Fund	3,500.0	3,256.0	3,256.0	3,044.4	-211.6	-6.5%
Dental Hygiene Program	750.0	512.9	512.9	479.6	-33.3	-6.5%
Special Projects Expansion	909.4	271.6	271.6	0.0	-271.6	-100.0%
ENLACE	1,147.3	1,147.3	1,147.3	1,072.7	-74.6	-6.5%
Dental residencies (see Student Financial Aid)	0.0	0.0	0.0	0.0	0.0	0.0%
Athletics (see flow through)	0.0	0.0	0.0	0.0	0.0	0.0%
Laws of 2007, Chapter 21 (SB 611 Flow-through)	891.0	649.5	649.5	435.6	-213.9	-32.9%
Laws of 2008, Chapter 6 (SB 165 Flow-through)	324.6	278.7	278.7	252.7	-26.0	-9.3%
HED Total	47,991.0	44,903.9	44,910.6	41,716.3	-3,187.6	-7.1%
COMPENSATION + ERB Increase				0.0		
HIGHER EDUCATION TOTAL	884,845.5	853,195.2	853,201.6	788,424.0	-64,771.2	-7.6%

(a) Detail may reflect rounding differences.

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 \$788.4 million of recurring general fund revenue for higher education, including the Higher Education Department and special schools. This recommendation represents a decrease of \$64.8 million, or a decline of 7.6 percent, from the FY10 operating budget.

The Higher Education Department (HED) submitted its funding request for higher education to the Legislature in accordance with Section 9-25-9 NMSA 1978. The transparency of formula calculations continues to improve. HED requested no change in general fund appropriations to higher education institutions and special schools due to economic challenges and future funding projections. Specifically, the HED request included the FY11 cost of workload, then shifted half of building renewal and replacement funding to general obligation bonds or severance tax bonds and funded instruction and general workload increases at 72.9 percent. The HED request assumed a 0 percent tuition revenue credit and proposed holding all other non-instruction and general appropriations flat. HED also proposed an alternative to reduce total instruction and general appropriations by 3.4 percent. Finally, HED expressed support for flexibility to authorize institutions to determine reductions within and between categories of appropriations.

The higher education funding formula begins with the current appropriation, recognizes increases or decreases in workload, and adjusts for inflationary and compensation increases. Inflationary factors are available to recognize the cost of opening the doors depending on availability of funding. 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.

HED reports incremental cost of formula funded workload for FY11 is projected at \$21.2 million. The principal driver of workload is enrollment growth as measured by student credit hours. The current formula focuses on student enrollment changes above or below an enrollment band for each institution and each branch campus. Workload calculations recognize increases or decreases in workload driven by enrollment changes and the mix of courses offered (tiers, lower, upper, and graduate). The same methodology is used for both two- and four-year institutions. For enrollment changes, if an institution exceeds a 3 percent change in either student credit hours or base dollars, it qualifies for additional workload funding. If an institution declines by 5 percent or more only in student credit hours, it loses funding. If an institution falls within the enrollment dollar band, it does not receive a workload funding adjustment directly attributed to students but might receive workload funding for facilities. In the 2008 session, the committee proposed a "soft landing" for enrollment losses to limit the automatic general fund reduction for qualifying institutions in a given year to 3 percent. The residual reduction was carried forward to the subsequent funding year.

In contrast to recent years of enrollment declines, the state's colleges and universities are now generally experiencing significant enrollment increases. Overall, the statewide student credit hour growth was up significantly (see Volume III table for details by institution). Only a few institutions did not qualify for workload increases due to student enrollment and associated workload growth. These institutions were New Mexico Institute of Mining and Technology, New Mexico State University, Western New Mexico University, Eastern New Mexico University-Roswell, University of New Mexico-Gallup, Clovis Community College, Luna Community College and New Mexico Junior College.

The recommendation emphasizes the committee's guidelines of prioritizing formula funding for workload. The committee recommendation begins by fully funding workload of \$21.2 million. The general fund cost of workload is \$7.7 million for universities and \$13.5 million for two-year colleges. The cost of workload is the largest since FY05. The state's colleges and universities are facing enrollment gains due to unemployment; and concerns about job skills, security, and upward mobility along with growing interest in the dual credit programs for high school students.

The recommendation takes credit for a tuition increase of 6 percent for resident students and 15 percent for nonresident students, which reduces general fund appropriations to higher education institutions by \$13.3 million and \$3 million, respectively. In addition, the recommendation includes an incremental tuition increase for in-state students at two-year colleges, which reduces general fund appropriations by \$4.2 million. New Mexico's two-year colleges currently charge very low tuition, when compared with comparable institutions in the region. Based on data for 2008-2009 published by the Washington Higher Education Coordinating Board, New Mexico institutions are among the lowest in the western region and are at 32 percent of the national average. Further, at least one institution does not charge any tuition for technical and vocational courses. The governing board at each institution has the discretion to increase tuition, draw on mill levy revenues not accounted for in the

higher education funding formula, or use institutional balances when making the determination to establish the tuition rate. The use of the tuition credit reflects the need for students and families to contribute to the cost of their education. In times of intense pressures for general fund resources, the state's colleges and universities must look to all available resources to be able to fund their missions. Further, federal increases to the Pell grant will assist students with need to address the increases.

Consistent with national higher education initiatives along with the need for state agencies to become more efficient during tight budget times, the committee recommendation assumes productivity savings of \$10.4 million in FY11. First, the Higher Education Department requires the state's colleges and universities to establish and maintain budgets for institutional support, and the recommendation includes a reduction of 5.25 percent in formula funding in the general category, specifically in the area of institutional support, saving \$8.1 million. Expenditures in this category include those for executive management, fiscal operations, general administrative services, logistical services, and community relations. This productivity savings is in addition to the 5.5 percent assumed by the Legislature in establishing FY10 instruction and general appropriations. Further, the recommendation includes \$2.2 million in savings from academic support budgets. Institutional operating budgets exhibit variations in reporting, but the savings should come from academic administration vacancy savings, travel, supplies, equipment, and contracts. The savings in this category are not intended to impact libraries, students, or faculty.

The recommendation reduces building renewal and replacement by 50 percent for higher education institutions, including the Agricultural Experiment Station, compared with the FY10 operating budget. This approach is consistent with reductions taken in key formula elements for FY10, in which equipment renewal and replacement funding was reduced by 50 percent. Further, building renewal and replacement would be funded at 33.75 percent, compared with the 70 percent factor when the state was running considerable budget surpluses.

Further, out-of-state tuition waiver programs at the state's universities and colleges are now costing the general fund \$59.3 million annually. For these programs, the general fund is impacted by bearing the burden of the difference between in-state and out-of-state tuition. The fiscal impact of this approach is not based on statute, but rather was an interpretation of the Commission on Higher Education, which later became the Higher Education Department. While the public policy goals of these programs can have merit, only two of the programs are designed in a way that New Mexico students are directly offered reciprocity with students in another state, Arizona and Colorado. Other tuition waiver programs include graduate assistant waivers at \$14.9 million, non-discrimination waivers at \$6.3 million, Texas-135 mile residents at \$11.2 million, undergraduate competitive scholarships at \$8.5 million, and non-resident athletes at \$5.3 million. The recommendation assumes a 5 percent reduction in tuition waivers at all of the state's post-secondary institutions for general fund savings of \$3 million.

The recommendation includes a \$10.4 million reduction in instruction and general budgets, pro-rated based on each institution's share of the instruction and general budget. This approach treats all students the same, regardless of the enrollment growth or the timing of enrollment growth at the state's colleges and universities.

General fund appropriations for instruction and general purposes are supplanted with federal funds by a total of \$10.9 million. The executive branch plans to allocate \$10.9 million of federal funds provided under American Recovery and Reinvestment Act of 2009 for education stabilization restoration. Given current uncertainty on the specific-distribution methodology, the committee recommendation allocates this funding on a pro-rata basis according to each institution's total share of instruction and general funding in the FY10 original operating budget.

The committee has significant concerns about accountability and performance outcomes for the extensive number of research and public service projects supported by the state general fund. An LFC review of select research and public service projects identified the need for improvement in the areas of strategic planning, program management and program results and accountability. Further, the committee encourages creation of clusters of centers and institutes within each college or university to achieve consolidation savings. The committee further encourages all stakeholders to consider formation of a water and watershed consortium across institutions with the participation of relevant state agencies to decrease duplication and enhance effectiveness.

The recommendation reduces research and public service projects outside the funding formula by \$12.6 million from the original FY10 appropriations or flat from the adjusted FY10. This reflects a reduction from the FY11 original operating budget levels of 6.5 percent for statewide and other activities and of 11 percent for research projects, public service projects, and P-20 pipeline projects focusing on students. The following projects were reduced by one-third from FY10 levels: projects that could be supported with fees, tuition revenues, or grant funding; academic programs receiving start-up appropriations; and other projects that fall within the formula funding framework. Projects reduced by 50 percent include projects that duplicate activities of the Higher Education Department, other state agencies, or other programs within the higher education budget, teacher continuing education and training projects, and new projects initiated by the Legislature in 2009. Research and public service projects of \$50 thousand or less are eliminated. Finally, special project expansion lump sum funding is significantly reduced.

