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LEGISLATIVE FINANCE COMMITTEE

LEGISLATING FOR RESULTS: Appropriation Recommendations

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January, 2020

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BUDGET SUMMARY
(Dollars in Thousands)

USES	FY19 2018-2019 Actuals	FY20 Operating Budget	FY21		Percent Incr/(Decr) Over FY20
			Agency Request	LFC Recommen- dation	
111 Legislative Council Service	5,193.5	6,280.4	6,437.4	6,437.4	2.5%
112 Legislative Finance Committee	4,087.8	4,489.5	4,601.9	4,601.9	2.5%
114 Senate Chief Clerk	867.3	1,214.0	1,594.4	1,335.4	10.0%
115 House Chief Clerk	930.4	1,162.1	1,541.1	1,278.3	10.0%
117 Legislative Education Study Committee	1,222.4	1,406.8	1,449.0	1,442.0	2.5%
119 Legislative Building Services (GAA)	3,761.3	4,368.1	4,503.1	4,477.4	2.5%
131 Interim Committee Expenses	798.4	1,000.0	1,000.0	1,000.0	0.0%
131 Pre-Session Expenses	384.0	415.0	425.0	425.0	2.4%
131 Legislative Internship Program	44.1	46.6	47.5	47.5	1.9%
131 Senate Rules Interim Committee	0.0	19.1	19.1	19.1	0.0%
131 National Dues & Membership Fees	320.6	330.0	351.6	351.6	6.5%
131 Capital Buildings Planning Commission	0.0	0.0	250.0	250.0	new request for FY21
TOTAL	\$17,609.8	\$20,731.6	\$22,220.1	\$21,665.6	4.5%

NONRECURRING	FY20		
131 Legislative Information Systems	873.4		1,264.2

NONRECURRING	
2020 Legislature	*\$5,183.2
2019 Legislature	9,491.70
2018 Legislature	5,654.50
2017 Legislature	10,300.00

*Appropriation for the 2020 30-day legislative session will be made by the Legislature in January 2020. The budgeted amount of \$5,183.2 was provided by the Legislative Council Service.

Appropriation for the 2021 60-day legislative session will be made by the Legislature in January 2021.

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:

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 manuals. 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	219.0	552.0	568.0	552.0	0.0
Other Transfers	400.0	400.0	400.0	400.0	0.0
Other Revenues	1,230.4	600.0	600.0	600.0	0.0
Fund Balance	286.5	16.0	0.0	16.0	0.0
SOURCES TOTAL	2,135.9	1,568.0	1,568.0	1,568.0	0.0
USES					
Personal Services and Employee Benefits	434.3	568.0	568.0	568.0	0.0
Contractual Services	1,389.9	896.0	890.0	890.0	-0.7
Other	125.8	104.0	110.0	110.0	5.8
TOTAL USES	1,950.0	1,568.0	1,568.0	1,568.0	0.0
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0

AT A GLANCE:

In FY19, the New Mexico Compilation Commission outsourced printing and online services to a private vendor in exchange for licensing in the state. The transformation allows free access to annotated laws online, which has earned the commission national recognition for its role in increasing citizen access to legal publications.

The commission's FY21 overall request was flat with FY20, but increased general fund revenue by \$16 thousand, or 2.9 percent, compared with the FY20 operating budget, to replace the use of nonrecurring fund balance. The committee recommends a flat budget with no general fund increase to more closely reflect FY19 actuals and leverage sizable funded vacancies.

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

Explanatory		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Average number of website actions performed per month						

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 13 members: seven lay people appointed by the governor, two attorneys elected by the Board of Bar Commissioners, and four members appointed by the Supreme Court. The latter four positions are filled by a Supreme Court justice, a Court of Appeals judge, a district judge, and a magistrate judge. The seven 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 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 in the judiciary and the public, and to provide for the expeditious disposition of complaints of judicial misconduct. The commission also has the duty to the judiciary to maintain strict confidentiality of all matters until the matters are filed in the New Mexico Supreme Court.

BUDGET SUMMARY (dollars in thousands)						
FY21 – 2020-2021						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent <u>Incr</u> <u>(Decr)</u>	
SOURCES						
General Fund Transfers	838.0	897.7	981.5	927.7	3.3	
SOURCES TOTAL	838.0	897.7	981.5	927.7	3.3	
USES						
Personal Services and Employee Benefits	705.8	744.4	824.4	759.4	2.0	
Contractual Services	29.0	22.5	22.5	22.5	0.0	
Other	103.2	130.8	134.6	130.8	0.0	
TOTAL USES	838.0	897.7	981.5	912.7	1.7	
FTE						
Permanent	8.0	8.0	8.0	8.0	0.0	
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0	

AT A GLANCE:

The commission requested a 9 percent increase from the FY20 operating budget. Although the contractual services category remained flat, the request for the personal services and employee benefits category and the other category increased to fill a vacant investigator position and provide additional office space for the investigator. Legislation passed during the 2019 legislative session expanded the Judicial Standards Commission’s jurisdiction to include hearing officers and increased the number of judicial branch employees under the purview of the commission by 24 people, to a total of 335 people.

The committee recommendation increases general fund revenue in the personal services and employee benefits category 1.7 percent above the FY20 operating budget to support employee retention efforts.

JUDICIAL STANDARDS COMMISSION

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	1	1	4	3	3
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	3.5	0.0	2.0	2.0	2.0

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 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	6,143.1	6,616.2	6,824.7	6,824.7	3.2
Other Revenues	0.1	1.0	1.0	1.0	0.0
SOURCES TOTAL	6,143.2	6,617.2	6,825.7	6,825.7	3.2
USES					
Personal Services and Employee Benefits	5,654.0	6,131.6	6,374.9	6,374.9	4.0
Contractual Services	23.7	25.3	28.0	28.0	10.7
Other	452.7	460.3	422.8	422.8	-8.1
TOTAL USES	6,130.4	6,617.2	6,825.7	6,825.7	3.2
FTE					
Permanent	61.5	62.5	62.5	62.5	0.0
TOTAL FTE POSITIONS	61.5	62.5	62.5	62.5	0.0

AT A GLANCE:

The Court of Appeals requested an increase of \$208.5 thousand, or 3.2 percent, compared with the FY20 operating budget to make judicial salaries competitive with other state agencies to improve staff retention. The request also prioritizes reclassifying existing positions to staff attorney positions to help address the high case backlog the court has struggled with over the last two years. The committee recommends fully supporting the court's request. The committee also recommends maintaining performance measure targets for FY21. Performance should improve as a result of decreased vacancy rates and increased funding.

In FY19, the Court of Appeals disposition rate was 114 percent, a 23 percent increase over FY18, though part of the increased disposition rate may be due to a decrease in new case filings. Though the court reduced the backlog by 25 cases in FY19, the number of cases still awaiting review remains high.

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Number of cases disposed as a percent of cases filed	91%	91%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	NEW	TBD	450	450	180
Outcome	Number of days to disposition for civil cases	NEW	TBD	450	180	180
Outcome	Number of days to disposition for criminal cases	NEW	TBD	600	180	180
Outcome	Age of active pending criminal cases, in days	NEW	TBD	600	180	180

STATUTORY AUTHORITY:

Article VI of the New Mexico Constitution 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 the 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)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,162.5	6,379.4	6,566.9	6,509.7	2.0
Other Revenues	0.0	1.5	1.5	1.5	0.0
SOURCES TOTAL	6,162.5	6,380.9	6,568.4	6,511.2	2.0
USES					
Personal Services and Employee Benefits	4,163.6	5,292.9	5,530.6	5,473.4	3.4
Contractual Services	205.1	92.7	90.8	90.8	-2.0
Other	1,598.1	995.3	947.0	947.0	-4.9
TOTAL USES	5,966.8	6,380.9	6,568.4	6,511.2	2.0
FTE					
Permanent	58.0	58.0	61.0	60.0	3.4
TOTAL FTE POSITIONS	58.0	58.0	61.0	60.0	3.4

AT A GLANCE:

The Supreme Court requested a general fund revenue increase of \$187.5 thousand, or 2.9 percent from the FY20 operating budget, for 3 new FTE devoted to assist justices and court clerks with administrative duties, which are currently being performed by paralegals and attorney assistants. The committee recommendation includes sufficient funding to fill all currently vacant positions, provide targeted salary increases to recruit and retain judicial employees, and add 2 additional FTE.

BUDGET ISSUES:

The New Mexico Supreme Court set several statewide priorities for its FY21 Judicial Unified Budget including adequate base budget increases, expansions in targeted areas, and continued implementation of the judiciary’s compensation plan. The Supreme Court, with support from the Administrative Office of the Courts, has been key in shaping the dockets and workload of the judiciary in recent years through rules regarding case management and pretrial release and detention. At the directive of the Supreme Court, the administrative functions of magistrate courts were consolidated with district courts at the beginning of FY20 to streamline administrative processes, expand services, and better serve the public. The court expects the pooling of resources and cross-training of staff will free up personnel and finances, which will provide increased services to the public in both the magistrate and district courts.

In the 2018 legislative session, the Supreme Court Building Commission and the Supreme Court Law Library were combined into a single appropriation to the Supreme Court. The court requested continuation of this practice in FY21 and a general fund revenue increase of \$187.5 thousand, or 2.9 percent, from the FY20 operating budget to support three additional administrative positions.

Although not a part of the judicial unified budget, the Judicial Compensation Commission (JCC) recommended a 6 percent base increase, along with a 2 percent cost-of-living adjustment, totaling in an 8 percent overall increase to judge salaries. JCC also recommended a change to chief judge compensation, a one-time increase in general fund revenue to the judiciary retirement fund, and an amendment to the commission’s enabling statute to require the JCC recommendation be adopted unless formally rejected by a majority of the Legislature. The recommended salary increase is the first phase in a three-year-plan to raise judge base salaries to \$165 thousand in an effort to make judicial salaries nationally competitive. JCC reports New Mexico’s judge compensation ranks 48th out of 55 national jurisdictions, deterring qualified candidates from the judicial branch. The total cost of the JCC proposal, not included in the budget request or committee recommendation, is approximately \$36 million from the general fund, \$2.4 million of which is recurring for judicial salary increases and \$32.5 million in one-time money for judicial retirement.

The committee recommends a general fund increase of \$130.3 thousand for the Supreme Court, or 2 percent from the FY20 operating budget, to support filling existing vacancies, 2 administrative FTE to improve court workflow, and targeted salary increases to judges.

The committee recommends appropriating expenditures in one line item – operations – to judicial entities, instead of the existing three-category budget layout, following three successful years of implementation. This allows the judiciary more control and flexibility over budgets in exchange for more robust quarterly reporting.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Sections 35-8-15 NMSA 1978, the supreme court has the authority to reduce juror pay as needed to stay within the appropriation for the jury and witness fund.

The general fund appropriation to the supreme court includes sufficient funding to support the operations of the supreme court building commission and the supreme court law library.

SUPREME COURT

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

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of cases disposed as a percent of cases filed	131%	131%	100%	100%	100%
Outcome	Number of days to disposition for criminal cases	NEW	135	180	180	180
Outcome	Age of active pending criminal cases, in days	NEW	TBD	480	480	365
Outcome	Age of active pending civil cases, in days	NEW	TBD	180	180	180
Outcome	Number of days to disposition for civil cases	NEW	TBD	420	420	420
Explanatory	Number of opinions, decisions and dispositional written	48	48			

STATUTORY AUTHORITY:

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

MISSION:

The Administrative Office of the Courts (AOC) administers the Magistrate Court program and the statewide automation program. It also provides guidance and technical assistance to all judicial agencies. AOC provides funding and oversight for Special Court Services.

	BUDGET SUMMARY					Percent Incr (Decr)
	(dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>			
		Agency <u>Request</u>	LFC <u>Recommendation</u>			
SOURCES						
General Fund Transfers	55,136.2	37,419.5	43,347.3	39,297.0	5.0	
Other Transfers	2,057.9	2,851.7	2,833.1	2,833.1	-0.7	
Federal Revenues	1,314.5	2,329.6	2,330.6	2,330.6	0.0	
Other Revenues	9,273.6	10,919.5	11,042.1	11,042.1	1.1	
Fund Balance	469.2	723.7	636.5	636.5	-12.0	
SOURCES TOTAL	68,251.4	54,244.0	60,189.6	56,139.3	3.5	
USES						
Personal Services and Employee Benefits	33,676.2	17,570.4	19,907.8	19,009.0	8.2	
Contractual Services	11,981.7	14,915.9	15,224.0	14,123.2	-5.3	
Other	17,926.9	20,239.9	23,490.0	21,439.3	5.9	
Other Financing Uses	1,545.0	1,517.8	1,567.8	1,567.8	3.3	
TOTAL USES	65,129.8	54,244.0	60,189.6	56,139.3	3.5	
FTE						
Permanent	342.8	111.3	155.8	131.3	18.0	
Term	74.5	33.5	49.5	33.5	0.0	
TOTAL FTE POSITIONS	417.3	144.8	205.3	164.8	13.8	

AT A GLANCE:

The Administrative Office of the Courts (AOC) requested an overall budget of \$60.2 million, which included \$42.7 million in base increases and \$661.8 thousand in expansion. Of the request, \$5.9 million, or 15.8 percent over the FY20 operating budget, was from general fund revenues. The request slightly reduced revenue from other transfers due to changes in how drug courts are funded and increased other revenues by 1.1 percent to adjust for a change in court fee revenue. AOC also reduced the use of nonrecurring fund balance by \$87.2 thousand, or 12 percent, to reduce the number of employees paid from fund balances. The largest requested general fund increase (\$1.7 million, or 38 percent) was for the Statewide Judicial Automation Program. The Magistrate Court Program requested a 12.9 percent general fund increase, or \$1.3 million more than the FY20 operating budget. In the Administrative Support Program, the agency requested additional general fund revenue to implement the internal workforce investment plan (WIP) and hire 4 additional FTE. In the Special Court Services Program, the largest increases were requested for new pretrial services statewide, additional court-appointed special attorneys, and expanding the online dispute resolution initiative, which began in FY20.

The committee recommendation increases general fund revenue by \$1.9 million, or 5 percent over the FY20 operating budget, and includes a base increase of \$1.5 million to fund pretrial services statewide, new magistrate court leases, court-appointed special advocate costs, rate increases, and the WIP to improve recruitment and retention. The recommendation also funds \$400 thousand and 4 FTE in expansion for a behavioral health specialist, a guardianship attorney, one software developer, and a magistrate court security manager. The recommendation supports the agency request to decrease the use of other transfers and fund balances and increase use of other revenues.

BUDGET ISSUES:

In FY20, the consolidation of the administrative functions of the magistrate courts with district courts was completed. The court expects the pooling of resources and cross-training of staff will free up personnel and finances, allowing both the magistrate and district courts to provide increased services to the public. Although magistrate court personnel costs and reporting responsibilities moved to the districts, AOC will continue to manage the court facilities and leases.

The Administrative Support Program requested a 4.9 percent general fund increase over the FY20 operating budget and kept all other funding sources flat. Of the requested increase, \$15.7 thousand was for health insurance rate increases, \$5.5 thousand was for implementation of the workforce investment plan, and the remaining \$361.8 thousand for four new positions: a behavioral health specialist, guardianship attorney, database administrator, and administrative assistant. The committee recommendation supports the increased personnel costs associated with the WIP and rate increases, fully funds the expansion request for a behavioral health specialist, and partially funds the expansion request for a guardianship attorney.

The Statewide Judicial Automation Program, also known as the Judicial Automation Division (JID), requested a total budget of \$12.3 million, a \$1.9 million general fund revenue increase over the FY20 operating budget. The request stopped the use of \$9,200 in fund balance revenue, and slightly reduced the use of other revenue. Of the total request, \$1.7 million of the increase was to fund employees currently funded with revenue from the Supreme Court automation fund (SCAF) with general fund revenue. The remaining \$200 thousand general fund revenue request was for an expansion of 2 FTE, one for a software developer and one for a program manager. The LFC recommendation includes funding to fill existing vacant positions and \$100 thousand from general fund revenue to add one position for a software developer.

The Magistrate Court Program requested a total budget of \$15.3 million, including \$1.3 million, or 12.9 percent, general fund increase over the FY20 operating budget. The request increased the use of federal revenues to account for increased grant funding in FY21 and stopped the use of \$300 thousand from the liquor excise tax fund, which is no longer available to AOC. The general fund request included \$1.4 million in new magistrate court leases, \$314 thousand for security cameras, \$15 thousand for card access security maintenance, and a \$100 thousand expansion for a magistrate court security manager. The request also decreased the personal services and employee benefits category by \$550 thousand and 3 FTE to move the release-on-recognizance (ROR) division to the Specialty Courts program. A late revision submitted by AOC requested an additional 20 term FTE but did not provide justification for the increase. The committee recommendation supports the transfer of release on recognizance division to the Specialty Courts program, increases general fund revenue by \$800 thousand for new magistrate court leases, and funds the expansion request for a security manager.

The Special Court Services Program requested an 18.7 percent general fund increase, \$2.1 million more than the FY20 operating budget, and decreased the use of fund balances by \$78 thousand, or 12.6 percent, to account for changes in how drug courts are funded. The requested increase included \$844 thousand for pretrial services, \$550 thousand to transfer the ROR division to the Specialty Court Services program, \$300 thousand for court-appointed attorneys, \$400 thousand to expand the online dispute resolution initiative, and \$50 thousand for court appointed special advocate funding to correct an erroneous appropriation to the 5th Judicial District Court. AOC also requested 28 additional authorized FTE, of which three are existing positions currently funded in the Magistrate Court Program, 13 are for pretrial services personnel, and the remainder are new. The committee recommendation supports the transfer of the ROR division and 3 FTE to the Specialty Court Services program, \$500 thousand and 13 FTE for pretrial services, and \$100 thousand for the online dispute resolution initiative, as well as increased employee benefits costs and the \$50 thousand correction to the court-appointed special advocates program.

BASE EXPANSION:

AOC requested \$661.8 thousand and 7 FTE in expansion, all from general fund revenue. The committee recommendation funds the top three expansion priorities, as well as a security manager to address court safety concerns statewide.

The committee does not recommend funding the request for an administrative assistant, a software developer, or a database administrator.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Behavioral Health Specialist (1 FTE)	100.0	100.0
2	Guardianship Attorney (1 FTE)	140.0	100.0
6	Administrative Assistant (1 FTE)	61.8	0.0
7	Database Administrator (1 FTE)	60.0	0.0
3	Project Manager Senior (1 FTE)	100.0	100.0
4	Software Developer Senior (1 FTE)	100.0	0.0
5	Court Security Manager (1 FTE)	100.0	100.0
TOTAL		661.8	400.0

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	10,861.3	10,568.4	11,081.4	10,789.6	2.1
Other Transfers	21.5	313.6	313.6	313.6	0.0
Federal Revenues	1,314.5	2,329.6	2,330.6	2,330.6	0.0
Other Revenues	1,980.0	2,125.0	2,125.0	2,125.0	0.0
Fund Balance	0.0	163.5	163.5	163.5	0.0
SOURCES TOTAL	14,177.3	15,500.1	16,014.1	15,722.3	1.4
USES					
Personal Services and Employee Benefits	4,857.3	5,372.4	6,183.8	5,892.0	9.7
Contractual Services	1,425.3	2,573.9	1,688.7	1,688.7	-34.4
Other	5,674.0	7,553.8	8,141.6	8,141.6	7.8
TOTAL USES	11,956.6	15,500.1	16,014.1	15,722.3	1.4
FTE					
Permanent	47.3	47.3	50.8	49.3	4.2
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	49.3	49.3	52.8	51.3	4.1

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Efficiency	Average cost per juror	\$42.29	\$41.05	\$55	\$55	\$55
Explanatory	Number of jurors paid	59,372	58,033			
Explanatory	Number of jury trials	181	955			
Efficiency	Average interpreter cost per session	\$154.74	\$157.47	\$185	\$185	\$150

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judicial 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	4,481.5	5,089.5	7,021.2	5,189.5	2.0
Other Revenues	4,309.0	5,272.2	5,283.2	5,283.2	0.2
Fund Balance	68.0	9.2	0.0	0.0	-100.0
SOURCES TOTAL	8,858.5	10,370.9	12,304.4	10,472.7	1.0
USES					
Personal Services and Employee Benefits	5,645.1	6,684.1	7,406.6	6,843.4	2.4
Contractual Services	335.0	965.0	907.5	907.5	-6.0
Other	2,533.7	2,721.8	3,990.3	2,721.8	0.0
TOTAL USES	8,513.8	10,370.9	12,304.4	10,472.7	1.0
FTE					
Permanent	2.0	44.5	56.5	45.5	2.2
Term	15.0	9.0	5.0	9.0	0.0
TOTAL FTE POSITIONS	17.0	53.5	61.5	54.5	1.9

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Efficiency	Average time to respond to customer service requests, in days	NEW	NEW	1	1	1
Efficiency	Average time to resolve customer service requests, in days	NEW	NEW	5	5	5

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	29,580.8	10,291.6	11,624.1	10,641.6	3.4
Other Transfers	300.0	300.0	0.0	0.0	-100.0
Other Revenues	2,984.6	3,522.3	3,633.9	3,633.9	3.2
Fund Balance	80.0	50.0	50.0	50.0	0.0
SOURCES TOTAL	32,945.4	14,163.9	15,308.0	14,325.5	1.1
USES					
Personal Services and Employee Benefits	22,607.1	4,016.9	3,753.2	3,666.9	-8.7
Contractual Services	531.4	520.2	634.6	520.2	0.0
Other	9,636.7	9,626.8	10,920.2	10,138.4	5.3
TOTAL USES	32,775.2	14,163.9	15,308.0	14,325.5	1.1
FTE					
Permanent	289.0	13.0	14.0	14.0	7.7
Term	55.5	22.5	42.5	22.5	0.0
TOTAL FTE POSITIONS	344.5	35.5	56.5	36.5	2.8

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of regular internal audits closed	NEW	NEW			
Explanatory	Number of desk audits performed	NEW	NEW			
Explanatory	Number of regular internal audits delivered	NEW	NEW			

SPECIAL COURT SERVICES

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

AOC - SPECIAL COURT SERVICES APPROPRIATIONS

BUDGET SUMMARY

(dollars in thousands)

FY 2018 - 2020

	<u>FY19 Actuals</u>	<u>FY20 Budget</u>	<u>FY21 Agency Request</u>	<u>FY21 LFC Recommendation</u>	<u>Percent incr (decr)</u>
SOURCES					
General fund transfers	10,212.6	10,677.2	13,620.6	12,676.3	18.7%
Other transfers	1,736.4	2,238.1	2,519.5	2,519.5	12.6%
Federal program revenues	-	-	-	-	
Other program revenues	-	-	-	-	
General revenues	-	-	-	-	
Fund balance	321.2	501.00	423.0	423.0	-15.6%
TOTAL REVENUE	12,270.2	13,416.3	16,563.1	15,618.8	16.4%
USES					
(a) CASA	1,355.2	1,356.7	1,656.7	1,406.7	3.7%
(b) Supervised Visitation	882.5	882.8	1,082.8	916.3	3.8%
(c) Water Rights	401.2	643.5	643.5	643.5	0.0%
(d) Court-appointed Attorneys	6,043.8	6,405.7	6,704.2	6,904.2	7.8%
(e) Children's Mediation	281.2	281.9	381.9	381.9	35.5%
(f) Judge' Pro Temp	6.3	30.3	50.3	50.3	66.0%
(g) Access to Justice	129.5	129.7	163.7	129.7	0.0%
(h) Statewide Alternative Dispute Resolution	3.3	103.3	203.3	203.3	96.8%
(i) Drug Court	2,783.9	3,582.4	3,882.4	4,182.4	16.7%
(j) AOC Drug Court Fund	-	-	-	-	N/A
(k) Pre-trial services	-	-	1,794.3	800.5	
Other expenditures					
TOTAL EXPENDITURES	11,886.9	13,416.3	16,563.1	15,618.8	16.4%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Explanatory	Number of monthly supervised child visitations and exchanges conducted	1,176	975			
Outcome	Recidivism rate for drug-court participants (statewide)	14%	16%	12%	12%	12%
Outcome	Three-year intent-to-treat recidivism rate of drug-court program participants (statewide)	21%	21%	25%	25%	25%
Outcome	Employment rate of adult drug-court program graduates for current fiscal year (statewide)	93.43%	92.94%	90%	90%	90%
Outcome	Education rate of juvenile drug-court program graduates for current fiscal year (statewide)	95.83%	100%	100%	100%	100%
Outcome	Recidivism rate for driving-while-intoxicated-court participants (statewide)	8.53%	8.5%	12%	12%	10%
Explanatory	Graduation rate for drug-court participants (statewide)	57.2%	51.42%			
Explanatory	Graduation rate for driving-while-intoxicated-court participants (statewide)	81.4%	73.34%			
Explanatory	Cost per client per day for all drug-court participants	\$23.25	\$51.29			
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed	NEW	NEW			
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	975	372			
Outcome	Time to completed adjudication in abuse and neglect cases, in days	NEW	NEW	NEW	120	120
Outcome	Time to first permanency hearing in abuse and neglect cases, in days	NEW	NEW	NEW	365	180

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-26 NMSA 1978. New Mexico has 13 judicial districts over which 96 district judges preside. Distribution and number of judgeships is determined in New Mexico statute. In the last nine years, 21 district judgeships have been created.

MISSION:

The district courts have jurisdiction over all matters not specifically laid out 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 people 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	78,475.1	106,776.7	115,564.9	110,505.7	3.5
Other Transfers	6,384.7	6,504.5	7,083.0	7,083.0	8.9
Federal Revenues	265.2	636.3	565.5	565.5	-11.1
Other Revenues	4,113.5	4,594.4	4,792.1	4,792.1	4.3
Fund Balance	748.9	847.9	1,030.0	1,030.0	21.5
SOURCES TOTAL	89,987.4	119,359.8	129,035.5	123,976.3	3.9
USES					
Personal Services and Employee Benefits	76,839.5	106,927.9	114,038.2	119,711.3	12.0
Contractual Services	5,767.4	6,562.4	8,485.2	0.0	-100.0
Other	6,069.2	5,869.5	6,512.1	4,265.0	-27.3
TOTAL USES	88,676.1	119,359.8	129,035.5	123,976.3	3.9
FTE					
Permanent	903.3	1,293.3	1,271.3	1,208.3	-6.6
Term	92.1	119.1	216.1	223.1	87.4
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	995.3	1,413.3	1,488.3	1,432.3	1.3%

AT A GLANCE:

The district courts requested a total general fund revenue increase of \$8.9 million, or 8.4 percent compared with FY20 funding levels. The total request included \$6.7 million for base increases and \$2.2 million in expansions. The majority of base request increases were for targeted salary raises for the judicial workforce investment plan (WIP), an IT refresh plan, and rate increases. Expansion requests included five judgeships, personnel to expand pretrial services, and security personnel for magistrate courts.

The committee recommendation increases general fund revenue by \$5.1 million, or 3.5 percent, and funds a 3 percent salary increase for district and magistrate court judges (in addition to the increase for all employees), targeted staff salary increases through the workforce investment plan, and rate increases. The recommendation also funds nearly all pretrial service requests from the district courts and supports four new judgeships, contingent on passage of enabling legislation.

BUDGET ISSUES:

In FY19, the district courts took over the administrative functions of the local magistrate courts, formerly held by the Administrative Office of the Courts (AOC). AOC will continue to manage magistrate court facilities, but all budgetary, personnel, and reporting responsibilities will fall to district courts, which is expected to streamline administrative processes and better serve the public. In the 3rd, 4th, 6th, and 8th judicial districts, consolidation will add significant workload to agency management, resulting in a request to reclassify court executive officers in those districts.

While counties are statutorily obliged to provide facilities and security for district courts, no such obligation exists for magistrate courts. To address magistrate court safety concerns, AOC conducted a security study based on magistrate court traffic and determined what each court should request through the unified budget. In total, security requests made up \$2.7 million, or 2 percent, of the district court request.

The Courts, Corrections, and Justice interim committee recognized the need to expand pretrial services, which provide in-house drug testing, screening, and reporting on defendants to inform judges and improve appearance rates, in district courts across the state. In total, the district courts requested \$980 thousand for personnel and other costs associated with expanding or creating pretrial service programs, of which the committee recommendation funds \$877 thousand.

The district court request also included \$775 thousand to fund warrant enforcement clerks, currently funded through court fees, with general fund revenue. The committee recommendation funds each district court request for this purpose at 50 percent to allow courts to move away from the practice of funding personnel through fee collections.

In FY18, LFC piloted a restructured budget that appropriated funds in one item called "operations," as opposed to three separate line items. After three consecutive successful years, the committee recommends continuing the practice for FY21. The single-line appropriation highlights the judiciary's unique budget organization and budgeting process and increases judicial independence. On average, more than 80 percent of each district court budget is for personnel costs.

The committee recommendation increases general fund revenue by \$5.1 million, enabling the courts to implement best practices in pretrial service initiatives, increase staff recruitment and retention by fully funding the WIP and court executive officer reclassifications, and maintain budgetary independence through the single-line appropriation. LFC recognizes the need for improved security in magistrate courts and recommends a unified special appropriation to AOC to more effectively determine where security needs are greatest. Finally, the recommendation includes a 3 percent salary increase for all judges, moving judicial pay closer to neighboring states.

BASE EXPANSION:

The 1st Judicial District Court requested \$329.2 thousand and 5 FTE for a new judgeship and associated staff. The committee does not recommend any expansion.

The 2nd Judicial District Court requested \$1.2 million and 12 FTE for two new judgeships and associated staff, an initiative to deal with foreclosure settlements, and a division to handle cases involving the Indian Child Welfare Act. The committee recommends \$741 thousand and 7 FTE for two new judgeships and three associated staff, contingent on passage of enabling legislation, and Indian Child Welfare Act personnel.

The 3rd Judicial District Court requested \$380 thousand and 5 FTE for a new judgeship and associated staff, and a judicial specialist. The committee recommends \$329.9 thousand and 4 FTE for one new judgeship and all associated staff, contingent on passage of enabling legislation.

The 4th Judicial District Court requested \$242 thousand and 4 FTE for magistrate court security. The committee does not recommend this as an expansion.

The 6th Judicial District Court requested \$250 thousand and 4 FTE for magistrate court security. The committee does not recommend this as an expansion.

The 7th Judicial District Court requested \$200 thousand and 1 FTE for magistrate court security. The committee does not recommend this as an expansion.

The 9th Judicial District Court requested \$184.8 thousand and 4 FTE for magistrate court security and a pretrial services officer. The committee recommends \$65.5 thousand and 1 FTE for a pretrial security officer.

The 11th Judicial District Court requested 554.8 thousand and 5 FTE for magistrate court security and pretrial services personnel. The committee recommends \$158.7 thousand and 2 FTE for pretrial services personnel.

The 12th Judicial District Court requested \$245.9 thousand and no associated FTE for magistrate court security, and funding to convert a hearing officer to a judge. The committee recommends \$120.8 thousand to convert a hearing officer to a judge contingent on passage of enabling legislation.

The 13th Judicial District Court requested \$393.5 thousand and 1 FTE for magistrate court security and a pretrial services officer. The committee recommends \$68.5 thousand and 1 FTE for a pretrial services officer.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	7,354.8	10,236.8	10,955.7	10,381.1	1.4
Other Transfers	645.4	648.3	648.3	648.3	0.0
Other Revenues	291.5	464.4	464.4	464.4	0.0
Fund Balance	19.8	16.1	78.0	78.0	384.5
SOURCES TOTAL	8,311.5	11,365.6	12,146.4	11,571.8	1.8
USES					
Personal Services and Employee Benefits	7,359.2	10,367.4	11,062.9	11,571.8	11.6
Contractual Services	439.7	494.1	521.3	0.0	-100.0
Other	417.0	504.1	562.2	0.0	-100.0
TOTAL USES	8,215.9	11,365.6	12,146.4	11,571.8	1.8
FTE					
Permanent	92.0	126.0	138.5	126.0	0.0
Term	7.8	11.8	7.8	11.8	0.0
TOTAL FTE POSITIONS	99.8	137.8	146.3	137.8	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Judgeship (5 FTE)	(P231)	329.2	0.0
TOTAL			329.2	0.0

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	98%	113%	100%	100%	100%
Explanatory	Number of active cases pending	10,349	10,456			
Outcome	Days to disposition for civil cases	NEW	265	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	369	365	365	365
Outcome	Age of active pending civil cases, in days	NEW	369	540	540	540
Outcome	Days to disposition for criminal cases	NEW	249	365	365	
Explanatory	Number of jury trials	48	46			

BUDGET SUMMARY
(dollars in thousands)

	FY21 – 2020-2021					Percent Incr (Decr)
	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	23,865.0	25,509.9	26,933.8	26,487.9	3.8	
Other Transfers	1,182.4	1,339.0	1,257.3	1,257.3	-6.1	
Federal Revenues	265.2	636.3	565.5	565.5	-11.1	
Other Revenues	2,284.6	2,613.5	2,884.2	2,884.2	10.4	
Fund Balance	481.1	481.1	624.3	624.3	29.8	
SOURCES TOTAL	28,078.3	30,579.8	32,265.1	31,819.2	4.1	
USES						
Personal Services and Employee Benefits	25,122.6	27,989.2	29,250.9	31,819.2	13.7	
Contractual Services	756.0	799.2	1,158.4	0.0	-100.0	
Other	1,556.8	1,791.4	1,855.8	0.0	-100.0	
TOTAL USES	27,435.4	30,579.8	32,265.1	31,819.2	4.1	
FTE						
Permanent	328.5	329.5	343.5	337.5	2.4	
Term	56.0	56.0	53.0	53.0	-5.4	
TOTAL FTE POSITIONS	384.5	385.5	396.5	390.5	1.3	

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recom- mendation
1	Foreclosure settlement facilitation (2 FTE)	(P232)	312.3	0.0
1	Indian Child Welfare Act (2 FTE)	(P232)	163.1	163.1
1	Judgeships (8 FTE)	(P232)	703.2	578.0
TOTAL			1,178.6	741.1

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Cases disposed as a percent of cases filed	98%	111%	100%	100%	100%
Explanatory	Number of active cases pending	28,901	26,376			
Outcome	Days to disposition for criminal cases	NEW	156	365	365	365
Outcome	Age of active pending criminal cases, in days	NEW	217	365	365	365
Outcome	Days to disposition for civil cases	NEW	420	540	540	540
Outcome	Age of active pending civil cases, in days	NEW	577	540	540	540
Explanatory	Number of jury trials	138	136			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,882.2	9,897.5	10,461.1	10,392.5	5.0
Other Transfers	856.1	810.9	1,087.8	1,087.8	34.1
Other Revenues	175.9	211.7	213.0	213.0	0.6
Fund Balance	33.2	31.5	26.0	26.0	-17.5
SOURCES TOTAL	7,947.4	10,951.6	11,787.9	11,719.3	7.0
USES					
Personal Services and Employee Benefits	6,579.9	9,898.4	10,423.9	11,717.7	18.4
Contractual Services	812.7	802.6	1,031.9	0.0	-100.0
Other	506.6	250.6	332.1	1.6	-99.4
TOTAL USES	7,899.2	10,951.6	11,787.9	11,719.3	7.0
FTE					
Permanent	86.3	120.3	13.3	12.3	-89.8
Term	7.3	10.3	123.3	123.3	1,102.4
TOTAL FTE POSITIONS	93.5	130.5	136.5	135.5	3.8

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Judge (1 FTE)	(P233)	175.8	175.8
2	Trial Court Administrative Assistant (1 FTE)	(P233)	70.7	70.7
3	Court Monitor (1 FTE)	(P233)	44.0	44.0
4	Bailiff (1 FTE)	(P233)	39.4	39.4
5	Judicial Specialist (1 FTE0)	(P233)	50.1	0.0
TOTAL			380.0	329.9

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Cases disposed as a percent of cases filed	95%	95%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	NEW	157	365	365	365
Outcome	Days to disposition for civil cases	NEW	292	540	540	540
Outcome	Age of active pending civil cases, in days	NEW	6,340	540	540	540
Outcome	Days to disposition for criminal cases	NEW	154	365	365	365
Explanatory	Number of jury trials	33	38			
Explanatory	Number of active cases pending	26,788	26,362			

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 Actuals	2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,423.7	3,867.4	4,299.3	3,953.8	2.2
Other Transfers	163.2	157.7	259.2	259.2	64.4
Other Revenues	32.8	36.5	48.3	48.3	32.3
SOURCES TOTAL	2,619.7	4,061.6	4,606.8	4,261.3	4.9
USES					
Personal Services and Employee Benefits	2,248.1	3,707.3	4,037.4	0.0	-100.0
Contractual Services	206.8	186.9	366.8	0.0	-100.0
Other	160.9	167.4	202.6	4,261.3	2,445.6
TOTAL USES	2,615.8	4,061.6	4,606.8	4,261.3	4.9
FTE					
Permanent	29.5	47.5	52.0	48.5	2.1
Term	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	29.5	48.5	52.0	48.5	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency		Agency (Program)	Request	LFC Recommendation
1	Judicial Specialist 2, San Miguel (1 FTE)	(P234)	50.0	0.0
1	Security Bailiff, Mora (1 FTE)	(P234)	50.0	0.0
1	Security Bailiff, .5 FTE Inc San Miguel (1 FTE)	(P234)	17.0	0.0
1	Security Bailiff, Guadalupe (1 FTE)	(P234)	50.0	0.0
1	Security Contractual Services	(P234)	75.0	0.0
TOTAL			242.0	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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Cases disposed as a percent of cases filed	97%	112%	100%	100%	100%
Outcome	Days to disposition for civil cases	NEW	128	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	190	365	365	365
Outcome	Age of active pending civil cases, in days	NEW	271	540	540	540
Outcome	Days to disposition for criminal cases	NEW	162	365	365	365
Explanatory	Number of active cases pending	1,853	1,638			
Explanatory	Number of jury trials	10	4			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,885.5	10,341.2	11,331.7	10,818.1	4.6
Other Transfers	478.2	497.6	567.2	567.2	14.0
Other Revenues	332.5	255.5	281.2	281.2	10.1
SOURCES TOTAL	7,696.2	11,094.3	12,180.1	11,666.5	5.2
USES					
Personal Services and Employee Benefits	6,265.9	9,908.7	10,642.0	11,666.5	17.7
Contractual Services	506.7	657.9	970.0	0.0	-100.0
Other	686.9	527.7	568.1	0.0	-100.0
TOTAL USES	7,459.5	11,094.3	12,180.1	11,666.5	5.2
FTE					
Permanent	84.0	124.0	132.5	127.0	2.4
Term	1.0	2.0	1.0	2.0	0.0
TOTAL FTE POSITIONS	85.0	126.0	133.5	129.0	2.4

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Judicial Specialist 2 (1 FTE)	(P235)	0.0	0.0
2	Bailiff (1 FTE)	(P235)	0.0	0.0
TOTAL			0.0	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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	90%	113%	100%	100%	100%
Outcome	Days to disposition for civil cases	NEW	194	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	166	365	365	365
Outcome	Days to disposition for criminal cases	NEW	167	365	365	365
Outcome	Age of active pending civil cases, in days	NEW	5,183	540	540	540
Explanatory	Number of jury trials	98	88			
Explanatory	Number of active cases pending	13,567	12,470			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,364.5	5,320.9	5,893.1	5,601.0	5.3
Other Transfers	235.0	229.2	239.6	239.6	4.5
Other Revenues	53.7	61.6	55.0	55.0	-10.7
SOURCES TOTAL	3,653.2	5,611.7	6,187.7	5,895.6	5.1
USES					
Personal Services and Employee Benefits	2,718.4	4,682.6	5,268.8	5,895.6	25.9
Contractual Services	595.1	633.7	564.2	0.0	-100.0
Other	309.7	295.4	354.7	0.0	-100.0
TOTAL USES	3,623.2	5,611.7	6,187.7	5,895.6	5.1
FTE					
Permanent	38.0	61.5	70.5	64.5	4.9
TOTAL FTE POSITIONS	38.0	61.5	70.5	64.5	4.9

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency		Agency	LFC	
<u>Rank</u>		<u>(Program)</u>	<u>Request</u>	<u>Recommendation</u>
1	Security Bailiff (1 FTE)	(P236)	50.0	0.0
1	Security Bailiff (1 FTE)	(P236)	50.0	0.0
1	Security Officer (1 FTE)	(P236)	75.0	0.0
1	Security Officer (1 FTE)	(P236)	75.0	0.0
TOTAL			250.0	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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	93%	111%	100%	100%	100%
Outcome	Days to disposition for civil cases	NEW	192	540	540	540
Explanatory	Number of active cases pending	TBD	2,223			
Outcome	Age of active pending civil cases, in days	NEW	262	540	540	540
Explanatory	Number of jury trials	28	26			
Outcome	Days to disposition for criminal cases	NEW	123	365	365	365
Outcome	Age of active pending criminal cases, in days	2,330	158	365	365	365

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,450.0	4,043.6	4,381.4	4,159.5	2.9
Other Transfers	381.8	400.6	466.7	466.7	16.5
Other Revenues	31.9	35.0	35.0	35.0	0.0
SOURCES TOTAL	2,863.7	4,479.2	4,883.1	4,661.2	4.1
USES					
Personal Services and Employee Benefits	2,280.4	3,957.1	4,272.9	4,661.2	17.8
Contractual Services	306.6	349.0	406.1	0.0	-100.0
Other	273.2	173.1	204.1	0.0	-100.0
TOTAL USES	2,860.2	4,479.2	4,883.1	4,661.2	4.1
FTE					
Permanent	30.0	47.0	52.5	49.0	4.3
Term	4.0	6.0	4.0	4.0	-33.3
TOTAL FTE POSITIONS	34.0	53.0	56.5	53.0	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Magistrate Court Security (1 FTE)</u>	<u>(P237)</u>	<u>200.0</u>	<u>0.0</u>
TOTAL			200.0	0.0

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Catron and Sierra 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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	96%	104%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	NEW	464	540	540	540
Outcome	Days to disposition for criminal cases	NEW	176	365	365	365
Explanatory	Number of jury trials	8	13			
Outcome	Age of active pending criminal cases, in days	NEW	159	365	365	365
Outcome	Days to disposition for civil cases	NEW	256	180	540	540
Explanatory	Number of active cases pending	2,102	2,139			

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 Actuals	2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,132.5	4,588.5	5,000.0	4,705.4	2.5
Other Transfers	175.7	170.6	177.9	177.9	4.3
Other Revenues	44.3	106.0	106.0	106.0	0.0
Fund Balance	0.0	33.7	33.7	33.7	0.0
SOURCES TOTAL	3,352.5	4,898.8	5,317.6	5,023.0	2.5
USES					
Personal Services and Employee Benefits	2,672.4	4,088.4	4,472.5	5,023.0	22.9
Contractual Services	335.8	609.1	615.7	0.0	-100.0
Other	320.4	201.3	229.4	0.0	-100.0
TOTAL USES	3,328.6	4,898.8	5,317.6	5,023.0	2.5
FTE					
Permanent	33.0	54.0	59.5	54.0	0.0
Term	3.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	36.0	54.0	59.5	54.0	0.0

EIGHTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Cases disposed as a percent of cases filed	94%	104%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	NEW	288	365	365	365
Explanatory	Number of jury trials	22	23			
Outcome	Days to disposition for criminal cases	NEW	180	365	365	365
Explanatory	Number of active cases pending	2,319	2,495			
Outcome	Age of active pending civil cases, in days	NEW	432	540	540	540
Outcome	Days to disposition for civil cases	NEW	189	540	540	540

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,558.7	4,999.5	5,446.2	5,151.8	3.0
Other Transfers	615.3	733.8	682.7	682.7	-7.0
Other Revenues	85.9	70.7	101.1	101.1	43.0
Fund Balance	0.0	17.5	0.0	0.0	-100.0
SOURCES TOTAL	4,259.9	5,821.5	6,230.0	5,935.6	2.0
USES					
Personal Services and Employee Benefits	3,974.4	5,487.0	5,860.1	5,933.5	8.1
Contractual Services	47.3	107.0	41.6	0.0	-100.0
Other	206.1	227.5	328.3	2.1	-99.1
TOTAL USES	4,227.8	5,821.5	6,230.0	5,935.6	2.0
FTE					
Permanent	45.0	59.0	65.0	60.0	1.7
Term	6.5	8.5	6.5	8.5	0.0
TOTAL FTE POSITIONS	51.5	67.5	71.5	68.5	1.5

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Pretrial Services Officer (1 FTE)	(P239)	65.5	65.5
2	Bailiffs, Security (Classified) (3 FTE)	(P239)	119.3	0.0
TOTAL			184.8	65.5

NINTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Cases disposed as a percent of cases filed	101%	112%	100%	100%	100%
Explanatory	Number of active cases pending	TBD	3,301			
Outcome	Days to disposition for criminal cases	NEW	215	365	365	365
Explanatory	Number of jury trials	84	64			
Outcome	Age of active pending civil cases, in days	3,429	666	540	540	540
Outcome	Days to disposition for civil cases	NEW	258	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	422	365	365	365

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	982.2	1,772.6	1,991.1	1,821.7	2.8
Other Revenues	5.2	10.0	5.0	5.0	-50.0
SOURCES TOTAL	987.4	1,782.6	1,996.1	1,826.7	2.5
USES					
Personal Services and Employee Benefits	814.8	1,590.5	1,622.9	1,826.7	14.9
Contractual Services	55.2	56.5	214.5	0.0	-100.0
Other	117.4	135.6	158.7	0.0	-100.0
TOTAL USES	987.4	1,782.6	1,996.1	1,826.7	2.5
FTE					
Permanent	9.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	9.0	19.0	19.0	19.0	0.0

TENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	93%	93%	100%	100%	100%
Outcome	Days to disposition for civil cases	NEW	237	540	540	540
Explanatory	Number of active cases pending	TBD	688			
Outcome	Age of active pending criminal cases, in days	NEW	162	365	365	365
Outcome	Days to disposition for criminal cases	NEW	183	365	365	365
Explanatory	Number of jury trials	2	6			
Outcome	Age of active pending civil cases, in days	676	426	540	540	540

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,680.1	10,376.8	11,522.5	10,720.9	3.3
Other Transfers	718.5	712.6	712.6	712.6	0.0
Other Revenues	213.6	197.0	197.0	197.0	0.0
Fund Balance	0.0	12.0	12.0	12.0	0.0
SOURCES TOTAL	7,612.2	11,298.4	12,444.1	11,642.5	3.0
USES					
Personal Services and Employee Benefits	6,274.4	9,983.3	10,919.7	11,642.5	16.6
Contractual Services	663.6	881.9	1,031.1	0.0	-100.0
Other	571.9	433.2	493.3	0.0	-100.0
TOTAL USES	7,509.9	11,298.4	12,444.1	11,642.5	3.0
FTE					
Permanent	82.5	123.0	133.0	127.0	3.3
Term	6.5	11.5	9.5	9.5	-17.4
TOTAL FTE POSITIONS	89.0	134.5	142.5	136.5	1.5

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Magistrate Courts Security (1 FTE)	(P241)	300.0	0.0
2	Pretrial Services (4 FTE)	(P241)	254.8	158.7
TOTAL			554.8	158.7

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Cases disposed as a percent of cases filed		115%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	NEW	175	365	365	365
Outcome	Days to disposition for criminal cases	NEW	171	365	365	365
Explanatory	Number of active cases pending	TBD	7,504			
Outcome	Age of active pending civil cases, in days	8,094	767	540	540	540
Outcome	Days to disposition for civil cases	NEW	448	540	540	540
Explanatory	Number of jury trials	58	43			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,430.1	5,093.5	5,647.8	5,309.5	4.2
Other Transfers	234.7	118.1	125.4	125.4	6.2
Other Revenues	73.3	81.9	81.9	81.9	0.0
Fund Balance	63.0	55.1	55.1	55.1	0.0
SOURCES TOTAL	3,801.1	5,348.6	5,910.2	5,571.9	4.2
USES					
Personal Services and Employee Benefits	3,236.6	4,822.4	5,261.8	5,571.9	15.5
Contractual Services	200.7	192.2	276.3	0.0	-100.0
Other	277.4	334.0	372.1	0.0	-100.0
TOTAL USES	3,714.7	5,348.6	5,910.2	5,571.9	4.2
FTE					
Permanent	45.5	62.5	66.5	62.5	0.0
TOTAL FTE POSITIONS	45.5	62.5	66.5	62.5	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Convert hearing officer to judgeship (0 FTE)	(P242)	45.9	45.9
2	TCAA (0 FTE)	(P242)	75.0	75.0
3	Court security (0 FTE)	(P242)	125.0	0.0
TOTAL			245.9	120.9

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Cases disposed as a percent of cases filed	88%	117%	100%	100%	100%
Outcome	Days to disposition for civil cases	NEW	331	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	281	365	365	365
Explanatory	Number of active cases pending	TBD	4,574			
Outcome	Days to disposition for criminal cases	NEW	237	365	365	365
Outcome	Age of active pending civil cases, in days	NEW	281	540	540	540
Explanatory	Number of jury trials	76	92			

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 Actuals	2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,465.8	10,728.5	11,701.2	11,002.5	2.6
Other Transfers	698.4	686.1	858.3	858.3	25.1
Other Revenues	488.3	450.6	320.0	320.0	-29.0
Fund Balance	151.8	200.9	200.9	200.9	0.0
SOURCES TOTAL	8,804.3	12,066.1	13,080.4	12,381.7	2.6
USES					
Personal Services and Employee Benefits	7,292.4	10,445.6	10,942.4	12,381.7	18.5
Contractual Services	841.2	792.3	1,287.3	0.0	-100.0
Other	664.9	828.2	850.7	0.0	-100.0
TOTAL USES	8,798.5	12,066.1	13,080.4	12,381.7	2.6
FTE					
Permanent	0.0	120.0	125.5	121.0	0.8
Term	0.0	12.0	11.0	11.0	-8.3
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	0.0	133.0	137.5	133.0	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Contract security officers, magistrate courts	325.0	0.0
2	Pretrial services officer, Cibola (1 FTE)	68.5	68.5
TOTAL		393.5	68.5

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 to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Cases disposed as a percent of cases filed	93%	113%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	NEW	414	540	540	540
Outcome	Days to disposition for civil cases	NEW	274	540	540	540
Outcome	Age of active pending criminal cases, in days	NEW	307	365	365	365
Explanatory	Number of jury trials	49	23			
Outcome	Days to disposition for criminal cases	NEW	266	365	365	365
Explanatory	Number of active cases pending	12,110	11,654			

STATUTORY AUTHORITY:

Bernalillo County Metropolitan Court was created in Section 32-8A-14 NMSA 1978, which provides for a metropolitan court in a county with more than 200 thousand inhabitants. Bernalillo County Metropolitan Court has jurisdiction throughout Bernalillo County and is defined as a state magistrate court. It provides lower court judicial services to the people of Bernalillo County and has jurisdiction over civil complaints involving less than \$10 thousand and all misdemeanors filed in Bernalillo County.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY21 – 2020-2021</u>				
	<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	24,102.2	25,217.2	26,213.1	25,831.6	2.4
Other Transfers	388.3	505.5	541.0	541.0	7.0
Federal Revenues	451.1	811.0	674.8	674.8	-16.8
Other Revenues	2,249.1	2,421.8	2,495.9	2,495.9	3.1
Fund Balance	53.1	99.4	57.0	57.0	-42.7
SOURCES TOTAL	27,243.8	29,054.9	29,981.8	29,600.3	1.9
USES					
Personal Services and Employee Benefits	21,574.6	22,774.1	23,140.8	29,600.3	30.0
Contractual Services	2,733.5	3,119.6	3,808.7	0.0	-100.0
Other	2,921.5	3,151.2	3,017.3	0.0	-100.0
Other Financing Uses	5.0	10.0	15.0	0.0	-100.0
TOTAL USES	27,234.6	29,054.9	29,981.8	29,600.3	1.9
FTE					
Permanent	299.0	299.0	302.0	300.0	0.3
Term	43.5	41.5	40.5	40.5	-2.4
TOTAL FTE POSITIONS	342.5	340.5	342.5	340.5	0.0

AT A GLANCE:

Bernalillo County Metropolitan Court requested an overall budget of \$31.1 million. The request increased general fund revenue by \$973.6 thousand, or 3.9 percent over the FY19 operating budget, and reduced the use of federal revenues due to an anticipated decrease in grants. In line with judicial unified budget priorities, \$300 thousand of the request was to reduce vacancy rates and fully fund core operational costs. The court also requested \$500 thousand for increased security costs, and general fund revenue to fully fund warrant enforcement clerks. Finally, the court requested \$24.1 thousand to maintain the judiciary's workforce investment plan for employees.

The LFC recommendation increases general fund revenue by \$614.4 thousand, or 2.4 percent, to fund the workforce investment plan, 3 percent raises for judges in addition to any state compensation package the Legislature may consider, \$400 thousand for increased security costs, and \$100 thousand for vacancy rate reduction. The committee recommends continuance of the single-line appropriation method to allow for judicial budgetary independence.

BERNALILLO COUNTY METROPOLITAN COURT

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

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Output	Number of cases disposed as a percent of cases filed	115%	122%	100%	100%	100%
Explanatory	Number of active cases pending	28,734	TBD			
Outcome	Number of days to disposition for criminal cases	NEW	TBD	180	180	180
Outcome	Age of active pending criminal cases, in days	NEW	TBD	180	180	180
Outcome	Age of active pending civil cases, in days	NEW	TBD	180	180	180
Outcome	Number of days to disposition for civil cases	NEW	TBD	180	180	180
Explanatory	Number of jury trials	76	52			

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 might be a party or might 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)					
	<u>FY21 – 2020-2021</u>				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	70,756.2	77,020.2	84,688.3	79,938.1	3.8
Other Transfers	1,220.4	1,304.1	1,497.6	1,497.6	14.8
Federal Revenues	1,527.0	3,263.7	2,677.1	2,677.1	-18.0
Other Revenues	767.1	718.0	853.3	853.3	18.8
Fund Balance	794.4	85.8	0.0	0.0	-100.0
SOURCES TOTAL	75,065.1	82,391.8	89,716.3	84,966.1	3.1
USES					
Personal Services and Employee Benefits	65,954.9	75,866.6	82,336.6	78,454.5	3.4
Contractual Services	1,857.3	1,489.2	1,975.7	1,492.0	0.2
Other	6,757.1	5,036.0	5,404.0	5,019.6	-0.3
TOTAL USES	74,569.3	82,391.8	89,716.3	84,966.1	3.1
FTE					
Permanent	861.0	903.0	946.0	912.0	1.0
Term	87.0	89.0	77.0	89.0	0.0
Temporary	3.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	951.0	994.0	1,026.0	1,003.0	0.9

AT A GLANCE:

Statewide, district attorney offices requested a general fund revenue increase of \$7.3 million, or 9.5 percent, compared with FY20 funding levels. The total district attorney request included \$5.5 million for base increases, and \$3.3 million in expansions. While the priorities of the district attorneys varied greatly, the majority of the requests were for recruitment and retention, vacancy rate reductions, and additional attorneys.

The committee recommendation increases general fund revenue by \$2.9 million, or 3.8 percent. The recommendation includes a 2 percent raise for all attorneys in prosecution offices to improve recruitment and retention, and expansions where supported by workload data.

BUDGET ISSUES:

The 2nd, 11th Division II, and 5th judicial district attorneys requested the largest increases in general fund revenue of \$1.7 million, \$1.1 million, and \$963 thousand, respectively. The remaining 11 districts collectively requested \$4.5 million, or an average of 5 percent.

In FY19, responding to legislative interest, all district attorney offices, with the help of the Administrative Office of the District Attorneys (AODA), submitted budget requests that reflected the top priorities of all judicial districts. The submission, referred to as the unified priorities budget, outlined similarities in district attorney needs in the state, while maintaining each district attorney's ability to serve the unique needs of their constituency. A unified priority budget was not submitted for FY21, resulting in wide-ranging base and expansion requests from district attorney offices.

In the last few years, New Mexico experienced a significant increase in serious crime across the state. As crime increased, the number of cases referred to district attorneys statewide rose at a slower pace, representing a disconnect between reports of crime and prosecutions. Additionally, increased funding for staff in recent years decreased attorney caseloads. Annual performance results show the average attorney caseload for FY20 was 264, an 18 percent decrease from FY18.

New Mexico prosecutor offices continue to struggle to recruit and retain attorneys, especially in rural New Mexico, frequently losing attorneys to the private sector or other state agencies. In response, several rural district attorney offices requested higher starting salaries for new attorneys, a model that has worked well in the Public Defender Department. The 5th, 9th, 10th, 11th Division I, 11th Division II, 12th, and 13th judicial districts requested a total of \$1.5 million for this purpose, and the committee

recommendation allocates \$760 thousand to fund or partially fund rural recruitment efforts in each of those districts. The recommendation also includes a 2 percent salary increase for all attorneys in district attorney offices.

The Legislature has prioritized district attorneys and the criminal justice system. Funding for the district attorneys grew by 18 percent from FY16 to FY20, despite general fund growth of only 12 percent for the same period. The FY21 LFC budget recommendation increases the general fund appropriation to the district attorneys by \$2.9 million, or 3.8 percent, compared with FY19 funding levels. The recommendation is distributed based on caseload and personnel needs as reported by AODA.

BASE EXPANSION:

The expansion request total for all district attorney offices was \$3.3 million, all from the general fund. The majority of the expansion requests were for additional attorneys or administrative staff.

The 1st Judicial District Attorney expansion request was \$208.3 thousand for two legal secretaries and one senior trial attorney. The committee recommends \$49.5 thousand, and 1 FTE, to fund one legal secretary.

The 2nd Judicial District Attorney requested a total of \$950.4 thousand and 9 FTE. The request included \$744.1 thousand and 7 FTE to continue the crime strategies unit, funded through a special appropriation in FY19, and \$169.9 thousand to fund 2 FTE to process criminal record expungement requests. The committee recommends \$549.2 thousand and 3 FTE to continue the crime strategies unit.

The 5th Judicial District Attorney requested \$446.9 thousand and 6 FTE for program specialists and investigators. The committee recommends \$93.7 thousand and 2 FTE to fund one program specialist and one investigator.

The 8th Judicial District requested \$446.9 thousand and 6 FTE for program specialists and investigators to specialize in consolidating evidence. The committee recommendation does not support the expansion, because reported average attorney caseloads do not suggest the need for additional FTE.

The 11th Judicial District Attorney Division I requested \$620.5 thousand and 7 FTE for attorneys, secretaries, and clerks related to pretrial release hearings. The committee recommends \$131 thousand for a senior trial attorney.

The 11th Judicial District Attorney Division II requested \$744.1 thousand and 7 FTE for trial attorneys and various support staff. In FY20, due to high attorney caseloads, the New Mexico Attorney General took over two vehicular homicide cases for the 11th Judicial District Division II. The committee recommends \$82.1 thousand for a senior trial attorney to address workload issues in the district.

The 12th Judicial District Attorney requested \$158 thousand and 2 FTE for a senior trial attorney and support staff in Lincoln County. The committee recommends \$70.8 thousand to fund one senior trial attorney.

BUDGET SUMMARY
(dollars in thousands)

			FY21 – 2020-2021		Percent Incr (Decr)
	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,802.6	6,178.1	6,486.4	6,376.8	3.2
Other Transfers	171.4	168.6	183.7	183.7	9.0
Federal Revenues	120.1	120.1	120.1	120.1	0.0
SOURCES TOTAL	6,094.1	6,466.8	6,790.2	6,680.6	3.3
USES					
Personal Services and Employee Benefits	5,559.6	6,041.0	6,364.4	6,254.8	3.5
Contractual Services	30.7	22.8	22.8	22.8	0.0
Other	488.5	403.0	403.0	403.0	0.0
TOTAL USES	6,078.8	6,466.8	6,790.2	6,680.6	3.3
FTE					
Permanent	70.0	71.0	74.0	72.0	1.4
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	75.0	76.0	79.0	77.0	1.3

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Legal Secretary (2 FTE)	(P251)	99.0	49.5
2	Senior Trial Attorney (1 FTE)	(P251)	109.3	0.0
TOTAL			208.3	49.5

FIRST JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.4	7.9	7		
Outcome	Number of cases prosecuted	5,440	4,685	5,400	4,600	5,400
Explanatory	Number of cases referred for screening	6,353	5,888			
Output	Number of cases handled per attorney	259.06	210.29	185	TBD	185
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	260	151	150	170	170
Outcome	Average number of cases added to attorney caseloads	NEW	NEW	185	185	185
Outcome	Number of cases prosecuted as a percent of those referred for screening	79.24%	79.57%	65%	65%	65%
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Explanatory	Average time from filing petition to final disposition for juveniles, in months	2.24	2.67	1.75		
Explanatory	Number of pretrial detention motions made	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY21 – 2020-2021		Agency Request	LFC Recommendation	Percent Incr (Decr)
	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted			
SOURCES					
General Fund Transfers	22,301.9	24,438.8	25,961.0	25,206.6	3.1
Other Transfers	214.4	421.0	501.4	501.4	19.1
Federal Revenues	120.3	1,529.0	1,048.8	1,048.8	-31.4
Other Revenues	493.1	562.5	437.7	437.7	-22.2
Fund Balance	794.4	0.0	0.0	0.0	
SOURCES TOTAL	23,924.1	26,951.3	27,948.9	27,194.5	0.9
USES					
Personal Services and Employee Benefits	20,553.0	23,992.9	25,015.1	24,320.5	1.4
Contractual Services	944.8	871.2	893.1	833.3	-4.4
Other	2,566.1	2,087.2	2,040.7	2,040.7	-2.2
TOTAL USES	24,063.9	26,951.3	27,948.9	27,194.5	0.9
FTE					
Permanent	286.0	286.0	297.0	289.0	1.0
Term	35.0	36.0	26.0	36.0	0.0
Temporary	3.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	324.0	324.0	326.0	327.0	0.9

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Crime Strategies Unit (7 FTE)	780.5	549.2
2	Criminal Record Expungement Act (2 FTE)	169.9	0.0
TOTAL		950.4	549.2

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

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Explanatory Output	Number of cases referred for screening	23,193	24,828			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	261	526	180	300	300
Output	Number of cases prosecuted as a percent of those referred for screening	90%	88%	85%	85%	85%
Output Efficiency	Number of cases handled per attorney	246	201	175	175	175
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5.7	3	6	6	6
Efficiency	Average time from filing charges to final disposition for adults, in months	5.4	5	9	9	6
Explanatory Outcome	Number of pretrial detention motions made	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	NEW	185	185	185
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY21 – 2020-2021		Agency Request	LFC Recommendation	Percent Incr (Decr)
	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted			
SOURCES					
General Fund Transfers	5,074.3	5,429.2	5,641.2	5,613.7	3.4
Other Transfers	180.7	168.4	202.7	202.7	20.4
Federal Revenues	546.7	649.8	698.3	698.3	7.5
Fund Balance	0.0	85.8	0.0	0.0	-100.0
SOURCES TOTAL	5,801.7	6,333.2	6,542.2	6,514.7	2.9
USES					
Personal Services and Employee Benefits	5,200.3	6,043.8	6,252.3	6,224.8	3.0
Contractual Services	244.2	20.2	20.7	20.7	2.5
Other	355.3	269.2	269.2	269.2	0.0
TOTAL USES	5,799.8	6,333.2	6,542.2	6,514.7	2.9
FTE					
Permanent	63.0	63.0	63.0	63.0	0.0
Term	12.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	75.0	75.0	75.0	75.0	0.0

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

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.73	7.1	6	6.5	6
Explanatory	Number of cases referred for screening	7066	5710			
Outcome	Number of cases prosecuted	5,422	5,237	5,510	5500	5,510
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	151	142	140	160	160
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment					
Explanatory	Number of pretrial detention motions made					
Output	Number of cases prosecuted as a percent of those referred for screening	94.3%	91.8%	90%	90%	90%
Outcome	Average number of cases added to attorney caseloads	NEW	NEW	185	230	230
Output	Number of cases handled per attorney	396.97	346.06	200	200	200
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5	3.55	4	4	4

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,389.8	3,617.4	3,754.2	3,680.2	1.7
SOURCES TOTAL	3,389.8	3,617.4	3,754.2	3,680.2	1.7
USES					
Personal Services and Employee Benefits	2,704.5	3,429.7	3,546.3	3,492.5	1.8
Contractual Services	87.8	29.3	42.7	29.3	0.0
Other	597.5	158.4	165.2	158.4	0.0
TOTAL USES	3,389.8	3,617.4	3,754.2	3,680.2	1.7
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Number of cases referred for screening	1,888	1,882			
Efficiency	Average time from filing of charges to final disposition for adults, in months	5.7	6.11	6	6	6
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	33	37	36	37	37
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Explanatory	Percent of pretrial motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	286	200	185	185
Output	Number of cases prosecuted as a percent of cases referred for screening	91%	91.71%	90%	90%	90%
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.32	3.73	3	4	3

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,385.2	5,859.8	6,763.1	6,203.1	5.9
Other Transfers	128.3	128.3	128.3	128.3	0.0
Federal Revenues	287.7	287.7	287.7	287.7	0.0
SOURCES TOTAL	5,801.2	6,275.8	7,179.1	6,619.1	5.5
USES					
Personal Services and Employee Benefits	4,973.7	6,010.8	6,784.6	6,354.1	5.7
Contractual Services	21.0	25.6	87.4	25.6	0.0
Other	381.8	239.4	307.1	239.4	0.0
TOTAL USES	5,376.5	6,275.8	7,179.1	6,619.1	5.5
FTE					
Permanent	70.0	69.0	76.0	71.0	2.9
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	75.0	74.0	81.0	76.0	2.7

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
<u>1</u>	<u>Public Safety in 5th JD (6 FTE)</u>	<u>446.9</u>	<u>93.7</u>
TOTAL		446.9	93.7

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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Efficiency	Average time from filing of charges to final disposition for adults, in months	7	7.35	6	6	6
Explanatory Output	Number of cases referred for screening	7,748	7,513			
	Number of cases in which defendant was referred into a pre-prosecution diversion program	97	109	150	150	150
Explanatory	Percent of detention motions granted	NEW	77%			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	0.15%			
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.1	3.6	3	4	3
Output	Number of cases prosecuted as a percent of cases referred for screening	92%	91.7%	80%	80%	85%
Outcome	Average number of cases added to attorney caseloads	NEW	319.7	185	185	185

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,097.5	3,288.9	3,329.3	3,396.1	3.3
Other Transfers	120.9	120.9	113.1	113.1	-6.5
Federal Revenues	93.6	93.6	93.6	93.6	0.0
SOURCES TOTAL	3,312.0	3,503.4	3,536.0	3,602.8	2.8
USES					
Personal Services and Employee Benefits	3,011.2	3,306.8	3,337.3	3,404.1	2.9
Contractual Services	21.3	12.0	14.1	14.1	17.5
Other	263.5	184.6	184.6	184.6	0.0
TOTAL USES	3,296.0	3,503.4	3,536.0	3,602.8	2.8
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	40.0	40.0	40.0	40.0	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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Average time from filing of charges to final disposition for adults, in months	5	5	5	2	5
Explanatory	Number of cases referred for screening	2,952	2,764			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	19	20	30	20	30
Output	Number of cases prosecuted as a percent of cases referred for screening	95%	91%	95%	95%	85%
Explanatory	Percent of pretrial detention motions granted	NEW	1%			
Efficiency	Average time from filing petition to final disposition for juveniles, in months	2	2.5	2	2	2
Explanatory	Percent of cases diverted to alternative sentencing treatment		0%			
Explanatory	Number of pretrial detention motions made	NEW	29			
Outcome	Average number of cases added to attorney caseloads		291	185	200	185

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,658.5	2,859.6	2,954.5	2,978.2	4.1
SOURCES TOTAL	2,658.5	2,859.6	2,954.5	2,978.2	4.1
USES					
Personal Services and Employee Benefits	2,448.9	2,693.8	2,782.3	2,806.0	4.2
Contractual Services	12.8	14.7	14.0	14.0	-4.8
Other	196.8	151.1	158.2	158.2	4.7
TOTAL USES	2,658.5	2,859.6	2,954.5	2,978.2	4.1
FTE					
Permanent	36.0	36.0	36.0	36.0	0.0
TOTAL FTE POSITIONS	36.0	36.0	36.0	36.0	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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	32	35	40	40	40
Output	Number of cases prosecuted as percent of those referred for screening	80.3%	84.8%	80%	80%	85%
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.7	4.58	4	4.5	4.5
Efficiency	Average time from filing of petition to final disposition for adults, in months	6.7	6.9	7	7	7
Explanatory	Number of pretrial detention motions made	NEW	28			
Explanatory	Percent of pretrial detention motions granted	NEW	82.1%			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads		188	185	185	185
Explanatory	Number of cases referred for screening	2,206	2,107			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,904.4	3,176.3	3,406.8	3,299.1	3.9
SOURCES TOTAL	2,904.4	3,176.3	3,406.8	3,299.1	3.9
USES					
Personal Services and Employee Benefits	2,610.4	3,019.4	3,117.5	3,142.2	4.1
Contractual Services	115.0	16.8	133.3	16.8	0.0
Other	179.0	140.1	156.0	140.1	0.0
TOTAL USES	2,904.4	3,176.3	3,406.8	3,299.1	3.9
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of cases referred for screening	2,152	2,005			
Outcome	Number of cases prosecuted	302		1,500		
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	93	118	100	100	100
Output	Number of cases prosecuted as a percentage of those referred for screening	86%	87%	85%	85%	85%
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	4	3.32	3	6	3
Efficiency	Average time from filing of charges to final disposition for adults, in months	7	8.53	6	9	6
Outcome	Average number of cases added to attorney caseloads	NEW	285	185	185	185

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,291.2	3,571.7	3,767.9	3,681.3	3.1
SOURCES TOTAL	3,291.2	3,571.7	3,767.9	3,681.3	3.1
USES					
Personal Services and Employee Benefits	3,033.8	3,392.0	3,589.0	3,502.4	3.3
Contractual Services	12.5	17.7	14.7	14.7	-16.9
Other	232.3	162.0	164.2	164.2	1.4
TOTAL USES	3,278.6	3,571.7	3,767.9	3,681.3	3.1
FTE					
Permanent	0.0	40.0	40.0	40.0	0.0
TOTAL FTE POSITIONS	0.0	40.0	40.0	40.0	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
<u>1</u>	<u>Pre-trial Detention Hearings</u>	<u>(P259)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			0.0	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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of cases referred for screening	3,217	3,150			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	89	77	100	90	90
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	2.8	2.3	3.0	3.0	3.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.64	6.97	8	8	6
Output	Number of cases prosecuted as a percent of those referred for screening	95%	93.75	82%	82%	85%
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	339	281	200	185	185

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,359.7	1,576.0	1,618.6	1,629.0	3.4
SOURCES TOTAL	1,359.7	1,576.0	1,618.6	1,629.0	3.4
USES					
Personal Services and Employee Benefits	1,186.5	1,391.1	1,429.6	1,440.0	3.5
Contractual Services	15.2	15.9	20.0	20.0	25.8
Other	158.0	169.0	169.0	169.0	0.0
TOTAL USES	1,359.7	1,576.0	1,618.6	1,629.0	3.4
FTE					
Permanent	14.0	14.0	14.0	14.0	0.0
TOTAL FTE POSITIONS	14.0	14.0	14.0	14.0	0.0

TENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of cases referred for screening	838	902			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	15	15	15	15	20
Output	Number of cases prosecuted as a percent of those referred for screening	96.1%	94.3%	90%	90%	85%
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	5.64	3.25	4	4	4
Efficiency	Average time from filing of charges to final disposition for adults, in months	5.11	6.15	7	7	6
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	NEW	185	185	185
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,258.7	4,747.1	6,033.5	5,026.0	5.9
Other Transfers	137.7	137.7	137.7	137.7	0.0
Federal Revenues	234.3	234.3	234.3	234.3	0.0
SOURCES TOTAL	4,630.7	5,119.1	6,405.5	5,398.0	5.4
USES					
Personal Services and Employee Benefits	4,253.2	4,651.1	5,858.4	4,946.9	6.4
Contractual Services	20.0	190.7	189.1	153.0	-19.8
Other	314.8	277.3	358.0	298.1	7.5
TOTAL USES	4,588.0	5,119.1	6,405.5	5,398.0	5.4
FTE					
Permanent	55.0	55.0	65.0	56.0	1.8
Term	8.0	8.0	6.0	8.0	0.0
TOTAL FTE POSITIONS	63.0	63.0	71.0	64.0	1.6

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	PTR Senior Trial Attorney (1FTE)	(P261)	131.0	126.7
2	PTR Assistant Trial Attorney (1 FTE)	(P261)	93.2	0.0
3	PTR Legal Secretary (1FTE)	(P261)	51.8	0.0
4	PTR Clerk Specialist (1 FTE)	(P261)	47.5	0.0
5	PTR Senior Investigator (1 FTE)	(P261)	103.7	0.0
6	PTR Program Administrator (1 FTE)	(P261)	92.9	0.0
7	Victim-Witness Clerk Specialist (1 FTE)	(P261)	47.8	0.0
8	Financial Assistant (1 FTE)	(P261)	52.6	0.0
TOTAL			620.5	126.7

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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of cases referred for screening	5,211	5,286			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	93	329	120	120	150
Output	Number of cases prosecuted as a percent of those referred for screening	93.24%	91.55	85%	85%	85%
Efficiency	Average time from filing charges to final disposition for adults, in months	6.91	6.72	6	7	6
Efficiency	Average time from filing petition to final disposition for juveniles, in months	2.78	3.83	3	4	3
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	274	185	-20	185
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,479.9	2,764.2	3,865.5	2,936.0	6.2
Federal Revenues	0.0	224.9	0.0	0.0	-100.0
Other Revenues	119.8	0.0	215.6	215.6	
SOURCES TOTAL	2,599.7	2,989.1	4,081.1	3,151.6	5.4
USES					
Personal Services and Employee Benefits	2,440.0	2,737.7	3,730.6	2,900.2	5.9
Contractual Services	14.9	105.9	200.0	105.9	0.0
Other	144.8	145.5	150.5	145.5	0.0
TOTAL USES	2,599.7	2,989.1	4,081.1	3,151.6	5.4
FTE					
Permanent	34.0	34.0	44.0	35.0	2.9
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	48.0	39.0	2.6

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Senior Trial Attorney (2 FTE)	(P265) 200.0	82.9
2	Assistant Trial Attorney (2 FTE)	(P265) 186.5	0.0
3	Prosecution Assistant (3 FTE)	(P265) 169.8	0.0
4	Legal Secretary (2 FTE)	(P265) 119.1	0.0
5	Investigator (1 FTE)	(P265) 68.7	0.0
TOTAL		744.1	82.9

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

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

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Number of cases referred for screening	2,562	2,603			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	5	41	30	20	30
Output	Number of cases prosecuted as a percent of those referred to screening	83.33%	91.03%	75%	75%	85%
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	7.83	7.8	5	7	6
Outcome	Average number of cases added to attorney caseloads	NEW	274	185	175	
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Efficiency	Average time from filing of charges to final disposition for adults, in months	5.43	4.66	7	7	6
Explanatory	Number of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,349.4	3,692.3	4,290.1	3,873.7	4.9
Other Transfers	267.0	159.2	230.7	230.7	44.9
Federal Revenues	124.3	124.3	194.3	194.3	56.3
SOURCES TOTAL	3,740.7	3,975.8	4,715.1	4,298.7	8.1
USES					
Personal Services and Employee Benefits	3,306.1	3,703.9	4,351.1	4,021.4	8.6
Contractual Services	161.6	44.6	116.6	50.0	12.1
Other	272.4	227.3	247.4	227.3	0.0
TOTAL USES	3,740.1	3,975.8	4,715.1	4,298.7	8.1
FTE					
Permanent	41.0	43.0	45.0	44.0	2.3
Term	10.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	51.0	54.0	56.0	55.0	1.9

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Additional Attorney and Support Staff (2 FTE)</u>	<u>(P262)</u>	<u>158.0</u>	<u>70.8</u>
TOTAL			158.0	70.8

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory Output	Number of cases referred for screening	3,837	2,936			
	Number of cases in which defendant was referred into a pre-prosecution diversion program	78	115	75	100	100
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.25	3.9	3	4	3
Efficiency	Average time from filing of charges to final disposition for adults, in months	9.19	10.07	9	9	9
Output	Number of cases prosecuted as a percentage of those referred for screening	94.78%	92%	85%	85%	85%
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	244.6	185	185	185

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,403.1	5,820.8	6,816.2	6,038.3	3.7
Other Revenues	154.2	155.5	200.0	200.0	28.6
SOURCES TOTAL	5,557.3	5,976.3	7,016.2	6,238.3	4.4
USES					
Personal Services and Employee Benefits	4,673.7	5,452.6	6,178.1	5,644.6	3.5
Contractual Services	155.5	101.8	207.2	171.8	68.8
Other	606.3	421.9	630.9	421.9	0.0
TOTAL USES	5,435.5	5,976.3	7,016.2	6,238.3	4.4
FTE					
Permanent	80.0	80.0	80.0	80.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	83.0	83.0	83.0	83.0	0.0

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
<u>1</u>	<u>Case Management Order</u>	<u>(P263)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL			0.0	0.0

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Number of cases referred for screening	5,792	5,803			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	65	184	110	200	200
Output	Number of cases prosecuted as a percent of those referred for screening	94.95%	93.1%	85%	85%	85%
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5.2	5.2	3	4	3
Efficiency	Average time from filing charges to final disposition for adults, in months	8.3	8.5	9	9	9
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	NEW			
Explanatory	Number of pretrial detention motions made	NEW	NEW			
Explanatory	Percent of pretrial detention motions granted	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	NEW	232	185	185	185

STATUTORY AUTHORITY:

The Administrative Office of the District Attorneys (AODA) provides administrative support to 14 district attorney offices statewide pursuant to section 36-1-26 NMSA 1978. The office centralizes district attorney personnel, training, and victim notification functions and maintains a consolidated information technology plan. AODA also administers state funding for the forensic evaluation program, which consists of eight children's safe houses throughout the state, and the New Mexico Children's Safe House 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, and administrative technical support and to achieve objectives that will benefit and improve the offices of the district attorneys.