The committee recommends enhanced HED emphasis on oversight and accountability of these projects and higher education budgets overall. In 2008, the Legislature provided \$50 thousand and an additional full-time- equivalent employee to enhance HED capacity to engage in research and public service project oversight. Further, in 2007, the Legislature provided an additional full-time-equivalent employee for the Higher Education Department to engage in institutional audits. The extent to which HED is effectively using these resources is not clear.

While the University of New Mexico Health Sciences Center (UNM HSC) is a priority for the committee, UNM HSC has extensive balances with which to help address the resource needs of the organization. UNM HSC closed FY09 with \$47 million of net operating income, compared with FY08 actual of \$16.3 million. In addition, the UNM HSC is the recipient of significant increases in research funding due to federal stimulus legislation. Through mid-October 2009, UNM HSC has received a total of \$19.6 million in awards. The facilities and administration (F&A) component (indirect costs) of this funding is also available to assist with the overall costs of the organization and reduced the dependency on general fund appropriations.

For the state's special schools, the committee recommends modest budget reductions of 5 percent from the FY10 operating budget level. During the 2009 special session, only New Mexico Military Institute was reduced and that was by a modest 0.8 percent.

RECOMMENDED LANGUAGE:

On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this section with the exception of the policy development and institutional financial oversight program of the higher education department, whose other state funds exceed amounts specified. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees in writing of the justification for the approval.

Except as otherwise provided, any unexpected balances remaining at the end of fiscal year 2011 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 the University of New Mexico Health Sciences Center: The other states funds appropriations to the university of New Mexico health sciences center include four million five hundred seventy-two thousand dollars (\$4,572,000) from the tobacco settlement fund.

UNM MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of first-time freshmen from New Mexico who are Native American	145	169	204		
Output	Total number of baccalaureate degrees				3,175	3,175
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76.6%	77.3%	77%	77.2%	77.2%
Output	Number of post-baccalaureate degrees awarded	1,308	1,291	1,400	1,425	1,425
Output	Number of degrees awarded using extended services	151	193	230	250	250
* Outcome	Amount of external dollars for research and public service, in millions	\$111.7	\$116.9	\$120.0	\$122.0	\$122.0
* Output	Number of undergraduate transfer students from two-year colleges	1,527	1,584	1,670	1,690	1,690
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	44%	44.1%	45%	45.5%	45.5%
* Outcome	Percent of enrolled Native American students among all degree-seeking undergraduates as of fall census date				6.8%	6.8%
Outcome	Percent of first-time full-time degree-seeking students enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two or four year degree)				76.2%	76.2%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	44.1%	39.9%	43%	42%	42%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.9%	6.9%	9%	8%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	58.1%	58.4%	60%	60%	60%
Outcome	Percent of Hispanic students enrolled	9.8%	9.6%	10%	10%	10%
Outcome	Percent of Hispanic graduates	9.5%	9.5%	10%	10%	10%
Output	Number of students enrolled in the adult basic education program	631	704	735	725	725
* Output	Number of students enrolled in the area vocational schools program	374	413	400	420	420
Efficiency	Percent of programs having stable or increasing enrollments	50%	45.9%	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%	82.3%	83%	83%	83%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.5%	78.1%	76%	79%	79%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	56.9%	60.9%	56%	57%	57%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	51.1%	55.8%	56%	56%	56%
* Outcome	Percent of graduates placed in jobs in New Mexico	63%	77%	45%	46%	46%
* Outcome	Percent of Asian graduates	3.8%	4.5%	4%	4.5%	4.5%
Output	Number of students enrolled in the adult basic education program	430	315	450	400	400
* Output	Number of students enrolled in the small business development center program	269	529	280	310	310
Efficiency	Percent of programs having stable or increasing enrollments	33.3%	33.3%	65%	66%	66%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.4%	79.6%	77%	77%	77%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.8%	86.5%	66%	67%	67%
Outcome	Percent of white students enrolled	45.2%	47.5%	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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	72.2%	73.8%	62%	70%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	6.3%	5.9%	13%	8%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	68.3%	68.8%	68%	69%	69%
Outcome	Percent of Native Americans enrolled	3.3%	3.6%	4.4%	4.4%	4.4%
Outcome	Percent of Native American graduates	2.9%	1.2%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	851	1,043	950	950	950
Output	Number of students enrolled in the community services program	2,524	2,887	3,000	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	72%	78%	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	87.5%	79.2%	81%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.1%	85.6%	83%	85%	85%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	58.3%	52.8%	59%	59%	59%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	6.8%	6.4%	11%	8%	8%
* Outcome	Percent of graduates placed in jobs in New Mexico	67%	67.5%	66%	66%	66%
Outcome	Percent of males enrolled	30.3%	30.7%	33%	33%	33%
Outcome	Percent of male graduates	26.1%	22.6%	23%	23%	23%
Output	Number of students enrolled in the adult basic education program	331	360	300	300	300
* Output	Number of students enrolled in the concurrent enrollment program	320	459	400	400	400
Efficiency	Percent of programs having stable or increasing enrollments	63.5%	73%	55%	57%	57%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	66.7%	72.3%	71%	70%	70%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	79.7%	82.5%	80%	80%	80%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Output	Number of degrees awarded using extended university courses	24	62	25	25	25
* Output	University of New Mexico hospital inpatient readmission rate	4.8 %	4.6 %	4.8 %	4.0%	4.0%
Outcome	University of New Mexico inpatient satisfaction rate	79.1%	81.7%	81.1%	81.6%	81.6%
* Output	Number of university of New Mexico cancer research and treatment center clinical trials	212	188	190	190	190
Outcome	Pass rate on licensure test by college of nursing students	89%	76.4%	85%	85%	85%
Outcome	Number of health science center technology commercialization activities	75	93	90		
Output	First-time pass rate on the north American pharmacist licensure examination by doctor of pharmacy graduates from the College of Pharmacy				94%	94%
Output	College of nursing graduate students' pass rates on the American nurses credentialing center family nurse practitioner certification exam				95%	95%
Output	Number of autopsies performed each year by the office of the medical investigator				2,090	2,090
Output	Number of patient days at Carrie Tingley hospital per year				4,172	4,172
* Output	Number of post-baccalaureate degrees awarded	310	283	305	296	296

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	External dollars for research and public service, in millions	\$253.7	\$272.6	\$255.5	\$278.1	\$278.1
* Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	97%	98%	98%	98%	98%
Outcome	Percent of medical students who secured one of their top three choices in the residency program	90%	94%	86%	86%	86%
Outcome	Medical student satisfaction rates on national standardized survey	85.5%	91.1%	90.7%		
Output	Number of university of New Mexico hospital clinic visits	406,489	422,112	458,247	457,993	457,993
Output	Number of university of New Mexico hospital inpatient discharges	24,482	26,580	28,358	29,361	29,361
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	69%	69%	70%	71%	71%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of enrolled Native American first-year students from New Mexico.	104	82	116		
Output	Number of nursing degrees conferred.				175	175
Outcome	Number of Hispanic undergraduate degree-seeking students				6,400	6,400
Outcome	Second-year students who are still enrolled two fall semesters later or have completed a degree (two or four year degree)				60%	60%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	74.7%	74.8%	82%	78%	78%
Output	Number of degree programs offered via distance education	28	28	28	29	29
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement		77%	75%	76%	76%
* Outcome	External dollars for research and creative activity, in millions	\$186.8	\$182.7	\$180.4	\$189.9	\$189.9
* Output	Number of teacher preparation programs available at New Mexico community college sites	4	4	5	4	4
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	41.5%	43.5%	50%	45%	45%
* Outcome	Number of undergraduate transfer students from two-year colleges	559	628	1,028	750	750

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of new students taking nine or more credit hours successful after three years	49.5%	60.3%	50%	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	10.1%	8.7%	15%	14%	14%
* Outcome	Percent of graduates placed in jobs in New Mexico	68.1%	69.3%	69%	69.5%	69.5%
Outcome	Percent of Hispanic students enrolled	28.3%	31.4%	27%	33%	33%
Outcome	Percent of Native Americans graduates	3.9%	4.2%	4.0%	4.8%	4.8%
Output	Number of students enrolled in the adult basic education program	646	563	700	675	675
* Output	Number of students enrolled in the small business development center program	462	575	800	725	725
Efficiency	Percent of programs having stable or increasing enrollments	71.7%	66.7%	88%	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	72.6%	75%	79%	79.5%	79.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.8%	82.5%	79%	83%	83%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	66.4%	62.6%	70%	65%	65%
* Outcome	Percent of graduates placed in jobs in New Mexico	81.4%	81%	85%	82%	82%
Outcome	Percent of Hispanic students enrolled	40.2%	43.5%	41.5%	45%	45%
Outcome	Percent of Hispanic graduates	33.6%	35.2%	36%	42.5%	42.5%
* Output	Number of students enrolled in the contract training program	384	300	450	350	350
Output	Number of students enrolled in concurrent enrollment	454	623	425	625	625
Efficiency	Percent of programs having stable or increasing enrollments	68.3%	64.4%	72.5%	68%	68%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	66.1%	63.1%	72%	71%	71%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	87.7%	90%	89%	90%	90%