BUDGET SUMMARY (dollars in thousands)					
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,302.7	2,466.1	3,417.3	2,541.1	3.0
Other Revenues	314.9	273.3	254.5	254.5	-6.9
Fund Balance	274.3	0.0	0.0	0.0	
SOURCES TOTAL	2,891.9	2,739.4	3,671.8	2,795.6	2.1
USES					
Personal Services and Employee Benefits	1,340.5	1,589.2	1,867.3	1,645.4	3.5
Contractual Services	335.8	297.3	516.3	297.3	0.0
Other	863.0	852.9	1,288.2	852.9	0.0
TOTAL USES	2,539.3	2,739.4	3,671.8	2,795.6	2.1
FTE					
Permanent	15.0	15.0	17.0	15.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	18.0	16.0	0.0

AT A GLANCE:

The Administrative Office of the District Attorneys (AODA) provides continuing legal education events throughout the year for district attorneys, staff, and other lawyers in the state, houses the case management system used by all district attorneys and the Attorney General, and occasionally prosecutes conflict cases. In FY20, the Administrative Office of the District Attorneys (AODA) received \$300 thousand in general fund revenue to update the case management system used by district attorneys and other justice partners, which should improve agency performance and all district attorney reporting for FY20.

AODA requested an overall budget of \$3.7 million, including \$950 thousand in general fund revenue, a 38 percent increase compared with the FY20 operating budget. The request decreased the use of other revenues by \$41.6 thousand, or 6.9 percent. In the base, the request included funding for new IT security equipment, increased travel costs, vacancy rate reduction. The agency also asked for 2 expansion FTE for a deputy district attorney and an IT network specialist. The committee recommendation increases AODA general fund revenue by \$75 thousand, or 3 percent from the FY20 budget, to lower the vacancy rate and fill IT positions. The committee does not recommend any expansions.

BASE EXPANSION LISTING FY21 - 2020-2021				
Agency Rank	(Program)	Agency Request	LFC Recommendation	
1	IT Network Specialist (1 FTE) (P264)	90.7	0.0	
2	Deputy DA (1 FTE) (P264)	120.7	0.0	
TOTAL		211.4	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 they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Efficiency	Average time to resolve information technology helpdesk tickets in hours	220	281	7	7	7
Output	Number of continuing legal education hours provided by AODA at training events	3,440	3,072	5,300	5,300	5,300
Explanatory	Number of information technology and application helpdesk requests received	NEW	1,271			

STATUTORY AUTHORITY:

The Public Defender Commission (PDC) 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. The commission also sets standards for operation of the department and of indigence, which the courts use in determining when defendants are eligible for state-funded defense.

MISSION:

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

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19	FY20	FY21 – 2020-2021			
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	52,129.7	55,488.0	62,032.6	57,713.5	4.0	
Other Revenues	437.8	150.0	441.9	441.9	194.6	
Fund Balance	0.0	125.0	125.0	125.0	0.0	
SOURCES TOTAL	52,567.5	55,763.0	62,599.5	58,280.4	4.5	
USES						
Personal Services and Employee Benefits	32,550.0	35,648.8	39,307.6	37,056.7	3.9	
Contractual Services	14,122.3	14,271.5	16,791.9	14,981.0	5.0	
Other	5,860.6	5,842.7	6,500.0	6,242.7	6.8	
TOTAL USES	52,532.9	55,763.0	62,599.5	58,280.4	4.5	
FTE						
Permanent	439.0	439.0	484.0	439.0	0.0	
TOTAL FTE POSITIONS	439.0	439.0	484.0	439.0	0.0	

AT A GLANCE:

The Public Defender Department (PDD) requested a total budget of \$62.6 million, a \$6.8 million, or 12 percent, increase over the FY20 operating budget. The overall request included an increase in general fund revenue of \$6.5 million, 11.8 percent, an increase in other revenues of \$291 thousand from increased legal fees and kept the use of fund balance flat. The requested increase included funding to compensate contract attorneys on an hourly basis, hire 45 in-house attorneys, cover increased lease costs, create new social worker contracts, and provide geographical pay differentials to improve recruitment and retention in rural New Mexico.

The committee recommendation increases general fund revenue to PDD by \$2.2 million, or 4 percent, and fully supports the agency request to increase other revenues. The recommendation allows the agency to hire new attorneys, increase the number of contract attorneys compensated on an hourly basis, fund lease costs, and increase social worker contracts.

BUDGET ISSUES:

PDD continues to make progress in reducing attorney caseloads, improving performance reporting and management, and adapting to criminal justice reforms. Despite the agency's success in reducing the vacancy rate from a high of 20 percent in FY17 to 9 percent in FY20, some judicial districts still lack sufficient attorneys to implement national best practices for defense, such as providing counsel at first court appearances.

The department relies heavily on contract attorneys when there is a conflict of interest, where caseloads are unmanageable, and as the primary indigent defense in the 18 counties with no public defender office. Currently, contract attorneys are paid a flat rate per case, regardless of time or labor, which may incentivize contractors to focus on the volume of cases defended rather than the quality of defense. To address this issue, as well as retain contract attorneys, PDD has advocated to compensate contract attorneys on an hourly basis. In 2019, the Legislature set a \$1.5 million cap allowing PDD to pilot hourly compensation for contractors in complex and time-intensive cases that, when resolved, will provide any data linking the compensation rate for contract attorneys and case outcomes. PDD requested a total of \$2.2 million, including \$1.8 million from the general fund, to increase hourly compensation for contract attorneys in FY21.

While counties are statutorily required to provide district court houses and district attorney offices, no such obligation exists for public defender offices. Accordingly, nearly \$3 million, or 5 percent, of the PDD FY20 budget is for lease costs. PDD requested an additional \$646 thousand, including \$420 thousand of general fund revenue, for increased lease costs and expanded office space.

The committee recommendation increases general fund revenue by \$2.3 million, or 4 percent, over the FY20 operating budget. The recommendation prioritizes workload needs, with an increase of \$900 thousand in general fund revenue for new attorneys, and \$500 thousand general fund for hourly contract attorney compensation. The recommendation fully supports the agency request for a \$175 thousand general fund increase for social worker contracts and \$210 thousand to continue geographic pay differentials in rural areas of the state.

PUBLIC DEFENDER DEPARTMENT

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so 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 sustains New Mexico’s statutory and constitutional mandate to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	11,584	13,990	7,000	7,000	10,000
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	75%	80%	70%	70%	70%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	88%	88%	80%	80%	80%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	34%	69%	70%	70%	70%
Output	Number of alternative sentencing treatment placements in felony, misdemeanor and juvenile cases for clients of contract attorneys	1,454	1,169	1,000	1,000	1,000
Output	Number of cases dismissed in felony, misdemeanor, and juvenile cases	NEW	NEW	8,000	8,000	8,000
Output	Number of cases closed by attorneys	NEW	NEW	30,000	60%	30,000
Output	Average number of cases opened by district	NEW	NEW	25,000	25,000	25,000
Output	Difference between the number of cases opened and closed by office	NEW	NEW	60%	60%	60%
Output	Average cases assigned to attorneys yearly	302	226	330	330	300
Output	Average time to case disposition, in months	6	6	6	6	6

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. 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 legal officer, legal counsel to state government, and consumer advocate.

MISSION:

The New Mexico Attorney General (NMAG) provides legal opinions to various governmental entities and state officials as requested. The Attorney General's duties include prosecuting and defending all cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal. NMAG also provides programs and publications to educate New Mexico residents about their rights concerning governmental access and consumer protection.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	13,323.0	14,603.0	17,442.3	14,821.7	1.5
Other Transfers	3,676.3	6,353.3	6,000.9	6,725.9	5.9
Federal Revenues	2,933.8	3,761.0	3,761.0	3,761.0	0.0
Other Revenues	964.2	0.0	0.0	0.0	
Fund Balance	0.0	80.1	0.0	0.0	-100.0
SOURCES TOTAL	20,897.3	24,797.4	27,204.2	25,308.6	2.1
USES					
Personal Services and Employee Benefits	17,266.6	20,062.8	22,404.1	20,644.0	2.9
Contractual Services	638.6	1,128.6	1,085.7	1,085.7	-3.8
Other	2,992.1	3,606.0	3,714.4	3,578.9	-0.8
TOTAL USES	20,897.3	24,797.4	27,204.2	25,308.6	2.1
FTE					
Permanent	184.0	188.0	203.0	197.0	4.8
Term	16.0	18.0	11.0	11.0	-38.9
Temporary	4.0	4.0	2.0	2.0	-50.0
TOTAL FTE POSITIONS	204.0	210.0	216.0	210.0	0.0

AT A GLANCE:

NMAG requested a total budget of \$27.2 million, a \$2.4 million, or 10 percent, increase over the FY20 operating budget. The overall request included an increase in general fund revenue of \$2.8 million, a \$6 million request from consumer settlement fund balances, and \$1.3 million in federal revenue. The request included \$1.3 million for base increases and an additional \$1.4 million for five expansion positions and salary increases agencywide.

The LFC recommendation includes a total general fund increase of \$218.7 thousand, or 1.5 percent, to fund personnel related rate increases and maintain federal match rates. The LFC recommendation also includes \$725 thousand from the mortgage regulatory fund and the agency request of \$6 million from the consumer settlement fund.

BUDGET ISSUES:

In 2019, the Legislature increased general fund revenue to the Attorney General office by \$1.3 million, or 10 percent, to compensate for declining revenue to the consumer settlement fund when the annual Pojoaque gaming settlements ceased in 2018. However, other settlement revenue to the consumer settlement fund increased over the last three years, with nearly \$10 million of settlement revenue in FY19 alone. The consumer settlement fund balance at the start of FY20 was \$15.7 million, up from \$6 million in FY17.

In the Legal Services Program, NMAG requested a \$2.4 million, or 11.1 percent, increase, of which \$1.8 million was related to two expansion requests. NMAG's base request included a general fund increase of \$1.3 million, or 10 percent, including \$800 thousand to reduce the vacancy rate to 5 percent, \$138.6 thousand to pay for increases in insurance, and \$150 thousand for travel, contract legal services, and miscellaneous costs. The request discontinued use of \$725 thousand from the mortgage regulatory fund to support operating costs in the Legal Services Program. The loss of mortgage regulatory fund revenue was offset with the use of general fund and consumer settlement fund.

The committee recommendation increases general fund revenue to the Legal Services Program by \$138.6 thousand, or 1 percent, over the FY20 operating budget to fully fund insurance rate increases. The recommendation includes \$6 million from the consumer settlement fund and continues use of \$725 thousand from the mortgage regulatory fund.

NMAG requested a flat budget for the Medicaid Fraud Program but reduced the request for the other costs category by \$86.9 thousand and increased the personal services and employee benefits category by the same amount. The LFC recommendation fully funds the agency request.

BASE EXPANSION:

For FY21, NMAG requested two expansions in the Legal Services Program: \$1.3 million to increase salaries agencywide to make pay more competitive with other state agencies and \$534.1 thousand for 5 additional FTE for a cybercrimes unit to identify and prevent domestic terror threats made online. The recommendation does not support either expansion because NMAG has significant vacancy savings and unfilled positions that could be reprioritized to meet the agency’s needs without additional general fund appropriations.

RECOMMENDED LANGUAGE:

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes six million nine hundred dollars (\$6,000,900) from the consumer settlement fund of the office of the attorney general.

The internal service fund/interagency transfers appropriations to the legal services program of the attorney general include seven hundred twenty-five thousand dollars (\$725,000) from the mortgage regulatory fund of the regulation and licensing department. Any unexpended balance from appropriations made from the mortgage regulatory fund shall revert to the mortgage regulatory fund.

**BASE EXPANSION LISTING
FY21 - 2020-2021**

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Salary structure adjustment	1,300.0	0.0
2	Cybercrimes Unit (5 FTE)	534.1	0.0
TOTAL		1,834.1	0.0

LEGAL SERVICES

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

**BUDGET SUMMARY
(dollars in thousands)**

	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,603.0	13,883.0	16,642.2	14,021.6	1.0
Other Transfers	3,676.3	6,353.3	6,000.9	6,725.9	5.9
Federal Revenues	939.6	1,360.6	1,360.6	1,360.6	0.0
Other Revenues	964.2	0.0	0.0	0.0	
SOURCES TOTAL	18,183.1	21,596.9	24,003.7	22,108.1	2.4
USES					
Personal Services and Employee Benefits	15,146.9	17,582.4	19,836.8	18,076.7	2.8
Contractual Services	481.8	1,038.6	995.7	995.7	-4.1
Other	2,554.4	2,975.9	3,171.2	3,035.7	2.0
TOTAL USES	18,183.1	21,596.9	24,003.7	22,108.1	2.4
FTE					
Permanent	159.0	163.0	178.0	172.0	5.5
Term	16.0	18.0	11.0	11.0	-38.9
Temporary	4.0	4.0	2.0	2.0	-50.0
TOTAL FTE POSITIONS	179.0	185.0	191.0	185.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of registrants at presentations conducted throughout the state and online	56,537	21,271	50,000	50,000	50,000
Output	Number of administrative prosecutions on professional licenses	NEW	128	800	100	150
Output	Number of investigations and prosecutions involving child victims	490	922	400	400	500
Output	Number of public corruption and first- or second-degree felony matters accepted for investigation, or prosecution or both that do not involve child victims	52	125	40	40	75
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within thirty days of referral	100%	100%	100%	100%	100%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	NEW	223			
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	92%	93.9%	80%	80%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	11.97	12			
Explanatory	Number of cases reviewed for prosecution	95	98			

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	720.0	720.0	800.1	800.1	11.1
Federal Revenues	1,994.2	2,400.4	2,400.4	2,400.4	0.0
Fund Balance	0.0	80.1	0.0	0.0	-100.0
SOURCES TOTAL	2,714.2	3,200.5	3,200.5	3,200.5	0.0
USES					
Personal Services and Employee Benefits	2,119.7	2,480.4	2,567.3	2,567.3	3.5
Contractual Services	156.8	90.0	90.0	90.0	0.0
Other	437.7	630.1	543.2	543.2	-13.8
TOTAL USES	2,714.2	3,200.5	3,200.5	3,200.5	0.0
FTE					
Permanent	25.0	25.0	25.0	25.0	0.0
TOTAL FTE POSITIONS	25.0	25.0	25.0	25.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$4,042	\$1,226			
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	5	5	5	5	10
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within one hundred and eighty days of receipt	69%	71%	65%	65%	65%
Efficiency	Percent of referrals from the department of human services where medicaid fraud control unit responds within fifteen days	83%	100%	85%	85%	90%

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the Office of the 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 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					Percent Incr (Decr)
	(dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021			
		Agency <u>Request</u>	LFC <u>Recommendation</u>			
SOURCES						
General Fund Transfers	2,724.2	3,206.3	4,392.2	3,343.3	4.3	
Other Revenues	480.0	454.1	300.0	454.1	0.0	
Fund Balance	285.1	307.3	0.0	300.0	-2.4	
SOURCES TOTAL	3,489.3	3,967.7	4,692.2	4,097.4	3.3	
USES						
Personal Services and Employee Benefits	2,565.2	3,336.3	3,897.4	3,415.2	2.4	
Contractual Services	154.8	47.3	126.2	98.1	107.4	
Other	410.7	584.1	668.6	584.1	0.0	
TOTAL USES	3,130.7	3,967.7	4,692.2	4,097.4	3.3	
FTE						
Permanent	35.0	38.0	40.0	38.0	0.0	
Term	0.0	0.0	1.0	0.0		
Temporary	0.0	0.0	2.0	0.0		
TOTAL FTE POSITIONS	35.0	38.0	43.0	38.0	0.0	

AT A GLANCE:

For FY21, the Office of the State Auditor (OSA) requested a general fund revenue increase of nearly \$1.2 million, or 37 percent, over its FY20 operating budget. The requested increase included a 5 percent salary increase for 23 audit positions, totaling approximately \$80 thousand, to better hire and retain qualified audit and investigative personnel. The salary increase was incorporated into the request as an additional FTE. The request also included 4 additional FTE – an administrative support employee, a financial specialist, and two interns.

OSA's request included a decrease of \$154.1 thousand in other revenues from audit fees. The office requested a decrease in audit fee revenue to be able to select audits based on risk and need. For FY21, the office did not request any fund balance appropriations.

The committee recommendation provides a \$137 thousand increase in general fund revenue to increase audit staff salaries, ensure cybersecurity testing, and provide audit assistance to local public bodies. The committee recommendation also includes \$454.1 thousand in audit revenue and \$300 in audit fund balances.

BUDGET ISSUES:

OSA's FY21 budget request included 4 additional FTE, as well as \$73.6 thousand for a new internship program. The budget request also included an increase of \$20 thousand for cybersecurity testing, \$37 thousand for contracts with audit and legal professionals, and \$15 thousand to establish a Las Cruces office to work with stakeholders in Southern New Mexico. OSA also requested an increase of \$50 thousand for funding to local public bodies for assistance in meeting audit requirements.

For FY20, the agency's operating budget increased 14 percent, but the office had a funded vacancy rate of nearly 25 percent, equivalent to 8.6 FTE, based on average FTE cost.

In FY19, audit fee revenue was \$480 thousand. The office requested a decrease in audit fee revenue budgeted for FY21, indicating that less reliance on audit fee revenues would allow the office to select audits with a great focus on risk and need.

The committee recommendation for FY21 includes \$454.1 thousand in audit fee revenue, the amount budgeted in FY20. The committee recommends that OSA focus its audit efforts on larger, higher-risk agencies, for example those that receive significant amounts of federal funding.

The office did not request any fund balance revenue for FY21. Projected fund balances at the end of FY21 are \$554.6 thousand. The committee recommendation includes \$300 thousand in audit fund balances.

Guardianships and Conservatorships. In FY19, OSA conducted a pilot project with the Administrative Office of the Courts (AOC) to review compliance of guardians and conservators. In FY20, OSA added 3 FTE to conduct audits of conservatorship accounts and continue working with AOC.

Comprehensive Annual Financial Review. The Department of Finance and Administration (DFA) released the 2018 comprehensive annual financial report (CAFR) on May 24, 2019. The current group audit process affects timely release of the CAFR, because development of the CAFR can only begin after completion of individual agency audits, some of which are not complete until January of the following fiscal year. OSA will audit the 2019 combined CAFR. In 2018, Senate Bill 316, which was tabled, would have only required individual financial audits to be conducted by government entities identified by OSA. A joint DFA-OSA task force recommended the state maintain the current system of required independent financial audits at the agency level.

At-Risk List. In October 2019, OSA identified 10 state entities that were at risk due to adverse or disclaimed audit opinions and 19 entities at risk due to late audit reports. The latter category included nine land grants.

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Total audit fees generated	\$454,059	\$526,740	\$450,000	\$300,000	\$400,000
Output	Number of training sessions performed	19	21	22	22	25
Output	Number of working paper reviews of independent public accountants	45	27	45	30	45
Outcome	Number of audits of conservatorship or guardianship reports conducted	NEW	NEW	40	40	40
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	NEW	NEW	NEW	45%	45%
Output	Number of attendees at training sessions	NEW	NEW	NEW	1,500	1,500
Output	Number of outreach events in rural (class B and under) counties	NEW	NEW	NEW	4	4

STATUTORY AUTHORITY:

Sections 9-11-1 through 9-11-15 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-county shared taxes, such as gross receipts, and distributes revenue 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 the Taxation and Revenue Department is to administer and enforce, with fairness warranting the public's confidence, New Mexico's taxation and revenue laws and motor vehicle code through a system that efficiently and securely delivers quality customer services.

BUDGET SUMMARY
(dollars in thousands)

	FY19		FY20		FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>		2019-2020 <u>Budgeted</u>		Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES							
General Fund Transfers	53,732.2		63,602.3		69,104.3	66,796.6	5.0
Federal Revenues	1,024.3		1,584.8		1,526.8	1,526.8	-3.7
Other Revenues	39,475.6		26,828.9		32,680.8	35,533.3	32.4
Fund Balance	0.0		0.0		2,050.0	2,050.0	
SOURCES TOTAL	94,232.1		92,016.0		105,361.9	105,906.7	15.1
USES							
Personal Services and Employee Benefits	49,494.3		61,686.0		66,180.5	65,420.2	6.1
Contractual Services	13,149.0		12,575.2		15,310.8	15,084.3	20.0
Other	17,612.0		14,440.9		20,556.7	19,235.8	33.2
Other Financing Uses	0.0		3,313.9		3,313.9	6,166.4	86.1
TOTAL USES	80,255.3		92,016.0		105,361.9	105,906.7	15.1
FTE							
Permanent	1,028.5		1,034.5		1,040.5	1,034.5	0.0
Term	29.0		29.0		29.0	29.0	0.0
Temporary	9.3		9.3		9.3	9.3	0.0
TOTAL FTE POSITIONS	1,066.8		1,072.8		1,078.8	1,072.8	0.0

AT A GLANCE:

For FY21, the Taxation and Revenue Department (TRD) requested a general fund revenue increase of \$5.5 million, or 8.7 percent above the FY20 operating budget. The requested increase included \$2.7 million to reclassify positions in the Motor Vehicle Division (MVD), \$1.4 million for building lease costs across divisions, and \$1.4 million for information technology (IT) services and maintenance. The agency also requested six additional FTE for the Tax Administration Program as part of the transfer of the tax insurance premium program from the Office of the Superintendent of Insurance (OSI) to TRD. The agency's total FY21 request was \$105.4 million.

The committee recommendation provides a general fund revenue increase of \$3.2 million, or 5 percent, from the FY20 operating budget for appropriate placement of clerks and to lower unfunded vacancy rates primarily for the MVD, cover anticipated field office lease cost increases across the agency, and upgrade and maintain systems integral for implementing legislative tax policy changes. With other state funds, the committee funds six previously authorized but unfunded positions instead of adding more FTE. The total recommendation provides \$105.9 million.

TRD requested \$3.3 million from the weight distance permit identification fund: \$3.2 million to transfer to the Department of Transportation (NMDOT) to offset costs of running port of entry facilities and \$94.5 thousand to transfer to the Department of Public Safety (DPS) for the Law Enforcement Program. In FY19, the fund received \$7.7 million. LFC recommends \$6.2 million from the fund – \$3 million more than requested by TRD – to reflect increased revenues resulting from increasing the fees from \$5 to \$10 per permit. The LFC recommendation continues the transfer of \$94.5 thousand to DPS but increases the transfer to NMDOT to pay for a larger portion of the costs of operating port facilities statewide.

BUDGET ISSUES:

TRD faced significant changes to its processes and IT infrastructure in FY19 due to provisions in Chapter 270 and other 2019 legislation authorizing a number of changes to New Mexico's tax code, including taxation of Internet sales, personal income tax, and film tax credits. FAST Enterprises, LLC, which provides the state's GenTax tax administration system, quoted TRD a cost of over \$20 million to make changes to the system. TRD is implementing the changes through targeted use of contractual resources, shifting from deliverables-based contracts with FAST to time-and-materials contracts to support internal TRD software developments. TRD estimates implementation will cost approximately \$7 million.

The department requested a special appropriation of \$10 million for FY21 that would be used to contract with vendors to implement changes in GenTax and Tapestry systems, in the case of further statutory changes to the tax code or motor vehicle code.

TRD will take over administration of the insurance premium tax program from OSI on January 1, 2021. Six FTE will move from OSI to TRD as part of this transition. TRD estimated incorporating the collection of insurance premium tax into its GenTax software system would initially cost \$6.3 million but now reports the department can execute the insurance changes with existing funding.

High vacancy rates across TRD impact service levels. The department's current funded vacancy rate is 14 percent. Based on average salary costs, TRD could fill 124 vacancies with its FY20 operating budget.

Motor Vehicle Division. Beginning in October 2020, Real ID-compliant driver's licenses will be required for air travel in the United States, as well as to enter federal buildings. In June, TRD announced 70 percent of New Mexico licenses and ID cards were Real ID compliant. MVD issuance of Real ID-compliant licenses, which began in 2016, has contributed to longer wait times, often due to confusion about documents needed to obtain credentials.

In FY19, the average wait time in MVD field offices with Qmatic systems was 16 minutes, a decrease from previous years, but above the target of 15 minutes. Phone wait times were over 14 minutes on average, nearly triple the target wait time of less than 5 minutes. MVD faces a high vacancy rate, with 24 percent of positions unfilled across the division, and call center vacancy rates of over 35 percent. In FY19, the department paid \$658 thousand to a staffing agency for temporary MVD staff.

For FY21, TRD requested \$2.7 million in general fund revenues to reclassify MVD positions to more easily hire and retain employees. The reclassification would result in an average pay increase of 17 percent for almost three-quarters of MVD employees. The committee recommendation supports the request and, to partly offset the general fund revenue required, redirects funding for substitute clerk coverage from staff relief agencies to reclassification and reorganization efforts.

Audit and Compliance. LFC has raised concerns about out-of-state oil and gas workers in southern New Mexico compliance with personal income tax law, estimating a potential loss of up to \$25 million in tax revenues. TRD has increased audit activities, including direct observation and use of third-party data, to identify noncompliance, and identified a small number of companies in the region that do not have tax ID numbers and are not in TRD's databases. TRD also found that only 65 percent of out-of-state companies reported employees and 56 percent reported paying workers' compensation, indicating a potential gap in reporting. The department plans to include audits of personal income tax, corporate income tax, gross receipts tax, and withholding in all severance tax audits of oil and gas companies.

TRD also faces compliance issues with other smaller tax programs, including workers' compensation, telecommunications relay surcharge (TRS) and E-911. TRD performed an analysis of TRS and E-911 accounts in fall 2018, finding that of 852 TRS and E-911 accounts, 284 had one account but not the other. TRD sent letters to companies that were not in compliance but received a limited response. The department may engage in audits to remediate the issue.

Although the concerns are not as heightened as in previous years, unresolved tax abatement and refund claim protests had grown to a potential \$545 million by June 30, 2019. If the state loses a significant protest claim, other taxpayers may file amended tax returns to claim abatements or refunds based on the decision. At a 2018 LFC hearing, TRD reported the department would supply additional data on refund protests; however, some data requested remains outstanding - including for FY19.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the motor vehicle program of the taxation and revenue department includes six million seventy-one thousand nine hundred dollars (\$6,071,900) from the weight distance tax identification permit fund for the modal program of the department of transportation and ninety-four thousand five hundred dollars (\$94,500) from the weight distance tax identification permit fund for the law enforcement program of the department of public safety.

TAX ADMINISTRATION

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

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	22,147.9	29,579.5	27,676.0	27,369.2	-7.5
Federal Revenues	938.6	1,506.8	1,526.8	1,526.8	1.3
Other Revenues	5,672.1	1,120.3	6,511.3	6,511.3	481.2
SOURCES TOTAL	28,758.6	32,206.6	35,714.1	35,407.3	9.9
USES					
Personal Services and Employee Benefits	21,869.3	26,376.9	28,426.1	28,426.1	7.8
Contractual Services	125.1	319.8	145.2	145.2	-54.6
Other	6,003.2	5,509.9	7,142.8	6,836.0	24.1
TOTAL USES	27,997.6	32,206.6	35,714.1	35,407.3	9.9
FTE					
Permanent	460.5	455.5	461.5	455.5	0.0
Term	26.0	26.0	26.0	26.0	0.0
Temporary	9.3	9.3	9.3	9.3	0.0
TOTAL FTE POSITIONS	495.8	490.8	496.8	490.8	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Average return on investment for every dollar invested in the audit and compliance division	11.2:1	12.3:1	12:1	12:1	12:1
Explanatory	Percent of electronically filed returns for personal income tax and combined reporting system	87%	88%			
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days	100%	100%	100%	100%	100%
* Outcome	Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	17%	19%	23%	23%	23%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	80%	85%			
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	4.4%	5.2%			
Output	Number of personal income tax returns flagged as questionable	NEW	NEW	50,000	50,000	50,000
Output	Personal income tax returns processed, in millions	NEW	NEW	\$1.1	\$1.1	\$1.1
* Outcome	Collections as a percent of collectible audit assessments generated in the previous fiscal year	NEW	NEW	NEW	65%	65%

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)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	General Fund Transfers	11,743.5	12,044.2	17,490.8	16,315.7	35.5
	Federal Revenues	85.7	78.0	0.0	0.0	-100.0
	Other Revenues	25,918.4	20,769.5	20,840.0	23,692.5	14.1
	Fund Balance	0.0	0.0	2,050.0	2,050.0	
	SOURCES TOTAL	37,747.6	32,891.7	40,380.8	42,058.2	27.9
USES						
	Personal Services and Employee Benefits	13,852.7	16,178.5	18,577.5	17,887.2	10.6
	Contractual Services	7,990.6	7,654.3	9,687.7	9,687.7	26.6
	Other	8,587.9	5,745.0	8,801.7	8,316.9	44.8
	Other Financing Uses	0.0	3,313.9	3,313.9	6,166.4	86.1
	TOTAL USES	30,431.2	32,891.7	40,380.8	42,058.2	27.9
FTE						
	Permanent	335.0	335.0	335.0	335.0	0.0
	Term	3.0	3.0	3.0	3.0	0.0
	TOTAL FTE POSITIONS	338.0	338.0	338.0	338.0	0.0

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of registered vehicles with liability insurance	90%	90.4%	93%	93%	93%
* Efficiency	Average call center wait time to reach an agent, in minutes	3:55	14:09	<4:00	<10:00	<7:00
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	20:45	16:01	<15:00	<35:00	<20:00
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records on receipt	1.09	1.15	1	1	1
Quality	Percent of customers rating customer service as good or higher	98%	98%	>98%	>98%	>98%
Explanatory	Web transactions as a percent of total transactions	26.78%	21.7%			

PROPERTY TAX

The purpose of the 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)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Other Revenues	5,163.0	4,280.7	4,280.7	4,280.7	0.0
	SOURCES TOTAL	5,163.0	4,280.7	4,280.7	4,280.7	0.0
USES						
	Personal Services and Employee Benefits	2,050.7	2,850.2	2,850.2	2,850.2	0.0
	Contractual Services	351.5	668.0	668.0	668.0	0.0
	Other	596.8	762.5	762.5	762.5	0.0
	TOTAL USES	2,999.0	4,280.7	4,280.7	4,280.7	0.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
FTE	Permanent	39.0	41.0	41.0	41.0	0.0
	TOTAL FTE POSITIONS	39.0	41.0	41.0	41.0	0.0

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$14.6	\$12.9	\$13.0	\$13.0	\$13.0
Output	Dollar value of all delinquent property tax sales held	NEW	NEW	\$800,000	\$800,000	\$800,000
* Outcome	Percent of total delinquent property taxes recovered	22%	21%	18%	18%	22%

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, to encourage and achieve voluntary compliance with state tax laws.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,575.6	1,612.7	1,766.3	1,696.3	5.2
	SOURCES TOTAL	1,575.6	1,612.7	1,766.3	1,696.3	5.2
USES						
	Personal Services and Employee Benefits	931.2	1,336.2	1,406.2	1,336.2	0.0
	Contractual Services	0.3	6.4	6.4	6.4	0.0
	Other	251.6	270.1	353.7	353.7	31.0
	TOTAL USES	1,183.1	1,612.7	1,766.3	1,696.3	5.2
FTE						
	Permanent	21.0	21.0	21.0	21.0	0.0
	TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	113%	55%	85%	85%	85%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%			
Outcome	Percent of internal investigations completed within sixty days	100%	100%	95%	95%	95%

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 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)

			FY21 - 2020-2021		Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	18,265.2	20,365.9	22,171.2	21,415.4	5.2
Other Revenues	2,722.1	658.4	1,048.8	1,048.8	59.3
SOURCES TOTAL	20,987.3	21,024.3	23,220.0	22,464.2	6.8
USES					
Personal Services and Employee Benefits	10,790.4	14,944.2	14,920.5	14,920.5	-0.2
Contractual Services	4,681.5	3,926.7	4,803.5	4,577.0	16.6
Other	2,172.5	2,153.4	3,496.0	2,966.7	37.8
TOTAL USES	17,644.4	21,024.3	23,220.0	22,464.2	6.8
FTE					
Permanent	173.0	182.0	182.0	182.0	0.0
TOTAL FTE POSITIONS	173.0	182.0	182.0	182.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Number of tax protest cases resolved	1,315	1,003	1,525	80%	
Outcome	Percent of matched combine reporting system taxes distributed timely	100%	100%	100%	100%	100%
Output	Percent of internal audit recommendations implemented	93.65%	60.71%	94%	90%	95%
Explanatory	Number of days after the close of a reporting period that financial reports are available	Next Day	Next Day			
Output	Percent of tax protest cases referred to the administrative hearings office	NEW	NEW	70%	70%	70%
Explanatory	Financial report error rate	0	0			

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by Section 6-8-2 NMSA 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 11 members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, chief financial officer of state institution of higher education, and six public members. Four public members are appointed by the Legislative Council and two are appointed by the governor. The six public members 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 (LGPF) and severance tax (STPF) permanent funds, are to provide permanent and continuing benefits for the present and future citizens of New Mexico from the revenue from lands held in trust and the extraction of certain natural resources. SIC's mission is to optimize the funds to ensure 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	0.0	61,339.2	58,454.1	58,258.6	-5.0
Other Revenues	48,072.9	0.0	0.0	0.0	
SOURCES TOTAL	48,072.9	61,339.2	58,454.1	58,258.6	-5.0
USES					
Personal Services and Employee Benefits	3,549.4	4,301.7	4,521.5	4,359.5	1.3
Contractual Services	43,933.8	56,372.4	53,249.4	53,249.4	-5.5
Other	589.7	665.1	683.2	649.7	-2.3
TOTAL USES	48,072.9	61,339.2	58,454.1	58,258.6	-5.0
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	31.0	31.0	0.0

AT A GLANCE:

For FY21, SIC, which does not receive general fund support, requested a budget of \$58.5 million, a 4.7 percent decrease from the FY20 operating budget. The requested decrease is primarily in the contractual services category due to lower projected asset growth assumptions and lower projected legal costs. The committee recommends an FY21 budget of \$58.3 million, a 5 percent decrease from FY20, which supports the agency's request for a decrease in the contractual services category and aligns funding in the other category with actual expenditures.

BUDGET ISSUES:

For FY21, SIC requested a \$2.9 million decrease from the FY20 operating budget. This includes a \$3.1 million decrease in contractual services for lower expected asset management fees and a \$220 thousand increase in the personal services and employee benefits category, which in total would fund five vacant positions. The agency currently has 3.6 funded vacant positions. SIC has a 22.6 percent vacancy rate (7 FTE) and three of the positions have been unfilled for over two years. The agency expects to fill four of its vacant positions quickly if highly qualified applicants can be found; therefore, the LFC recommendation for the personal services and employee benefits category supports funding for these four positions. The request and recommendation factor in across-the-board pay raises implemented in FY20.

The market value of the funds invested by the SIC increased 6.8 percent during FY19, from \$24.009 billion at the end of June 2018 to \$25.635 billion at the end of June 2019. Despite the increase in asset value, the agency spent less on investment management services in FY19 compared with FY18 due to a lower-than-expected return rate of 5.7 percent in FY19. Total contractual services expenditures in FY19 were 12.8 percent below the FY19 operating budget, and the council projects the upcoming investment environment to produce lower returns than in recent history. Because fees for external managers are based on the dollar amounts of the investments they manage and the performance of those investments, the agency projects fewer dollars will be needed to pay managers in FY21.

Recognizing the expected low-return investment environment, the LFC recommendation supports the agency's request for a 5.5 percent decrease in contractual services from the FY20 operating budget. Despite the requested operating budget decrease, the request and recommendation still provide room for growth in asset management fees above actual FY19 expenditures.

SIC's long-term targeted rate of return is 7 percent for the LGPF and 6.75 percent for the STPF. In FY19, the LGPF and STPF portfolios returned 5.7 percent and 5.4 percent, respectively. SIC expects FY20 asset values to end lower than originally projected and expects lower growth in FY21 assets.

Like many investment agencies, SIC seeks to maximize investment returns by hiring active fund managers. External investment management requires additional contracts and increased fees. Some asset classes, such as equities and fixed income assets, offer little opportunity for investment gains through asset management, and indexing (passive management) is less costly. However, potential exists for investment returns due to manager skill in certain asset classes, such as private equity and real assets. About 75 percent of the LGPF and STPF portfolios are actively managed. In FY19, the permanent funds underperformed their long-term targets for the one-year period but outperformed the target for the three- and 10-year periods. The funds performed near or above the median for public funds of similar size for the one-, three-, five-, and 10-year periods.

The agency's request includes a \$1 million decrease in legal contracts, because SIC approved litigation settlements in May 2019 that essentially closed the book on the pay-to-play litigation ongoing since 2010. The primary defendants in these cases all conceded liability and the settlements will add about \$6 million to the approximately \$51.5 million already collected from more than 20 other litigation targets in the scandal. The committee recommendation supports this request.

Legislation passed in the 2019 regular session transferred management of the tax stabilization reserve – the general fund's "rainy day" account – from the state treasury to SIC. The fund balance of \$526.8 million was transferred to SIC June 30, 2019, with another projected \$440 million to be transferred to the account after the close of the FY19 audit. At its April 2019 meeting, SIC voted on an asset allocation for the tax stabilization reserve that is 80 percent in highly liquid fixed income investments and 20 percent in real estate. The allocation is expected to return about 4.9 percent annually.

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 to maximize distributions to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	-7	11	>25	>25	>25
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	43	35	<49	<49	<49
Outcome	Three-year annualized investment returns to exceed internal benchmarks, in basis points	43	72	>25	>12.5	>25
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	31	37	<49	<49	<49

STATUTORY AUTHORITY:

Sections 7-1B-1 through 7-1B-9 NMSA 1978 create the Administrative Hearings Office (AHO) as an administratively attached office of the Department of Finance and Administration. AHO schedules, conducts, and rules on administrative protest hearings stemming from the Tax Administration Act, the Property Tax Code, the Implied Consent Act, the Motor Vehicle Code, the Insurance Premium Tax Act, and the Medicaid Provider and Managed Care Act.

MISSION:

The mission of the Administrative Hearings Office is to adjudicate administrative hearings held pursuant to the Tax Administration Act, the Property Tax Code, the Implied Consent Act, the Motor Vehicle Code, the Insurance Premium Tax Act, and the Medicaid Provider and Managed Care Act consistent with applicable legal authority in a fair, efficient, and impartial manner.

BUDGET SUMMARY (dollars in thousands)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	1,683.6	1,857.6	2,031.2	1,885.8	1.5	
Other Transfers	0.0	0.0	0.0	50.0		
Other Revenues	165.0	165.0	165.0	165.0	0.0	
SOURCES TOTAL	1,848.6	2,022.6	2,196.2	2,100.8	3.9	
USES						
Personal Services and Employee Benefits	1,422.9	1,725.6	1,842.8	1,747.4	1.3	
Contractual Services	20.7	42.7	76.1	76.1	78.2	
Other	240.0	254.3	277.3	277.3	9.0	
TOTAL USES	1,683.6	2,022.6	2,196.2	2,100.8	3.9	
FTE						
Permanent	16.0	17.0	18.0	17.0	0.0	
TOTAL FTE POSITIONS	16.0	17.0	18.0	17.0	0.0	

AT A GLANCE:

AHO requested a general fund revenue increase of \$173.6 thousand, or 9.3 percent over the FY20 operating budget. The request also includes \$165 thousand from the motor vehicle suspense fund. LFC recommends a general fund increase of 1.5 percent, or \$28.2 thousand, from the FY20 operating budget, as well as \$50 thousand in internal service/interagency transfers from the Human Services Department (HSD).

BUDGET ISSUES:

AHO requested a general fund increase of \$117.2 thousand over the FY20 operating budget to hire an additional tax hearing officer. The agency also requested an increase of \$33.4 thousand in contractual services for a contracted hearing officer, and an increase of \$23 thousand to cover IT costs, including IT for temporary office space during renovations to the Wendell Chino building in 2020.

As a result of 2019 legislative changes, the office will conduct hearings under the Insurance Premium Tax Act (Chapter 47) and the Medicaid Provider and Managed Care Act (Chapter 215) beginning on January 1, 2020. The Office of Superintendent of Insurance, which currently conducts insurance premium tax hearings, conducts one hearing on average per year, making it unlikely that AHO will see hearing volumes increase significantly. The Human Services Department (HSD) is statutorily obligated to reimburse AHO for the costs of a contract hearing officer for the Medicaid Provider and Managed Care Act (Section 27-11-11 NMSA 1978).

The LFC recommendation supports a general fund increase to the personal services and employee benefits category of \$21.8 thousand, or 1.3 percent, allowing AHO to fully fund a vacant position. The recommendation supports a requested \$50 thousand increase in the contractual services category, from interagency transfers from HSD, allowing AHO to hire a contract hearing officer to conduct Medicaid-related hearings. The recommendation supports the request for funding in the other category.

The office did not meet its performance measure to conduct tax hearings within 90 days of the acknowledged protest due to TRD's untimely filing of hearing requests.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the administrative hearings office includes one hundred sixty-five thousand dollars (\$165,000) from the motor vehicle suspense fund.

The internal service funds/interagency transfers appropriation to the administrative hearings office includes fifty thousand dollars (\$50,000) from the human services department for costs of conducting administrative hearings under the Medicaid Provider and Managed Care Act.

ADMINISTRATIVE HEARINGS

The purpose of the administrative hearings program is to adjudicate tax-, property- and motor-vehicle-related administrative hearings in a fair, efficient and impartial manner independent of the executive agency that is party to the proceedings.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.06%	0.08%	<0.5%	<0.5%	<0.5%
Outcome	Percent of tax cases not held (including merits and scheduling conference) within ninety days because of administrative hearings office error	1.86%	3.09%	<2.5%	<2.5%	<2.5%
Outcome	Number of tax protest and or implied consent act trainings conducted annually	4	4	4	4	5

STATUTORY AUTHORITY:

The Department of Finance and Administration (DFA) is authorized pursuant to Sections 9-6-1 through 9-6-5.2 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. These duties are detailed in Sections 6-3-1 through 6-3-25 NMSA 1978; Sections 6-3A-1 through 6-3A-9 NMSA 1978; Sections 6-5-1 through 6-5-11 NMSA 1978; 6-1-1 NMSA 1978; 9-6-15 NMSA 1978; 6-4-1 NMSA 1978; and 6-6-2 NMSA 1978.

The department consists of four programs: Policy Development; Fiscal and Budgetary Analysis and Oversight; Program Support; Community Development, Local Government Assistance and Fiscal Oversight; and Fiscal Management and Oversight.

MISSION:

The Department of Finance and Administration (DFA) provides the Office of the Governor, other agencies and local entities with fiscal and policy analysis and budgetary services to ensure responsive and fiscally responsible governance for the citizens of New Mexico.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	19,385.1	21,268.1	24,129.9	22,235.9	4.6
Other Transfers	17,351.6	17,500.0	17,000.0	17,000.0	-2.9
Federal Revenues	11,086.6	10,203.3	10,203.3	10,203.3	0.0
Other Revenues	85,502.6	87,227.1	92,292.0	92,292.0	5.8
Fund Balance	0.0	583.2	583.2	583.2	0.0
SOURCES TOTAL	133,325.9	136,781.7	144,208.4	142,314.4	4.0
USES					
Personal Services and Employee Benefits	10,683.0	12,798.8	13,895.0	13,317.3	4.1
Contractual Services	5,357.1	7,790.3	8,326.6	7,844.7	0.7
Other	35,263.8	59,862.6	60,956.8	60,122.4	0.4
Other Financing Uses	50,030.0	56,330.0	61,030.0	61,030.0	8.3
TOTAL USES	101,333.9	136,781.7	144,208.4	142,314.4	4.0
FTE					
Permanent	130.0	129.0	135.0	134.0	3.9
Term	18.0	18.0	18.0	18.0	0.0
TOTAL FTE POSITIONS	148.0	147.0	153.0	152.0	3.4

AT A GLANCE:

For FY21, DFA requested a general fund revenue increase of \$2.9 million, or 13.5 percent, from all revenue sources, the total request was \$144.2 million, an increase of 5.4 percent. The agency also requested 6 additional FTE, representing a 4 percent increase.

The general fund request included \$155.4 thousand for two executive program analysts in the Policy Development Program, \$173 thousand for two chief financial accountants in the Fiscal Management Program, and \$114.8 thousand for a capital outlay coordinator and Infrastructure Capital Improvement Plan (ICIP) program analyst in the Community Development Program. In addition, the request included \$128.8 thousand for a chief financial officer (CFO) training and loan program for state agencies and \$53 thousand for financial training for local governments.

The committee recommends a general fund revenue increase of \$967.8 thousand, or 4.6 percent, from the adjusted FY20 operating budget. LFC supports the request from all other revenue sources. The increase includes \$518.5 thousand to add 5 FTE and continue decreasing vacancy rates. After adjusting for the transfer of funding, personnel, and related costs from the Contracts Review Bureau (CRB) to General Services Department (GSD) in FY20, the committee recommends a total FY21 budget increase of just over \$5.5 million, or 4.0 percent.

In special appropriations, the committee recommendation also includes general fund increases of \$200 thousand for county detention of prisoners, \$70.2 thousand for the emergency water supply fund, \$28.6 for the leasehold community assistance program, and \$9.6 thousand for memberships and dues.

BUDGET ISSUES:

DFA's FY21 budget request includes a transfer of 10 FTE – nine IT staff and one certified financial officer – from the Fiscal Management and Oversight Program to Program Support, along with related IT and other costs and services, to better align with program responsibilities. The transfer is cost neutral.

For the Policy Development Program, the budget request includes an increase of two performance analyst FTE to focus on program evaluation, process improvement, and performance monitoring. DFA currently has one performance analyst position that is not filled. The committee recommendation supports an increase of one FTE for this purpose.

For the Local Government Program, the budget request includes an increase of two FTE – one capital outlay coordinator and one ICIP program analyst to provide support to local entities in planning infrastructure projects. The committee recommendation supports the request.

DFA's budget request also includes an increase of 2 chief financial accountant FTE for the Fiscal Management and Oversight Program to provide support to agencies in the comprehensive annual financial report (CAFR) process. The committee recommendation supports the request.

In the 2019 legislative session, Chapter 153 (Senate Bill 88) authorized the transfer of the agency's Contracts Review Bureau, including 3 FTE, to the General Services Department in FY20, which reduced DFA's original FY20 operating budget by \$264.9 thousand and reduced the FY20 FTE count by 3.

Agency Activities. DFA released the FY18 CAFR on May 24, 2019. The state ended FY18 with a net position of \$28.4 billion, a 1.5 percent increase from FY17. The state's total liabilities increased by a net amount of \$2.5 billion for both governmental and business-type activities. Total assets increased by \$2.9 billion for both governmental and business-type activities.

The current group audit process affects timely release of the CAFR, because development of the CAFR can only begin after completion of individual agency audits, some of which are not complete until January of the following fiscal year. In 2018, legislation to perform a single statewide financial audit was introduced but died through lack of action.

Emergency Funding. DFA's Board of Finance (BOF) makes emergency loans and grants available to state entities. For FY21, DFA requested a change to language in Section 4 of the General Appropriation Act to authorize up to \$5 million in emergency fund transfers from the general fund operating reserve. Between FY14 and FY18, state entities collectively requested an average of \$1 million in emergency loans annually. In FY19, the entire appropriated amount of \$2 million was requested and distributed. In the first four months of FY20, \$800 thousand has already been distributed of the \$2 million FY20 appropriation. The committee supports language authorizing \$2.5 million for the SBOF operating reserve fund for emergencies, an increase of \$500 thousand.

Community Development Programs. The Local DWI Grant Council announced estimated distributions and awarded grants to counties totaling \$18.3 million for FY20. The largest statutory local DWI (LDWI) fund distributions go to Bernalillo County (\$4.2 million), Santa Fe County (\$1.1 million), Doña Ana County (\$1 million), and San Juan County (\$947 thousand). In addition to the distributions, the council also made grants totaling \$2.3 million to all but eight counties, by request, and also provided \$2.8 million in funding for detoxification programs in six counties. Over the past decade, LFC staff has expressed concerns the LDWI program might not emphasize evidence-based practices or require counties to report program outcomes. Such data could be used to ensure accountability and informed funding decisions.

LDWI funding consists of 45 percent of annual liquor excise tax revenues. For FY21, DFA requested a budget increase of \$1.5 million, or 7.8 percent, for the LDWI fund to better align with actual fund revenues over the past four years.

DFA used \$4.6 million from the general fund and the civil legal services fund in FY20 to contract with 12 organizations for civil legal services for low-income individuals. The largest contract amount was \$2.5 million to New Mexico Legal Aid.

Non-Operating Appropriations. Finally, the committee recommends general fund transfers for DFA non-operating appropriations of \$5.6 million, an increase of \$308.4 thousand, or 5.9 percent, from the FY20 operating budget. The total recommendation for DFA non-operating appropriations is \$20.8 million, a decrease of \$1.3 million, or 5.9 percent. This decrease reflects a reduction of \$1.6 million from the FY20 operating budget that DFA requested for the law enforcement protection fund for FY21.

The Land Grant Council requested an increase of \$478.1 thousand, or 161 percent from the FY20 operating budget, to cover salaries for several additional staff to support the council and provide services to land grants. The committee recommends a flat budget for FY21.

The Leasehold Community Assistance Program requested an increase of \$234.5 thousand, or 411 percent above the FY21 operating budget. The committee recommends a \$28.6 thousand increase for FY21. The program also received a nonrecurring appropriation of \$93 thousand in Laws 2019, Chapter 278, (Senate Bill 536) for FY20.

DFA requested an increase in the emergency water supply fund of \$895.2, or 854 percent, above the FY20 operating budget, to meet an increasing volume of requests for funding. The committee recommends a \$70.2 thousand increase for FY21. As of November 2019, the fund has a balance of \$62 thousand remaining from its \$104.8 thousand appropriation.

In FY19, actual uses for non-operating appropriations were significantly lower than actual sources. In FY19, DFA received \$17.1 million in revenues for the law enforcement protection fund, which provides training funds and equipment for local law enforcement, and distributed \$5.3 million to counties, municipalities, and tribal governments based on applications from local entities. The department also budgeted \$1.1 million for the BOF fiscal agent contract but expenses were \$221.8 thousand, due to investment credits from the fiscal agent bank that significantly reduced the bill. From the emergency water supply fund, the department did not spend any of the \$104.8 thousand budgeted, because the BOF did not receive any requests from small communities in FY19.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes seventeen million dollars (\$17,000,000) from the tobacco settlement program fund.

Notwithstanding the provisions of Section 27-10-3 NMSA 1978, the other state funds appropriation in the other financing uses category of the fiscal management and oversight program of the department of finance and administration includes forty-three million two hundred thousand dollars (\$43,200,000) from the county-supported medicaid fund.

The other state funds appropriations to the community development, local government assistance and fiscal oversight program of the department of finance and administration include eleven million eight hundred seventy-one thousand eight hundred dollars (\$11,871,800) from the enhanced 911 fund, twenty million two hundred thousand dollars (\$20,200,000) from the local DWI grant fund, and one million eight hundred thousand dollars (\$1,800,000) from the civil legal services fund.

The department of finance and administration shall not distribute a general fund appropriation made in items (d) through (m) to a New Mexico agency or local public body that is not current on its audit or financial reporting or otherwise in compliance with the Audit Act.

On 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, 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 two million five hundred thousand dollars (\$2,500,000) in fiscal year 2021. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978.

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 and 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,184.9	3,474.1	3,653.4	3,653.4	5.2
SOURCES TOTAL	3,184.9	3,474.1	3,653.4	3,653.4	5.2

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
USES						
	Personal Services and Employee Benefits	2,527.2	3,290.5	3,445.9	3,445.9	4.7
	Contractual Services	43.3	68.9	63.3	63.3	-8.1
	Other	112.2	114.7	144.2	144.2	25.7
	TOTAL USES	2,682.7	3,474.1	3,653.4	3,653.4	5.2
FTE						
	Permanent	31.0	32.0	34.0	34.0	6.3
	TOTAL FTE POSITIONS	31.0	32.0	34.0	34.0	6.3

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	General fund reserves as a percent of recurring appropriations	19.6%	TBD	20%	25%	25%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	10.7%	TBD	(+/-) 3%	5%	4%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, oil and gas revenue and corporate income taxes	15%	TBD	(+/-) 3%	5%	4%
Outcome	General obligation bond rating (Moody's and S&P)	NEW	NEW	NEW	AA+	AA+
Efficiency	Percent of fiscal impact reports issued within two days of request	NEW	NEW	NEW	100%	100%
Outcome	Number of formal and informal trainings conducted by the state budget division	3	3	3	3	3
Output	Percent of agencies attending state budget division trainings	NEW	NEW	NEW	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	NEW	NEW	NEW	5%	5%
Outcome	Percent of capital outlay projects with no activity after one year	NEW	NEW	NEW	0%	0%
Quality	Percent of state agencies satisfied with Department of Finance and Administration services based on survey responses	NEW	NEW	NEW	90%	90%
Outcome	Percent of capital outlay expended within three years for all funding sources	NEW	NEW	NEW	85%	85%
Output	Number of visits to state agencies by state budget division	NEW	NEW	NEW	30	30

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 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)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	3,919.4	4,461.3	4,705.9	4,705.9	5.5
	Federal Revenues	11,086.6	10,203.3	10,203.3	10,203.3	0.0
	Other Revenues	34,662.6	32,401.8	33,871.8	33,871.8	4.5
	Fund Balance	0.0	583.2	583.2	583.2	0.0
	SOURCES TOTAL	49,668.6	47,649.6	49,364.2	49,364.2	3.6

BUDGET SUMMARY
(dollars in thousands)

USES	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
Personal Services and Employee Benefits	2,748.9	3,465.9	3,643.5	3,643.5	5.1
Contractual Services	3,884.5	4,271.6	4,281.6	4,281.6	0.2
Other	26,106.4	39,612.1	41,139.1	41,139.1	3.9
Other Financing Uses	1,900.0	300.0	300.0	300.0	0.0
TOTAL USES	34,639.8	47,649.6	49,364.2	49,364.2	3.6
FTE					
Permanent	23.0	24.0	26.0	26.0	8.3
Term	18.0	18.0	18.0	18.0	0.0
TOTAL FTE POSITIONS	41.0	42.0	44.0	44.0	4.8

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Quality	Percent of required site visits conducted annually by staff for enhanced-911 driving-while-intoxicated and community development block grant	53%	71%	90%	90%	95%
* Outcome	Number of counties and municipalities local government division assisted during the fiscal year to resolve audit findings and diminish poor audit opinions	13	13	11	10	11
Output	Number of local government division visits to local public entities	NEW	NEW	NEW	140	140
Output	Percent of local public entities that meet required reserve levels	NEW	NEW	NEW	100%	100%
Output	Number of visits to local public entities to provide enhanced 911 general support or technical assistance	NEW	NEW	NEW	13	13
Output	Percent of local public entities attending training	NEW	NEW	NEW	75%	75%
Output	Percent of local government capital outlay projects included in infrastructure capital improvement plan	NEW	NEW	NEW	100%	100%
Quality	Percent of public entities who have been surveyed regarding the local government budget management system for input into key decisions.	NEW	NEW	NEW	100%	100%
Quality	Percent of local public entities who are satisfied with local government division services based on survey responses	NEW	NEW	NEW	80%	80%
Outcome	Percent of grantee payment requests processed within ten working days in local government division	97%	97%	97%	100%	100%
Output	Percent of local public entities submitting infrastructure capital improvement plans	NEW	NEW	NEW	95%	95%
Output	Percent of local public entities with current audits	NEW	NEW	NEW	100%	100%
Output	Number of trainings provided to local public entities	NEW	NEW	NEW	13	13
Outcome	Percent of capital outlay appropriations assigned to local government division and required to submit annual audits to the state auditor reviewed within sixty days	100%	100%	95%	75%	95%

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 by providing state agencies and the citizens of New Mexico with timely, accurate and comprehensive information on the financial status and expenditures of the state and approve all state professional service contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY21 - 2020-2021				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	6,227.7	7,115.0	6,842.0	6,257.0	-12.1
Other Transfers	17,351.6	17,500.0	17,000.0	17,000.0	-2.9
Other Revenues	33,574.7	38,000.0	43,200.0	43,200.0	13.7
SOURCES TOTAL	57,154.0	62,615.0	67,042.0	66,457.0	6.1
USES					
Personal Services and Employee Benefits	4,821.5	5,156.0	5,105.3	4,527.6	-12.2
Contractual Services	601.9	1,594.2	1,600.6	1,596.8	0.2
Other	418.8	364.8	136.1	132.6	-63.7
Other Financing Uses	47,600.0	55,500.0	60,200.0	60,200.0	8.5
TOTAL USES	53,442.2	62,615.0	67,042.0	66,457.0	6.1
FTE					
Permanent	65.0	62.0	54.0	53.0	-14.5
TOTAL FTE POSITIONS	65.0	62.0	54.0	53.0	-14.5

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in days	12	TBD			
Explanatory	Date of submitting the annual statewide cost allocation plan for federal approval	3/27	TBD			
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100%	100%	100%	100%	100%
* Efficiency	Percent of vouchered vendor payments processed within five working days	99%	99%	95%	100%	100%
* Output	Percent of bank accounts reconciled on an annual basis	100%	100%	100%	100%	100%
Output	Number of trainings held by financial control division	NEW	NEW	NEW	10	10
Quality	Department of Finance and Administration information technology security score	NEW	NEW	NEW	850	850
Quality	Percent of material audit findings resolved in the comprehensive annual financial report	NEW	NEW	NEW	75%	75%
Output	Percent of state agency certified financial officers attending model accounting practices module training	NEW	NEW	NEW	100%	100%
Output	Percent of state agency certified financial officers who have completed certified financial officer certification program	NEW	NEW	NEW	100%	100%
Output	Number of Department of Finance and Administration security scans performed annually	NEW	NEW	NEW	12	12
Output	Percent of state agencies that have received an onsite visit from comprehensive annual financial report unit accountants	NEW	NEW	NEW	10%	10%

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 provide human resources support and to administer the executive's exempt salary plan.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	923.0	969.7	2,063.2	2,063.2	112.8
SOURCES TOTAL	923.0	969.7	2,063.2	2,063.2	112.8
USES					
Personal Services and Employee Benefits	574.9	870.1	1,684.0	1,684.0	93.5
Contractual Services	48.1	73.6	121.0	121.0	64.4
Other	26.7	26.0	258.2	258.2	893.1
TOTAL USES	649.7	969.7	2,063.2	2,063.2	112.8
FTE					
Permanent	11.0	11.0	21.0	21.0	90.9
TOTAL FTE POSITIONS	11.0	11.0	21.0	21.0	90.9

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of major fund reconciliations completed as an internal control within twenty-one days of the official closing of the books each quarter	100%	30%	97%	97%	97%
Outcome	Percent of prior-year department of finance and administration audit findings resolved/improved	60%	80%	80%	80%	80%

Department of Finance and Administration Non-Operating Appropriations

Budget Summary
(dollars in thousands)
Fiscal Year 2021

	FY20 <u>Operating Budget</u>	FY21 <u>Agency Request</u>	FY21 <u>LFC Recommendation</u>	\$ Δ OpBud	% Δ OpBud
SOURCES					
General fund transfers	\$5,248.0	\$6,865.4	\$5,556.4	\$308.4	5.9%
Other Revenues	\$16,825.3	\$15,220.2	\$15,220.2	(\$1,605.1)	-9.5%
SOURCES TOTAL	\$22,073.3	\$22,085.6	\$20,776.6	(\$1,296.7)	-5.9%
USES (General Fund)					
a National Association of State Budget Officers	\$20.2	\$21.4	\$21.4	\$1.2	5.9%
b Western Governors' Association	\$36.0	\$43.2	\$43.2	\$7.2	20.0%
c National Governor's Association	\$83.8	\$85.0	\$85.0	\$1.2	1.4%
d Emergency water supply fund	\$104.8	\$1,000.0	\$175.0	\$70.2	67.0%
e Fiscal agent contract	\$1,064.8	\$1,064.8	\$1,064.8	\$0.0	0.0%
f State planning districts	\$693.0	\$693.0	\$693.0	\$0.0	0.0%
g Leasehold community assistance	\$57.0	\$291.5	\$85.6	\$28.6	50.2%
h County detention of prisoners	\$2,387.5	\$2,387.5	\$2,587.5	\$200.0	8.4%
i Acequia and community ditch education program	\$398.2	\$398.2	\$398.2	\$0.0	0.0%
j New Mexico acequia commission	\$88.1	\$88.1	\$88.1	\$0.0	0.0%
k Statewide teen court	\$17.7	\$17.7	\$17.7	\$0.0	0.0%
l Land grant council	\$296.9	\$775.0	\$296.9	\$0.0	0.0%
TOTAL GENERAL FUND	\$5,248.0	\$6,865.4	\$5,556.4	\$308.4	5.9%
USES (Non-General Fund)					
k Statewide teen court	\$120.2	\$120.2	\$120.2	\$0.0	0.0%
m Law enforcement protection fund	\$16,705.1	\$15,100.0	\$15,100.0	(\$1,605.1)	-9.6%
TOTAL NON-GENERAL FUND	\$16,825.3	\$15,220.2	\$15,220.2	(\$1,605.1)	-9.5%
TOTAL APPROPRIATIONS	\$22,073.3	\$22,085.6	\$20,776.6	(\$1,296.7)	-5.9%

STATUTORY AUTHORITY:

The Public Schools 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 public schools, except those in the Albuquerque school district, and other educational entities. PSIA is governed by an 11-member board.

MISSION:

PSIA offers medical, dental, prescription drug, 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 for personnel injuries and financial losses.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	1,407.4	1,322.2	1,477.5	1,397.4	5.7
Other Revenues	380,004.7	385,006.6	419,175.7	412,990.6	7.3
Fund Balance	0.0	2,035.8	2,612.3	118.1	-94.2
SOURCES TOTAL	381,412.1	388,364.6	423,265.5	414,506.1	6.7
USES					
Personal Services and Employee Benefits	954.5	1,084.1	1,197.0	1,116.9	3.0
Contractual Services	367,817.5	385,733.3	420,402.4	411,803.2	6.8
Other	230.6	225.0	188.6	188.6	-16.2
Other Financing Uses	1,407.4	1,322.2	1,477.5	1,397.4	5.7
TOTAL USES	370,410.0	388,364.6	423,265.5	414,506.1	6.7
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

AT A GLANCE:

For FY21, the Public Schools Insurance Authority (PSIA), whose funding is built into the public schools support budget, advised the Public Education Department to request an increase of \$10.7 million for the employer portion of health benefits premium increases and \$6.7 million for risk premium increases. PSIA sets insurance rates for the upcoming school year each spring. For FY21, PSIA expects medical cost increases of 7 percent and anticipates a 7.4 percent premium increase with the 0.4 percent difference going to bolster fund balances. PSIA anticipates increasing risk premiums by 9.5 percent in FY21.

The LFC recommendation recognizes the rural nature of the PSIA health insurance pool leads to higher costs than are experienced in metropolitan areas. The LFC recommendation includes sufficient funding for the Benefits Program to increase health premiums by 6 percent, higher than the 4.5 percent increase requested by Albuquerque Public Schools and double the requested increase of 3 percent of the General Services Department for state employees. Recognizing the success PSIA has experienced in increasing fund balances in the Risk Program, the recommendation does not include additional funding for further risk insurance premium increases.

BUDGET ISSUES:

PSIA is funded through employer and employee contributions for health benefits and insurance premium assessments on individual school districts and charter schools for risk insurance. A staff of 11 oversee a number of insurance servicing and claims administration agreements with third parties. Schools pay premiums for risk coverage based on their own claims experience while premiums for health benefits are based on the total pool's experience and collected on a per employee basis. For FY21, PSIA requested a total budget of \$423.3 million, \$35 million over the FY20 operating budget and \$42 million over FY19 actual expenditures.

Benefits. The Benefits Program requested an increase of \$15.6 million, or 4.9 percent, over the FY20 operating budget and \$46.2 million higher than FY19 actual expenditures. PSIA provided coverage to 47 thousand members in FY19, down 11 percent from the 53 thousand covered in FY16. The decline in membership resulted from public school employment remaining flat for the past five years and the departure of Central New Mexico Community College from the program in FY18.

In an update of FY20 cost projections, part of developing the FY21 request, PSIA concluded that anticipated expenses would significantly exceed revenues. Beginning from anticipated FY20 expenditures of \$310.7 million, PSIA increased the FY21 expected expenditures by 7 percent, in line with consultant recommendations. The increase is based on a projected 6.5 percent increase in medical costs, a 9 percent increase in prescription costs, and a 4 percent increase in dental costs. The total anticipated expenditure of \$332.5 million is \$2.6 million higher than anticipated premium revenue, resulting in this funding being requested from fund balance.

PSIA reports the most expensive 1 percent of members account for 37.7 percent of total medical plan claims paid, while the bottom 70 percent of plan members account for only 6 percent of costs. Because of the impact of high-cost users, the benefit offered by PSIA relies on more member contributions and cost-sharing mechanisms, including higher deductibles and copays, than plans available to state employees through the General Services Department and Albuquerque Public Schools. Despite these changes, PSIA continues to offer a benefit that compares favorably with what is available in the marketplace for most of PSIA's membership, people living outside of Albuquerque.

Despite the fact that 39.2 percent of PSIA's member pool is diagnosed with one or more chronic conditions, analysis of plan data for calendar year 2018 shows medical costs dropped 0.7 percent and were driven lower by less utilization, which offset increasing prices. Per member costs only increased 2.7 percent between FY16 and FY19. The low rate of total cost increase was largely driven by a 24 percent reduction in prescription spending, which partially offset an 8 percent increase in medical costs. PSIA experienced an average annual health insurance increase of 4 percent between FY11 and FY19.

PSIA began assessing different rate increases for high-option and low-option health insurance plans in plan year 2016-2017. Since then, cost of high-option plans has increased 24 percent and cost of low-option plans has increased 11.7 percent. PSIA reports an FY19 ending fund balance of \$22.8 million, up from \$18.3 million at the close of FY18. PSIA's target fund balance is one month of claims expenditures, or approximately \$24 million.

The LFC recommendation provides for an increase of \$8.7 million, sufficient funding for a 6 percent employer premium increase. Over the past three years, premiums for high-option plans increased 14.5 percent, or approximately 4.8 percent per year, while premiums for low-option plans increased 4.2 percent, or approximately 1.4 percent per year. The LFC recommendation includes sufficient funding to keep up with the 5.5 percent medical trend estimated by the federal Center for Medicare and Medicare Service (CMS) and provide a modest increase to fund balance.

Risk. PSIA's risk fund balance increased from a deficit of \$850 thousand at the close of FY18 to \$5 million at the close of FY19. The increase in fund balance suggests rates are sufficient to cover operations of the Risk Program. PSIA reports assets in the risk fund of \$156 million and outstanding liabilities, including estimates of incurred but not reported liabilities, of \$151 million. This means PSIA could pay all known claims and any other existing damages sustained, but unknown and retain a \$5 million surplus.

However, potential legal settlements related to sexual abuse of students have not been figured into fund balance assumptions. In early October 2019, three students reached a settlement of \$11 million with the state. To date, PSIA settled six cases related to a single former school employee at a cost of \$20 million.

In addition to the fund balance maintained by the Risk Program, PSIA reports paying approximately \$38 million for excess insurance coverage per year. This additional insurance is effective once a property damage, liability, crime, or workers' compensation claim is made over a certain dollar threshold, or self-insured retention (SIR). For example, PSIA carries an SIR of \$1 million for excess insurance coverage for property insurance so that PSIA is liable for the first million of a given claim with the excess insurance coverage paying claim amounts over the \$1 million threshold.

Between FY15 and FY19, PSIA has paid property damage claims totaling \$45 million, or approximately \$9 million per year. Over this same time, the agency has spent \$112 million on excess coverage insurance and recovered \$20 million from that coverage. In each year between FY15 and FY19, PSIA has paid between \$12 million and \$22 million more for excess insurance coverage than it has recovered. Since FY15, PSIA spent \$91.8 million more on property insurance than was recovered.

The LFC recommendation effectively holds the Risk Program flat relative to FY20. The recommendation increases FY19 actual expenditures to reflect a 2.5 percent premium increase for FY20, ensuring the program has adequate expenditure authority to continue claims payments. The Risk Program is held flat to reflect the progress PSIA has made increasing fund balances at the current risk insurance rates assessed to school districts. The LFC recommendation does not support the requested 9.52 percent increase for excess coverage insurance.

Program Support. The agency requested an increase of \$122.5 thousand, or 9 percent, over the FY20 operating budget for Program Support. The requested increase included \$32.8 thousand for an executive staff salary increase. Additionally, the agency moved \$36 thousand from the other category to the contractual services category to pay for facility maintenance and IT costs. The LFC recommendation increases the Program Support budget by \$42.4 thousand, or 3.1 percent. The recommendation includes \$32.8 thousand in the personal services and employee benefits category to allow the agency to pursue salary increases for executive staff or fill vacant positions, as well as fully funds the agency request for contractual services and other costs related to operational expenses.

Governance. Nine of the 11 PSIA board positions are filled, with two of the three governor-appointed positions currently vacant. Most of the members represent client interests and few appear to have expertise in insurance markets and actuarial analysis. Because of high turnover on public boards, members must rely on staff to assist them in making informed decisions. PSIA maintains a small staff and relies extensively on outside contractors to provide information to the board. PSIA should consider further developing staff expertise in analytical methods and insurance markets to reduce reliance on consultants. GSD, which runs a similarly sized risk management program, has 56 authorized FTE compared with PSIA’s 11 FTE.

LFC and the Department of Finance and Administration recommended, and the Legislature added, three performance measures to track recoveries from excess insurance companies.

RECOMMENDED LANGUAGE:

Any unexpended balance in program support of the New Mexico public school insurance authority remaining at the end of fiscal year 2021 shall revert in equal amounts to the benefits program and risk program.

BENEFITS

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

BUDGET SUMMARY (dollars in thousands)					
<u>FY21 - 2020-2021</u>					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
Other Transfers	44.9	0.0	0.0	0.0	
Other Revenues	296,979.0	314,926.1	329,921.4	329,921.4	4.8
Fund Balance	0.0	2,003.0	2,612.3	118.1	-94.1
SOURCES TOTAL	297,023.9	316,929.1	332,533.7	330,039.5	4.1
USES					
Contractual Services	286,358.8	316,268.0	331,794.9	329,340.8	4.1
Other Financing Uses	658.8	661.1	738.8	698.7	5.7
TOTAL USES	287,017.6	316,929.1	332,533.7	330,039.5	4.1
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES						
		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent change in per-member health claim costs	4.76%	1.08%	≤5.0%	≤5.0%	≤5.0%
Outcome	Average number of days to resolve inquiries and appeals related to customer service claims	6	7	7	9	9
Outcome	Percent change in medical premium as compared with industry average	4.0%	4.9%	≤4.5%	≤5%	≤4.5%
Explanatory	Number of participants covered by health plans	47,058	47,235			

RISK

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 - 2020-2021				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
Other Transfers	44.9	0.0	0.0	0.0	
Other Revenues	83,025.7	70,080.5	89,254.3	83,069.2	18.5
SOURCES TOTAL	83,070.6	70,080.5	89,254.3	83,069.2	18.5
USES					
Contractual Services	81,416.0	69,419.4	88,515.6	82,370.5	18.7
Other Financing Uses	658.8	661.1	738.7	698.7	5.7
TOTAL USES	82,074.8	70,080.5	89,254.3	83,069.2	18.5
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	95%	95%	95%	90%	95%
Outcome	Percent of schools in compliance with loss control prevention recommendations	75%	61%	75%	75%	75%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$2,142	\$3,108	<\$3,000	≤\$4,000	<\$3,100
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	2.3%	-5.6%	≤4%	≤4%	≤4%
* Explanatory	Dollar amount of excess insurance claims for property	NEW	NEW			
* Explanatory	Dollar amount of excess insurance claims for liability	NEW	NEW			
Explanatory	Dollar amount of excess insurance claims for workers' compensation	NEW	NEW			

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)

	FY21 - 2020-2021				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
Other Transfers	1,317.6	1,322.2	1,477.5	1,397.4	5.7
Fund Balance	0.0	32.8	0.0	0.0	-100.0
SOURCES TOTAL	1,317.6	1,355.0	1,477.5	1,397.4	3.1
USES					
Personal Services and Employee Benefits	954.5	1,084.1	1,197.0	1,116.9	3.0
Contractual Services	42.7	45.9	91.9	91.9	100.2
Other	230.6	225.0	188.6	188.6	-16.2
Other Financing Uses	89.8	0.0	0.0	0.0	
TOTAL USES	1,317.6	1,355.0	1,477.5	1,397.4	3.1
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

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	0	0	0	0
Efficiency	Percent of employee performance evaluations completed by anniversary date	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The New Mexico Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable healthcare for New Mexico public retirees and eligible dependents. RHCA is governed by a board of 11 members: the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendent's association, and one member from the Association of Counties. The state employee representative position appointed by the State Personnel Office is currently the only board vacancy.

MISSION:

RHCA seeks to provide an affordable, comprehensive group health insurance benefits plan for present and future retirees and eligible dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, and voluntary life coverage.

BUDGET SUMMARY (dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	2,881.8	3,207.7	3,326.0	3,311.0	3.2
Other Revenues	317,301.9	357,993.1	378,034.4	372,841.6	4.1
SOURCES TOTAL	320,183.7	361,200.8	381,360.4	376,152.6	4.1
USES					
Personal Services and Employee Benefits	1,847.6	2,053.0	2,068.0	2,053.0	0.0
Contractual Services	296,928.6	355,360.0	375,400.2	370,222.4	4.2
Other	562.7	580.1	566.2	566.2	-2.4
Other Financing Uses	2,881.8	3,207.7	3,326.0	3,311.0	3.2
TOTAL USES	302,220.7	361,200.8	381,360.4	376,152.6	4.1
FTE					
Permanent	0.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	0.0	26.0	26.0	26.0	0.0

AT A GLANCE:

Although RHCA is not directly appropriated general fund revenues for operational expenses, management of this benefit for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax suspense fund. At the end of FY19, the RHCA trust fund balance was \$718 million, compared with \$170 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 13 percent of the estimated \$5 billion in current and future healthcare liabilities. The program is projected to become insolvent in 2044.

For FY21, the agency requested an increase of 5.6 percent over the FY20 operating budget, with the majority of the increase coming from RHCA participant contributions. The increase is necessary to cover growth in new retirees joining the plan and healthcare cost inflation. In addition to increased participant contributions, the board is considering reduced subsidies, increased cost sharing, and other options to improve the sustainability of the benefit. The committee recommendation funds the request for healthcare benefits at a slightly lower amount than requested to more closely align with prior-year expenditures and fully funds the request for program support in the contractual and other categories but holds funding for personnel flat relative to FY20.

BUDGET ISSUES:

RHCA was created by the Legislature in 1990 to provide subsidized access to health insurance products for retired civil servants and their spouses. However, no appropriations were made initially and there were no eligibility criteria requiring retirees to make a minimum level of contributions prior to drawing benefits. As a result, the program started from a deficit position with no assets to cover future liabilities. Additionally, the program extends subsidized healthcare coverage to spouses who never contributed to the plan.

The Retiree Health Care Act provides that the benefits offered to retired public employees may be modified, diminished, or extinguished by the Legislature and that the act does not create any contract, trust, or other rights to public employees for healthcare benefits. The RHCA board has broad authority to make changes to this optional benefit. The Legislature sets public employer and public employee statutory contribution rates, now 2 percent and 1 percent of pay, respectively.

RHCA membership includes 15.4 thousand pre-Medicare retirees with an average age of 59 years and 39.6 thousand Medicare-eligible retirees with an average age of 74. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent while Medicare-eligible participants may receive a subsidy up to 50 percent. The most costly pre-Medicare plan receives a subsidy of \$464 per month, while the most costly plan for Medicare-eligible retirees is \$212 per month. RHCA provides spousal subsidies up to 36 percent depending on the retiree's years of service and Medicare eligibility. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance. In FY19, RHCA paid \$129.1 million for coverage of pre-Medicare participants and \$132.2 million for Medicare-eligible participants.

Of the four state entities that provide employee health benefits – RHCA, Public Schools Insurance Authority, the General Services Department, and Albuquerque Public Schools – RHCA is the only one that has experienced membership growth between FY16 and FY19.

For calendar year 2020, the RHCA board will increase retiree premiums 7 percent for pre-Medicare plans and 5 percent for Medicare supplement plans. Pre-Medicare retirees would pay an increase of \$15 to \$19 per month. Medicare retirees would see an increase of \$12 per month for Medicare supplement plans. Additionally, beginning January 1, retirees will begin paying 50 percent of the cost for basic life insurance, which now totals \$4 million, for members who retired before 2013. By 2021, the RHCA subsidy for basic life insurance will be eliminated and all retirees will pay 100 percent of the cost.

For FY21, the agency requested \$381.4 million, a \$20.2 million, or 5.6 percent, increase from the FY20 operating budget. The request for the Healthcare Benefits Administration Program reflected an approximate 2 percent cost increase to FY20 cost projections resulting from membership growth combined with the plan's increasing healthcare cost trend of 3.6 percent. The request for the Health Benefits Administration Program included \$129.8 million in revenue from employee and employer contributions, \$185 million from insurance premium assessments on retirees, and \$32 million from a distribution from the tax suspense fund. The distribution from the tax administration suspense fund will increase in FY21 as a result of the expiration of Chapter 1 of the 2016 special session (Senate Bill 7). The law held the distribution from the tax suspense fund to the RHCA flat between January 1, 2017, and June 30, 2019. The expiration of this legislation will result in an automatic increase of 12 percent per year from the suspense fund, roughly doubling the distribution every six years. Monies distributed to the RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature.

The request for Program Support totaled \$3.3 million, a \$118 thousand, or 3.7 percent, increase from the FY20 operating budget. The request assumes all 26 authorized positions will be filled and includes increases in the contractual services and other categories for actuarial and accounting services and general operating expenses.

The LFC recommendation recognizes the authority of the board to set premiums to ensure the solvency of the program and includes a 3.5 percent increase for the Health Benefits Administration Program. The recommendation includes sufficient funding to pay costs associated with a 2 percent increase in program participants but anticipates medical trend growing at 1.5 percent, lower than the 3.6 percent requested. The LFC recommendation recognizes lower-than-anticipated FY19 costs and FY20 cost projections that are approximately \$20 million less than the FY20 operating budget. However, medical expenses can be highly volatile. In FY18, RHCA claims totaled \$320 million, exceeding the operating budget, but claims fell to \$296 million in FY19.

For Program Support, the LFC recommendation held funding for personnel flat relative to FY20 but fully funded the request for contractual services and the other category to ensure the agency has access to legal and consulting services related to the pharmacy rebate audit.

Trends. The Kaiser Family Foundation estimates health insurance costs increased at approximately 5 percent annually since the year 2000 though the rate of growth has slowed to around 3.8 percent over the past 5 years. Overall costs have risen dramatically; between 1999 and 2017, the cost for single and family coverage plans increased by over 200 percent. This rate of growth is referred to as medical trend.

The Center for Medicare and Medicaid Services (CMS) estimates health spending will grow at an average rate of 5.5 percent per year from 2018 to 2027 and that health spending will likely grow 0.8 percent faster than gross domestic product over this period. Under this scenario, the share of healthcare as a percent of GDP is expected to increase from 17.9 percent to 19.4 percent by 2027.

The rapid increase in medical costs has outpaced revenue collections for RHCA, and the agency is anticipating deficit spending, or expenditures exceeding revenues, by 2022; the agency expects to exhaust the trust fund by 2037.

Sustainability. According to a report on other post-employment benefits from the Pew Charitable Trusts, 48 states have retiree healthcare programs, but only eight states' plans have funded ratios, or total assets divided by total liabilities, over 30 percent,

while 19 states have a ratio less than 1 percent. States such as New Mexico that provide retirees with a monthly contribution set at a flat percentage of the premium report the largest liabilities and could face the greatest fiscal challenges because their costs automatically increase with plan premium increases while appropriations are fixed. Conversely, states that provide a small cash subsidy to be applied toward the monthly premium report lower liabilities.

RHCA provides the largest subsidies for workers not yet Medicare-eligible. This benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program. Additionally, the current minimum retirement age of 55 does little to curtail use of the pre-Medicare subsidy. Further reduction of the pre-Medicare subsidy or increasing the minimum retirement age would reduce program costs.

In accordance with the Governmental Accounting Standards Board (GASB), RHCA attributed over \$1 billion in unfunded retiree healthcare liability to the state of New Mexico in FY17, the most recent year for which data is available. Increasing the state's liabilities may impact credit ratings and the state's ability to borrow money.

RECOMMENDED LANGUAGE:

Any unexpended balances in the program support program of the retiree health care authority remaining at the end of fiscal year 2021 from this appropriation shall revert to the healthcare benefits administration program.

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare 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)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Other Revenues	317,301.9	357,993.1	378,034.4	372,841.6	4.1
	SOURCES TOTAL	317,301.9	357,993.1	378,034.4	372,841.6	4.1
USES						
	Contractual Services	296,417.5	354,743.4	374,708.4	369,530.6	4.2
	Other	39.6	42.0	0.0	0.0	-100.0
	Other Financing Uses	2,881.8	3,207.7	3,326.0	3,311.0	3.2
	TOTAL USES	299,338.9	357,993.1	378,034.4	372,841.6	4.1
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

		PERFORMANCE MEASURES				
		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
*	Output	Minimum number of years of positive fund balance	19	25	18	25
	Outcome	Number of years of projected balanced spending	5	4	5	3
	Outcome	Percent of diabetics properly managed according to clinical guidelines	83%	83%	75%	75%
	Outcome	Number of emergency room visits per one thousand members	275	183	<300	<200

PROGRAM SUPPORT

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

		BUDGET SUMMARY (dollars in thousands)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Other Transfers	2,881.8	3,207.7	3,326.0	3,311.0	3.2
	SOURCES TOTAL	2,881.8	3,207.7	3,326.0	3,311.0	3.2

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
USES					
Personal Services and Employee Benefits	1,847.6	2,053.0	2,068.0	2,053.0	0.0
Contractual Services	511.1	616.6	691.8	691.8	12.2
Other	523.1	538.1	566.2	566.2	5.2
TOTAL USES	2,881.8	3,207.7	3,326.0	3,311.0	3.2
FTE					
Permanent	27.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	0.0	26.0	26.0	26.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	100%
Outcome	Percent of payments made within thirty days	100%	100%	99%	99%	99%

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, facilities management, and transportation.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	15,674.2	15,690.7	18,987.0	17,787.5	13.4
Other Transfers	10,771.8	12,961.3	13,716.4	13,453.7	3.8
Other Revenues	436,191.6	475,719.6	481,311.4	481,292.8	1.2
SOURCES TOTAL	462,637.6	504,371.6	514,014.8	512,534.0	1.6
USES					
Personal Services and Employee Benefits	17,825.6	19,855.5	22,408.5	21,764.1	9.6
Contractual Services	34,711.7	40,251.3	42,127.9	41,874.1	4.0
Other	382,989.4	431,303.5	435,762.0	435,442.1	1.0
Other Financing Uses	11,304.5	12,961.3	13,716.4	13,453.7	3.8
TOTAL USES	446,831.2	504,371.6	514,014.8	512,534.0	1.6
FTE					
Permanent	289.5	309.0	352.0	307.0	-0.6
Term	0.0	0.0	2.0	2.0	
TOTAL FTE POSITIONS	289.5	309.0	354.0	309.0	0.0

AT A GLANCE:

GSD, funded primarily from service fees, insurance premiums, payroll contributions, and other sources outside the general fund, provides a variety of consolidated functions for the state and support services for other governmental entities. The agency manages hundreds of millions of dollars in public works projects, insures hundreds of public entities and tens of thousands of public employees, oversees billions of dollars in contracts for goods and services, and manages millions of square feet of state-owned and leased office space on behalf of most state government. About 3.5 percent of the agency's annual appropriation for operations is directly from the general fund, mostly for the oversight of capital improvements and the operation and maintenance of state-owned properties.

For FY21, GSD requested an additional \$9.5 million, or 1.9 percent, over the FY20 operating budget. The request included a \$3.1 million increase for the Facilities Management Division (FMD), the only program in the agency fully funded from the general fund, and \$4.4 million for the Risk Management Program. The requested increase for FMD will allow the agency to hire additional custodial, maintenance, and project management staff. GSD reports catastrophic events and increasing insurance rates are increasing costs for the Risk Management Program.

The LFC recommendation increases overall appropriations by \$8.1 million, or 1.6 percent, relative to the FY20 operating budget. The recommendation fully funds the request for the Health Benefits and Risk Management programs. The recommendation increases the FMD budget by \$2.1 million, or 15.1 percent to allow the program to hire staff and pay maintenance costs associated with new facilities and to provide for facility condition assessments and property appraisals.

BUDGET ISSUES:

Risk Management. The Risk Management Program, also known as the Risk Management Division (RMD), assesses premiums on state agencies for liability and property insurance, workers' compensation, and unemployment compensation. The premiums assessed reflect the agency's five-year loss history and exposure to losses by line of coverage. Revenues from risk rate assessments are directed to the Risk Management Funds Program. For FY21, rates fell for 57 of the 136 participating agencies and 34 agencies experienced increases over \$5,000. For FY21, RMD requested an increase for the Risk Management Funds Program of \$4.4 million, or 5.5 percent, relative to the FY20 operating budget of \$79 million. However, actual expenditures were \$82 million in FY19, \$513 thousand less than the FY21 request. RMD requested an increase of 3.5 percent for operations.

The LFC recommendation fully funds the request for claims payments and contracts but includes \$40 thousand less than requested in the other financing uses category in the Risk Management Funds Program. The \$8.9 million in other financing uses will fund operations of RMD, and \$3.9 million of this amount will be transferred to Program Support. The LFC recommendation increases the transfer to Program Support by \$152 thousand, or 4 percent.

The Risk Management Advisory Board is composed of the attorney general, superintendent of insurance, and secretary of the Department of Finance and Administration, among others, and is tasked with reviewing insurance policies, professional services contracts, rules, and all certificates of coverage issued by RMD. The statute does not specify how often the board should meet, but it is clear what the board should review. The board has not met since 2015.

Employee Group Health Benefits. The General Services Department provides health benefits for state employees and their dependents. Between FY16 and FY19, the number of individuals covered under state health insurance plans fell 7 percent from 61.7 thousand to 57.4 thousand. Over this same time, total medical and prescription costs increased 9.7 percent, from \$286.2 million to \$314 million. This resulted in the cost per member increasing by 18 percent. Medical insurance premiums only increased 7 percent over this period. GSD used fund balances to pay claims while holding insurance premiums relatively flat. In FY12, the agency reported \$65.6 million in fund balance. At the close of FY19, the health benefits fund was in a deficit of \$5.3 million. GSD will request a \$31 million supplemental appropriation during the 2020 legislative session to ensure sufficient funding to pay claims in the current fiscal year.

For FY21, GSD requested a flat budget in the Employee Group Health Benefits Program. However, GSD estimated the \$385 million program budget will still allow a 3 percent increase in health insurance premiums. The LFC recommendation fully funds the agency request for the Employee Group Health Benefits Program.

Facilities Management. The Facilities Management Program (FMD) oversees occupancy of state-owned buildings, controls all private leases, except for the State Land Office, and manages capital projects for most state agencies. There are over 800 facilities totaling 6.9 million square feet of space in the state inventory and an additional 328 leases for 2.2 million square feet. Maintenance and janitorial services at state-owned facilities are provided by FMD.

FMD staff are responsible for oversight of capital outlay projects for state facilities. Since 2016, \$210.3 million has been appropriated for 79 capital projects statewide with \$154.7 million of that amount appropriated in FY19 alone. GSD reports current unspent funding of \$161.5 million. Additionally, there is an estimated \$331 million in deferred maintenance cost at facilities statewide.

New leadership has placed increased emphasis on master planning facilities and encouraged increased input from the Legislature to this end. A key feature of master planning will be right-sizing state government facilities, particularly reducing leased facilities to reflect the smaller state workforce. Additionally, many state facilities are aging and in need of update and repair. GSD has taken the lead in pursuing energy savings projects that will help rehabilitate state buildings. These projects have been initiated using energy performance contracts that allow agencies to select vendors off of a price list to perform major facility renovations, including replacement of windows and heating, ventilation, and air conditioning (HVAC) units. In FY20, GSD entered contracts for \$32 million in improvements, and the Department of Transportation entered contracts for \$16 million. Given the increased use of these contracts, FMD committed to LFC staff to develop and implement best practices for energy performance contracts to ensure the state receives the best value.

For FY21, FMD requested an increase of \$3.1 million, or 22 percent, from the general fund. The increase included \$2 million for 42 additional FTE, \$250 thousand for facility maintenance, and approximately \$400 thousand to provide weekend and holiday security at Santa Fe facilities, provide for an annual facility condition assessment, and provide current appraisals for state facilities.

The request for additional FTE was made in the base budget rather than as expansion because these positions will support current business operations rather than a new initiative. Of the 42 requested FTE, 13 will address janitorial and maintenance needs at the child wellness facility in Albuquerque, 12 are custodians for other state-owned facilities, six are additional project managers to oversee increased capital expenditures, and 11 are inspectors, maintenance workers, and customer service staff to address deferred maintenance needs.

The LFC recommendation increases general fund revenue by \$2.1 million, or 15 percent, over the FY20 operating budget. The recommendation increases the personal services and employee benefits category by \$1.5 million to allow the agency to hire up to an additional 24 FTE, based on FMD's average employee cost. However, the recommendation does not authorize additional FTE because the program has virtually no surplus personnel funding but does have 25 vacant positions. Additionally, the committee recommendation fully funds increases in insurance, utilities, and telecommunications rates; fully funds the request

for funding to conduct an annual facility condition assessment of one-fifth of the facilities in the state inventory; and provides additional funding to appraise facilities. The committee recommends an additional \$250 thousand for facility maintenance requests, fully funding the agency request.

Procurement Services. The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. Beginning in FY20, the contracts review bureau, which consists of 3 FTE and oversees professional services contracts, was moved from the Department of Finance and Administration to GSD.

The Procurement Services Program receives a portion of the value of purchases off of certain state price agreements. The program collected \$2 million in fees in FY18 and \$2.2 million in FY19. The purchasing division fees fund had a balance of \$1.75 million at the close of FY19, up from \$887 thousand in FY18. A 2019 LFC review of state procurement noted spending on price agreements is not tracked, so GSD is unable to ensure vendors are remitting the right amount of revenue for price agreement purchases. To address the limited capacity of the Procurement Services Program to track agency spending, LFC recommends \$1.9 million for purchase of a strategic sourcing module for the state's accounting system.

For FY21, the agency requested an increase of \$283 thousand, or 10 percent, of which \$104 thousand was requested from the general fund. The increase was driven by a \$156.1 thousand, or 7.8 percent, increase in the personal services and employee benefits category to reduce the vacancy rate. The LFC recommendation increases the program budget by \$175 thousand, or 7.5 percent, and fully funds the request for the contractual services and other categories. The committee recommendation increases personnel by \$127 thousand to fully fund all currently filled positions, pay for increases in insurance costs, and reduce the vacancy rate. The recommendation provides a \$3,000 increase in the other financing uses category to be transferred to Program Support, less than the \$36.4 thousand, or 51 percent, increase requested.

Transportation Services. The Transportation Services Program is responsible for the state's motor pool, federal and state surplus property, and air transportation. The program has steadily increased the proportion of vehicles used regularly, with 1,349 of 1,924 vehicles operated an average 750 miles per month during FY19.

The state currently has only one airplane, which is used regularly and is often unavailable due to scheduled maintenance needs. The limitations on state aircraft make it difficult to conduct state business outside of the Rio Grande corridor. GSD should consider expanding its fleet to address the lack of access to rural areas.

For FY21, GSD requested an increase of \$803.8 thousand, or 9.1 percent. The majority of the requested increase, \$731 thousand, was in the other category and would be used to pay costs of increased risk rates and aircraft maintenance. Additionally, the request included an increase of \$92.6 thousand, or 31 percent, in the other financing uses category to be transferred to Program Support. The LFC recommendation fully funds the agency request with the exception of the other financing uses category, where the LFC includes a \$22.7 thousand, or 7.6 percent, increase.

State Printing. The program provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected \$334.8 thousand more in revenue than it expended for operations in FY19 compared with FY17, the last 60-day legislative session. Additionally, revenue generated per FTE increased to \$317 thousand in FY19, up from \$246 thousand in FY18. The growth in sales, and corresponding profitability, indicate the State Printing Program is providing a quality product and good customer service.

For FY21, the State Printing Services Program requested an increase of \$354.2 thousand, or 20 percent, from enterprise revenue. The program does not receive a general fund appropriation. LFC fully funds the request but includes a \$2,300, or 4.2 percent, increase in the other financing uses category, which is transferred to Program Support.

Program Support. Program Support includes the Office of the Secretary and supports financial, human resource functions, and IT systems for the agency at a cost of \$4.4 million and with 37 FTE. The program is funded by transfers from other programs within GSD, with the largest amount, \$3.7 million, coming from RMD. For FY21, the agency requested an increase of \$402 thousand, or 9.1 percent. The requested increase is related to three additional IT professionals.

The LFC recommendation includes \$267.9 thousand to fill two additional IT positions but does not increase the FTE count because 7 FTE were vacant at the time of budget submission. Two of these positions could be reclassified to meet the agency's need for additional IT staff. Additionally, the committee recommendation reduced the other category by \$112 thousand to \$812 thousand, less than the request but significantly more than the \$624 thousand spent in FY19. Overall, the LFC recommendation for Program Support is \$180 thousand, or 4.1 percent, higher than the FY20 operating budget.

RECOMMENDED LANGUAGE:

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2021 from this appropriation shall revert to the public liability fund, public property reserve fund, workers' compensation retention fund, state unemployment compensation fund, local public body unemployment compensation fund and group self-insurance fund based on the proportion of each individual fund's assessment for the risk management program.

Any unexpended balances in the program support program of the general services department remaining at the end of fiscal year 2021 from these appropriations shall revert to the procurement services, state printing services, risk management, risk management funds, employee group health benefits, facilities management and transportation services programs based on the proportion of each individual program's final assessment for program support.

EMPLOYEE GROUP HEALTH BENEFITS

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

BUDGET SUMMARY
(dollars in thousands)

			<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
	<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
Other Revenues	342,702.6	385,147.0	385,187.7	385,187.7	0.0
SOURCES TOTAL	342,702.6	385,147.0	385,187.7	385,187.7	0.0
USES					
Contractual Services	17,513.2	20,147.0	20,177.7	20,177.7	0.2
Other	325,189.4	365,000.0	365,010.0	365,010.0	0.0
TOTAL USES	342,702.6	385,147.0	385,187.7	385,187.7	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Percent of state group prescriptions filled with generic drugs	89%	88%	90%	TBD	90%
Explanatory	Percent of eligible state employees purchasing state medical insurance	TBD	TBD			
* Outcome	Percent change in state employee medical premium	4%	4%	4%	<3%	<3%
* Outcome	Percent change in the average per-member per-month total healthcare cost	2%	0.4%	≤5%	TBD	≤5%
Explanatory	Number of visits to the stay well health center	NEW	TBD			
Explanatory	Number of members or dependents who visit the emergency room	TBD	TBD			
Explanatory	Number of members who designate the stay well health center as their primary care provider	TBD	TBD			
Explanatory	Percent of hospital readmissions for patients within thirty days of discharge	NEW	NEW			
Explanatory	Percent of members ages five through sixty-four identified as having persistent asthma and dispensed appropriate medications they remained on during half of the treatment year	TBD	TBD			
Outcome	Percent of state group prescriptions filled with generic drugs within 3 percent of public-entity-peer rate as reported by pharmacy benefits manager	NEW	NEW	80%	80%	80%
Explanatory	Rate per one thousand members of emergency department use categorized as nonemergent	NEW	NEW			
Explanatory	Percent of available appointments filled at the stay well health center	NEW	NEW			

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability, workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so agencies can perform their missions in an efficient and responsive manner.

		BUDGET SUMMARY (dollars in thousands)				
		FY21 - 2020-2021				
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	General Fund Transfers	0.0	307.0	307.0	307.0	0.0
	Other Transfers	7,260.3	8,563.7	8,916.9	8,876.1	3.6
	SOURCES TOTAL	7,260.3	8,870.7	9,223.9	9,183.1	3.5
USES						
	Personal Services and Employee Benefits	3,585.9	4,405.9	4,449.4	4,449.4	1.0
	Contractual Services	85.9	319.2	319.2	319.2	0.0
	Other	337.0	371.5	488.4	488.4	31.5
	Other Financing Uses	3,251.5	3,774.1	3,966.9	3,926.1	4.0
	TOTAL USES	7,260.3	8,870.7	9,223.9	9,183.1	3.5
FTE						
	Permanent	57.0	59.0	57.0	57.0	-3.4
	Term	0.0	0.0	2.0	2.0	
	TOTAL FTE POSITIONS	57.0	59.0	59.0	59.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent increase in the number of alternative dispute resolution bureau training and outreach events held with the top twenty loss-producing agencies	46%	35%	20%	25%	40%
Explanatory	Average cost per workers' compensation claim	NEW	NEW			
Explanatory	Amount of excess insurance recoveries for property claims	NEW	NEW			

RISK MANAGEMENT FUNDS

		BUDGET SUMMARY (dollars in thousands)				
		FY21 - 2020-2021				
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Other Revenues	82,882.0	79,017.6	83,395.6	83,354.8	5.5
	SOURCES TOTAL	82,882.0	79,017.6	83,395.6	83,354.8	5.5
USES						
	Contractual Services	16,443.5	18,891.7	20,203.7	20,203.7	6.9
	Other	43,891.4	51,562.2	54,275.0	54,275.0	5.3
	Other Financing Uses	7,415.8	8,563.7	8,916.9	8,876.1	3.6
	TOTAL USES	67,750.7	79,017.6	83,395.6	83,354.8	5.5
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Explanatory	Projected financial position of the public property fund	697%	564%			
* Explanatory	Projected financial position of the workers' compensation fund	54%	48%			
* Explanatory	Projected financial position of the public liability fund	51%	71%			

STATE PRINTING SERVICES

The purpose of the state printing services program is to provide cost-effective printing and publishing services for governmental agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	1,828.5	1,750.3	2,104.5	2,026.7	15.8
SOURCES TOTAL	1,828.5	1,750.3	2,104.5	2,026.7	15.8
USES					
Personal Services and Employee Benefits	481.3	548.2	519.4	519.4	-5.3
Contractual Services	84.2	25.0	100.0	100.0	300.0
Other	1,207.9	1,122.0	1,349.9	1,349.9	20.3
Other Financing Uses	55.1	55.1	135.2	57.4	4.2
TOTAL USES	1,828.5	1,750.3	2,104.5	2,026.7	15.8
FTE					
Permanent	0.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	0.0	9.0	9.0	9.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Quarterly sales growth in state printing revenue compared with the previous thirty- or sixty-day legislative session	36%	34%	15%	20%	15%
Output	Percent of printing jobs delivered on time	100%	98%	99%	95%	99%
Output	Percent of state printing revenue exceeding expenditures	TBD	TBD	5%	5%	5%
Explanatory	Number of targeted customers using the printing digital storefront	NEW	NEW			

FACILITIES MANAGEMENT DIVISION

The purpose of the facilities management division program is to provide employees and the public with effective property management so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	13,778.3	13,962.9	17,044.0	16,076.8	15.1
Other Revenues	0.0	8.0	0.0	0.0	-100.0
SOURCES TOTAL	13,778.3	13,970.9	17,044.0	16,076.8	15.1
USES					
Personal Services and Employee Benefits	7,250.4	7,406.2	9,372.3	8,926.8	20.5

BUDGET SUMMARY
(dollars in thousands)

	FY21 - 2020-2021					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
Contractual Services	187.6	270.8	712.5	458.7	69.4	
Other	6,126.6	6,093.9	6,759.2	6,491.3	6.5	
Other Financing Uses	213.7	200.0	200.0	200.0	0.0	
TOTAL USES	13,778.3	13,970.9	17,044.0	16,076.8	15.1	
FTE						
Permanent	136.0	143.0	185.0	143.0	0.0	
TOTAL FTE POSITIONS	136.0	143.0	185.0	143.0	0.0	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Percent of capital projects completed on schedule	97%	98%	97%	TBD	97%
Output	Percent of scheduled preventive maintenance requirements completed on time	92%	52%	95%	75%	95%
* Outcome	Percent of new office space leases achieving adopted space standards	64%	86%	75%	80%	80%
Outcome	Amount of utility savings as a result of green energy initiatives, in thousands	NEW	NEW	NEW	\$1,000	\$1,000
Output	Number of facility condition assessments conducted on an annual basis	NEW	NEW	NEW	150	150

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 agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY21 - 2020-2021					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	1,273.2	538.0	648.9	579.0	7.6	
Other Revenues	7,322.5	8,328.4	9,021.3	9,021.3	8.3	
SOURCES TOTAL	8,595.7	8,866.4	9,670.2	9,600.3	8.3	
USES						
Personal Services and Employee Benefits	2,242.4	2,391.9	2,370.2	2,370.2	-0.9	
Contractual Services	124.8	196.5	198.3	198.3	0.9	
Other	5,255.9	5,980.5	6,711.6	6,711.6	12.2	
Other Financing Uses	297.5	297.5	390.1	320.2	7.6	
TOTAL USES	7,920.6	8,866.4	9,670.2	9,600.3	8.3	
FTE						
Permanent	33.0	33.0	33.0	33.0	0.0	
TOTAL FTE POSITIONS	33.0	33.0	33.0	33.0	0.0	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Average vehicle operation costs per mile	\$0.46	\$0.49	<\$0.59	<\$0.59	<\$0.59
* Outcome	Percent of leased vehicles used 750 miles per month or daily	61%	63%	70%	70%	70%
Output	Percent of short-term vehicle use	70%	66%	70%	TBD	70%

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 agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	622.7	882.8	987.1	824.7	-6.6
Other Revenues	1,456.0	1,468.3	1,602.3	1,702.3	15.9
SOURCES TOTAL	2,078.7	2,351.1	2,589.4	2,527.0	7.5
USES					
Personal Services and Employee Benefits	1,631.5	1,992.9	2,149.0	2,120.0	6.4
Contractual Services	19.2	37.8	29.0	29.0	-23.3
Other	357.1	249.5	304.1	304.1	21.9
Other Financing Uses	70.9	70.9	107.3	73.9	4.2
TOTAL USES	2,078.7	2,351.1	2,589.4	2,527.0	7.5
FTE					
Permanent	27.0	28.0	28.0	28.0	0.0
TOTAL FTE POSITIONS	27.0	28.0	28.0	28.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of executive branch agencies with certified procurement officers	97%	91%	95%	90%	95%
Outcome	Percent of procurement code violating agencies receiving procurement code training	92%	99%	90%	90%	90%
* Output	Average number of days for completion of contract review	NEW	NEW	NEW	<5	<5

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	3,511.5	4,397.6	4,799.5	4,577.6	4.1
SOURCES TOTAL	3,511.5	4,397.6	4,799.5	4,577.6	4.1
USES					
Personal Services and Employee Benefits	2,634.1	3,110.4	3,548.2	3,378.3	8.6
Contractual Services	253.3	363.3	387.5	387.5	6.7
Other	624.1	923.9	863.8	811.8	-12.1
TOTAL USES	3,511.5	4,397.6	4,799.5	4,577.6	4.1
FTE					
Permanent	36.5	37.0	40.0	37.0	0.0
TOTAL FTE POSITIONS	36.5	37.0	40.0	37.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	0%	0%	90%	50%	90%

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 select state agencies. The agency is governed by a seven-member board composed of the secretary of public education 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 of New Mexico, one member elected by the New Mexico members of the American Association of University Professors, and two members appointed by the governor. One governor-appointed position has been vacant for over a year.

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					Percent Incr (Decr)
	(dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>			
		Agency <u>Request</u>	LFC <u>Recommendation</u>			
SOURCES						
Other Revenues	25,331.1	31,932.4	31,926.0	31,780.5	-0.5	
SOURCES TOTAL	25,331.1	31,932.4	31,926.0	31,780.5	-0.5	
USES						
Personal Services and Employee Benefits	5,849.1	7,334.1	7,687.3	7,587.3	3.5	
Contractual Services	18,233.7	23,327.4	22,582.0	22,552.0	-3.3	
Other	1,248.3	1,270.9	1,656.7	1,641.2	29.1	
TOTAL USES	25,331.1	31,932.4	31,926.0	31,780.5	-0.5	
FTE						
Permanent	70.0	76.0	76.0	76.0	0.0	
Temporary	2.0	2.0	0.0	0.0	-100.0	
TOTAL FTE POSITIONS	72.0	78.0	76.0	76.0	-2.6	

AT A GLANCE:

The Educational Retirement Board (ERB), which is funded through employee and employer contributions and does not draw revenue directly from the general fund, has taken several steps to reduce costs, including moving more investment activities in-house. While its personnel costs have increased, the increases have been offset by reductions in contracts for external investment managers. The agency base request for FY21 was flat relative to FY20. ERB also requested approximately \$45 thousand in anticipation of approval of the agency's request to move office facilities.

The committee recommendation increases personnel funding by \$253 thousand over the FY20 operating budget, less than requested. Additionally, the recommendation does not support including funding for certain facility-related increases, because these are unlikely to be recurring costs and are contingent on passage of separate legislation.

BUDGET ISSUES:

ERB's FY21 base request of \$31.9 million was a decrease of \$6,400, or 0.02 percent, from the FY20 operating budget. The request reduced the budget for contractual services by \$745 thousand with the majority of the savings coming from a reduction in attorney services and the reclassification of IT maintenance from a contractual to other costs category expense. Most of the decrease was offset by an increase for personnel, \$353 thousand, and a \$312 thousand increase in the other costs category for IT maintenance contracts.

The FY21 personnel request increased funding by \$353.2 thousand, or 4.8 percent. In FY19, the agency increased the personal services and employee benefits category by \$710 thousand to hire additional personnel and provide for compensation increases for investment staff. The agency was authorized to hire three additional investment staff in FY20. The LFC recommendation increases funding for personnel by \$253.2 thousand, \$100 thousand less than the agency request, to reflect the agency's current \$600 thousand surplus for personnel. The additional personnel funding recommended will allow the agency to hire an additional 2 FTE, based on average per-FTE costs at the agency.

The agency requested \$22.6 million in contractual services, a reduction of \$745 thousand, or 3.2 percent from the FY20 operating budget. The request also includes \$30 thousand for moving expenses. The LFC recommendation does not include funding for moving expenses as they are nonrecurring.

In the other category, the agency requested a \$312 thousand increase to reflect the budgeting of IT hardware and software support contracts in the other category rather than the contractual services category as requested by the Department of Finance and Administration. In addition, a \$15.5 thousand increase in utility costs associated with a proposed new facility was requested. The LFC recommendation funds the agency request for increases in the other category with exception of facility costs, the need for which depend on passage of separate legislation.

Asset Management. For FY19, the ERB fund returned 7.3 percent, outperforming the long-term return target of 7.25 percent and finishing the year with a balance of \$13.3 billion, an increase of approximately \$400 million over the prior year. The ERB fund paid out \$1 billion in benefits to 47 thousand beneficiaries last year. ERB's investment returns have met the agency's targets for the one-, three-, and 10-year benchmarks but have failed to meet the five-year benchmark, which includes the recession years.

For FY19, ERB reported an unfunded actuarially accrued liability – the difference between assets available to pay benefits and estimated benefit cost – over \$7.5 billion. ERB estimates paying off the UAAL would take 70 years. The fund has assets sufficient to cover 63.5 percent of the cost of future benefits. New Mexico's large pension liabilities were a significant factor in the state's 2018 credit downgrade.

In 2018, ERB reclassified investment staff from classified positions to exempt positions and provided salary increases to investment staff to better align their pay with outside competitors. The conversion of investment staff to exempt positions, providing salary increases, and performing more investment activities in-house are strategies employed by the Public Employees Retirement Association and the State Investment Council.

When compared with peer funds greater than \$1 billion on a net-of-fees basis, the ERB fund performed in the top 10 percent in the nation for one- and five year time periods and in the 33rd and 27th percentiles for the three- and 10-year periods.

Sustainability. Although the fund is currently sustainable, the low funded status means it is particularly vulnerable to changes in investment returns. Because the funded status is based on an assumed rate of return of 7.25 percent, a moderate to severe recession would likely cause ERB to miss those return targets significantly, reducing the funded status of the plan.

Pension solvency legislation was passed in 2013 in response to the Great Recession of 2009-2010. The legislation increased employee contributions, created penalties for early retirement, and delayed cost-of-living-adjustment (COLA) eligibility. At the time of passage, ERB estimated the changes would increase the funded ratio – or fund assets divided by fund liabilities – of the plan to 101 percent by 2043. Current actuarial projections show the plan achieving a funded ratio of 63 percent by 2043. In 2012, the board adopted a policy calling for full funding by 2042.

The continued deterioration of the plan's funded status prompted ERB to pursue reform once more in 2019. The bill proposed by ERB and adopted by the Legislature included a tiered pension multiplier that increases the benefit accrual over the course of a career and required contributions from some return-to-work retirees and short-term substitute teachers previously exempted. While ERB requested an employer contribution increase of 3 percent, the final bill included a 0.25 percent employer contribution increase. Actuarial analysis suggests the new changes will reduce the funding period from 70 years to 44 years.

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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Average rate of net return over the last five years	8.10%	6.73%	7.25%	7.25%	7.25%
Outcome	Percent of member satisfaction with seminars and trainings	95%	95%	95%	95%	95%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	61	70	≤30	≤30	≤30
Outcome	Average rate of net return over the last ten years	6.80%	9.63%	7.25%	7.25%	7.25%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Five-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	NEW			
Explanatory	Ten-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	NEW			
Explanatory	Ten-year performance ranking in a national peer survey of public plans	21%	27%			
Explanatory	Five-year performance percentile ranking in a national peer survey of public plans	35	10			

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission was created in 1994 under Section 9-3-10 NMSA 1978 as the Criminal and Juvenile Justice Coordinating Council. A law passed in 2003 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: Data, Sentencing Reform, Legislative, and Judicial. The commission is made up of 27 members and includes representatives from the executive and judicial branches, public members appointed by the executive, legislative, and judicial branches, the dean of the University of New Mexico School of Law, a county sheriff appointed by the executive director of New Mexico Counties, a public member who is Native American and a practicing attorney, and a public member who represents a victims' organization.

MISSION:

The central duties of the commission include serving as a clearinghouse for criminal justice data provided by other state agencies, providing unbiased research on criminal justice issues on an ad hoc basis, and analyzing criminal justice legislation to inform the Legislature, executive agencies, and the public. Additionally, the County Detention Facility Reimbursement Act requires the commission to annually calculate the rate of reimbursement for costs incurred by counties for the incarceration of felony offenders and the distribution amount for each eligible county, for which it receives \$30 thousand from the county detention facility reimbursement fund.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	718.1	1,238.1	1,909.6	1,238.1	0.0
Other Transfers	52.0	52.0	52.0	52.0	0.0
SOURCES TOTAL	770.1	1,290.1	1,961.6	1,290.1	0.0
USES					
Contractual Services	547.5	658.0	786.6	658.0	0.0
Other	2.9	632.1	1,175.0	632.1	0.0
TOTAL USES	550.4	1,290.1	1,961.6	1,290.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

AT A GLANCE:

The commission requested a base budget increase of \$100 thousand compared with FY20 and an expansion of \$571.5 thousand to increase funding for grants under the 2019 Crime Reduction Grant Act. The LFC recommendation does not support the base budget increase or the expansion request but does maintain the \$688.5 thousand general fund increase the commission received through Laws 2019, Chapter 279, (House Bill 548) and Laws 2019, Chapter 278, (Senate Bill 536), the use of which is not restricted in FY21. The commission requested reinstatement of nonreverting language for general fund appropriations to avoid audit findings and allow timely payments to its fiscal agent, the University of New Mexico; this language was removed in FY18. The committee does not support nonreverting language.

BUDGET ISSUES:

The New Mexico Sentencing Commission (NMSC) has no FTE; commission staff—a director, a deputy director, a business manager, a program manager, and three research scientists—are employees of the University of New Mexico (UNM). The agency contracts with UNM for fiscal services, paying a fee equal to 9 percent of its budget for administration, and supplements staff research with help from undergraduate-, graduate-, and doctoral-level students.

In FY19, the commission completed 15 research projects and published eight reports. The commission produces a prison population study and a study on inmates serving parole inside prison on an annual basis, while studies of juvenile justice, the judicial branch, state police, and recidivism rates are performed as needed or by request.

Excluding grants, the bulk of NMSC's operating costs (93 percent of the FY20 operating budget and 94 percent of its FY21 request) are budgeted through its contract with UNM, giving the Legislature no transparency into, or ability to analyze, its spending. The commission has increasingly relied on contracts with state agencies and local governments to set its priorities, rather than focusing on its core statutory duties. Additionally, the commission's reliance on such contracts makes it unwilling to disclose the results of research projects, including those not funded through contracts, without the approval of its partner agencies.

The commission received \$510 thousand in recurring funds to support criminal justice data governance through Laws 2019, Chapter 278, (Senate Bill 536) and \$178.5 thousand in recurring and \$218.5 thousand in nonrecurring funds for crime reduction grants to support a criminal justice data-sharing network through Laws 2019, Chapter 279, (House Bill 548). These funds helped support the goals of Laws 2019, Chapter 192, (House Bill 267), which requires the Sentencing Commission to create a criminal justice data-sharing network, defines a unique statewide biometric identification system (administered by the Department of Public Safety), amends the Mental Health and Developmental Disabilities Act to provide that authorization from the client is not required for the release of confidential information to assure continuity of care, creates criminal justice coordinating councils in each judicial district, and establishes the Crime Reduction Grant Act.

In FY20, the commission began working with the Institute for Complex Additive Systems Analysis (ICASA) at the New Mexico Institute of Mining and Technology to establish and implement a single identification number for individuals arrested in the state that can be tracked across divergent criminal-justice-related datasets, a key step in creating an effective governance structure for this data. The commission also established a competitive grant program for crime reduction grants and awarded \$377.2 thousand for eight projects covering 11 judicial districts. The commission will monitor progress on these projects throughout the year.

NMSC's FY21 request included an expansion of \$571.5 thousand in recurring funds to continue and expand the crime reduction grant program, including providing grants for purposes that support the goals of Laws 2019, Chapter 192, (House Bill 267) beyond establishing a data-sharing network. The commission also requested \$1 million in non-recurring general fund revenue for this purpose. The recommendation does not support a significant recurring expansion of the grant program at this time but maintains the additional \$688.5 thousand in recurring funds the commission received in the 2019 legislative session, which more than doubled its FY20 operating budget.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Crime Reduction Grant Act (0 FTE)	571.5	0.0
TOTAL		571.5	0.0

NEW MEXICO SENTENCING COMMISSION

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

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	15	15	15	13	15
Explanatory	Number of grants awarded to support criminal justice data sharing	NEW	NEW			
Explanatory	Amount of funding awarded for grants to support criminal justice data sharing	NEW	NEW			

STATUTORY AUTHORITY:

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

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,263.0	4,184.6	4,582.9	4,442.9	6.2
SOURCES TOTAL	3,263.0	4,184.6	4,582.9	4,442.9	6.2
USES					
Personal Services and Employee Benefits	2,730.9	3,639.5	3,964.8	3,824.8	5.1
Contractual Services	78.7	89.6	89.6	89.6	0.0
Other	387.3	455.5	528.5	528.5	16.0
TOTAL USES	3,196.9	4,184.6	4,582.9	4,442.9	6.2
FTE					
Permanent	27.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	27.0	34.0	34.0	34.0	0.0

AT A GLANCE:

For FY21, the office requested a general fund revenue increase of \$398.3 thousand, or 9.5 percent over the FY20 operating budget. The request included an increase to fund vacant positions, purchase information technology software, and increase the governor's contingency fund. The LFC recommendation increases the agency's general fund appropriation by \$258.3 thousand, or 6.2 percent.

BUDGET ISSUES:

For FY21, the office's request from the general fund included increases of 8.9 percent to fund vacant positions and 16 percent for software purchases and the governor's contingency fund, with no increases in the contractual services category. Software costs include \$20 thousand for license renewal and support for constituent services and boards and commissions applications. The office requested \$96 thousand for the governor's contingency fund, a \$22 thousand increase over the FY20 operating budget.

The office has sufficient funding in its FY20 operating budget to fill approximately 2.5 vacancies. The committee recommendation adds \$185.3 thousand to the operating budget for the personal services and employee benefits category to continue reducing vacancies. The office has seven vacancies, including special director roles for infrastructure, public safety, small business, and behavioral health.

For FY19, the office achieved all performance measure targets, including the number of business days to post public meetings recorded by the office on its website and the percentage of constituent service cases closed within 30 days of initial receipt.

Governor's Contingency Fund. Laws 2018, Chapter 27, created a formal governor's contingency fund. Previously, funds appropriated to the office for miscellaneous other expenses were considered "contingent and other expenditures." The fund is subject to the Audit Act, the Inspection of Public Records Act, and the Procurement Code, and the office must provide detailed monthly reports on the fund's expenditures to the Department of Finance and Administration and LFC. The bill took effect on January 1, 2019.

Between January and August of 2019, the office spent \$43.8 thousand from the contingency fund, including \$22.6 thousand on food and beverage, \$12.7 thousand on household supplies, and \$8,500 on other items.

RECOMMENDED LANGUAGE:

The general fund appropriation to the office of the governor in the other category includes ninety-six thousand dollars (\$96,000) for the governor's contingency fund.

EXECUTIVE MANAGEMENT AND LEADERSHIP PROGRAM

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

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	92%	93%	90%	90%	93%
Output	Number of business days to process extraditions	14	10	10	10	10
Output	Number of business days to post videos of public meetings recorded by the governor's office on an easily found website		1	2	2	2
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10	10	10	10	10
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1	1	1	1	1

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the Office of the Lieutenant Governor and establishes 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.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	513.5	580.9	600.8	600.8	3.4
SOURCES TOTAL	513.5	580.9	600.8	600.8	3.4
USES					
Personal Services and Employee Benefits	383.6	466.2	466.2	466.2	0.0
Contractual Services	42.9	38.4	38.4	38.4	0.0
Other	72.7	76.3	96.2	96.2	26.1
TOTAL USES	499.2	580.9	600.8	600.8	3.4
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

AT A GLANCE:

For FY21, the budget request represented a \$19.9 thousand, or 3.4 percent increase over the FY20 operating budget, including \$15 thousand for a license and maintenance agreement for a constituent services database. The committee recommendation supports the request.

For FY19, the office achieved all performance measure targets for constituent service files closed, days in session and presided over, public forums held, and boards and commissions attended.

STATE OMBUDSMAN PROGRAM

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, keep records of activities and submit an annual report to the governor.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of constituent service files closed within 30 days	87%	95%	85%	95%	95%
Output	Number of constituent service mobile office days or town hall meetings and economic forums held	4	4	4	10	10
Output	On boards and commissions the lieutenant governor sits, percent of meetings held and attended in Santa Fe	90%	90%	90%	90%	90%
Output	Percent of days in session and presided over (gavel down)	100%	100%	90%	95%	95%

STATUTORY AUTHORITY:

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 9-27-10 NMSA 1978 (DoIT act) as a single, unified executive branch department intended to streamline and improve state 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, as well as those formerly administered by the Communications Division, Information Systems Division, Radio Communications Bureau, and Telecommunications Bureau of the General Services Department. The department consists of three authorized programs: Program Support, Compliance and Project Management, and Enterprise Services. Finally, the department administers the equipment replacement fund, a program funded through internal transfers, which it uses to replace or upgrade equipment and software.

The DoIT Act established 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.

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 our customers through leadership, strategic planning, standards and policy, architecture and oversight.

	BUDGET SUMMARY (dollars in thousands)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	853.2	868.6	868.5	868.5	0.0
Other Transfers	10,823.8	12,003.2	14,831.3	12,942.6	7.8
Federal Revenues	159.0	0.0	0.0	0.0	
Other Revenues	62,213.8	62,384.4	63,095.2	63,095.2	1.1
SOURCES TOTAL	74,049.8	75,256.2	78,795.0	76,906.3	2.2
USES					
Personal Services and Employee Benefits	12,716.8	18,432.5	17,876.3	15,987.6	-13.3
Contractual Services	12,964.3	14,274.3	10,051.1	10,051.1	-29.6
Other	28,014.3	30,546.2	36,036.3	36,036.3	18.0
Other Financing Uses	10,813.0	12,003.2	14,831.3	14,831.3	23.6
TOTAL USES	64,508.4	75,256.2	78,795.0	76,906.3	2.2
FTE					
Permanent	203.0	203.0	203.0	203.0	0.0
TOTAL FTE POSITIONS	203.0	203.0	203.0	203.0	0.0

AT A GLANCE:

The department's base budget request was \$79 million from all funds, 4.7 percent above the FY20 operating budget. Despite a 27 percent funded vacancy rate, DoIT's request applied a lower vacancy rate to increase funding for the personal services and employee benefits category. The base request for general fund revenue, \$868.5 thousand, was nearly flat with the FY20 operating budget. The recommendation supports the transfer of 5 FTE from Program Support and 6 FTE from the Enterprise Services Program to the Compliance and Project Management (CPM) Program to continue the restructuring of the CPM program. DoIT submitted an equipment replacement plan for FY21 that reflects its \$8 million request for equipment replacement funds. The request is 64 percent above FY19 expenditure levels to account for increased costs in the contractual services category and other category to support the upgrade of the statewide telephone system and public safety radio system. While the LFC recommendation supports the agency request for the equipment replacement fund, concerns remain with the continued high fund balances in the enterprise equipment replacement fund. DoIT projected a \$39 million ending balance in the enterprise ERF for FY20, while a three-year average of projected expenditures is \$5 million.

BUDGET ISSUES:

Enterprise Services. In July 2019, the state's IT rate committee recommended DoIT-proposed FY21 service rates for information technology and telecommunications nearly flat with FY20, except for radio service rates. Those rates would increase on average about 23 percent, after DoIT decreased radio rates by 15 percent for FY20. DoIT's FY21 SHARE subscription fee of \$415 per FTE is flat with FY20. Concerns remain regarding DoIT's rate-setting process, because it is not always documented, and the department is at risk of having a single point of failure because of its historical reliance on one individual for cost allocation and rate modeling.

For FY21, DoIT estimated \$63 million in enterprise service revenues will be generated for data processing, central telephone, and other services provided to state agencies. This represents a \$1.8 million increase, or close to a 3 percent increase over FY19 actuals and a 2 percent increase from the FY20 operating budget.

In FY19, DoIT implemented the SHARE recruiting module, an integrated human resources solution, to reduce redundancies in the hiring process for a total cost of \$1.9 million. The department also initiated the enterprise cybersecurity upgrade project with a statewide risk assessment, which will serve as a foundation for strengthening the state's cybersecurity posture, support security polices, and identify mitigation strategies to reduce risk.

Equipment Replacement Funds. For FY21, DoIT requested \$8 million in expenditures for the equipment replacement funds (ERF), \$5 million for Enterprise Services ERF, and \$3.2 million for SHARE ERF. The request is 64 percent higher than FY19 actual expenditures. In FY19, DoIT used its budget adjustment request (BAR) authority to increase the enterprise ERF by \$2.7 million to increase the other cost category and contractual services category to purchase radios and software and associated professional services to support its multi-year public safety digital radio upgrade project. The agency request for SHARE ERF include \$1.2 million to implement additional modules and capabilities to enhance SHARE services to meet customer needs. DoIT has yet to develop a detailed project plan or estimated cost for replacing or continuing to upgrade SHARE or provide a roadmap and schedule for the remaining SHARE modules the state owns. DoIT should address full functionality for modules previously implemented that did not meet business needs. For example, the State Treasurer's Office continues to use its legacy system because the State Treasury module is not fully functional. The SHARE ERF plan also includes \$1.6 million for maintenance and support costs. Maintenance and support, which includes enhancement costs, are generally included in the agencies operating budgets as a recurring cost. ERFs were established to provide the department with a funding mechanism for replacing IT infrastructure in the state, funded by allocating depreciation costs into the rates DoIT charges agencies. The department administers the equipment replacement revolving funds, funded through internal transfers, which it uses to replace or upgrade equipment and software. DoIT submitted an annual equipment replacement plan for FY21 that included upgrading the statewide email system, expanding SHARE functionality, and similar items. The plan sets priorities for IT expenditures and provides accountability and transparency for DoIT's IT investments. By law, the equipment replacement funds must be spent according to equipment replacement plans.

Compliance and Project Management. DoIT's Compliance and Project Management (CPM) Program provides guidance and oversight to state agencies and provides support to the Project Certification Committee, the entity responsible for reviewing and approving phased funding for agency IT projects. In FY19, DoIT initiated a restructuring of CPM and continues to reorganize the program to improve strategic planning and oversight of all IT investments and cybersecurity. The FY20 operating budget included 17 FTE; for FY21, the department requested the transfer of 6 FTE from Enterprise Services and 5 FTE from Program Support, which include funded vacant positions, to CPM. The transfers strengthen CPM functions, establish the Office of the Chief Information Security Officer, authorize a geospatial information officer, and improve the Office of Broadband. While the LFC recommendation supports the transfers, it does not support the increase to the personal services and employee benefits category due to the funded vacant positions.

Program Support. The LFC recommendation supports the base request for all categories except the personal services and employee benefits category. The LFC recommendation reduces the personal services and employee benefits category to account for the funded positions transferred to the Compliance and Project Management Program. Although the FY18 financial audit was completed on time, there was one finding, a significant deficiency, for improper internal controls over voucher payments, because the department was paying utility invoices without proper review of charges. The two findings from the FY17 audit, excess overtime compensation, and procurement noncompliance, were resolved. Program Support is, in part, responsible for leadership and administrative policies and procedures for the department; however, a number of policy areas within the department's purview have not been properly addressed. For example, statutes, rules, policies and procedures relating to the IT Project Certification Committee are out of date and in critical need of refining or updating.

Performance Reporting. DoIT's performance measures for Enterprise Services and Program Support are mostly consistent with other enterprise agencies. Although the measures include the overall results of an annual customer survey, the department did not conduct a customer survey in FY19. The department developed measures for Compliance and Project Management to

demonstrate effectiveness of its oversight, but CPM did not meet its FY19 target of 90 percent for reviewing agencies IT professional services contracts within five business days. DoIT's procurement review and contract approval delays are impeding state agency project progress. Finally, DoIT maintained an IT project dashboard to improve transparency and quarterly reporting on the status of the state's largest and most critical IT projects. Available on DoIT's website, the dashboard provides a comprehensive view of agencies IT projects, including budget, schedule, and project risks.

COMPLIANCE AND PROJECT MANAGEMENT

The 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)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	General Fund Transfers	853.2	868.6	868.5	868.5	0.0
	Other Transfers	0.0	1,313.2	2,636.6	1,405.7	7.0
	SOURCES TOTAL	853.2	2,181.8	3,505.1	2,274.2	4.2
USES						
	Personal Services and Employee Benefits	632.1	1,668.1	2,701.5	1,470.6	-11.8
	Contractual Services	0.0	52.5	21.5	21.5	-59.0
	Other	42.7	78.1	94.3	94.3	20.7
	Other Financing Uses	128.2	383.1	687.8	687.8	79.5
	TOTAL USES	803.0	2,181.8	3,505.1	2,274.2	4.2
FTE						
	Permanent	17.0	17.0	28.0	28.0	64.7
	TOTAL FTE POSITIONS	17.0	17.0	28.0	28.0	64.7

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days			90%	90%	90%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days			90%	90%	90%
Output	Number of workshops, trainings, events or whitepapers delivered to agencies on IT best practices predicated upon department analysis of key IT oversight areas	8	4	24	18	18
Outcome	Percent of information technology professional service contracts reviewed with quality feedback in five business days	69%	69%	N/A	N/A	

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)				
		FY19	FY20	FY21 - 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Federal Revenues	159.0	0.0	0.0	0.0	
	Other Revenues	61,331.0	62,384.4	63,095.2	63,095.2	1.1
	SOURCES TOTAL	61,490.0	62,384.4	63,095.2	63,095.2	1.1

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
USES						
	Personal Services and Employee Benefits	9,700.6	13,416.8	11,565.8	11,565.8	-13.8
	Contractual Services	11,360.1	10,983.2	6,783.2	6,783.2	-38.2
	Other	24,346.6	26,364.3	30,602.7	30,602.7	16.1
	Other Financing Uses	10,684.8	11,620.1	14,143.5	14,143.5	21.7
	TOTAL USES	56,092.1	62,384.4	63,095.2	63,095.2	1.1
FTE						
	Permanent	144.0	144.0	138.0	138.0	-4.2
	TOTAL FTE POSITIONS	144.0	144.0	138.0	138.0	-4.2

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority level	95%	96.5%	95%	95%	95%
Outcome	Number of perimeter and security-logged devices reporting security metrics to the network operations center	800	>900	800	800	800
Outcome	Average number of hours it takes to remediate vulnerabilities from the time they are identified based on risk				TBD	TBD
Output	Number of regulatory updates implemented in the statewide human resources accounting reporting system to comply with tax laws			NEW	12	12
Output	Number of independent vulnerability scans of IT assets identifying potential cyber risks			NEW	1 per year	2 per year

EQUIPMENT REPLACEMENT FUND

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Other Transfers	8,233.7	6,982.7	8,233.7	8,233.7	17.9
	Other Revenues	882.8	0.0	0.0	0.0	
	SOURCES TOTAL	9,116.5	6,982.7	8,233.7	8,233.7	17.9
USES						
	Contractual Services	1,582.2	3,078.0	3,222.0	3,222.0	4.7
	Other	3,441.2	3,904.7	5,011.7	5,011.7	28.4
	TOTAL USES	5,023.4	6,982.7	8,233.7	8,233.7	17.9
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

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)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Other Transfers	2,590.1	3,707.3	3,961.0	3,303.2	-10.9

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
	SOURCES TOTAL	2,590.1	3,707.3	3,961.0	3,303.2	-10.9
USES						
	Personal Services and Employee Benefits	2,384.1	3,347.6	3,609.0	2,951.2	-11.8
	Contractual Services	22.0	160.6	24.4	24.4	-84.8
	Other	183.8	199.1	327.6	327.6	64.5
	TOTAL USES	2,589.9	3,707.3	3,961.0	3,303.2	-10.9
FTE						
	Permanent	42.0	42.0	37.0	37.0	-11.9
	TOTAL FTE POSITIONS	42.0	42.0	37.0	37.0	-11.9

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of audit corrective action plan commitments completed on schedule	100%	75%	95%	95%	95%
* Explanatory	Overall results of the department's annual customer satisfaction survey					
* Outcome	Percent of enterprise services areas achieving full cost recovery	75%	100%	90%	90%	90%

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for administering the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA board is responsible for administering the Volunteer Firefighters Retirement Act (Sections 10-11A-1 through Sections 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), Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978), Deferred Compensation Act (Sections 10-17A1 through 10-7A-12 NMSA 1978), and the U.S. Internal Revenue Code 457 regarding deferred compensation. PERA is governed by a 12-member board composed of the secretary of state and 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.

MISSION:

The mission of the agency is to preserve, protect, and administer the retirement trust to meet its current and future obligations to retirees and to provide quality services to association members.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY21 – 2020-2021</u>				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	72.6	80.3	54.6	54.6	-32.0
Other Revenues	30,818.1	36,542.4	36,155.1	36,135.9	-1.1
SOURCES TOTAL	30,890.7	36,622.7	36,209.7	36,190.5	-1.2
USES					
Personal Services and Employee Benefits	7,110.2	8,164.8	8,184.0	8,164.8	0.0
Contractual Services	22,437.8	27,069.2	26,306.8	26,306.8	-2.8
Other	1,342.7	1,388.7	1,718.9	1,718.9	23.8
TOTAL USES	30,890.7	36,622.7	36,209.7	36,190.5	-1.2
FTE					
Permanent	84.0	87.0	87.0	87.0	0.0
TOTAL FTE POSITIONS	84.0	87.0	87.0	87.0	0.0

AT A GLANCE:

PERA, which is funded through employee and employer contributions and does not draw revenue from the general fund, reduced expenditures by negotiating lower fees for external investment managers. Similar to the Education Retirement Board and the State Investment Council, PERA recently transitioned investment staff from classified to exempt positions and gave raises. For FY21, the agency base request was a 1.1 percent decrease from FY20. The LFC recommendation fully funds the agency request in the contractual services and other categories and holds personnel funding flat relative to FY20.

BUDGET ISSUES:

For the second consecutive year, PERA requested a base budget decrease. The overall reduction of \$413 thousand, or 1.1 percent, was attributable to a reduction in external investment management fees. The FY21 request held the personnel category nearly flat. The contractual services category was reduced by \$762 thousand, of which \$409 thousand resulted from cuts to fees paid to external investment managers and an additional \$353 thousand was transferred from the contractual services category to the other category to comply with accounting guidance from the Department of Finance and Administration for budgeting IT hardware and software maintenance agreements.

LFC analysis shows PERA had over \$800 thousand in excess personnel funding at the time of budget submission. PERA points out that \$478 thousand is related to 3 additional investment FTE awarded to the agency during the 2019 legislative session, and the agency intends to fill these positions during FY20.

For the fifth year, PERA requested an appropriation from the general fund to continue processing requests from employers to link employee information to the social security system. The request for FY21 was \$54.6 thousand, a decrease of 26 percent relative to FY20. PERA does not believe retirement trust funds should be used to pay these costs because many of the requests are from charter schools and others not affiliated with PERA. The reduction in the request for general fund resulted from a decline in the number charter schools requesting assistance with social security reporting.

The LFC recommendation mostly funds the agency request but holds personnel appropriations flat to reflect the surplus funding in this category.

Asset Management. The fund has grown from \$9.2 billion in 2007, after losing a quarter of its value during the worldwide market downturn, to a record high of \$15.6 billion. For FY19, PERA funds returned 6.4 percent, net of external asset management fees, and the market value of the fund grew by \$200 million while paying out \$1.2 billion in retirement benefits. Despite missing investment return targets in FY19, PERA met its three- and 10-year investment return targets; it underperformed the five-year target. Peer rankings show PERA performed in the top quartile last year, but returns were in the bottom half for all other periods.

In 2017, the PERA board voted to delegate selection of fund managers to PERA staff. The board’s motion was followed with a move to convert investment staff from classified to exempt positions and increase their salaries to better align with salaries across similar government agencies. Salary increases and the transition of staff into exempt positions is part of a broader effort to reflect the enhanced responsibilities of investment staff.

Sustainability. The five retirement plans created by the Public Employees’ Retirement Act – state employees, state police, municipal employees, municipal police, and municipal fire – are currently 71.6 percent funded. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, is projected to be 31.5 percent funded by 2043 with an unfunded liability in excess of \$7 billion, while the state police plan is projected to be 283 percent funded with a surplus of \$3.6 billion. The underfunding of New Mexico pensions was a significant factor in the state’s 2018 credit downgrade.

In response to the Great Recession of 2009-2010, pension solvency legislation was passed in 2013. The legislation reduced the cost-of-living adjustment (COLA) for most current retirees, delayed COLA payments for future retirees, required longer careers for new employees, and increased employer and employee contributions to the fund. While the pension reform measures had a positive impact on the funded status of the PERA plans, the plans’ funded status continued to deteriorate because investment returns failed to reach the investment return assumption, and the pension funds are at risk of insolvency. In response to impending solvency concerns, the PERA board supported reform legislation during the 2019 legislative session that did not pass. However, PERA did receive a 0.25 percent employer contribution increase, bringing the total state-funded contribution to 17.24 percent of salary.

Following the failure of PERA’s 2019 reform effort, the governor convened a pension solvency taskforce to create a pension reform package that would return the fund to solvency within 25 years. The taskforce proposed employee and employer contribution increases, changes to the COLA, and removing the cap on benefit accrual to encourage longer careers. Approximately 70 percent of the total outstanding liability is related to current retirees, while 30 percent is attributable to active employees. Employees hired after July 1, 2013, are in a second tier of the PERA system and no additional unfunded liability is attributable to these employees. The increase in employer and employee contributions ensures current workers make adequate contributions to pay for their benefits while suspending the COLA reduces the liability already incurred by retirees who did not make sufficient contributions to cover benefit costs.

Governance. The PERA board has been largely dysfunctional for the past several years. Multiple members have been censured for conduct, board members have referred personnel matters to the Attorney General and State Auditor for investigation, and a group represented by a member of the board is involved in litigation with a number of PERA staff. Additionally, few members have a strong understanding of either investments or state finances. Given the fractured nature of the board, the Legislature must rely on efforts of committees, as well as the executive task force, to produce reform proposals that will safeguard pension benefits for those who earned them and ensure the funds remain solvent.

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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Funding period of unfunded actuarial accrued liability, in years	Infinite	TBD	≤30	≤30	≤30

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Ten-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	-37	133	>30	>0	>0
Outcome	Five-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	NEW	NEW	>0	>0
Explanatory Outcome	Average rate of net return over the last ten years	NEW	NEW			
Outcome	Public employees retirement association's total investment cost comparable to an industry median cost of peers adjusted for differences in fund size and asset mix, in basis points	46	57	≤85	≤85	≤75
Explanatory	Average rate of net return over the last five years	NEW	NEW			

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 State Commission of Public Records is to preserve, protect, and facilitate access to public records held in trust for 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)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,496.4	2,583.5	2,953.0	2,648.1	2.5
Federal Revenues	39.9	32.5	32.5	32.5	0.0
Other Revenues	163.7	185.0	133.7	163.7	-11.5
Fund Balance	144.5	160.9	19.4	145.0	-9.9
SOURCES TOTAL	2,844.5	2,961.9	3,138.6	2,989.3	0.9
USES					
Personal Services and Employee Benefits	1,971.9	2,499.8	2,721.3	2,572.0	2.9
Contractual Services	161.8	24.6	45.5	45.5	85.0
Other	386.1	437.5	371.8	371.8	-15.0
TOTAL USES	2,519.8	2,961.9	3,138.6	2,989.3	0.9
FTE					
Permanent	37.0	37.0	37.0	37.0	0.0
TOTAL FTE POSITIONS	37.0	37.0	37.0	37.0	0.0

AT A GLANCE:

For FY21, the agency requested an increase of \$176.7 thousand, or 6 percent, over the FY20 operating budget. The request included an increase of 14.3 percent from the general fund to fully fund personnel. The LFC recommendation increases the agency's general fund appropriation 2.5 percent and supports other revenues aligned closer to FY19 actuals.

The State Records Center and Archives, which stores state agency records and acts as the central archive for state government received \$953 thousand for facilities improvements as a 2019 capital outlay appropriation, which it plans to use to replace its HVAC system in early 2020. The agency planned to use funding from the capital buildings repair fund to re-roof the records center; however, those funds were repurposed by the General Services Department. In FY14, the Legislature appropriated \$600 thousand to plan an expanded records facility. In FY16, CPR obtained conceptual drawings and requested \$13.2 million for the first phase of an estimated \$63 million project. Without changes to agency record retention practices, the proposed facility could reach full capacity in 20 years. Given advances in technology for record retention and the shortage of space, CPR should proactively find alternatives to storing paper when possible.

BUDGET ISSUES:

For FY21, the agency requested an increase of \$369.5 thousand from the general fund to fully fund the agency with archivists, records management analysts, and other support staff. The agency also requested \$133.7 thousand in other revenues to support operations, and \$19.4 thousand from fund balances. The agency request also included \$32.5 thousand from federal revenues. Contributing to the request for additional funds were increases in expenses related to group health benefits, risk coverage, and workers compensation. CPR has four funded vacant positions, a vacancy rate of 13.1 percent. Although the agency only requested to use \$19 thousand in fund balance, its projected fund balance at the close of FY20 is \$244.2 thousand.

The LFC recommendation increases general fund revenue 2.5 percent above the FY20 operating budget and decreases other revenues from charges and fees and fund balance due to a decline in revenue and fund balance, for an overall increase of \$27.4 thousand over the FY20 operating budget. The recommendation includes \$32.5 thousand in federal revenues. In the personal services and employee benefits category, the recommendation provides an increase of \$72.2 thousand due to

expanded duties under recent changes to the State Records Act for agency rulemaking processes. In the contractual services category, the recommendation includes an increase of \$20.9 thousand for the services of a security guard. In the other category, the recommendation supports the agency request.

In addition to state government, CPR provides services to local and tribal governments, educational and research communities, and the general public. These services include public records access and management, administrative rule creation and filing, and preservation of permanent, historical records for New Mexico. According to CPR, these records help document citizenship and family histories, resolve land and water issues, and support the daily operations of state and local governmental agencies.

Although CPR operates two records centers and a vault for the permanent storage of records with historical value, all are at full capacity and some records remain at agencies. Due to space constraints, CPR is only accepting new records when stored records reach their retention period and are destroyed. As a result, agencies are storing records in basements, hallways, and rented storage units and warehouses. Based on a recommendation from the Legislature, CPR is working with the courts to make greater use of electronic scanning and storage of its records. This will save space at the records center because most court records are permanent.

Through better training, CPR hopes to increase the quality of stored information, which over time should reduce the amount of information sent to CPR for storage. In FY19, CPR held 41 trainings to state employees on the proper management of public records. CPR held 213 educational activities, including records and information management trainings, rulemaking trainings, agency-specific trainings, in-person lectures, and webinars put on by the Office of the State Historian. For FY20, CPR has performance measures in line with FY19 and is on track to meet or exceed targets.

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 the state can effectively create, preserve, protect and properly dispose of records, facilitate their use and understanding and protect the interests of the citizens of New Mexico.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	NEW	41	24	24	24
* Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	NEW	134	24	24	24
Outcome	Number of agency educational, research, preservation and community outreach activities that foster and facilitate an appreciation and understanding of New Mexico history and culture	NEW	213	25	25	25
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	NEW	5	30	30	30
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	N/A	N/A	NEW	15,000	15,000
Outcome	Percent of requests by records custodians to access public records stored in the records center within twenty-four business hours and to access archival holdings within two hours of on-site request, adhering to any applicable laws	NEW	100%	100%	100%	100%

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.

In 2012, Article 11, Section 2, of the Constitution of New Mexico was amended to transfer the authority to charter and regulate corporations from the Public Regulation Commission (PRC) to the Secretary of State (SoS) and statutory changes were subsequently enacted that also transferred related staff and expenses from PRC to SoS.

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 and register all corporations doing business in New Mexico.

	BUDGET SUMMARY (dollars in thousands)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	8,470.0	9,715.5	12,002.9	11,073.6	14.0
Federal Revenues	1,052.2	0.0	0.0	0.0	
Other Revenues	493.0	39.0	45.0	45.0	15.4
Fund Balance	0.0	437.4	513.9	513.9	17.5
SOURCES TOTAL	10,015.2	10,191.9	12,561.8	11,632.5	14.1
USES					
Personal Services and Employee Benefits	3,671.6	4,120.7	4,744.6	4,590.0	11.4
Contractual Services	801.9	788.8	911.0	869.4	10.2
Other	5,538.8	5,282.4	6,906.2	6,173.1	16.9
TOTAL USES	10,012.3	10,191.9	12,561.8	11,632.5	14.1
FTE					
Permanent	60.0	60.0	60.0	60.0	0.0
Term	2.0	2.0	3.0	3.0	50.0
Temporary	2.0	2.0	3.0	3.0	50.0
TOTAL FTE POSITIONS	64.0	64.0	66.0	66.0	3.1

AT A GLANCE:

The Secretary of State (SoS) requested \$12 million in general fund revenue, \$45 thousand from fees, and \$513.9 thousand in federal fund balance from a Help America Vote Act (HAVA) grant for a total budget request of nearly \$12.6 million, \$2.4 million over the FY20 operating budget. Most of the increase was for the Elections Program to eliminate special and supplemental appropriations to meet recurring budget needs. A smaller increase was for the Administration and Operations Program largely to fill authorized but unfunded customer-focused positions. The committee recommends a \$1.4 million general fund increase to support both programs in FY21.

BUDGET ISSUES:

The Administration and Operations Program requested \$409.5 thousand additional general fund revenue, a 10.5 percent increase from the FY20 operating budget, to fill more previously authorized but unfunded positions and cover increases for IT support and maintenance agreements, disaster recovery server storage, and printing. The committee recommends a general fund revenue increase of \$100.8 thousand, a 2.6 percent increase from the FY20 operating budget. For FY20, the operating budget increased \$481.7 thousand from actual spending but the office had a funded vacancy rate of 9 percent, \$381 thousand in dollars, equivalent to 4 FTE based on average cost per FTE.

The Elections Program request was almost \$1.9 million higher in general fund revenue than the FY20 base budget, intended to eliminate special and supplemental appropriation requests to fill recurring budget gaps. Half of the requested increase is for anticipated growth in ballot-on-demand systems that, at \$4.3 million requested and \$1 million above actual spending, is the largest election expense, for legislative mandates requiring same-day voter registration stations, and for absentee ballots with return postage, now to be paid by the SoS. In personnel, the request included 2 additional FTE positions funded by a federal grant to assist counties with election security initiatives. The recommendation includes an increase of nearly \$1.3 million in general fund revenue to cover recurring election expenses and enhanced security. In terms of county reimbursements for election expenses, SoS is working on setting parameters for what is an allowable expense to control costs.

Elections. In March 2018, SoS received a \$3.7 million federal grant under the Help America Vote Act. In FY21, these funds are in the request as fund balance because the federal government provided the entire five-year grant award in one distribution. The purpose of the grant is to enhance cybersecurity efforts. By March 2023, when these funds expire, SoS will have devoted more than \$2 million to tighten cybersecurity, \$500 thousand to voter registration efforts, and \$750 thousand to improving voter equipment. A state match of \$185 thousand, or 5 percent of the distribution, was a requirement of the grant and provided in 2019 as a special appropriation. After including expenditures budgeted in the request, the projected HAVA fund balance for FY21 is \$2 million.

In 2018, changes to New Mexico election law established a statewide, consolidated local election in November for odd-numbered years and created an election fund in the state treasury to reimburse counties and the SoS for costs to conduct and administer elections. These changes included requiring local government contributions to the fund, administered by the SoS, based on an assessment of \$250 per \$1 million of local governments' general fund expenditures, generating \$1.1 million annually or \$2.2 million per two-year local election cycle, although only one-third of the true cost. In 2019, this assessment from local governments was eliminated in the "50-year election clean-up bill" leaving no other recurring funding source. The challenge for the state moving forward is to identify a sufficient, recurring funding source for statewide local elections. The law also allows SoS to apply to the Board of Finance for an emergency grant if fund balances are insufficient to cover election costs.

For FY20, SoS is requesting supplemental appropriations of \$3 million to cover costs for the first consolidated local election held in November 2019 and the 2020 primary election, including \$1.8 million to reimburse counties for election costs. The projected cost of the 2019 election is \$6.3 million, and the agency has \$4.5 million from a 2019 special appropriation of \$3.5 million and \$1.1 million from the assessment on local governments the Legislature eliminated in 2019. SoS requested a supplemental appropriation of \$1.2 million to cover new legislative mandates affecting the 2020 primary election, such as same-day voter registration and postage paid absentee voting. For FY21, SoS is also requesting a special appropriation of \$315 thousand to cover a one-time purchase of ballot boxes for early voting sites, to ensure a minimum of two ballot boxes per county.

Public Election Fund. The Voter Action Act allows people seeking candidacy for certain offices to apply for public funds to finance their campaign. In 2018, disbursements were made to 13 publicly financed candidates from the public election fund, totaling just over \$2 million. In the 2020 election cycle, offices eligible to apply for public financing include two Supreme Court justice positions, one Court of Appeals position, and two Public Regulation Commission positions. After FY20 disbursements, the projected FY21 ending fund balance is \$1.4 million. In 2018, because of a projected shortfall, the Legislature appropriated \$1.39 million from the general fund to the public election fund.

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)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	3,385.0	3,880.7	4,290.2	3,981.5	2.6	
Other Revenues	53.0	39.0	45.0	45.0	15.4	
SOURCES TOTAL	3,438.0	3,919.7	4,335.2	4,026.5	2.7	
USES						
Personal Services and Employee Benefits	2,848.4	3,181.0	3,430.6	3,276.0	3.0	
Contractual Services	116.7	149.9	158.5	149.9	0.0	

BUDGET SUMMARY
(dollars in thousands)

				<u>FY21 - 2020-2021</u>		
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
	Other	472.9	588.8	746.1	600.6	2.0
	TOTAL USES	3,438.0	3,919.7	4,335.2	4,026.5	2.7
FTE	Permanent	48.0	48.0	48.0	48.0	0.0
	Temporary	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	50.0	50.0	50.0	50.0	0.0

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Average number of days to process corporate registration requests	2.85	3	3	3	3
Output	Average number of days to process partnership registration requests	1.2	2	2	2	2

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)

				<u>FY21 - 2020-2021</u>		
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	5,085.0	5,834.8	7,712.7	7,092.1	21.5
	Federal Revenues	1,052.2	0.0	0.0	0.0	
	Other Revenues	440.0	0.0	0.0	0.0	
	Fund Balance	0.0	437.4	513.9	513.9	17.5
	SOURCES TOTAL	6,577.2	6,272.2	8,226.6	7,606.0	21.3
USES						
	Personal Services and Employee Benefits	823.2	939.7	1,314.0	1,314.0	39.8
	Contractual Services	685.2	638.9	752.5	719.5	12.6
	Other	5,065.9	4,693.6	6,160.1	5,572.5	18.7
	TOTAL USES	6,574.3	6,272.2	8,226.6	7,606.0	21.3
FTE						
	Permanent	12.0	12.0	12.0	12.0	0.0
	Term	2.0	2.0	3.0	3.0	50.0
	Temporary	0.0	0.0	1.0	1.0	
	TOTAL FTE POSITIONS	14.0	14.0	16.0	16.0	14.3

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	100%	100%	100%	100%	100%
Output	Number of training sessions provided to all county clerks on changes to the election code	1	1	1	1	1
* Outcome	Percent of eligible voters registered to vote	78%	86%	85%	85%	85%
Outcome	Percent of voting machines tested			100%	100%	100%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than forty-five days before an election	33	33			

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	97%	97%	99%	99%	99%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for noncompliance	100%	100%	100%	100%	100%
Explanatory	Number of campaign finance training sessions offered each fiscal year	6	6			
Efficiency	Percent of public records requests responded to within the statutory deadline	100%	100%	100%	100%	100%
Explanatory	Percent of eligible voters that voted in the November statewide general election (odd fiscal years)	New	55.6%			

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.

The Personnel Act requires the board to provide rule coverage on all employee issues, including employee classification and compensation, testing and qualifications for professionals, probationary periods, and disciplinary procedures.

Under the Personnel Act, the State Personnel Office director will 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 people passing them.

MISSION:

The Personnel Board was created by the Personnel Act to establish a system of personnel administration for New Mexico based solely on qualification and ability to provide greater economy and efficiency in the management of state affairs.

BUDGET SUMMARY (dollars in thousands)						
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)	
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	3,736.0	3,974.6	4,396.1	4,034.2	1.5	
Other Transfers	249.4	277.8	261.1	261.1	-6.0	
SOURCES TOTAL	3,985.4	4,252.4	4,657.2	4,295.3	1.0	
USES						
Personal Services and Employee Benefits	3,214.7	3,636.8	4,051.0	3,729.1	2.5	
Contractual Services	80.7	71.6	76.8	76.8	7.3	
Other	563.8	544.0	529.4	489.4	-10.0	
TOTAL USES	3,859.2	4,252.4	4,657.2	4,295.3	1.0	
FTE						
Permanent	46.0	46.0	46.0	46.0	0.0	
TOTAL FTE POSITIONS	46.0	46.0	46.0	46.0	0.0	

AT A GLANCE:

The State Personnel Office (SPO) requested a \$421.5 thousand, or 10.6 percent, increase from the general fund for FY21. The request held the contractual services and other costs categories relatively flat while providing a significant increase for personnel. The request for personnel applied a 5 percent vacancy rate, significantly lower than the current vacancy rate of 35 percent, resulting in an increase of 11.4 percent.

The LFC recommendation provides an increase for personnel of \$92.3 thousand, or 2.5 percent, over the FY20 operating budget, fully funds the agency request for the contractual services, and funds the request for other costs but does not include \$40 thousand requested for leased space in Albuquerque.

BUDGET ISSUES:

Despite availability of funding for additional staff, SPO has maintained a high vacancy rate for several years. The persistently high rate led the agency to request reductions for personnel in the FY19 and FY20 budget requests, as well as transfers of funds out of the personnel category; in FY19, SPO transferred \$300 thousand from the personal services and employee benefits category to other budget categories.

SPO requested sufficient funding to fill all but two of the agency's vacant positions. LFC recommends increasing funding for personnel by \$92.3 thousand to allow SPO the flexibility to hire additional staff. The committee recommends a vacancy rate of 9.9 percent, higher than the requested rate but significantly lower than the current 35 percent vacancy rate. SPO cancelled a lease of \$80 thousand per year for space in the Albuquerque office of the State Engineer but included an additional \$40 thousand in the FY21 request for leased space. Renovations were recently completed at the Willie Ortiz building in Santa Fe, where SPO is housed, to allow the facility to accommodate over 100 staff. The availability of this space negates the need for additional leased space in other locations.

Performance data show the state continues struggling to fill vacant positions, as well as retain employees already in state service. SPO reported the vacancy rate for the executive branch at the close of FY19 was 19 percent, up from the 18 percent reported in FY18. Additionally, 37 percent of employees do not complete their first year of state service, up from 30 percent in FY16. High employee turnover is hampering the ability of the state to grow the workforce.

SPO has made meaningful progress in streamlining the hiring process and reports the time to fill a vacant position fell to 50 days in FY19, down from 71 days in FY18. Additionally, SPO has worked with agencies to increase hiring by putting on rapid hire events statewide. Since January 1, 2019, the 20 largest state agencies reported employment increased by 2 percent, or approximately 400 employees.

Compensation System Adjustment. The Legislature has consistently supported efforts to increase state salaries to better align with the broader labor market through a combination of across-the-board and targeted salary increases. However, pay comparisons, turnover by job type, and other data which would allow better targeting of these raises, has not been readily available.

SPO began implementation of an occupation-based salary structure in 2012 and is only halfway done. The occupation-based structure replaces the single pay structure with 12 individual pay structures that groups similar jobs together; for example, lawyers and paralegals would be fall into the 'legal' occupation group. The new pay structures are designed to be more flexible, allowing the Legislature to target increases to certain occupations in response to wage growth in a given professional field. However, only five of the occupation groups have been completed.

Since 2006, the Legislature has appropriated funds for across-the-board salary increases seven times, while the salary structure has been adjusted only three times. The lack of adjustments results in state pay scales falling further and further behind the private market and forcing agencies to take uncoordinated, unilateral action to adjust pay to fill critical jobs.

Following years of stagnation in pay rates, the Department of Health (DOH) began an appropriate placement initiative that sought to increase salaries for nursing staff to be more competitive with the labor market. DOH independently devised a distribution model that increased salary based on certification and years of service and increased salaries accordingly. Nurses received increases ranging from a low of 3 percent to a high of 70 percent with an average increase of 23 percent. These adjustments were made prior to SPO finishing the healthcare study; which would have informed the proper pay rates for nurses and other healthcare professionals. LFC analysis found DOH is paying nurses 20 percent more than the statewide average and 14 percent more than the national average. The pay plan implemented by DOH was not implemented by Miner's Hospital, resulting in disparity between state employees in similar jobs.

The experience of DOH illustrates the importance of SPO focusing on updating salary structures timely. The LFC recommendation includes sufficient funding to hire an additional five full-time employees. While SPO's strategic plan does not mention salary structure updates or pay competitiveness, the committee is hopeful the additional funding contained in this recommendation will allow SPO to hire additional employees to keep pay structures up-to-date and competitive.

PERSONNEL BOARD

The purpose of the human resource management program is to provide a merit-based system in partnership with state agencies, 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

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Explanatory	Average number of days to fill a position from the date of posting	71	50			
Explanatory	Percent of classified employees who successfully complete the probation period	63%	63%			
Explanatory	Percent of classified employees voluntarily leaving state service	14.5%	13.9%			
Explanatory	Percent of classified employees involuntarily leaving state service	2.0%	1.6%			
* Explanatory	Classified service vacancy rate	18%	19%			
Efficiency	Average state classified employee compa-ratio	101%	103%	100%	103%	100%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Average number of days to post a position following agency request	7.5	1.2			
Explanatory	Number of candidate hires external to state government	NEW	NEW			
Outcome	Number of human resource trainings held annually in partnership with agencies	NEW	NEW	NEW	12	12
Outcome	Number of human resource rule compliance audits conducted annually	20	1,089	22	1,000	1,000
Outcome	Number of state-personnel-office-led trainings offered annually	177	136	100	100	100

STATUTORY AUTHORITY:

The New Mexico Public Employee Bargaining Act (PEBA), Sections 10-7E-1 through 10-7E-26 NMSA 1978, creates the Public Employee Labor Relations Board (PELRB). The act reinstates collective bargaining for public employees, which had previously expired in 1999. The board consists of three members appointed by the governor; one of those members must be recommended by labor organizations and another member must be recommended by two other board members.