NMSU DONA ANA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50.9%	50.6%	46%	46%	46%
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	7.9%	6.8%	16%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	74.1%	73.8%	77%	77%	77%
Outcome	Percent of males enrolled	42.7%	42.6%	45%	45%	45%
Outcome	Percent of Hispanic graduates	61%	61.6%	61%	61%	61%
Output	Number of students enrolled in the contract training program	1,287	1,222	1,700	1,500	1,500
* Output	Number of students enrolled in the adult basic education program	4,775	5,427	5,000	5,000	5,000
Efficiency	Percent of programs having stable or increasing enrollments	91.5%	89.4%	91%	91%	91%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	80.6%	81.5%	82%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.4%	88.5%	83%	85%	85%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	53.8%	51.9%	53%	53%	53%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	20%	24.7%	21%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.2%	74.5%	82%	76%	76%
Outcome	Percent of Hispanic students enrolled	33%	35.7%	33%	33%	33%
Outcome	Percent of Native American graduates	41.6%	43.2%	36%	36%	36%
Output	Number of students enrolled in the adult basic education program	371	444	360	360	360
* Output	Number of students enrolled in the community services program	494	500	550	550	550
Efficiency	Percent of programs having stable or increasing enrollments	70.8%	77.8%	72%	78%	78%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.5%	77.9%	79%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	87.8%	87%	87%	88%	88%

NEW MEXICO HIGHLANDS UNIVERSITY

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of Native American students enrolled	5.8%	4.8%	4%		
Output	Total number of baccalaureate degrees awarded.				330	330
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	44.7%	44.6%	53%	53%	53%
Output	Number of students enrolled in extended services	1,111	1,190	1,100	1,100	1,100
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	91.3%	92.5%	90%	90%	90%
* Outcome	Percent of total funds generated by grants and contracts	34%	17%	16%	16%	16%
* Output	Number of undergraduate transfer students from two-year colleges	513	438	375	450	450
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	24.3%	21.4%	20%	20%	20%
Outcome	Number of enrolled Native American students among all degree-seeking undergraduates as of fall census date.				170	170
Outcome	Percent of first time, full-time degree-seeking students enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two or four year degree)				58	58

WESTERN NEW MEXICO UNIVERSITY

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of entering first-time, full-time freshmen who are Native American	1.7%	1.2%	1.5%		
Outcome	Percent of first-time full-time degree-seeking students enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two or four year degree.)				30%	30%
Output	Total number of baccalaureate degrees awarded.				180	180
* Outcome	Percent of full-time, degree seeking, first-time freshmen retained to second year	47.7%	48.3%	50%	53%	53%
Output	Number of courses available through instructional television and online via the internet	197	284	200	300	300
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	37%	5.7%	3-5%	3-5%	3-5%
* Output	Number of graduates from the school of education	175	136	150	150	150
* Outcome	External dollars to be used for programs to promote student success, in millions	\$3.1	\$2.9	\$3.0	\$3.0	\$3.0
* Output	Number of undergraduate transfer students from two-year colleges	175	179	165	170	170

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	21.4%	23.3%	21.5%	22%	22%
Outcome	Percent of enrolled Hispanic and Native American students among all degree-seeking undergraduates as of fall census date.				53%	53%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of Hispanic first-year students enrolled	145	169	200		
Outcome	Percent of first-time, full-time, degree-seeking students still enrolled in the third semester who are still enrolled two fall semesters later (semester seven) or have completed a degree (two or four year degree)				61.5%	61.5%
Output	Total number of baccalaureate degrees awarded.				533	533
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	59.5%	59.5%	61%	61.5%	61.5%
Output	Number of internet-based courses offered	205	311	300	325	325
* Outcome	External dollars supporting research and student success, in millions	\$6.5	\$7.4	\$8.0	\$8.0	\$8.0
* Output	Number of undergraduate transfer students from two-year colleges	389	437	420	430	430
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	32.4%	28.5%	33.5%	34%	34%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.	96%	95.5%	95%	95	95
Outcome	Percent of enrolled Hispanic students among all degree-seeking undergraduates as of fall census date.				29%	29%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	47.9%	47.2%	49%	49%	49%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	15.7%	17.5%	15%	14.5%	14.5%
* Outcome	Percent of graduates placed in jobs in New Mexico	64.3%	67.7%	65%	68%	68%
Outcome	Percent of males enrolled	46.5%	45.9%	46.8%	46.8%	46.8%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of male graduates	58.4%	61.8%	50%	55%	55%
Output	Number of students enrolled in the concurrent enrollment program	715	892	680	700	700
Output	Number of students enrolled in the distance education program	2,772	2,892	2,200	2,300	2,300
* Efficiency	Percent of programs having stable or increasing enrollments	57%	51.9%	60%	55%	55%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.7%	75.3%	76.9%	75.9%	75.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73.9%	81.3%	74%	75%	75%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.2%	49.3%	54%	54%	54%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	6.2%	3.7%	21%	20%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	81.3%	79.3%	78%	78%	78%
Outcome	Percent of Hispanic students enrolled	23%	24.5%	25%	25%	25%
Outcome	Percent of Hispanic student graduates	25.7%	27.8%	26%	28%	28%
Output	Number of students enrolled in adult basic education	530	583	490	500	500
Output	Number of students enrolled in the contract training program	777	1,086	600	775	775
* Efficiency	Percent of programs having stable or increasing enrollments	72.6%	72.9%	75%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	63.8%	66.7%	64%	64%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	89.5%	90.2%	87%	90%	90%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	99	101	100		
Output	Total number of degrees awarded.				300	300
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	73%	70.7%	75%	75%	75%
Output	Number of students enrolled in distance education courses	309	493	500	500	500
* Output	Number of students registered in master of science teaching program	133	150	160	170	170
* Outcome	External dollars for research and creative activity, in millions	\$89.0	\$86.0	\$80.0	\$85.0	\$85.0
* Output	Number of undergraduate transfer students from two-year colleges	40	41	40	40	40
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	43%	45.3%	50%	50%	50%
Outcome	Percent of enrolled Native American and Hispanic students among all degree-seeking undergraduates as of fall census date.				28%	28%
Outcome	Second year students who are still enrolled two fall semesters later or have completed a degree (two or four year degree.)				58%	58%

NORTHERN NEW MEXICO COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	66.1%	67%	70%	70%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	8.8%	7.4%	15%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	68.6%	73.5%	70%	73%	73%
Outcome	Percent of Native Americans enrolled	7.8%	8.4%	9.5%	9.5%	9.5%
Outcome	Percent of Native American graduates	8.1%	7.2%	9.5%	9.5%	9.5%
* Output	Number of students enrolled in the adult basic education program	411	451	400	450	450
Output	Number of students enrolled in the concurrent enrollment program	212	261	300	300	300
Efficiency	Percent of programs having stable or increasing enrollments	56.6%	62.8%	60%	62%	62%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	78.9%	76.9%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	79.3%	81.9%	80%	82%	82%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	53.1%	52.9%	53.5%	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	6.1%	8.4%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	77.3%	78.6%	79%	79%	79%
Outcome	Percent of Hispanic students enrolled	33.7%	33.8%	43%	43%	43%
Outcome	Percent of Hispanic graduates	43.5%	43.5%	46%	46%	46%
Output	Number of students enrolled in the adult basic education program	1,856	2,029	2,000	2,100	2,100
* Output	Number of students enrolled in the contract training program	4,045	3,012	3,300	3,350	3,350
Efficiency	Percent of programs having stable or increasing enrollments	65.5%	69.1%	77%	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	77.4%	79.5%	79%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.6%	87.5%	86%	88%	88%

CENTRAL NEW MEXICO COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.6%	50.6%	50%	52%	52%
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	8.0%	8.4%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	80%	80.4%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	40.9%	40.8%	42%	42%	42%
Outcome	Percent of Hispanic graduates	38.7%	39.6%	39%	40%	40%
* Output	Number of students enrolled in distance education program	5,789	7,873	5,800	6,500	6,500
Output	Number of students enrolled in concurrent enrollment program	1,238	1,635	1,250	1,400	1,400
Efficiency	Percent of programs having stable or increasing enrollments	70.3%	70.1%	85%	85%	85%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77.3%	77.9%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	88.6%	91.2%	86%	92%	92%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	57.4%	46.4%	57%	57%	57%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	23.6%	14.6%	26%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	88.8%	89.2%	90%	90%	90%
Outcome	Percent of white students enrolled	13.1%	13.8%	16%	16%	16%
Outcome	Percent of male graduates	20.2%	22.8%	25%	25%	25%
Output	Number of students enrolled in the health education center program	2,657	3,081	3,000	3,100	3,100
* Output	Number of students enrolled in the small business development center program	450	356	400	400	400
Efficiency	Percent of programs having stable or increasing enrollments	60.7%	60.1%	75%	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	75.4%	69.1%	81%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	93.9%	94.7%	94%	95%	95%

MESALANDS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	51.2%	51.6%	51.3%	51.7%	51.7%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	22.4%	21.1%	28.5%	21.2%	21.2%
* Outcome	Percent of graduates placed in jobs in New Mexico	65.9%	58.5%	69.5%	58.6%	58.6%
Outcome	Percent of Hispanic students enrolled	34.5%	35.4%	34.9%	35.5%	35.5%
Outcome	Percent of female graduates	30.4%	28.1%	43.2%	28.2%	28.2%
Output	Number of students enrolled in the adult basic education program	206	183	240	184	184
* Output	Number of students enrolled in the small business development center program	48	65	49	66	66
Efficiency	Percent of programs having stable or increasing enrollments	80%	80%	81%	81%	81%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	60.5%	64.6%	65%	64.7%	64.7%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76.7%	78.7%	78%	78.8%	78.8%

NEW MEXICO JUNIOR COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	55.9%	58.6%	60%	60%	60%
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	27.4%	24.1%	34%	33%	33%
* Outcome	Percent of graduates placed in jobs in New Mexico	68%	72.4%	72%	75%	75%
Outcome	Percent of Hispanic students enrolled	38.8%	39.7%	40%	39%	39%
Outcome	Percent of Hispanic graduates	37.2%	40.1%	40%	45%	45%
Output	Number of students enrolled in the area vocational school program	336	320	350	400	400
* Output	Number of students enrolled in distance education program	13,183	15,412	11,000	15,000	15,000
Efficiency	Percent of programs having stable or increasing enrollments	61.9%	62.9%	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	63.4%	61.8%	73.5%	73.5%	73.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	77.7%	83.3%	80%	85%	85%

SAN JUAN COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	64.9%	63.2%	63%	64%	64%
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	13.2%	12.2%	15%	13%	13%
* Outcome	Percent of graduates placed in jobs in New Mexico	61.2%	66.6%	62%	67%	67%
Outcome	Percent of Native Americans enrolled	33.1%	30.7%	28%	28%	28%
Outcome	Percent of Native American graduates	23.7%	23.8%	24%	24%	24%
Output	Number of students enrolled in the community services program	2,727	3,396	2,900	3,500	3,500
* Output	Number of students enrolled in the service learning program	585	621	500	650	650
* Efficiency	Percent of programs having stable or increasing enrollments	59.5%	64.8%	62%	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	73.1%	74.4%	76%	76%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	66.9%	75%	68%	76%	76%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	73%	63.9%	74%	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	8.7%	8.7%	9.7%	12%	12%
* Outcome	Percent of graduates placed in jobs in New Mexico	67.3%	69.3%	72%	72%	72%
Outcome	Percent of Hispanic students enrolled	28.1%	27.8%	30%	30%	30%
Outcome	Percent of Hispanic graduates	31.8%	33%	30%	32%	32%
Output	Number of students enrolled in the distance education program	1,547	1,998	1,600	1,400	1,400
* Output	Number of students enrolled in the concurrent enrollment program	642	736	650	650	650
Efficiency	Percent of programs having stable or increasing enrollments	62.3%	56.3%	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	76.9%	74%	79%	79%	79%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.3%	84%	80%	85%	85%

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Output	Percent of full-time-equivalent capacity enrolled each fall term	91%	86%	92%	96%	96%
* Outcome	American college testing composite scores for graduating high school seniors	22.1	21.7	21.5	22.1	22.1
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	59.5	60.2	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	56.8	58.2	58	58.3	58.3
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	63	63	64	64	64
Quality	Number of faculty development events	112		75		
* Efficiency	Percent of legislative scholarships (Knowles) awarded	77%	94%	75%	100%	100%
Efficiency	Total annual cost of attendance	\$8,487	\$8,696	\$8,696	\$8,746	\$8,746

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>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Quality	Percent of parents' rating of overall quality of services as good or excellent based on annual survey	Incomplete	93%	91%	91%	91%
* Output	Percent increase of total number of students receiving direct services through a full continuum of services.	1,359	1,258	1,427	1,278	1,278
Outcome	Increase in the number of training sessions within the state that increase awareness and knowledge of visual impairments and blindness.	166	23	10	12	12
Outcome	Increase in the number of contacts with outside agencies	135	185	75	85	85
Efficiency	Number of interactions and communications among departments and programs	25	10	10	12	12

NEW MEXICO SCHOOL FOR THE DEAF

The mission of the New Mexico school for the deaf is to provide a school-based comprehensive, fully-accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Percent of students in kindergarten through grade twelve demonstrating academic improvement across curriculum domains	53%	68%	75%	75%	75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	94%	100%	75%	100%	100%
* Outcome	Rate of transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	89%	93%	90%	93%	93%
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	80%	80%	80%	80%	80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	96.7%	96.2%	90%	90%	90%
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies	11	11	10	11	11
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	90.9%	100%	75%	100%	100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	100%	100%	100%
Outcome	Number of children per year identified through newborn hearing screening and referred to the step*hi program by age six months identified through newborn hearing screening	19				

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three- to six-month developmental progress	100%		100%		
Outcome	Percent of level one beginning licensed teachers assigned a mentor	90%				
Outcome	Percent of children identified as deaf or hard of hearing and in the department of health family infant toddler birth to three program receiving early intervention services.					

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY11

(dollars in thousands)

School Year 2009-2010 Initial Unit Value=\$3,862.79		FY10 APPROPRIATION	ADJUSTED FY10 APPROPRIATION	FY11 PED REQUEST	FY11 LFC RECOMMENDATION
1	PROGRAM COST	\$2,439,723.2	\$2,439,723.2	\$2,171,012.2	\$2,171,012.2
2	State Fiscal Stabilization Fund (American Recovery and Reinvestment Act)	(\$164,700.0)	(\$210,200.0)		
3	Replace Federal Fiscal Stabilization Funds			\$230,205.3	\$198,755.8
4	Adjustment for FY10 Solvency		(\$43,903.3)		
5	Adjustment for FY09 Solvency Initiatives	(\$19,335.7)	(\$19,335.7)		
6	Education Retirement 1.5% employer/employee contribution switch	(\$23,193.4)	(\$23,193.4)		
7	ENROLLMENT GROWTH	\$8,455.8	\$8,455.8	\$8,016.9	\$8,016.9
8	FIXED COSTS	\$3,723.9	\$3,723.9	\$7,100.0	\$3,723.9
9	INSURANCE COSTS			\$27,800.0	
10	Resource reallocation from reduction in school size units for schools located in communities greater than 3,000 and at least 5 miles from another school offering similar programs. (Statute Change Required)				(\$29,329.2)
11	Resource reallocation from reduction in district size units for districts with enrollment less than 3,000 and located at least 15 miles from another district. (Statute Change Required)				(\$5,303.9)
12	Resource reallocation from formula change removing related services from units multiplied by T&E. (Statute Change Required)				(\$18,000.0)
13	Resource reduction from formula change for 12th grade multiplier from 1.25 to 1.045. (Statute Change Required)				(\$15,905.0)
14	PUBLIC SCHOOL EMPLOYEE COMPENSATION:				
15	Increase Educational Assistants Salary Base to \$13,000.	\$2,613.0	\$2,613.0		
16	Increase in Employer's ERB Contribution (.75 percent)	\$12,073.2	\$12,073.2	\$11,700.5	
17	Assessment and Test Development-School District Costs	\$1,055.5	\$1,055.5		
18	PROGRAM COST	\$2,260,415.5	\$2,171,012.2	\$2,455,834.9	\$2,312,970.7
19	Dollar Increase Over FY10 Appropriation	(\$179,307.7)	(\$268,711.0)	\$284,822.7	\$141,958.5
20	Percentage Increase	-7.3%	-11.0%	13.1%	6.5%
21	LESS PROJECTED CREDITS	(\$64,400.0)	(\$64,400.0)	(\$57,400.0)	(\$59,400.0)
22	LESS OTHER STATE FUNDS (from driver's license fees)	(\$850.0)	(\$850.0)	(\$850.0)	(\$850.0)
23	STATE EQUALIZATION GUARANTEE	\$2,195,165.5	\$2,105,762.2	\$2,397,584.9	\$2,252,720.7
24	Dollar Increase Over FY10 Appropriation		(\$277,811.0)	\$291,822.7	\$146,958.5
25	Percentage Increase		-11.7%	13.9%	7.0%
26	CATEGORICAL PUBLIC SCHOOL SUPPORT				
27	TRANSPORTATION				
28	Operational (includes 1.5% employer/employee contribution switch for ERB)	\$89,744.9	\$86,155.1	\$93,799.6	\$86,303.6
29	School-owned Bus Replacements	\$563.5	\$541.0		
30	Rental Fees (Contractor-owned Buses)	\$12,665.2	\$12,158.6	\$13,504.9	\$12,031.9
31	Increase in Employer's ERB Contribution (.75 percent)	\$194.8	\$187.0	\$209.9	
32	TOTAL TRANSPORTATION	\$103,168.4	\$99,041.7	\$107,514.4	\$98,335.5
33	SUPPLEMENTAL DISTRIBUTIONS				
34	Out-of-state Tuition	\$370.0	\$346.0	\$370.0	\$346.0
35	Emergency Supplemental	\$2,000.0	\$1,870.0	\$2,000.0	\$1,870.0
36	INSTRUCTIONAL MATERIAL FUND	\$16,230.4	\$15,175.4	\$44,459.6	\$15,175.4
37	INSTRUCTIONAL MATERIAL FUND (FY10 Unfunded)			\$25,000.0	
38	DUAL CREDIT TEXTBOOK FUND	\$1,500.0	\$1,402.5	\$1,402.5	
39	EDUCATIONAL TECHNOLOGY FUND	\$2,400.0	\$2,244.0	\$2,244.0	
40	INDIAN EDUCATION FUND	\$2,250.0	\$2,250.0	\$2,250.0	\$2,000.0
41	SCHOOLS IN NEED OF IMPROVEMENT FUND	\$2,500.0	\$2,337.5	\$2,337.5	\$2,337.5
42	TOTAL CATEGORICAL	\$130,418.8	\$124,667.0	\$187,578.0	\$120,064.4
43	TOTAL PUBLIC SCHOOL SUPPORT	\$2,325,584.3	\$2,230,429.2	\$2,585,162.9	\$2,372,785.1
44	Dollar Increase Over FY10 Appropriation		(\$320,582.3)	\$354,733.7	\$142,355.9
45	Percentage Increase		-12.6%	15.9%	6.4%