One of the state's smallest agencies, PELRB serves as the decision-maker of first resort for public employer and labor organization disputes under the Public Employee Bargaining Act (PEBA). The board also ensures local governments operating under a collective bargaining agreement are in compliance with PEBA by monitoring their decisions. This not only protects the public interest but saves both the state and local governments money by keeping most labor disputes out of court.

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 function of the state and its political subdivisions.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	230.0	242.6	321.7	252.8	4.2
SOURCES TOTAL	230.0	242.6	321.7	252.8	4.2
USES					
Personal Services and Employee Benefits	159.6	177.2	226.9	175.3	-1.1
Contractual Services	13.8	17.0	28.5	18.5	8.8
Other	56.6	48.4	66.3	59.0	21.9
TOTAL USES	230.0	242.6	321.7	252.8	4.2
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

AT A GLANCE:

PELRB requested an increase of \$27.5 thousand, or 11.3 percent, over the FY20 operating budget. The requested increase included an additional \$10 thousand in the contractual services category for arbitration services and an additional \$17 thousand in the other category for office supplies and equipment, employee and board member training, and travel expenses. The LFC recommendation fully funds the agency request for personnel and includes an additional \$10.6 thousand for operational expenses. The LFC recommendation did not include additional funding for arbitration.

The agency's FY18 audit contained several findings, including unspent appropriations not being reverted to the general fund timely and a lack of adequate documentation for some expenditures. The agency only has 2 FTE, neither of whom have a background in accounting. To address these issues, PELRB entered an agreement with the Administrative Office of the District Attorneys to provide financial services to the agency. Many of the causes of the audit findings have been addressed as a result of the agreement. The FY21 request and LFC recommendation include funding to continue this contract in FY21.

BASE EXPANSION:

The agency requested \$51.6 thousand and an additional FTE to hire a Chief Financial Officer (CFO). LFC does not recommend funding this position as funding to enter a contract for financial services is already in the base budget. Additionally, with only 2 FTE at the agency, the CFO position would likely not be full-time.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	<u>Chief Financial Officer (1 FTE)</u>	<u>51.6</u>	<u>0.0</u>
TOTAL		51.6	0.0

PUBLIC EMPLOYEES 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

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Percent of decisions overturned on appeal	0%	0%	1%	1%	1%
Outcome	Percent of determinations of approval of local labor relations boards, bargaining unit recognition petitions and prohibited practice complaints processed and completed within the applicable regulatory deadlines	85%	100%	100%	100%	100%

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 principal 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.

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)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,476.3	3,838.9	3,946.5	3,838.9	0.0
Federal Revenues	1.6	2.0	2.0	2.0	0.0
Other Revenues	122.3	122.3	390.0	390.0	218.9
SOURCES TOTAL	3,600.2	3,963.2	4,338.5	4,230.9	6.8
USES					
Personal Services and Employee Benefits	2,781.8	3,086.8	3,151.2	3,151.2	2.1
Contractual Services	426.2	521.7	524.8	524.8	0.6
Other	355.0	354.7	662.5	554.9	56.4
TOTAL USES	3,563.0	3,963.2	4,338.5	4,230.9	6.8
FTE					
Permanent	0.0	36.0	35.0	35.0	-2.8
TOTAL FTE POSITIONS	0.0	36.0	35.0	35.0	-2.8

AT A GLANCE:

The priorities for STO's investment strategies are (1) safety of the principal, (2) maintenance of liquidity, and (3) maximum return on investments. General fund balances are held in two portfolios: The core portfolio is primarily intended to maximize return with minimal risk to principal, and the liquidity portfolio is intended to provide day-to-day liquid assets for the operations of state government. During FY19, general fund balances rose rapidly as revenues significantly exceeded appropriation levels, ending with a balance of \$4.6 billion, or a 64 percent year-over-year increase. At the end of FY19, STO transferred management of the tax stabilization reserve fund, a total of \$526.8 million, to the State Investment Council.

The agency requested a general fund increase of \$107.6 thousand, or 2.8 percent, plus an additional \$267.7 thousand of other revenues from fees collected for the management of the local government investment pool (LGIP). STO requested using additional revenues to fill three vacant positions and support special programs, including New Mexico Saves and compliance with the Forfeiture Act program. Actual LGIP fees collected in FY19 exceeded \$400 thousand, of which only \$122.3 thousand was used due to a lack of budgetary authority for additional expenditure. LGIP fees are expected to be at least \$390 thousand in FY21. The LFC recommendation includes the additional LGIP management fees to fully fund STO's request for personnel and contractual funding.

BUDGET ISSUES:

At the beginning of FY19, STO completed a \$1.9 million treasury module in SHARE, bringing STO's accounting system under the statewide accounting software umbrella. Before the process was completed, the change was expected to create budget savings by removing the cost of the current QED Financial Systems investment accounting software. However, STO currently runs the SHARE system in addition to the old QED Financial Systems, which costs the state approximately \$179 thousand in maintenance a year and has no plans to discontinue usage.

The agency generated unprecedented general fund revenue of \$86.6 million in FY19 due to record general fund balances, a bullish market, and easing monetary policy from the Federal Reserve. Falling interest rates resulted in market value gains from fixed-interest investments, and rising general fund balances allowed for greater nominal returns. As balances lower with the expenditure of capital outlay projects from the general fund, earnings should decrease in the short term.

STATE TREASURER'S OFFICE

The purpose of the state treasurer program is 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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	26	-1	5	5	5
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	12	-20	10	10	10
Outcome	Maximum number of audit findings	1	0	2	2	2
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	97%	99%	99%	99%	99%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$0	\$2,058			
Explanatory	Percent of liquidity pool to total state general fund investment pool	57%	48%			

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. The agency regulates the professional conduct of architects by registering only qualified individuals, investigating complaints and violations, monitoring compliance with continuing education requirements, and working with other regulatory entities concerned with the built environment.

MISSION:

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

BUDGET SUMMARY
(dollars in thousands)

	FY19		FY20		FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>		2019-2020 <u>Budgeted</u>		<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES							
Other Revenues	374.4		322.1		324.9	324.9	0.9
Fund Balance	212.5		85.7		85.8	85.8	0.1
SOURCES TOTAL	586.9		407.8		410.7	410.7	0.7
USES							
Personal Services and Employee Benefits	221.7		313.5		316.4	316.4	0.9
Contractual Services	6.2		11.0		11.0	11.0	0.0
Other	74.0		83.3		83.3	83.3	0.0
TOTAL USES	301.9		407.8		410.7	410.7	0.7
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

AT A GLANCE:

For FY21, the board requested an increase of 0.7 percent, or \$2,900 above the FY20 operating budget. The funding sources for the board are primarily application and renewal fees paid annually. The recommendation funds the request for 4 FTE with a minor adjustment for personnel; contractual services and other categories remain flat with the FY20 operating budget.

A priority of the executive director was to work with several agencies to provide online payment capabilities. The director worked with the Department of Information Technology, State Treasurer’s state cash manager, and advanced network management consultants, and attended monthly payment card industry (PCI) standard meetings. This collaboration led to the implementation of a secure sockets layer (SSL) certificate and the board’s website is fully secure.

The board is working with the proper agencies to update its website and internal architectural database to begin accepting online payments. For FY20, the board projects an ending fund balance of \$517 thousand and expects a fund balance of \$431 thousand at the end of FY21. Currently 2,324 architects are registered in New Mexico: 764 in-state registrants and 1,560 out-of-state registrants.

BOARD OF EXAMINERS FOR ARCHITECTS

The purpose of the board of examiners for architects is to regulate, through enforcement and licensing, the professional conduct of architects to protect the health, safety and welfare of the general public of the state.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	90%	98%	95%	95%	95%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	5	3.2	5	5	5
Outcome	Percent of reciprocity applicants who successfully complete the application process	82%	94%	85%	85%	85%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	100%	82%	82%	80%	80%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	none issued	none issued	85%	85%	85%

STATUTORY AUTHORITY:

Sections 10-16G-1 through 10-16G-16 NMSA 1978, the State Ethics Commission Act, establishes the primary functions and authority of the State Ethics Commission. This authority includes receiving, investigating, and adjudicating complaints against public officials, public employees, candidates, those subject to the Campaign Reporting Act, government contractors, lobbyists, and lobbyists' employers. The commission also drafts a proposed code of ethics for public officials and public employees and issues advisory opinions on ethics issues.

The New Mexico Ethics Commission was created in legislation in 2019. Laws 2019, Chapter 86, (Senate Bill 668) implements Article V, Section 17, of the New Mexico Constitution, which establishes the State Ethics Commission and was approved by the state's voters in the 2018 general election. The commission consists of seven commissioners – five appointed by the governor and House and Senate leadership, and two appointed by the first five commissioners.

MISSION:

The mission of the State Ethics Commission is to ensure compliance with all applicable public ethics laws by all public officials, employees, candidates, contractors, lobbyists, and others subject to the commission's jurisdiction throughout their employment or dealings with New Mexico state government, and to ensure the public ethics laws are clear, comprehensive, and effective.

	BUDGET SUMMARY (dollars in thousands)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	1,144.1	985.6	
SOURCES TOTAL	0.0	0.0	1,144.1	985.6	
USES					
Personal Services and Employee Benefits	0.0	0.0	708.5	708.5	
Contractual Services	0.0	0.0	303.5	175.0	
Other	0.0	0.0	132.1	102.1	
TOTAL USES	0.0	0.0	1,144.1	985.6	
FTE					
Permanent	0.0	0.0	6.0	6.0	
TOTAL FTE POSITIONS	0.0	0.0	6.0	6.0	

AT A GLANCE:

The State Ethics Commission, a newly created state entity, requested \$1.14 million from the general fund for FY21, an increase of \$644.1 thousand over the special appropriation the commission received for FY20. The LFC recommends a general fund budget of \$985.6 thousand.

BUDGET ISSUES:

The State Ethics Commission requested a \$1.14 million general fund budget for FY21. The request includes \$708.5 thousand in the personal services and employee benefits category for 6 FTE and \$303.5 thousand in the contractual services category for professional service contracts for hearing officers, court reporters, and contract attorneys. The commission requested \$132.1 thousand in the other category, including \$60 thousand for leased office space. The commission will begin operations on January 1, 2020.

The committee recommendation supports the requested amount for personnel. In the contractual services category, the committee recommends an appropriation of \$175 thousand. In the other category, the committee recommends slightly less than the requested amount for lease costs. Based on guidance from the General Services Department of 215 square feet of building space per FTE and average lease costs in Santa Fe County of nearly \$23 per square foot, a lease for 6 FTE is estimated to cost approximately \$30 thousand.

The committee recommends the commission be located in Santa Fe. For reasons of visibility and access, it is important the commission be in the state capital, close to other public entities. Of 44 state ethics commissions identified by the National Conference of State Legislatures, all but two are located in state capitals.

The commission, created during the 2019 legislative session, received a special appropriation of \$500 thousand in Section 5 of the General Appropriation Act of 2019 to begin setting. Staff from the Department of Finance and Administration have been working with commissioners to hire permanent staff. Expenditures in FY20 in the contractual services and other categories were funded through vacancy savings, prior to the commission hiring staff.

ETHICS COMMISSION

The purpose of the New Mexico ethics commission is to receive, investigate and adjudicate complaints against public officials, public employees, candidates, those subject to the Campaign Reporting Act, government contractors, lobbyists and lobbyists' employers and to ensure that public ethics laws are clear, comprehensive and effective.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Percent of advisory opinions issued within sixty days of receipt of request			NEW	90%	90%
Output	Percent of complaints either disposed, referred to other state agency, or set for public hearing within ninety days after a complaint is either received or referred from other state agency with shared jurisdiction			NEW	90%	90%

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 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)						
			<u>FY21 – 2020-2021</u>		Percent Incr (Decr)	
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	304.5	328.7	522.2	400.1	21.7	
Federal Revenues	0.0	26.0	0.0	0.0	-100.0	
Other Revenues	53.1	53.3	78.5	78.5	47.3	
Fund Balance	48.2	126.5	0.0	0.0	-100.0	
SOURCES TOTAL	405.8	534.5	600.7	478.6	-10.5	
USES						
Personal Services and Employee Benefits	277.6	335.9	377.9	335.9	0.0	
Contractual Services	45.8	79.0	57.5	57.5	-27.2	
Other	82.4	119.6	165.3	85.2	-28.8	
TOTAL USES	405.8	534.5	600.7	478.6	-10.5	
FTE						
Permanent	0.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	0.0	4.0	4.0	4.0	0.0	

AT A GLANCE:

The Border Authority is working to improve the flow, safety, and number of vehicles passing through the state's international ports of entry at Santa Teresa, Columbus, and Antelope Wells and continues to work on multiple projects with local entities on safety and economic development of the New Mexico/Mexico border.

The agency requested an increase in general fund revenue of \$193.5 thousand, or 58.8 percent. This increase in general fund revenue would offset a decrease in fund balance of \$126 thousand. The LFC recommendation increases the general fund revenue by \$71.4 thousand, or 21.7 percent, to fully support staff travel, fixed costs, and operational needs. With an increase of \$71 thousand in general fund revenue, the agency would still see an overall decrease of \$56 thousand, a 10.5 percent drop from the FY20 operating budget.

BUDGET ISSUES:

The Border Authority has seen a drop in fund balance because an increase in vehicle exports through the Tornillo port in Texas has eaten into revenue from vehicle export and storage at the Santa Teresa port. Fund balance was also used for emergency repair of the Border Authority roof in FY20. Fund balance levels are forecasted to total \$56 thousand in FY21. The Border Authority did not budget these funds for FY21, as it would prefer the fund balance remain at a healthy level before expending all fund balance.

Dona Ana County led the region in 2018 with \$1.6 billion in exports, 40 percent of the New Mexico's total exports for the year. The rise in New Mexico exports is due to the export of computer and electrical equipment, appliances and components, fabricated metal, plastics, and rubber products.

Capital Outlay. Construction of an expansion at the Columbus port of entry, funded with \$85 million in federal funding, was completed in October 2019.

State capital outlay provided \$1.8 million for a diversion berm study to control flooding in the Columbus area. The study will be completed by November 2019; the agency is requesting \$3.5 million, matched by \$11 million in federal funds, to complete the project.

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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	25%	25%	25%	25%	25%
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	360	255	350	350	350
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	95%	90%	90%	90%	90%
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	1,597,023	1,548,500	1,575,000	1,575,000	1,600,000
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings		2	2	2	2

STATUTORY AUTHORITY:

Sections 9-15A-1 through 9-15A-9 NMSA 1978.

MISSION:

The Tourism Department develops a coordinated, statewide approach to tourism activities; serves as a comprehensive source of information and assistance to tourism-related businesses wishing to locate, expand or do business in New Mexico; provides a database for local and regional tourism groups through information available in-house and on its website; monitors the progress of state-supported tourism activities; and prepares annual reports on tourism activities, including the status and impact of such activities.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19	FY20	FY21 – 2020-2021			
	2018-2019 Actuals	2019-2020 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	13,654.1	16,777.5	23,870.5	17,371.5	3.5	
Other Revenues	4,061.2	4,486.9	4,486.9	4,486.9	0.0	
SOURCES TOTAL	17,715.3	21,264.4	28,357.4	21,858.4	2.8	
USES						
Personal Services and Employee Benefits	3,134.5	3,637.8	5,470.9	3,791.8	4.2	
Contractual Services	1,242.7	1,411.8	1,449.8	1,411.8	0.0	
Other	12,826.3	16,214.8	21,436.7	16,654.8	2.7	
TOTAL USES	17,203.5	21,264.4	28,357.4	21,858.4	2.8	
FTE						
Permanent	44.0	45.0	64.0	46.0	2.2	
Term	9.0	9.0	7.0	9.0	0.0	
TOTAL FTE POSITIONS	53.0	54.0	71.0	55.0	1.9	

AT A GLANCE:

Over the last seven years, the Legislature increased advertising funding for the department more than fourfold, from \$3 million in FY11 to \$12.1 million in FY20. The Tourism Department's FY21 request increased advertising funding to \$17.9 million, a \$5.7 million increase to expand campaigns in current markets, including Phoenix, San Diego, Denver, Houston, Austin, Dallas, and Chicago. The LFC recommendation increases the general fund revenue by \$594 thousand, or 3.5 percent. The LFC recommendation includes \$100 thousand for the personal services and employee benefits category in the Program Support Program to fully fund an administrative services director and general counsel, \$200 thousand in the Tourism Development program for co-op marketing grants for local communities, and \$250 thousand for advertising in the Marketing and Promotion Program. The LFC recommendation also supports the agency's request to move 12 customer service representatives for visitor information centers from the Marketing and Promotion Program to the Tourism Development Program, and supports the agency's request to increase the pay of these FTE from \$12 to \$15 per hour, at a cost of \$44 thousand.

BUDGET ISSUES:

The agency requested a general fund budget increase of \$7.1 million, or 42 percent. The Tourism Department's FY20 operating budget allocates 76 percent of the \$16.7 million general fund appropriation to advertising. The proportion of the budget spent on advertising has risen each year since FY11, when 28 percent of the \$10.8 million appropriation was spent marketing the state.

The Tourism Department's focus on its New Mexico True brand as its primary advertising strategy to market the state has been successful. The department released data from Longwoods Travel USA showing an increase of 1.2 million visits in the state last year compared with the prior year, bringing total annual visitation from those who live here and elsewhere to 36 million, up 3.4 percent from 2017. Of the 36 million visits in the state during 2018, approximately 55 percent were marketable trips, a 3 percent increase compared with 2017. The department defines marketable trips as trips that exclude business, and friends and family trips. Marketable trips are the Tourism Department's primary marketing and promotion focus. An increase in marketable trips indicates positive conversion of the Tourism Department's marketing strategy. Overnight trips accounted for 16.2 million of the 36.6 million trips in 2018, an increase of 3.2 percent from 2017.

Tourism Development. The Tourism Development program provides tourism support for communities, regions, and other entities around the state by providing capacity-building training, tourism development support, litter prevention support and outreach, cultural heritage outreach, and financial support in the form of competitive grants. The program is funded with \$1 million in general fund revenues and \$1.2 million in other revenues. Within the program are five divisions: Rural Pathway Project, Cultural Heritage, Clean and Beautiful, Keep New Mexico True, and Cooperative Marketing. During FY19, the Clean and Beautiful grant program awarded 38 communities with a total of \$650 thousand for projects involving litter clean up, recycling, beautification, and youth employment. The Cooperative Marketing grant program awarded \$566 thousand in matching funds to 35 communities around the state to promote New Mexico as a tourist destination. The agency requested to move funding for the cooperative marketing grants program (\$600 thousand) from the Tourism Development program to the Marketing and Promotion Program in the FY21 budget. The LFC recommendation supports this request.

The Tourism Development Program hired a cultural heritage coordinator to serve as a liaison between the Tourism Department and the 23 pueblos and nations, developing collaborative tourism goals and leveraging the New Mexico True brand, with plans to feature tribal cultures in the New Mexico True Advertising Guide and New Mexico Magazine.

New Mexico Magazine. Founded in 1923, New Mexico Magazine is the nation's oldest state magazine and the third-largest state-owned publication. In FY19 the magazine brought in \$2.4 million in other revenue. In FY20, the magazine anticipates revenue will increase to \$3.2 million, as a result of improved management of the sales team and targeting business sectors. New Mexico Magazine has a paid circulation of nearly 70 thousand, of which two-thirds reside outside the state. The magazine's digital engagement reached more than 200 thousand visitors per month across various platforms in FY19. The Tourism Department is currently recruiting a chief executive officer/publisher for the New Mexico Magazine.

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 they may increase their awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,441.0	14,526.1	20,692.9	15,004.1	3.3
Other Revenues	524.5	30.0	30.0	30.0	0.0
SOURCES TOTAL	11,965.5	14,556.1	20,722.9	15,034.1	3.3
USES					
Personal Services and Employee Benefits	1,278.0	1,330.3	1,551.1	768.3	-42.2
Contractual Services	531.7	504.1	536.0	504.1	0.0
Other	10,117.1	12,721.7	18,635.8	13,761.7	8.2
TOTAL USES	11,926.8	14,556.1	20,722.9	15,034.1	3.3
FTE					
Permanent	25.0	27.0	20.0	15.0	-44.4
TOTAL FTE POSITIONS	25.0	27.0	20.0	15.0	-44.4

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Dollar amount spent per visitor per day	\$78.2	\$76.25	\$80		
Outcome	New Mexico's domestic overnight visitor market share	1.14%	1.14%	1.1%		
* Outcome	Percent change in New Mexico leisure and hospitality employment	2.85%	5.05%	3%	3%	3%
Output	Percent increase in social media fans	25%	26%	25%		
Outcome	Number of referrals from newmexico.org to partner websites	188,921	201,835	170,000		

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Domestic overnight visitation growth compared with national average				25%	25%
* Output	Percent change in year-over-year visitor spending				3%	3%
Output	Percent change in total digital engagement				3%	3%
Outcome	Percent in domestic marketable overnight visitation				2%	2%
Output	Dollar amount of earned media value generated				\$1,000,000	\$1,000,000

TOURISM DEVELOPMENT

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so 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)**

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
	General Fund Transfers	1,043.1	1,049.0	1,468.2	1,065.0	1.5
	Other Revenues	1,124.9	1,232.6	1,232.6	1,232.6	0.0
	SOURCES TOTAL	2,168.0	2,281.6	2,700.8	2,297.6	0.7
USES						
	Personal Services and Employee Benefits	222.6	356.2	1,395.6	972.2	172.9
	Contractual Services	3.4	3.4	3.3	3.4	0.0
	Other	1,543.6	1,922.0	1,301.9	1,322.0	-31.2
	TOTAL USES	1,769.6	2,281.6	2,700.8	2,297.6	0.7
FTE						
	Permanent	4.0	5.0	24.0	17.0	240.0
	TOTAL FTE POSITIONS	4.0	5.0	24.0	17.0	240.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	153	129	135	135	135
Outcome	Combined advertising spending of cooperative marketing program grantees using the tourism department's current approved brand, in thousands	\$1,464	\$1,100	\$2,000		
Outcome	Dollar amount requested by cooperative marketing applicants				\$1,200,000	\$1,200,000
Output	Number of participants in New Mexico true certified programs				250	250
Output	Number of meetings or events conducted by the tourism department with native american entities				16	16
Output	Dollar amount of grant funding acquired from outside sources				\$100,000	\$100,000
Outcome	Dollar amount of new capital investment of hotels				\$25,000,000	\$25,000,000

NEW MEXICO MAGAZINE

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

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	2,411.8	3,224.3	3,224.3	3,224.3	0.0
SOURCES TOTAL	2,411.8	3,224.3	3,224.3	3,224.3	0.0
USES					
Personal Services and Employee Benefits	743.7	969.4	1,067.8	969.4	0.0
Contractual Services	632.2	830.0	830.0	830.0	0.0
Other	975.2	1,424.9	1,326.5	1,424.9	0.0
TOTAL USES	2,351.1	3,224.3	3,224.3	3,224.3	0.0
FTE					
Permanent	4.0	4.0	5.0	4.0	0.0
Term	9.0	9.0	7.0	9.0	0.0
TOTAL FTE POSITIONS	13.0	13.0	12.0	13.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	True adventure guide advertising revenue	\$430,917	\$427,462	\$500,000	\$430,000	\$440,000
* Output	Advertising revenue per issue, in thousands	\$81	\$ 73	\$75	\$75	\$100
Output	Collection rate for ads sold in current fiscal year	98%	100%	95%	98%	99%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,170.0	1,202.4	1,709.4	1,302.4	8.3
SOURCES TOTAL	1,170.0	1,202.4	1,709.4	1,302.4	8.3
USES					
Personal Services and Employee Benefits	890.2	981.9	1,456.4	1,081.9	10.2
Contractual Services	75.4	74.3	80.5	74.3	0.0
Other	190.4	146.2	172.5	146.2	0.0
TOTAL USES	1,156.0	1,202.4	1,709.4	1,302.4	8.3
FTE					
Permanent	11.0	9.0	15.0	10.0	11.1
TOTAL FTE POSITIONS	11.0	9.0	15.0	10.0	11.1

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of advertising spending on overall agency general fund budget	78%	78.2%	72%		
* Outcome	Percent of funds contracted in-state				60%	70%

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-51 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 and private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexicans.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,869.0	14,330.2	16,538.1	14,731.2	2.8
Other Transfers	0.0	262.1	0.0	0.0	-100.0
Federal Revenues	0.0	280.0	0.0	0.0	-100.0
SOURCES TOTAL	10,869.0	14,872.3	16,538.1	14,731.2	-0.9
USES					
Personal Services and Employee Benefits	3,466.2	4,419.8	5,068.8	4,712.9	6.6
Contractual Services	2,550.6	3,248.8	3,387.7	3,248.8	0.0
Other	4,670.0	7,203.7	8,081.6	6,769.5	-6.0
TOTAL USES	10,686.8	14,872.3	16,538.1	14,731.2	-0.9
FTE					
Permanent	51.0	52.0	58.0	51.0	-1.9
TOTAL FTE POSITIONS	51.0	52.0	58.0	51.0	-1.9

AT A GLANCE:

The Economic Development Department (EDD) requested a general fund increase of \$1.7 million, including \$650 thousand for the personal services and employee benefits category, \$138 thousand in contracts, and \$157.9 thousand in the other category. LFC recommends a general fund increase of \$401 thousand, or 2.7 percent. The LFC recommendation includes \$243 thousand for the personal services and employee benefits category, and \$158 thousand for the other category to support travel, marketing and operational needs in the Outdoor Recreation Program.

BUDGET ISSUES:

Local Economic Development Act has improved some aspects of accountability and performance reporting in FY19, but the state still does not receive sufficient reporting from businesses using tax incentives and Local Economic Development Act (LEDA) funds to properly evaluate these programs. The department also does not have adequate staff to properly maintain all data related to LEDA awards. As a result, it is difficult to determine the effectiveness and cost-efficiency of these programs or to determine if they provide a positive or negative financial return for the state. The department requested an increase of \$288 thousand in the Program Support Program for one economist, one attorney, and two grant writers to partially address this issue. The LFC recommendation includes \$100 thousand for personnel for the Program Support Program to fund 1 FTE.

The Economic Development Division awarded 17 companies \$33.9 million in LEDA funds in FY19 and created 2,891 jobs. Of the 17 companies awarded LEDA funds, five were in rural areas: Cummins Inc., Amfabsteel Inc., PESCO, Rhino Health and C4 Enterprises. The funds matched for all LEDA projects in FY19 totaled \$1.2 billion, contributing to a 32-to-1 ratio of private sector dollars invested per dollar of LEDA funds awarded for FY19. As of November 2019, EDD reported \$67 million in other state funds and severance tax bonds is available for LEDA projects. EDD requested an \$80 million special appropriation for LEDA for FY21.

The two largest awards were given to Netflix in Albuquerque at \$10 million (1,027 jobs) and NBC Universal in Albuquerque at \$7.7 million (330 jobs). Total private investment in these projects total approximately \$1.7 billion. Netflix and NBC Universal are considered "film partners," excluded from the total film cap calculation. This means credit payments to these companies will be in excess of the \$110 million annual cash cap, and the separate \$100 million liability cap intended to limit credit backlogs will not consider liabilities to these companies.

The exclusion of these companies from the film credit cap highlights the question of why significant LEDA awards would be necessary in addition to such large tax reimbursements.

The cost per job for LEDA has varied significantly in recent years from an average of \$29 thousand per job in FY17 to \$4 thousand in FY18 and \$11.7 thousand in FY19. When comparing cost per job across projects within the past few fiscal years, there are drastic differences. For example in FY17, Facebook's cost per job was \$200,000 for 50 jobs, compared with MeowWolf in FY18, with a cost per job of \$3,400 for 250 jobs created. Some of the higher cost per jobs in both LEDA and JTIP can be attributed to high wage jobs. (See LEDA awards chart in the LFC Volume III).

Job Training Incentive Program. JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to six months. The program reimburses 50 percent to 75 percent of employee wages. Custom training at a New Mexico public educational institution may also be reimbursed.

The Legislature increased recurring appropriations for JTIP in FY20 by \$1 million, bringing the total recurring funding to \$5 million. JTIP funds over the past six years, including FY20 recurring appropriation of \$5 million and \$5 million special appropriation, total \$45 million. The JTIP board approved 71 businesses for funding in FY19, including 24 in rural communities, with a total of \$16.7 million in awards, and exceeded the target of workers trained with 2,326 in FY19. The EDD request included maintaining the JTIP fund flat with the FY20 budget, at \$5 million. However, EDD requested a \$7 million special appropriation for JTIP. (See JTIP awards chart in the LFC Volume III).

The New Mexico Film Office. The film office's primary purpose is to market the state to the film, television, and emerging media industries, service the recruited productions and companies, and promote job and business opportunities for New Mexico residents. This includes consulting with production and emerging media companies regarding the financial aspects of their projects, guiding them through the incentives such as the 25 percent to 30 percent refundable film production tax credit and the Job Training Incentive Program for Film and Multimedia.

The FY21 request for the New Mexico Film Office included an increase from the general fund of \$287 thousand, \$118 thousand for 2 additional FTE, \$113 thousand for contractual services, and \$54 thousand for marketing and the Governor's Film Council. The LFC recommendation includes \$50 thousand for 1 FTE to increase administration in the program as film credit claims increase.

The "film partner" carve-out, the benefit provided to Netflix and NBC Universal, will cost an estimated \$11 million in FY21, about \$26 million in FY22, and \$35 million in FY23, with gradual growth each year after that, reaching about \$58 million by FY30 (in 10 years). The cap is supposed to be \$110 million in actual payouts, but by FY22 the state expects to payout about \$145 million in credits – an excess of \$35 million above the cap due to the film partner carve-out.

The New Mexico Partnership. The New Mexico Partnership (Partnership) is the largest contract within the Economic Development Department, receiving \$1.4 million in FY20. The Partnership is designed to be a single-point-of-contact for locating and expanding business in New Mexico. The Partnership offers a formal network of economic developers to simplify the site selection process by providing expertise on talent, critical infrastructure, educational and research and development institutions, real estate, and facilities.

The Partnership only reported 617 new jobs in FY19, compared with its target of 2,250. This performance resulted in the agency missing overall job targets and led to FY19 results lower than FY18 for several performance measures, including overall jobs created and rural jobs created. The department is working with the Partnership to create joint marketing materials and align marketing efforts, addressing prior LFC concerns about duplication and fragmentation.

MainStreet. The New Mexico MainStreet Program, enacted by the Legislature in 1985, focuses on the revitalization of central business districts in New Mexico communities based on the preservation and rehabilitation of existing structures of unique historical and architectural character and the development of progressive marketing and management techniques as an economic development strategy for local governments. Currently, there are 30 affiliates of New Mexico MainStreet: Albuquerque (Barelas, DowntownABQ, and Nob Hill), Alamogordo, Artesia, Belen, Carlsbad, Clayton, Clovis, Corrales, Deming, Farmington, Gallup, Grants, Harding County, Las Cruces, Las Vegas, Los Alamos, Lovington, Portales, Raton, Roswell, Ruidoso, Santa Rosa, Silver City, South Valley (Bernalillo County), Taos, Truth or Consequences, Tucumcari, and Zuni Pueblo.

The MainStreet program has \$1.1 million in the FY20 operating budget for grants and assistance to communities. The agency requested to maintain a flat operating budget for MainStreet for FY21. MainStreet communities reported \$30 million in private sector reinvestment for FY19, with 262 building rehabilitations.

Outdoor Recreation. The Outdoor Recreation Program was created during the 2019 legislative session. The duties of the Outdoor Recreation Division include increasing outdoor-based economic development, tourism, and ecotourism in the state. The program received a \$200 thousand appropriation for FY20. EDD has requested an increase of \$1.1 million for the new program to fully fund current FTE, as well as hire an additional 2 FTE at a cost of \$150 thousand. The request also includes \$915 thousand in the other category to increase travel, marketing, and operational needs. The LFC recommendation includes \$50 thousand to fully fund current staff, as well as \$100 thousand in the other category.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8,493.3	9,735.2	10,378.3	9,836.2	1.0
Other Transfers	0.0	262.1	0.0	0.0	-100.0
Federal Revenues	0.0	280.0	0.0	0.0	-100.0
SOURCES TOTAL	8,493.3	10,277.3	10,378.3	9,836.2	-4.3
USES					
Personal Services and Employee Benefits	1,612.0	2,001.2	2,094.3	2,094.3	4.7
Contractual Services	2,358.5	1,423.3	1,423.3	1,423.3	0.0
Other	4,417.6	6,852.8	6,860.7	6,318.6	-7.8
TOTAL USES	8,388.1	10,277.3	10,378.3	9,836.2	-4.3
FTE					
Permanent	25.0	25.0	22.0	22.0	-12.0
TOTAL FTE POSITIONS	25.0	25.0	22.0	22.0	-12.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Number of workers trained by the job training incentive program	1,736	2,333	2,050	1,900	1,900
* Outcome	Number of jobs created due to economic development department efforts	3,994	3,145	4,500	4,000	4,000
* Outcome	Number of rural jobs created	2,414	1,376	1,750	1,320	1,320
Outcome	Number of jobs created through business relocations and competitive expansions facilitated by the economic development partnership				1,689	1,689
Output	Dollars of private sector investment in mainstreet districts, in millions					
Explanatory	Average hourly wage of jobs funded by the job training incentive program	\$53.9	\$30.7	\$35	\$30	\$40
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	36	32	12:1	20:1	30:1
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	52	53	84	60	75
Output	Number of building rehabilitations assisted by mainstreet program		262	150	200	200
Outcome	Number of business development projects resulting in job growth, new investment or increased revenue		16	22		

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of technical assistance cases provided to a community that results in a new economic development program or asset		7	22		
Outcome	Dollars of new investment in technology-based companies as a result of the office of science and technology's programs in million			\$5,000	\$2,000	\$2,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	2,613	3,586	2,500	2,000	3,000
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	1,415		2,250	2,250	2,250
Outcome	Average wage of jobs created due to economic development department efforts				\$47,500	\$47,500
Outcome	Wages for jobs created in excess of prevailing local wages				\$5,000	\$5,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership					
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act, in millions				\$27,500	\$27,500
Explanatory	Total annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions					
Explanatory	Total projected private capital investment for projects funded through the Local Economic Development Act, in millions					
Outcome	Average wages in excess of cost per job for projects funded through the Job Training Incentive Program				\$30,000	\$30,000
Outcome	Foreign direct investment in New Mexico as a result of Office of International Trade efforts, in millions				\$5,000	\$5,000
Outcome	Federal grant dollars awarded as a result of economic development department efforts				\$250,000	\$250,000

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's film industry.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	686.0	786.0	1,073.2	836.0	6.4
SOURCES TOTAL	686.0	786.0	1,073.2	836.0	6.4
USES					
Personal Services and Employee Benefits	497.2	524.3	643.1	574.3	9.5
Contractual Services	96.8	182.8	296.7	182.8	0.0
Other	70.7	78.9	133.4	78.9	0.0
TOTAL USES	664.7	786.0	1,073.2	836.0	6.4
FTE					
Permanent	8.0	7.0	9.0	8.0	14.3
TOTAL FTE POSITIONS	8.0	7.0	9.0	8.0	14.3

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of film and media worker days	259,961	319,814	300,000	300,000	320,000
Outcome	Direct spending by film industry productions eligible for the additional five percent credit in rural areas, in millions				20	20
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions				200	200
Outcome	Median wages paid by film industry productions to New Mexico residents				\$50,000	\$50,000
Outcome	Total gross receipts taxes paid by film industry productions, in millions				\$20	\$20
* Outcome	Direct spending by film industry productions, in millions	\$234.2	\$525.5	\$330	\$530	\$530

OUTDOOR RECREATION DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)	
			Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	0.0	300.0	1,289.0	450.0	50.0
	SOURCES TOTAL	0.0	300.0	1,289.0	450.0	50.0
USES						
	Personal Services and Employee Benefits	0.0	200.0	348.5	250.0	25.0
	Contractual Services	0.0	0.0	25.0	0.0	
	Other	0.0	100.0	915.5	200.0	100.0
	TOTAL USES	0.0	300.0	1,289.0	450.0	50.0
FTE						
	Permanent	0.0	2.0	4.0	2.0	0.0
	TOTAL FTE POSITIONS	0.0	2.0	4.0	2.0	0.0

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)	
			Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	1,689.7	3,509.0	3,797.6	3,609.0	2.8
	SOURCES TOTAL	1,689.7	3,509.0	3,797.6	3,609.0	2.8
USES						
	Personal Services and Employee Benefits	1,357.0	1,694.3	1,982.9	1,794.3	5.9
	Contractual Services	95.3	1,642.7	1,642.7	1,642.7	0.0
	Other	181.7	172.0	172.0	172.0	0.0
	TOTAL USES	1,634.0	3,509.0	3,797.6	3,609.0	2.8
FTE						
	Permanent	18.0	18.0	23.0	19.0	5.6
	TOTAL FTE POSITIONS	18.0	18.0	23.0	19.0	5.6

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 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 is responsible for licensing and enforcement for 30 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 Industries (SID), and Alcohol and Gaming (AGD). The Construction Industries and Manufactured Housing divisions are combined into one program and the remaining programs are classified in the same manner as the department's divisions.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	12,887.5	13,566.0	15,082.2	13,862.7	2.2
Other Transfers	6,882.1	9,507.4	10,197.6	10,133.0	6.6
Federal Revenues	56.3	25.0	25.0	25.0	0.0
Other Revenues	12,212.8	5,680.1	6,144.9	6,144.9	8.2
Fund Balance	788.7	1,947.1	2,016.6	2,441.4	25.4
SOURCES TOTAL	32,827.4	30,725.6	33,466.3	32,607.0	6.1
USES					
Personal Services and Employee Benefits	18,693.1	22,247.1	23,757.5	22,621.9	1.7
Contractual Services	657.6	1,465.4	1,910.4	1,819.3	24.2
Other	3,317.5	4,126.7	5,155.2	4,797.6	16.3
Other Financing Uses	5,914.0	2,886.4	2,643.2	3,368.2	16.7
TOTAL USES	28,582.2	30,725.6	33,466.3	32,607.0	6.1
FTE					
Permanent	312.4	312.6	312.6	312.6	0.0
Term	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	314.4	312.6	312.6	312.6	0.0

AT A GLANCE:

RLD is responsible for issuing permits, inspecting facilities, and ensuring contractors, businesses, individuals, and financial institutions are licensed. The agency's strategic action items include retaining staff, replacing outdated computer equipment and software, and increasing community outreach through trainings and advertisements. The agency requested an additional \$1.5 million in general fund revenues, or an 11.2 percent increase, for FY21. The majority of requested general fund revenue increases were concentrated in CID, Securities, and AGD.

The committee recommendation includes a \$297 thousand, or 2.2 percent increase, in general fund revenue over the FY20 operating budget. The recommendation increases the overall budget by approximately \$1.9 million, or 6.1 percent, to replace outdated computer equipment and software, retain and train staff, and increase community education on key consumer issues.

The issues facing the agency include staffing levels, training, and outdated technological equipment and software. Early in FY20, the agency had double-digit funded and unfunded vacancy rates. RLD's revenue is derived from several funding sources, including the general fund, fees, professional license fees, and the mortgage regulatory fund. Rising fund balances can be used to supplement general fund revenue requests allowing prioritization of key programs, such as CID.

BUDGET ISSUES:

CID faces significant needs, including contracting with experts on building trends and code requirements, purchasing code books, and upgrading information technology field equipment used during inspections. Additionally, the division is replacing high mileage vehicles used by its inspectors through a FY19 appropriation of \$400 thousand and will request an FY21 special appropriation of \$400 thousand in general fund revenue to replace 15 vehicles.

The Construction Industries and Manufactured Housing divisions currently use Accela for permitting and inspections. The agency reported staff are reinstalling the software and losing their settings, and Accela does not support the current software installation. RLD is modernizing its permitting and inspection software by consolidating all of its information technology systems into one common platform. The new platform will be piloted in Manufactured Housing in FY20 followed by Construction Industries in FY21. The agency is seeking \$10 million in funding through the Department of Information Technology computer system enhancement fund.

AGD processes approximately 5,000 permits for public and private events, as well as issues and regulates 34 different liquor license types. For FY21, the division submitted a FY20 supplemental request for \$91 thousand with \$61 thousand requested for the personal services and employee benefits category.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the financial institutions program of the regulation and licensing department include seven hundred sixty-six thousand dollars (\$766,000) from the mortgage regulatory fund for the general operations of the financial institutions program.

The internal service funds/interagency transfers appropriations to the financial institutions program of the regulation and licensing in the other financing uses category includes seven hundred twenty-five thousand dollars (\$725,000) from the mortgage regulatory fund for the legal services program of the attorney general.

CONSTRUCTION INDUSTRIES AND MANUFACTURED HOUSING

The purpose of the construction industries and manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer exams; process complaints; and enforce laws, rules and regulations relating to general construction and manufactured housing standards to industry professionals.

BUDGET SUMMARY (dollars in thousands)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	8,144.3	9,092.2	9,706.9	9,320.8	2.5	
Other Transfers	68.6	180.0	200.0	200.0	11.1	
Federal Revenues	56.3	25.0	25.0	25.0	0.0	
Other Revenues	67.6	51.6	0.0	0.0	-100.0	
Fund Balance	4.5	21.3	46.3	46.3	117.4	
SOURCES TOTAL	8,341.3	9,370.1	9,978.2	9,592.1	2.4	
USES						
Personal Services and Employee Benefits	6,775.5	7,688.9	8,007.4	7,833.8	1.9	
Contractual Services	78.7	549.8	557.4	553.2	0.6	
Other	1,094.5	1,100.4	1,313.4	1,105.1	0.4	
Other Financing Uses	0.0	31.0	100.0	100.0	222.6	
TOTAL USES	7,948.7	9,370.1	9,978.2	9,592.1	2.4	

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
FTE					
Permanent	111.0	113.0	113.0	113.0	0.0
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	112.0	113.0	113.0	113.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	93%	TBD	93%	93%	95%
* Outcome	Percent of commercial plans reviewed within ten working days	90%	90%	90%	90%	92%
* Outcome	Percent of residential plans reviewed within five working days	95%	95%	95%	95%	96%
Efficiency	Percent of all construction inspections performed within three days of inspection request	95%	95%	95%	95%	96%
* Output	Time to final action, referral or dismissal of complaint, in months	8	8	8	8	7

FINANCIAL INSTITUTIONS

The purpose of the financial institutions and securities program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws, rules and regulations; and promote investor protection and confidence so capital formation is maximized and a secure financial infrastructure is available to support economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	816.2	842.0	1,067.1	842.4	0.0
Other Transfers	1,713.3	725.5	725.0	766.0	5.6
Other Revenues	2,938.2	1,831.6	1,690.1	1,690.1	-7.7
Fund Balance	60.0	835.0	331.0	1,056.0	26.5
SOURCES TOTAL	5,527.7	4,234.1	3,813.2	4,354.5	2.8
USES					
Personal Services and Employee Benefits	2,149.2	2,825.8	2,983.8	2,872.9	1.7
Contractual Services	11.5	59.0	82.2	82.2	39.3
Other	284.2	484.8	532.7	459.9	-5.1
Other Financing Uses	1,140.7	864.5	214.5	939.5	8.7
TOTAL USES	3,585.6	4,234.1	3,813.2	4,354.5	2.8
FTE					
Permanent	34.0	39.0	39.0	39.0	0.0
TOTAL FTE POSITIONS	34.0	39.0	39.0	39.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of completed applications processed within ninety days by type of application	97%	98.4%	97%	97%	97%
Efficiency	Percent of depository institution examinations completed	90%		90%	Reworded	95%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis that target vulnerable populations				8	8

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
	966.6	1,030.2	1,213.5	1,080.8	4.9
	966.6	1,030.2	1,213.5	1,080.8	4.9
USES					
	790.6	949.6	1,096.5	975.5	2.7
	1.9	12.9	28.2	28.2	118.6
	89.8	67.7	88.8	77.1	13.9
	882.3	1,030.2	1,213.5	1,080.8	4.9
FTE					
	15.0	15.0	15.0	15.0	0.0
	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of days to process a dispenser license	116	119	120	120	120
* Output	Number of days to resolve an administrative citation that does not require a hearing	177	158	160	160	160
Outcome	Number of days to issue a restaurant beer and wine liquor license	121	115	120	120	120
Output	Number of days to process a craft distiller's license				NR	125

BOARDS AND COMMISSIONSBUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	834.5	433.8	733.8	430.0	-0.9
Other Transfers	2,931.7	6,202.0	6,464.3	6,358.7	2.5
Other Revenues	8,524.4	3,095.5	3,753.4	3,753.4	21.3
Fund Balance	267.6	621.8	498.5	509.0	-18.1
SOURCES TOTAL	12,558.2	10,353.1	11,450.0	11,051.1	6.7
USES					
Personal Services and Employee Benefits	5,150.1	6,430.2	6,932.5	6,533.6	1.6
Contractual Services	240.1	515.2	540.7	540.7	4.9
Other	1,034.7	1,522.0	1,853.3	1,853.3	21.8
Other Financing Uses	4,668.1	1,885.7	2,123.5	2,123.5	12.6
TOTAL USES	11,093.0	10,353.1	11,450.0	11,051.1	6.7
FTE					
Permanent	93.4	95.4	95.4	95.4	0.0
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	94.4	95.4	95.4	95.4	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of noncompliant barber and cosmetology establishments brought into compliance within ninety days	NEW	NEW	NEW	NR	6
Output	Percent of pharmacy board licensed facilities inspected annually	NEW	NEW	NEW	NR	6
Outcome	Number of noncompliant body art establishments brought into compliance within ninety days	NEW	NEW	NEW	3	3

SECURITIES

The purpose of the securities program is to protect the integrity of the capital markets in New Mexico by setting standards for licensed professionals, investigating complaints, educating the public and enforcing the law.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	768.8	789.2	881.1	799.2	1.3
Other Revenues	682.6	701.4	701.4	701.4	0.0
Fund Balance	456.6	469.0	1,140.8	830.1	77.0
SOURCES TOTAL	1,908.0	1,959.6	2,723.3	2,330.7	18.9

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
USES					
Personal Services and Employee Benefits	1,345.8	1,474.5	1,825.6	1,497.8	1.6
Contractual Services	9.6	53.1	74.3	74.3	39.9
Other	261.2	326.8	618.2	553.4	69.3
Other Financing Uses	105.2	105.2	205.2	205.2	95.1
TOTAL USES	1,721.8	1,959.6	2,723.3	2,330.7	18.9
FTE					
Permanent	24.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	24.0	24.0	24.0	24.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of investment adviser registrants examined annually	52%	60%	55%	55%	55%
Output	Percent of all administrative and criminal actions processed annually	55%	TBD	70%	70%	70%
Outcome	Percent of assigned complaints investigated with a course of action determined, within four months	68%	15%	80%	80%	83%

Regulation and Licensing Department Boards and Commissions
BUDGET SUMMARY
(dollars in thousands)
FY 2021

	FY19 Actual	FY20 Operating	FY21 Agency Request	FY21 LFC Recomm- endation	FY21 Pct increase (decrease)
SOURCES					
General fund transfers	834.5	433.8	733.8	430.0	-0.9%
Other transfers	2,931.7	6,202.0	6,464.3	6,358.7	2.5%
Federal revenues	-	0.0	0.0	0.0	0.0%
Other revenues	8,524.4	3,095.5	3,753.4	3,753.4	21.3%
Fund balance	267.6	621.8	498.5	509.0	-18.1%
TOTAL REVENUE	\$12,558.2	\$10,353.1	\$11,450.0	\$11,051.1	6.7%
USES					
Substitute Care Advisory Council	422.4	614.4	614.4	614.4	0.0%
New Mexico Public Accountancy Board	382.0	498.6	498.6	498.6	0.0%
Board of Acupuncture and Oriental Medicine	210.8	248.8	248.8	248.8	0.0%
New Mexico Athletic Commission	162.4	193.3	193.3	193.3	0.0%
Athletic Trainer Practice Board	22.1	28.4	28.4	28.4	0.0%
New Mexico Board of Dental Health Care	443.9	554.6	628.6	600.6	8.3%
Impaired Dentists	11.6	15.0	15.0	15.0	0.0%
Counseling and Therapy Practice Board	387.5	445.0	488.6	458.6	3.1%
Chiropractic Board	131.7	152.1	152.1	152.1	0.0%
Board of Barbers and Cosmetologists	1,024.8	1,128.8	1,422.8	1,322.8	17.2%
Board of Body Art Practitioners	118.8	161.1	211.1	204.4	26.9%
Nutrition and Dietetics Practice Board	19.9	30.6	30.6	30.6	0.0%
Board of Landscape Architects	18.6	27.7	27.7	27.7	0.0%
Interior Design Board	13.6	24.0	24.0	24.0	0.0%
Massage Therapy Board	231.5	259.2	259.2	259.2	0.0%
Signed Language Interpreting Practice Board	55.2	107.7	107.7	107.7	0.0%
Board of Nursing Home Administrators	29.9	51.4	51.4	51.4	0.0%
Board of Examiners for Occupational Therapy	78.7	96.0	96.0	96.0	0.0%
Board of Optometry	91.2	118.5	118.5	118.5	0.0%
Board of Osteopathic Medical Examiners	154.3	196.4	196.4	196.4	0.0%
Board of Pharmacy	1,807.0	2,255.1	2,485.9	2,435.9	8.0%
Physical Therapy Board	139.7	175.7	175.7	175.7	0.0%
Board of Podiatry	38.9	55.9	55.9	55.9	0.0%
Private Investigators and Polygraphers	244.3	289.2	289.2	289.2	0.0%
New Mexico State Board of Psychologists	165.5	225.5	225.5	225.5	0.0%
New Mexico Real Estate Commission	913.1	1,056.3	1,238.6	1,254.4	18.8%
Real Estate Commission Education and Training	10.8	15.8	15.8	15.8	0.0%
Real Estate Commission Recovery	10.0	50.0	50.0	50.0	0.0%
Advisory Board of Respiratory Care Practitioners	94.0	106.3	106.3	106.3	0.0%
Speech Language Pathology, Audiology, and Hearing Aid Dispensing Practices Board	149.8	179.1	179.1	179.1	0.0%
Board of Thanatopractice	123.6	154.1	154.1	154.1	0.0%
Board of Social Work Examiners	265.1	299.8	299.8	299.8	0.0%
Real Estate Appraisers Board	320.7	397.1	419.3	419.3	5.6%
Carnival Ride Bureau	-	70.1	70.1	70.1	0.0%
Hoisting and Safety	-	71.5	71.5	71.5	0.0%
Home Inspectors			200.0		
TOTAL EXPENDITURES	\$8,293.4	\$10,353.1	\$11,450.0	\$11,051.1	6.7%

Regulation and Licensing Department Boards and Commissions
FTE Summary
FY 2020

	FY19 Actual	FY19 Authorized FTE	FY21 Agency Request	FY21 LFC Recomm- endation	FY21 Pct increase (decrease)
Boards and Commissions	94.4	95.4	95.4	95.4	0.0%
TOTAL FTE	94.4	95.4	95.4	95.4	0.0%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,357.1	1,378.6	1,479.8	1,389.5	0.8
Other Transfers	2,168.5	2,399.9	2,808.3	2,808.3	17.0
SOURCES TOTAL	3,525.6	3,778.5	4,288.1	4,197.8	11.1
USES					
Personal Services and Employee Benefits	2,481.9	2,878.1	2,911.7	2,908.3	1.0
Contractual Services	315.8	275.4	627.6	540.7	96.3
Other	553.1	625.0	748.8	748.8	19.8
TOTAL USES	3,350.8	3,778.5	4,288.1	4,197.8	11.1
FTE					
Permanent	35.0	26.2	26.2	26.2	0.0
TOTAL FTE POSITIONS	35.0	26.2	26.2	26.2	0.0

PERFORMANCE MEASURES

Outcome		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Percent of prior-year audit findings resolved	80%		66%	90%	90%	90%

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, and motor carriers to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law and to promote public safety through the State Fire Marshal, Firefighter Training Academy, and Pipeline Safety Bureau.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>			
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	7,361.6	8,032.0	10,589.2	8,889.3	10.7	
Other Transfers	112,317.8	77,346.9	79,932.4	79,932.4	3.3	
Federal Revenues	647.3	785.0	785.0	785.0	0.0	
Other Revenues	1,675.1	0.0	0.0	0.0		
Fund Balance	1,653.9	0.0	0.0	0.0		
SOURCES TOTAL	123,655.7	86,163.9	91,306.6	89,606.7	4.0	
USES						
Personal Services and Employee Benefits	10,875.4	12,821.1	14,853.3	13,489.0	5.2	
Contractual Services	441.7	545.3	604.9	585.7	7.4	
Other	69,400.1	72,797.5	75,848.4	75,532.0	3.8	
TOTAL USES	80,717.2	86,163.9	91,306.6	89,606.7	4.0	
FTE						
Permanent	78.7	156.0	171.0	166.0	6.4	
Term	0.0	1.0	0.0	0.0	-100.0	
TOTAL FTE POSITIONS	78.7	157.0	171.0	166.0	5.7	

AT A GLANCE:

The Public Regulation Commission's (PRC) FY21 budget request increased other revenues by \$2.6 million and increased general fund revenue by \$2.6 million. The increase in other revenue included an increase in administrative use of the fire protection fund of \$227 thousand in the Public Safety Program, with the remainder of the increase going to the Fire Protection Fund. The general fund increase was primarily in the Policy and Regulation Program to fund an expansion request for 9 FTE to support the regulatory oversight of the Energy Transition Act.

The LFC recommendation includes a base increase of \$353.2 thousand in general fund revenue primarily in the Policy and Regulation Program including, \$100 thousand in the personal services and employee benefits category, \$54 thousand in the contractual services category and \$100 thousand in the other category. The LFC recommendation also increases the Public Safety Program by \$71.5 thousand in the other category, and increases the Program Support Program by \$27.4 thousand in the other category. The LFC recommendation includes \$504.1 thousand in general fund to support the agency's expansion request to increase FTE to support the Energy Transition Act. The LFC recommendation fully supports the increase in other revenue, primarily in the Public Safety Program in the other category for transfers to local governments for the fire protection fund.

BUDGET ISSUES:

The Public Regulation Commission (PRC) faces case filing submissions increasing in number and complexity due to regulations and legislation from state and federal government, as well as prior commission rulings. The agency continues to have numerous vacancies in the Policy and Regulation Program due to attrition and senior staff retiring, creating staffing challenges, but has moved to fill key vacancies. The Energy Transition Act created an increase in regulatory responsibilities with no additional appropriations to the agency.

In 2017, the Legislative Council contracted with the National Regulatory Research Institute to evaluate PRC staffing and budget allocation. The report identified inadequate funding and professional development for technical staff, especially electrical and water engineers, and stated the problem has become more acute because the utility industries are undergoing dramatic changes from market, technological, and public policy developments. As of September 2019 the agency had 26 vacancies, compared with 31 in September 2018.

Policy and Regulation. The Policy and Regulation Program is the largest within PRC and includes the five commissioners, hearing examiners, and the Legal, Utility, Consumer Relations, and the Transportation divisions. The program's responsibilities include economic regulation of utilities, telecommunications, and motor carriers. In addition to requirements of the Energy Transmission Act, renewable energy cases originally assigned to federally funded staff have moved to existing staff. This also increases the caseload for the General Counsel's office, Legal Division, and Hearing Examiners.

PRC's request included an increase of \$1.2 million in the base operating budget. The requested increase included \$771 in the personal services and employee benefits category to reduce vacancy rate, \$54.3 thousand in contractual services for technical support for utility and legal staff, and \$360 thousand in the other category to fund travel, education and training for staff, vehicle replacement, and information technology services.

Public Safety. The State Fire Marshal Division is composed of four bureaus: Fire Code Enforcement, Fire Investigation, Fire Services Support, and the Firefighters Training Academy. The State Fire Marshal's Division currently has 10 vacant FTE. PRC requested an increase of \$2.8 million in other revenue in the Public Safety Program, which included \$227.7 thousand to hire 5 additional FTE within the State Fire Marshal's office: one line manager to oversee staff, one administrative assistant to be responsible for fire protection fund calculation and correspondence to recipients, and 3 FTE for code enforcement. The LFC recommendation supports an increase in other revenue of \$227.6 thousand for the personal services and employee benefits category and \$71.5 thousand in general fund to support an increase in travel for inspections, and staff education.

The fire protection fund receives the 3 percent premium tax on auto and fire insurance collected by the Office of the Superintendent of Insurance (OSI). The fees are collected in the insurance suspense fund within OSI and transferred to the fire protection fund at PRC. The large increase in requested other transfers is the result of the fire protection fund increasing for FY21. Other transfers included pipeline safety fees, collected from every operator of a pipeline for the transportation of crude oil, natural gas, or products derived from either and paid to PRC annually. Any remaining balances in the fire protection fund at the end of a fiscal year revert to the general fund. A total of \$94.6 million was collected in fire protection fund revenue in FY19. Of that, \$56.6 million was distributed to local fire districts, \$9 million was distributed in grant funds, \$4.6 million was expensed within the PRC for staff and administrative purposes, \$750 thousand was distributed to the Public Employees Retirement Association, and \$22.2 million reverted to the general fund.

New-Mexico-certified fire departments apply for fire protection grants on an annual basis. Counties are currently spending fire protection grant awards on facility improvements, firefighting equipment, dedicated fire suppression water supply, training, communication equipment, etc.

BASE EXPANSION:

The PRC request included a general fund expansion of \$948 thousand in the Policy and Regulation Program. The expansion request included \$943 thousand to fund 9 additional FTE (one economist, three certified public accountants, two engineers, and three attorney's) to support administration of all regulatory requirements for the Energy Transition Act. The request also included 1 FTE (one railroad crossing inspector) for the Policy and Regulation Program to conduct railroad inspections of hazardous materials. There is currently only one inspector for the state. The LFC recommendation includes \$504 thousand in general fund revenue to support an increase of 5 FTE.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Section 59A-53-5.2 NMSA 1978 or other substantive law, the internal service funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission includes four hundred eighty-nine thousand seven hundred dollars (\$489,700) from the fire protection fund. Any unexpended balances in the policy and regulation program of the public regulation commission remaining at the end of fiscal year 2020 shall revert back to the fire protection fund.

Notwithstanding the provisions of Section 59A-53-5.2 NMSA 1978 or other substantive law, the internal service funds/interagency transfers appropriation to the public safety program of the public regulation commission includes three million six hundred forty-three thousand three hundred dollars (\$3,870,300) from the fire protection fund. Any unexpended balances in the policy and regulation program of the public regulation commission remaining at the end of fiscal year 2020 shall revert back to the fire protection fund.

Notwithstanding the provisions of Section 59A-53-5.2 NMSA 1978 or other substantive law, the internal service funds/interagency transfers appropriation to the program support program of the public regulation commission includes six hundred sixty-one thousand five hundred dollars (\$661,500) from the fire protection fund. Any unexpended balances in the policy and regulation program of the public regulation commission remaining at the end of fiscal year 2020 shall revert back to the fire protection fund.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	1 Economist A, SB489 Energy Transition Act	84.0	84.0
2	3 CPAs, SB489 Energy Transition Act	284.4	152.8
3	2 Engineers A, SB489 Energy Transition Act	209.6	100.0
4	3 Attorneys, SB489 Energy Transition Act	302.7	100.0
5	1 Railroad Inspector (Hazardous Materials)	67.3	67.3
TOTAL		948.0	504.1

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 the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,614.9	7,266.3	9,419.3	8,024.7	10.4
Other Transfers	777.0	652.1	632.9	632.9	-2.9
Federal Revenues	14.9	35.0	35.0	35.0	0.0
Other Revenues	30.6	0.0	0.0	0.0	
Fund Balance	72.3	0.0	0.0	0.0	
SOURCES TOTAL	7,509.7	7,953.4	10,087.2	8,692.6	9.3
USES					
Personal Services and Employee Benefits	6,074.9	7,167.7	8,882.6	7,771.4	8.4
Contractual Services	50.6	144.8	199.1	179.9	24.2
Other	536.2	640.9	1,005.5	741.3	15.7
TOTAL USES	6,661.7	7,953.4	10,087.2	8,692.6	9.3
FTE					
Permanent	78.7	78.7	88.7	83.7	6.4
TOTAL FTE POSITIONS	78.7	78.7	88.7	83.7	6.4

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$91.4	\$58.5	\$150	\$70	\$70
Output	Number of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff				335	335
Outcome	Dollar amount difference of final rate decision on rate cases versus regulated utility's original rate request amount.				13,000,000	13,000,000
Outcome	Percent of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff to the total number of docketed cases in a fiscal year	44%	42%	50%	50%	50%
Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff		10%		764	764
Outcome	Percent of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff to the total number of regulated carriers in a fiscal year	6%	10%	10%	10%	10%

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)					
	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	71.5	71.5	
Other Transfers	110,576.1	75,684.5	78,504.9	78,504.9	3.7
Federal Revenues	632.4	750.0	750.0	750.0	0.0
Other Revenues	1,644.5	0.0	0.0	0.0	
Fund Balance	1,581.6	0.0	0.0	0.0	
SOURCES TOTAL	114,434.6	76,434.5	79,326.4	79,326.4	3.8
USES					
Personal Services and Employee Benefits	3,389.8	4,061.4	4,289.1	4,289.1	5.6
Contractual Services	355.3	374.4	379.7	379.7	1.4
Other	68,730.8	71,998.7	74,657.6	74,657.6	3.7
TOTAL USES	72,475.9	76,434.5	79,326.4	79,326.4	3.8
FTE					
Permanent	0.0	55.3	60.3	60.3	9.0
Term	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	0.0	56.3	60.3	60.3	7.1

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	110,205	104,680	125,000	125,000	125,000
Quality	Pass rate for state certification exams administered by the state firefighter academy	75.3%	88.8%	85%	85%	85%
Outcome	Percent of statewide fire districts with insurance service office ratings of eight or better	66%	79%	80%	75%	80%
Output	Number of pipeline safety inspection, excavation damage prevention and investigation hours performed by the pipeline safety bureau in a fiscal year	8,019	8,447	8,000	8,000	8,300
Output	Number of firework (temporary location of fireworks transactions) inspections in a fiscal year.				454	454

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)					
	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	746.7	765.7	1,098.4	793.1	3.6
Other Transfers	964.7	1,010.3	794.6	794.6	-21.4
SOURCES TOTAL	1,711.4	1,776.0	1,893.0	1,587.7	-10.6
USES					
Personal Services and Employee Benefits	1,410.7	1,592.0	1,681.6	1,428.5	-10.3
Contractual Services	35.8	26.1	26.1	26.1	0.0
Other	133.1	157.9	185.3	133.1	-15.7

BUDGET SUMMARY
(dollars in thousands)

		FY21 - 2020-2021				Percent Incr (Decr)
		FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
FTE	TOTAL USES	1,579.6	1,776.0	1,893.0	1,587.7	-10.6
	Permanent	0.0	22.0	22.0	22.0	0.0
	TOTAL FTE POSITIONS	0.0	22.0	22.0	22.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
		Unqual	Unqual	Unqual	Unqual	Unqual
Outcome	Opinion of previous fiscal year independent agency audit					
Outcome	Percent of prior-year audit findings eliminated	100%	80%	98%	85%	90%
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	6,908		7,000	8,000	8,000
Output	Number of inspection of public records act responses fulfilled in fiscal year				120	120
Output	Number of information technology projects initiated and completed in fiscal year				2	2

STATUTORY AUTHORITY:

Article XI, Section 20, of the New Mexico Constitution, enacted in 2012, separated the Insurance Division from the Public Regulation Commission and created the Office of Superintendent of Insurance. The superintendent is appointed by an insurance nominating committee made up of four members chosen by the Legislature, four by the governor, and a ninth selected by the eight appointed members. The four members appointed by the Legislative Council and the governor can include no more than two from the same political party, two from the insurance industry, and two representing insurance consumers. The ninth member must be either a former New Mexico superintendent of insurance or another person with extensive knowledge of insurance regulation in New Mexico.

MISSION:

The mission of the Office of Superintendent of Insurance is to regulate insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	50.0	50.0	0.0	-100.0
Other Transfers	6,586.1	7,032.8	9,065.7	7,869.8	11.9
Federal Revenues	1,586.0	329.4	0.0	0.0	-100.0
Other Revenues	62,397.6	37,870.1	39,662.9	38,970.7	2.9
Fund Balance	473.5	0.0	260.0	260.0	
SOURCES TOTAL	71,043.2	45,282.3	49,038.6	47,100.5	4.0
USES					
Personal Services and Employee Benefits	6,997.5	8,046.2	9,764.7	8,595.0	6.8
Contractual Services	2,038.9	1,372.0	1,666.4	1,591.6	16.0
Other	20,151.2	28,831.3	29,182.1	28,866.6	0.1
Other Financing Uses	7,059.6	7,032.8	8,425.4	8,047.3	14.4
TOTAL USES	36,247.2	45,282.3	49,038.6	47,100.5	4.0
FTE					
Permanent	86.0	88.0	95.0	92.2	4.7
Term	2.5	4.0	4.0	0.0	-100.0
TOTAL FTE POSITIONS	88.5	92.0	99.0	92.2	0.2

AT A GLANCE:

The Office of Superintendent of Insurance (OSI) requested a base increase of \$2.3 million, including a \$1 million increase in other revenue, \$1.4 million in other transfers, and \$260 in fund balance. OSI also requested an expansion request of \$1.4 million; \$619.7 thousand in other transfers, and \$783 thousand in other revenues to fund 12 FTE. The agency requested no federal funds for FY20, causing a 6.7 percent reduction in the Insurance Policy Program.

The LFC recommendation supports a base budget increase of \$1.1 million, including \$837 thousand in other transfers to cover costs associated with 4 FTE and other costs associated with what was formerly covered by federal grants and a memorandum of understanding (MOU) with the New Mexico Health Exchange, as well as covering any additional cost of FTE currently not funded. The LFC recommendation also includes \$260 thousand in fund balance to support costs associated with a biennial rate hearing in the Title Insurance Bureau.

The LFC recommendation does not support the expansion request. As of September 2019, the agency had 11 vacancies.

BUDGET ISSUES:

The Office of Superintendent of Insurance operating budget is primarily comprised of other revenues. Other state funds that are not passed through to other agencies (Fire Protection Fund at the Public Regulation Commission) or used for the operating budget throughout the fiscal year revert to the general fund.

The Office of Superintendent of Insurance (OSI) requested a base increase of \$2.3 million, including a \$1 million increase in other revenue, \$1.4 million in other transfers and \$50 thousand in general fund revenue as well as a \$1.4 million expansion.

Insurance Policy. The Insurance Policy Program includes the Insurance Operations, Title Insurance, and Insurance Fraud Bureau. The agency requested an increase of \$873.7 thousand in other transfers to fund 4 FTE and other costs associated with what was formerly covered by two federal grants and an MOU with the New Mexico Health Insurance Exchange. The former federal funds supported substantial regulatory requirements and consumer protections. OSI stated the grants are no longer available, however this is a large responsibility that still needs the agency's attention and requested the conversion of the four temporary positions associated with the former federal funds to four permanent FTE. OSI's Life and Health Product Filing Bureau has seen an increase in health benefits plan filings of 111 percent since 2013. Filings for all product lines including life insurance, disability products, and Medicare supplement products has increased 30 percent since 2013. During the 2019 legislative session, 11 bills were passed that require supervision by OSI, increasing workload for all bureaus. The LFC recommendation supports the agency's request to convert four temporary positions to four permanent positions at a cost of \$873.7 in other transfers.

Premium Tax Collection. Laws 2018, Chapter 57, transferred the duty and resources to collect insurance premium taxes to the Taxation and Revenue Department (TRD) – including personnel, appropriations, property, contractual obligations and rules – beginning January 1, 2020. Chapter 57 requires the Office of the Superintendent of Insurance to transfer \$595 thousand of insurance premium tax revenues to the Taxation and Revenue Department annually to cover all costs of the 6 FTE. As of November 2019, TRD has requested \$6.3 million in a special appropriation request to incorporate the collection of insurance premium tax in to the GenTax software system.

The Patient's Compensation Fund. The Patient Compensation Fund (PCF) Program is a flow-through expenditure program that pays malpractice settlements for member physicians and hospitals. Established under the New Mexico Medical Malpractice Act, the program provides affordable malpractice coverage that caps the amount of damages awarded against the member healthcare providers. The program acts as a re-insurer over private market medical malpractice insurance. The number and amount of court-ordered settlement awards paid from the fund are increasing. As of December 2018, the PCF is in a \$44 million actuarial deficit. This deficit has been primarily caused by a series of claims against two doctors recently that have totaled over \$20 million in payments. The deficit has also been caused by the inability of the fund administrators to raise rates fast enough to match the growth in medical malpractice claims.

Between 2016 and 2017, seven hospital chains were included in the PCF, doubling the surcharge revenues. While this expansion significantly grew the revenue for FY20, it also increased the liabilities on the fund. The committee supports the agency request of \$285 thousand in other revenue for the PCF program to fully support the current 2.2 FTE (\$86.1 thousand) and \$199 thousand to cover increased cost of claims and expenses associated with administering the program.

New Mexico Mutual. The Legislature created New Mexico Mutual more than 20 years ago to enable a competitive market for employers to obtain workers' compensation insurance. New Mexico Mutual, the state's largest provider of workers' compensation insurance with 35 percent of the voluntary market, ended the 2017 calendar year with a record surplus of \$182 million, a 13 percent increase from 2016.

BASE EXPANSION:

OSI submitted an expansion request of \$1.4 million to fund 12 FTE: \$619.7 thousand in other transfers and \$783 thousand in other revenues. The FTE expansion request included funding for 6 FTE at OSI as a backfill for the costs of 6 FTE being transferred to TRD for the insurance premium tax program, 2 FTE for the Human Resources and Examinations Bureau and 4 FTE for the Auto Theft Prevention Authority. The LFC recommendation does not support the expansion request.

As of September 2019, the agency had 11 vacancies. The committee recommends the agency convert existing vacant positions, rather than expanding, which will have an impact on reversions to the general fund at the end of the fiscal year. The committee also recommends reducing other costs to maintain any vital staff within the Santa Fe office, including moving Albuquerque employees to the Santa Fe office. Currently 15 employees, 11 with the Fraud Bureau and 4 FTE no longer funded with federal funds, are currently housed in Albuquerque, with a lease cost of \$138 thousand annually.

INSURANCE OPERATIONS PROGRAM

The purpose of the insurance policy program is to ensure 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	50.0	50.0	0.0	-100.0
Other Transfers	6,586.1	7,032.8	9,065.7	7,869.8	11.9
Federal Revenues	1,586.0	329.4	0.0	0.0	-100.0
Other Revenues	2,886.1	3,159.6	3,851.8	3,159.6	0.0
Fund Balance	473.5	0.0	260.0	260.0	
SOURCES TOTAL	11,531.7	10,571.8	13,227.5	11,289.4	6.8
USES					
Personal Services and Employee Benefits	6,919.7	7,963.1	9,595.5	8,425.8	5.8
Contractual Services	1,714.6	775.8	1,070.2	995.4	28.3
Other	1,131.8	1,216.1	1,566.9	1,251.4	2.9
Other Financing Uses	1,162.5	616.8	994.9	616.8	0.0
TOTAL USES	10,928.6	10,571.8	13,227.5	11,289.4	6.8
FTE					
Permanent	85.0	86.0	92.9	90.0	4.7
Term	2.5	4.0	4.0	0.0	-100.0
TOTAL FTE POSITIONS	87.5	90.0	96.9	90.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent of internal and external insurance-related grievances closed within 180 days of filing by the managed healthcare bureau	96.3%	96.52%	98%	95%	97%
Output	Percent of producer applications, appointments and renewals processed within ten business days	96.3%	No Data			
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau				97%	97%
Efficiency	Percent of form and rate filings processed within ninety days within the property and casualty bureau				99%	99%
Output	Number of managed healthcare outreach activities conducted annually	46	0	100	20	20
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent				100%	100%
Efficiency	Percent of criminal division complaints processed and recommended for either further administrative action or closure within ninety days	100%	101.20%	95%	82%	90%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Auto theft rate ranking among the fifty states					
Explanatory	Number of cases prosecuted by the criminal division					
Explanatory	Number of life and health rate filings reviewed					
Outcome	Dollars saved or recovered for consumers by the consumer assistance bureau				\$2,364,650	\$2,364,650
Explanatory	Number of cases referred to the criminal division					
Output	Number of examinations conducted				3	3
Output	Number of inspections performed by the title insurance bureau				40	40
Explanatory	Number of complaints received by the investigations bureau for which enforcement action is taken					
Explanatory	Auto thefts per one hundred thousand population					
Explanatory	Number of property and casualty rate filings reviewed					
Explanatory	Dollars saved or recovered for consumers by the managed health care bureau					
Explanatory	Number of consumer complaints received by the consumer assistance bureau					
Explanatory	Number of grievances received by the managed healthcare bureau					
Explanatory	Number of complaints received by the investigations bureau					

PATIENT'S COMPENSATION FUND

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	46,930.6	28,911.2	29,197.1	29,197.1	1.0
SOURCES TOTAL	46,930.6	28,911.2	29,197.1	29,197.1	1.0
USES					
Personal Services and Employee Benefits	77.8	83.1	169.2	169.2	103.6
Contractual Services	324.3	596.2	596.2	596.2	0.0
Other	19,019.4	27,615.2	27,615.2	27,615.2	0.0
Other Financing Uses	689.0	616.7	816.5	816.5	32.4
TOTAL USES	20,110.5	28,911.2	29,197.1	29,197.1	1.0

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
FTE					
Permanent	1.0	2.0	2.2	2.2	7.5
TOTAL FTE POSITIONS	1.0	2.0	2.2	2.2	7.5

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Patients' compensation fund actuarial deficit, in millions					
Efficiency	Percent of required reports submitted timely to the National Practitioner Data Bank				90%	90%
Efficiency	Percent of required reports submitted timely to the Centers for Medicare and Medicaid Services				90%	90%
Efficiency	Audit of all uploaded transactions within twenty four hours				95%	95%

STATUTORY AUTHORITY:

The Medical Practice Act, Sections 61-6-1 through 61-6-29 NMSA 1978, establishes the Medical Board. The state agency is responsible for regulating and licensing physicians, physician assistants, anesthesiologist assistants, genetic counselors, polysomnographic technologists, and naprapaths. The nine member board is appointed by the governor to staggered four-year terms. The board consists of nine governor-appointed members, six physicians, two members of the public, and one physician's assistant, and holds four regular meetings per year.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	2,131.9	2,159.3	2,110.0	2,130.0	-1.4
Fund Balance	0.0	0.0	400.0	200.0	
SOURCES TOTAL	2,131.9	2,159.3	2,510.0	2,330.0	7.9
USES					
Personal Services and Employee Benefits	1,176.6	1,377.2	1,663.5	1,483.5	7.7
Contractual Services	320.5	364.1	430.0	430.0	18.1
Other	409.7	418.0	416.5	416.5	-0.4
TOTAL USES	1,906.8	2,159.3	2,510.0	2,330.0	7.9
FTE					
Permanent	16.0	17.0	19.0	18.0	5.9
TOTAL FTE POSITIONS	16.0	17.0	19.0	18.0	5.9

AT A GLANCE:

The Medical Board requested a 16.2 percent increase above the FY20 operating budget from licensing fee revenues and fund balances. The board request increased spending on personnel by \$286.3 thousand, or 20.8 percent, to add 2 FTE, an attorney and an investigator. As of September 2019, the board had four investigators and one attorney. The request also increased spending in the contractual services category \$65.9 thousand above the FY20 operating budget for paralegal and legal assistance.

The board reported the additional positions in the request are a result of an increase in both the number and complexity of investigations. In FY18, the board opened 319 total cases, including 93 board-initiated complaints; in FY19, 356 total cases were opened, including 114 board-initiated complaints. As of October 2019, the board reported 90 total cases opened, including 15 board-initiated complaints, in the current fiscal year. The board also stated the complexity of the type of cases being investigated has increased as well. In recent years, board complaints have ranged from gross negligence in medical treatment to sexual misconduct, injudicious prescribing, injudicious prescribing leading to death or nonfatal overdose, substance abuse, and other significant patient harm.

The committee recommendation increases personnel spending by \$106.3 thousand, or 7.7 percent, and adds 1 additional FTE. The LFC recommendation supports the board's requested increase in contractual services for paralegal and legal assistance.

BUDGET ISSUES:

New Mexico's drug overdose deaths involving benzodiazepines, like Xanax and Valium, fell sharply from 26 percent of the total in 2017 to 18 percent in 2018. Overdose deaths using prescription opioids other than fentanyl decreased to 36 percent of the total last year, compared with 37 percent of the total in 2017 and 40 percent of the total 2012.

This trend may partially be due to improvements in medical provider use of the prescribing monitoring program (PMP). While the board does not administer the PMP, it does regulate providers and their use of the program. The board, through its budget request and other actions, is beginning to take a more central role in reducing inappropriate prescribing, and the committee supports the board's request to continue improving PMP compliance. To continue its work regulating physicians, physician assistants, anesthesiologist assistants, genetics counselors, polysomnographic technologists, and naprapaths, the committee recommendation increases personnel by \$106.3 thousand, or 7.7 percent, and adds 1 FTE.

The agency consists of 17 FTE. 15 of which were filled in September 2019. The agency requested increasing personnel spending of \$286.3 thousand, or 20.8 percent, to add 2 FTE for an additional attorney and investigator for FY21. The agency requested \$400 thousand in nonrecurring revenues from fund balances to support the additional FTE and an increase in the contractual services category for paralegal and legal assistance. The committee recommendation increases the use of fund balances by \$200 thousand, projecting the fund balance is sufficient to support these activities for more than five years. Fund balances at the close of the current fiscal year are projected near \$1.1 million. The board has consistently received close to \$2.1 million in revenues over the past few fiscal years while expenditures have been closer to \$1.9 million, resulting in the current fund balance.