¹ The LFC staff recommendation for FY11 assumes the use of \$45.5 million in federal funds from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act to offset \$45.5 million in general fund reductions to the state equalization guarantee distribution in the FY10 solvency bill. The appropriation was vetoed by the governor but DFA has indicated that the funds will be replaced as intended in the bill.

² The LFC Staff recommendation for the state equalization guarantee distribution for FY11 includes \$23.9 million in federal funds from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act.

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY10

(dollars in thousands)

	FY10 APPROPRIATION	ADJUSTED FY10 APPROPRIATION	FY11 PED REQUEST	FY11 LFC REC
46 RELATED APPROPRIATIONS: RECURRING (to PED unless otherwise noted)				46
47 Public Education Department	\$15,979.3	\$15,499.4	\$17,108.7	\$15,200.0 47
48 Regional Education Cooperatives Operations	\$1,200.0	\$1,122.0	\$1,122.0	48
49 EARLY CHILDHOOD EDUCATION				49
50 Kindergarten-three Plus	\$8,452.1	\$7,902.7	\$7,902.7	\$6,500.0 50
51 Pre-kindergarten Program	\$8,452.1	\$7,902.7	\$7,902.7	\$6,195.3 ³ 51
52 EDUCATOR QUALITY				52
53 Beginning Teacher Mentorship	\$1,491.5	\$1,394.6	\$1,394.6	53
54 Summer Reading, Math and Science Institutes	\$2,485.9	\$2,324.3	\$2,324.3	54
55 NEW MEXICO CYBER ACADEMY/INNOVATIVE DIGITAL EDUCATION AND LEARNING (IDEAL)				55
56 New Mexico Cyber Academy	\$994.4	\$929.8	\$929.8	56
57 SCHOOL FINANCE				57
58 Rural Revitalization	\$100.0	\$93.5	\$93.5	58
59 STUDENT ACHIEVEMENT				59
60 Advanced Placement	\$1,750.0	\$1,636.3	\$1,636.3	60
61 After School Enrichment Program/Twenty-First Century Community Learning Centers	\$1,000.0	\$935.0	\$935.0	61
62 Apprenticeship Assistance	\$650.0	\$607.8	\$607.8	62
63 New Mexico Outdoor Classroom (\$200.0 from the State Parks Division FY10)				63
64 School Improvement Framework	\$994.4	\$929.8	\$929.8	\$1,000.0 64
65 Truancy Prevention/Dropout Prevention	\$298.3	\$278.9	\$278.9	65
66 STUDENT HEALTH, SAFETY AND WELL-BEING				66
67 Breakfast for Elementary Students	\$3,430.5	\$3,207.5	\$3,207.5	\$2,430.5 67
68 Family and Youth Resource Act	\$397.7	\$371.8	\$371.8	68
69 GRADS – Teen Pregnancy Prevention	\$550.0	\$514.3	\$514.3	69
70 Sex Equity Act			\$100.0	70
71 TOTAL RELATED APPROPRIATIONS: RECURRING	\$48,226.2	\$45,650.3	\$47,359.7	\$31,325.8 71
72 GRAND TOTAL	\$2,373,810.5	\$2,276,079.5	\$2,632,522.6	\$2,404,110.9 72
7 Dollar Increase Over FY10 Appropriation		(\$331,984.7)	\$356,443.1	\$128,031.4 73
74 Percentage Increase		-12.7%	15.7%	5.6% 74

³ The appropriation for Pre-Kindergarten includes \$1 million from balances in the Public Prekindergarten Fund and \$1.5 million from the Temporary Assistance for Needy Families (TANF) block grant to New Mexico.

STATUTORY AUTHORITY:

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor and increased the amount of funding distributed to public schools and all beneficiaries of income from state trust land.

BUDGET ISSUES:

The Public Education Department (PED) request for program cost of \$2.456 billion included a \$284.8 million, or 13.1 percent, general fund increase over FY10, adjusted for solvency. This included \$230.2 million to replace \$164.7 million in federal fiscal stabilization funds used in the FY10 appropriation and part of the \$89.4 million in FY10 solvency reductions. The rest of the solvency reduction was made up using the remaining \$23.9 million of federal fiscal stabilization funds. The department request also included funding for fixed costs (e.g. energy and utility costs, maintenance and repair of buildings and grounds, and general materials and supplies), enrollment growth, the employer share of increased insurance costs, and the increase in the employer's contributions to the education retirement board.

The LFC recommendation for program cost addresses the need to fund public education while taking into account the current fiscal reality. The program cost recommendation is \$2.313 billion, an increase of \$141.9 million, or 6.5 percent, compared with FY10 appropriations, adjusted for solvency. This includes \$198.8 million to replace federal fiscal stabilization funds used in the FY10 appropriation and about half of the federal fiscal stabilization funds used in the FY10 solvency bill. The recommendation includes \$8 million for enrollment growth and \$3.7 million for fixed costs. Credits of \$68.5 million are assumed in the program cost recommendation to account for changing eligibility requirements for small school size adjustments (\$29.3 million), changing eligibility requirements for districts claiming size adjustments (\$5.3 million), removing related services from base units multiplied by the training and experience (T&E) factor in the funding formula (\$18 million), and reducing the unit multiplier in the funding formula for 12th grade students (\$15.9 million). All of these address issues raised by the committee regarding district decisions to chase units, resulting in a dilution of the unit value, and will require statutory revisions to the funding formula. The recommendation retains these amounts in program cost to be redistributed through the unit value.

The recommendation includes a total of \$59.4 million in credits: \$47 million from federal impact aid, \$11.7 million from the 0.5 local mill levy, and \$700 thousand from federal forest funds. Of the increase, \$4 million is the result of increased property valuation statewide in FY09 and increases in the operational portion of federal impact aid. An additional credit of \$850 thousand from drivers' license fees is also assumed. Public schools are required to offer an elective classroom driver safety education course and receive \$3 from each four-year driver's license and \$6 from each eight-year driver's license for this purpose. Adjusted for credits, the State Equalization Guarantee (SEG) general fund recommendation is \$2.253 billion, or a 7 percent increase compared with FY10 as adjusted. Also included in the recommendation for SEG is the remaining \$23.9 million in federal fiscal stabilization funds, bringing the total recommendation for SEG to 2.277 billion, or a 1.7 percent decrease in the SEG from the adjusted FY10 operating budget.

For FY10, statewide funded enrollment increased by a little more than 1,300 students after a slight decline in FY09 but the overall trend continues to be flat. While the 40th-day count will not be available until right before the 2010 legislative session, it appears that overall, the number of statewide units will remain flat. This suggests that while SEG was down year-to-year in FY10, sufficient funding was available to schools as a result of increases of more than \$700 million to SEG since FY03, and from over-funding in prior years from excess units being claimed for related services.

Small-school units are included in the current funding formula to compensate districts for the increased costs of operating small schools, particularly in rural areas. A performance evaluation conducted by LFC of five school districts and other analysis suggests that school districts continue to look for ways to chase unit funding to increase SEG distributions, including using the small-school adjustment. A number of districts and charter schools maintain low school enrollment to guarantee school size adjustment. It also appears that as many as 25 districts operate kindergarten through eighth grade schools housed in one building with shared administrators, teachers, educational assistants, and other support services yet claimed for formula funding as two separate schools (e.g. K-fifth elementary school and sixth - eighth middle school) in order to generate size adjustment units. The Legislature in 2010 should consider closing the loophole used to "chase" formula funds by changing the small-school factor to include only those schools in communities with populations of less than 3,000 and at least five miles from another school offering a similar academic program.

The small-district adjustment is another factor in the funding formula used to generate funding for districts with small enrollment. In New Mexico, 72 of the 89 school districts are eligible for small-district funding at a cost of about \$19 million. A number of districts statewide operate within a few miles of each other and, in one case, within the same city. While communities may want

these small districts to function independently, it is unreasonable to expect the state to pay for the extra administrative costs associated with operating these districts. The committee recommends the Legislature in 2010 consider changing the eligibility criteria for the small-district factor to districts with enrollment of less than 3,000 students and at least 15 miles from another district.

Related services are services provided ancillary to special education programs and include occupational therapy, physical therapy, speech-language therapy, and diagnostic service personnel and are multiplied by the cost differential factor of 25 units. In addition, these units are multiplied by a district's training and experience (T&E) index, generating as much as \$126 thousand, or 30 percent more per FTE, depending on district staff. These services continue to be of concern because of the significant dollars generated by each FTE and the temptation to claim more staff than needed as a back-door way to increase revenue. To help alleviate this, the committee recommends the Legislature in 2010 consider removing related services from those base units multiplied by the T&E index and including them after program units are adjusted for T&E.

Student attendance in the 12th grade continues to be of concern especially with an increase in the number of programs available for seniors to complete their course of studies. As a result of programs such as dual credit, distance learning, computer-based learning, and career technical and workforce training, it appears that a large number of seniors are not present at school for the majority of their senior year. As a result, schools are receiving funding for students who are not receiving direct services. In addition, questions of double funding are increasing as students are provided opportunities to complete high school graduation requirements from other state-funded sources outside of the traditional high school environment. The Legislature in 2010 should consider reducing the unit multiplier for seniors to account for their reduced time in school and double funding concerns.

Specific recommendations are as follows:

Fiscal year 2011 funding is based on an average of the 80th and 120th day enrollment for FY10 except for those districts with membership growth greater than 1 percent. These districts receive 0.5 units per member up to the 1 percent threshold and 1.5 units per member over 1 percent. The recommendation includes \$8 million to meet projected enrollment growth of 2,075 units for FY11 and \$3.7 million for fixed costs. These costs should be reevaluated prior to the 2010 legislative session when more current information will be available.

The recommendation does not include funding for insurance increases in FY11 but directs the New Mexico Public School Insurance Authority (NMPSIA) to make changes in benefits as needed. The Albuquerque Public Schools requested \$3.8 million for its share of medical benefits. The committee notes the district currently has cash balances of more than \$30 million in its insurance accounts and urges the district to use these balances to offset insurance increases for its employees.

Categorical Public School Support.

To protect program cost and minimize the impact on schools, the committee recommends a number of measures to reprioritize categorical appropriations. The recommendation includes \$136.2 million for categorical expenditures, a decrease of \$18.6 million from FY10. The largest categorical appropriation, the transportation distribution, is used to make payments to school districts for the to-and-from transportation costs of students in kindergarten through 12th grade and 3- and 4-year-old developmentally disabled students enrolled in public school programs. The funding covers operational costs, rental, and lease fees for buses. The committee recommends \$98.3 million, \$706 thousand less than the FY10 appropriation.

The annual adoption of instructional materials follows a six-year cycle in all core curriculum areas. The FY11 adoption is scheduled for K-8 language arts and reading, modern, classical, and native languages, and reading intervention programs. Funds for instructional materials are generated through provisions of the federal Mineral Lands Leasing Act and are provided directly to schools on a per-pupil basis. The department funds materials for public, charter, state-supported, and accredited private schools, as well as adult education centers. The committee recommends \$15.2 million for instructional materials and dual credit instructional materials and urges districts to maximize the use of additional federal stimulus funding for Title I and special education to purchase instructional materials as per the adoption cycle.

Balances in the Indian education fund continue to be high, approximately \$5.5 million as of the end of the first quarter of FY10, reflecting the long-term inability of the division to move funding to schools effectively. The recommendation of \$2 million for Indian education takes into account fund balances available in FY11.

Recognizing the ongoing need for emergency supplemental funding, the recommendation includes \$1.9 million for FY11. Historically, small schools have been the primary users of these funds; however, a growing number of larger schools are applying for supplemental assistance. An ongoing concern is the number of schools with late annual audits applying for

emergency supplemental funding. It is unclear how PED can effectively determine a district's cash position when considering emergency requests. The Legislature in 2010 should require districts to comply with the Audit Act in order to qualify for emergency supplemental funding.

Related Appropriations.

Categorical or earmarked appropriations are problematic in that they tend to dis-equalize school funding and divert resources away from core educational need, as well as diluting funding that would normally be directed into the SEG. With the current economic situation continuing to worsen, recommended funding for individual categorical initiatives is limited to early childhood programs, elementary breakfast, and school improvement. The department requested \$30.3 million in related appropriations, a relatively flat request over FY10. The committee recommends \$16.1 million in related appropriations, a decrease of \$14 million or 46 percent.

The kindergarten-three-plus program continues to demonstrate success in addressing the achievement gap. Districts implementing the program note that participants in the extended school year program continue to demonstrate improved literacy skills with notable decreases in the number of children classified in the highest risk categories. Recognizing the significant impact of this program on improved student achievement through increased time on task, the committee recommends funding of \$6.5 million from the general fund.

An external evaluation conducted for the state Office of Educational Accountability reports that students enrolled in prekindergarten are continuing to demonstrate improved kindergarten readiness, and the program is producing meaningful impacts on early language, literacy, and math development. The department request included \$7.9 million in recurring funding for prekindergarten operational costs and \$2 million in nonrecurring funding for prekindergarten classrooms. The committee recommends funding of \$6.2 million from the general fund, \$1 million from the public prekindergarten fund, and \$1.5 million from the temporary assistance for needy families grant for FY11.

Two additional recommendations include \$2.4 million for breakfast for elementary school children and \$1 million for the school improvement framework.

RECOMMENDED LANGUAGE:

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2011.

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 2010-2011 school year and then, on verification of the number of units statewide for fiscal year 2011 but no later than January 31, 2011, the secretary of public education may adjust the program unit value.

Money received by a school district or charter school pursuant to the federal American Recovery and Reinvestment Act shall not be expended until the secretary of public education has approved an expenditure plan submitted by the school district or charter school, provided that the expenditure plan shall: 1) be consistent with and supplement the school district's or charter school's educational plan for student success, 2) consider those educational programs of the school district or charter school that have not been fully funded during fiscal year 2010 or 2011, and 3) ensure that any additional personnel are temporary or contractual and will not require additional appropriations in future fiscal years. The secretary shall not approve a fiscal year 2010 budget adjustment request or a fiscal year 2011 operating budget unless the secretary finds that the budget adjustment or operating budget is consistent with the above requirements.

The secretary of public education, in collaboration with the department of administration, office of education accountability, shall ensure all teachers have been evaluated under the tiered licensure evaluation system and have the professional competencies of the appropriate level. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any teacher who has not been evaluated.

The secretary of public education, in collaboration with the department of finance and administration, office of education accountability, shall ensure all principals and assistant school principals have been evaluated under the highly objective uniform statewide standard of evaluation and have the professional competencies to serve as a principal or assistant principal. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any principal or assistant principal who has not been evaluated.

After considering those elementary physical education programs eligible for state financial support and the amount of state funding available for elementary physical education, the secretary of public education shall annually determine the programs and the consequent number of students in elementary physical education that will be used to calculate the number of elementary physical education program units.

For the 2010-2011 school year, the state equalization guarantee distribution includes sufficient funding for school districts to implement a new formula-based program. Those districts shall use current year membership in the calculation of program units for the new formula-based program.

The general fund appropriation to the state equalization guarantee distribution reflects the deduction of federal revenue pursuant to Paragraph (2) of Subsection C of Section 22-8-25 NMSA 1978 that includes payments commonly known as "impact aid funds" pursuant to 20 USCA 7701 et seq., and formerly known as "PL874 funds".

Categorical Distributions:

Prior to the distribution of emergency supplemental funds to any public school district or charter school the secretary of public education shall verify with the New Mexico state auditor that the school district or charter school is in compliance with all provisions of Section 12-6-12 NMSA and Chapter 2.2.2 NMSA. No emergency supplemental distributions shall be made to any school district or charter school not current with its audits.

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.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2011 from appropriations made from the general fund shall revert to the general fund.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2011 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.

Public Education Special Appropriations:

The internal service funds/interagency transfers appropriation to the public education department includes one million five hundred thousand dollars (\$1,500,000) for the pre-kindergarten program from the temporary assistance for needy families block grant to New Mexico.

Any unexpended balances in the special appropriations to the public education department remaining at the end of fiscal year 2011 from appropriations made from the general fund shall revert to the general fund.