The Medical Board met a majority of performance targets in FY19. The agency issued over 4,000 physician licenses and renewals in FY19, down slightly from the previous fiscal year. In FY19, the board received 356 complaints; 262 were closed within the fiscal year. Of those complaints, 43 physicians and eight physician assistants entered into a monitored treatment program.

MEDICAL BOARD

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of entities provided with information through written license verification and website access	2,167,850	2,188,411	2,000,000	2,000,000	2,150,000
* Output	Number of triennial physician licenses issued or renewed	4,059	4,086	4,050	4,050	4,060
* Output	Number of biennial physician assistant licenses issued or renewed	487	556	460	460	480
Output	Number of complaints closed within the fiscal year	254	252	250	250	250
Output	Number of participants in monitored treatment programs	46	52	60	60	60
Outcome	Number of days to issue a physician license	53	65	45	50	50
* Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	NEW	776			

STATUTORY AUTHORITY:

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, established the seven-member Board of Nursing to regulate 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)				
				<u>FY21 – 2020-2021</u>		
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Other Transfers	0.0	200.0	300.0	350.0	75.0
	Other Revenues	2,928.9	2,483.3	2,520.9	2,500.9	0.7
	SOURCES TOTAL	2,928.9	2,683.3	2,820.9	2,850.9	6.2
USES						
	Personal Services and Employee Benefits	1,765.7	1,869.5	1,845.1	1,845.1	-1.3
	Contractual Services	26.5	63.0	62.5	62.5	-0.8
	Other	429.9	720.3	873.3	903.3	25.4
	Other Financing Uses	29.2	30.5	40.0	40.0	31.1
	TOTAL USES	2,251.3	2,683.3	2,820.9	2,850.9	6.2
FTE						
	Permanent	22.3	24.0	24.0	24.0	0.0
	Term	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	23.3	25.0	25.0	25.0	0.0

AT A GLANCE:

The board requested a 5.1 percent increase in licensing and other revenues over the FY20 operating budget. The request decreased spending on personnel costs by \$24.4 thousand and increased allocations for grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses by roughly \$100 thousand. Total spending on these grants would increase to \$300 thousand.

Given recent increased licensing fees, FY19 revenue collections, other administrative changes, and growing fund balances, the board’s revenue request is likely to grow. With few vacancies, the committee supports the personnel spending as requested and the board’s request to increase nurse excellence grants to organizations working to bring more nurses into the workforce.

BUDGET ISSUES:

The board’s performance was mixed in FY19. For example, while the board logged and initiated investigations within required timeframes, it only investigated and presented 47 percent of low and medium-priority complaints to the board within six months, down from 60 percent in the previous fiscal year.

In FY19, from nurse excellence funds, \$1,000 scholarships were awarded to 20 nursing students of all levels and \$2,000 scholarships were awarded to eight Native American Nursing students. The board’s request to increase nurse excellence grants is a continued effort to alleviate nursing shortages across the state. The committee recommendation supports the request and increases the nurse excellence fund an additional \$50 thousand above the request for nursing scholarships. LFC also recommends adding budget adjustment request language to allow the board to transfer more than the typical limit of 5 percent from fund balances to nurse excellence grants if additional revenues materialize.

Although many areas of New Mexico are short on providers, the workforce is growing. The number of certified nurse practitioners practicing in New Mexico in 2019 was 2,010 (of which 756 were out-of-state residents) an increase from the 1,281 practitioners in 2018. Likewise, there were 20,259 registered nurses in New Mexico, an increase of 3,965, or 24.3 percent from 2018. In FY19, the board issued 24,711 licenses of all types, an increase of 5,227 licenses, or 27 percent, over FY18. Given the increase in licenses issued, the board’s request for revenue from license fees is realistic.

A major driver of the opioid epidemic is inappropriate and excessive prescribing by healthcare providers. One way to reduce inappropriate prescribing is to ensure providers are checking the state’s prescription-monitoring program (PMP), which ensures safe prescribing by cross-referencing prescriptions and flagging problems. While the use of the PMP by certain providers has improved, some provider types fall short. For example, advanced practice nurses queried the PMP only 13 thousand times in the last quarter of 2017 when the Board of Pharmacy estimates they should have queried the PMP nearly 48 thousand times. Previously, the committee recommended a performance measure indicating the number of licensees contacted regarding high-risk prescribing based on PMP reports in FY19. The agency made contact with around 300 nurses regarding PMP.

The committee recommendation supports the agency request for personnel and increased allocations for grants to higher education institutions and other organizations but made slight adjustments in the other costs category to align with actual expenditures.

BOARD OF NURSING

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	98%	98%	98%	98%	98%
Output	Percent of low and-medium-priority complaints investigated and presented to the board of nursing within six months	64%	47%	65%	60%	60%
Efficiency	Percent of unlicensed assistive personnel and nursing education site visits completed within forty-five days of the site visit requirements	99%	100%	97%	97%	99%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,771	2,625			
* Explanatory	Number of registered nurse licenses active on June 30	29,948	28,641			
Explanatory	Number of certified nurse practitioner licenses active on June 30	2,184	2,574			
Explanatory	Number of clinical nurse specialist licenses active on June 30	108	100			
Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	436	464			
Explanatory	Number of certified hemodialysis technicians one and two licenses active on June 30	541	564			
Explanatory	Number of certified medication aide one and two licenses active on June 30	437	410			
Explanatory	Number of lactation care providers licenses active on June 30	0	9			
* Output	Number of advanced practice nurses contacted regarding high-risk prescribing and prescription monitoring program compliance, based on the pharmacy board's prescription monitoring program reports	NEW	NEW	BASELINE	300	300
Explanatory	Number of nursing education site visits completed	NEW	1			

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in, and governed by, Sections 16-6-1 through 16-6-31 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)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	0.0	198.0	125.0	
Other Revenues	12,214.4	12,064.5	12,550.0	12,550.0	4.0
SOURCES TOTAL	12,214.4	12,064.5	12,748.0	12,675.0	5.1
USES					
Personal Services and Employee Benefits	5,847.7	5,700.8	6,183.0	6,120.3	7.4
Contractual Services	2,995.2	2,960.3	3,107.0	3,107.0	5.0
Other	3,327.5	3,403.4	3,458.0	3,447.7	1.3
TOTAL USES	12,170.4	12,064.5	12,748.0	12,675.0	5.1
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

AT A GLANCE:

The LFC recommendation largely supports the agency's request, including general fund revenue to support maintenance and facility costs at the African American Performing Arts Center. After receiving a 2019 special appropriation of nearly \$5 million to pay past-due amounts owed to the General Services Department's Risk Management Division, the agency is now up-to-date on these payments.

BUDGET ISSUES:

After attendance gains over four of the last five years, visitation to the fair decreased in 2019 to 472 thousand. Unseasonably hot temperatures during the first weekend and rain throughout the final day of the fair likely accounted for the decrease in attendance. The days with the highest attendance were Saturdays and the Wednesday "Dollar Day." The second Saturday was the highest grossing revenue day for the midway operator since being awarded the carnival contract in 2015. To reduce operating costs and improve revenues, significant improvements have been made to fair rides, pass offerings, and parking and transportation. For example, 24 thousand people used park and ride to and from the fair in 2019, up over 6,000 riders from last year.

Despite trends of increasing attendance, in recent years the State Fair's revenues were insufficient to cover required insurance rate expenses, leading to increasing debt owed to the Risk Management Division for insurance coverage. By the end of FY17, the debt totaled \$4.6 million, and it grew to \$5.1 million by the end of FY18. In 2019, the Legislature appropriated nearly \$5 million to extinguish this debt. The State Fair made the required payments in FY19 and has committed to keep up with payments going forward. The agency request included sufficient funds to make the payments in FY21.

The State Fair requested a \$683.5 thousand increase for FY21, including \$198 thousand for maintenance and other facility costs to support the African American Performing Arts Center (AAPAC). The Office of African American Affairs budget request also included \$300 thousand for programs and exhibits at the AAPAC. Laws 2019, Chapter 82, (House Bill 158) requires the State Fair to request general fund to support AAPAC. The committee supports the request and includes \$125 thousand for AAPAC. The recommendation is slightly lower than the request in the other category to accurately reflect Department of Information Technology rates for telecommunication and Internet service.

Although the state fairgrounds have suffered from decades of neglect and deferred maintenance, the agency has made significant progress in recent years in addressing maintenance issues, including electrical improvements in the dairy barn and on the midway, upgraded lighting in the fine arts buildings, repaired roofs at the Tingley and Lujan buildings, improved drainage to meet federal Environment Protection Act regulations, an improved fiber optic network, critical renovations to the Villa Hispana concert venue, and improved public access to entrance gates, tunnels, and restrooms.

The State Fair's total capital outlay request is \$12.5 million for FY21, primarily for electrical upgrades, infrastructure upgrades, and paving and concrete.

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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	97%	95%	96%	95%	95%
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	365,427	390,616	430,000	430,000	430,000
Output	Number of total attendees at annual state fair event	462,104	504,445	470,000	470,000	505,000

STATUTORY AUTHORITY:

The Engineering and Surveying Practice Act, Sections 61-23-1 through 61-23-32 NMSA 1978, establishes a 10-member State Board of Licensure for Professional Engineers and Professional Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. The 10 members, appointed by the governor to staggered five-year terms, meet regularly every other month.

MISSION:

The mission of the State Board of Licensure for Engineers and Land Surveyors is to regulate practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health, and property.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>			
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
Other Revenues	999.6	897.6	1,004.5	1,004.5	11.9	
Fund Balance	0.0	100.0	149.0	149.0	49.0	
SOURCES TOTAL	999.6	997.6	1,153.5	1,153.5	15.6	
USES						
Personal Services and Employee Benefits	439.3	556.8	707.2	617.0	10.8	
Contractual Services	187.7	224.8	239.4	239.4	6.5	
Other	123.2	116.0	206.9	297.1	156.1	
Other Financing Uses	0.0	100.0	0.0	0.0	-100.0	
TOTAL USES	750.2	997.6	1,153.5	1,153.5	15.6	
FTE						
Permanent	0.0	8.0	8.0	8.0	0.0	
TOTAL FTE POSITIONS	0.0	8.0	8.0	8.0	0.0	

AT A GLANCE:

The agency requested an increase of \$156 thousand, or 15.6 percent, above the FY20 operating budget. The agency requested a 27 percent increase in the personal services and employee benefits category and is authorized for 8 FTE. The board's executive director and deputy director indicated the increase of about \$150 thousand in the personal services and employee benefits category was included in FY21 to increase the pay for experienced staff and incorporate board-approved pay band adjustments for this fiscal year and in subsequent years.

Until recently, the agency had a large fund balance attributed to collecting more in fees for practicing engineers and surveyors than it expended to regulate the profession. The board developed an initiative to use fund balances to support a college scholarship to encourage more students to become licensed engineers and surveyors in New Mexico. Fiscal year 2020 will be the first year the scholarships are disbursed to universities. The board's executive director and deputy director worked with Department of Finance and Administration to properly distribute the scholarships to universities in FY20.

The Department of Finance and Administration recommended the scholarship monies be budgeted in the other category instead of the other financing uses category for FY21 and the LFC recommendation concurs for the scholarship monies to be included in the other category in future years. As of October 2019, the board has not determined the disbursement amount for each higher education institution.

The board has two vacant positions in FY20 and plans to reclassify the vacant compliance officer position and hold interviews for the accountant and auditor position. In the contractual services category, the recommendation includes an additional \$10 thousand to accommodate the hourly cost for supplemental investigative services. The projected fund balance at the close of FY20 is \$442 thousand with a projected fund balance of \$292 thousand for FY21. The LFC recommendation is to disburse the agency's increase for personnel between the scholarship initiative (\$90.2 thousand) and the personal services and employee benefits (\$60.2 thousand) category.

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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of consumers requesting information who are provided with information	100%	100%	100%	100%	100%
Output	Number of licenses or certifications issued within one year	736	860	775	775	775
Efficiency	Percent of cases resolved through compliance or legal action within one year	31%	57%	85%	85%	85%
Efficiency	The number of days from receipt of a complaint to delivery to the respective professional committee of the board	0	95	90	90	90

STATUTORY AUTHORITY:

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establishes 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.

MISSION:

The mission of the Gaming Control Board is to uphold the integrity of gaming regulations at licensed racetracks and nonprofit organizations and to monitor tribal gaming activity in the state. The Gaming Control Board qualifies gaming venues and their employees through a rigorous licensing and certification process and implements its statutory obligations through its Audit and Compliance, Enforcement, and Information Systems divisions. The agency structure is designed to ensure a fair and honest gaming environment, while recognizing the importance of gaming tax revenue to the New Mexico economy.

BUDGET SUMMARY (dollars in thousands)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)	
			Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	5,152.0	5,536.8	6,509.6	5,692.0	2.8	
SOURCES TOTAL	5,152.0	5,536.8	6,509.6	5,692.0	2.8	
USES						
Personal Services and Employee Benefits	3,520.0	3,828.9	4,731.6	3,914.0	2.2	
Contractual Services	573.3	811.8	75.9	75.9	-90.7	
Other	1,035.3	896.1	1,702.1	1,702.1	89.9	
TOTAL USES	5,128.6	5,536.8	6,509.6	5,692.0	2.8	
FTE						
Permanent	52.0	52.0	55.0	52.0	0.0	
TOTAL FTE POSITIONS	52.0	52.0	55.0	52.0	0.0	

AT A GLANCE:

For FY21, GCB requested a \$972.8 thousand, or 17.6 percent, increase over its FY20 operating budget. The requested increase is primarily to fill vacancies and cover a personnel increase of 3 FTE – an accountant/auditor, and two special agents. LFC recommends a \$155.2 thousand, or 2.8 percent, increase over the FY20 operating budget.

BUDGET ISSUES:

For its FY21 budget request, GCB requested an increase of \$902.7 thousand to fill five vacancies and add 3 new FTE to conduct additional regulatory audits, investigations, and inspections of gaming machines. The agency has a funded vacancy rate of 6.7 percent, or approximately 3 FTE. The committee recommendation includes an \$85.1 thousand increase in the personal services and employee benefits category over the FY20 operating budget, allowing the agency to fill three vacancies with its existing budget and one additional vacancy with the funding increase.

In addition, the Gaming Control Board has two vacant board positions. The certified public accountant and law enforcement board seats have been vacant since 2017 and 2018, respectively.

The agency request decreased spending in the contractual services category by 90.7 percent and increased spending in the other category by 89.9 percent due to a new state budget policy that shifts IT maintenance and software costs from one category to the other.

The agency is in its sixth year of an eight-year contract for maintenance of its central monitoring system. The board will submit a computer system enhancement fund request in FY21 in order to issue a request-for-proposals for a replacement system. GCB relies on appropriations from the general fund for its operations, because licensing fees, taxes, penalties, and other board-generated revenue is deposited directly into the state general fund. In FY19, total revenue to the general fund from gaming operations was approximately \$143 million, an increase of 15 percent from FY18. The increase was due in large part to tribal revenue sharing rates rising at the beginning of FY19, per the tribal gaming compact. The gaming industry also contributed \$48.1 million for horseracing purses and over \$600 thousand in compulsive gambling funds.

A potential threat to the state’s gaming revenues is the expansion of Class II gaming machines, electronic bingo-style games that are promoted as providing the same player experience as regulated Class III machines but that are not covered under the current tribal gaming compact. GCB periodically surveys tribal casinos and reports that Class II machines account for less than 2 percent of all gaming machines. However, because the state does not have jurisdiction over Class II machines, tribal casinos are not required to share information, and the actual numbers or changes from year to year are difficult to verify. Industry experts in New Mexico have indicated they expect the market for Class II games to grow in coming years, given the comparable performance with Class III machines and the attractive financial case for tribal casinos.

In August 2019, the New Mexico Racing Commission (NMRC) indicated it does not plan to award an anticipated sixth and final license racetrack casino license, suggesting a sixth license would not be in the best interest of the state and existing racetrack casino operators. The commission could reopen the process to award a sixth license in the future but does not have any plans to do so. While state statute does not limit the number of racetrack licenses that can be issued by NMRC, the tribal gaming compact limits the number of racetrack casino operator licenses to six.

The Pueblo of Pojoaque did not sign the 2015 tribal gaming compact until October 2017. Pojoaque is now sharing revenue quarterly with the state, per the tribal compact. The pueblo reported and paid its revenue share during three quarters of FY18 and all four quarters of FY19.

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 the state has competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Quality	Percent of incidents reported to the central monitoring system help desk closed within three calendar days	95%	95%	96%	96%	96%
Outcome	Percent of work permit and work permit renewals processed within forty-five business days	99%	99%	96%	96%	97%
Output	Percent of all tribal gaming operation inspections and reviews completed in one calendar year	100%	100%	97%	97%	100%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	97%	99%	98%	98%	98%
Output	Average annual number of inspections conducted by each agent at assigned nontribal venues	25	24	25	25	25
Output	Average annual number of inspections conducted by each agent at each assigned bingo and raffle location	6	6	6	6	6
Output	Percent of transported gaming software and devices inspected by agents	NEW	NEW	NEW	85%	90%
Outcome	Percent of key and business license applications completed and board presented within ninety days of receipt of application	NEW	NEW	NEW	90%	90%

STATUTORY AUTHORITY:

The primary functions of the State Racing Commission as defined in Sections 60-1-1 through 6-1-26 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)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	2,001.7	2,400.9	3,271.8	2,497.6	4.0	
Other Transfers	750.0	750.0	650.0	700.0	-6.7	
Other Revenues	300.0	300.0	0.0	300.0	0.0	
SOURCES TOTAL	3,051.7	3,450.9	3,921.8	3,497.6	1.4	
USES						
Personal Services and Employee Benefits	1,316.5	1,689.3	1,939.6	1,689.3	0.0	
Contractual Services	1,194.0	1,530.3	1,693.7	1,577.0	3.1	
Other	373.8	231.3	288.5	231.3	0.0	
TOTAL USES	2,884.3	3,450.9	3,921.8	3,497.6	1.4	
FTE						
Permanent	22.8	22.8	22.8	22.8	0.0	
Term	1.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	23.8	23.8	23.8	23.8	0.0	

AT A GLANCE:

The State Racing Commission (SRC) requested a FY21 general fund revenue increase of \$870.9 thousand, or 36.3 percent, over the FY20 operating budget. In addition, SRC's budget request included \$650 thousand in revenue from the racehorse testing fund. The request included an increase in the personal services and employee benefits category for reclassification of 3 FTE, pay increases for racing stewards, and funds to fill all vacant positions. The request also includes an increase in the contractual services category to increase out-of-competition equine testing.

The LFC recommendation provides a \$96.7 thousand, or 4 percent, increase in general fund revenue, as well as \$700 thousand in revenue from the racehorse testing fund and \$300 thousand from industry racing revenue.

BUDGET ISSUES:

SRC's FY19 and FY20 operating budgets included \$300 thousand in industry racing revenue from the horsemen's purse, or prize money, to offset the cost of racehorse testing. However, SRC decided not to collect revenues from the horsemen's purse. The FY21 request did not include any industry revenue to help cover the cost of testing. The LFC recommends \$300 thousand in industry racing revenue for FY21. Racetracks receive 20 percent of net win from racetrack casino operators for purses, totaling \$46 million in FY18.

The LFC also recommends \$700 thousand in revenue from the racehorse testing fund. Actual revenues from the fund were \$737.4 thousand in FY18 and \$663 thousand in FY19.

The agency has a funded vacancy rate of 11 percent, or approximately two funded vacant positions, and requested funding to fill another 2.7 FTE. The agency's request included reclassifying three positions to veterinarian positions to expand racehorse testing and increasing salaries for racing stewards. In September 2019, average hourly pay for the agency's racing stewards was almost \$29.

Racehorse Testing. SRC tests blood, urine, and hair samples from racehorses. Funding for testing comes from the racehorse testing fund, created in 2015 (Section 60-1A-14.1 NMSA 1978), which receives 50 percent of a parimutuel tax collected from racetrack licensees.

SRC began consistently tracking figures on testing and violations in 2016. The number of post-race blood and urine samples dropped in 2017 from 2016; however, the commission tested approximately 78 percent more blood and 10 percent more urine samples in 2018 compared with 2016. The number of samples that tested positive for prohibited substances fell by 30 percent.

Post-race testing is conducted on the winning horse and two or three other randomly selected horses. Out-of-competition testing stayed at nearly the same level between 2016 and 2018, with approximately 500 tests per year, and the percentage of positive samples fell from 5 percent to 4 percent. SRC plans to increase out-of-competition testing in FY21. To set penalties for use of prohibited substances, SRC adopted the Association of Racing Commissioners International (ARCI) "model rules" of racing, used as a global standard for horseracing.

Ensuring timely, accurate testing and fairly-enforced penalties is critical to ensuring public confidence in the industry. In 2019, a lawsuit filed against the commission claimed officials allowed horses belonging to a trainer suspended for suspicion of illegal drugging to compete in the All American Futurity under other trainers. Horses of the suspended trainer were allowed to run in qualifying trials for the race at Ruidoso Downs, a prestigious \$3 million quarter horse race, potentially causing other trainers' horses to miss out on qualifying.

To better ensure timely conclusion of disciplinary action, LFC proposes a new performance measure to measure the total number of days to conclude a disciplinary action.

Industry Trends. Nationally, horseracing has been in decline for almost three decades. Since 1990, the number of thoroughbred foals born, as well as the number of races, has dropped by almost half. In New Mexico, while the number of race days remained steady between 2012 and 2017, the number of races fell by 18 percent and average daily attendance declined by 15 percent.

The racing industry faces a threat from sports betting, which has the potential to compete for wagering dollars with horseracing. While sports betting at New Mexico racetracks could benefit track operators, by attracting visitors and generating more revenue for prize money, sports betting at casino racetracks is not currently allowed, per state laws.

Racehorse deaths may also be negatively affecting the popularity of horseracing. In 2018, New Mexico's racehorse fatality rate was 2.45 per 1,000 starts, compared with a national average of 1.68. Four of the state's five racetracks had rates higher than the national average. However, the state has made progress, with the rate falling from 3.5 fatalities per 1,000 starts in 2013, and all five racetracks saw declines in their fatality rates. Causes of racehorse injuries and fatalities include unsafe racing surfaces and use of performance enhancing drugs.

Nationwide, racehorse fatalities have spurred concern and legislation. Recent attention has focused on Santa Anita racetrack in California, which saw 30 racehorse deaths between December and June. The high number of fatalities has become a focus for animal rights advocates. At the federal level, the proposed Horseracing Integrity Act (House Resolution 1754) would create a private, independent horse racing anti-doping authority, responsible for developing and administering a nationwide anti-doping and medication control program for horse racing.

Sixth Casino Racetrack License. In August 2019, SRC indicated it does not plan to award an anticipated sixth and final racetrack casino license, suggesting a sixth license would not be in the best interest of the state and existing racetrack casino operators. The commission could reopen the process to award a sixth license in the future but does not have any plans to do so. While state law does not limit the number of racetrack licenses that can be issued, the tribal gaming compact limits the number of racetrack casino operator licenses to six.

For FY19, the agency did not meet its performance targets for timely collection of penalty fees due to a number of fines in appeal at district courts. The agency also did not meet its target for average number of days to bring a case to prosecution, due to the time needed to receive results from sample testing. All other performance targets were met.

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

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>	
*	Outcome	Percent of equine samples testing positive for illegal substances	0.01%	0.02%	<1.25%	1.25%	1%
*	Output	Amount collected from parimutuel revenues, in millions	\$1.8	\$1.9	\$1.6	\$1.5	\$1.6

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Average regulatory cost per live race day at each racetrack	\$5,550	\$5,550	\$5,500	\$6,500	\$5,500
Outcome	Number of days to collect penalty fees from licensees and deposit them in the general fund.	60	60	50	50	50
Outcome	Number of equine tests per live race	3	4	3	4	4
Efficiency	Average number of days to bring a case to prosecution	50-60	50-60	40	60	50
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	20	TBD	20	10	10
Efficiency	Average number of days to refer investigation cases for administrative prosecution	10	10	12	12	10
Explanatory	Average number of days to conclude disciplinary action	NEW	NEW			
* Explanatory	Number of horse fatalities per one thousand starts	0	TBD			

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.

MISSION:

The mission of the Board of Veterinary Medicine is to protect the public by promoting quality veterinary care through the regulation of the practice of veterinary medicine. The board also serves as a resource in providing assistance and disseminating current information affecting the public, applicants, and licensees.

BUDGET SUMMARY (dollars in thousands)						
<u>FY21 – 2020-2021</u>						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>	
SOURCES						
Other Revenues	352.3	425.0	371.5	371.5	-12.6	
Fund Balance	23.4	69.5	101.5	101.5	46.0	
SOURCES TOTAL	375.7	494.5	473.0	473.0	-4.3	
USES						
Personal Services and Employee Benefits	214.8	226.7	227.0	227.0	0.1	
Contractual Services	105.2	197.5	188.4	188.4	-4.6	
Other	55.7	70.3	57.6	57.6	-18.1	
TOTAL USES	375.7	494.5	473.0	473.0	-4.3	
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	

AT A GLANCE:

The Board of Veterinary Medicine (BVM) request reduced the overall budget by \$21.5 thousand, or 4.3 percent, compared with the FY20 operating budget. This reduction represented a revenue decrease of \$53.5 thousand and a fund balance increase of \$32 thousand. BVM expects reduced revenue in FY21 compared with FY20 due to an overestimation of the additional revenue that would result from the merging of BVM with the Animal Sheltering Board in FY19. BVM reduced its FY21 budget for contracted inspectors and investigators, court reporting services, and communication services. The LFC recommendation fully supports the request.

BVM met its performance targets for the percent of inspected facilities meeting minimum standards, the number of registered veterinary technician licenses issued, and the number of months to resolution of disciplinary matters, but fell short on the remaining measures. FY19 was the first year of reporting on new performance measures related to animal shelters. Neither target was met, primarily because the board has not yet approved minimum standards for shelters or contracted a shelter inspector.

In FY19, the number of veterinarian licenses issued declined. Noting the lack of veterinarian services in eastern New Mexico, Texas Tech University and New Mexico Junior College (NMJC) have a memorandum of understanding that allows NMJC students to feed into the animal science program and the new School of Veterinary Medicine at Texas Tech. NMJC students are eligible for in-state tuition at Texas Tech.

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 to protect the public.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of facility licenses issued annually	320	309	325	320	320
Output	Number of facilities inspected annually	101	98	150	150	150
Outcome	Percent of inspected facilities meeting minimum standards	99%	100%	99%	99%	99%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of registered veterinary technicians licenses issued annually	229	237	245	255	255
Output	Number of veterinarian licenses issued annually	1,021	963	1,055	1,000	1,000
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	21	20	25	15	25
Output	Number of months to resolution of disciplinary matter	3	3	4	3	3
Outcome	Number of licenses issued to shelters	NEW	35	55	55	55
Outcome	Number of inspected shelters meeting minimum standards	NEW	0	45	45	45

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					Percent Incr (Decr)
	(dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>			
		Agency <u>Request</u>	LFC <u>Recommendation</u>			
SOURCES						
General Fund Transfers	111.8	261.8	261.8	261.8	0.0	
Other Revenues	5,239.0	5,150.3	5,967.0	5,967.0	15.9	
SOURCES TOTAL	5,350.8	5,412.1	6,228.8	6,228.8	15.1	
USES						
Personal Services and Employee Benefits	111.6	116.7	118.4	118.4	1.5	
Contractual Services	5,227.4	5,283.1	6,098.1	6,098.1	15.4	
Other	11.8	12.3	12.3	12.3	0.0	
TOTAL USES	5,350.8	5,412.1	6,228.8	6,228.8	15.1	
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	

AT A GLANCE:

The FY21 general fund budget request maintained a flat budget with the FY20 operating budget and an increase in other revenue of \$815 thousand due to the agency’s assumption that ticket sales will increase. The LFC recommendation fully supports the agency request.

BUDGET ISSUES:

As a mostly enterprise agency, a significant portion of the commission’s operating budget is supported by ticket sales. Revenues over the last 10 years trend upwards from a low of \$2.7 million in FY11 to \$5.2 million in FY19. The agency is anticipating revenues from ticket sales will continue to increase to \$5.9 million for FY21 due to an increase in ticket prices for a premium experience, an increase in ridership, and improved marketing and management.

The LFC recommendation includes \$150 thousand to support professional contracts for recurring maintenance of the railroad tracks, first included in the recurring budget in FY20.

Capital Outlay. The primary use of funding provided to the commission from New Mexico and Colorado is for infrastructure. The commission has requested approximately \$1.1 million per year for the next 10 years for capital improvements and to address deferred maintenance for the railroad tracks and the railroad’s oldest train, a 115 year old locomotive; and the youngest locomotive is 93 years old. Capital outlay funds can be used for track rehabilitation and locomotive and boiler upgrades, as well as a water tank supply system, sand house repair, and a visitor gateway center.

Recent Improvements. Ridership has continued to increase on the Cumbres and Toltec Scenic Railroad. A full train can hold 550 people; trains are full mostly primarily accomplished during the fall season. Approximately 40 thousand people rode the train during the 2019 season, flat with FY18 and an increase of 15 percent compared with 2017. The railroad currently has experienced zero derailments, an improvement from previous years when 60 derailments within one year was not unusual.

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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Number of passengers	41,578	41,870	41,906	45,287	45,287
Output	Revenue generated from ticket sales, in millions	\$4.7	\$5.2	\$5.5	\$5.7	\$5.7

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, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor.

		BUDGET SUMMARY (dollars in thousands)				
				FY21 – 2020-2021		
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			
SOURCES						
	General Fund Transfers	226.9	226.9	257.1	257.1	13.3
	SOURCES TOTAL	226.9	226.9	257.1	257.1	13.3
USES						
	Personal Services and Employee Benefits	14.6	126.1	132.4	132.4	5.0
	Contractual Services	87.3	89.5	89.5	89.5	0.0
	Other	5.4	11.3	35.2	35.2	211.5
	TOTAL USES	107.3	226.9	257.1	257.1	13.3
FTE						
	Permanent	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

AT A GLANCE:

The Office of Military Base Planning and Support (OMBPS) requested a general fund increase of \$30.2 thousand, or 13.3 percent. The LFC recommendation fully supports the general fund request.

BUDGET ISSUES:

The membership of the Military Base Commission consists of the lieutenant governor; nine representatives from counties or adjoining counties in which military bases are located; and two representatives appointed at large from other counties.

The main responsibilities of the commission and the Director of the Office of Military Base Planning are to provide highly experienced, executive level support to the military installations and communities in which they are located.

OMBPS has 1 FTE, the director of the agency. The position had been vacant for two years when a new director was hired in summer 2019. OMBPS requested a general fund increase of \$30.2 thousand. The increase will fund a salary increase of \$6,300 for the director, as well as \$24 thousand for the director's travel and board members meeting expenses. The out-of-state travel funding request of \$5,000 will allow the director to attend one annual trip in Washington D.C. for a Pentagon and congressional delegation visit.

The Military Base Planning Commission is administratively attached to the Economic Development Department (EDD). The Legislature extended the sunset dates to July 2022 for OMBPS and the commission during the 2015 regular legislative session. The director reports directly to the governor's chief of staff.

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Number of military units impacted by the activities of the commission and the office	10	10	10	10	10
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	10	10	10	10	10
Output	Number of communities assisted by the office of military base planning and support	10	10	10	10	10

STATUTORY AUTHORITY:

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-7 NMSA 1978.

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)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	985.4	1,111.3	3,645.4	1,422.4	28.0	
Other Revenues	8,183.3	8,827.2	10,055.0	10,055.0	13.9	
SOURCES TOTAL	9,168.7	9,938.5	13,700.4	11,477.4	15.5	
USES						
Personal Services and Employee Benefits	1,890.3	2,850.2	3,645.4	3,161.3	10.9	
Contractual Services	2,914.6	4,282.5	6,948.8	5,510.3	28.7	
Other	1,826.5	2,805.8	3,106.2	2,805.8	0.0	
TOTAL USES	6,631.4	9,938.5	13,700.4	11,477.4	15.5	
FTE						
Permanent	9.0	9.0	9.0	12.0	33.3	
Term	17.0	17.0	31.0	17.0	0.0	
TOTAL FTE POSITIONS	26.0	26.0	40.0	29.0	11.5	

AT A GLANCE:

The Spaceport Authority no longer plans to function as a self-funding enterprise. The agency request would more than triple its general fund revenue for FY21, an increase of \$2.5 million. With an increase in lease payments from current and new tenants, the Spaceport Authority requested additional other revenue of \$1.2 million. The LFC recommendation supports a general fund increase of \$311 thousand, or 28 percent, and the increased enterprise revenues.

The authority currently has 26 full-time staff on-site. The spaceport's anchor tenant, Virgin Galactic, began operations in the Virgin Galactic terminal hangar facility in FY20. Virgin Galactic has 45 staff onsite, with an additional 85 employees to be added once commercial flights begin. The company originally planned for commercial launches to begin as early as 2010 but suffered numerous setbacks and delays, including a catastrophic accident in October 2014.

BUDGET ISSUES:

The authority's request for a general fund increase of \$2.5 million would fund 14 additional FTE, including benefits. The request to increase FTE will support a chief of staff, one attorney, two accountants, and two employees in site operations, three in aerospace operations, one in business development, and four in maintenance. The authority's request also includes \$85 thousand to fund a 5 percent raise for all staff that have worked at Spaceport for over one year. The LFC recommendation does not fully support the general fund request; however, it includes \$311 thousand from the general fund to support the addition of 3 FTE.

Virgin Galactic's first commercial flight is expected sometime in FY20. The Virgin Galactic lease increased to \$3 million in FY18 from \$1 million previously.

Virgin Galactic reports it has sold more than 600 personal space flight tickets, at a cost ranging between \$200 thousand and \$250 thousand. Virgin Galactic, in addition to its presence at New Mexico's Spaceport, is planning to build spaceports in other countries, such as Italy, the United Kingdom, Australia, and the United Arab Emirates. The long-term goal is to set up hubs around the world for its high-speed travel network.

The Spaceport Authority received an additional 2 FTE during the 2019 legislative session, with an increase of \$200 thousand from the general fund. As of October 2019, the authority has four vacancies out of 26 FTE.

The authority reports that major aerospace companies are currently selecting site locations in the United States. With this increase in demand, New Mexico's Spaceport America will have more opportunities to bring aerospace companies to New Mexico, potentially leading to increased job growth in the area over the next two years. However, with 10 other spaceports operating in the United States, Spaceport America will face competition.

Visitors and Tenants. The key to achieving long-term financial stability as an enterprise agency is to increase the number of visitors and tenants at the spaceport. A study performed by a Spaceport Authority contractor estimated annual visitation could reach approximately 200 thousand people once Virgin Galactic begins its commercial launches. In addition to space flight, Spaceport America hosted five events, including an open house, a drone event, a foot race, an auto time trial, and a college rocket competition, all with the intent of attracting more visitors. The agency reports visitor levels were 9,266 in FY17, 4,500 in FY18, and 5,308 in FY19. The agency expects to reach 30 thousand visitors in FY20, due to Virgin beginning launches, and increasing spectators.

Spaceport America's primary tenants include Virgin Galactic, Up Aerospace, EXOS Aerospace, Boeing, SpinLaunch, ABL Space Systems, and Pipeline2Space Inc. Up Aerospace has launched research rockets from Spaceport America since 2006. Boeing is currently testing the CST-100 Starliner, a next-generation space capsule that will take people to and from low-Earth orbit. This spacecraft is being developed in collaboration with NASA's Commercial Crew Program. Virgin Galactic has paid \$14.9 million in rent and user fees to the state for its use of a hangar and other facilities at Spaceport America through October 2019.

Firefighter and Security Costs. A significant portion of the Spaceport Authority's expenses is for a contract with Fiore Industries to provide emergency and security services. Initially, the cost of the contract was \$500 thousand per year; however, during FY19 this contract increased to \$3.8 million. The security contract includes firefighters on site at all times and safety and medical support. According to the State Fire Marshal, this level of emergency responder staff is not required. However, according to the agency, having emergency responders on site at all times is necessary to reassure current and future tenants, whether a rocket is being launched or not. The FY21 contract amount is \$5.7 million due to commercial flights scheduled to begin during FY21, an increase in staff hours, and potentially an increase in visitors.

Capital Outlay. The Spaceport Authority requested \$57 million in capital funds for FY21: (in priority order) \$500 thousand for IT equipment, \$2 million for an IT equipment building, \$5 million for a visitor access control center, \$20 million for a visitor center, \$10 million for a spaceway taxiway, and \$19.5 million for a payload processing center for cube satellites and other small load launches.

During the 2019 legislative session, the authority received an extension for a 2018 \$10 million special appropriation for planning and construction of an aerospace satellite testing and development hangar. The language was contingent on the authority finalizing a contract with a tenant for the use of the hangar. As of October 2019, a contract had not been signed and may not be realized by the end of FY20. The agency also received \$19 million in capital outlay appropriations in 2019.

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

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
*	Output	9	10	12	15	15
	Number of aerospace customers and tenants					
	Output	17	19	35	35	35
	Number of events held					
	Output	4,500	5308	30,000	30,000	30,000
	Number of visitors to spaceport					
	Outcome	94	163	250	300	300
	Annual number of jobs due to New Mexico spaceport authority efforts					

STATUTORY AUTHORITY:

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 94A-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 1978 (Art in Public Places Act) and 13-4B-1 through 13-4B-3 NMSA 1978 (Fine Art in Public Buildings Act); and Sections 47-12A-1 through 47-12A-6 NMSA 1978 (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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	30,120.0	32,895.3	37,475.0	33,885.4	3.0
Other Transfers	0.0	125.0	25.0	25.0	-80.0
Federal Revenues	2,759.8	3,172.4	3,216.7	3,216.7	1.4
Other Revenues	4,860.0	6,044.2	10,423.1	5,923.1	-2.0
Fund Balance	204.6	0.0	15.0	232.1	
SOURCES TOTAL	37,944.4	42,236.9	51,154.8	43,282.3	2.5
USES					
Personal Services and Employee Benefits	26,420.5	30,288.3	31,839.7	30,690.6	1.3
Contractual Services	2,281.7	2,724.9	4,698.7	2,974.0	9.1
Other	8,291.1	9,223.7	14,616.4	9,617.7	4.3
TOTAL USES	36,993.3	42,236.9	51,154.8	43,282.3	2.5
FTE					
Permanent	395.9	415.6	427.3	414.6	-0.2
Term	92.1	95.8	91.3	94.8	-1.0
TOTAL FTE POSITIONS	487.9	511.3	518.5	509.3	-0.4

AT A GLANCE:

The Cultural Affairs Department (DCA) total appropriation request of \$51.1 million was an increase of 21.1 percent from the FY20 operating budget. DCA requested a general fund increase of \$2.6 million, or 7.9 percent for FY21. The majority of the increase base budget request is \$1.6 million to reduce the vacancy rate and create seven positions. The base request includes an increase of \$423 thousand in contracts for security, credit card fees, janitorial, online library system consolidation, marketing and communication, and military in the arts. The base request also includes an increase of \$462 thousand in the other category for maintenance, Los Luceros operations, information technology upgrades, Poetry Out Loud, Art in Public Places, and the Governor's Arts Awards. The DCA request also included an expansion request of \$1.9 million from the general fund to support creation of a rural exhibit program, increase marketing, and increase funding for state grant in aid for libraries, as well as Arts Grants.

The LFC recommendation includes a total general fund increase of \$990 thousand, or 3 percent, including \$300 thousand to partially support the agency's expansion requests. The LFC recommendation also includes an increase of \$217 thousand in fund balance to cover informational technology requests, \$53 thousand in the library services program, and \$164 thousand for program support.

BUDGET ISSUES:

Museums and Historic Sites. The agency has consistently struggled to maintain staff and fill positions within the Museums and Historic Sites Program. This is the agency's largest program with 359 employees. As of September 2019, the program had 56 vacant positions. Within the last fiscal year the agency has begun to hire more effectively; however it still faces shortfalls in the personal services and employee benefits category as well as rising maintenance costs for museums and historic sites.

The FY21 request included an increase of 7 FTE at a cost of \$1 million. The LFC recommendation includes \$306.4 thousand for the personal services and employee benefits category for Museums and Historic Sites, including \$100 thousand for the Los Luceros Historic Site, \$100 thousand for the Vladem Contemporary Museum, and \$56 thousand for increases in unemployment and liability insurance. The LFC recommendation also includes \$50 thousand to support maintenance costs, as well as \$50 thousand for Los Luceros operational expenses.

Museum admission fees were increased for children, seniors, and adults at the Museum of Natural History and Science in Albuquerque by \$1 during the FY19 fiscal year. The agency also implemented an emergency closure of the Camino Real State Historic Site due to staffing shortages and facility maintenance issues.

The Cultural Affairs Department must continue to reduce expenditures and increase revenue, including seeking additional federal funding, selling or transitioning low-revenue historic sites to local entities, developing alternative use plans for properties that receive little visitation, limiting attendance to weekends or taking other steps to pare back schedules for historic sites more substantially, and collaborating with the Tourism Department to advertise under the New Mexico True brand to leverage this successful marketing campaign instead of advertising on its own.

The Museum of New Mexico Foundation supports the museums and historic sites through fund development for exhibitions, education programs, financial management, and advocacy. The foundation provided \$10 million in financial assistance in FY16-FY18. (See Museums and Historic Sites Combined and Consolidated Revenue chart in Volume 3). The committee recommends the agency seek additional support for operations from the Museum of New Mexico Foundation and also recommends the foundation provide funding that is not earmarked, allowing the agency to prioritize these funds for maintenance at museums displaying exhibits that have received foundation support.

DCA reports that more than a million people visited its museums and historic sites during FY18, an increase of 11 percent over FY17. However visitation dropped by 3,000 visitors, or 3 percent in FY19. The agency stated this decline was due to FY18 visitation levels drastically increasing for the Da Vinci exhibit at the Natural History Museum and closure of the Palace of the Governors for renovations in FY19. Admission fee revenue also decreased from \$3.5 million in FY18 to \$3 million in FY19, a 12.7 percent decrease.

Library Services Program. Staff from DCA and the Public Schools Facility Authority (PSFA) conducted a pilot program in FY20 to help 10 public libraries apply for federal broadband funding. The Federal Communications Commission's (FCC) universal service fund (E-rate) supplies funding to offset the cost of Internet access for schools and libraries, often providing matching funds of 80 percent to 90 percent on Internet service fees, fiber infrastructure, and networking equipment. The State Library estimates approximately \$80 thousand in state funds will leverage about \$267 thousand in federal E-rate funds for the 10 libraries. During the 2019 legislative session, the Department of Information Technology (DoIT) was appropriated \$1 million for library broadband expansion and improvements. DoIT, PSFA, and the State Library meet regularly to develop a clear direction for the broadband program.

The agency requested a general fund increase of \$562 thousand for the Library Services Program, including a \$500 thousand expansion of state grant in aid for local libraries. The LFC recommendation includes \$200 thousand to partially support the expansion request. The LFC recommendation also includes \$53 thousand in fund balance to support the agency's request for an online library consolidation system.

Capital Outlay Status. DCA owns 191 buildings across the state, including properties associated with eight museums and eight historic sites, and has currently begun work on a facility master plan to create a structured method to prioritize funding. The agency recently hired a facilities manager to address these needs. Capital outlay appropriations are often used for emergency repairs, but many facilities continue to suffer from a lack of maintenance, due to overwhelming needs for funding and repairs. DCA requested \$18.7 million in capital appropriations for FY21.

BASE EXPANSION:

The agency requested a general fund expansion in the amount of \$6.5 million, including \$1.9 million in general funds and \$4.5 million in other revenues. The general fund expansion request includes \$500 thousand to support a rural exhibit program, \$500 thousand for library state grants-in-aid awards for local libraries, \$400 thousand for marketing and communications, and \$500 thousand for arts grants. The LFC recommendation supports \$300 thousand in general fund expansion requests, including \$200 thousand for the grants-in-aid program for the State Library, and \$100 thousand for \$100 for marketing and communications in the program support program to work on a marketing collaboration with the Tourism Department.

The other revenue expansion request of \$4.5 million is for ongoing maintenance, repairs, and upgrades at museums and historic sites to support facilities. The agency states the other revenue is a distribution from the public project revolving fund and contingent on 2020 legislation. Therefore, the LFC recommendation does not include the \$4.5 million expansion in other revenue.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the preservation program of the department of cultural affairs includes one million dollars (\$1,000,000) from the department of transportation for archaeological studies as needed for highway projects.

**BASE EXPANSION LISTING
FY21 - 2020-2021**

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Facility Renewal and Replacement (P536)	4,500.0	0.0
4	Rural Exhibition Program (P536)	500.0	0.0
3	Community Investment: Library Grants (P539)	500.0	200.0
5	Statewide Collaboration and Marketing (P540)	480.0	0.0
2	Community Investment: Arts (P761)	500.0	0.0
TOTAL		6,480.0	200.0

MUSEUMS AND HISTORIC SITES

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)**

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	20,919.1	22,628.6	24,863.4	23,085.0	2.0
Other Transfers	0.0	125.0	25.0	25.0	-80.0
Federal Revenues	98.5	91.8	96.9	96.9	5.6
Other Revenues	4,109.8	4,388.4	8,843.0	4,343.0	-1.0
Fund Balance	0.0	0.0	15.0	15.0	
SOURCES TOTAL	25,127.4	27,233.8	33,843.3	27,564.9	1.2
USES					
Personal Services and Employee Benefits	18,225.5	20,197.1	21,284.8	20,503.1	1.5
Contractual Services	827.3	1,115.6	2,246.4	1,165.6	4.5
Other	5,270.7	5,921.1	10,312.1	5,896.2	-0.4
TOTAL USES	24,323.5	27,233.8	33,843.3	27,564.9	1.2
FTE					
Permanent	284.1	307.8	319.5	307.8	0.0
Term	44.0	50.5	47.0	50.5	0.0
TOTAL FTE POSITIONS	328.1	358.3	366.5	358.3	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Full-time-equivalent of volunteer hours	50	45			
Explanatory	Contribution by or administered by private sector foundations to department education programs and exhibitions	\$4,500,000	TBD			
Outcome	Total number of people served through programs and services offered by museums and historic sites	1,445,660	1,347,377	1,300,000	1,300,000	1,400,000
Outcome	Number of children reached through museum and historic sites programs	325,226	292,058	200,000	250,000	300,000
Outcome	Earned revenue from admissions, rentals and other activity	\$5,245,882	\$4,493,061	\$4,310,000	\$4,310,000	\$5,000,000
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	855,789	826,969	800,000	800,000	850,000

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	647.3	742.4	840.5	840.5	13.2
Federal Revenues	686.2	1,007.5	1,046.4	1,046.4	3.9
Other Revenues	624.8	1,582.7	1,507.0	1,507.0	-4.8
SOURCES TOTAL	1,958.3	3,332.6	3,393.9	3,393.9	1.8
USES					
Personal Services and Employee Benefits	2,200.1	2,732.7	2,719.4	2,719.4	-0.5
Contractual Services	71.6	121.6	267.6	267.6	120.1
Other	358.3	478.3	406.9	406.9	-14.9
TOTAL USES	2,630.0	3,332.6	3,393.9	3,393.9	1.8

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
FTE					
Permanent	18.0	16.0	16.0	16.0	0.0
Term	30.1	27.3	27.3	27.3	0.0
TOTAL FTE POSITIONS	48.1	43.3	43.3	43.3	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of people participating in services provided through the preservation program	24,707	23,550	25,000	25,000	25,000
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	23	44			
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$17.12	\$9.25			
Outcome	Percent of reviews of development projects completed within the standard thirty-day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	96%	97%	96%	96%	96%

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)

		<u>FY19 2018-2019 Actuals</u>	<u>FY20 2019-2020 Budgeted</u>	<u>FY21 - 2020-2021 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	3,300.8	3,838.8	4,401.5	4,048.4	5.5
	Federal Revenues	1,297.5	1,456.9	1,456.9	1,456.9	0.0
	Other Revenues	87.7	37.2	37.2	37.2	0.0
	Fund Balance	12.5	0.0	0.0	53.1	
	SOURCES TOTAL	4,698.5	5,332.9	5,895.6	5,595.6	4.9
USES						
	Personal Services and Employee Benefits	2,282.5	2,750.9	2,760.5	2,760.5	0.3
	Contractual Services	99.0	236.8	286.8	289.9	22.4
	Other	2,200.9	2,345.2	2,848.3	2,545.2	8.5
	TOTAL USES	4,582.4	5,332.9	5,895.6	5,595.6	4.9
FTE						
	Permanent	32.8	31.8	30.8	30.8	-3.1
	Term	15.0	15.0	14.0	14.0	-6.7
	TOTAL FTE POSITIONS	47.8	46.8	44.8	44.8	-4.3

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Annual number of visits to New Mexico public and tribal libraries	7,036,582	6,908,686			
Output	Number of library transactions through direct services provided by the New Mexico state library	166,990	149,953	145,000	145,000	150,000
Output	Number of library transactions using electronic resources funded by the New Mexico state library	5,836,644	5,849,019	5,815,000	5,815,000	5,900,000
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	98,899	94,588			

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,332.3	1,427.5	2,207.0	1,503.5	5.3
Federal Revenues	675.1	616.2	616.5	616.5	0.0
SOURCES TOTAL	2,007.4	2,043.7	2,823.5	2,120.0	3.7
USES					
Personal Services and Employee Benefits	786.0	883.9	1,090.7	933.9	5.7
Contractual Services	1,031.4	965.1	1,512.1	965.1	0.0
Other	176.7	194.7	220.7	221.0	13.5
TOTAL USES	1,994.1	2,043.7	2,823.5	2,120.0	3.7
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	33%	33%	34%	34%	
Explanatory	Number of attendees to programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,431,491	1,488,659			
Output	Number of people provided direct services through New Mexico arts programs	13,542	10,128	13,000	13,000	
Explanatory	Number of children reached through New Mexico arts programs and grants	337,889	299,461			

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	3,920.5	4,258.0	5,162.6	4,408.0	3.5
Federal Revenues	2.5	0.0	0.0	0.0	
Other Revenues	37.7	35.9	35.9	35.9	0.0
Fund Balance	192.1	0.0	0.0	164.0	
SOURCES TOTAL	4,152.8	4,293.9	5,198.5	4,607.9	7.3
USES					
Personal Services and Employee Benefits	2,926.4	3,723.7	3,984.3	3,773.7	1.3
Contractual Services	252.4	285.8	385.8	285.8	0.0
Other	284.5	284.4	828.4	548.4	92.8
TOTAL USES	3,463.3	4,293.9	5,198.5	4,607.9	7.3
FTE					
Permanent	49.0	48.0	49.0	48.0	0.0
TOTAL FTE POSITIONS	49.0	48.0	49.0	48.0	0.0

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of material weakness audit findings in the last available financial statement audit	0	0	0	0	0
Output	Number of significant deficiency audit findings in the last available financial statement audit	0	0	0	0	0

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, and promoting greater economy, service, and efficiency in the administration of laws related 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 and sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

	BUDGET SUMMARY (dollars in thousands)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	563.1	593.4	1,212.0	705.0	18.8
Federal Revenues	86.2	0.0	0.0	0.0	
Other Revenues	5,059.0	4,650.9	5,124.8	5,254.0	13.0
Fund Balance	370.0	1,522.5	430.0	561.4	-63.1
SOURCES TOTAL	6,078.3	6,766.8	6,766.8	6,520.4	-3.6
USES					
Personal Services and Employee Benefits	4,558.9	5,130.8	5,446.4	5,200.0	1.3
Contractual Services	310.5	218.4	274.6	274.6	25.7
Other	1,208.9	1,417.6	1,045.8	1,045.8	-26.2
TOTAL USES	6,078.3	6,766.8	6,766.8	6,520.4	-3.6
FTE					
Permanent	75.0	77.0	79.0	77.0	0.0
TOTAL FTE POSITIONS	75.0	77.0	79.0	77.0	0.0

AT A GLANCE:

Although the FY21 appropriation request from the New Mexico Livestock Board (NMLB) was flat compared with FY20, it more than doubled general fund revenue and significantly increased other revenue to reduce reliance on fund balance. The request reprioritized funds from the other costs category to personnel and increased the contractual services budget. The LFC recommendation fully funds the requests for contracts and other costs and partially funds the requested personnel increase. The recommendation is funded with a general fund increase of \$111.6 thousand, an increase of \$603.1 thousand in other revenue, and a decrease of \$961.1 thousand in fund balance.

BUDGET ISSUES:

NMLB requested a general fund increase of 104 percent in FY21 to reduce expenditures from fund balance. LFC recommends an appropriation of \$705 thousand from the general fund, an 18.8 percent increase over FY20, while reducing total appropriations from other revenues and fund balance by \$358 thousand. Overall, the NMLB budget decreased slightly relative to FY20 because vehicles, previously funded in the other costs category, were instead requested through the capital outlay process for FY21, which made \$350 thousand in NMLB's operating budget available for other needs.

Ninety percent of NMLB's FY21 operating budget is funded with revenue from inspection fees, brand recording fees, and a tax on livestock value. While these revenues are subject to changes in the local economy, the weather, and national and global market forces, they have been remarkably stable; between FY14 and FY18, total revenue ranged from a low of \$4.8 million to a high of \$5.6 million. Property tax on livestock is NMLB's largest sources of revenue, accounting for \$2.1 million in FY19.

Two major sources of revenue for NMLB's budget, property taxes and inspection fees, can be affected by weather and market conditions. The U.S. Department of Agriculture's assessment indicates New Mexico's total inventory of cattle and calves increased by 10 thousand head, or 5 percent, between January 2018 and January 2019. According to the U.S. Drought Monitor, drought conditions in New Mexico have improved substantially this year, with most of the state currently experiencing no drought. Based on when an extensive drought occurs relative to the cattle cycle – the expansion or reduction of a herd over several years in response to market changes – ranchers must decide whether to reduce a herd or purchase supplemental feed.

According to the U.S. Department of Agriculture's Economic Research Service (ERS), beef production in 2019 and looking forward to 2020 remains relatively unchanged from 2018. In August 2019, a fire at a Tyson Foods slaughterhouse in Kansas, which was responsible for 5 percent of the total U.S. slaughter, caused prices for cattle producers to decline as a key buyer of livestock was

temporarily eliminated. The ERS reports now, however, that cattle prices have recovered to more than \$6 above prices reported before the Tyson fire, leading the 2019 and 2020 price forecasts to increase. Although total U.S. beef exports were down in August, exports to China continue to increase and the ERS projects a record 3.3 billion pounds of total exports in 2020. Furthermore, the ERS reports the United States is likely to expand market share in the top markets of Japan, South Korea, and Taiwan as Australia, a key competitor, faces challenges that threaten its market shares.

According to NMLB, enforcement of quarantines and disposition of animals deemed strays – technically estrays – could have a large impact on operations and fund balance. The agency estimates emergency expenditures could exceed \$1 million in the event of a mass seizure or contagious disease outbreak. However, if such an event occurred, NMLB could receive emergency funding under existing statute that provides for provisional appropriations following an executive emergency declaration and would not need to rely entirely on fund balance.

LFC anticipates revenue generation in excess of NMLB's request based on a three-year history of revenue documented in the agency's audits. Using prior-year reported revenue, LFC projects NMLB's fund balance will be \$2.5 million at the end of FY21.

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 livestock diseases.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of law enforcement road stops per month	63	81	100	100	100
Outcome	Number of disease cases per one thousand head inspected	0.08	0.15	0.17	0.17	0.17
Outcome	Number of stolen or missing livestock recovered	NEW	1,793	800	800	1500
Output	Number of individual animals inspected for verification of animal health, disease control and movement	NEW	2,879,393	2,000,000	2,000,000	2,500,000
Output	Number of estrays processed per one thousand head inspected	NEW	0.139	0.077	0.077	0.1
Efficiency	Percent of larceny investigation findings completed within one month	NEW	73%	89%	89%	89%
Efficiency	Percent of cruelty investigation findings completed within one month	NEW	80%	95%	95%	95%

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: Field Operations, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Wildlife Depredation and Nuisance Abatement, which oversee depredation complaints and the implementation of intervention options for dealing with animals causing property damage; and Program Support, which provides agencywide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for the administration of the department. The agency is administratively attached to the Energy, Minerals and Natural Resources 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)				
		FY19	FY20	FY21 – 2020-2021		Percent
		2018-2019	2019-2020	Agency	LFC	Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES						
	Federal Revenues	13,927.3	14,438.6	14,976.1	14,976.1	3.7
	Other Revenues	31,032.6	26,386.8	27,053.8	26,564.3	0.7
	SOURCES TOTAL	44,959.9	40,825.4	42,029.9	41,540.4	1.8
USES						
	Personal Services and Employee Benefits	21,605.6	23,141.9	23,856.9	23,856.9	3.1
	Contractual Services	4,416.6	4,230.2	4,230.2	4,140.7	-2.1
	Other	13,819.9	13,271.0	13,760.5	13,360.5	0.7
	Other Financing Uses	682.3	182.3	182.3	182.3	0.0
	TOTAL USES	40,524.4	40,825.4	42,029.9	41,540.4	1.8
FTE						
	Permanent	306.0	306.0	306.0	306.0	0.0
	Term	9.0	9.0	9.0	9.0	0.0
	Temporary	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	317.0	317.0	317.0	317.0	0.0

AT A GLANCE:

The Department of Game and Fish (DGF) requested FY21 budget increases for personnel within the Conservation Services and Program Support divisions, as well as increases in other costs for law enforcement vehicles, field supplies, and habitat restoration. The recommended increases will be funded with federal and other revenues; DGF did not request any general fund revenue. The LFC recommendation fully funds the requested increase for personnel and partially funds the requests for contracts and other costs.

BUDGET ISSUES:

DGF receives the majority of its funding from two sources: federal grants and the game protection fund. For FY21, DGF requested an increase of \$537.5 thousand, or 3.7 percent, from federal sources and an increase of \$667 thousand, 2.5 percent, from other state sources over the FY20 operating budget, for a total increase of \$1.2 million. The majority of the increase, \$715 thousand, was requested for personnel expenditures in the Conservation Services and Program Support Divisions. LFC recommends the requested personnel amount but distributes a portion of the increase to Field Operations, which DGF states is a priority for hiring. DGF did not request new FTE; the additional personnel funding will be used to reduce vacancy rates.

The contractual services budget is recommended at FY20 levels except in the Conservation Services Program, where the department requested a decrease. In that program, the LFC recommendation is equal to the department's request. In the other costs category, LFC recommends an increase for habitat restoration in the Conservation Services Program and a budget flat with FY20 in all other programs. The total LFC recommendation is \$715 thousand, or 1.8 percent, above the FY20 operating budget.

The nonreverting game protection fund serves as the department’s operating fund and receives revenue from license fees, federal funds, court fines and forfeitures, other penalties, crop sales, interest on investments, and land rental or lease income. The projected unreserved fund balance at the end of FY21 is \$10.5 million. It should be noted the fund is not receiving the full amount of revenue to which it is entitled. Statute allows for \$40 per registration to be collected; currently, residents are charged \$35 and nonresidents are charged \$30. Hunting license fees have not increased since 2005. Underassessment of registration fees for residents reduces fund revenue by 14 percent.

In addition to the game protection fund, the agency manages the share with wildlife fund, the Sikes Act fund, the big game enhancement fund, the big game depredation damage fund, the habitat management fund, and the trail safety fund. The combined projected unreserved fund balance of all DGF funds at the end of FY21 is \$25.3 million, down 7 percent from the FY20 projections.

For FY19, DGF projected revenue for the game protection fund at \$38.3 million, but actual revenues to the fund totaled \$39.5 million. Most of the underestimation was in hunting and fishing licenses, which brought in \$2.1 million more in revenue than the agency projected. For all other funds except the big game enhancement fund and big game depredation fund, FY19 ending fund balances exceeded the agency’s projections. DGF practice is to project revenues flat with prior year actuals, regardless of historical growth rates. The agency’s projections for FY20 and FY21 are therefore equal to revenue generated in FY19, despite observed revenue growth between FY18-19. This approach takes into consideration the national downward trend in the number of hunters and anglers. The number of hunters and anglers in New Mexico, however, has remained flat or increased slightly in recent years.

Additionally, during FY19, DGF used its BAR authority to increase its budget by \$11.2 million from federal sources. This amount includes \$5.6 million to construct the department’s Roswell office complex and other capital funds. Large capital projects such as this allow DGF to collect additional federal revenue through reimbursements from the U.S. Fish and Wildlife Service.

From FY16 to FY19, \$500 thousand was transferred each year from the game protection fund to support operations of the State Parks Program in the Energy, Minerals and Natural Resources Department. The General Appropriation Act of 2019 instead appropriated \$500 thousand to DGF to perform wildlife habitat management and conservation at state parks, but this language was vetoed. Although managed by separate agencies, the state’s water resources, parks, and fishing opportunities are inextricably linked, and collaboration between the agencies is necessary to efficiently distribute resources and avoid duplication of efforts on dam safety, stream protection, and other natural resources initiatives.

FIELD OPERATIONS

The purpose of the field operations program is to promote and assist the implementation of law enforcement, habitat and public outreach programs throughout the state.

BUDGET SUMMARY (dollars in thousands)						
		<u>FY21 - 2020-2021</u>				
		<u>FY19</u>	<u>FY20</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
		<u>2018-2019</u>	<u>2019-2020</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Federal Revenues	273.6	312.4	312.4	312.4	0.0
	Other Revenues	10,058.9	9,096.7	9,396.7	9,213.2	1.3
	SOURCES TOTAL	10,332.5	9,409.1	9,709.1	9,525.6	1.2
USES						
	Personal Services and Employee Benefits	6,988.0	7,457.5	7,457.5	7,574.0	1.6
	Contractual Services	90.0	128.7	128.7	128.7	0.0
	Other	1,800.9	1,822.9	2,122.9	1,822.9	0.0
	TOTAL USES	8,878.9	9,409.1	9,709.1	9,525.6	1.2
FTE						
	Permanent	102.0	102.0	102.0	102.0	0.0
	TOTAL FTE POSITIONS	102.0	102.0	102.0	102.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
*	Output	Number of conservation officer hours spent in the field checking for compliance	47,144	48,056	56,000	56,000
	Output	Number of hunter and conservation education programs delivered by field staff	948	810	775	775
	Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	196	229	300	300
	Explanatory	Number of citations issued per one hundred contacts	239:100	258:100	1:100	

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)	
			Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	Federal Revenues	13,416.5	13,920.0	14,264.5	14,264.5	2.5
	Other Revenues	10,982.7	8,912.1	9,145.1	9,016.1	1.2
	SOURCES TOTAL	24,399.2	22,832.1	23,409.6	23,280.6	2.0
USES						
	Personal Services and Employee Benefits	10,522.2	10,997.0	11,445.5	11,445.5	4.1
	Contractual Services	3,868.0	3,717.8	3,628.3	3,628.3	-2.4
	Other	8,763.1	7,935.0	8,153.5	8,024.5	1.1
	Other Financing Uses	682.3	182.3	182.3	182.3	0.0
	TOTAL USES	23,835.6	22,832.1	23,409.6	23,280.6	2.0
FTE						
	Permanent	147.0	147.0	144.0	144.0	-2.0
	Term	9.0	9.0	9.0	9.0	0.0
	Temporary	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	158.0	158.0	155.0	155.0	-1.9

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
*	Outcome	Number of elk licenses offered on an annual basis in New Mexico	34,464	36,877	33,000	33,000
*	Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84%	88%	84%	84%
*	Output	Annual output of fish from the department's hatchery system, in pounds	646,175	670,851	640,000	650,000
	Outcome	Percent of anglers satisfied with opportunity and success	90%	89%	90%	90%
	Output	Acres of accessible sportsperson opportunity through the open gate program	209,729	208,488	200,000	200,000
	Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	41%	48%	45%	45%
	Output	Percent of New Mexico youth participating annually in education and outreach programs	9%	11%	12%	12%

WILDLIFE DEPREDATION 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 and annoyances or risks to public safety caused by protected wildlife.

		BUDGET SUMMARY (dollars in thousands)				
		<u>FY21 - 2020-2021</u>				
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			
SOURCES						
	Other Revenues	1,364.1	1,023.9	1,023.9	1,023.9	0.0
	SOURCES TOTAL	1,364.1	1,023.9	1,023.9	1,023.9	0.0
USES						
	Personal Services and Employee Benefits	312.5	332.3	332.3	332.3	0.0
	Contractual Services	73.4	125.7	125.7	125.7	0.0
	Other	447.7	565.9	565.9	565.9	0.0
	TOTAL USES	833.6	1,023.9	1,023.9	1,023.9	0.0
FTE						
	Permanent	4.0	4.0	4.0	4.0	0.0
	TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
*	Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	95%	90%	98%	98%
	Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	811,600	891,050	775,000	895,000
	Outcome	Percent of wildlife complaints responded to	100%	100%	98%	99%

PROGRAM SUPPORT

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)				
		<u>FY21 - 2020-2021</u>				
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			
SOURCES						
	Federal Revenues	237.2	206.2	399.2	399.2	93.6
	Other Revenues	8,626.9	7,354.1	7,488.1	7,311.1	-0.6
	SOURCES TOTAL	8,864.1	7,560.3	7,887.3	7,710.3	2.0
USES						
	Personal Services and Employee Benefits	3,782.9	4,355.1	4,621.6	4,505.1	3.4
	Contractual Services	385.2	258.0	347.5	258.0	0.0
	Other	2,808.2	2,947.2	2,918.2	2,947.2	0.0
	TOTAL USES	6,976.3	7,560.3	7,887.3	7,710.3	2.0
FTE						
	Permanent	53.0	53.0	56.0	56.0	5.7
	TOTAL FTE POSITIONS	53.0	53.0	56.0	56.0	5.7

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
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	10	20	20	20
Outcome	Average departmentwide vacancy rate for the fiscal year	13%	15%	9%	9%	9%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	20,468.8	22,813.0	26,260.5	23,955.6	5.0
Other Transfers	1,913.1	2,245.8	2,246.4	2,246.4	0.0
Federal Revenues	15,891.3	22,509.9	22,344.1	22,597.8	0.4
Other Revenues	16,703.3	13,518.5	20,090.1	21,385.9	58.2
Fund Balance	0.0	8,522.3	5,833.4	5,949.2	-30.2
SOURCES TOTAL	54,976.5	69,609.5	76,774.5	76,134.9	9.4
USES					
Personal Services and Employee Benefits	27,014.5	34,710.2	36,269.0	35,381.6	1.9
Contractual Services	3,943.2	11,458.3	14,748.3	14,707.7	28.4
Other	12,199.6	21,917.1	24,232.7	24,521.1	11.9
Other Financing Uses	119.9	1,523.9	1,524.5	1,524.5	0.0
TOTAL USES	43,277.2	69,609.5	76,774.5	76,134.9	9.4
FTE					
Permanent	380.0	395.0	414.0	398.0	0.8
Term	43.0	42.0	42.0	42.0	0.0
Temporary	52.5	52.4	52.4	52.4	0.0
TOTAL FTE POSITIONS	475.5	489.4	508.4	492.4	0.6

AT A GLANCE:

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total budget of \$76.8 million, an increase of \$7.2 million, or 10.3 percent, over the FY20 operating budget. The request included a general fund increase of \$3.4 million, or 15.1 percent, requested primarily in the State Parks Program and Oil and Gas Conservation Division. The agency requested to reduce federal revenues by \$165.8 thousand, increase other revenues by \$6.6 million, and reduce reliance on fund balance by \$2.7 million. The LFC recommendation largely supports EMNRD's stated priorities with a 5 percent general fund increase and slightly more other revenues and fund balance than requested.

BUDGET ISSUES:

EMNRD's FY21 budget request increased the personal services and employee benefits category by \$1.6 million, or 4.5 percent, to fill vacant positions and add 19 new FTE. The agency currently has a vacancy rate of 20 percent overall, with the highest vacancy rates in State Parks and Oil and Gas Conservation. The agency also requested increases of \$3.3 million (28.7 percent) in contractual services and \$2.3 million (10.6 percent) in other costs.

Energy Conservation and Management. The FY21 request for the Energy Conservation and Management Division (ECMD) was \$297.5 thousand above the FY20 operating budget and included an \$80.5 thousand general fund increase. ECMD requested funding to create a Climate Impact Bureau within the program to be staffed by 2 new FTE. The bureau would manage oversight of clean energy tax incentive programs and projects, and would include an existing sustainability and climate resilience officer position created in the FY20 operating budget. The LFC recommendation fully funds ECMD's request for federal and other revenues while keeping the general fund budget flat.

Healthy Forests. The FY21 request for the Healthy Forests Program, also known as the State Forestry Division (SFD), represented an increase of \$2.5 million, or 17.7 percent, from FY20. The request for general fund revenue was \$398.5 thousand, or 10.1 percent, above the FY20 operating budget. LFC recommends an increase of \$85 thousand for seasonal firefighter positions. The request for other revenues included \$2 million from the improvement of the Rio Grande income fund and the irrigation works construction fund, both managed by the Office of the State Engineer. Per legislation enacted in 2019, these funds will be distributed annually to SFD for priority forest and watershed restoration projects. The LFC recommendation fully funds the request for federal and other revenues and includes \$115.8 thousand of available fund balance from the inmate forestry work camp fund.

During FY19, SFD recorded 345 fires that burned over 23 thousand acres and cost over \$5.5 million. These figures represent a 60 percent decrease in the number of fires, a 90 percent decrease in the number of acres burned, and a 136 percent decrease in costs compared with FY18. The division reports the reduced fire activity was attributable to a wet winter and spring, but these conditions create vegetation growth that can lead to more intense fire activity in the coming years if conditions become more dry. The Pine Lodge fire was the largest and most expensive fire in FY19, burning over 15 thousand acres and costing over \$700 thousand.

State Parks. In FY19, severe environmental conditions directly impacted state parks' visitation and revenues. Low water levels at Elephant Butte, El Vado, and Heron Lakes prevented motorized boating activity and visitation in general. Other parks were also closed due to wildfire and dam construction. Overall, visitation to state parks declined from 4.7 million in FY18 to 4.5 million in FY19, and revenue declined by \$131 thousand. The State Parks Program has a vacancy rate of 24 percent, which may also adversely impact revenue due to lack of enforcement of fee payment.

The State Parks Division has not modified its day use or camping fees since 1998, and its day use fee structure is significantly different from neighboring states. In New Mexico, all parks (other than the Living Desert Zoo and Gardens and the Rio Grande Nature Center) charge a \$5 per vehicle day use fee and provide free access to walkers and bikers. In Texas, Colorado, Utah, and Arizona, fees vary by park, method of entry, and type of day. For example, Arizona's daily vehicle entrance fees range from a low of \$7 to \$30 for certain parks on weekends and holidays, and Colorado parks charge between \$7 and \$9 per vehicle. The State Parks Division is currently working with stakeholders and partners to complete a fee study.

For FY20, the State Parks Division received capital and operating funds to establish Pecos Canyon State Park. Funds have been expended for preliminary planning, electrical work, and site work. The official park opening is planned for spring 2020.

The State Parks Division requested funding to reduce vacancies and turnover and to create 8 new FTE for parks that have limited staff. The State Parks Division is also seeking to improve visitor experience and increase visitation by modernizing parks, adding lodging and recreational amenities, and making infrastructure improvements. Some funding was requested for a new advertising campaign called the Next Generation of Adventure, a joint initiative with the Economic Development Department and Office of Outdoor Recreation that aims to promote New Mexico as a destination for outdoor enthusiasts.

The LFC recommendation for State Parks is slightly above the agency's request based on recent governmental gross receipts tax (GGRT) revenue. The agency requested revenues more than \$2 million below the actual revenue received in FY19; LFC recommends FY21 funding from this source more in line with actual revenue received and projected GGRT revenue based on a five-year history. The LFC recommendation also includes a general fund increase of \$540 thousand for infrastructure improvements and other costs related to the division's modernization plan.

Mine Reclamation. The FY21 recommendation for the Mine Reclamation Program fully funds the request, which included a general fund increase of \$2.7 thousand (0.5 percent), an increase in federal revenues of \$19.6 thousand (0.3 percent), and an increase in other revenues of \$4 thousand (0.5 percent). The funds are budgeted for miscellaneous increases in personnel expenditures and contractual services.

Oil and Gas Conservation. The Oil and Gas Conservation Division (OCD) requested an increase of \$2.5 million above the FY20 operating budget, including a general fund increase of \$1.3 million or 21.5 percent. More than \$400 thousand in personnel funds was requested for 6 new FTE to create a data analytics team that would use new technologies to more efficiently deploy OCD's inspectors and resources. Funds were also requested to reduce the division's vacancy rate, in contractual services for a hearing examiner and well-plugging activities, and in other costs for travel and training, field supplies, and IT services and equipment.

The LFC recommendation increases OCD's general fund budget by \$514.9 thousand to fund 3 FTE in the new data analytics bureau, reduce the vacancy rate, and support contracts for a hearing examiner and well-plugging.

OCD requested an increase in other revenues of \$3.7 million. \$2.5 million of that increase is offset by a reduction in spending from fund balance; the remainder is from the oil conservation division systems and hearings fund, established during the 2019 legislative session to collect fees from certain permit applications submitted to OCD.

Money in the fund is subject to legislative appropriation to OCD for technology needs and hearing administration costs. The agency requested to use \$1.2 million from this source in the FY21 OCD budget to develop an online application and case management system. Accounting for those expenditures, EMNRD is projecting a fund balance of \$1.3 million at the end of FY21 for this fund.

The LFC recommendation for other revenues is \$300 thousand above the request based on projected revenue to the oil and gas reclamation fund. The ending fund balance in FY19 was \$6.3 million and the projected ending fund balance for FY21, less recommended expenditures, is \$3.9 million.

Program Leadership and Support. LFC recommends a flat appropriation relative to the FY20 operating budget for Program Leadership and Support. The FY21 recommended budget is \$741 thousand above FY19 actual expenditures.

RECOMMENDED LANGUAGE:

The general fund appropriations to the state parks program of the energy, minerals and natural resources department include seventy-five thousand dollars (\$75,000) to support Rio Grande trail commission efforts to define viable path routes, mitigate challenges and establish the Rio Grande trail to run the length of the state from Colorado to Texas.

ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption, utilize New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	777.0	1,230.9	1,311.4	1,230.9	0.0
Federal Revenues	1,639.6	1,937.5	1,954.5	1,954.5	0.9
Other Revenues	0.0	0.0	200.0	200.0	
SOURCES TOTAL	2,416.6	3,168.4	3,465.9	3,385.4	6.8
USES					
Personal Services and Employee Benefits	1,108.5	1,580.5	1,739.8	1,659.3	5.0
Contractual Services	256.1	384.6	474.2	474.2	23.3
Other	853.8	1,203.3	1,251.9	1,251.9	4.0
TOTAL USES	2,218.4	3,168.4	3,465.9	3,385.4	6.8
FTE					
Permanent	13.0	16.0	18.0	16.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	14.0	17.0	19.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	79	85			
Explanatory	Number of clean energy projects to which the division provided information and technical assistance	NEW	NEW			
Outcome	Percent of completed applications for clean energy tax credits reviewed within thirty days of receipt	90%	90%	90%	90%	90%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,802.8	3,928.0	4,326.5	4,013.0	2.2
Federal Revenues	8,621.8	9,282.4	9,333.7	9,333.7	0.6
Other Revenues	415.5	462.4	2,619.2	2,619.2	466.4
Fund Balance	0.0	156.0	0.0	115.8	-25.8
SOURCES TOTAL	12,840.1	13,828.8	16,279.4	16,081.7	16.3
USES					
Personal Services and Employee Benefits	4,988.4	6,820.3	7,039.5	6,905.3	1.2
Contractual Services	395.9	504.0	2,058.2	1,994.7	295.8
Other	6,782.2	6,455.6	7,132.8	7,132.8	10.5
Other Financing Uses	0.0	48.9	48.9	48.9	0.0
TOTAL USES	12,166.5	13,828.8	16,279.4	16,081.7	16.3
FTE					
Permanent	68.0	68.0	72.0	68.0	0.0
Term	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	78.0	78.0	82.0	78.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,205	1,454	1,500	1,500	1,500
Output	Number of acres treated in New Mexico's forests and watersheds	13,226.21	13,358	14,500	14,500	14,500
Output	Percent of forest and watershed restoration projects with total funding leveraged from other sources	NEW	NEW	NEW	50%	50%
Output	Percent of wildland firefighting equipment and training provided to local communities and fire departments in medium- and high-threat response areas	NEW	NEW	NEW	50%	50%

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Percent of forest acres treated in medium- and high-productivity water source areas	NEW	NEW			
Output	Percent of communities with medium- and high-impervious surface cover that receive technical assistance	NEW	NEW	NEW	50%	50%
Output	Percent of forest and watershed restoration accomplished within medium- and high-risk areas of the state	NEW	NEW	NEW	50%	50%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,445.8	8,103.0	9,319.8	8,643.0	6.7
Other Transfers	1,336.1	1,041.4	1,042.0	1,042.0	0.1
Federal Revenues	1,429.6	2,795.7	2,795.7	2,795.7	0.0
Other Revenues	12,598.6	9,914.0	10,389.1	11,384.9	14.8
Fund Balance	0.0	5,832.4	5,833.4	5,833.4	0.0
SOURCES TOTAL	22,810.1	27,686.5	29,380.0	29,699.0	7.3
USES					
Personal Services and Employee Benefits	10,152.0	12,972.5	13,304.0	13,088.8	0.9
Contractual Services	718.3	900.8	1,187.8	1,287.8	43.0
Other	3,217.4	12,667.8	13,742.2	14,176.4	11.9
Other Financing Uses	0.0	1,145.4	1,146.0	1,146.0	0.1
TOTAL USES	14,087.7	27,686.5	29,380.0	29,699.0	7.3
FTE					
Permanent	177.0	185.0	192.0	185.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
Temporary	52.5	52.4	52.4	52.4	0.0
TOTAL FTE POSITIONS	234.5	242.4	249.4	242.4	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Number of visitors to state parks	4,711,927	4,492,325			
Explanatory	Amount of self-generated revenue per visitor, in dollars	\$1.06	\$1.02			
Explanatory	Number of people who complete a certified New Mexico boating safety education course	866	894			
Explanatory	Number of Rio Grande trail miles completed	NEW	NEW			

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	491.0	573.4	576.1	576.1	0.5
Other Transfers	44.6	96.9	96.9	96.9	0.0
Federal Revenues	2,685.7	6,847.3	6,866.9	6,866.9	0.3
Other Revenues	648.4	736.3	740.3	740.3	0.5
SOURCES TOTAL	3,869.7	8,253.9	8,280.2	8,280.2	0.3
USES					
Personal Services and Employee Benefits	2,631.8	3,094.1	3,120.5	3,120.5	0.9
Contractual Services	729.9	4,743.0	4,705.4	4,705.4	-0.8
Other	319.3	379.8	417.3	417.3	9.9
Other Financing Uses	0.0	37.0	37.0	37.0	0.0
TOTAL USES	3,681.0	8,253.9	8,280.2	8,280.2	0.3

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
Term	16.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	33.0	32.0	32.0	32.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	100%	98%	98%	99%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	95%	88%	97.5%	97.5%	97.5%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

SOURCES	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
General Fund Transfers	5,020.9	5,925.3	7,201.1	6,440.2	8.7
Federal Revenues	673.8	795.6	795.6	795.6	0.0
Other Revenues	3,040.8	2,405.8	6,141.5	6,441.5	167.7
Fund Balance	0.0	2,533.9	0.0	0.0	-100.0
SOURCES TOTAL	8,735.5	11,660.6	14,138.2	13,677.3	17.3

BUDGET SUMMARY
(dollars in thousands)

USES	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
Personal Services and Employee Benefits	4,305.3	5,721.1	6,359.7	6,086.0	6.4
Contractual Services	1,711.6	4,781.5	6,182.9	6,101.2	27.6
Other	716.5	865.4	1,303.0	1,197.5	38.4
Other Financing Uses	119.9	292.6	292.6	292.6	0.0
TOTAL USES	6,853.3	11,660.6	14,138.2	13,677.3	17.3
FTE					
Permanent	55.0	59.0	65.0	62.0	5.1
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	66.0	70.0	76.0	73.0	4.3

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Number of inspections of oil and gas wells and associated facilities	42,880	31,043	42,000	30,000	31,000
Output	Average number of days to process application drill permits	NEW	NEW	NEW	30 days	30 days
Outcome	Volume of flared gas	NEW	NEW	NEW	Baseline	Baseline
Explanatory	Size of active oil spills in barrels	NEW	NEW			
Output	Volume of produced water injected	NEW	NEW	NEW	Baseline	Baseline
Output	Number of requested hearing and continuances relative to number of permits processed	NEW	NEW	NEW	Baseline	Baseline
Output	Volume of produced water recycled	NEW	NEW	NEW	Baseline	Baseline
Outcome	Volume of vented gas	NEW	NEW	NEW	Baseline	Baseline
* Outcome	Number of abandoned oil and gas wells properly plugged	41	31	50	51	51
Explanatory	Number of violations issued	2,081	1,620			
Explanatory	Percent of inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	97%	97%			

PROGRAM 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,931.3	3,052.4	3,525.6	3,052.4	0.0
Other Transfers	532.4	1,107.5	1,107.5	1,107.5	0.0
Federal Revenues	840.8	851.4	597.7	851.4	0.0
SOURCES TOTAL	4,304.5	5,011.3	5,230.8	5,011.3	0.0
USES					
Personal Services and Employee Benefits	3,828.5	4,521.7	4,705.5	4,521.7	0.0
Contractual Services	131.4	144.4	139.8	144.4	0.0
Other	310.4	345.2	385.5	345.2	0.0
TOTAL USES	4,270.3	5,011.3	5,230.8	5,011.3	0.0
FTE					
Permanent	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	50.0	50.0	50.0	50.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of prior-year financial audit findings resolved	100%	90%	100%	90%	90%
Output	Number of working days after the final grant expenditures are available and the federal funds are allowed to be drawn	30	30	30	30	30

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 Energy, Minerals and Natural Resources Department (EMNRD).

MISSION:

The Youth Conservation Corps' mission is 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 provide lasting community benefits.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19	FY20	FY21 – 2020-2021			
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
Other Revenues	4,223.5	3,870.3	4,244.7	4,165.2	7.6	
Fund Balance	0.0	0.0	100.0	100.0		
SOURCES TOTAL	4,223.5	3,870.3	4,344.7	4,265.2	10.2	
USES						
Personal Services and Employee Benefits	180.3	179.9	318.6	251.8	40.0	
Contractual Services	3,339.6	3,478.1	3,778.1	3,778.1	8.6	
Other	54.4	87.3	123.0	110.3	26.3	
Other Financing Uses	125.0	125.0	125.0	125.0	0.0	
TOTAL USES	3,699.3	3,870.3	4,344.7	4,265.2	10.2	
FTE						
Permanent	2.0	2.0	4.0	3.0	50.0	
TOTAL FTE POSITIONS	2.0	2.0	4.0	3.0	50.0	

AT A GLANCE:

The Youth Conservation Corps (YCC) is funded with governmental gross receipts tax revenues and fund balance from the outdoor equity fund. YCC works with many federal, state, and local government entities as well as Native American tribes, political subdivisions, and nonprofit groups on urban and natural environmental improvement projects. YCC requested an increase of \$374.4 from governmental gross receipts tax revenue and \$100 thousand from fund balance for 2 FTE related to the outdoor equity fund created during the 2019 legislative session. LFC recommends an increase of \$394.8 thousand over the FY20 budget for a total of \$4,265.2 thousand.

BUDGET ISSUES:

During the 2019 legislative session, the Legislature created the Outdoor Equity Grant Program to reduce barriers for low-income youth's access to outdoor recreation and education programs. The Legislature appropriated \$100 thousand in the outdoor equity fund for grants for this program, which YCC will administer, and YCC expects the fund will receive an additional \$200 thousand in FY21 from private donations. YCC's FY21 budget request includes a \$138.7 thousand increase in personnel costs for two new program coordinator positions to administer the Outdoor Equity Grant Program, a \$300 thousand increase in contractual services representing grants awarded through the new program, and an additional \$35.7 thousand for administrative and operating costs.

The LFC recommendation funds 1 new FTE with a personnel budget increase of \$71.9 thousand and increases the other costs budget by \$23 thousand for associated mileage and travel, office and program supplies, and other miscellaneous operating expenses. The new program coordinator will administer the new grant program and oversee projects, which will include conducting site visits around the state. LFC fully funds the request for contractual services.

YCC derives its revenue primarily from a 10 percent distribution of governmental gross receipts tax (GGRT). For each of the last five fiscal years, the amount of GGRT distributed to YCC has increased; in FY19, YCC's distribution was \$4.3 million. Expenditures, meanwhile, have decreased, resulting in a projected fund balance of \$3.9 million at the end of FY21. LFC recommends the full Legislature consider reallocating a portion of YCC's distribution to the State Parks Division of the Energy, Minerals and Natural Resources Department, which receives a 14 percent GGRT distribution and is attempting to make infrastructure improvements to promote visitation and outdoor tourism.

In FY19, YCC funded 42 projects at a cost of \$3.1 million and employed 645 youth. Grants were capped at \$130 thousand and the average grant was approximately \$78 thousand. Projects eligible for YCC funding include restoration of historic structures, trail construction and maintenance, community park improvement, and erosion control. Youth employed through the program are paid the minimum wage rate consistent with the project’s location, as some communities have higher rates than others.

YCC reports some grants were returned in FY19 due to grant recipients having difficulty recruiting and hiring crew members for projects. Nevertheless, 96 percent of projects were completed within one year, including projects on trails, museum exhibit construction and beautification, water conservation and irrigation line installation, erosion control in forests and rangelands, and wetland monitoring.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation program is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico’s natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
*	Output	850	645	825	825	825
	Outcome	77%	77%	77%	77%	77%
	Outcome	95%	96%	95%	95%	95%
	Output	NEW	NEW	NEW	4,000	4,000
	Outcome	NEW	NEW	NEW	650	650
	Output	NEW	NEW	NEW	42	42

STATUTORY AUTHORITY:

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 to 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department. Four entities administer, promote, and produce the intertribal ceremonial event: the Intertribal Ceremonial Office (ICO), a state agency; the Gallup Intertribal Ceremonial Association (GICA), a nonprofit organization; the Intertribal Ceremonial Board, part of the nonprofit; and the New Mexico Tourism Department, which provides administrative oversight.

		BUDGET SUMMARY (dollars in thousands)		FY21 – 2020-2021		
		FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	77.0	100.0	348.5	175.0	75.0
	SOURCES TOTAL	77.0	100.0	348.5	175.0	75.0
USES						
	Personal Services and Employee Benefits	0.0	0.0	140.3	75.0	
	Contractual Services	77.0	100.0	208.2	100.0	0.0
	TOTAL USES	77.0	100.0	348.5	175.0	75.0
FTE						
	Permanent	0.0	1.0	1.5	1.0	0.0
	TOTAL FTE POSITIONS	0.0	1.0	1.5	1.0	0.0

AT A GLANCE:

The Intertribal Ceremonial Office (ICO) requested \$348.5 thousand from the general fund, an increase of 248 percent over the FY20 operating budget. The LFC recommendation includes an increase of \$75 thousand for a part-time director. ICO should continue to seek an increase in funding from city, county, and private sources for the event.

BUDGET ISSUES:

The Intertribal Ceremonial Office general fund request of \$385 thousand included \$140 thousand for the personal services and employee benefits category, including \$75 thousand for the creation of a director’s position and \$19 thousand for a part-time receptionist. The general fund request also increased contracts by \$108 thousand, or 100 percent, increasing the main contract with McKinley County by \$106 thousand. The increase in contracts is not supported by the LFC recommendation.

The Intertribal Ceremonial Office is administratively attached to the Tourism Department. However, for many years the department has been uninvolved with the financial oversight or production of the Intertribal Ceremonial Office. The FY21 request included operational changes requested by the Tourism Department to allow it to become more involved in daily functions and operation, oversight, and production of the intertribal ceremony.

The number of tickets sold for the 2018 (FY19) ceremonial increased by 1,000, to 8,400. The number of sponsorships for the 2018 ceremony also increased with 154 sponsors, up from 120 sponsors in FY18. The percent of operating revenue from sources other than the general fund remained at the FY18 level of 89 percent. The revenue generated from the ticket sales does not get accounted for in the ICO operating budget, however; it goes to the nonprofit that organizes the event.

During the annual intertribal ceremonial in Gallup, 20 dance groups along with more than 40 tribes attend parades, a rodeo, a pow-wow, art exhibitions, and culinary events. The 2020 ceremony will be its 99th year. Tribes represented include Cheyenne and Chickasaw (Oklahoma); Apache, Pima, Navajo, and Hopi (Arizona); Aztec and Milwuk (California and Mexico); and Navajo, Ohkay Owingeh, Taos, Zuni, Jemez, and Laguna (New Mexico).

INTERTRIBAL CEREMONIAL OFFICE

The purpose of the intertribal ceremonial office is to aid in the planning, coordination and development of a successful intertribal ceremonial event in coordination with the Native American population.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of intertribal ceremonial tickets sold	7,400	8,400	8,400	8,400	8,500
Outcome	Percent of operating revenue from sources other than the general fund	91%	88%	90%	88%	90%
Output	Number of sponsorships	120	154	150	150	150

STATUTORY AUTHORITY:

The Commissioner of Public Lands is an elective office created in the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-24 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 through the State Land Office (SLO). Each acre 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.

MISSION:

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	24,838.4	18,754.0	19,773.4	19,580.6	4.4
SOURCES TOTAL	24,838.4	18,754.0	19,773.4	19,580.6	4.4
USES					
Personal Services and Employee Benefits	11,816.9	13,820.4	14,736.7	14,736.7	6.6
Contractual Services	2,534.6	2,677.6	3,130.6	2,937.8	9.7
Other	2,078.2	2,256.0	1,906.1	1,906.1	-15.5
TOTAL USES	16,429.7	18,754.0	19,773.4	19,580.6	4.4
FTE					
Permanent	165.0	170.6	173.1	173.1	1.5
TOTAL FTE POSITIONS	165.0	170.6	173.1	173.1	1.5

AT A GLANCE:

Technological efficiencies and low breakeven costs in the Delaware Basin made FY19 another record-breaking year for oil and gas production in New Mexico. This historic production, strong oil prices, and improved business practices at the State Land Office (SLO) led to dramatically increased revenue generated through both royalties and mineral lease bonuses. In FY19, total revenue generated exceeded \$1.1 billion, a 30 percent increase from FY18. In addition to providing revenue for the state, increased drilling activity also increases the need for oversight and field staff at land management agencies. SLO, which does not receive general fund revenue, requested a base budget increase of \$857.6 thousand to fill vacant positions and contract technical experts and IT services. SLO also made an expansion request of \$161.8 thousand for 2 FTE to manage a high volume of rights-of-way applications in the commercial division and supervise increased field staff in the surface resources division. The LFC recommendation largely supports SLO's request with a 4.4 percent budget increase.

BUDGET ISSUES:

SLO is funded solely from the land maintenance fund, which derives its revenue from activities on state trust lands that do not permanently deplete a resource, such as grazing fees, rights-of-way, bonus sales, renewable energy, and business leases. Revenue from these sources, known as renewable revenue, increased by over \$44 million between FY18 and FY19 for a total of \$206 million – the largest amount of renewable revenue the fund has ever generated. Balances of the land maintenance fund in excess of a budgetary reserve are transferred to beneficiaries, with the distribution for public schools included in the general fund.

SLO's FY21 budget request totaled \$19.8 million, an increase of \$1 million, or 5.4 percent, over the FY20 operating budget. The base budget request was for \$19.6 million, which included a \$772.9 thousand personnel increase to reduce vacancies and a \$453 thousand increase in contractual services for fee schedule studies, appraisals for land exchanges, and software license support and maintenance agreements. SLO decreased the other costs budget by \$368.3 thousand. The LFC recommendation fully funds the requested personnel increase and increases the contractual services budget by \$260.2 thousand.

The personnel increase would allow the agency to fill vacant positions in the Royalty Audit Division and in field offices. Vacancies in the Royalty Audit Division limit collections, reducing distributions to the permanent fund for beneficiaries. Needed field staff

include district resource managers, remediation specialists, and others who review sites and projects to clear them for leasing activities.

These positions are also tied to revenue generation by allowing for faster approval of applications. SLO is particularly focused on filling positions in the southeast region to manage the increased activity in the Permian Basin.

BASE EXPANSION:

SLO requested 1 FTE in the Commercial Division and 1 FTE in the Surface Division. In the Commercial Division, SLO requested a right-of-way management analyst to address the high volume of oil and gas related rights-of-way (ROWs) as well as ROWs for electric transmission and distribution lines related to renewable energy projects. The division has seen an increase in the number of ROW applications and the size of projects, as demonstrated by the average amount of revenue generated per ROW, which doubled between FY17 and FY19. SLO requested \$60.5 thousand for salary, benefits, and other necessary operational expenses for this position. The LFC recommendation fully funds the requested expansion.

In the Surface Resources Division, responsible for on-site field reviews and data analysis prior to the approval of leasing activities on state trust land, SLO requested a deputy director. SLO increased field staff in this division to manage record level leasing activity and requested a deputy director to manage this larger staff and better coordinate field work with other divisions of the Land Office as well as other state agencies. SLO requested \$101.3 thousand for salary, benefits, and other necessary operational expenses for this position. The LFC recommendation fully funds the requested expansion.

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.

**BASE EXPANSION LISTING
FY21 - 2020-2021**

<u>Agency Rank</u>	<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Right of Way Management Analyst - O	60.5	60.5
2	Admin Ops II - Deputy Director - Surface	101.3	101.3
TOTAL		161.8	161.8

COMMISSIONER OF PUBLIC LANDS

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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Trust revenue generated, in millions	\$853.0	\$1,116.5	\$975.0	\$1,043.7	\$1,100.0
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$1,429	\$2,697	\$900	\$475	\$1,800
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$3.2	\$0.6	\$3.0	\$3.0	\$3.0
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$205	\$428	\$205	\$375	\$375
Output	Percent of total trust revenue allocated to beneficiaries	98%	98%	98%	98%	98%
* Output	Number of acres restored to desired conditions for future sustainability	31,998	55,297	15,000	15,000	40,000
Output	Annual income from renewable energy	\$937,118	\$841,087	\$1,250,000	\$1,350,000	\$1,350,000
Output	Annual income from commercial and leasing activities	NEW	NEW	\$7,000,000	\$7,250,000	\$7,250,000

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 72-2-18 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 are appointed by the governor and 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.

MISSION:

The mission of 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	18,595.9	19,236.9	24,211.3	20,636.9	7.3
Other Transfers	16,645.4	17,125.0	14,390.0	14,899.1	-13.0
Federal Revenues	192.4	0.0	0.0	0.0	
Other Revenues	1,874.3	3,028.3	3,136.5	3,136.5	3.6
Fund Balance	1,578.5	743.3	750.4	750.4	1.0
SOURCES TOTAL	38,886.5	40,133.5	42,488.2	39,422.9	-1.8
USES					
Personal Services and Employee Benefits	21,678.4	25,124.4	28,902.9	26,147.5	4.1
Contractual Services	5,744.3	7,563.3	7,034.5	7,021.5	-7.2
Other	5,353.1	7,013.8	5,970.8	5,673.9	-19.1
Other Financing Uses	80.0	432.0	580.0	580.0	34.3
TOTAL USES	32,855.8	40,133.5	42,488.2	39,422.9	-1.8
FTE					
Permanent	336.0	337.0	361.0	337.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	341.0	342.0	366.0	342.0	0.0

AT A GLANCE:

The Office of the State Engineer (OSE) requested a total budget of \$42.5 million, an increase of \$2.4 million, or 5.9 percent, over the FY20 operating budget. The request includes a general fund increase of \$5 million, a decrease in other revenues of \$2.6 million, and a fund balance increase of \$7.1 thousand. The revenue decrease is primarily due to reduced use of the New Mexico unit fund, the irrigation works construction fund, and the improvement of the Rio Grande income fund. The LFC recommendation fully funds the request for other revenues and fund balance while increasing general fund by \$1.4 million, or 7.3 percent.

BUDGET ISSUES:

The FY21 request from OSE prioritizes reducing vacancy rates in WRAP, LAP, and Program Support. As of September 2019, OSE had 91 vacant positions, of which 38 were funded. Additionally, OSE requested expansions in each of those programs, as well as the agency's fourth program, the Interstate Stream Commission. The request reduced the budget for contractual services and other costs while increasing the personnel budget by \$3.8 million. The LFC recommendation provides funding for contractual services and other costs in accordance with FY19 actuals and increases personnel funding by \$1 million.

Personnel funding was increased to provide OSE greater flexibility in recruitment and retention with the goal of reducing the agency's chronically high vacancy rate. While funding is recommended for certain expansion items, LFC does not recommend adding FTE; rather, OSE should reclassify existing vacant positions to better align with the agency's current needs.

Revenues. Agency revenue is derived from several primary sources: the general fund, the irrigation works construction fund (IWCF), the improvement of the Rio Grande income fund (IRGIF), the emergency drought water agreement fund, the New Mexico unit fund, and the New Mexico Finance Authority water project fund. The IWCF and the IRGIF receive annual distributions from the land grant permanent fund, State Land Office, and other minor sources.

The General Appropriation Act of 2019 required OSE to develop a five-year plan to reduce the agency's reliance on the IWCF and IRGIF for operating expenditures to address long-term solvency and to use the funds to support acequias, community ditches, and other partners. OSE currently uses both the IWCF and IRGIF to support the operations, including salaries, of all four of the agency's programs. Per statute, OSE submitted a plan to reduce and replace expenditures from these funds with general fund revenue by a total of \$9 million over five years. The FY21 appropriation request included the agency's proposal for year one of this plan: a reduction of \$1 million in Program Support expenditures from the IWCF and IRGIF with a corresponding request to increase general fund revenue by \$1 million. The LFC recommendation includes \$500 thousand from the general fund to reduce operating expenditures from the IWCF and IRGIF, making those funds available for projects supporting the efficient use, management, and availability of the state's water resources.

At the close of FY19, the estimated balance of the IWCF was \$16.7 million, and the estimated balance of the IRGIF was \$10 million, both higher than FY18 ending fund balances. Projected ending balances for FY20, however, are \$11.7 million for the IWCF and \$8.5 million for the IRGIF. Beginning in FY20, \$1 million per year is appropriated from each fund to the State Forestry Division in the Energy, Minerals and Natural Resources Department for forest and watershed restoration work. Additionally, beginning in FY21, \$2.5 million per year is appropriated from the IWCF to the new acequia and community ditch infrastructure fund for acequia projects.

Water Resource Allocation Program. New Mexico must show it is responsibly and proactively managing water resources in the Lower Rio Grande (LRG) to support its Rio Grande compact compliance litigation efforts in the lawsuit against Texas. The LFC recommendation for WRAP increases personnel funding by \$230.2 thousand to reduce the vacancy rate and support an expansion request related to reducing the backlog of water rights applications. The recommendation fully funds the request for contractual services and increases the other costs budget by \$100 thousand for IT and field supplies, including those needed for maintenance and repair of water measurement devices.

Since 2012, when the state Supreme Court affirmed OSE's authority to enforce priority administration, which provides a greater right to earlier users, through rulemaking, WRAP has been working to develop rules for seven priority basins, including the Lower Rio Grande. In addition to developing rules, WRAP's active water resource management (AWRM) efforts have focused on getting implementation tools in place: installing meters; inventorying water rights; developing geographic information system databases; and abstracting, imaging, and posting water right files online so they are immediately available across the state.

Interstate Stream Commission (ISC). The request for ISC increased general fund revenue by \$1 million and reduced other revenues by \$1.8 million. The revenue decrease represents reduced expenditures by the New Mexico Central Arizona Project Entity (also known as the CAP Entity) from the New Mexico unit fund, reduced use of the irrigation works construction fund, and reduced use of the improvement of the Rio Grande income fund. The LFC recommendation fully funds the agency request for other revenue and fund balance and increases general fund revenue by \$300 thousand. These funds are budgeted in personnel for two expansion items related to water management in the Lower Rio Grande and Colorado basins and development and implementation of a 50-year state water plan. The recommendation fully funds ISC's request for contractual services and other costs.

Litigation and Adjudication Program. The request for LAP increased general fund revenue by \$953.7 thousand and other revenue by \$148 thousand. Funds were requested to reduce the program's vacancy rate of 33 percent and for two expansion items. LAP relies on contractual legal services to augment the capacity of its staff attorneys to advance the state's active adjudications. The program also relies on contractors to perform other work required in water rights adjudications, including hydrographic surveying and historical research, to determine beneficial use.

The LFC recommendation keeps the budgets for contractual services and other costs flat with FY20 and increases the personnel budget by \$270 thousand from the general fund. The recommended increase in personnel is for vacancy rate reduction and one expansion item related to the development of district specific rules for water administration.

Litigation to establish the relative priority rights of water users has lasted decades. At the current pace and approach, LAP is still decades away from adjudicating the state's water rights. While OSE reported 75 percent of water rights were adjudicated at the end of FY19, this figure does not provide a clear view of progress because it only reflects active and completed adjudications and does not include adjudications yet to be initiated, including the Middle Rio Grande. OSE continues to reevaluate the state's approach to water rights adjudications.

Program Support. The request for Program Support includes a \$1.6 million general fund increase and a \$1 million decrease in other revenues. The overall increase of \$559 thousand was requested primarily in personnel to reduce the vacancy rate and fund two expansion requests; funds were also requested for IT services and supplies. The LFC recommendation increases general fund revenue by \$500 thousand and decreases other revenue by \$500 thousand for an overall flat budget.

BASE EXPANSION:

In WRAP, the agency requested \$594.5 thousand for four expansion items: (1) \$288 thousand for 3 FTE to reduce the water rights backlog in district offices, (2) \$114.5 thousand for 1 FTE to provide dam safety and capital project management support, (3) \$97 thousand for 1 FTE related to web posting of applications in accordance with 2019 legislation, and (4) \$95 thousand for 1 FTE to serve as an acequia liaison. LFC recommends \$130 thousand for the program's water rights backlog.

In ISC, the agency requested \$1 million for four expansion items: (1) \$420 thousand for 4 FTE related to Lower Rio Grande and Colorado basin water management, (2) \$400 thousand for 4 FTE to develop and implement a 50-year state water plan, (3) \$120 thousand for 1 FTE to provide legal support for Indian water rights settlements and negotiations, and (4) \$85 thousand for 1 FTE for acequia capital project management. LFC recommends \$150 thousand for Lower Rio Grande and Colorado basin water management and \$150 thousand for development and implementation of a 50-year state water plan.

In Program Support, the agency requested \$225 thousand for two expansion items: (1) \$125 thousand for a GIS application developer position and (2) \$100 thousand for an IT systems administrator position. LFC does not recommend any expansions in Program Support.

In LAP, the agency requested \$666 thousand for two expansion items: (1) \$118 thousand for 1 FTE related to development of district specific rules for water administration and (2) \$548 thousand for 5 FTE for an Indian water rights settlement and negotiation unit. LFC recommends \$90 thousand for the development of district specific rules for water administration.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program.

The appropriations to the water resource allocation program of the state engineer include sufficient funding to develop and implement active water resource management regulations for the lower Rio Grande basin to support Rio Grande compact litigation.

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include one million eight hundred forty-four thousand six hundred dollars (\$1,844,600) from the New Mexico irrigation works construction fund and one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of the Rio Grande income fund.

For the Interstate Stream Commission.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include six hundred ninety-six thousand eight hundred dollars (\$696,800) from the New Mexico unit fund. Of this amount, three hundred eighty-one thousand eight hundred dollars (\$381,800) is for New Mexico central Arizona project entity operations contingent on the New Mexico central Arizona project entity providing matching funds from nonstate sources.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include six million seven hundred forty-six thousand two hundred dollars (\$6,746,200) from the New Mexico irrigation works construction fund, nine hundred seventy-seven thousand nine hundred dollars (\$977,900) from the improvement of the Rio Grande income fund, one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operations and eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operations. Any unexpended balances remaining at the end of fiscal year 2021 from these appropriations shall revert to the appropriate fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement and from contractual reimbursements associated with the interstate stream compact compliance and water development program of the state engineer is appropriated to the interstate stream compact compliance and water development program to be used per the agreement with the United States bureau of reclamation.

The interstate stream commission's authority to make loans for irrigation improvements 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.

For the Litigation and Adjudication Program.

The internal service funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include two million five hundred forty-seven thousand eight hundred dollars (\$2,547,800) from the New Mexico irrigation works construction fund and five hundred thirty-eight thousand eight hundred dollars (\$538,800) from the improvement of the Rio Grande income fund.

The other state funds appropriations to the litigation and adjudication program of the state engineer include two million three hundred eighty-five thousand six hundred dollars (\$2,385,600) from the water project fund pursuant to Section 72-4A-9 NMSA 1978.

For Program Support.

The internal service funds/interagency transfers appropriations to program support of the state engineer include four hundred thousand dollars (\$400,000) from the New Mexico irrigation works construction fund and one hundred thousand dollars (\$100,000) from the improvement of the Rio Grande income fund.

BASE EXPANSION LISTING
FY21 - 2020-2021

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Water Rights Backlog (3 FTE)	(P551)	288.0	130.0
03	Web Posting of Applications (1 FTE)	(P551)	97.0	0.0
07	Acequia Liaison (1 FTE)	(P551)	95.0	0.0
10	Dam Safety Capital Project Management (1 FTE)	(P551)	114.5	0.0
04	Lower Rio Grande and Colorado Basins (4 FTE)	(P552)	420.0	150.0
05	50-Year State Water Plan (4 FTE)	(P552)	400.0	150.0
08	Indian Water Rights Settlements (1 FTE)	(P552)	120.0	0.0
11	Acequia Capital Project Management (1 FTE)	(P552)	85.0	0.0
02	District Specific Rule Development (1 FTE)	(P553)	118.0	90.0
09	Indian Water Rights Settlement Unit (5 FTE)	(P553)	548.0	0.0
06	GIS Application Developer (1 FTE)	(P554)	125.0	0.0
12	IT Systems Administrator (1 FTE)	(P554)	100.0	0.0
TOTAL			2,510.5	520.0

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 nonfederal dams within the state for owners and operators of such dams so they can operate the dam safely.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY21 - 2020-2021</u>					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	11,627.3	11,992.8	13,406.0	12,322.8		2.8
Other Transfers	1,992.2	1,992.2	2,032.2	2,032.2		2.0
Other Revenues	631.0	665.9	626.1	626.1		-6.0
SOURCES TOTAL	14,250.5	14,650.9	16,064.3	14,981.1		2.3
USES						
Personal Services and Employee Benefits	11,318.8	12,682.6	13,889.3	12,912.8		1.8
Contractual Services	440.3	624.7	624.7	624.7		0.0
Other	1,132.4	1,343.6	1,550.3	1,443.6		7.4
TOTAL USES	12,891.5	14,650.9	16,064.3	14,981.1		2.3
FTE						
Permanent	182.0	182.0	188.0	182.0		0.0
TOTAL FTE POSITIONS	182.0	182.0	188.0	182.0		0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Average number of unprotested new and pending applications processed per month	27	30	50	50	50
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	451	547			
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	15,612	24,946	20,000	20,000	20,000
Outcome	Number of notices issued to owners of publicly owned dams notifying them of deficiencies or potential issues	NEW	84	45	45	45

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,610.0	1,658.3	2,697.7	1,958.3	18.1
Other Transfers	10,482.4	11,037.1	9,271.2	9,271.2	-16.0
Federal Revenues	192.4	0.0	0.0	0.0	
Other Revenues	124.8	124.8	124.8	124.8	0.0
Fund Balance	743.4	743.3	750.4	750.4	1.0
SOURCES TOTAL	13,153.0	13,563.5	12,844.1	12,104.7	-10.8
USES					
Personal Services and Employee Benefits	3,368.6	4,065.1	5,327.4	4,588.0	12.9
Contractual Services	3,830.2	4,961.8	4,439.8	4,439.8	-10.5
Other	2,810.6	4,536.6	3,076.9	3,076.9	-32.2
TOTAL USES	10,009.4	13,563.5	12,844.1	12,104.7	-10.8
FTE					
Permanent	42.0	42.0	52.0	42.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	46.0	46.0	56.0	46.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year, in acre-feet	137,900	170,800	>0	>0	>0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year, in acre-feet	-700	5,400	>0	>0	>0
Explanatory	Cumulative New Mexico unit fund expenditures	9,019,998	14,830,000			

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,973.1	2,039.7	2,993.4	2,309.7	13.2
Other Transfers	3,161.7	3,086.6	3,086.6	3,086.6	0.0
Other Revenues	1,118.5	2,237.6	2,385.6	2,385.6	6.6
Fund Balance	835.1	0.0	0.0	0.0	
SOURCES TOTAL	7,088.4	7,363.9	8,465.6	7,781.9	5.7
USES					
Personal Services and Employee Benefits	4,116.2	4,860.1	5,750.7	5,130.1	5.6
Contractual Services	1,270.4	1,735.8	1,735.8	1,735.8	0.0
Other	436.9	336.0	399.1	336.0	0.0
Other Financing Uses	80.0	432.0	580.0	580.0	34.3
TOTAL USES	5,903.5	7,363.9	8,465.6	7,781.9	5.7
FTE					
Permanent	65.0	65.0	71.0	65.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	66.0	66.0	72.0	66.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Number of offers to defendants in adjudications	298	456	250	250	400
* Outcome	Percent of all water rights with judicial determinations	67%	75%	70%	70%	77%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,385.5	3,546.1	5,114.2	4,046.1	14.1
Other Transfers	1,009.1	1,009.1	0.0	509.1	-49.5
SOURCES TOTAL	4,394.6	4,555.2	5,114.2	4,555.2	0.0
USES					
Personal Services and Employee Benefits	2,874.8	3,516.6	3,935.5	3,516.6	0.0
Contractual Services	203.4	241.0	234.2	221.2	-8.2
Other	973.2	797.6	944.5	817.4	2.5
TOTAL USES	4,051.4	4,555.2	5,114.2	4,555.2	0.0
FTE					
Permanent	47.0	48.0	50.0	48.0	0.0
TOTAL FTE POSITIONS	47.0	48.0	50.0	48.0	0.0

STATUTORY AUTHORITY:

The Office of African American Affairs was established pursuant to the African American Affairs Act, Section 28-21-1 through 28-21-4 NMSA 1978. The agency is attached administratively to the Human Services Department.

MISSION:

The agency's mission is to study and provide solutions to issues relevant to African Americans, 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)						
		<u>FY21 – 2020-2021</u>				
		<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES						
	General Fund Transfers	737.1	1,071.4	1,318.9	1,071.4	0.0
	SOURCES TOTAL	737.1	1,071.4	1,318.9	1,071.4	0.0
USES						
	Personal Services and Employee Benefits	466.4	522.3	579.5	579.5	11.0
	Contractual Services	73.1	387.2	617.1	369.6	-4.5
	Other	155.0	161.9	122.3	122.3	-24.5
	TOTAL USES	694.5	1,071.4	1,318.9	1,071.4	0.0
FTE						
	Permanent	0.0	7.0	7.0	7.0	0.0
	TOTAL FTE POSITIONS	0.0	7.0	7.0	7.0	0.0

AT A GLANCE:

The agency's FY21 base budget request was flat relative to FY20 but included a \$247.5 thousand expansion request for school healthcare and apprenticeship programs. During the 2019 legislative session, the agency received a recurring appropriation of \$300 thousand for programs and exhibits at the African American Performing Arts Center (AAPAC).

In FY20, the agency converted one part-time employee to full time and this resulted in an increase in the agency's FY21 request for the personal services and employee benefits category. As of October 2019, the agency had five FTE and two vacancies. In spite of the increase in personnel, the agency's budget request remained flat due to savings in professional services and operation costs.

The committee recommendation supports the agency's base budget request that includes the \$300 thousand appropriated in FY19 for programs and exhibits at the AAPAC. The LFC recommendation does not include language restricting the use of these funds to programs and exhibits. This will allow the agency greater flexibility in managing operations and programming at the AAPAC.

BASE EXPANSION:

The committee does not support the agency's \$247.5 thousand expansion request for school healthcare and apprenticeship programs. The expansion request does not include any details about the design, intent, or format of the proposed new programs, and how these new programs would support the agency's missions or complement its current programs is unclear. Because the agency's budget has already increased by more than 40 percent in the last year, the agency will need time to build its capacity to manage, build, and improve current programs.

**BASE EXPANSION LISTING
FY21 - 2020-2021**

<u>Agency</u> <u>Rank</u>	<u>(Program)</u>	<u>Agency</u> <u>Request</u>	<u>LFC Recom-</u> <u>mendation</u>
1	School Health Centers & Apprenticeships	247.5	0.0
TOTAL		247.5	0.0

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of individuals and organizations recognized annually for contributions in the areas of economic development, educational achievement, improved health outcomes and historical preservation	56	55	55	55	55
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	4	3	4	5	5
Output	Number of events, including educational conferences, town hall meetings, workshops and forums, to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American citizens	NEW	NEW	NEW	15	15
Outcome	Number of individuals who participated in agency initiatives and programs via sign-in sheets, passport cards, head count and registrations	NEW	NEW	NEW	1,500	1,500

STATUTORY AUTHORITY:

Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 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.

MISSION:

The commission is responsible for overseeing the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens and hearing individuals affiliated with those with hearing loss. The commission operates a single program providing advocacy, outreach, referral, educational services, and oversight of the telecommunications relay network for deaf and hard-of-hearing people.

		BUDGET SUMMARY (dollars in thousands)				
				<u>FY21 – 2020-2021</u>		
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	319.4	327.4	630.0	500.0	52.7
	Other Revenues	1,636.4	2,987.5	3,007.3	2,531.1	-15.3
	Fund Balance	0.0	0.0	0.0	300.0	
	SOURCES TOTAL	1,955.8	3,314.9	3,637.3	3,331.1	0.5
USES						
	Personal Services and Employee Benefits	951.3	1,196.0	1,218.1	1,218.1	1.8
	Contractual Services	760.1	1,720.3	2,020.6	1,715.2	-0.3
	Other	239.3	282.1	282.1	281.3	-0.3
	Other Financing Uses	0.0	116.5	116.5	116.5	0.0
	TOTAL USES	1,950.7	3,314.9	3,637.3	3,331.1	0.5
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

AT A GLANCE:

The Commission for Deaf and Hard-of-Hearing Persons requested a general fund increase of \$302.6 thousand, or 92 percent, over the FY20 operating budget. The commission requested increased personnel funding to reclassify a position to manage upcoming Federal Communications Commission requirements for real time text and transition to Internet protocol-based captioned telephone services. The agency also requested an increase of \$300.3 thousand in contractual services to fund growing workloads and minimum wage requirements for providers of support services to aging hearing impaired and deaf-blind individuals.

The FY21 LFC general fund recommendation is \$500 thousand, or 52.7 percent, over the FY20 operating budget. The LFC recommendation increases general fund revenue to offset declining other revenue collections within the telecommunications relay service fund and includes budgeting \$300 thousand from fund balance.

The LFC recommendation also includes the continued transfer of \$91.5 thousand from the commission to the Division of Vocational Rehabilitation (DVR) to leverage federal funds to provide services to deaf and hard-of-hearing people and a transfer of \$25 thousand to the Signed Language Interpreting Practices Board at the Regulation and Licensing Department (RLD).

BUDGET ISSUES:

State statute was amended in 2017 to add voice-over-Internet protocol and prepaid wireless telephone services to the surcharge tax base to adjust for new telecommunications technology used by the deaf and hard-of-hearing community. In 2017, the Taxation and Revenue Department (TRD) projected the new surcharges would generate \$1.3 million in additional annual recurring revenue within the telecommunications relay service (TRS) fund earmarked for the commission’s operations and service provision. However, to date TRD has not distributed these revenues to the TRS fund, despite sending out letters requesting industry compliance with the surcharge. The commission should coordinate with TRD to ensure proper and timely collections and distributions in addition to considering a statutory change to move from a percentage-based surcharge to a flat-fee surcharge.

The commission requested an almost 100 percent increase in general fund revenue for FY21 to offset the loss of projected TRS fund revenue. The agency also requested for a second year a special appropriation for FY20 and FY21 with \$500 thousand from fund balance and \$500 thousand from the general fund for recurring operations. The agency received a special appropriation for FY19 and FY20 totaling \$800 thousand equally funded from the general fund and fund balance. The committee recommends the agency use the operating budget process for appropriation of recurring expenditures.

LFC recommends the agency request for funding for a position to manage upcoming Federal Communications Commission requirements and maintains current operating levels to support contractual services for aging hearing impaired and deaf-blind individuals.

The commission’s FY18 audit had no findings, and the agency met over half of its performance targets for FY19. The exceptions were measures on the number of accessible technology equipment distributions and the number of communication barriers addressed.

RECOMMENDED LANGUAGE:

The general fund appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons includes three hundred thousand dollars (\$300,000) for deaf and deaf-blind support service provider programs.

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes ninety-one thousand five hundred dollars (\$91,500) 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 and twenty-five thousand dollars (\$25,000) to transfer to the signed language interpreting practices board of the regulation and licensing department for interpreter licensure services.

COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS

The purpose of the deaf and hard-of-hearing program 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 on 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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of workshops and training sessions conducted	127	136	135	135	135
Output	Number of outreach events coordinated	91	126	122	122	122
Output	Average number of relay minutes per month	11,297	9,213	10,000	10,000	10,000
* Output	Number of accessible technology equipment distributions	828	815	1,070	1,070	1,070
Output	Number of sign language interpreters who participate in sponsored professional development, including in-house mentoring programs and events provided in collaboration with other organizations	162	424	200	200	300
Output	Number of communication barriers addressed	17,228	9,404	20,000	20,000	20,000

STATUTORY AUTHORITY:

The Martin Luther King Jr. Commission is authorized under Section 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 plans and coordinates statewide events to commemorate the Martin Luther King Jr. holiday and promote King's nonviolent principles and philosophy. The commission also hosts an annual youth conference to teach King's philosophy, supports education programs for elementary school students and at-risk youth, and coordinates activities with statewide violence prevention projects.

MISSION:

The mission of the Martin Luther King Jr. Commission is to promote Martin Luther King Jr.'s principles and philosophy to the people of New Mexico to improve interracial cooperation and reduce youth conflicts in our communities.

BUDGET SUMMARY (dollars in thousands)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)	
			Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	350.7	354.3	356.5	356.5	0.6	
SOURCES TOTAL	350.7	354.3	356.5	356.5	0.6	
USES						
Personal Services and Employee Benefits	137.7	207.3	209.8	209.8	1.2	
Contractual Services	0.1	29.0	25.4	25.4	-12.4	
Other	82.5	118.0	121.3	121.3	2.8	
TOTAL USES	220.3	354.3	356.5	356.5	0.6	
FTE						
Permanent	0.0	3.0	3.0	3.0	0.0	
TOTAL FTE POSITIONS	0.0	3.0	3.0	3.0	0.0	

AT A GLANCE:

The Martin Luther King Jr. Commission has 3 FTE; two were filled as of October 2019. In FY17, the commission co-located with the Office of African American Affairs (OAAA).

For FY21 the agency requested a slight budget increase, less than 1 percent, to cover increased personnel costs. In FY19 the commission received an "at-risk" designation from the Office of the State Auditor because the FY15, FY16, FY17, and FY18 audits were not completed. The agency's leadership was changed and over one-third of the FY19 appropriation was reverted. The new agency leadership plans to complete all of the outstanding audits in FY20 and the request in the contractual service category reflected the decrease in audit expenses.

The LFC recommendation supports the agency's request.

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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of statewide holiday commemorative programs supported	10	10	10	8	8
Output	Number of youth anti-violence workshops conducted	10	20	20	4	4
Output	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of King	55	55	55	55	55
Output	Number of commission visits to schools, tribes, nonprofit providers and communities to teach King's principles of nonviolence	NEW	NEW	NEW	8	8
Output	Number of youth attending statewide youth conferences using King's principles of nonviolence	NEW	NEW	NEW	250	250

STATUTORY AUTHORITY:

The Commission for the Blind, created by Sections 28-7-15 through 28-7-23 NMSA 1978, 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 people 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,954.3	2,087.1	2,737.7	2,174.6	4.2
Other Transfers	316.7	349.0	343.5	343.5	-1.6
Federal Revenues	4,375.5	5,485.4	5,420.7	5,420.7	-1.2
Other Revenues	5,369.4	4,735.8	5,395.0	5,395.0	13.9
Fund Balance	183.2	194.4	0.0	150.0	-22.8
SOURCES TOTAL	12,199.1	12,851.7	13,896.9	13,483.8	4.9
USES					
Personal Services and Employee Benefits	4,182.8	5,259.4	5,811.6	5,415.1	3.0
Contractual Services	128.9	144.3	159.2	159.2	10.3
Other	7,721.8	7,341.3	7,819.0	7,802.4	6.3
Other Financing Uses	90.9	106.7	107.1	107.1	0.4
TOTAL USES	12,124.4	12,851.7	13,896.9	13,483.8	4.9
FTE					
Permanent	93.0	93.0	94.0	94.0	1.1
TOTAL FTE POSITIONS	93.0	93.0	94.0	94.0	1.1

AT A GLANCE:

The Commission for the Blind requested a general fund increase over FY20 of \$651 thousand, or 31.2 percent. The requested funding would offset reductions in Social Security program revenue and federal expenditure restrictions for Pre-Employment Training Services (Pre-ETS) revenue. The federal Workforce Innovation and Opportunity Act restricts these funds to employment services for blind or visually impaired people.

The commission requested \$650 thousand in additional funds associated with minimum wage requirements and workload to be paid to operators at the federal Law Enforcement Training Center. The agency requested funding in the personal services and employee benefits category to lower its vacancy rate and hire personnel to fill vacant positions. The commission asked to continue the transfer of \$107.1 thousand to the Division of Vocational Rehabilitation to serve as a match for \$200 thousand in federal revenue that would be transferred back to the commission.

The LFC general fund recommendation for FY21 is \$2.1 million, an increase of \$87.5 thousand, or 4.2 percent, over the FY20 operating budget. The committee recommends increased funding for personnel given that in FY20, the agency transferred \$113 thousand into the personal services and employee benefits category. The recommendation also adds \$150 thousand in fund balance to further support additional care and support and other services. The recommendation supports the agency's request to transfer \$107 thousand to the Division of Vocational Rehabilitation to leverage federal funds.

The commission did not meet performance measures on employment outcomes, average hourly wages, and clients trained in the skills of blindness. The commission's FY18 audit included two findings for internal controls over cash receipts and compliance with travel and per diem rates. The commission provided an action plan to improve performance in the next year.

RECOMMENDED LANGUAGE:

The appropriations to the blind services program of the commission for the blind in the other financing uses category include one hundred seven thousand one hundred dollars (\$107,100) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide rehabilitation services for the disabled.

The internal service funds/interagency transfers appropriation to the blind services program of the commission for the blind includes two hundred thousand dollars (\$200,000) from the division of vocational rehabilitation to provide services to the blind or visually impaired citizens of New Mexico.

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2021 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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	18	19	20	20	20
Output	Number of blind or visually impaired clients trained in the skills of blindness to enable them to live independently in their homes and communities	531	459	540	540	540
* Outcome	Average hourly wage for the blind or visually impaired person	\$19.41	\$15.14	\$17.00	\$15.00	\$17.00
* Outcome	Number of people who avoided or delayed moving into a nursing home or assisted living facility as a result of receiving independent living services	105	150	95	100	125

STATUTORY AUTHORITY:

Section 9-21-1 through 9-21-24 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)						
				FY21 – 2020-2021		
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	2,254.3	2,537.5	3,230.5	2,640.0	4.0
	Other Transfers	249.3	249.3	249.3	249.3	0.0
	SOURCES TOTAL	2,503.6	2,786.8	3,479.8	2,889.3	3.7
USES						
	Personal Services and Employee Benefits	815.7	1,112.0	1,510.5	1,336.3	20.2
	Contractual Services	559.5	688.4	931.4	688.4	0.0
	Other	650.7	986.4	1,037.9	864.6	-12.3
	TOTAL USES	2,025.9	2,786.8	3,479.8	2,889.3	3.7
FTE						
	Permanent	15.0	15.0	17.0	16.0	6.7
	TOTAL FTE POSITIONS	15.0	15.0	17.0	16.0	6.7

AT A GLANCE:

The department requested a \$693 thousand, or 27 percent, budget increase compared with FY20 for increased language preservation and economic development efforts, a new Tribal Leadership Convening, suicide prevention programs, and 2 new FTE. The committee recommendation increases the agency budget by \$102.5 thousand, or 4 percent, compared with the FY20 operating budget, reprioritizes current funding for personnel, and adds one new position for a grant writer. As of October, one of the agency's 15 FTE was vacant; the agency planned to be fully staffed by November.

BUDGET ISSUES:

The Indian Affairs Department (IAD) coordinates relations between New Mexico and 24 tribes, nations, and pueblos, including the Fort Sill Apache and the Southern Ute, under the State-Tribal Collaboration Act. IAD also organizes an annual summit for tribal leaders and the executive branch.

The department's request was \$693 thousand, or 27 percent, over the FY20 operating budget and 43 percent over FY19 actuals. IAD requested \$198 thousand for suicide prevention services through a contract with the University of New Mexico, \$148.5 thousand for a Tribal Leadership Convening, \$99 thousand for language preservation efforts, and \$99 thousand for economic development for tribal communities. Additionally, the department requested \$148.5 thousand to add 2 additional FTE - a public information officer and a grant specialist.

Much of IAD's requested increase addresses important needs; however, funding the requests could duplicate efforts and funding. For example, the University of New Mexico Health Sciences Center runs the Native American Behavioral Health Program, which collaborates with Native American communities and agencies to provide technical assistance in suicide prevention and other behavioral health issues. IAD already receives general funds for tribal program grants, an allowable use of which is language preservation efforts. The Economic Development Department, while not operating tribal-specific programs, funds tribal companies through the Local Economic Development Act and Job Training Incentive Program and the Tourism Department now has a tribal liaison. IAD should work more closely with these agencies to bolster economic development. The department reverted \$491.1 thousand, or 22 percent, of its budget last fiscal year; some of those dollars could be used to support a Tribal Leadership Convening or cover additional staff going forward.

IAD does not allocate all the general fund revenue it could to grants to qualified tribal-serving organizations and federally recognized Indian nations for support of special projects to address health, education, and social and cultural initiatives. These tribal program grants are the largest nonpersonnel line item in the agency's budget. Funds are awarded through an application process where IAD reviews and scores requests from tribal entities and tribal serving organizations. In FY20, individual grants are capped at \$50 thousand. For FY19, spending totaled \$363.1 thousand out of \$516.1 thousand available, and FY20 awarded grants totaled \$297.3 thousand out of \$800.6 thousand available.

In the FY20 operating budget, driven by years of high vacancy rates, funds were reallocated from the personnel category to tribal program grants. However, this budget realignment created a 16 percent funded vacancy deficit, forcing IAD to submit a budget adjustment request to use the grant funds to cover a budget shortfall in personnel. To shore up the personnel deficit and fully fund filled FTE costs, the recommendation moves \$121.8 thousand from tribal program grants back to personnel costs and increases the general fund revenue in the personnel category \$51.5 thousand. The recommendation also includes the requested grant writer position, one of the agency's top priorities, to provide more technical assistance and resources to the tribes, as well as to help tribes leverage other funding sources. The committee recommendation leaves the remainder of the budget.

LFC's recommendation includes IAD's annual distributions for the Tribal Tobacco Cessation and Prevention Program through the state's Tobacco Use Prevention and Control Program. In FY19, nine Native-American-serving entities received a total of \$249.3 thousand for targeted smoking cessation programs. The department contracts with a consulting firm to evaluate reporting, monitoring, and best practices for the use and management of the funds to address the health impacts of smoking in Native American communities.

For 2019, the tribal infrastructure fund (TIF) received about \$14.1 million and the TIF board awarded funding to 11 projects, including \$1.9 million each to Isleta Pueblo for a two-way street, San Ildefonso Pueblo for the second phase of a wastewater project, and the Jicarilla Apache Nation for work on a water supply project. The Navajo Nation was awarded \$1.9 million, or 13 percent of the total TIF funding available, for three projects: \$975 thousand to To'hajiilee Chapter for water system improvements, \$501.1 thousand to Chichiltah Chapter for the second phase of a community water system project, and \$400 thousand to Tse'iiahi Chapter for a Head Start facility.

From 2005 to 2010, the Legislature appropriated a total of \$25.5 million to the TIF. In 2010, the Legislature earmarked a portion of the estimated senior severance tax bonding (STB) capacity each year for tribal infrastructure projects, beginning in FY12. Between 2012 and 2019, state allocations to the TIF totaled \$85 million. About \$28 million, or 33 percent, of TIF funds remain unspent. IAD has made significant progress in vetting projects and awarding funds quickly to the tribes for meaningful health, safety, and education projects.

The Tribal Infrastructure Board amended the TIF guidelines and procedures in November 2016. The changes resulted from a work group composed of one tribally designated representative from each tribe, nation, and pueblo and reflect a consensus of these participants. Changes require projects be in the applying entity's infrastructure capital improvement plan (ICIP) and that entities are in compliance with the Audit Act. After years of multiple vacancies, the TIF board is currently fully appointed.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the Indian affairs program of the Indian affairs department includes two hundred forty-nine thousand three hundred dollars (\$249,300) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings and technical assistance sessions conducted	NEW	NEW			
Outcome	Percent of capital projects completed and closed on schedule	100%	100%	100%	100%	100%
Outcome	Percent of tribal infrastructure fund projects completed and closed on schedule	85%	100%	100%	100%	100%
Explanatory	Number of outreach meetings held in tribal communities	NEW	NEW			
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	NEW	NEW			
Outcome	Number of Indian affairs department grant awards successfully awarded to tribal governments and tribal serving organizations	NEW	NEW	NEW	15	15
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department throughout the fiscal year	NEW	NEW			

STATUTORY AUTHORITY:

The Early Childhood Education and Care Department is a cabinet department consisting of the (1) Administrative Services (2) Office of the Secretary (3) Childcare Licensing and Services; (4) Early Childhood Education and (5) Early Intervention Services, which consists of the (a) Home Visitation Bureau and (b) Family, Infant, Toddler program.

MISSION:

The department's mission is develop priorities for programs and the use of department resources based on state policy, national best-practice standards, evidence-based interventions and practices, and local considerations and priorities and coordinate and align an early childhood education and care system.

BUDGET SUMMARY (dollars in thousands)					
<u>FY21 – 2020-2021</u>					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	252,635.6	192,312.7	
Other Transfers	0.0	0.0	59,627.5	62,627.5	
Federal Revenues	0.0	0.0	130,276.0	130,276.0	
Other Revenues	0.0	0.0	3,128.3	3,128.3	
Fund Balance	0.0	0.0	1,684.8	1,684.8	
SOURCES TOTAL	0.0	0.0	447,352.2	390,029.3	
USES					
Personal Services and Employee Benefits	0.0	0.0	17,505.0	16,473.8	
Contractual Services	0.0	0.0	127,001.1	104,553.4	
Other	0.0	0.0	291,205.0	258,100.5	
Other Financing Uses	0.0	0.0	11,641.1	10,901.6	
TOTAL USES	0.0	0.0	447,352.2	390,029.3	
FTE					
Permanent	0.0	0.0	173.5	167.5	
Term	0.0	0.0	98.0	98.0	
TOTAL FTE POSITIONS	0.0	0.0	271.5	265.5	

AT A GLANCE:

As a result of 2019 legislation, on July 1, 2020, the early childhood care and education system will be primarily administered by the newly created Early Childhood Education and Care Department (ECECD). Primary programs include childcare assistance, home visiting (intensive parenting education and support), prekindergarten, and the Family, Infant, Toddler (FIT) program, currently administered by Department of Health (DOH), Children, Youth and Families Department (CYFD), and Public Education Department (PED). However, some programs still considered part of the early care and education system remain in other state agencies or are directly federally funded, such as the K5-Plus extended school year program, the Women, Infants and Children (WIC) program, and Head Start.

The FY21 general fund request was \$84.2 million, or 50 percent, above the FY20 adjusted operating budgets, including \$26 million for childcare assistance, \$26.5 million for early prekindergarten, \$3 million for home visits to families, \$19 million for workforce supports, and nearly \$6 million for FIT. In total, the agency requested \$447.4 million, of which \$252.6 million was from the general fund. The adjusted budget includes programs from DOH, CYFD, and PED, which will be transferred to ECECD in FY21.

The LFC recommendation increases general fund appropriations to the agency by nearly \$24 million. The committee's recommendation also increases the federal Temporary Assistance for Needy Families (TANF) grant transfer for childcare assistance by \$3 million. The general fund recommendation increases early prekindergarten and mixed-age prekindergarten by \$5 million, public prekindergarten by \$8 million, home-visiting services by \$3 million, workforce supports by \$1.5 million, and FIT by \$4.5 million above the FY20 operating budget.

BUDGET ISSUES:

Since FY12, early childhood program appropriations have more than doubled. As a result of legislation in 2019, the early childhood care and education system will soon be primarily administered by the newly created ECECD. While the current system defines services and goals programmatically, delivery and standards vary significantly. Delivering services through both public and private entities allows for an agile system so rural and metropolitan areas can grow services locally based on infrastructure availability. Overall in FY20, the general fund operating budget for programs transferring to ECECD in FY21 is \$168.5 million.

Childcare Assistance. Childcare Assistance provides an opportunity for low-income families to work or go to school. In FY20, New Mexico is projected to serve over 20 thousand children up to age 14 at a cost of \$148 million. The program subsidizes the cost of childcare for families with incomes up to 200 percent of the federal poverty level (FPL). Beginning January 2019, all participating families at 200 percent of the FPL receive automatic assistance, an increase from 150 percent in recent years. Despite the increased eligibility, average monthly enrollment in the program has been relatively flat, increasing less than 1 percent year-over-year as of October 2019. Childcare Assistance enrollment grew significantly between FY15 and FY18, from an average monthly enrollment of 17 thousand to nearly 20.5 thousand, and began leveling out to around 20 thousand in FY19 and FY20.

Increased provider rates for the highest levels of quality care continue to drive spending as more providers qualify for the reimbursement rates for centers with five-stars. Childcare providers qualify as a five star provider by either meeting quality standards in the state's tiered rating quality improvement system, Focus, or through an approved national accrediting body. Provider rates have grown 83 percent from an average monthly rate of \$326 in 2013 to \$572 in FY20. At the current average rate, it will cost \$6.8 million for every 1,000 additional children served. Total direct spending for childcare assistance in FY19 reached \$134 million, over \$14 million below anticipated spending in CYFD's FY20 operating budget. As more providers obtain the highest quality rating, the projected average monthly subsidy will increase. While the cost per child continues to rise, enrollment in the first few months of FY20 was nearly 1,100 children per month below projections and may result in a small revenue carry-forward to FY21. The agency expecting childcare assistance enrollment to increase due to increased eligibility; requested an additional \$26 million in FY21, however, this has not materialized. The LFC recommendation increases TANF transfers from the Human Services Department for childcare assistance by \$3 million and general fund revenues \$1 million. (See Volume III, Childcare Assistance Sources and Uses).

Prekindergarten. New Mexico prekindergarten is an early education program for 3- and 4-year-olds implemented by private providers and public schools. The program is available to families for half-day or extended-day services. In FY20, over 12 thousand children received prekindergarten services, including extended-day services. Prior to FY21, CYFD and PED administered New Mexico prekindergarten. ECECD will begin administration of the program in FY21; however, prekindergarten services run through school districts will flow through the new department to PED after awards are determined. As extended learning programs, such as K-5 Plus, and prekindergarten expand, demand for childcare assistance services for those children may diminish.

LFC has consistently found prekindergarten programs improve math and reading proficiencies for low-income 4-year-olds and lower special education need, lower retention rates, and lessen the negative effects of mobility. LFC has also found prekindergarten programs deliver a positive return on investment for New Mexico taxpayers based on improvement in test scores through the 11th grade. Low-income students who participated in prekindergarten performed significantly better on the third-grade assessments than peers who did not participate; however, this pattern was not consistent for non-low-income students. New Mexico compares favorably with other states for funding of prekindergarten. According to the National Institute of Early Education Research (NIEER), 33 percent of 4-year-olds in the United States were enrolled in prekindergarten programs in 2018, and the average state spending was \$5,175 per child enrolled. NIEER reports, at 31 percent, New Mexico ranked 19th in the nation for 4-year-olds enrolled in prekindergarten programs in 2018 and ranked 17th for state spending at \$5,845 per child. The NIEER report also noted New Mexico prekindergarten slots declined slightly in 2018 due to the state shifting more funding to full-day services. The LFC recommendation includes an additional \$5.4 million to expand 4-year-old prekindergarten, \$2.6 million to replace nonrecurring funding for awarded by the PED to school districts in FY20 for recurring expenditures. In FY20, prekindergarten also received a rate increase of 7.7 percent for teacher salaries. However, this increase was not contemplated in the legislative budget signed by the governor, and in combination with PED continuing to transition more half-day services to extended-day services, capacity of services in FY20 fell below initial estimates. (For capacity estimates see Volume III, Early Childhood Capacity Estimate).

Early Prekindergarten. LFC analysis indicates New Mexico has the capacity to serve nearly 80 percent of 4-year-olds statewide when considering funding available through childcare assistance, Head Start, and prekindergarten. However, service capacity for 3-year-olds is lower. Prior to FY16, prekindergarten was only available to 4-year-olds, but policymakers expanded the program to include 3-year-olds. Considering this and the positive outcomes associated with prekindergarten, the agency was appropriated \$4 million to pilot prekindergarten for 3-year-olds in FY16. Early prekindergarten also proved exceedingly popular statewide, and by FY20 grew to \$13.6 million. The LFC recommendation includes an additional \$5 million for early prekindergarten in FY21, which will serve an additional 625 children.

Head Start. Head Start programs, completely federally funded and not administered by the state, serve children from birth to age 5 and provide early education, health, and parental support services. The number of awarded slots increased slightly in FY20 to 7,390 statewide, 23 above the previous year. The state needs to better coordinate childcare, prekindergarten, and Head Start to maximize the effective use of federal resources.

Coordination. Multiple reports over the last several years have identified a problem with an increasing supply of services for 3- and 4-year-olds from multiple programs, such as prekindergarten, childcare assistance, and Head Start. Ensuring community resources are dedicated toward quality is essential; otherwise, competition can lead to diminished outcomes. Insufficient coordination among programs can lead to Head Start programs losing funding if federal enrollment standards are not maintained. If a program is chronically underenrolled, the program can potentially lose existing funding and be disqualified from competing for new funding opportunities in the future. Several Head Start providers have reported this as a significant concern in recent years, and the statewide enrollment has declined from 9,000 in FY12 to less than 7,000 in FY18. If the state and the federal Head Start providers do not coordinate more closely, New Mexico will be at continued risk of declining federal revenues.

Home Visiting. Home-visiting programs, available to pregnant women and families with new babies and young children address maternal and child health issues, support positive parenting practices, and provide access to support services. Home-visiting services are an intensive parenting education program shown to effectively reduce child abuse and improve child health. In many instances, home visits provide the first opportunity to address risk factors that may limit a child's development.

Previous reports on home visits by providers contracted by CYFD show a higher percentage of children in the program receive well-child visits compared with children on Medicaid who do not participate in this program. This is particularly relevant because half the individuals participating in home-visiting services are on Medicaid and earn an average of \$20 thousand a year. Evidence-based home-visiting programs in New Mexico continue to show a positive return on investment and positive child outcomes.

In FY20, CYFD contracted for 3,836 families to receive state-funded home-visiting services. In FY18 a reported difficulty in recruiting and retaining families for home visits resulted in nearly \$4 million intended for home-visits transferred to childcare assistance. Some research suggests using local community medical providers to refer clients can assist home-visit providers in destigmatizing services while targeting at-risk families. To maximize federal revenues and utilize medical providers as the point of referral, CYFD, in collaboration with the Human Services Department, is piloting Medicaid-funded home visits in 2019 as part of a broader waiver request. The pilot is offering Medicaid-funded home-visiting services in two counties and looking to expand to a third. However, enrollment has lagged behind initial projections; as of November only 89 families had enrolled.

Despite struggles in enrollment, policymakers have increased funding home-visiting services to allow communities time to develop quality infrastructure for programming. Continued attention is needed to ensure family engagement and improved performance of funded programs under the standards-based accountability system. The LFC recommendation increases general fund revenue for home visits by nearly \$3 million in FY20 to continue expanding Medicaid-funded services. This could potentially leverage an additional \$8.2 million federal Medicaid revenue increasing home visiting up to \$11.2 million, or 40 percent, above FY20.

Early Support and Intervention. The Family, Infant, Toddler Program (FIT), transferring from the Department of Health to ECECD in FY21, is a statewide comprehensive system of early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions. The number of children served in FIT Program, supported with state and federal funds, has increased by over 3,000 children since FY14, or about 24 percent. The increased caseload required the Legislature to approve a \$1.3 million supplemental appropriation in FY18.

Based on a provider rate study conducted in 2017, the department also requested raising rates. The study included an analysis of market salaries, provider wages, provider revenues and expenses, and workload and recommended changes ranging from decreasing home and community services provided in a group setting to increasing individual center-based services by almost double. The department requested \$2.4 million from the general fund for increased provider rates and \$3.5 million to increase slots. LFC recommends general fund increases for FIT of \$3.5 million in FY21 for additional services and \$1 million for provider rate increases.

Wage Supplements and Scholarships. Across the early care and education system, insufficient or undertrained workers is a barrier to expansion and delivery of high-quality services. In particular, low wages and lack of parity have been reported as a significant contributing factor to workforce recruitment efforts. A report from the U.S. Health and Human Services Department found the quality of any early learning setting is directly related to the quality of their staff; however, despite the importance of high-quality settings, many early learning workers earn low wages, even when they obtain credentials and attain higher levels of education. In some early childhood fields, the report found wages were low enough to qualify early childhood educators for public assistance. Wage supplements have been targeted as a public policy to directly increase early educator pay as an alternative to increasing provider rates. Provider reimbursement rates in New Mexico for childcare assistance are significantly higher than the national average. While reimbursement rates for childcare assistance have increased, childcare teacher wages have remained low. Wage supplements, however, can be paid directly to the early childhood teacher from the ECECD and coupled with increased training to improve workforce quality and stability.

New Mexico's early childhood scholarship program makes it possible for early childhood educators, administrators, and program directors to afford the time and expense of taking coursework that leads to credentials and degrees. To be eligible, an early childhood worker must enroll in a qualifying New Mexico higher education institution and work a minimum of 20 hours per week at a CYFD-funded childcare, prekindergarten, or home visiting early childhood program. In FY20, CYFD contracted to serve 1,911 early childhood scholarships for \$2.1 million. The LFC recommendation increases workforce supports \$1.5 million for FY21.

Program Support. Program Support consists of the Office of the Secretary, administrative services, and information technology. The FY21 general fund request included an additional \$3.5 million over the FY20 transfers for 6 FTE, office lease costs, audit costs, and other office equipment and travel costs. The LFC recommendation includes \$892.5 thousand for necessary expenditures.

RECOMMENDED LANGUAGE:

The early childhood education and care department shall not make an award to a prekindergarten program at a school district or charter school that provides fewer days each week for its prekindergarten program than the number of school days provided each week in that school district or charter school for other elementary grade levels during the school year.

The public prekindergarten program of the early childhood education and care department shall prioritize awards of prekindergarten programs at school districts or charter schools that provide kindergarten-five plus programs approved by the public education department.

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include fifty-eight million six hundred twenty-seven thousand five hundred dollars (\$58,627,500) from the federal temporary assistance for needy families block grant: thirty-nine million five hundred twenty-seven thousand five hundred dollars (\$39,527,500) for child care, fourteen million one hundred thousand dollars (\$14,100,000) for prekindergarten and five million dollars (\$5,000,000) for home-visiting services.

The internal service funds/interagency transfers appropriations to the public prekindergarten program of the early childhood education and care department include three million five hundred thousand dollars (\$3,500,000) from the federal temporary assistance for needy families block grant for prekindergarten.

SUPPORT AND INTERVENTION

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19	FY20	FY21 - 2020-2021			
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	0.0	0.0	31,172.4	29,684.0		
Other Transfers	0.0	0.0	500.0	500.0		
Federal Revenues	0.0	0.0	2,849.5	2,849.5		
Other Revenues	0.0	0.0	2,028.3	2,028.3		
SOURCES TOTAL	0.0	0.0	36,550.2	35,061.8		
USES						
Personal Services and Employee Benefits	0.0	0.0	2,066.1	2,066.1		
Contractual Services	0.0	0.0	2,778.3	2,778.3		
Other	0.0	0.0	20,064.7	19,315.8		
Other Financing Uses	0.0	0.0	11,641.1	10,901.6		
TOTAL USES	0.0	0.0	36,550.2	35,061.8		
FTE						
Permanent	0.0	0.0	7.0	7.0		
Term	0.0	0.0	33.0	33.0		
TOTAL FTE POSITIONS	0.0	0.0	40.0	40.0		

EARLY CHILDHOOD EDUCATION AND CARE

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				
		FY19	FY20	Agency	LFC	Percent
		2018-2019	2019-2020	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	0.0	0.0	159,347.6	111,839.3	
	Other Transfers	0.0	0.0	55,627.5	58,627.5	
	Federal Revenues	0.0	0.0	127,226.5	127,226.5	
	Other Revenues	0.0	0.0	1,100.0	1,100.0	
	Fund Balance	0.0	0.0	1,684.8	1,684.8	
	SOURCES TOTAL	0.0	0.0	344,986.4	300,478.1	
USES						
	Personal Services and Employee Benefits	0.0	0.0	11,310.8	11,310.8	
	Contractual Services	0.0	0.0	120,847.7	98,400.1	
	Other	0.0	0.0	212,827.9	190,767.2	
	TOTAL USES	0.0	0.0	344,986.4	300,478.1	
FTE						
	Permanent	0.0	0.0	131.5	131.5	
	Term	0.0	0.0	65.0	65.0	
	TOTAL FTE POSITIONS	0.0	0.0	196.5	196.5	

PERFORMANCE MEASURES

		FY18	FY19	FY20	FY21	FY21	
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>	
*	Outcome	Percent of licensed childcare providers participating in high-quality programs	38%	43%	39%	38%	43%
	Outcome	Percent of children receiving subsidy in high-quality programs	60%	73%	60%	59%	70%
*	Outcome	Percent of children receiving childcare assistance with substantiated abuse or neglect referrals during the childcare assistance participating period	NEW	1.3%	1.3%	1.3%	1.3%
*	Outcome	Percent of families receiving home-visiting services for at least six months that have one or more protective services substantiated abuse or neglect referrals during the participating period	NEW	1%	5%	5%	3%
*	Outcome	Percent of parents participating in home visits who demonstrate progress in practicing positive parent-child interactions	NEW	46%	45%	45%	50%
*	Outcome	Percent of children in prekindergarten funded by the children, youth and families department showing measurable progress on the school readiness fall-preschool assessment tool	NEW	95%	94%	94%	95%
	Outcome	Percent of children in New Mexico childcare assistance who have attended four- or five- star programs for eight months or longer showing measurable progress on the school readiness fall preschool assessment tool	NEW	NEW	85%	85%	85%

PUBLIC PRE-K

BUDGET SUMMARY (dollars in thousands)					
<u>FY21 - 2020-2021</u>					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	55,641.0	47,000.0	
Other Transfers	0.0	0.0	3,500.0	3,500.0	
SOURCES TOTAL	0.0	0.0	59,141.0	50,500.0	
USES					
Contractual Services	0.0	0.0	3,164.0	3,164.0	
Other	0.0	0.0	55,977.0	47,336.0	
TOTAL USES	0.0	0.0	59,141.0	50,500.0	
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PROGRAM SUPPORT

BUDGET SUMMARY (dollars in thousands)					
<u>FY21 - 2020-2021</u>					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	6,474.6	3,789.4	
Federal Revenues	0.0	0.0	200.0	200.0	
SOURCES TOTAL	0.0	0.0	6,674.6	3,989.4	
USES					
Personal Services and Employee Benefits	0.0	0.0	4,128.1	3,096.9	
Contractual Services	0.0	0.0	211.1	211.0	
Other	0.0	0.0	2,335.4	681.5	
TOTAL USES	0.0	0.0	6,674.6	3,989.4	
FTE					
Permanent	0.0	0.0	35.0	29.0	
TOTAL FTE POSITIONS	0.0	0.0	35.0	29.0	

STATUTORY AUTHORITY:

Sections 9-23-1 through 9-23-12 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 Medicaid waiver program for home- and community-based care for the disabled and elderly (D&E waiver), the Medicaid personal care option (PCO) program, the Program of All Inclusive Care for the Elderly (PACE) from the Human Services Department (HSD); the Traumatic Brain Injury (TBI) Program from the Department of Health (DOH); and the Adult Protective Services Program from the Children, Youth and Families Department (CYFD). However, the 2011 General Appropriation Act transferred all of the health-related programs (D&E waiver, PCO, PACE, TBI) to the Human Services Department to centralize management effective July 1, 2011.

ALTSD is composed of four 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; the Adult Protective Services Program, which investigates cases of elder neglect, abuse, and exploitation; and Program Support, which provides clerical, record-keeping, 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 provide accessible, integrated services to older adults, adults with disabilities, and caregivers to assist them in maintaining their independence, dignity, autonomy, health, safety, and economic well-being, thereby empowering them to live on their own terms in their own communities as productively as possible.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	44,603.5	47,172.5	54,250.6	49,181.5	4.3
Other Transfers	3,325.3	3,376.3	3,476.3	3,476.3	3.0
Federal Revenues	13,216.3	13,277.9	13,755.1	13,755.1	3.6
Other Revenues	81.1	115.8	115.8	115.8	0.0
SOURCES TOTAL	61,226.2	63,942.5	71,597.8	66,528.7	4.0
USES					
Personal Services and Employee Benefits	15,337.0	17,355.7	20,735.4	18,474.7	6.4
Contractual Services	4,671.7	4,834.6	6,999.5	5,739.2	18.7
Other	39,402.4	41,752.2	43,862.9	42,314.8	1.3
TOTAL USES	59,411.1	63,942.5	71,597.8	66,528.7	4.0
FTE					
Permanent	225.5	224.5	240.0	222.0	-1.1
Term	12.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	237.5	235.5	251.0	233.0	-1.1

AT A GLANCE:

The Aging and Long-Term Services Department (ALTSD) FY21 request included \$54.3 million from the general fund, a 15 percent increase above the FY20 operating budget. The request transferred program administration funding agencywide to Program Support and increased spending in the Consumer and Elder Rights, Adult Protective Services (APS), Aging Network programs, and Program Support. The department request included an additional 15.5 FTE agencywide for Indian Elder Affair and ombudsman services, salary increases for adult protective service workers, and increases for home care and adult daycare services. LFC recommended increases include salary increases in the Adult Protective Services Program, an additional \$250 thousand from the general fund for ombudsman services in the Consumer and Elder Rights Program, \$400 thousand from the general fund for home services and adult care services, and \$400 thousand from the general fund for emergency payments in the Aging Network . In FY19, state general fund revenue reversions from the ALTSD were \$1.7 million, including \$111.4 thousand from APS, \$1.3 million from the Aging Network, and \$288.6 thousand from Program Support. Because of the reversion from Program Support, the LFC recommendation does not support as large of an increase but does transfer administrative and operational funds as requested by the agency. LFC recommendation also supports the agency requested increase in federal revenues in Aging Network for nutrition and transportation services.

BUDGET ISSUES:

Due to oversight challenges in recent years, the department should continue efforts to train and provide technical assistance to area agencies on aging (AAAs), continue to monitor contract compliance, and fill vacancies in the Aging Network, vital to ensuring appropriate oversight of the contract. In FY18, the department commissioned a \$50.6 thousand independent review and evaluation of the Aging Network by the consulting firm Health Management Associates Incorporated (HMA). The most significant finding was that the current six planning and service area (PSA) structure is needlessly complicated, leading to inconsistent policies, poor oversight, and discontent among providers. HMA recommended the department revisit this structure and choose to either convert the entire state to a single PSA or reduce the number of PSAs to three, with each representing a region of the state. The report notes several other states use a single PSA model. Other recommendations included creating consistent policies statewide, restructuring the Aging Network Division, improving communication at all levels, and overseeing all aging network contracts more consistently. The department moved forward on some of these recommendations by moving the offices of the Aging Network director and deputy to Santa Fe.

Nutrition, Transportation, and Volunteer Services. The Aging Network Program is responsible for overseeing the system that provides home-delivered meals, meals in senior centers and other congregate settings, and other services to over 145 thousand older adults. The agency requested to decrease personnel \$124.4 thousand but increased federal revenues \$666 thousand for Aging Network nutrition and transportation services, and the LFC recommendation supports the agency request. Additionally, many providers have complained in recent years about slow or delayed reimbursements from certain federal programs. In the past, the department would allow for advanced payments to providers to reduce the occurrence of delayed payments but stopped this practice over concerns it could leave the state liable if federal revenues did not materialize. In the 2018 General Appropriation Act, the Legislature appropriated \$400 thousand with language to allow the advanced payments to resume, but the appropriation was subsequently vetoed. LFC staff and the department then worked toward a solution to the problem and proposed language in the 2019 General Appropriation Act allowing for an additional 12.5 percent distribution from the Department of Finance and Administration for initial payments to Aging Network providers. The LFC recommendation includes this language for FY21.

Adult Protective Services. In late 2019 the State Personnel Board approved a pay equity plan to equalize compensation for adult protective service (APS) workers at ALTSD to child protective service workers at the Children, Youth and Families Department (CYFD). ALTSD reported the FY20 operating budget would not be able to absorb the increase to personnel spending. The agency requested an additional \$2 million from all funding sources to implement the increases in salaries for all caseworkers and investigators in the program. The salary increases will average over 20 percent. The LFC recommendation supports the agency request for the Adult Protective Services Program.

The program does not report on repeat maltreatment, and current data and performance measures make it difficult to assess the effectiveness of the program in preventing maltreatment. However, APS has agreed to begin reporting repeat substantiations within six months of a previous substantiation of abuse or neglect in FY21. In FY19, APS received 15,381 reports of suspected abuse, neglect, or exploitation, of which 43.1 percent were accepted for investigation. Of those cases, 2,081 were classified as emergency, or priority one, requiring a face-to-face contact within 24 hours. In FY19, APS made timely contact with all but five cases designated as priority. In-home services were provided to prevent continued abuse in the majority of cases.

The department's request for the Consumer and Elder Rights Program would increase general fund revenue by \$1.4 million to create 5 additional ombudsman FTE and increase ombudsman volunteer activities statewide. As of November 2019, the program had 5 vacant FTE and funding is sufficient in FY20 to fill 3 additional FTE. Given FY20 funded vacancies, the committee recommendation increases personnel \$100 thousand to fill an additional FTE and increases the other costs category \$150 thousand for additional ombudsman activities.

The request for Program Support transfers \$1.8 million agencywide to Program Support to centralize operating spending and several FTE. In addition, the program requested 6 additional FTE, four Indian elder affairs coordinators and two IT workers. The LFC recommendation does support a majority of the transfer but does not transfer all the requested FTE and does not add additional FTE. Throughout the past year, Program Support maintained several vacancies and reverted \$288.6 thousand to the general fund in FY19.

RECOMMENDED LANGUAGE:

The general fund appropriation to the aging network program of the aging and long-term services department in the other category shall allow for an additional twelve and one-half percent distribution from the department of finance and administration for initial payments to aging network providers at the beginning of the fiscal year.