PUBLIC SCHOOL SUPPORT

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u>	<u>FY11 Recomm</u>
* Outcome	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	94.7%	98.2	100%	100%	100%
Outcome	Annual percent of core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	92.6%	95.92	100%	100%	100%
Outcome	Percent of students in full-day kindergarten meeting benchmark for phoneme segmentation fluency			65%	85%	85%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	50.1%	40.1%	40%	40%	40%
Outcome	Number of schools identified as needing improvement according to No Child Left Behind Act designations	432	518	400	400	400
Outcome	Percent of elementary school students who achieve proficiency or above on standards-based assessments in reading and language arts	55%	57%	63%		74%
Outcome	Percent of elementary school students who achieve proficiency or above on standards-based assessments in mathematics	41.3%	46.6%	47%		67%
Outcome	Percent of middle school students who achieve proficiency or above on standards-based assessments in reading and language arts	52.8%	53%	57%		72%
Outcome	Percent of middle school students who achieve proficiency or above on standards-based assessments in mathematics	31.6%	36%	41%		63%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	50.8%%	51.8%	65%	65%	74%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	36.6%	42.0%	50%	50%	67%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	63.5%	62.1%	65%	65%	72%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	36.6%	42.4%	40%	40%	63%
Outcome	Percent of public school students habitually truant	13.3%	13.37%	14%	12%	12%
Outcome	Percent of kindergarten through third-grade students scoring at benchmark on reading first assessments			65%		65%
Output	Number of innovative digital education and learning New Mexico courses completed by New Mexico school-age students		1125	200	1225	1225
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	88.9%	88.3%	93%	93%	93%
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	80.5%	84.63%	85%	83%	90%
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	81.1%	79.67%	85%	83%	85%
* Quality	Current year's cohort graduation rate using four-year cumulative method		60.3%	60%		80%

PERFORMANCE MEASURES

		<u>FY08 Actual</u>	<u>FY09 Actual</u>	<u>FY10 Budget</u>	<u>FY11 Request</u> 60%	<u>FY11 Recomm</u> 80%
* Quality	Current year's cohort graduation rate using five-year cumulative method					
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students					
Explanatory	Number of American Indian language teachers, independent of the public education department, certified to teach Native languages in the public schools					
Explanatory	Number of schools making adequate yearly progress according to No Child Left Behind Act designation	262	260			
Explanatory	Percent of elementary students receiving physical education through the elementary physical education program funded through the Public Education Department	46%				

NEW MEXICO FINANCE AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, created the New Mexico Finance Authority (NMFA) in 1992 as a governmental instrumentality for the purpose of coordinating and facilitating the planning and affordable financing of state and local capital projects for qualified entities in New Mexico. As a nongovernmental entity, NMFA is able to use financing mechanisms to leverage and maximize the state's capital investments in state and local projects. The financial and program activities of NMFA are governed by a 12-member board, 10 of whom are appointed by the governor. Managed through rules and policies and public and private partnerships, programs administered by the authority have grown from four to 13 between 2000 and 2009. The authority develops its own budget approved by its board of directors and does not require legislative approval. However, the New Mexico Finance Authority Legislative Oversight Committee is empowered to monitor and oversee the operations of the authority.

MISSION:

The principle mission of NMFA is to assist qualified entities in financing capital equipment and infrastructure programs, including loans for transportation, water, economic development, and private lending. The authority meets its statutory mandate for financing state and local projects, including meeting its obligation to both the executive and legislative bodies.

MANAGED GROSS ASSETS:

NMFA oversees over \$2 billion in managed gross assets consisting of invested cash and loans receivable. Managed assets consist mostly of NMFA assets and management of Governor Richardson's Investment Partnership program (GRIP I). Sources of funds for invested cash include bond proceeds, pledged revenues for servicing long-term debt, administrative fees, federal grant revenues, and investment interest income. The revenue forecast for FY2010 is approximately \$183 million. Non-operational expenditures (bond and loan interest, bond issuance, contractual services, grants, depreciation, and contract for service) total \$179.3 million. A growth in loans receivable is mostly attributed to the public project revolving loan fund (PPRF). PPRF loans receivable increased from \$287 million in FY2004 to over \$1 billion at the end of FY2009.

BUDGET ISSUES:

The authority's general operating budget for FY2010 totals \$9.2 million, an increase of 8.7 percent over FY2009 (\$8.5 million). The budget includes recurring expansion items totaling \$487.5 thousand and one-time capital expenditures totaling \$295 thousand. The authority attributes the increase in its general operating budget to growth in programs, issues attributed to the financial market and the CDR controversy, and the need for greater communication with the media, public, and investor relations. Approximately 45 percent to 47 percent of the authority's operational costs are related to PPRF. The authority does not budget "state general fund" appropriations for operating purposes. However, as an instrumentality of the state (Laws 2003, Chapter 273), NMFA is subject to the State Audit Act. The authority received an unqualified audit opinion for FY09.

PROGRAMS:

The authority currently administers 13 finance programs, but the most significant infrastructure loan program is PPRF. PPRF is capitalized from an annual distribution equal to 75 percent of the net revenue of the state's governmental gross receipts tax (GGRT) deposited into PPRF. In the last five years, an average of \$20.7 million annually is deposited into PPRF. The authority leverages GGRT capital in PPRF, makes loans, and replenishes PPRF by issuing bonds. PPRF has evolved into a broader financier of state and local government credits for providing financial assistance to a greater diversity of entities and credits, thus helping PPRF attain higher bond ratings and lower costs of issuance thereby allowing the authority to offer a variety of program enhancements to its borrowers.

EXPANSION:

Recurring expansion items for FY10 include two new positions (capital facilities coordinator and public information/intergovernmental relations) to perform financial services for stimulus fund program and legal services for conduit bond program. Nonrecurring capital expenditures include a disaster recovery system, new phone system, and loan management servicing system.

NEW MEXICO FINANCE AUTHORITY

New Mexico Finance Authority Budget Summary (dollars in thousands)

	FY 2009 Revised	FY 2009 Actuals	FY 2010 Budgeted	FY 2011 Projected
<u>Sources - Operating Revenues</u>				
Administrative/Processing Fees	8,493.0	6,221.7	6,895.3	6,910.8
Interest in Investments	1,769.5	1,346.5	1,100.0	1,150.0
Interest on Loans	637.2	670.1	866.6	816.0
Federal Grant Revenue	325.0	283.5	553.6	559.8
Total Operating Revenues	11,224.7	8,521.8	9,415.5	9,436.6
<u>Uses - Operational Expenses</u>				
Personnel services	2,803.0	2,678.5	2,798.2	3,184.0
Employee benefits	1,319.9	1,182.0	1,211.5	1,323.7
In-state travel	176.4	118.9	152.9	152.9
Maintenance/Repairs	39.9	48.3	36.5	36.9
Office supplies	66.7	63.1	52.3	52.9
Contractual services	2,668.0	3,497.6	3,139.4	3,053.0
Operating costs	950.5	851.0	953.7	968.0
Out-of state travel	104.3	55.6	103.1	103.1
Total Operating Expenses	8,128.7	8,495.0	8,447.6	8,874.5
FTE	38.0	37.0	40.0	41.0
Expansion Items:				
- Personnel			150.0	50.0
- Benefits			67.5	22.5
- Contractual Services			270.0	110.0
-Capital Outlay			295.0	
Total Expansion			782.5	182.5
TOTAL - OPERATIONAL EXPENSES			9,230.1	9,057.0

NEW MEXICO MORTGAGE FINANCE AUTHORITY

STATUTORY AUTHORITY:

In 1975 the New Mexico Mortgage Finance Authority was created pursuant to the Mortgage Finance Authority Act in Sections 58-18-4 through 58-18-27 NMSA 1978 as a public body but separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for persons and families of low or moderate income within the state.

MFA is governed by a seven-member board including the lieutenant governor, state treasurer, and state attorney general. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA. The Land Title Trust Fund Advisory Committee (Section 15-28-8 NMSA 1978) advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. Other advisory committees that advise MFA in carrying out its mission and vision include the New Mexico Housing Advisory Committee and the Housing Credit Allocation Review Committee.

MISSION:

MFA provides innovative policies, products, education, and services in collaboration with strategic partners to ensure that all New Mexicans have access to affordable housing. We engage in self-sustaining practices to strengthen the social and economic development of New Mexico's communities and families by financing, developing, and preserving homes.

MANAGED GROSS ASSETS:

MFA manages over \$2.8 billion in gross assets consisting primarily of invested cash, loans receivable, low income housing tax credits, private activity bond cap, used to issue single and multi-family mortgage revenue bonds, and Housing and Urban Development (HUD) Section 8 properties.