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 people 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 services.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,562.9	1,841.5	3,275.5	1,856.2	0.8
Other Transfers	1,020.3	1,200.0	1,300.0	1,300.0	8.3
Federal Revenues	1,823.1	2,108.8	1,958.8	1,958.8	-7.1
Other Revenues	1.4	0.0	0.0	0.0	
SOURCES TOTAL	4,407.7	5,150.3	6,534.3	5,115.0	-0.7
USES					
Personal Services and Employee Benefits	3,358.1	3,816.6	4,127.2	3,916.6	2.6
Contractual Services	413.6	615.9	548.1	548.1	-11.0
Other	598.1	717.8	1,859.0	650.3	-9.4
TOTAL USES	4,369.8	5,150.3	6,534.3	5,115.0	-0.7
FTE					
Permanent	39.5	39.5	46.0	41.0	3.8
Term	8.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	47.5	46.5	53.0	48.0	3.2

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	71%	79%	90%	90%	90%
Outcome	Percent of ombudsman complaints resolved within sixty days	92%	97%	99%	95%	97%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	82%	84%	90%	90%	90%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	NEW	92%	85%	85%	90%
Quality	Percent of people accessing consumer and elder rights division programs who indicated the assistance provided improved their quality of life and made a positive difference in their decisions	NEW	94%	96%	90%	92%
Outcome	Percent of individuals provided short-term assistance that accessed services within thirty days of a referral from options counseling	NEW	NEW	NEW	80%	80%
Output	Percent of facilities visited monthly	NEW	NEW	NEW	40%	40%

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and people 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 workforce and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	25,992.7	29,899.5	29,705.7	30,105.7	0.7
Federal Revenues	11,052.3	11,061.9	11,697.8	11,697.8	5.7
Other Revenues	78.1	115.8	115.8	115.8	0.0
SOURCES TOTAL	37,123.1	41,077.2	41,519.3	41,919.3	2.1
USES					
Personal Services and Employee Benefits	1,141.0	1,198.5	1,049.5	1,049.5	-12.4
Contractual Services	554.7	632.2	1,247.2	1,247.2	97.3
Other	34,052.1	39,246.5	39,222.6	39,622.6	1.0
TOTAL USES	35,747.8	41,077.2	41,519.3	41,919.3	2.1
FTE					
Permanent	13.0	13.0	11.0	11.0	-15.4
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	14.0	14.0	-12.5

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of individuals exiting the federal older worker program who obtain unsubsidized employment	47%	33%	50%	43%	43%
* Outcome	Number of hours of caregiver support provided	357,721	370,538	423,000	444,000	444,000
* Output	Number of hours of service provided by senior volunteers, statewide	NEW	1,365,268	1,700,000	1,638,000	1,638,000
Output	Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	NEW	NEW	NEW	50	50
Output	Number of meals served in congregate and home-delivered meal settings	NEW	NEW	NEW	4,410,000	4,410,000
Output	Number of transportation units provided	NEW	NEW	NEW	637,000	637,000
Outcome	Percent of older New Mexicans assessed with high nutritional risk who receive congregate and home-delivered meals through aging network programs	NEW	NEW	NEW	15%	15%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,864.0	11,653.3	13,727.6	11,844.0	1.6
Other Transfers	2,305.0	2,176.3	2,176.3	2,176.3	0.0
Other Revenues	0.8	0.0	0.0	0.0	
SOURCES TOTAL	13,169.8	13,829.6	15,903.9	14,020.3	1.4
USES					
Personal Services and Employee Benefits	8,022.4	8,907.6	10,090.8	10,066.9	13.0
Contractual Services	3,615.2	3,449.7	5,017.4	3,757.1	8.9
Other	1,420.7	1,472.3	795.7	196.3	-86.7
TOTAL USES	13,058.3	13,829.6	15,903.9	14,020.3	1.4
FTE					
Permanent	132.0	132.0	127.0	127.0	-3.8
TOTAL FTE POSITIONS	132.0	132.0	127.0	127.0	-3.8

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	>99%	>99%	>99%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	6,671	6,636	6,150	6,150	6,150
Output	Number of referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect or exploitation	NEW	NEW	NEW	600	600
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation by an investigation	NEW	NEW	NEW	5%	5%
Quality	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	NEW	NEW	99%	99%	99%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	NEW	NEW	141	141	141

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	6,183.9	3,778.2	7,541.8	5,375.6	42.3
Federal Revenues	340.9	107.2	98.5	98.5	-8.1
Other Revenues	0.8	0.0	0.0	0.0	
SOURCES TOTAL	6,525.6	3,885.4	7,640.3	5,474.1	40.9
USES					
Personal Services and Employee Benefits	2,815.5	3,433.0	5,467.9	3,441.7	0.3
Contractual Services	88.2	136.8	186.8	186.8	36.5
Other	3,331.5	315.6	1,985.6	1,845.6	484.8
TOTAL USES	6,235.2	3,885.4	7,640.3	5,474.1	40.9
FTE					
Permanent	41.0	40.0	56.0	43.0	7.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	42.0	41.0	57.0	44.0	7.3

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 to provide 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 (including Medicaid Behavioral Health), Behavioral Health Services, and Income Support. Behavioral Health Services was transferred from the Department of Health in 2007.

MISSION:

The Human Services Department (HSD) administers several large state and federally funded programs that provide healthcare, financial assistance, child support, and food assistance to New Mexico's most needy citizens. The agency manages over \$7 billion of federal and state funding that provide life's most basic services to New Mexico's lowest-income individuals and families, touching the lives of more than one-third of New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,053,713.4	1,145,284.7	1,238,079.0	1,209,210.0	5.6
Other Transfers	199,110.5	218,616.9	271,563.9	263,874.5	20.7
Federal Revenues	5,431,123.7	5,873,995.4	6,215,202.9	6,129,373.9	4.3
Other Revenues	59,086.1	79,259.6	76,895.5	76,895.5	-3.0
Fund Balance	816.9	0.0	0.0	0.0	
SOURCES TOTAL	6,743,850.6	7,317,156.6	7,801,741.3	7,679,353.9	4.9
USES					
Personal Services and Employee Benefits	105,991.0	116,701.6	121,556.3	118,691.2	1.7
Contractual Services	179,431.1	189,263.1	224,443.4	221,543.4	17.1
Other	6,444,459.7	7,011,191.9	7,455,741.6	7,339,119.3	4.7
TOTAL USES	6,729,881.8	7,317,156.6	7,801,741.3	7,679,353.9	4.9
FTE					
Permanent	1,983.5	1,987.5	2,052.5	2,045.5	2.9
Term	33.0	31.0	22.0	22.0	-29.0
TOTAL FTE POSITIONS	2,016.5	2,018.5	2,074.5	2,067.5	2.4

AT A GLANCE:

The Human Services Department's FY21 budget request was \$7.8 billion from all revenue sources, a \$484.6 million, or 6.6 percent, increase over the FY20 operating budget, and included an additional \$92.8 million from the general fund, an increase of 8.1 percent. The LFC recommendation is \$7.68 billion from all revenue sources, a \$362.2 million, or 4.9 percent, increase over the FY20 operating budget, and includes an additional \$63.9 million from the general fund, an increase of 5.6 percent.

The department requested an additional \$62.8 million from the general fund for the Medicaid Program, which represents an increase of 6.2 percent over the FY20 operating budget. However, the Human Services Department updated its Medicaid projection in October and increased its request for general fund revenue to support Medicaid in FY21 to \$81.2 million, an increase of 8 percent over FY20. LFC recommends a \$45 million increase in general fund support for the state's Medicaid program in FY21, an increase of 4.4 percent over the FY20 operating budget. The recommendation includes most components of the department's request but does not include \$20.3 million for the health insurance tax and assumes Congress will defer the tax as it did in two previous years. The recommendation also assumes less need for Medicaid provider rate increases, as well as increased revenues from county-supported Medicaid funds, drug rebates, and improved federal matching rates.

The department requested \$5.2 million from the general fund for expanding programs in the Income Support Division for nutrition and employment initiatives. LFC recommends partially funding the expansion. LFC also recommends the expansion requests for \$6 million from the general fund for behavioral health initiatives.

BUDGET ISSUES:

Medicaid and Medicaid Behavioral Health. At \$1.08 billion, the Medicaid program represented the majority of the Human Services Department's (HSD) requested increase in funding with general fund revenue. The department's general fund request included an increase of \$62.8 million, or 6.2 percent, compared with the FY20 operating budget. The updated October Medicaid projection included an increase of \$81.2 million, an increase of 8 percent over FY20. LFC recommends a \$45 million increase in general fund support for the state's Medicaid program in FY21, an increase of 4.4 percent over the FY20 operating budget. The LFC recommendation includes \$500 thousand from the general fund requested for coverage initiatives, funding for rate increases including \$2.6 million for hospital rate increases, and funding in Medicaid administration to support these initiatives through actuarial analyses and IT maintenance and upgrades.

Enrollment. HSD reported 827,495 individuals received Medicaid in October 2019, a 0.2 percent decrease from one year ago. The department projects a total of 849,535 people enrolled in Medicaid at the end of FY21, including 268 thousand in the expansion population and approximately 365 thousand children. The slowing enrollment in 2018 and 2019 reflects HSD's compliance with federal and state requirements to re-determine eligibility at least every 12 months based on modified adjusted gross income. Also, the Medicaid projection reflects improving economic conditions, higher incomes, and less unemployment. The program saw a decline in the base population, particularly TANF and related children and adults, and in the Medicaid "expansion" population, so called because eligibility was expanded to cover adults up to 138 percent of the federal poverty level under the federal Patient Protection and Affordable Care Act.

HSD estimates that in FY21 Medicaid enrollment will grow 0.1 percent in the physical health category, 1 percent in the expansion population, and 1.6 percent in the long-term services and supports population. HSD's projected enrollment growth is contrary to 2019 enrollment data, which showed little to no growth. In its updated October projection, HSD increased its projected FY21 enrollment from 838,473 individuals to 849,535. LFC recommends an additional \$10 million from the general fund for projected FY21 enrollment growth, approximately \$800 thousand less than HSD requested. HSD is planning an outreach campaign to help expand enrollment, and with the rate increases implemented in FY20, it is projected the per-member per-month cost will increase.

Federal Cost Drivers. In addition to enrollment and the health insurance provider tax, other factors driving Medicaid costs include decreasing federal matching funds for the Children's Health Insurance Program (CHIP), healthcare inflation, and utilization. The federal government is reducing support for CHIP, which will require states to add funding to maintain the program. HSD requested and LFC recommends for CHIP an additional \$11 million of general fund revenue.

Medicaid Provider Rate Increases. In FY20, HSD increased provider payment rates to bolster New Mexico's network of healthcare providers. In FY21, HSD requested \$33.2 million in general fund revenue to improve access to care for Medicaid members, attract providers from other states, and relieve pressure on the rest of the health insurance market in the form of consistently rising premiums and cost-sharing imposed on New Mexicans. Medicaid provider rate increases are expected to address gaps in the healthcare delivery system, particularly in behavioral health and rural primary care, while concurrently maximizing federal Medicaid matching funds.

HSD indicates it will implement provider rate increases using a data-driven process that identifies disparities in access to care and uses benchmarks to national and other standards for provider rate-setting and healthcare inflation. If HSD is successful in enrolling more of the uninsured, who are likely relatively healthy, cohort reimbursement rates will appear more attractive.

Centennial Care 2.0. The current Centennial Care 2.0 waiver, the state's Medicaid plan as accepted by federal regulators, was implemented on January 1, 2019. Centennial Care 2.0 is focused on integrated care with comprehensive care coordination and value-based purchasing arrangements which are based on improved health, serving as integral parts of the plan. HSD will continue to build on the Centennial Care 2.0 program by adding new initiatives.

Coverage Initiatives. HSD's budget request of \$500 thousand from the general fund for coverage initiatives will allow the department to prepare to implement affordable health coverage options for uninsured and underinsured New Mexicans. HSD indicates its initial efforts will include a comprehensive study to identify target populations, benefit packages, and coverage options targeted to have the greatest impact for New Mexicans. The coverage initiatives should be affordable and sustainable and maximize federal funding.

Additionally, HSD is planning implementation of a managed-care entity to serve Native Americans, starting in the northwestern quadrant of the state. In addition to expanding the network of care through Medicaid provider rate increases, HSD also requested funding to expand the network through new graduate medical education positions for primary care and psychiatry, particularly in rural areas.

Medicaid MCO Contracts. Centennial Care managed-care organizations (MCOs) are responsible for providing sufficient provider networks for Medicaid members to access physical, behavioral, and long-term healthcare services. HSD conducted a procurement for new Medicaid MCOs in October 2017 and in early 2018 awarded over \$5 billion in contracts to operate the state's Medicaid program beginning January 1, 2019. New Mexico's Medicaid program contracts with three managed-care organizations (MCOs), Presbyterian Health Plan, Blue Cross Blue Shield of New Mexico, and Centene's Western Sky Corporation. Western Sky, the newest of the state's three Medicaid MCOs, experienced declining membership enrollment from January to July 2019, with a drop of 6,000 members and a Medicaid market penetration of 8 percent. Presbyterian leads with 56 percent of the Medicaid market enrollment, and Blue Cross Blue Shield has 36 percent.

Revenue Changes. Various other revenue changes also impacted the request for FY21 funding for Medicaid. HSD requested \$7.8 million in tobacco settlement program funds to support Medicaid. However, the tobacco settlement fund is projected to receive \$1 million less in FY21 than FY20. Accordingly, LFC recommends \$7.3 million from tobacco settlement funds to support Medicaid but offsets this decreased amount with \$500 thousand from the general fund. Also, Medicaid drug rebates increased in FY18 and FY19. LFC recommends an additional \$1 million for drug rebate revenues. Additionally, the Department of Finance and Administration projects the county-supported Medicaid fund will reach \$43.2 million for FY21. This fund is divided with 91 percent allocated to HSD and 9 percent allocated to DOH. The LFC recommendation includes \$39.3 million from the county-supported Medicaid fund, \$4.7 million more than requested by HSD. Also, the safety net care pool fund should accrue more revenue than projected by HSD because of increases in gross receipts taxes, and LFC recommends an additional \$1 million.

In its FY21 request, the department carried forward \$6.7 million from the general fund for a projected FY20 shortfall in the Medicaid program. However, in the October Medicaid projection, the previously projected shortfall was removed from the estimated general fund need for FY21. The Human Services Department reverted \$30.2 million to the general fund for FY19 and \$35 million for FY18 primarily due to Medicaid recoupments and claims adjustments.

Medicaid Behavioral Health. Centennial Care 2.0 includes funding for supportive housing; the evidence-supported approach known as screening, brief intervention and referral to treatment; accredited adult residential treatment centers; and social detoxification services. It also expands the use of Medicaid health homes treating co-occurring serious mental illness and substance use disorders and waives the exclusion in federal law that prohibits Medicaid reimbursement for private and state-run "institutions of mental disease" that provide inpatient psychiatric services.

Under the Centennial Care 2.0 enhancements to behavioral health services, HSD will offer the state's first-ever Medicaid reimbursement for adult residential treatment centers for substance abuse disorders (SUDs). However, the benefits from this change may take time to be realized. According to HSD's Behavioral Health Services Division, only two of the current 18 residential treatment providers are accredited, a requirement for Medicaid reimbursement. HSD and the Department of Health are promulgating the licensing regulations, and HSD is still developing its reimbursement model.

HSD is proposing a multifaceted approach to rebuild the New Mexico behavioral health provider network, but rural and frontier counties' networks remain a challenge. HSD is looking to expand behavioral health access by reevaluating metrics and aligning incentives with Medicaid managed-care organizations. Value-based purchasing for Medicaid behavioral health services will be built on improved behavioral health access and developed collaboratively with behavioral health partners.

In December 2019, HSD settled the last outstanding lawsuits with the five remaining behavioral health providers that lost Medicaid funding previously due to allegations of fraud. HSD requested an FY20 supplemental appropriation of \$10 million to fund the settlement agreements with these five behavioral health providers.

For FY21, HSD requested and the committee recommends \$3 million more general fund revenue compared with FY20 for the Medicaid Behavioral Health Program. The request represented an approximate 2.7 percent increase from the FY20 operating budget. LFC also recommends an additional \$50 thousand in general fund revenue to transfer to the Administrative Hearings Office to fund behavioral health hearing officers.

Quarterly Performance Reporting. In FY20, HSD is only reporting quarterly on a total of 10 performance measures. This includes three measures for the Medicaid program with an operating budget of almost \$6 billion, three performance measures for the Income Support Program with a budget of \$959.7 million, and four measures for the Child Support Enforcement Program with a budget of \$31.9 million. HSD should consider providing additional performance data to augment its FY20 approved slate

of 10 performance measures and for FY21, HSD should restore previously reported performance measures and should consider providing additional performance data on the impact of provider rate increases, value-based purchasing, and behavioral health outcomes.

Income Support Program. The Income Support Program includes funding and support for the Temporary Assistance for Needy Families (TANF) program, Supplemental Nutrition Assistance Program (SNAP), General Assistance (GA), Low-Income Home Energy Assistance Program (LIHEAP), and other programs. These programs assist eligible low-income families through cash, food, medical, and employment and energy assistance so they can achieve self-sufficiency.

The Human Services Department's FY21 budget request for the Income Support Program was \$951.6 million from all revenue sources, an \$8.2 million, or 0.8 percent, decrease from the FY20 operating budget, but included an additional \$13.5 million from the general fund, an increase of 28.8 percent, including expansion items. Federal funds were reduced because of declining TANF caseloads, while general fund support was requested to fund workforce and client needs associated with the consent decree in the *Debra Hatten-Gonzales* lawsuit, and to use general fund revenue to offset federal funds for cash assistance and to implement the transition bonus program, for which HSD requested general fund support of over \$6 million.

LFC recommends \$946.1 million and includes \$52.4 million from the general fund, an increase of 11.6 percent. The LFC recommendation aligns with the latest TANF projection, which instead of general fund revenue as HSD initially requested, instead budgets federal funds for cash assistance and the transition bonus program, given that the FY19 actual carryover balance is \$72 million. LFC recommends an additional \$3 million in TANF funds for transfer to the Early Childhood Education and Care Department for childcare services.

HSD requested and LFC recommends an additional \$493 thousand in general fund revenue for a consolidated call center for the Income Support Program, including \$218 thousand to replace federally leveraged lease revenue.

Supplemental Nutrition Assistance Program. The recommendation supports the request for federal SNAP funds totaling \$640 million, \$20 million less than the FY20 operating budget but \$7 million over FY19 actual expenditures. In New Mexico, monthly SNAP caseloads have been slowly increasing. HSD projects a SNAP caseload of 222,026 for FY21, an increase of 2,313 people, or 1 percent. The October 2019 SNAP caseload was up 0.3 percent from a year ago and included 450,169 individuals, 263,490 adults and 186,679 children.

Temporary Assistance for Needy Families. Under the TANF program, states receive a federal block grant to provide cash assistance and work support programs to low-income families. States have broad discretion to meet federally mandated requirements but must report on the work participation rates of TANF clients. Failure to meet federally established work rates could trigger penalties.

The TANF caseload saw significant increases during the economic recession, peaking in December 2010 at 21,514 cases, or about 54,802 recipients. However, since the beginning of 2011, the number of TANF cases has steadily declined and the caseload in October 2019 was 10,567, with 7,070 adults and 20,074 children recipients.

The FY21 HSD projection and LFC recommendation for TANF cash assistance is \$47.1 million. The recommendation maintains FY20 operating levels of funding for the vocational training and wage subsidy programs.

TANF Transfers. Transfers to the Early Childhood Education and Care Department for prekindergarten and home-visiting services to new families are flat with the previous year, as are transfers to the Public Education Department for the Graduation, Reality and Dual-Role Skills (GRADS) program, and to the Children, Youth and Families Department for supportive housing. LFC recommends an additional \$3 million in federal TANF funds be transferred to the Early Childhood Education and Care Department for childcare assistance. The LFC projected ending TANF balance for FY21 is \$17.7 million, excluding an estimated \$10 million in TANF contingency funds expected in FY20 and maybe continuing into FY21. The FY19 actual carryover balance for TANF is \$72 million, and the projected balance for FY20 is \$47.5 million. TANF contingency funds are awarded in the year following the state request and are based on economic conditions during the request year.

Behavioral Health Services Program. The Behavioral Health Services Program's FY21 budget request was \$71.9 million from all sources. The general fund request of \$49.9 million was an increase of \$11.3 million, or 29.2 percent, over the FY20 operating budget. The Behavioral Health Services Division's (BHSD) base request included additional general fund support of \$326 thousand for personnel and \$2.5 million in recurring funding for the behavioral health, jail reentry, and housing FY20 initiative, plus an additional increase for the initiative of \$1.5 million, for a total of \$4 million.

The LFC recommendation for the Behavioral Health Services Program supports an overall increase over FY20 of \$8.7 million, a 14 percent increase, and includes from the general fund an additional \$9.3 million, an increase of 24 percent. Expansion of quality, evidence-based behavioral health services are among FY21 initiatives supported by the committee. LFC recommends \$2.5 million in recurring funds for the recently implemented behavioral health, jail reentry, and housing initiative for which five counties received funding in FY20 but does not recommend an additional \$1.5 million to further expand the initiative at this time.

Medicaid expansion has provided access to behavioral health services for over 250 thousand New Mexican adults, about a third of whom have made use of those services to address conditions they may have lived with untreated for some time due to lack of insurance coverage. Particularly vulnerable groups, including the homeless and justice-involved populations, have gained access to services they have never been able to obtain. The Medicaid Program spent \$96 million in 2016 on behavioral health services for people who gained access to Medicaid as a result of Medicaid expansion. A 2018 LFC Health Notes found that overall spending on behavioral health services for the expansion population has risen faster than the number of people using those services.

Behavioral Health Collaborative. The Human Services Department (HSD) reports the Behavioral Health Collaborative agencies are requesting more than \$35 million for FY21 between multiple departments to focus on the collaborative's four goals of expanding the behavioral health provider network, expanding children's community-based mental health services, improving substance use disorder services, and providing effective behavioral health services for justice-involved populations. LFC supports these efforts and recommends an increase of \$16 million in recurring revenue from the general fund to support the initiatives.

Child Support Enforcement Program. The recommendation supports the Child Support Enforcement Division's (CSED) \$33.4 million request for FY21, including \$8.5 million from the general fund, an increase of \$530 thousand, or 6.7 percent. CSED receives a match rate of approximately 66 percent federal funds to 34 percent state funds and receives additional federal incentive payments for meeting performance targets. CSED has struggled in recent years to meet multiple performance targets. CSED is implementing changes to its business model to conform to federal modernizations efforts and to support noncustodial parents with job training to increase collection of sustainable child support payments.

Program Support. For Program Support, HSD requested \$65.5 million for FY21, including an increase of \$3.1 million in general fund revenue, a 19 percent increase over the FY20 operating budget. The additional funding supports the maintenance and operations contract for the department's Medicaid management information system (MMIS) system used to process Medicaid and other transactions, mandated employee background checks, and an expansion of 9 FTE in the Office of Human Resources to address hiring workload backlogs. The LFC recommendation supports the department's base request and adds 2 new FTE in the Office of Human Resources funded with vacancy savings.

BASE EXPANSION:

LFC recommends funding for HSD's expansion request for \$1.5 million in general fund revenue for the Heat and Eat initiative, an energy assistance benefit for some households with Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). The additional general fund revenue can generate up to \$18 million in federal funds.

LFC also recommends \$3.2 million of the requested \$3.7 million from the general fund for HSD's expansion request for the Able Bodied Adults Without Dependent Children (ABAWD) federally required initiative for employment and training. The recommendation does not include an additional \$500 thousand of the \$1.5 million request to augment the Deloitte contract to upgrade the ASPEN eligibility data system to implement ABAWD.

The Behavioral Health Services Division requested and LFC recommends general fund support for several expansion requests, including \$447 thousand for 8 additional FTE to assist with justice-related services and housing, \$4 million for housing assistance, \$1 million for medication-assisted treatment in jails and prisons, \$1 million for grants to local Law Enforcement Assisted Diversion. BHSD also requested \$500 thousand in nonrecurring funds for post-release peer-delivered community-based case management.

Program Support requested an expansion of 9 FTE in the Office of Human Resources to address hiring workload backlogs. The LFC recommendation supports adding 2 new FTE in the Office of Human Resources funded with vacancy savings.

Medicaid administration requested and LFC recommends the conversion of 37 FTE from TERM to permanent status to support the Medicaid management information system replacement IT project. The funding for these positions was in the operating budget and remains in the regular base budget for FY21.

RECOMMENDED LANGUAGE:

The appropriations to the medical assistance program of the human services department assume the state will receive an enhanced federal medical assistance percentage rate for those enrolled in the expansion adult category through fiscal year 2021 as provided for in the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Should the federal government reduce or rescind the federal medical assistance percentage rates established by the federal Patient Protection and Affordable Care Act, the human services department shall reduce or rescind eligibility for the new adult category.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include one million two hundred fifty-five thousand four hundred dollars (\$1,255,400) from the tobacco settlement program fund for the breast and cervical cancer treatment program and six million sixty-three thousand nine hundred dollars (\$6,063,900) from the tobacco settlement program fund for medicaid programs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include thirty-nine million three hundred twelve thousand dollars (\$39,312,000) from the county-supported medicaid fund.

The general fund appropriation to the medicaid behavioral health program of the human services department includes fifty thousand dollars (\$50,000) to transfer to the administrative hearings office to support medicaid hearing officers.

The federal funds appropriations to the income support program of the human services department include eleven million five hundred seven thousand seven hundred dollars (\$11,507,700) 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 eighty-seven thousand one hundred dollars (\$87,100) from the general fund and forty-one million five hundred ninety-seven thousand one hundred dollars (\$41,597,100) 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 wage subsidies for participants, two clothing allowances per year, diversion payments and state-funded payments to aliens.

The federal funds appropriations to the income support program of the human services department include nineteen million six hundred fifty-one thousand dollars (\$19,651,000) from the federal temporary assistance for needy families block grant for job training and placement and job-related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the human services department include thirty-nine million five hundred twenty-seven thousand five hundred dollars (\$39,527,500) from the federal temporary assistance for needy families block grant for transfer to the early childhood education and care department for childcare programs, five million dollars (\$5,000,000) for home-visiting programs and seventeen million six hundred thousand dollars (\$17,600,000) for prekindergarten.

The federal funds appropriations to the income support program of the human services department include nine hundred thousand dollars (\$900,000) from the federal temporary assistance for needy families block grant for transfer to the children, youth and families department for a supportive housing project.

The federal funds appropriations to the income support program of the human services department include two hundred thousand dollars (\$200,000) from the federal temporary assistance for needy families block grant for transfer to the public education department for the graduation, reality and dual-role skills program.

The appropriations to the income support program of the human services department include seven million two hundred twenty thousand dollars (\$7,220,000) from the general fund and three million eighty thousand three hundred dollars (\$3,080,300) from federal funds for general assistance.

Any unexpended balances remaining at the end of fiscal year 2021 from the other state funds appropriations derived from reimbursements received from the social security administration for the general assistance program shall not revert.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
4	Office of Human Resources Expansion (9 FTE)	622.0	0.0
8	MMISR Expansion 37 FTE TERM to PERM	2,363.4	0.0
1	New Mexico Works and Employment and Training	7,406.0	6,506.0
2	SNAP Heat and Eat Option	2,143.8	2,143.8
1	BHSD Personnel (8 FTE)	572.6	572.6
2	Supportive Housing	4,000.0	4,000.0
3	BH Collaborative Criminal Justice Goal	2,500.0	2,000.0
TOTAL		19,607.8	15,222.4

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 healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	844,533.8	925,307.9	986,728.4	968,153.3	4.6
Other Transfers	199,110.5	218,616.9	271,563.9	263,874.5	20.7
Federal Revenues	4,073,532.4	4,458,041.8	4,802,937.8	4,714,906.6	5.8
Other Revenues	54,995.9	74,836.3	72,690.4	72,690.4	-2.9
SOURCES TOTAL	5,172,172.6	5,676,802.9	6,133,920.5	6,019,624.8	6.0
USES					
Personal Services and Employee Benefits	11,939.1	13,130.7	16,113.0	13,895.7	5.8
Contractual Services	52,879.1	62,831.7	65,693.3	65,693.3	4.6
Other	5,096,476.0	5,600,840.5	6,052,114.2	5,940,035.8	6.1
TOTAL USES	5,161,294.2	5,676,802.9	6,133,920.5	6,019,624.8	6.0
FTE					
Permanent	172.5	172.5	220.5	220.5	27.8
Term	11.0	11.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	183.5	183.5	220.5	220.5	20.2

PERFORMANCE MEASURES

	FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of children ages two to twenty years enrolled in medicaid managed-care who had at least one dental visit during the measurement year	70%	72%	70%	70%
* Explanatory	Percent of infants in medicaid managed-care who had six or more well-child visits with a primary care physician before the age of fifteen months	59%	62%		
* Outcome	Average percent of children and youth ages twelve months to nineteen years in medicaid managed-care who received one or more well-child visits with a primary care physician during the measurement year	84%	86%	88%	88%
Outcome	Percent of recipients in medicaid managed-care ages eighteen through seventy-five with diabetes who had a HbA1c test during the measurement year	77%	85%	86%	86%
Outcome	Percent of hospital readmissions for children in medicaid managed-care, ages two to seventeen, within thirty days of discharge	5%	4%	<6%	<5%
* Outcome	Percent of hospital readmissions for adults in medicaid managed-care, age eighteen and over, within thirty days of discharge	7%	7%	<10%	<8%

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of member birth deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	73%	77%	83%	81%	83%
Explanatory	Expenditures for children and youth receiving services through medicaid school-based service programs, in millions	\$17.2	\$16.9			
Quality	Percent of members reporting satisfaction with centennial care services	82%	82%	82%	82%	83%
Outcome	Percent of centennial care members participating in centennial rewards	N/A	78%	47%	47%	47%
Outcome	Rate of short-term complication admissions for medicaid managed-care members with diabetes per one hundred thousand members	663	648	400	400	400
Outcome	Percent of medicaid managed-care members, ages five through sixty-four, identified as having persistent asthma and dispensed appropriate medications they remained on during half of the treatment year	56%	60%	50%	55%	60%
Explanatory	Number of justice-involved individuals made eligible for medicaid prior to release	2,784	1,844			
* Outcome	Rate per one thousand members of emergency room use categorized as nonemergent care	0.47	0.52	0.45	0.45	0.45
Explanatory	Number of medicaid managed-care members being served by patient-centered medical homes and health homes over previous year	1,325,333	321,169			
Output	Number of medicaid managed-care members who received treatment for hepatitis c	1,418	838	1,400	1,200	1,400
Output	Percent of provider payments included in value-based purchasing arrangements	28%	27%	15%	20%	20%
Outcome	Percent of medicaid managed-care members with a nursing facility level of care being served in a noninstitutional setting	86%	86%	75%	80%	86%

MEDICAID BEHAVIORAL HEALTH

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost healthcare.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	104,303.0	110,153.0	113,113.0	113,163.0	2.7
Federal Revenues	410,523.9	421,066.0	432,418.0	432,418.0	2.7
SOURCES TOTAL	514,826.9	531,219.0	545,531.0	545,581.0	2.7
USES					
Other	513,466.0	531,219.0	545,531.0	545,581.0	2.7
TOTAL USES	513,466.0	531,219.0	545,531.0	545,581.0	2.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	7%	8.6%	5%	5%	5%
* Output	Number of individuals served annually in substance abuse or mental health programs administered through the behavioral health collaborative and medicaid programs	94,419	166,939	165,000	172,000	175,000
* Outcome	Percent of adults with mental illness or substance use disorders receiving medicaid behavioral health services who have housing needs who receive assistance with their housing needs	NEW	NEW	NEW	44%	60%

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. Eligibility requirements are established by state law within broad federal statutory guidelines.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	44,188.2	46,909.7	60,402.6	52,358.7	11.6
Federal Revenues	864,882.2	912,133.3	890,698.8	893,248.8	-2.1
Other Revenues	561.1	695.5	477.3	477.3	-31.4
Fund Balance	816.9	0.0	0.0	0.0	
SOURCES TOTAL	910,448.4	959,738.5	951,578.7	946,084.8	-1.4
USES					
Personal Services and Employee Benefits	57,113.8	60,657.9	60,672.5	60,672.5	0.0
Contractual Services	41,633.2	42,756.8	56,121.2	55,221.2	29.2
Other	810,937.1	856,323.8	834,785.0	830,191.1	-3.1
TOTAL USES	909,684.1	959,738.5	951,578.7	946,084.8	-1.4
FTE					
Permanent	1,133.0	1,134.0	1,134.0	1,134.0	0.0
Term	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	1,148.0	1,149.0	1,149.0	1,149.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of parent participants who meet temporary assistance for needy families federal work participation requirements	52%	31.1%	53%	1:2	53%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	60%	39.5%	62%	9:10	63%
Outcome	Percent of expedited supplemental nutrition assistance program cases meeting the federally required measure of timeliness within seven days	98%	99%	98%	96%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	No Report	48.9%	52%	58%	60%
Outcome	Percent of nonexpedited supplemental nutrition assistance program cases meeting the federally required measure of timeliness within thirty days	99%	99.1%	99%	96%	99%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of recipients who become ineligible for cash assistance due to new work-related income as a share of the total number of adult members enrolled in the temporary assistance for needy families program	NEW	NEW	NEW	37%	37%

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 the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	37,073.0	38,623.0	49,896.1	47,896.1	24.0
Federal Revenues	27,238.3	22,507.5	21,975.5	21,975.5	-2.4
SOURCES TOTAL	64,311.3	61,130.5	71,871.6	69,871.6	14.3
USES					
Personal Services and Employee Benefits	2,737.0	3,274.2	4,334.0	4,334.0	32.4
Contractual Services	58,738.4	55,916.7	65,696.0	63,696.0	13.9
Other	2,183.1	1,939.6	1,841.6	1,841.6	-5.1
TOTAL USES	63,658.5	61,130.5	71,871.6	69,871.6	14.3
FTE					
Permanent	37.0	40.0	48.0	48.0	20.0
Term	7.0	5.0	7.0	7.0	40.0
TOTAL FTE POSITIONS	44.0	45.0	55.0	55.0	22.2

PERFORMANCE MEASURES

		<u>C Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Percent of youth on probation served by the behavioral health collaborative and medicaid programs	63.1%	No Report	64%	N/A	64%
Outcome	Percent of adults with mental illness or substance abuse disorders receiving services who report satisfaction with staff's assistance with their housing need	44.6%	47.8%	72%	44%	70%
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days	47%	37.3%	50%	N/A	50%
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	64%	53.5%	70%	N/A	70%
Explanatory	Number of clients enrolled in the health homes program during the year in review	10	12			
* Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty days of the initial visit	18.2%	14.3%	30%	N/A	35%
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs	No Report	2			
Quality	Percent of members reporting satisfaction with behavioral health services	85.9%	85.9%	85%	86%	86%

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	25.6%	33.8%	35%	35%	35%
Explanatory	Number of people served through telehealth in the rural and frontier counties	No Report	5,537			

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of emergency department visits, for medicaid managed-care members thirteen years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days and thirty days of emergency department visit	63.3%	No Report	40%	17%	40%
Output	Percent of certified peer support workers as a share of the total number of certified peer support workers providing services	NEW	NEW	NEW	5%	5%
Explanatory	Members with opioid abuse or dependence who initiated treatment within fourteen days of diagnosis	NEW	NEW			
Outcome	Percent of medicaid members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	NEW	NEW	NEW	51%	51%
Explanatory	Members with opioid abuse or dependence who had two or more additional visits within thirty days	NEW	NEW			
* Outcome	Percent reduction in number of incidents from the first to last day of the school year in classrooms participating in the pax good behavior games, as measured by the spleem instrument	NEW	54.2%	75%	50%	60%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,736.8	7,927.1	8,458.0	8,458.0	6.7
Federal Revenues	19,244.1	20,927.6	21,901.4	21,901.4	4.7
Other Revenues	2,817.7	3,016.4	3,016.4	3,016.4	0.0
SOURCES TOTAL	29,798.6	31,871.1	33,375.8	33,375.8	4.7
USES					
Personal Services and Employee Benefits	18,646.6	20,300.0	20,242.5	20,242.5	-0.3
Contractual Services	6,382.4	6,608.0	7,528.1	7,528.1	13.9
Other	4,457.4	4,963.1	5,605.2	5,605.2	12.9
TOTAL USES	29,486.4	31,871.1	33,375.8	33,375.8	4.7
FTE					
Permanent	378.0	378.0	378.0	378.0	0.0
TOTAL FTE POSITIONS	378.0	378.0	378.0	378.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Amount of child support collected, in millions	\$139.8	\$137.5	\$140.5	\$145	\$145
* Outcome	Percent of current support owed that is collected	57%	57.7%	62%	59%	60%
* Outcome	Percent of cases with support orders	80%	79.5%	85%	83%	85%
Output	Dollars collected in child support obligations for each dollar expended by the child support enforcement program	\$3.66	\$3.55	\$4.00	\$3.50	\$4.25
* Outcome	Percent of noncustodial parents paying support to total cases with support orders	NEW	NEW	NEW	58%	65%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	15,878.6	16,364.0	19,480.9	19,180.9	17.2
Federal Revenues	35,702.8	39,319.2	45,271.4	44,923.6	14.3
Other Revenues	711.4	711.4	711.4	711.4	0.0
SOURCES TOTAL	52,292.8	56,394.6	65,463.7	64,815.9	14.9
USES					
Personal Services and Employee Benefits	15,554.5	19,338.8	20,194.3	19,546.5	1.1
Contractual Services	19,798.0	21,149.9	29,404.8	29,404.8	39.0
Other	16,940.1	15,905.9	15,864.6	15,864.6	-0.3
TOTAL USES	52,292.6	56,394.6	65,463.7	64,815.9	14.9
FTE					
Permanent	263.0	263.0	272.0	265.0	0.8
TOTAL FTE POSITIONS	263.0	263.0	272.0	265.0	0.8

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Percent of intentional violations in the supplemental nutrition assistance program investigated by the office of inspector general completed and referred for an administrative disqualification hearing within ninety days from the date of the assignment	100%	0%			
Output	Percent of timely final decisions on administrative disqualification hearings	100%	100%	100%	100%	100%
Outcome	Administrative cost as a percent of total claims collected by the restitution services bureau	8%	15%	15%	15%	15%
Outcome	Administrative cost to total claims collected by the medicaid program integrity unit	\$10.15	\$10.15	\$7.00	\$8.00	\$10.25

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 1993 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 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)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,116.2	10,113.8	12,116.3	10,269.8	1.5
Other Transfers	4,764.1	8,062.6	5,278.1	6,518.1	-19.2
Federal Revenues	55,982.6	57,463.6	64,489.0	64,489.0	12.2
Other Revenues	25.2	0.0	0.0	0.0	
Fund Balance	992.5	0.0	0.0	0.0	
SOURCES TOTAL	70,880.6	75,640.0	81,883.4	81,276.9	7.5
USES					
Personal Services and Employee Benefits	24,332.4	27,737.0	28,724.5	28,506.4	2.8
Contractual Services	11,105.3	10,659.6	10,232.2	10,009.1	-6.1
Other	34,438.5	37,243.4	42,926.7	42,761.4	14.8
TOTAL USES	69,876.2	75,640.0	81,883.4	81,276.9	7.5
FTE					
Permanent	400.0	409.0	414.5	414.5	1.3
Term	108.0	83.0	84.5	84.5	1.8
TOTAL FTE POSITIONS	508.0	492.0	499.0	499.0	1.4

AT A GLANCE:

Workforce Solutions Department (WSD) requested an FY21 budget of \$81.9 million, 8.3 percent above the FY20 operating budget of \$75.6 million. The request included a general fund increase of 2.5 million or 20 percent. WSD requested an additional \$990 thousand from general fund revenue to fill a gap created by a decrease in federal funding for the Unemployment Insurance Division, \$517 thousand for additional staff positions in the Labor Relations and Human Rights Division and \$495 thousand for a general pay increase for staff in the Employment Services Division. LFC recommends an overall increase of 7.5 percent with a \$156 thousand, or 2 percent increase, in general fund revenues. LFC recommends the continued use of the agency’s fund balances to support operations and programs.

BUDGET ISSUES:

WSD’s request included an 8.3 percent increase in the agency’s total revenues, \$6.2 million above the FY20 operating budget and \$12 million, or 17 percent, above the agency’s FY19 actual expenditures. Over \$3 million of the requested increase is for pass-through funds for the AmeriCorps and WIOA federal programs.

The request included a 20 percent increase in general fund revenues to replace diminishing federal funding for the Unemployment Insurance Division and reduce transfers from the agency’s fund balances, including the employment security department fund (ESD), the public works apprentice training fund (PWAT), and the labor enforcement fund (LEF). Additionally, the agency requested a \$950 thousand transfer from the Workers’ Compensation Administration (WCA). Historically, due to the stability of revenues and large fund balances, WCA has transferred between \$900 thousand and \$1.5 million to WSD for general operations and programming.

LFC recommends an overall increase of 7.5 percent with a \$156 thousand, or 2 percent increase, in general fund revenues. LFC recommends the continued use of the agency’s fund balances to support operations and programs, as well as a \$1 million transfer from WCA, \$50 thousand less than FY20.

Prior to the Great Recession that began in December 2007, New Mexico maintained the second healthiest UI trust fund in the nation. However, as a result of the recession and payouts of unemployment benefits, many state UI funds, including New Mexico’s, were in danger of becoming insolvent. Nationally, states went into debt by \$47 billion to pay unemployment benefits. In March 2008, prior to the height of the recession, New Mexico’s fund balance was \$557 million; during the third quarter of FY15, the New Mexico fund balance dropped to \$64.3 million. Over the past four years, the fund has grown in concert with the state’s economic growth, ending FY19 with \$462 million. Total employer contributions during FY19 were \$126 million and benefit payouts were \$138 million.

In FY19, WSD met a majority of its performance targets but fell short on the accuracy rate of separation claims, timeliness of wage claim investigations, and the percentage of both veteran and other employment service recipients who successfully entered the workforce and retained employment. The agency nearly tripled the number of youth that received services through the Work Force Innovations and Opportunity Act (WIOA) and saw a larger percentage of youth transition to employment or post-secondary education than in any previous year.

Personnel. For FY21, WSD requested seven additional positions, two in the Labor Relations Division (LRD), four in the Workforce Technology Division, and one in Program Support. The agency only requested general fund revenues for the positions in LRD. Over the past several years, LRD has experienced a significant increase in its caseloads and is working to eliminate a backlog in its Human Rights Bureau. The LFC recommendation supports the agency request for additional FTE in LRD and recommends an increase in general fund revenues of \$156 thousands.

Fund Balance. The agency requested nearly \$5.3 million of fund balance revenues. LFC recommends increasing the use of fund balances an additional \$1.1 million above the agency request. WSD reported the continued use of fund balance, specifically the ESD, will cause the funds to be mostly depleted, resulting in the possible need for substantial increases of general fund revenues in the future. However, the agency projects that at end of FY21 the balance in the ESD fund will be nearly \$3 million, and the PWAT and LEF funds are expected to have \$2.4 million and \$1.1 million, respectively. These projections may increase if the agency receives increased penalty payments or does not fully expend appropriated balances.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the unemployment insurance program of the workforce solutions department include one hundred fifty thousand five hundred dollars (\$150,500) from the workers' compensation administration fund of the workers' compensation administration.

The internal service funds/interagency transfers appropriations to the labor relations program of the workforce solutions department include eight hundred forty-nine thousand and five hundred dollars (\$849,500) from the workers' compensation administration fund of the workers' compensation administration.

UNEMPLOYMENT INSURANCE

The purpose of the unemployment insurance 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)						
	FY19	FY20	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)	
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	254.4	1,009.3	1,999.3	1,009.3	0.0	
Other Transfers	1,312.7	2,580.7	300.5	1,290.5	-50.0	
Federal Revenues	6,464.2	5,249.7	6,763.2	6,763.2	28.8	
SOURCES TOTAL	8,031.3	8,839.7	9,063.0	9,063.0	2.5	
USES						
Personal Services and Employee Benefits	6,672.2	7,347.4	7,347.6	7,347.6	0.0	
Contractual Services	347.9	243.9	348.5	348.5	42.9	
Other	995.2	1,248.4	1,366.9	1,366.9	9.5	
TOTAL USES	8,015.3	8,839.7	9,063.0	9,063.0	2.5	
FTE						
Permanent	133.0	132.0	132.0	132.0	0.0	
Term	50.0	32.0	32.0	32.0	0.0	
TOTAL FTE POSITIONS	183.0	164.0	164.0	164.0	0.0	

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>	
*	Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	95%	93%	89%	80%	89%
	Output	Percent of all first payments made within fourteen days after the waiting week	93%	92%	90%	87%	90%
	Output	Percent accuracy rate of claimant separation determinations	95%	70%	91%	75%	91%
*	Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	16	17	18	18	18
*	Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	12	13	15	15	15

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>FY19 2018-2019 Actuals</u>	<u>FY20 2019-2020 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	1,373.2	1,860.4	2,377.9	2,016.4	8.4
	Other Transfers	2,104.9	2,365.7	2,214.1	2,464.1	4.2
	Federal Revenues	871.6	267.9	306.7	306.7	14.5
	Fund Balance	98.0	0.0	0.0	0.0	
	SOURCES TOTAL	4,447.7	4,494.0	4,898.7	4,787.2	6.5
USES						
	Personal Services and Employee Benefits	1,680.0	2,355.4	2,511.2	2,511.2	6.6
	Contractual Services	36.9	5.7	61.7	41.7	631.6
	Other	2,280.8	2,132.9	2,325.8	2,234.3	4.8
	TOTAL USES	3,997.7	4,494.0	4,898.7	4,787.2	6.5
FTE						
	Permanent	31.0	38.0	39.5	39.5	3.9
	Term	1.0	1.0	1.5	1.5	50.0
	TOTAL FTE POSITIONS	32.0	39.0	41.0	41.0	5.1

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>	
	Outcome	Percent of investigated claims issued an administrative determination within ninety days	86%	44%	90%	75%	90%
	Outcome	Number of apprentices registered and in training	1,632	1,651	1,400	1,500	1,500
	Output	Percent of total public projects inspected			NEW	80%	80%
*	Output	Percent of discrimination claims investigated and issues a determination within two-hundred days			NEW	75%	75%
	Outcome	Percent of legacy claims issued an administrative determination			NEW	90%	90%

WORKFORCE TECHNOLOGY

The purpose of the workforce technology program is to provide and maintain customer-focused, effective and innovative information technology services for the department and its service providers.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,838.3	6,046.7	6,046.7	6,046.7	0.0
Other Transfers	765.4	2,593.6	2,237.5	2,237.5	-13.7
Federal Revenues	5,928.3	6,313.7	7,580.5	7,580.5	20.1
Fund Balance	429.5	0.0	0.0	0.0	
SOURCES TOTAL	13,961.5	14,954.0	15,864.7	15,864.7	6.1
USES					
Personal Services and Employee Benefits	3,573.9	3,744.7	4,130.9	4,130.9	10.3
Contractual Services	8,520.3	8,354.9	7,503.4	7,503.4	-10.2
Other	1,867.0	2,854.4	4,230.4	4,230.4	48.2
TOTAL USES	13,961.2	14,954.0	15,864.7	15,864.7	6.1
FTE					
Permanent	39.0	37.0	40.0	40.0	8.1
Term	8.0	7.0	8.0	8.0	14.3
TOTAL FTE POSITIONS	47.0	44.0	48.0	48.0	9.1

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99%	99%	99%	99%	99%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes			20	20	20

EMPLOYMENT SERVICES

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	183.5	671.6	1,166.6	671.6	0.0
Other Transfers	0.0	0.0	0.0	213.9	
Federal Revenues	11,521.0	12,348.8	12,990.7	12,990.7	5.2
SOURCES TOTAL	11,704.5	13,020.4	14,157.3	13,876.2	6.6
USES					
Personal Services and Employee Benefits	6,295.6	7,000.9	7,119.0	7,114.8	1.6
Contractual Services	1,121.3	1,192.4	1,409.3	1,206.2	1.2
Other	4,203.9	4,827.1	5,629.0	5,555.2	15.1
TOTAL USES	11,620.8	13,020.4	14,157.3	13,876.2	6.6
FTE					
Permanent	109.0	108.0	108.0	108.0	0.0
Term	40.0	37.0	37.0	37.0	0.0
TOTAL FTE POSITIONS	149.0	145.0	145.0	145.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of recently separated veterans entering employment	50%	51%	50%	50%	50%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a connections office	41%	45%	40%	50%	50%
Output	Number of individuals receiving employment services in a workforce connections office	42,351	113,347	100,000	100,000	100,000
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	54%	56%	55%	40%	55%
Outcome	Percent of unemployed individuals who have received employment services in a connections office retaining employment services after six months	79%	79%	78%	55%	79%
* Outcome	Average six-month earnings of individuals entering employment after receiving connections office employment services	\$13,610	\$13,740	\$13,600	\$13,700	\$13,700
Outcome	Percent of recently separated veterans retaining employment after six months	71%	75%	71%	50%	71%
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$16,329	\$16,886	\$16,500	\$17,000	\$17,000
* Output	Percent of audited apprenticeship programs deemed compliant			NEW	20%	50%
Output	Number of individuals accessing the agency's online job seeker portal			NEW	125,000	125,000
Outcome	Number of apprentices registered and in training	1,632	1,651	1,400	1,500	1,500
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a connections office			NEW	\$1,000	\$1,000

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	466.8	525.8	525.8	525.8	0.0
Other Transfers	581.1	522.6	526.0	312.1	-40.3
Federal Revenues	31,197.5	33,283.5	36,847.9	36,847.9	10.7
Other Revenues	25.2	0.0	0.0	0.0	
Fund Balance	465.0	0.0	0.0	0.0	
SOURCES TOTAL	32,735.6	34,331.9	37,899.7	37,685.8	9.8
USES					
Personal Services and Employee Benefits	6,110.7	7,288.6	7,615.8	7,401.9	1.6
Contractual Services	1,078.9	862.7	909.3	909.3	5.4
Other	25,091.6	26,180.6	29,374.6	29,374.6	12.2
TOTAL USES	32,281.2	34,331.9	37,899.7	37,685.8	9.8
FTE					
Permanent	88.0	94.0	95.0	95.0	1.1
Term	9.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	97.0	100.0	101.0	101.0	1.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of annual independent state audit prior-year findings resolved	100%	100%	85%	85%	85%
Output	Number of youth receiving services and registered in the online career solutions tool			NEW	3,000	3,000
Outcome	Percent of youth employed in the state			NEW	59%	59%

STATUTORY AUTHORITY:

The Workers' Compensation Administration (WCA) administers the Worker's Compensation Act (Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978), Occupational Disease Disablement Act (Sections 52-3-1 through 52-3-60 NMSA 1978), and Health Care Provider Act (52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

MISSION:

The mission of the Workers' Compensation Administration (WCA) is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers.

WCA provides services at its state headquarters in Albuquerque and its regional offices in Farmington, Las Cruces, Las Vegas, Lovington, Santa Fe, and Roswell.

BUDGET SUMMARY (dollars in thousands)						
			<u>FY21 – 2020-2021</u>			
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)	
SOURCES						
Other Revenues	13,832.0	12,437.8	12,279.4	12,649.5	1.7	
SOURCES TOTAL	13,832.0	12,437.8	12,279.4	12,649.5	1.7	
USES						
Personal Services and Employee Benefits	8,334.4	9,023.1	9,207.7	9,207.7	2.0	
Contractual Services	290.3	479.5	481.6	481.6	0.4	
Other	1,618.9	1,885.2	2,590.1	1,960.2	4.0	
Other Financing Uses	1,250.0	1,050.0	0.0	1,000.0	-4.8	
TOTAL USES	11,493.6	12,437.8	12,279.4	12,649.5	1.7	
FTE						
Permanent	122.0	122.0	123.0	122.0	0.0	
TOTAL FTE POSITIONS	122.0	122.0	123.0	122.0	0.0	

AT A GLANCE:

The agency's FY21 request included a base budget increase of 8.5 percent. The request included an increase to raise current employee pay rates to midpoint and \$650 thousand for repairs and improvements to building infrastructure. Importantly, the request did not include a transfer of funds to the Workforce Solutions Department (WSD). In the past, funds have been transferred to WSD to support employment and workforce development programming. LFC recommends continuing the transfer to WSD at \$1 million and increasing the FY21 operating budget by 1.7 percent.

WCA met a majority of targeted performance outcomes in FY19. Over 96 percent of formal workers' compensation claims were resolved without a trial and 83 percent of formal complaints and applications were resolved within six months of filing. Investigations found that 98 percent of employers were in compliance with the Worker's Compensation Act.

BUDGET ISSUES:

The Worker's Compensation Administration's (WCA) source of funding is the workers' compensation fund. Employers pay a workers' compensation assessment fee of \$4.30 per quarter per employee; this consists of a \$2.30 employer contribution matched with a \$2 employee payroll deduction. Thirty cents of the assessment is earmarked for the uninsured employer's fund (UEF) and is used to pay claims filed against employers noncompliant with the workers' compensation insurance law. The base assessment for workers' compensation has not increased since it was first established in 1993. The Taxation and Revenue Department collects the fees.

Fund revenue fluctuates with the rate of employment. Over the last three years, as the economy has moved toward full employment, the agency's revenue has grown from \$12.7 million in FY17 to \$13.8 million in FY19. Additionally, the agency's FY21 projected fund balance is \$2.2 million and the UEF projected balance is \$4.8 million.

The agency's FY21 request included an overall increase in the personal services and employee benefits category of \$184.6 thousand, or 2 percent. However, the agency realized \$214.1 thousand in General Services Department risk premium savings, making the actual increase in funds closer to 4 percent. The request also included an increase of \$624 thousand for improvements

to the WCA building, including energy efficiency upgrades, new stucco and remodeling to comply with Americans with Disabilities Act standards.

The LFC recommendation allows sufficient funding to target salary increases and reduce vacancy rates.

The LFC recommendation does not support the agencies request for \$650 thousand in building and infrastructure improvements. LFC recommends this request be made through the capital appropriations process because these are nonrecurring, capital expenditures.

LFC recommends increasing the agency's projected revenues. In FY19, the agency received \$13.8 million compared with WCA's FY21 projection of \$12.4 million. Given the stable revenue projections, the LFC recommendation continues the \$1 million transfer to WSD for FY21 and increases the agency's revenue projection to \$12.6 million.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the workers' compensation administration program of the workers' compensation administration in the other financing uses category includes \$150.5 thousand from the workers' compensation administration fund for the unemployment insurance program of the workforce solutions department and \$849.5 thousand from the workers' compensation administration fund for the labor relations program of the workforce solutions department.

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to assure the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

		BUDGET SUMMARY (dollars in thousands)				
				<u>FY21 - 2020-2021</u>		
		FY19 2018-2019	FY20 2019-2020	Agency Request	LFC Recommendation	Percent Incr (Decr)
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Other Revenues	12,819.9	11,527.9	11,359.1	11,729.2	1.7
	SOURCES TOTAL	12,819.9	11,527.9	11,359.1	11,729.2	1.7
USES						
	Personal Services and Employee Benefits	8,019.8	8,678.0	8,853.4	8,853.4	2.0
	Contractual Services	281.7	375.8	376.1	376.1	0.1
	Other	1,413.0	1,424.1	2,129.6	1,499.7	5.3
	Other Financing Uses	1,250.0	1,050.0	0.0	1,000.0	-4.8
	TOTAL USES	10,964.5	11,527.9	11,359.1	11,729.2	1.7
FTE						
	Permanent	118.0	118.0	119.0	118.0	0.0
	TOTAL FTE POSITIONS	118.0	118.0	119.0	118.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
	Outcome	Percent of formal claims resolved without trial	95%	96%	≥95%	≥95%
*	Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	0.5	0.5	≤0.6	≤0.6
*	Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	97%	98%	≥95%	≥95%
	Outcome	Percent of employers in the risk reduction program that pass the follow up inspections	80%	100%	≥95%	≥95%
	Outcome	Percent of formal complaints and applications resolved within six months of filing	80%	83%	≥75%	≥80%

UNINSURED EMPLOYERS FUND

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	1,012.1	909.9	920.3	920.3	1.1
SOURCES TOTAL	1,012.1	909.9	920.3	920.3	1.1
USES					
Personal Services and Employee Benefits	314.6	345.1	354.3	354.3	2.7
Contractual Services	8.6	103.7	105.5	105.5	1.7
Other	205.9	461.1	460.5	460.5	-0.1
TOTAL USES	529.1	909.9	920.3	920.3	1.1
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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Percent of reimbursements collected as a share of claims expense paid out, on a fiscal year basis	25.6%	63.6%	≥30%	≥30%	≥60%

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)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,647.6	6,148.6	10,148.6	6,424.6	4.5
Other Transfers	183.4	198.2	198.6	198.6	0.2
Federal Revenues	33,503.7	41,170.3	42,918.8	42,918.8	4.2
Other Revenues	298.8	0.0	0.0	0.0	
Fund Balance	415.2	0.0	0.0	0.0	
SOURCES TOTAL	40,048.7	47,517.1	53,266.0	49,542.0	4.3
USES					
Personal Services and Employee Benefits	15,828.5	20,972.6	21,345.2	21,345.2	1.8
Contractual Services	6,221.5	7,233.2	8,607.2	8,607.2	19.0
Other	17,762.0	19,042.3	23,050.1	19,326.1	1.5
Other Financing Uses	236.7	269.0	263.5	263.5	-2.0
TOTAL USES	40,048.7	47,517.1	53,266.0	49,542.0	4.3
FTE					
Permanent	217.0	176.0	114.0	114.0	-35.2
Term	103.0	145.0	207.0	207.0	42.8
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	322.0	321.0	321.0	321.0	0.0

AT A GLANCE:

The Division of Vocational Rehabilitation (DVR) requested a \$4 million increase over FY20 from the general fund, an increase of 65 percent. The agency requested \$3.3 million in the Rehabilitation Services Program to eliminate a federal order of service prioritization in effect since 2011 and to serve the 1,374 people on the waiting list. DVR requested \$700 thousand in the Independent Living Program to replace federal funds known as the “social security ticket to work cost reimbursement.” The agency requested to continue converting vacant positions from permanent to term status.

The FY21 LFC general fund recommendation is \$276 thousand, or 4.5 percent, over the FY20 operating budget. The recommendation provides sufficient general fund revenue for the agency’s “maintenance of effort” necessary to match certain federal funds and to draw down federal funds for Pre-Employment Training Services (Pre-ETS) for high school students with disabilities. The recommendation includes up to \$1 million for additional vocational rehabilitation services for individuals on the waiting list. The LFC recommendation includes revenue transfers from the Commission for Deaf and Hard-of-Hearing Persons and Commission for the Blind to leverage federal funds and provide services to their constituents.

BUDGET ISSUES:

The Division of Vocational Rehabilitation provided rehabilitative services to 9,558 New Mexicans in FY19, approximately 1,000 fewer than were served in the previous year. The agency is primarily funded through leveraged federal revenues, with a 10 percent state match for supported employment and independent living grants and a 21.3 percent state match for the rehabilitation services grant.

For FY21, the agency requested \$53.3 million overall, an increase of \$1.7 million in federal funds and an increase of \$4 million from the general fund over the FY20 operating budget. The transfer of funds from the Commission for Deaf and Hard-of-Hearing Persons was \$91.5 thousand, and the transfer from the Commission for the Blind was \$100 thousand. The LFC recommendation continues

these transfers to leverage federal revenues to provide vocational rehabilitation services to visually impaired and deaf and hard-of-hearing people.

The general fund recommendation of \$6.4 million represents a 4.5 percent increase over the FY20 operating budget and an increase of 14 percent over FY19 actual expenditures. The recommendation fully funds the division's request in the personal services and employee benefits, contractual services, and other financing uses categories. Similar to previous years, the agency struggles to fill vacancies, with 66 funded but vacant FTE as of October 2019. The agency reports near 30 FTE remain vacant in the Disability Determination Program because of salary levels, job complexity, and performance demands. The committee supports the requested funding levels in the personal services and employee benefits category with the goal that additional federally funded staff will be hired and increase the number of clients served.

Program Funding. The LFC budget recommendation of \$27 million for the Rehabilitation Services Program is almost flat with FY20. The general fund recommendation of \$5.7 million represents a 4.5 percent increase over the operating budget. This general fund revenue along with the \$91.5 thousand transfer from the Commission for Deaf and Hard-of-Hearing Persons and \$100 thousand from the Commission for the Blind qualify as state matching funds to leverage federal funds and to meet maintenance of effort requirements.

The Independent Living Services Program contracts with providers throughout the state to provide community-based independent living services and supports to people with disabilities. The committee recommends \$676 thousand in general fund support, an increase of 4 percent. The committee recommendation includes the agency request to reduce federal funds for this program by 56 percent, or \$506 thousand. The Independent Living Services Program's federal "social security ticket to work cost reimbursement" revenue is declining because DVR remains under the federal order of selection service prioritization. DVR will remain under the order because of the restriction in federal funds that occurred when the Workforce Innovation and Opportunity Act (WIOA) imposed requirements that these federal funds could only be used for Pre-Employment Training Services (Pre-ETS).

Federal law states that if there are not sufficient resources to provide services to all people with disabilities, DVR must implement an order of selection procedure to ensure individuals with the most significant disabilities are served first. DVR has three priority categories with the first category including those individuals with the most significant disabilities. In August 2018, DVR closed priority categories two and three, with individuals in these categories placed on delayed status – a waiting list. The agency is currently serving priority category one, and 1,374 clients are on the waiting list.

The Disability Determination Program is entirely federally funded through the Social Security Administration. The program adjudicates eligibility for supplemental security income (SSI) and social security disability insurance (SSDI) for applicants in New Mexico. Currently, over 132 thousand, or 6.3 percent, of New Mexicans are receiving \$1.26 billion in annual disability benefits. The LFC recommendation supports the requested \$16.5 million in federal funds, a 20 percent increase over FY20.

Agency vacancies continue to be a significant concern because enrollment determinations directly affect timely provision of benefits to eligible New Mexicans. Because the revenue source is federal, personnel funding is nearly \$370 thousand above FY20 operating levels; however, it is unlikely the agency will be able to fill all the FTE to meet the requested appropriations. LFC supports the agency's request to continue converting vacant federally funded positions from permanent to term status.

RECOMMENDED LANGUAGE:

The general fund appropriations to the rehabilitation services program of the division of vocational rehabilitation includes two hundred fifty thousand dollars (\$250,000) excluded from state match for federal funds and to provide adult vocational rehabilitation services.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes one hundred thousand dollars (\$100,000) from the commission for the blind to match with federal funds to provide rehabilitation services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes ninety-one thousand five hundred dollars (\$91,500) to match with federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

The federal funds appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other financing uses category includes two hundred thousand dollars (\$200,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

The internal service funds/interagency transfers appropriation to the independent living program of the division of vocational rehabilitation in the other category includes seven thousand one hundred dollars (\$7,100) from the commission for the blind to match with federal funds to provide independent living services to blind or visually impaired New Mexicans.

The federal funds appropriation to the independent living program of the division of vocational rehabilitation in the other financing uses category includes sixty-three thousand five hundred dollars (\$63,500) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

Any unexpended balances in the division of vocational rehabilitation remaining at the end of fiscal year 2021 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2022.

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 they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 Actuals	2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,998.6	5,498.6	8,798.6	5,748.6	4.5
Other Transfers	182.4	191.5	191.5	191.5	0.0
Federal Revenues	17,008.4	21,539.5	21,088.5	21,088.5	-2.1
Other Revenues	298.8	0.0	0.0	0.0	
Fund Balance	355.5	0.0	0.0	0.0	
SOURCES TOTAL	22,843.7	27,229.6	30,078.6	27,028.6	-0.7
USES					
Personal Services and Employee Benefits	8,052.0	10,821.1	10,268.7	10,268.7	-5.1
Contractual Services	3,765.4	4,195.5	4,195.5	4,195.5	0.0
Other	10,844.5	12,013.0	15,414.4	12,364.4	2.9
Other Financing Uses	181.8	200.0	200.0	200.0	0.0
TOTAL USES	22,843.7	27,229.6	30,078.6	27,028.6	-0.7
FTE					
Permanent	115.0	105.0	68.0	68.0	-35.2
Term	51.0	61.0	97.0	97.0	59.0
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	168.0	166.0	165.0	165.0	-0.6

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	949	789	1,000	800	830
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	41%	42%	45%	45%	45%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	99%	100%	99%	99%	99%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	99%	97%	98%	98%	98%

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)					
	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	649.0	650.0	1,350.0	676.0	4.0
Other Transfers	1.0	6.7	7.1	7.1	6.0
Federal Revenues	802.2	898.6	392.7	392.7	-56.3
Fund Balance	59.7	0.0	0.0	0.0	
SOURCES TOTAL	1,511.9	1,555.3	1,749.8	1,075.8	-30.8
USES					
Contractual Services	0.3	51.5	51.5	51.5	0.0
Other	1,456.7	1,434.8	1,634.8	960.8	-33.0
Other Financing Uses	54.9	69.0	63.5	63.5	-8.0
TOTAL USES	1,511.9	1,555.3	1,749.8	1,075.8	-30.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Number of independent living plans developed	584	666	600	650	650
* Output	Number of individuals served for independent living	996	700	630	660	700

DISABILITY DETERMINATION PROGRAM

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

BUDGET SUMMARY (dollars in thousands)					
	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Federal Revenues	11,298.3	13,794.6	16,500.0	16,500.0	19.6
SOURCES TOTAL	11,298.3	13,794.6	16,500.0	16,500.0	19.6
USES					
Personal Services and Employee Benefits	4,776.3	6,693.3	7,618.3	7,618.3	13.8
Contractual Services	2,054.6	2,610.3	3,902.3	3,902.3	49.5
Other	4,467.4	4,491.0	4,979.4	4,979.4	10.9
TOTAL USES	11,298.3	13,794.6	16,500.0	16,500.0	19.6
FTE					
Permanent	72.0	44.0	31.0	31.0	-29.5
Term	38.0	66.0	79.0	79.0	19.7
TOTAL FTE POSITIONS	110.0	110.0	110.0	110.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Efficiency	Average number of days for completing an initial disability claim	109.2	117.8	100	100	100
Quality	Percent of initial disability determinations completed accurately	94.9%	100%	97%	97%	98%

ADMINISTRATIVE SERVICES

The purpose of the administration services program is to provide leadership, policy development, financial analysis, budgetary control, information technology services, administrative support and legal services to the division of vocational rehabilitation. The administration services program function is to ensure the division of vocational rehabilitation achieves a high level of accountability and excellence in services provided to the people of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	4,394.8	4,937.6	4,937.6	4,937.6	0.0
SOURCES TOTAL	4,394.8	4,937.6	4,937.6	4,937.6	0.0
USES					
Personal Services and Employee Benefits	3,000.2	3,458.2	3,458.2	3,458.2	0.0
Contractual Services	401.2	375.9	457.9	457.9	21.8
Other	993.4	1,103.5	1,021.5	1,021.5	-7.4
TOTAL USES	4,394.8	4,937.6	4,937.6	4,937.6	0.0
FTE					
Permanent	30.0	27.0	15.0	15.0	-44.4
Term	14.0	18.0	31.0	31.0	72.2
TOTAL FTE POSITIONS	44.0	45.0	46.0	46.0	2.2

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	7	3	7	7	4
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1	1	1	1	1

STATUTORY AUTHORITY:

Sections 28-10-1 through 28-10-8 NMSA 1978 created the Governor's Commission on Disability. The commission has 15 members, with nine appointed by the governor. Six members are representatives of other state agencies: the secretaries of the Human Services, Workforce Solutions, Children, Youth and Families, and Aging and Long-Term Services departments and the directors of the Division of Vocational Rehabilitation of the Public Education Department and the Behavioral Health Services Division of the Human Services Department.

MISSION:

The mission of the Governor's Commission on Disability is to increase the quality of life of all New Mexicans with disabilities and remove barriers to their full participation in their communities.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021			
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	1,180.8	1,389.6	1,429.6	1,420.6	2.2	
Federal Revenues	442.2	475.4	526.1	526.1	10.7	
Fund Balance	90.7	100.0	100.0	100.0	0.0	
SOURCES TOTAL	1,713.7	1,965.0	2,055.7	2,046.7	4.2	
USES						
Personal Services and Employee Benefits	1,020.8	1,075.6	1,109.7	1,108.6	3.1	
Contractual Services	181.6	202.2	202.2	201.1	-0.5	
Other	510.0	687.2	743.8	737.0	7.2	
TOTAL USES	1,712.4	1,965.0	2,055.7	2,046.7	4.2	
FTE						
Permanent	10.0	10.0	10.0	10.0	0.0	
Term	4.0	4.0	5.0	5.0	25.0	
TOTAL FTE POSITIONS	14.0	14.0	15.0	15.0	7.1	

AT A GLANCE:

The Governor's Commission on Disability's (GCD) request for general fund revenue was \$1.4 million, a 2.9 percent increase over the FY20 operating budget. The commission requested \$50.7 thousand less federal revenue but maintained the use of \$100 thousand in fund balances. The agency anticipates its fund balance will be depleted in FY21 and requested general fund revenue to replace some of the fund balance annually appropriated for the past three years. The request also included additional funding for a service coordinator position, and to purchase assistive technology equipment and devices for clients, home modifications for people with disabilities, and quality of life independent living services.

The committee recommends a 2.2 percent increase in general fund revenue to fund the additional FTE and equipment and services for people with disabilities and includes the agency's requested use of \$100 thousand in fund balances to support agency operations. The recommendation supports the agency's request for personnel costs and contractual funding for the children's helmet safety program but reduces contractual and other spending to more closely align with FY19 actual expenditures and to comply with the schedules for risk rates published by the Department of Finance and Administration.

The commission conducts architectural plan reviews to improve accessibility for people with disabilities, and its Residential Accessibility Modifications Program (RAMP) has tripled in size over the past few years. The commission had no audit findings for FY18 and met most of its performance targets except the percent of requested architectural plan reviews and site inspections completed, which ended the year at 98.2 percent, and the percent of individuals receiving education and training on brain injury issues, which ended the year at 92 percent.

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 general public on the issues facing New Mexicans with disabilities, especially as they relate to federal Americans with Disabilities Act directives, building codes, disability technologies and disability culture so they can improve the quality of life of New Mexicans with disabilities.

BUDGET SUMMARY (dollars in thousands)						
FY21 - 2020-2021						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>	
SOURCES						
General Fund Transfers	984.4	1,187.3	1,227.3	1,218.3	2.6	
Federal Revenues	442.2	475.4	526.1	526.1	10.7	
Fund Balance	90.7	100.0	100.0	100.0	0.0	
SOURCES TOTAL	1,517.3	1,762.7	1,853.4	1,844.4	4.6	
USES						
Personal Services and Employee Benefits	950.3	1,002.8	1,036.5	1,035.4	3.3	
Contractual Services	130.6	152.0	152.0	150.9	-0.7	
Other	436.4	607.9	664.9	658.1	8.3	
TOTAL USES	1,517.3	1,762.7	1,853.4	1,844.4	4.6	
FTE						
Permanent	9.0	9.0	9.0	9.0	0.0	
Term	4.0	4.0	5.0	5.0	25.0	
TOTAL FTE POSITIONS	13.0	13.0	14.0	14.0	7.7	

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of requested architectural plan reviews and site inspections completed	100%	98.2%	99%	98%	99%
Output	Number of technology assistance program devices loaned statewide	659	580	600	580	600
Output	Number of technology assistance program outreach presentations, trainings and events	202	354	150	150	200
Outcome	Percent of constituent inquiries addressed	99.5%	99.4%	99%	99%	99%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the human services department's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY (dollars in thousands)						
FY21 - 2020-2021						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>	
SOURCES						
General Fund Transfers	196.4	202.3	202.3	202.3	0.0	
SOURCES TOTAL	196.4	202.3	202.3	202.3	0.0	
USES						
Personal Services and Employee Benefits	70.5	72.8	73.2	73.2	0.5	
Contractual Services	51.0	50.2	50.2	50.2	0.0	
Other	73.6	79.3	78.9	78.9	-0.5	

BUDGET SUMMARY
(dollars in thousands)

		<u>FY21 - 2020-2021</u>				Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>		
FTE	TOTAL USES	195.1	202.3	202.3	202.3	0.0
	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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	96%	92%	96%	95%	96%
Output	Number of individuals who received technical assistance regarding brain injury	3,406	3,560	3,300	3,300	3,500

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 (Sections 28-16A NMSA 1978). The council is composed of no fewer than 18 members, and at least 60 percent of the members must be people with developmental disabilities or their parents, immediate relatives, or legal guardians. The council includes the Office of Guardianship, 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 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, 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, be productive, and be integrated and included in all facets of community life.

BUDGET SUMMARY (dollars in thousands)					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	5,133.0	5,170.4	6,276.8	5,299.7	2.5
Other Transfers	587.9	625.0	625.0	625.0	0.0
Federal Revenues	503.4	497.0	497.0	497.0	0.0
Other Revenues	15.3	0.0	0.0	0.0	
Fund Balance	270.4	406.2	500.0	646.5	59.2
SOURCES TOTAL	6,510.0	6,698.6	7,898.8	7,068.2	5.5
USES					
Personal Services and Employee Benefits	1,115.5	1,385.4	2,013.2	1,587.2	14.6
Contractual Services	4,721.0	4,811.4	5,154.7	4,936.0	2.6
Other	491.5	501.8	730.9	545.0	8.6
TOTAL USES	6,328.0	6,698.6	7,898.8	7,068.2	5.5
FTE					
Permanent	15.0	15.0	24.0	16.0	6.7
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	18.0	18.0	27.0	19.0	5.6

AT A GLANCE:

The council’s FY21 request from the general fund was \$6.3 million, or 21.4 percent over the FY20 operating budget. The council’s request also increased revenue from Office of Guardianship (OOG) fund balances by \$93.8 thousand, a 23 percent increase. The council request for OOG included 4 additional FTE; a legal director, financial coordinator, social worker, and intake coordinator. OOG also requested an increase to guardianship contracts of \$190 thousand. The request for the Developmental Disabilities Planning Council (DDPC) Program included \$462.9 thousand from the general fund, or 36 percent over the FY20 operating budget. DDPC requested an increase in general fund revenue for board advocacy activities, travel, training, compensation increases, and 2 additional FTE for outreach coordination and administrative management. The program also requested an increase in contractual services of \$106 thousand for additional outreach, advocacy, and support to the developmental disabilities community.

Given the sizable \$2.3 million in OOG fund balances in the current fiscal year, the LFC recommendation supports the council’s request to increase the use of fund balance revenue and increases the use of fund balance to \$640 thousand in FY21. The LFC recommendation supports the council’s request for 1 legal director FTE. However, the recommendation does not include funding for 6 other FTE requested by the council.

BUDGET ISSUES:

Following the U.S. Marshal Service 2017 raid and subsequent closure of Ayudando Guardians, an OOG contractor, the Office of the State Auditor (OSA) issued an emergency risk advisory against DDPC. OSA’s report revealed widespread failure of OOG to oversee contract guardians, including Ayudando Guardians. The advisory stated OOG had few systems in place or resources to conduct contract oversight duties and only two of 21 guardianship contracts were monitored throughout FY17.

However, in August 2018, OOG entered into 41 new contracts totaling \$4.2 million for FY19. In FY19, OOG also executed a contract with Veritas Athena to conduct guardianship contract oversight. For that contract, Veritas Athena conducted 16 comprehensive service reviews (CSR) of professional guardianship contractors. The CSRs included reviews of contractor policies and procedures, client files, client interviews, training and technical assistance. OOG also performed 200 onsite protected people welfare visits.

Following the Ayudando scandal, the Legislature appropriated \$1 million from OOG's fund balances to the Administrative Office of the Courts, and the state enacted several key guardianship reforms related to transparency and oversight. State law imposes new requirements on guardians and conservators requiring additional information about a protected person to be submitted in initial and annual reports to the courts. In addition, statutory changes in 2018 imposed new bonding requirements on conservators to help safeguard the assets of a protected person. The law also requires guardians and conservators to keep the protected person's financial records for seven years and to comply with the requirements of any audit of the protected person's account, inventory, report, or property. The reforms also opened court hearings in guardianship and conservatorship proceedings that were previously closed and increased access to court records for family members and others entitled to notice of guardianship proceedings. In 2019, the Legislature adopted legislation adding specific rights of the alleged incapacitated person, requiring a professional guardian and conservator be certified and in good standing, increasing fines for overdue interim or annual reports to \$25 a day, and creating a new grievance process to file a complaint about a court-appointed guardian or conservator. In addition, the Administrative Office of the Courts executed a memorandum of understanding with the Office of the State Auditor to perform a special audit of guardianship, expected to be released by the end of 2019.

Corporate guardianship services has a six-month wait list and the wait list negatively affects other government services. For example, a recent LFC *Health Notes* found that increased lengths of stay are driving up costs at the Adult Psychiatric Division of the Behavioral Health Institute in Las Vegas. Many clients of the division can be difficult to place and may end up spending months or even years in the extended care units at the division, because clients sometimes are waiting for the appointment of a guardian by the Office of Guardianship.

The LFC recommendation increases funding 5.5 percent from all sources and adds 1 FTE for a legal director in OOG. The legal director will focus on oversight of OOG's services and contractors. The recommendation also includes increases for operating expenses, such required rates, and fully funds currently filled FTE.