BUDGET ISSUES:

MFA's fiscal year runs October 1, 2009, to September 30, 2010. The authority's general operating expenditure budget for FY10 totals \$8.8 million a decrease of 6.4 percent from the FY09 budget and a 3.5 percent decrease from FY09 actual expenditures. MFA is not a state agency and therefore does not receive an annual appropriation for operations. Rather, the state mandates the authority generate its own funding to maintain operations and to carry out its affordable housing mission. The primary program funding sources available to MFA to carry out its statewide housing mission are interest income and mortgage revenue bond and federal program fund administrative fees. About 2 percent of the authority's program revenue sources are funded by state appropriations and state tax credits. As an instrumentality of the state, MFA is subject to the State Audit Act. The authority has received an unqualified audit opinion for the last 17 years.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

New Mexico Mortgage Finance Authority Budget Summary (dollars in Thousands)

	FY09 2008-2009	FY09 2008-2009	FY10 2009-2010	FY11 2010-2011	Percent Incr (Decr)
SOURCES					
Interest on Loans	\$3,515.40	\$3,577.50	\$3,380.20	\$3,549.20	5%
Housing Program Income	3,351.20	3,374.70	3,673.80	3,857.50	5%
Bond Program Administrative Fees	2,569.70	2,609.50	2,571.70	2,700.30	5%
Interest on Cash/Investments	2,248.20	472.8	1,266.30	1,329.60	5%
Servicing Fees	221.7	337.8	304.9	320.2	5%
Other Income	260.5	455.8	239.8	251.8	5%
SOURCES TOTAL	\$12,166.70	\$10,828.10	\$11,436.70	\$12,008.60	5%
USES					
Compensation (Salaries & Benefits)	\$5,297.90	\$4,903.90	\$5,485.20	\$5,787.10	6%
Travel & Public Information	445	344.4	429.9	449	4%
Office Expenses	556.6	488.2	535.1	551.2	3%
Other Operating Expenses	2,022.70	2,350.60	1,290.10	1,209.20	-6%
Non-Operating Expenses (Training and Technical Assistance, Program Development and Capacity Building)	442.2	321.2	560.7	577.5	3%
Capital Outlay & Servicing	87.6	89.1	87.7	90.3	3%
Other	499.4	580.9	365.9	376.9	3%
TOTAL USES	\$9,351.60	\$9,078.30	\$8,754.70	\$9,041.30	3%
Permanent	66.5	66.5	68	68	0%
TOTAL FTE POSITIONS	65	65	68	68	0%

PERFORMANCE MEASURES (dollars in millions)

	FY08 <u>Actual</u>	FY09 <u>Actual</u>	FY10 <u>Budget</u>
Average Financial Assets	\$1,629.8	\$1,645.8	\$1,683.5
Average Assets Under Management	\$2,683.1	\$2,805.0	\$2,851.8
Funds Disbursed:			
• Federal & State Programs	\$37.0	\$42.8	\$95.3
• MFA Programs	\$10.1	\$6.2	\$15.0
• General Fund Non-Operating (Capacity Building)	\$317	\$32	\$56
Single Family First Mortgage Loans (\$ of loans purchased):			
• Number of Units Purchased	1,969	1,313	1,450
• Dollar of Loans Purchased	\$261.5	\$161.7	\$195.8
Multi-Family Loans/Bonds Closed & Tax Credits Allocated:			
• Number of Units	1506	1599	1160
• Dollar of Loans/Subsidies	\$78.6	\$82.7	\$70.0
Housing Programs:			
• Homeless Nights Served	12,490	18,365	13,800
• Single Family Homeowner Rehab	2,092	2,135	3,600
Under Compliance:			
• Household Units (avg)	18,629	20,319	25,811
• Contracts/Properties	472	534	534
Loans Serviced:			
• Number of Loans (avg)	1,188	1,415	1,486
• Dollar of Loans (avg)	\$179.9	\$188.1	\$189.8

RENEWABLE ENERGY TRANSMISSION AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Renewable Energy Transmission Authority (RETA) Act, Section 62-16A-1 through 62-16A-15 NMSA 1978, created the New Mexico RETA to develop new transmission projects to promote renewable energy in New Mexico and to export it to its neighboring states. RETA is governed by an eight-member board and has oversight from the New Mexico Finance Authority Oversight Committee. RETA's primary focus is on developing renewable energy-related transmission infrastructure and energy storage projects.

RETA is composed of a board vested with the ability to issue revenue bonds to finance electric transmission projects that draw at least 30 percent of their energy from renewable sources. Under the act, three members of the board are appointed by the governor with the advice and consent of the Senate, one member is appointed by the Speaker of the House of Representatives, and one member is appointed by the president pro tem of the Senate. Statutorily, the other members are the State Investment Officer or designee, the State Treasurer or designee, and the cabinet secretary for the Department of Energy, Minerals and Natural Resources, a nonvoting member.

MISSION:

The New Mexico RETA is the nation's first state-level financing authority whose primary focus is on developing renewable energy-related transmission infrastructure. Through RETA, New Mexico is taking action to address global climate change by assisting the development of energy sources that will reduce greenhouse gas emissions and lessen dependency on foreign sources of fuel. At the same time, RETA activity will increase economic development opportunities for businesses and landowners.

BUDGET ISSUES:

As a quasi-governmental, 3-FTE agency, RETA's budget is composed of prior-year general fund appropriations to the Energy, Minerals and Natural Resources Department (EMNRD) that are transferred to the agency's operating account.

The agency anticipates that FY11 budget requirements will be approximately \$594 thousand; however, the agency has indicated it will pursue no additional general fund support for FY11, instead using existing cash balances, estimated to be \$759.5 thousand at the end of FY10 and \$259.9 thousand at the end of FY11.

By design, RETA relies on revenue from the projects it initiates, not the state's full faith and credit to issue revenue bonds to fund electrical transmission development. For future years, RETA intends to explore permanent funding options to lessen its dependence on general fund revenues and to identify long-term revenue streams that will cover the operations of the authority. However, the agency does not expect that project revenues will fully cover operations for some time and indicates it will be conducting an ongoing analysis of its operations to minimize costs and identify appropriate staffing levels. Further, in recent months, RETA has made progress in establishing a project selection policy, a two-year budget that does not seek additional funds from the general fund, initiating and completing its FY2009 audit in a timely manner, and completing its 2008 and 2009 annual reports.

For the 2010 legislative session, RETA may seek legislation to allow the New Mexico Finance Authority (NMFA) to purchase RETA bonds. In addition to reducing a duplication of efforts by the two agencies, RETA indicates this change will allow RETA to coordinate transmission and storage projects in the state, while at the same time avail itself of NMFA's financial expertise and reduce the time needed by NMFA to identify viable projects. At present, RETA is pursuing relationships with the High Lonesome Wind Ranch, a 100-megawatt wind farm in Torrance County and the Tres Amigas superstation project, near Clovis, that will connect the nation's East, West, and Texas electrical grids.

RENEWABLE ENERGY TRANSMISSION AUTHORITY

NEW MEXICO RENEWABLE ENERGY TRANSMISSION AUTHORITY Operating Budgets FY09, FY10, and FY11

	FY 2009 Actual	FY 2010 Budget	FY 2011 Proposed Budget
OPERATIONAL EXPENDITURES			
<u>Personnel Services</u>			
Salaries	\$ 354,217	\$ 292,600	\$ 305,000
Total Salaries	354,217	292,600	305,000
<u>Employee Benefits</u>			
Group Insurance	-	-	-
Retirement	-	21,000	42,000
FICA	18,332	20,000	20,000
Workers Comp	5,548	6,000	6,000
Unemployment Insurance	1,615	2,000	2,000
Total Employee Benefits	25,495	49,000	70,000
<u>Travel</u>			
Board Travel & Per Diem	1,719	4,500	4,500
Staff In-State Travel	3,800	8,000	8,000
Staff Out-of State Travel	17,450	10,000	10,000
Total All Travel	22,969	22,500	22,500
<u>Office Supplies</u>	8,148	8,000	10,000
<u>Contractual Services</u>			
Financial Advisor - Other		15,000	15,000
Legal Counsel	-	50,000	50,000
Accounting-Audit (External)	14,945	15,000	20,000
Trustee/Banking Fees	746	2,000	5,000
Contracted Services	10,333	15,000	15,000
IT Support	27,543	7,000	4,000
Technical Support Services	-	40,000	30,000
Total Contractual Services	53,567	144,000	139,000
<u>Operating Costs</u>			
Business Insurance	1,550	2,000	2,000
Advertising & Promotion	14,000	1,500	1,500
Reporting & Recording	730	1,000	1,200
Postage/Overnight	856	1,300	1,500
Office Rental	22,352	21,600	21,600
Telephone, Fax & Internet	11,600	12,000	12,000
Education & Training - Staff	4,791	5,000	4,000
Dues and Subscriptions	2,893	1,000	1,000
Hardware & Software, Furnishings	18,864	4,000	3,000
Total Operating Costs	77,636	49,400	47,800
TOTAL OPERATIONAL EXPENDITURES	\$ 542,032	\$ 565,500	\$ 594,300

AGENCY FUNDING SOURCES (Since Inception)

2007 – HB2, Section 5 (53): \$500.0 thousand, and SB710, Section 18: \$500.0 thousand

2008 – HB2, Section 5 (64): \$250.0 thousand, and SB165, Section 17(8): \$250.0 thousand

2009 – HB2, Section 4 (Program Support): \$250.0 thousand, and Section 5 (36): \$250.0 thousand



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