BASE EXPANSION:

The LFC recommendation did not support the council's request for expansions but instead focused on supports for core department functions to improve OOG oversight capacity.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Administrative Svc Coordinator-Supervisor (P727)	67.6	0.0
1	Social Worker Supervisor (P737)	82.0	0.0
2	Financial Coordinator -A (P737)	88.1	0.0
TOTAL		237.7	0.0

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities for people with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	690.4	716.3	1,179.2	813.9	13.6
Other Transfers	37.9	75.0	75.0	75.0	0.0
Federal Revenues	503.4	497.0	497.0	497.0	0.0
Other Revenues	6.7	0.0	0.0	0.0	
SOURCES TOTAL	1,238.4	1,288.3	1,751.2	1,385.9	7.6

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
USES					
Personal Services and Employee Benefits	384.8	606.6	799.3	684.3	12.8
Contractual Services	329.9	305.6	414.1	309.1	1.1
Other	373.0	376.1	537.8	392.5	4.4
TOTAL USES	1,087.7	1,288.3	1,751.2	1,385.9	7.6
FTE					
Permanent	7.0	7.0	9.0	7.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	10.0	8.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	3,050	9,266	3,100	3,100	4,000
Output	Number of outreach and training activities conducted statewide focused on accessing community supports	193	386	200	200	250
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	9,891	7,876	9,900	9,900	9,900
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	86	268	90	90	150
Outcome	Percent of developmental disabilities planning council funded projects that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	100%	88%	100%	100%	100%
Output	Number of presentations and training and technical assistance activities provided statewide that promote individualized and inclusive educational opportunities within the school system for students with developmental disabilities	167	503	170	170	250

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship is to enter into, monitor and enforce guardianship contracts for income-eligible people and to help file, investigate and resolve complaints about guardianship services provided by contractors to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
	<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	4,442.6	4,454.1	5,097.6	4,485.8	0.7
Other Transfers	550.0	550.0	550.0	550.0	0.0
Other Revenues	8.6	0.0	0.0	0.0	
Fund Balance	270.4	406.2	500.0	646.5	59.2
SOURCES TOTAL	5,271.6	5,410.3	6,147.6	5,682.3	5.0
USES					
Personal Services and Employee Benefits	730.7	778.8	1,213.9	902.9	15.9
Contractual Services	4,391.1	4,505.8	4,740.6	4,626.9	2.7
Other	118.5	125.7	193.1	152.5	21.3
TOTAL USES	5,240.3	5,410.3	6,147.6	5,682.3	5.0
FTE					
Permanent	8.0	8.0	15.0	9.0	12.5
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	17.0	11.0	10.0

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of comprehensive service reviews conducted	NEW	NEW	20	20	20
* Outcome	Average amount of time spent on wait list	NEW	NEW	6 months	6 months	6 months
Output	Number of corporate guardianship contractor complaints received by the contractor	NEW	NEW	10	10	10
* Outcome	Number of guardianship investigations completed	1	0	20	20	20

STATUTORY AUTHORITY:

The Miners' Hospital of New Mexico, created by the state constitution and guided by Sections 23-3-1 through 23-3-3 NMSA 1978, is statutorily required to provide free or reduced-cost treatment and care of resident miners. The hospital is a beneficiary of the land grant permanent fund. Miners who have the ability to pay for their care are billed for services. The facility operates a rural health clinic, a 37-bed long-term care facility, and a 25-bed critical access hospital that also provides healthcare to nonminers. An outreach program exclusively for miners uses a mobile van equipped to do chest x-rays, pulmonary function tests, and audiology tests. Revenues from Medicare, Medicaid, third-party payers, and private patient payments also support the hospital. The hospital does not receive general fund appropriations and all revenues are nonreverting.

MISSION:

The mission of the Miners' Hospital of New Mexico, an agency of the state of New Mexico, is to be the leader in healthcare, providing quality acute care, long-term care, and related services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	7,042.9	6,500.0	7,350.0	6,600.0	1.5
Federal Revenues	9,295.2	10,615.7	9,520.0	9,520.0	-10.3
Other Revenues	17,058.8	14,771.2	18,430.0	18,430.0	24.8
SOURCES TOTAL	33,396.9	31,886.9	35,300.0	34,550.0	8.4
USES					
Personal Services and Employee Benefits	18,322.8	19,489.9	19,965.5	19,665.5	0.9
Contractual Services	7,620.5	5,253.5	7,950.0	7,604.9	44.8
Other	7,084.1	7,143.5	7,384.5	7,279.6	1.9
TOTAL USES	33,027.4	31,886.9	35,300.0	34,550.0	8.4
FTE					
Permanent	207.5	235.0	235.0	235.0	0.0
Term	16.5	20.0	20.0	20.0	0.0
Temporary	36.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	260.0	258.0	258.0	258.0	0.0

AT A GLANCE:

The Miners' Hospital of New Mexico requested an increase of \$3.4 million, or 10.7 percent, in additional funding over the FY20 operating budget to support the rising costs of medical supplies, pharmaceuticals, and services. Given the variability in patient revenue collected in the past few years and projections for the land maintenance and land grant permanent fund distributions to beneficiaries, LFC recommends an 8.4 percent increase for staffing and medications.

BUDGET ISSUES:

In the 25-bed critical access acute care facility, the hospital's services are similar to other rural and county hospitals where people from all over northern New Mexico, not just miners, are served. This portion of the hospital is state-owned and receives patient revenues from third-party insurance payers, Medicare, and Medicaid. The hospital requested a \$1.1 million decrease in federal Medicare revenue and an increase of over \$2 million in other revenues from individual patients compared with the FY20 operating budget. The projections and receivables for these revenues vary widely annually. The hospital requested an increase of \$2.7 million, or 51 percent, for contractual spending, primarily for contract nursing services. Concurrently, the hospital requested a 2.4 percent increase for personnel. The request for the personal services and employee benefits category includes full implementation of the healthcare workforce reclassification study approved by the State Personnel Office in FY20.

The LFC recommendation supports the agency's request for the personal services and employee benefits category to attract and retain the workforce necessary to sustain the Miners' Hospital of New Mexico. The hospital reports its most significant challenge continues to be recruiting and retaining licensed clinical staff. Rural areas face greater recruitment challenges compared with private medical facilities in urban areas, and private physician offices are declining in rural areas.

As healthcare reform changes are implemented by Medicare and Medicaid, the facility reports it is being proactive and working to implement value-based purchasing models that will reward quality and value over quantity for care delivered to its patients.

Miners' Trust Fund. The Ferguson Act of 1898 and the Enabling Act for New Mexico of 1910 set aside 50 thousand acres of trust land, income from which supports the miners' hospital. Royalty revenue is deposited in a land grant permanent fund for the hospital. The principal in the fund was over \$142 million at the end of FY19. Annually, a portion of the fund is deposited into the miners' trust income fund, which grew to about \$21 million at the end of FY19. The hospital had another operating account with a liability of about \$14 million, resulting in a net balance of approximately \$7 million. The hospital is appropriated about \$6 million annually from the income fund. The LFC recommendation funds \$6.6 million from the income fund. The hospital traditionally limits the use of the fund to operating the hospital for miners, but growth in the fund – the result of a limited patient base and the difficulty in recruiting and retaining staff – suggests the fund could be more fully leveraged to provide health services for the people of the region.

Performance. The hospital had no findings in its 2018 audit and resolved the 10 findings from the prior year. However, in the 2017 audit, the hospital not only had the 10 findings, a majority of the 12 prior-year findings remained unresolved. The findings were related to financial reporting and internal financial controls, lack of controls over the patient revenue cycle, failure to adhere to monthly closing schedules, lack of documentation for individuals qualifying for indigent care, late submission of the audit report, inappropriate use of fuel cards, exceeding travel and per diem limits, incomplete inventory valuations, and improper disposal of fixed assets.

In FY19, the hospital met over half of its performance targets and did well on infection control, vaccinations, medication errors, patient readmissions, and outpatient visits. These measures are important because the Centers for Medicare and Medicaid Services can withhold federal funds for patient reimbursements if the hospital does not perform well. The hospital did not meet performance targets for emergency room response time, surgeries performed, average length of stay, and occupancy rates.

Capital Outlay. For FY21, the hospital is requesting authorization to expend \$2 million in miners' trust fund revenue for capital outlay improvements, including demolition of the old hospital building, which contains asbestos; replacement of hospital equipment and patients' beds; and conversion of the solarium into a larger conference room.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include six million six hundred thousand dollars (\$6,600,000) from the miners' trust fund.

MINERS' HOSPITAL OF NEW MEXICO

The purpose of miners' hospital of New Mexico is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Percent of budgeted revenue collected	100%	100%	100%	100%	100%
Outcome	Annual percent of healthcare-associated infections	1.2%	1%	<1.5%	<1.5%	<1.5%
Outcome	Average patient length of stay, in days, for the acute care facility	4.8	4.6	3	3	3
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	2.5%	0.5%	<3%	<3%	<2.5%
Output	Number of outpatient visits	14,089	14,328	13,500	13,800	14,000
Output	Number of outreach clinic visits	347	198	425	200	300
Output	Number of surgeries performed	702	571	950	600	600
Outcome	Percent of occupancy at nursing home based on licensed beds	70%	68%	80%	80%	80%
Efficiency	Number of days in accounts receivable	96	37	50	<50	<50
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	1.2%	0.4%	<2%	<2%	<1%
Quality	Percent of time that provider fails to respond to emergency room patient within required timeframes	4.3%	15.4%	<6%	<6%	<6%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>	
*	Quality	Percent of emergency room patients returning to the emergency room with same or similar diagnosis within seventy-two hours of their initial visit	0.02%	1.4%	<1%	<1%	<1%
	Quality	Percent of acute care patients screened for appropriate pneumococcal vaccine status and administered vaccine prior to discharge when indicated	90%	100%	≥90%	≥90%	≥90%
	Quality	Percent of medication errors per one thousand medications administered	0.06%	0.04%	<1%	<1%	<1%
	Outcome	Percent of patients who return to mobile outreach clinic every three years to evaluate the progression of their pulmonary disease disability	62%	87%	70%	70%	70%
	Output	Percent occupancy in acute care facility based on number of licensed beds	34%	33.6%	40%	40%	40%
	Output	Number of emergency room visits	NEW	NEW	NEW	5,500	5,500
	Output	Number of newborn births	NEW	NEW	NEW	100	100
	Efficiency	Employee turnover rate	NEW	NEW	NEW	<18%	<18%
	Output	Average daily census	NEW	NEW	NEW	8	8
	Efficiency	Percent agency nursing staff to total nursing staff	NEW	NEW	NEW	20%	20%
	Output	Number of rural health clinic visits	NEW	NEW	NEW	16,000	16,000
	Efficiency	Number of days cash on hand	NEW	NEW	NEW	90	90

STATUTORY AUTHORITY:

The Department of Health (DOH) was created by Sections 9-1-7 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 seven treatment centers, the state scientific laboratory, and public health offices in all counties. The department currently has eight programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Developmental Disabilities Support, Administration, Medical Cannabis, and Health Certification, Licensing and Oversight.

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 people with developmentally disabilities, and licensing and oversight of hospitals, nursing homes, other healthcare facilities and community programs.

In addition to providing other services, the Facilities Management Program operates the Los Lunas Community Program, New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute in Las Vegas, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Center and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

MISSION:

The mission of the New Mexico Department of Health is to provide leadership to guide public health and to protect the health of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	292,148.9	318,583.7	327,680.4	318,384.2	-0.1
Other Transfers	32,953.9	37,364.4	36,457.2	36,457.5	-2.4
Federal Revenues	96,536.1	113,484.8	102,798.4	102,798.4	-9.4
Other Revenues	96,194.4	123,330.8	122,661.1	122,661.1	-0.5
Fund Balance	4,513.3	0.0	0.0	0.0	
SOURCES TOTAL	522,346.6	592,763.7	589,597.1	580,301.2	-2.1
USES					
Personal Services and Employee Benefits	197,686.0	227,009.5	236,711.1	233,609.0	2.9
Contractual Services	73,426.6	79,894.8	79,706.8	80,106.8	0.3
Other	128,502.3	153,283.6	124,973.6	123,640.8	-19.3
Other Financing Uses	119,235.4	132,575.8	148,205.6	142,944.6	7.8
TOTAL USES	518,850.3	592,763.7	589,597.1	580,301.2	-2.1
FTE					
Permanent	2,507.5	2,723.5	2,713.5	2,713.5	-0.4
Term	1,029.0	1,031.0	1,005.0	1,005.0	-2.5
Temporary	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	3,551.5	3,769.5	3,733.5	3,733.5	-1.0

AT A GLANCE:

The Department of Health's (DOH) \$327.7 million FY21 request for general fund revenue would be a 3.4 percent increase over the FY20 operating budget. However in FY21, DOH will transfer \$25.2 million from the general fund and the Family, Infant, Toddler Program (FIT) and Families First programs to the new Early Childhood Education and Care Department (ECECD). When considering this transfer, the department's requested general fund increase between FY20 and FY21 is closer to 11 percent. The request assumes some decreases from federal revenues in Public Health for prevention initiatives. However, the Facilities Management Program assumed increases in other revenues and federal revenues, primarily from leveraging additional Medicare and private-pay at state facilities. The majority of the department's request is in the Developmental Disabilities Support Division (DDSD) and personnel increases agencywide. Within DDSD, the department requested a general fund increase of \$23.7 million, or nearly 14 percent more than the FY20 operating budget after adjusting for the transfer of FIT, primarily to implement developmental disability provider rate adjustments, reduce the DD wait-list, and provide some services to individuals on the wait-list.

The LFC recommendation supports much of the department's request, including funding to take approximately 330 people off the waiting list for developmental disabilities services and \$5 million to improve services for roughly 5,000 people who will remain on the waiting list, and \$4.5 million to increase provider rates. A majority of these general fund revenues will be matched by federal Medicaid revenues, estimated to be up to \$47 million. In FY19, the department implemented 20 percent nurse salary increases, creating budgetary challenges that resulted in significant personnel spending overages coupled with a revenue shortfall and necessitated additional general fund requests for FY20 and FY21. The LFC recommendation includes \$4.6 million from the general fund revenues for these personnel shortfalls.

BUDGET ISSUES:

The Department of Health is poised to make significant improvements in the next year. A recent LFC evaluation of the two Medicaid waivers for services for people with developmental disabilities (DD) made several recommendations on cost-containment and prompted conversations to start the reform process, which included creating a new waiver for supportive services and reforming the current waivers. The department is taking leadership in changing both waivers as well as other agency reform to improve in-patient services for substance use disorders.

Key elements include instituting a community supports option to leverage a greater Medicaid match rate for people on the waiver waiting list and working to improve cost-containment. The department's request begins implementation of these recommendations, which will take several years to fully execute. The department request would begin services for the community supports waiver in FY21, while working on reforming the DD and Mi Via Medicaid waivers in a phased approach, possibly beginning in FY22. As of October 2019, over 5,000 individuals were on the waiting list for the DD and Mi Via Medicaid waivers with an average wait time of over 13 years, up from 8.2 years in FY11. The proposed community supports waiver would provide some services to these individuals by FY21 and the DOH budget request includes \$6.4 million from the general fund, to be matched with federal Medicaid revenues to provide services and assessments.

Supports waivers are designed to provide an array of services to individuals on the waiting list for the comprehensive services waivers. While some services for individuals currently on the waitlist are available through Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) or Medicaid funded services, the community supports waiver will assist individual's access to a broader service array. DOH began statewide town hall meetings for the development of the waiver in October 2019 with intent to submit the waiver application to Centers for Medicare & Medicaid Services (CMS) for preliminary review in 2020.

Services for People with Developmental Disabilities. The request for increased general fund revenue for the Developmental Disabilities Support Division was a \$23.7 million, or nearly 14 percent, increase over the FY20 operating budget after adjusting for transfers to ECECD. The request included \$7.5 million to reduce the wait-list for developmental disability (DD) and Mi Via Medicaid waivers, \$9.8 million for waiver provider rate increases, \$5 million for a new community supports waiver, and \$1.4 million for an assessment tool. The LFC recommendation supports the request to reduce the wait-list, the community supports waiver, and the waiting list assessment, but the LFC recommends implementing the rate increases in a two-year phased approach. A recent study of DD waiver rates recommended increases ranging from 5 percent to 126 percent for different services. The LFC recommendation includes \$4.5 million to implement about half the rate increases in a phased approach to improve provider capacity and quality.

Limited Cost-Containment Capability. Litigation and other structural issues, such as people with higher levels of care, continue to contribute to the growth of average annual costs in each of the state's two Medicaid waivers for people with developmental disabilities. As noted in a recent LFC evaluation of the DD and Mi Via Medicaid waivers, total expenditures have continued to increase while enrollment in the DD waiver is leveling out. The majority of overall spending increases are because of sharp increases in enrollment and average costs in the Mi Via Medicaid waiver. For example, the report found that expenditures on some of the more expensive services, such as in-home supports, grew from less than 9 percent of total Mi Via costs in FY12 to 40 percent of total costs in FY17. Clients are using more of each service type and annual budgets on average are growing closer to established caps. Additionally, more Mi Via clients require a waiver from the requirement that average annual budget remain below caps.

The report recommended working toward improved cost-containment by implementing a standardized, validated, and evidence-based assessment and allocation tool to determine appropriate levels of services. Several years ago, the department ended its use of an evidence-based tool. However, the department has requested, and the LFC recommends, \$1.4 million in general fund revenues in FY21 to develop an assessment tool for those on the waiver waiting list. The report also recommended monitoring budget allocation trends over time to determine the need for increased oversight and validation of client budgets.

Jackson Lawsuit. In April 2019, a preliminary settlement agreement was reached in the Jackson litigation over the services provided to the developmentally disabled. Final approval of the settlement was entered in June 2019. DOH has 18 months to demonstrate compliance with a number of requirements in the settlement. The Jackson compliance administrator was eliminated as a stipulation of the settlement agreement, however, some fees continue.

Facilities Management Program. The department's request for the Facilities Management Division increased general fund revenue by \$385 thousand for equipment replacement and \$3 million for personnel shortfalls resulting mostly from nursing pay increases in FY19. LFC's recommendation includes \$150 thousand for bed replacement and \$3 million for personnel costs.

Direct Care Staff Salaries. In FY19, nurses at the department's facilities received an average 20 percent salary increase on top of the legislatively appropriated average 2 percent adjustment for all state employees and 2.5 percent targeted toward DOH direct-care staff. This plan resulted in a significant strain on personnel spending in FY20, and the agency requested \$3.5 million for FY21 to fund the salary increases. The LFC recommendation includes \$3.2 million for this purpose.

Greater Self-Sustainability. A recent LFC Health Notes report indicates Medicaid has historically covered very few inpatient mental health services for adults, with care primarily limited to acute or emergency situations where hospitalization is medically necessary. The limitations extend to the setting of care as well, prohibiting Medicaid to services delivered in an institution of mental disease (IMD). An IMD is a hospital, nursing home, or other residential treatment facility with the primary purpose of treating individuals with mental diseases, though it may also offer medical and nursing care. Initial Medicaid legislation excluded all IMD services for all populations except adults over 65 years old; subsequent changes allowed coverage for inpatient psychiatric treatment for children under 21 and for services received in IMDs with fewer than 17 beds. New Mexico's three DOH behavioral health facilities are IMDs with more than 16 beds.

Driven by the national opioid addiction crisis, the Center for Medicare and Medicaid Services (CMS) recently took steps to make IMDs more accessible but only to individuals with substance use disorders. CMS adopted the principle that substance use disorders (SUDs) are primary, chronic diseases that require long-term treatment and carry the inherent risk of relapse. To address the pressing national need for SUD services, particularly pronounced among Medicaid recipients, the agency opened two routes states can follow to add IMD coverage to their Medicaid programs.

The first route allows states to include IMD services in their Section 1115 waivers through SUD service delivery transformation projects. To receive CMS approval, the projects must be designed around the American Society of Addiction Medicine (ASAM) levels of care for adult SUD detoxification and ensure access to a wide array of evidence-based SUD services.

The second provided additional IMD options when CMS issued new rules for Medicaid managed care. States have always had the option to offer some services "in lieu of" other services available under their state plans, as long as the new services are cost-effective and medically appropriate. The new managed-care rule extended that category to include up to 15 days per month of psychiatric or SUD inpatient or crisis residential services received in an IMD.

Adult Residential Treatment for Substance Use Disorder Implementation. Full implementation of one of the signature new behavioral health services of Centennial Care (CC) 2.0, adult residential treatment for substance abuse is expected early 2020. While residential treatment centers (RTCs) around the state work to obtain the necessary accreditation and staffing to meet the rigorous requirements established by the Human Services Department (HSD), additional work remains at the department level. When the CC 2.0 waiver for the Medicaid managed-care program was developed, the department planned to have national accreditation be the primary requirement for RTCs, with no additional state-level regulation. In December 2018, however, CMS informed HSD it wanted the state to also take an active oversight role. HSD and the Department of Health's Division of Health Improvement (DHI) are still working on promulgating the licensing regulations, and HSD is still developing its reimbursement model. (See Volume 1 Health and Communities for more details).

Turquoise Lodge Hospital. In June 2019, DOH's Turquoise Lodge Hospital (TLH) moved to a newly leased location at the Gibson Medical Center in Albuquerque. The facility has 40 beds for inpatient services, of which nearly 30 have been consistently filled. TLH provides both inpatient and outpatient SUD and specializes in medical detoxification, social rehabilitation services, and intensive outpatient services. Since July 2019, the hospital has served 76 inpatient individuals from 19 counties statewide. TLH also provides priority services for pregnant and other SUD patients with dependent children and parents seeking to regain custody of their children. HSD also included coverage for both mental health and SUD provided by IMDs in its waiver renewal, where it proposed to extend the length of service to 30 days and offer coverage to the fee for service population, which could increase revenues for DOH.

Public Health. To address teen pregnancy and unplanned pregnancy rates, the LFC recommendation includes a recurring appropriation of \$300 thousand for a long-acting reversible contraceptive (LARC) mentorship program. In FY20, the agency received over \$1 million of nonrecurring revenue for this purpose. The LFC recommendation also includes \$800 thousand in nonrecurring funding to be continued in FY21. To be effective, contraception must be used correctly and reliably. A 2015 LFC evaluation on teen pregnancy noted LARC devices are the most effective form of reversible birth control for young adults. LARCs, either implanted or injected, are highly effective because they do not rely on the user to remember to use them correctly and consistently. In New Mexico, Medicaid pays for LARC insertion but provider training has been inconsistent and the LFC recommendation would provide stable funding.

In addition, the Public Health Program requested, and the LFC recommendation includes, general fund revenue increases for several other programs, including \$184 thousand for health councils, \$300 thousand for clean syringe harm reduction, \$450 thousand to increase medication assisted treatment services, \$200 thousand for school-based health centers, and \$100 thousand for cancer survivor services.

LFC and the Attorney General project \$34 million in total tobacco settlement revenue in FY21. By statute, half of this revenue is automatically transferred to the tobacco settlement permanent fund and the other half to the tobacco settlement program fund for distribution to beneficiaries, including DOH. The LFC recommendation maintains tobacco settlement revenue for the Department of Health at levels commensurate with the FY20 operating budget and funds initiatives to promote breast and cervical cancer screenings, tobacco cessation and prevention, diabetes prevention and control, and harm reduction to prevent hepatitis C, HIV, and AIDS.

Epidemiology and Laboratory Services. The Epidemiology and Response Program requested \$1.3 million in general fund revenue increases to add program personnel for mosquito control, firearm and injury prevention, and substance use disorder treatment. The program also requested \$80 thousand for EMS licensing and \$400 thousand to expand trauma centers. The LFC recommendation includes \$80 thousand for the EMS licensing system and \$300 thousand to increase emergency medical services (EMS) services. In addition, the LFC recommendation includes \$245 thousand for firearm and injury prevention and substance use disorder treatment personnel. The department request for the Laboratory Services Program in FY21 included \$455 thousand for the personnel shortfall and \$552 thousand for equipment replacement, and the LFC recommendation includes an additional \$375 thousand for personnel.

Health Quality and Regulation. The purpose of the Health Certification, Licensing and Oversight Program is to ensure quality healthcare and to conduct investigations of abuse neglect and exploitation. Given the important function the program serves, the program requested general fund revenue increases of \$700 thousand to increase surveys and licensing of medical facilities and investigations of abuse, neglect, and exploitation. The program also requested \$587 thousand in general fund revenues to begin regulating boarding homes. The LFC recommendation includes \$450 thousand to increase licensing and certification and \$250 thousand for boarding home regulations. It is unlikely the program would be able to hire enough staff in FY21 to fully fund the request.

Medical Cannabis. The requested amount from licensing fees for the Medical Cannabis Program is a \$41.1 thousand increase over the FY20 operating budget. The LFC recommendation supports the program's request. In September 2019, the number of active medical cannabis patients was more than 77,168, a 31 percent increase from one year ago. Likewise, there were 8,043 active personal production licenses, a 5 percent increase from the prior year. The price remained relatively stable, \$9.34 per gram in metro areas and \$10.03 in rural areas. By statute, unspent revenue to the program in any fiscal year reverts to the general fund.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the public health program of the department of health includes five million four hundred thirty-five thousand two hundred dollars (\$5,435,200) from the tobacco settlement program fund for smoking cessation and prevention programs, seven hundred fifteen thousand five hundred dollars (\$715,500) from the tobacco settlement fund for diabetes prevention and control services, two hundred ninety-three thousand dollars (\$293,000) for human immunodeficiency virus/acquired immune deficiency syndrome prevention services and medicine, and one hundred twenty-eight thousand six hundred dollars (\$128,600) from the tobacco settlement program fund for breast and cervical cancer screening.

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 to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	48,375.3	51,359.9	52,411.0	52,411.0	2.0
Other Transfers	14,941.6	15,536.6	14,618.9	14,618.9	-5.9
Federal Revenues	58,439.5	70,755.9	61,336.5	61,336.5	-13.3
Other Revenues	33,244.5	41,541.5	39,422.2	39,422.2	-5.1
Fund Balance	2,949.9	0.0	0.0	0.0	
SOURCES TOTAL	157,950.8	179,193.9	167,788.6	167,788.6	-6.4
USES					
Personal Services and Employee Benefits	48,579.7	53,965.8	56,554.1	56,554.1	4.8
Contractual Services	39,235.3	43,910.8	41,064.5	41,164.5	-6.3
Other	68,085.4	80,855.0	69,707.7	69,607.7	-13.9
Other Financing Uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	156,362.7	179,193.9	167,788.6	167,788.6	-6.4
FTE					
Permanent	275.5	277.5	272.5	272.5	-1.8
Term	541.0	541.0	516.0	516.0	-4.6
TOTAL FTE POSITIONS	816.5	818.5	788.5	788.5	-3.7

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Quality	Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most or moderately effective contraceptives	61%	82%	≥62.5	≥62.5	≥62.5
Explanatory	Percent of third-grade children who are considered obese	21%	TBD			
Explanatory	Percent of adults who are considered obese	30%	TBD			
Explanatory	Percent of adults who smoke	15%	TBD			
Explanatory	Numbers of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	25.2	TBD			
Outcome	Percent of participants in the national diabetes prevention program that were referred by a healthcare provider through the agency-sponsored referral system	0%	82%	≥25%	≥25%	≥25%
Outcome	Number of successful overdose reversals per client enrolled in the New Mexico department of health harm reduction program	NEW	TBD	0.30	0.30	0.30
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	89%	99%	≥89%	≥89%	≥89%
Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	3%	2.7%	≥2.9%	≥2.9%	≥2.9%
* Quality	Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care or behavioral healthcare focus area	NEW	86%	≥95%	≥95%	≥95%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	17%	NA	≥75%	≥75%	≥75%

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	62%	64%	≥65%	≥65%	≥65%
Output	Number of teens who successfully complete teen outreach prevention programming	325	512	≥325	≥232	≥232

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	9,915.7	10,240.7	11,945.7	10,765.7	5.1
Other Transfers	575.2	675.5	514.2	514.2	-23.9
Federal Revenues	18,372.2	17,519.5	18,444.0	18,444.0	5.3
Other Revenues	1,163.4	414.1	480.5	480.5	16.0
Fund Balance	93.3	0.0	0.0	0.0	
SOURCES TOTAL	30,119.8	28,849.8	31,384.4	30,204.4	4.7
USES					
Personal Services and Employee Benefits	13,589.0	15,162.8	15,306.3	14,226.3	-6.2
Contractual Services	9,244.9	7,167.3	8,671.8	8,971.8	25.2
Other	7,209.7	6,519.7	7,406.3	7,006.3	7.5
Other Financing Uses	8.7	0.0	0.0	0.0	
TOTAL USES	30,052.3	28,849.8	31,384.4	30,204.4	4.7
FTE					
Permanent	57.0	58.0	57.0	57.0	-1.7
Term	146.0	146.0	146.0	146.0	0.0
TOTAL FTE POSITIONS	203.0	204.0	203.0	203.0	-0.5

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Quality	Percent of New Mexico hospitals certified for stroke care	16%	16%	≥22%	24%	24%
* Explanatory	Drug overdose death rate per one hundred thousand population	26.6	TBD			
* Explanatory	Alcohol-related death rate per one hundred thousand population	70.3	TBD			
Explanatory	Rate of fall-related deaths per one hundred thousand adults, aged sixty-five years or older	87.9	93.9			
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per one hundred thousand population	193	TBD			
Explanatory	Sexual assault rate per one hundred thousand population	0.6	TBD			
Explanatory	Rate of avoidable hospitalizations	TBD	TBD			
Explanatory	Rate of heat-related illness hospitalizations	1.7	TBD			
Outcome	Number of community members trained in evidence-based suicide prevention practices	222	522	600	225	225
* Outcome	Percent of retail pharmacies that dispense naloxone	73%	83%	≥80%	85%	85%
Explanatory	Rate of suicide per one hundred thousand population	23.2	24.8			

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Percent of people hospitalized for influenza who were treated with antivirals within two days of onset of illness	NEW	NEW		50%	
Explanatory	Rate of pneumonia and influenza deaths per one hundred thousand	TBD	TBD			
Outcome	Percent of hospitals with emergency-department-based secondary prevention of older adult fractures due to falls programs	NEW	NEW	NEW	7%	7%
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	7,470	5,905	7,000	7,000	7,000
Outcome	Percent of hospitals with emergency-department-based self-harm secondary prevention programs	NEW	NEW	5%	7%	7%
Outcome	Average time to provide birth certificate to customer	NEW	NEW	NEW	5 days	5 days
Outcome	Percent of death certificates completed by bureau of vital records and health statistics within ten days of death	NEW	NEW	NEW	50%	50%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	13%	12%	≤5%	≤5%	≤5%
Outcome	Percent of people receiving alcohol screening and brief intervention services	NEW	NEW	NEW	≤5%	≤5%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	NEW	NEW	NEW	33%	33%

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, and to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	7,578.0	7,743.4	8,750.8	8,118.4	4.8
Other Transfers	765.8	781.7	736.5	736.8	-5.7
Federal Revenues	2,571.7	3,155.5	3,155.5	3,155.5	0.0
Other Revenues	1,690.1	1,899.9	1,800.0	1,800.0	-5.3
SOURCES TOTAL	12,605.6	13,580.5	14,442.8	13,810.7	1.7
USES					
Personal Services and Employee Benefits	7,668.1	8,313.6	8,779.0	8,699.1	4.6
Contractual Services	351.4	299.8	296.3	296.3	-1.2
Other	4,460.2	4,967.1	5,367.5	4,815.3	-3.1
TOTAL USES	12,479.7	13,580.5	14,442.8	13,810.7	1.7
FTE					
Permanent	84.0	84.0	84.0	84.0	0.0
Term	50.0	50.0	50.0	50.0	0.0
TOTAL FTE POSITIONS	134.0	134.0	134.0	134.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses completed and reported to the submitting agency within published turnaround times	98%	97%	90%	≥90%	≥90%
Efficiency	Percent of environmental samples for chemical contamination completed and reported to the submitting agency within 60 business days	95%	91%	90%	≥90%	≥90%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within 30 calendar days	NEW	NEW	NEW	≥95%	≥95%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses completed and reported to the submitting agency within published turnaround times	NEW	NEW	NEW	Baseline	Baseline

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	60,995.5	62,168.7	65,554.5	65,318.7	5.1
Other Transfers	5,044.7	4,454.4	4,005.8	4,005.8	-10.1
Federal Revenues	4,666.0	9,082.1	10,022.6	10,022.6	10.4
Other Revenues	53,144.9	72,819.7	75,441.7	75,441.7	3.6
SOURCES TOTAL	123,851.1	148,524.9	155,024.6	154,788.8	4.2
USES					
Personal Services and Employee Benefits	90,816.3	108,595.8	112,830.5	112,830.5	3.9
Contractual Services	10,408.4	12,917.5	14,529.0	14,529.0	12.5
Other	21,162.4	27,011.6	27,665.1	27,429.3	1.5
TOTAL USES	122,387.1	148,524.9	155,024.6	154,788.8	4.2
FTE					
Permanent	1,773.0	1,983.0	1,983.0	1,983.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
Temporary	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	1,793.0	2,003.0	2,003.0	2,003.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	88%	78%	≥93%	≥93%	≥93%
Explanatory	Customer overall satisfaction (state veterans home)	93%	85%			
* Quality	Percent of long-term care residents experiencing one or more major falls with injury	3%	3.9%	<3%	<4%	<4%
Quality	Percent of long-term state veterans home residents experiencing facility acquired pressure injuries	NEW	NEW	NEW	<2%	<2%
Outcome	Percent of adolescent residents who successfully complete program	NEW	78%	80%	≥90%	≥90%
Output	Number of overtime hours worked	NEW	NEW	NEW	Baseline	Baseline

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Quality	Number of significant medication errors per one hundred patients	NEW	2.4	≤2.0	≤2.0	≤2.0
Outcome	Number of narcan kits distributed or prescribed	NEW	NEW	NEW	Baseline	Baseline
Output	Rate of medical detoxification occupancy at turquoise lodge hospital	86%	83%	≤75%	≤75%	≤75%
Efficiency	Percent of beds occupied	NEW	NEW	NEW	≥90%	≥90%
Output	Number of direct care contracted hours	NEW	NEW	NEW	Baseline	Baseline
Outcome	Number of buprenorphine inductions conducted, or conducted after referrals, on opioid use disorders	NEW	NEW	NEW	Baseline	Baseline
Outcome	Percent of dementia-only residents on antipsychotics	NEW	NEW	NEW	Baseline	Baseline
Outcome	Number of naltrexone initiations on alcohol use disorders	NEW	NEW	NEW	Baseline	Baseline
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	59%	68%	50%	50%	50%
Outcome	Number of naltrexone initiations on opioid use disorders	NEW	NEW	NEW	Baseline	Baseline

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	154,710.2	175,716.2	174,676.6	169,415.6	-3.6
Other Transfers	8,103.0	9,549.9	9,549.9	9,549.9	0.0
Federal Revenues	2,894.8	2,849.5	0.0	0.0	-100.0
Other Revenues	1,611.5	1,385.0	205.0	205.0	-85.2
Fund Balance	1,470.1	0.0	0.0	0.0	
SOURCES TOTAL	168,789.6	189,500.6	184,431.5	179,170.5	-5.5
USES					
Personal Services and Employee Benefits	13,633.2	14,677.7	14,381.0	14,381.0	-2.0
Contractual Services	11,844.0	12,902.7	11,177.1	11,177.1	-13.4
Other	24,538.1	29,806.7	11,130.1	11,130.1	-62.7
Other Financing Uses	118,764.4	132,113.5	147,743.3	142,482.3	7.8
TOTAL USES	168,779.7	189,500.6	184,431.5	179,170.5	-5.5
FTE					
Permanent	95.0	95.0	91.0	91.0	-4.2
Term	93.0	93.0	91.0	91.0	-2.2
TOTAL FTE POSITIONS	188.0	188.0	182.0	182.0	-3.2

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan and budget in place within ninety days of income and clinical eligibility determination	73%	87%	≥95%	≥95%	≥95%
* Explanatory	Number of individuals receiving developmental disabilities waiver services	4,618	4,638			

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Explanatory	Number of individuals on the developmental disabilities waiver waiting list	6,438	5,064			
Outcome	Percent of developmental disabilities waiver providers in compliance with general events timely reporting requirements (two-day rule)	65%	76%	86%	≤30%	≤75%
Efficiency	Percent of adults of working age (twenty-two to sixty-four years), served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	NEW	NEW	NEW	≥34%	≥34%
Outcome	Number of people on the waiting list formally assessed once allocated to the developmental disability waivers	NEW	NEW	NEW	100%	100%

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 healthcare and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,010.0	5,391.3	6,678.3	6,091.3	13.0
Other Transfers	2,828.4	4,973.1	5,073.1	5,073.1	2.0
Federal Revenues	2,355.8	2,506.6	2,412.0	2,412.0	-3.8
Other Revenues	2,074.4	2,046.7	2,046.7	2,046.7	0.0
SOURCES TOTAL	12,268.6	14,917.7	16,210.1	15,623.1	4.7
USES					
Personal Services and Employee Benefits	10,177.9	12,398.2	13,577.8	13,035.6	5.1
Contractual Services	623.7	1,015.1	1,083.1	1,083.1	6.7
Other	1,402.0	1,504.4	1,549.2	1,504.4	0.0
TOTAL USES	12,203.6	14,917.7	16,210.1	15,623.1	4.7
FTE					
Permanent	60.0	60.0	60.0	60.0	0.0
Term	122.0	122.0	123.0	123.0	0.8
TOTAL FTE POSITIONS	182.0	182.0	183.0	183.0	0.5

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	7.2%	10.6%	≤7%		
* Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	7%	7.3%	≤6%		
* Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	NEW	49%	90%	86%	90%
Output	Percent of quality management bureau 1915c home-and community-based services waivers report of findings distributed within twenty-one working days from end of survey	NEW	NEW	NEW	86%	86%
Output	Percent of assisted living facilities in compliance with caregiver criminal history screenings' requirements	NEW	NEW	85%	80%	85%

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent of health facility survey statement of deficiencies (CMS form 2567/state form) distributed to the facility within ten days of survey exit	89%	85%	85%	85%	85%
Output	Percent of assigned investigations initiated within required timelines	NEW	NEW	NEW	86%	86%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	NEW	NEW	NEW	Baseline	Baseline
Output	Percent of caregiver criminal history screening appeal clearance recidivism or re-offense (conviction) after a successful appeal	NEW	4	≤12	≤12	≤12
Output	Percent of assisted living facilities complaint surveys initiated within required timeframes	NEW	NEW	NEW	Baseline	Baseline
Quality	Percent of nursing home survey citations upheld as valid when reviewed by the centers for medicare and medicaid services and through informal dispute resolution process	NEW	NEW	NEW	Baseline	Baseline

MEDICAL CANNABIS PROGRAM

The purpose of the medical cannabis program is to provide qualified patients with the means to legally and beneficially consume medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments and to regulate a system of production and distribution of medical cannabis to ensure an adequate supply.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
Other Revenues	3,265.0	3,223.9	3,265.0	3,265.0	1.3
SOURCES TOTAL	3,265.0	3,223.9	3,265.0	3,265.0	1.3
USES					
Personal Services and Employee Benefits	1,839.8	1,747.2	1,938.8	1,938.8	11.0
Contractual Services	711.8	503.5	780.7	780.7	55.1
Other	537.5	973.2	545.5	545.5	-43.9
TOTAL USES	3,089.1	3,223.9	3,265.0	3,265.0	1.3
FTE					
Term	28.0	28.0	28.0	28.0	0.0
TOTAL FTE POSITIONS	28.0	28.0	28.0	28.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	99%	99%	≥99%	≥99%	≥99%
Efficiency	Percent of registry identification cards issued within five business days of application approval	98%	99%	≥98%	≥98%	≥98%

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)		FY21 - 2020-2021		Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	5,564.2	5,963.5	7,663.5	6,263.5	5.0
Other Transfers	695.2	1,393.2	1,958.8	1,958.8	40.6
Federal Revenues	7,236.1	7,615.7	7,427.8	7,427.8	-2.5
Other Revenues	0.6	0.0	0.0	0.0	
SOURCES TOTAL	13,496.1	14,972.4	17,050.1	15,650.1	4.5
USES					
Personal Services and Employee Benefits	11,382.0	12,148.4	13,343.6	11,943.6	-1.7
Contractual Services	1,007.1	1,178.1	2,104.3	2,104.3	78.6
Other	1,107.0	1,645.9	1,602.2	1,602.2	-2.7
TOTAL USES	13,496.1	14,972.4	17,050.1	15,650.1	4.5
FTE					
Permanent	163.0	166.0	166.0	166.0	0.0
Term	44.0	46.0	46.0	46.0	0.0
TOTAL FTE POSITIONS	207.0	212.0	212.0	212.0	0.0

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, surface- and groundwater 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	11,415.2	12,281.0	21,119.2	13,671.3	11.3
Other Transfers	28,404.1	33,713.8	35,338.2	35,338.2	4.8
Federal Revenues	19,109.5	28,142.6	24,461.9	27,927.7	-0.8
Other Revenues	59,536.4	40,781.9	40,232.5	40,468.6	-0.8
Fund Balance	1,950.9	5,450.3	8,982.7	8,982.7	64.8
SOURCES TOTAL	120,416.1	120,369.6	130,134.5	126,388.5	5.0
USES					
Personal Services and Employee Benefits	43,121.4	50,374.0	57,123.2	53,511.4	6.2
Contractual Services	9,824.7	14,986.1	14,827.2	14,494.3	-3.3
Other	19,366.4	22,118.7	24,038.9	24,001.5	8.5
Other Financing Uses	28,243.7	32,890.8	34,145.2	34,381.3	4.5
TOTAL USES	100,556.2	120,369.6	130,134.5	126,388.5	5.0
FTE					
Permanent	287.5	286.5	329.5	301.8	5.3
Term	348.0	348.0	373.0	361.5	3.9
TOTAL FTE POSITIONS	635.5	634.5	702.5	663.3	4.5

AT A GLANCE:

The Environment Department (NMED) requested a total budget of \$96 million, \$8.5 million above the FY20 operating budget. Due to generally accepted accounting principles (GAAP), the agency request and LFC recommendation include special revenue funds of \$34.1 million twice in the budget. These funds are budgeted as sources both as other revenues and fund balance in the special revenue program and as other transfers in the programs that receive the funds. This double entry makes the recommendation appear larger than the actual expenditures.

NMED's request included a general fund increase of \$8.8 million, or 72 percent, over the FY20 operating budget. The agency requested an increase of \$3.4 million in other revenues, which include revenue and fund balance from special revenue funds as well as other sources. NMED requested a significant decrease in federal funds, which make up about a third of the agency's budget. The FY21 request reflected a reprioritization of funds in the Water Protection Program from contractual services to personnel, resulting in a requested decrease in the agency's overall contractual services budget. Personnel increases were requested in all programs to address high vacancy rates, staff turnover, and large ratios of facilities under NMED's regulatory purview to inspector and compliance officer positions. The LFC recommendation adds \$4.5 million total to the NMED budget, including \$1.4 million from the general fund.

BUDGET ISSUES:

Revenue. The agency relies heavily on special revenue from various types of application, certification, and permitting fees. The LFC recommendation includes \$49.3 million from these sources in other revenues and fund balance. From the corrective action fund (CAF), the largest single special revenue fund, the agency requested \$22.2 million to cover expenditures budgeted in the request. Including these expenditures, the projected FY21 ending fund balance is \$17.1 million. The source of CAF revenue is the petroleum products loading fee of \$150 per 8,000 gallons of gasoline or diesel fuel, approximately 2 cents per gallon. The primary purpose of the CAF is the cleanup of leaks and spills from petroleum storage tanks, but the agency also relies on the fund to cover personnel costs for approximately 150 FTE across the agency, including some who do not directly work in the CAF program. While CAF revenue is generated from fees on petroleum producers to cover remediation costs of spills, this process could potentially be replaced by private insurance.

Many of NMED's other funds are statutorily restricted for use for specific purposes that do not necessarily align with the agency's most critical needs. Consequently, NMED reports it is typically not able to make use of all its funding sources, despite the need for funding to fill vacant positions and implement high-priority initiatives. Broadening the use of some funds, however, might only require regulation changes from NMED.

Furthermore, increases in NMED's fees and penalties are likely needed; the agency should examine its fees and penalties to determine which need updating and how much they can be increased. NMED has started this process in certain programs, considering, for example, fee increases for liquid waste treatment and disposal. LFC recommends NMED use its regulatory authority to ensure adequate revenue is generated and all funds are being expended to the full extent allowable under the law. If the agency finds its capacity to increase revenue generation and spending flexibility insufficient, it could bring specific proposals to the Legislature for consideration.

Water Protection Program. In the Water Protection Program, the agency requested decreases in other transfers and federal revenues, along with a \$4.4 million general fund increase. Justification for significantly decreasing federal revenue was not provided to LFC, and therefore the recommendation is flat with FY20 federal revenue. Other transfers from the agency's special revenue funds were reduced to match the request. LFC also recommends a general fund increase of \$789.5 thousand. Of this amount, \$400 thousand is recommended to support the reclassification of environmental services specialist positions to a new water resources professional classification in accordance with a 2017 study from the State Personnel Office. The recommendation includes \$189.5 thousand for 2 FTE to support implementation of the Produced Water Act and \$200 thousand in contractual services for drinking water analysis related to the per- and polyfluoroalkyl substances (PFAS) contamination near the state's Air Force bases. The recommendation fully funds the request for contractual services and other costs and increases personnel funding \$1.6 million.

PFAS, a family of chemicals whose environmental and health risks are not yet fully understood, were detected in New Mexico groundwater in 2018. Contamination is the result of Air Force training exercises that used fire retardant containing the contaminant, which seeped into the groundwater under and around the bases on which it was used. The environmental and economic impact of this contamination is most deeply felt near Cannon Air Force Base in Curry County, one of the top dairy producing areas in the nation. Local dairy owners have been forced to purchase water filtration systems to prevent their herds from ingesting contaminated water, and at least one producer has had to quarantine his herd and milk after PFAS were detected in both. NMED has attempted to hold the Air Force accountable for the contamination and subsequent remediation, but the Air Force has so far resisted, resulting in litigation. This litigation, as well as water sampling and analysis to monitor the contamination, can be expected to continue for several years.

Resource Protection Program. For the Resource Protection Program, NMED requested a \$1.1 million general fund revenue increase, a \$1.2 million increase in other transfers, and a slight decrease in federal revenues. The recommendation for federal revenue is flat with FY20. The recommendation fully funds the request for other transfers and increases general fund revenue by \$280 thousand.

The recommended general fund revenue increase is provided for vacancies and salary concerns in the Solid Waste and Hazardous Waste bureaus. The recommendation fully funds the request for contractual services and other costs and increases personnel funding by \$857 thousand. LFC also recommends the requested addition of 13 FTE in the Petroleum Storage Tank Bureau, funded by federal and other revenues.

Environmental Protection Program. In the Environmental Protection program, NMED requested a general fund increase of \$1.7 million, an increase in other transfers, and a slight decrease in federal revenues. LFC recommends maintaining the FY20 level of federal revenues. LFC fully funds the request for other transfers and increases general fund revenue by \$320.8 thousand. The general fund revenue increase is provided for vacancies, reclassifications, and in-pay-band salary adjustments.

The agency requested and LFC recommends 8 FTE in the Air Quality Bureau to be funded by federal and other revenues. In addition, 2 FTE are recommended for implementation of the Hemp Manufacturing Act, but no additional funding is recommended; LFC recommends the agency reprioritize existing funds for this purpose. The recommendation fully funds the request for contractual services and other costs and increases personnel funding by \$588.1 thousand.

The Environmental Protection Program is leading NMED's efforts to regulate methane emissions from oil and natural gas operations under the governor's methane emissions reduction initiative. NMED is working closely with the Energy, Minerals and Natural Resources Department – tasked with reducing waste of methane through oil and natural gas operations – to develop an emissions reduction strategy, attainable reduction goals, and compliance mechanisms. The two agencies are leading a Methane Advisory Panel consisting of individuals from the oil and gas industry, technology companies, and environmental nongovernmental organizations. The panel is gathering information and preparing reports that will inform the development of the state's methane rules.

Resource Management Program. In the Resource Management Program, also known as Program Support, NMED requested a \$1.6 million general fund revenue increase, which included \$776.9 thousand for two expansion requests. The request increased other transfers by \$317.2 thousand, decreased federal revenues by \$214.9 thousand, and increased fund balance by \$100 thousand, all of which LFC recommends. LFC does not recommend a general fund increase for this program. The recommendation increases personnel funding by \$75.7 thousand for rate adjustments and vacancies, while funding contractual services and other costs at the requested base level.

BASE EXPANSION:

NMED requested \$268.2 thousand and 2 FTE in the Resource Management Program to expand its Strategic Initiatives Section that would implement the governor's and Environment Department secretary's vision and priorities for the agency. Also in the Resource Management program, NMED requested \$508.7 thousand and 3 FTE for a new Risk Management Section that would be responsible for reviewing the risk assessment for the agency, ergonomic assessments, and assessments of workplace accidents, and for providing recommendations to limit workplace hazards.

LFC does not recommend any expansion items.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Strategic Planning Section (2 FTE)	(P567)	268.2	0.0
2	Risk Management Section (3 FTE)	(P567)	508.7	0.0
TOTAL			776.9	0.0

WATER PROTECTION

The purpose of the resource protection 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)

			<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
	<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,198.1	2,240.4	6,672.7	3,029.9	35.2
Other Transfers	7,144.9	9,544.2	8,778.8	8,778.8	-8.0
Federal Revenues	10,100.5	16,944.3	13,611.2	16,944.3	0.0
Other Revenues	238.9	100.0	100.0	100.0	0.0
SOURCES TOTAL	19,682.4	28,828.9	29,162.7	28,853.0	0.1
USES					
Personal Services and Employee Benefits	12,271.5	15,971.8	17,898.1	17,588.4	10.1
Contractual Services	5,544.8	8,385.8	6,082.9	6,082.9	-27.5
Other	1,866.1	4,471.3	5,181.7	5,181.7	15.9
TOTAL USES	19,682.4	28,828.9	29,162.7	28,853.0	0.1
FTE					
Permanent	72.0	72.0	86.0	73.0	1.4
Term	117.0	117.0	117.3	117.3	0.2
TOTAL FTE POSITIONS	189.0	189.0	203.3	190.3	0.7

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Output	Percent of facilities operating under a groundwater discharge permit inspected each year	54%	68%	63%	33%	65%
* Outcome	Percent of assessed stream and river miles meeting water quality standards	35%	35%	50%	35%	50%
Explanatory	Number of miles of active watershed restoration, including wetlands projects, state-funded projects and federal Clean Water Act Section 319 projects					
Explanatory	Percent of population served by community water systems that meets all applicable health-based drinking water standards	92%	97%			
Outcome	Percent of the environmental protection agency clean water state revolving loan fund capitalization grant and matching state funds committed to New Mexico borrowers for eligible projects in the state fiscal year received	NEW	100%	100%	100%	100%
Explanatory	Amount of capital outlay dollars dispersed	NEW	NEW			
Explanatory	Dollar amount of new loans made from the clean water state revolving fund	NEW	21,550,000			
Explanatory	Dollar amount of new loans made from the rural infrastructure fund program	NEW	2,533,379			
Explanatory	Amount of loan program dollars dispersed	NEW	NEW			
Output	Number of national pollutant discharge elimination system compliance inspections conducted by agency staff, including joint inspections with the U.S. Environmental Protection Agency	NEW	NEW	NEW	24	24
Output	Number of outreach efforts to promote available clean water state revolving funds to eligible recipients throughout the state	NEW	NEW	NEW	30	30

RESOURCE PROTECTION

The purpose of the field operations and infrastructure program is to protect public health and the environment through specific programs that oversee and regulate food service and food processing facilities, compliance with the Safe Drinking Water Act, on-site treatment and disposal of liquid wastes, public swimming pools and baths, mosquito abatement, and waste isolation pilot plant transportation.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,380.1	1,963.4	3,095.4	2,243.4	14.3
Other Transfers	6,862.2	7,550.8	8,761.8	8,761.8	16.0
Federal Revenues	3,557.5	4,516.8	4,466.3	4,516.8	0.0
SOURCES TOTAL	11,799.8	14,031.0	16,323.5	15,522.0	10.6
USES					
Personal Services and Employee Benefits	9,168.4	10,434.1	12,092.6	11,291.1	8.2
Contractual Services	1,115.8	1,755.8	2,184.9	2,184.9	24.4
Other	1,515.6	1,841.1	2,046.0	2,046.0	11.1
TOTAL USES	11,799.8	14,031.0	16,323.5	15,522.0	10.6
FTE					
Permanent	34.0	35.0	40.0	35.0	0.0
Term	99.0	98.0	111.3	111.3	13.5
TOTAL FTE POSITIONS	133.0	133.0	151.3	146.3	10.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Explanatory	Number of petroleum storage tank release sites that achieved no further action status	NEW	NEW			
* Outcome	Percent of solid waste facilities and infectious waste generators found to not be in compliance with New Mexico solid waste rules	NEW	NEW	NEW	5	5
Output	Number of petroleum storage tank release sites that achieved no further action status	NEW	NEW	NEW	20	20
Output	Percent of large quantity hazardous waste generators inspected yearly	NEW	27%	20%	20%	25%
* Outcome	Percent of underground storage tank facilities not in compliance with release prevention and release detection requirements	NEW	NEW	NEW	15	15
Explanatory	Percent of large quantity hazardous waste generators in compliance with applicable standards	32%	39%			
Explanatory	Percent of landfills not compliant with groundwater sampling and reporting requirements	NEW	99%			
Explanatory	Percent of obligated corrective action funds expended	NEW	NEW			
Outcome	Percent of underground storage tank facilities in significant operational compliance with release detection requirements	88%	86%	90%	75%	90%

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to regulate medical radiation and radiological technologist certification, provide public outreach about radon in homes and public buildings, ensure solid waste is handled and disposed without harming natural resources, ensure New Mexicans breathe healthy air and ensure every employee has safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	5,260.1	5,326.3	6,998.1	5,647.1	6.0
Other Transfers	11,805.8	13,948.5	14,810.1	14,810.1	6.2
Federal Revenues	3,140.2	4,080.3	3,998.1	4,080.3	0.0
Other Revenues	0.0	26.4	0.0	0.0	-100.0
SOURCES TOTAL	20,206.1	23,381.5	25,806.3	24,537.5	4.9
USES					
Personal Services and Employee Benefits	15,693.9	17,459.1	19,316.0	18,047.2	3.4
Contractual Services	938.7	1,504.0	1,518.8	1,518.8	1.0
Other	3,573.4	4,418.4	4,971.5	4,971.5	12.5
TOTAL USES	20,206.0	23,381.5	25,806.3	24,537.5	4.9
FTE					
Permanent	137.5	136.5	148.5	146.8	7.5
Term	101.0	102.0	111.3	102.0	0.0
TOTAL FTE POSITIONS	238.5	238.5	259.8	248.8	4.3

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations	96%	95%	96%	95%	96%
Explanatory	Percent of days with good or moderate air quality index rating	90%	87%			
Outcome	Percent of priority item food-related violations issued during food establishment inspections that are corrected within timeframes specified	100%	100%	100%	100%	100%
Outcome	Percent of facilities taking corrective action to mitigate air quality violations within six months of facility receiving notice of violation	NEW	No data	100%	100%	100%
Output	Percent of radiation-producing equipment in violation when inspected	NEW	NEW	NEW	20	20
Output	Percent of ionizing and non-ionizing radiation registrants and licensees that are not in compliance with applicable standards and require compliance assistance	NEW	NEW	NEW	20	20

RESOURCE MANAGEMENT

The purpose of the resource management program 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,576.9	2,750.9	4,353.0	2,750.9	0.0
Other Transfers	2,591.2	2,670.3	2,987.5	2,987.5	11.9
Federal Revenues	2,311.3	2,601.2	2,386.3	2,386.3	-8.3
Other Revenues	2.5	5.0	0.0	0.0	-100.0
Fund Balance	0.0	0.0	100.0	100.0	
SOURCES TOTAL	7,481.9	8,027.4	9,826.8	8,224.7	2.5
USES					
Personal Services and Employee Benefits	5,987.6	6,509.0	7,816.5	6,584.7	1.2
Contractual Services	338.0	540.5	820.6	487.7	-9.8
Other	1,044.1	977.9	1,189.7	1,152.3	17.8
TOTAL USES	7,369.7	8,027.4	9,826.8	8,224.7	2.5
FTE					
Permanent	44.0	43.0	55.0	47.0	9.3
Term	31.0	31.0	33.3	31.0	0.0
TOTAL FTE POSITIONS	75.0	74.0	88.3	78.0	5.4

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent of positive ("prevailing") outcomes of legal action	NEW	NEW	95%	96%	96%

STATUTORY AUTHORITY:

The Office of the Natural Resources Trustee (ONRT) was created by Sections 75-7-1 through 75-7-5 NMSA 1978. To carry out the statutorily required responsibilities, ONRT is authorized to assess natural resource damages throughout the state, negotiate and settle damage claims without legal intervention, and manage natural resource restoration plans. Settlements paid by responsible parties into the natural resources trustee fund are used to fund the costs of natural resource damage assessments and the costs of natural resource restoration activities. The natural resources trustee fund is also 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. ONRT is administratively attached to the Environment Department.

MISSION:

The Office of the Natural Resources Trustee is charged with restoring or replacing natural resources or resource services damaged by hazardous substances released into the environment or oil discharges into water. Natural resources include air, surface water, groundwater, and biological and geological resources.

	BUDGET SUMMARY (dollars in thousands)				
	FY19	FY20	FY21 – 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	251.8	275.2	883.4	296.6	7.8
Fund Balance	740.4	2,057.3	2,000.0	2,057.0	0.0
SOURCES TOTAL	992.2	2,332.5	2,883.4	2,353.6	0.9
USES					
Personal Services and Employee Benefits	279.1	301.8	602.5	320.0	6.0
Contractual Services	687.4	2,008.5	2,135.9	2,008.5	0.0
Other	25.7	22.2	145.0	25.1	13.1
TOTAL USES	992.2	2,332.5	2,883.4	2,353.6	0.9
FTE					
Permanent	3.8	3.8	6.0	3.8	0.0
TOTAL FTE POSITIONS	3.8	3.8	6.0	3.8	0.0

BUDGET ISSUES:

The Office of the Natural Resources Trustee (ONRT) currently has 12 ongoing wildlife habitat and surface- and groundwater conservation, restoration, and enhancement projects in areas including the Burro Cienega watershed, the Ancheta Springs Ranch, Upper Whiskey Creek, Gila River Farm, and the City of Rocks State Park. ONRT is also working with Silver City to extend municipal wastewater lines to households to eliminate the use of faulty septic systems that contaminate surface- and groundwater. Two projects were completed in FY19: cleanup of a nitrate plume in Albuquerque's South Valley and restoration of 1,000 acres of playa lakes in Curry County.

Contracts are close to being finalized for four restoration projects in the Questa area supported by the \$4 million Chevron Questa mine settlement. ONRT submitted memoranda of agreement for the three projects for which it is the lead organization and is waiting for finalization of an agreement with the U.S. Forest Service for the fourth project. ONRT also has six damage assessment cases in progress, two of which are cooperative, meaning the potentially responsible parties are funding the damage assessments. For the remaining four cases, ONRT must fund assessment costs from the damage assessment account of the natural resources trustee fund.

ONRT requested a \$608.2 thousand, or 221 percent, general fund increase for 2.25 additional FTE, salary and benefits for the natural resources trustee (a role for many years filled by the environment secretary), new office and vehicle leases to accommodate additional staff, and a transfer of funds to the Environment Department (NMED) for administrative services previously performed at no expense to ONRT. ONRT requested a decrease of \$57.3 thousand in funding from fund balance, citing a depletion of funds allowed to be used for operating expenses and damage assessments. ONRT projects a \$2.1 million fund balance at the end of FY21; use of the fund is restricted for expenditures on restoration projects. This projection is based on a historical average of interest earned and does not include funds received from settlements. Settlements are not reached in every year and amounts vary, but taking settlements into account would significantly increase the projected fund balance. ONRT's most recent settlement was for \$3.9 million in FY18 for restoration of a Chevron Mining Inc. (formerly Molycorp) mine in Questa. The ending fund balance for FY19 was \$6 million.

The recommendation increases ONRT's general fund appropriation by \$21.4 thousand, or 7.8 percent, and holds its fund balance appropriation flat with FY20. LFC recommends an increase of \$18.2 thousand in personnel funding to cover current personnel expenditures and rate increases. LFC does not recommend increasing the contractual services budget for an interagency transfer to NMED; the administrative functions that would be covered by this transfer have historically been performed by NMED at no cost to ONRT.

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION

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

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of acres of habitat benefiting from restoration	13,820	13,820	11,500	11,500	13,000
Outcome	Number of acre-feet of water conserved, restored or protected	1,092	1,087	975	975	1,000

STATUTORY AUTHORITY:

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department (VSD). The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, 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:

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.

The department supports 180 thousand veterans statewide through outreach services in the department's 19 field offices and contractors who serve rural, women and Native American veterans. The agency administers the Military Honors Program ensuring deceased veterans are provided a military funeral complete with bugler and flag ceremony.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,820.9	4,978.7	6,318.1	5,289.3	6.2
Federal Revenues	259.1	370.0	560.0	595.0	60.8
Other Revenues	162.6	0.0	120.0	150.0	
Fund Balance	0.0	54.5	0.0	0.0	-100.0
SOURCES TOTAL	4,242.6	5,403.2	6,998.1	6,034.3	11.7
USES					
Personal Services and Employee Benefits	3,014.7	3,968.7	4,815.5	4,464.8	12.5
Contractual Services	324.4	688.5	946.9	609.5	-11.5
Other	714.4	746.0	1,235.7	960.0	28.7
TOTAL USES	4,053.5	5,403.2	6,998.1	6,034.3	11.7
FTE					
Permanent	56.0	56.0	69.0	61.0	8.9
Term	3.0	3.0	4.0	4.0	33.3
TOTAL FTE POSITIONS	59.0	59.0	73.0	65.0	10.2

AT A GLANCE:

The department's base request for general fund revenue was essentially flat. However, the department requested several expansion items, including more than \$735 thousand for veterans' cemetery operation at Fort Stanton, Gallup, and Angel Fire, and about \$446 thousand for healthcare and homeless veterans workers. The total general fund request for FY21 was \$1.3 million, or 28.4 percent, above the FY20 operating budget. After returning operations of the Truth or Consequences Veteran's Home to the Department of Health in FY20, the Veterans' Services Department is focusing on the department's traditional mission to provide outreach and assistance to New Mexico veterans and operation of state veteran cemeteries.

LFC recommends \$353.1 thousand in general fund revenues and 3 FTE for operations at the veterans' cemeteries and \$214.7 thousand and 3 FTE for additional veteran services officers. LFC also recommends increasing federal revenues \$225 thousand to account for federal grant awarded to the agency, which will materialize in FY21. In addition, the LFC recommendation also increases other revenues from license plate fees by \$150 thousand above the FY20 operating budget to more closely align with FY19 actual expenditures, which the agency agrees, will remain stable.

Veterans' Cemeteries. The department assumes staffing each of the cemeteries will require 4 FTE per cemetery for a total expansion of 16 FTE once all four cemeteries are completed. The department's FY20 operating budget already includes 6 FTE to operate the Fort Stanton and Gallup cemeteries and the expansion request added an additional 8 FTE for a total of 14. The department completed construction of the Fort Stanton Veterans' Cemetery in 2017 and the Gallup Veterans' Cemetery in 2018. Adjacent to the Vietnam Veterans' Memorial, the Angel Fire cemetery is set to open in spring 2020.

BASE EXPANSION:

The department requested four expansion items, including \$735.6 thousand and 8 FTE for veterans' cemetery operation at Fort Stanton, Gallup, and Angel Fire, \$209.6 thousand and 4 FTE for additional veteran service officers, \$445.5 thousand and 2 FTE for healthcare and homeless veterans workers, and \$5,700 for transportation assistance.

The LFC recommendation partially supports two of the four requests. The recommendation recognizes the need to staff the veterans' cemeteries and partially supports the expansion request with \$353.1 thousand and 3 FTE, of which \$240 thousand is in the other category for operational and maintenance costs. The committee recommendation also includes \$214.7 thousand and 3 FTE for veteran services officers (VSO). VSOs focus on the agencies' mission to provide information regarding laws beneficial to veterans and their families and assist in the preparation and initiation of claims against the United States as a result of military service. The department estimates 158 thousand veterans living in New Mexico statewide eligible to benefit from their services.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Veteran Service Officers (VSOs)	209.6	214.7
2	Benefits/Cemetery Program	735.6	353.1
3	Healthcare Homeless Veterans	445.5	0.0
4	Veteran Transportation	5.7	0.0
TOTAL		1,396.4	567.8

VETERANS' SERVICES

The purpose of the veterans' services program is to carry out the mandates of the New Mexico legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain the benefits to which they are entitled to improve their quality of life.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,820.9	4,978.7	6,318.1	5,289.3	6.2
Federal Revenues	259.1	370.0	560.0	595.0	60.8
Other Revenues	162.6	0.0	120.0	150.0	
Fund Balance	0.0	54.5	0.0	0.0	-100.0
SOURCES TOTAL	4,242.6	5,403.2	6,998.1	6,034.3	11.7
USES					
Personal Services and Employee Benefits	3,014.7	3,968.7	4,815.5	4,464.8	12.5
Contractual Services	324.4	688.5	946.9	609.5	-11.5
Other	714.4	746.0	1,235.7	960.0	28.7
TOTAL USES	4,053.5	5,403.2	6,998.1	6,034.3	11.7
FTE					
Permanent	56.0	56.0	69.0	61.0	8.9
Term	3.0	3.0	4.0	4.0	33.3
TOTAL FTE POSITIONS	59.0	59.0	73.0	65.0	10.2

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	95%	95%	95%	95%	95%
* Outcome	Percent of eligible deceased veterans and family members interred in a regional state veterans' cemetery	6.2%	10%	10%	10%	10%

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)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	193,439.7	313,611.1	241,815.7	227,511.5	-27.5
Other Transfers	2,229.5	58,850.4	3,222.9	3,222.9	-94.5
Federal Revenues	61,162.2	202,872.2	76,527.9	76,527.9	-62.3
Other Revenues	3,723.5	4,851.9	3,751.9	3,751.9	-22.7
Fund Balance	845.9	2,530.7	1,304.4	1,304.4	-48.5
SOURCES TOTAL	261,400.8	582,716.3	326,622.8	312,318.6	-46.4
USES					
Personal Services and Employee Benefits	127,778.8	153,586.7	151,879.7	147,408.3	-4.0
Contractual Services	49,054.3	143,529.8	76,549.4	69,951.5	-51.3
Other	77,802.0	285,599.8	98,193.7	94,958.8	-66.8
TOTAL USES	254,635.1	582,716.3	326,622.8	312,318.6	-46.4
FTE					
Permanent	2,073.3	2,225.0	2,217.3	2,159.3	-3.0
Term	16.0	86.0	18.0	14.0	-83.7
Temporary	0.0	1.8	0.0	0.0	-100.0
TOTAL FTE POSITIONS	2,089.3	2,312.8	2,235.3	2,173.3	-6.0

AT A GLANCE:

CYFD's total budget request for FY21 was \$326.6 million. The general fund request of \$241.8 million was 13 percent above the FY20 operating budget when adjusted for the departure of the new Early Childhood Education and Care Department (ECECD).

CYFD's FY21 request proposed a large-scale change in the agency's business model with a new focus on behavioral healthcare and community-based services. The general fund revenue request for the Behavioral Health Services (BHS) program was \$40.9 million, 132 percent higher than the program's FY20 operating budget.

The LFC recommendation increases general fund revenues by 7 percent over the agency's adjusted FY20 operating budget, for a total of \$227.5 million. LFC recommends a general fund appropriation of \$35.8 million for BHS, an increase of 103 percent over the program's FY20 operating budget.

BUDGET ISSUES:

Services to stabilize families early and reduce long-term stress and harm are a key focus for policymakers to improve child welfare outcomes. Due to the rising needs of families who come into contact with CYFD and persistently poor outcomes, the Legislature has steadily increased state resources to the department. Between FY15 and FY20 general fund revenue for Protective Services rose from \$77.3 million to \$105.3 million, or 36 percent. Yet, New Mexico's rates for child maltreatment and repeat maltreatment remain among the highest in the nation.

CYFD's FY21 request shifts the agency's focus to community-based behavioral healthcare, prevention and family support services, kinship care, and appropriate staffing. LFC supports the agency's efforts and recommends funding to grow community-based behavioral health services, expand kinship care, develop and implement early intervention and preventive services, such as "differential response" at intake, increase reunification and family support services, and expand housing and support services to CYFD-involved youth. However, the committee only partially supports the agency's request for a 13 percent increase. Strong leadership will need to be established to successfully implement the proposed large-scale change in CYFD's business model.

Vacancies in key agency leadership positions may jeopardize efforts to effectively change the agency's operating culture and practice. Further, the key child protective service program had almost 40 vacant positions in fall 2019.

Behavioral Health Services. BHS focuses on providing access to a comprehensive continuum of mental health and substance abuse services to address the needs of children, youth and families. The program includes community behavioral health clinicians, wraparound and other behavioral health services, licensing and certification authority, adolescent substance use reduction effort, infant mental health, and domestic violence prevention and victim services. The program's objective is to manage, improve, and ensure an effective, cost-efficient and strong behavioral health system for all children in New Mexico.

BHS' request for a general fund increase of \$23.3 million and 56 new positions reflected the agency's intention to transition to a model centered on behavior healthcare across all divisions and significantly expands the capacity of the program to support rapid growth in behavioral health services statewide. The proposed expansion was built around the priorities of the state's Behavioral Healthcare Collaborative, including building a behavior healthcare workforce and community-based mental health services for children, effectively responding to substance abuse disorders, and providing appropriate placements and services to juvenile-justice-involved youth.

The program's base request included the transfer of the agency's \$11 million domestic violence program from Protective Services to BHS and the transfer of the Protective Services' maternity home program and seven additional staff, three from CPS and two from JJS. LFC fully supports the program's base budget request because it represents a neutral transfer of programs and resources.

In FY19, BHS met or exceeded all of its performance targets. However, the performance measures were limited to the services provided through its infant mental health program and to youth in the juvenile justice system. As the program's role expands to the delivery of more robust community-based behavior health services, new performance measures will be required to demonstrate impact, test program efficacy and guide strategic growth and planning.

Protective Services. Protective Services is responsible for intervening when a child has been abused or neglected. Increasingly high maltreatment rates and poor educational outcomes have made child safety and well-being a priority investment for the state.

The program's base request included an increase of \$8.5 million to fund foster care and guardianship rate increases, expand kinship care and family reunification services, improve service at the program's child advocacy centers, and additional operating costs. LFC largely supports the programs request, recommending a \$7.3 million increase in the program's base operating budget.

Due to both the human and fiscal costs associated with the removal of children from their homes, CYFD's goal is to ensure children only come into custody when they cannot be maintained safely at home. LFC recommends a \$1 million increase in contractual services to expand prevention, intervention, and reunification services for CYFD-involved families.

One of CYFD's FY21 top priorities is expanding kinship placements and guardianships. When families cannot remain intact, placing a child with a relative can minimize the trauma of removal, and research confirms children in kinship homes fare better than those placed with strangers. Currently, only 23 percent of youth in CYFD custody are placed with relatives. Protective Services aims to double this number over the next three years and is working to promote system changes to remove barriers to kinship placements, including streamlining foster care licensing requirements to allow the provision of services and economic support to relative placements. Additionally, the agency is building a framework for kinship care for youth in the juvenile justice system. Almost 30 percent of youth under formal supervision are not living with their parents and could potentially benefit from a kinship placement. LFC recommends a \$1 million increase to expand kinship placements.

Currently, only 58 percent of all youth in CYFD custody are eligible for federally subsidized guardianships. LFC recommends a \$1.8 million increase to extend guardianship payments to all children placed with kin and to increase guardianship and foster care pay rates.

The committee recommends \$500 thousand to expand coverage and increase the capacity of the child advocacy centers (CACs) across the state. CACs conduct forensic interviews and provide counseling services for children suffering from serious physical or sexual abuse, or both. Funding will target areas of the state where children have to travel significant distances to receive services and reduce wait times in areas with high demand. In FY19, 1,514 interviews, or 35 percent of all CAC interviews, were conducted in the Albuquerque metropolitan area where the wait time was over 10 days. National standards require interviews occur within 48 hours of the disclosure.

In FY19, Protective Services did not meet a majority of its performance targets, including key metrics regarding repeat maltreatment rates, reunification rates, and length of care. Most concerning, the rate of repeat maltreatment remains above the national benchmark, meaning children who experience substantiated maltreatment are experiencing another case of maltreatment in a relatively short timeframe. In FY20, the program received a 19 percent budget increase to address persistently high caseloads and staff turnover. As of September 2019, there were some signs of improvement. Staff turnover rates fell to 20 percent and caseloads in investigations and protective services were in line with the Children's Welfare League's standards. However, permanency worker caseloads remain high, and the program is still struggling to fill a number of vacant positions.

Juvenile Justice Services. JJS provides prevention, intervention, and aftercare services for delinquent youth in New Mexico. JJS's FY21 general fund request was \$71.1 million. The request decreased general fund revenues due to the transfer of four positions to Behavior Health and two positions to Protective Services. The overall request included a 1 percent increase in care and support funded through the program's nonreverting fund balance.

Following a nationwide trend of declining incarceration rates, New Mexico has achieved more than a 40 percent drop in youth incarcerations over the last five years. The decrease is the result of systematic reforms to promote least restrictive placements and a commitment to prevention and early intervention for young people at the front-end of the juvenile justice system. In FY19, 7,628 youth were referred to the juvenile justice system for services, including probation violation, nondelinquent referral, and delinquent referral. Nearly all of the referred juveniles were handled informally through local community rehabilitative programs. Only 98 youth, or about 1 percent, were committed to a juvenile facility.

The LFC recommendation fully supports the program's request.

In FY19, JJS met or nearly met over 50 percent of its performance targets but fell short in reducing recidivism rates for youth discharged from both commitment and field supervision. While the overall census in New Mexico's juvenile justice facilities are declining, youth coming into system have more and higher levels of behavioral health needs. Overall, the data on New Mexico's juvenile population indicates a critical need for a comprehensive system of care for these youth in their communities, while incarcerated, and after commitment.

Program Support Services. PS comprises three entities: the Office of the Secretary, the Administrative Services Division, and the Information Technology Division. The FY21 base general fund request of \$15.6 million, included an increase of \$2.6 million to replace the loss of federal funds related to the departure of ECECD (approximately \$1.8 million) and a decrease in federal foster care (Title IV-E) administrative funds (approximately \$800 thousand). Until the department can develop and implement an information system that meets the comprehensive child welfare information system (CCWIS) standards, it will only be eligible for a fraction of the available Title IV-E administrative funds.

The committee recommendation includes a \$500 thousand general fund revenue increase to cover the loss of federal Title IV-E administrative funds. With the departure of ECECD, personnel and operating cost should realign with the remaining support needs of the ongoing programs. Overall, the LFC recommendation of \$13.5 million represents a 4 percent increase in general fund revenue.

BASE EXPANSION:

Behavioral Health Services. BHS' expansion request included \$1.6 million for 21 new community behavior health clinicians to be embedded in Protective Service field offices, a \$3.5 million expansion of the existing domestic violence program, \$1.4 million for 17 new positions to expand the capacity of the program's licensing and certification authority, and \$5.6 million for a host of programs and initiatives focused on increasing both access to and the quality of behavior health services statewide and transitional living and support services for youth. The request also included a number of new central office positions to manage the financial and administrative needs of the expansion, including a contracts manager, financial analyst, program coordinators and evaluators, and research analysts and data managers.

Building capacity for high-quality and evidence-based behavioral health services is vital to meeting the needs of children and youth statewide and to preventing unnecessary and harmful institutionalization. By identifying key risk factors for out-of-home treatment, effective evidence-based interventions can be built out at the community level to help minimize the number of children needing this highest level of care. High-fidelity wraparound services and intensive family and community-based treatment are promising models with research showing these services may reduce the number of children using higher and more costly levels of care, as well as keep high-needs children in their community.

LFC partially supports the expansion request, recommending \$1.5 million for the expansion of community-based behavioral health services, \$852 thousand for additional community behavioral health clinicians, \$1.6 million for the expansion of core shelter and counseling services for domestic violence victims and their children, and \$1.2 million for youth support and transitional living programs.

Pursuant to its licensing and certification authority, CYFD can help support the expansion of quality behavior health services and should work to expedite and streamline Medicaid credentialing. The expansion of the licensing and certification authority will ensure CYFD has the capacity to manage the certification, licensing, and monitoring of the state's current, prospective and future behavioral health service providers. LFC recommends an increase of \$620 thousand for additional staffing. Fifty percent of staffing cost related to licensing and certification should be eligible for Medicaid reimbursement and the program needs to ensure it leverages all available federal funds.

Protective Services. Protective Services requested a \$10.9 million expansion to implement a differential response system at their intake centers, create a new kinship care unit, expand training initiatives, and increase staff in the permanency and youth services divisions.

Reaching families early with support services can prevent more expensive and possibly less effective intervention services later, once harm has occurred. An effective strategy to prevent removal is "alternative or differential response," which provides a path for families coming into contact with CYFD to be evaluated and receive services if there is no imminent risk to safety. Differential response can also be effective in preventing short-term stays in foster care, which overburden the system and cause undue trauma to the children who are removed from their homes to be returned only a few days later. In 2019, over 60 percent of children who entered care in New Mexico were discharged within 30 days. During the 2019 session, the Legislature passed a bill creating a framework for the establishment of a new "differential response" system at CYFD's central intake facility. This multilevel response system will allow the department to offer preventive support services without having to initiate a formal investigation and police report and will help prevent removal followed by immediate return. Cases will be referred to providers in the community to complete an assessment and provide prevention services based on the needs of the family. LFC supports the program's request for \$2 million to implement a differential response system.

The program's \$6.6 million workforce expansion request and \$2.3 million expansion request for additional staff for extended foster care and kinship care includes 59 new positions. In FY20, CYFD received 36 new positions and over \$15 million across the agency to raise salaries to competitive levels, reduce vacancy and turnover rates, and lower caseloads in the Protective Service program. Yet, over the past year, agencywide vacancies have remained high and the FY19 turnover rate in key Protective Service field positions was 38 percent. The continued reduction of turnover rates is vital to CYFD's ability to achieve best outcomes.

The LFC recommendation includes \$2.5 million for the workforce expansion requests and \$500 for additional kinship and extended foster care personnel.

Overall, the committee recommends a total expansion of \$5 million.

Program Support. Program Support requested an expansion of \$489 thousand to create and staff a new office of disability rights (\$276 thousand) and a new central records bureau (\$213 thousand). Because the program's current vacancy rate is close to 30 percent, LFC does not support the expansion request.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers to the protective services program of the children, youth, and families department include \$900 thousand from the temporary assistance for needy families block grant for supportive housing.

BASE EXPANSION LISTING FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
5	Differential Response at Intake (P578)	2,014.5	2,014.5
6	Create Office of Disability Rights (ODR) (P576)	276.0	0.0
7	Creation of Centralized Records Bureau (P576)	213.0	0.0
10	Placement/Kinship (P578)	2,277.7	500.0
8	Workforce (P578)	6,627.5	2,500.0
1	BH-1 Evidence Based and Best Practice Svs (P800)	5,580.3	3,770.0
1	BH-2 Domestic Violence (P800)	3,500.0	1,604.2
1	BH-3 Licensing and Certification Authority (P800)	1,400.0	620.0
1	BH-4 Community Behavioral Health Clinicians (P800)	1,640.0	852.6
TOTAL		23,529.0	11,861.3

JUVENILE JUSTICE FACILITIES

The purpose of the juvenile justice facilities program is to provide rehabilitative services to youth committed to the department, including medical, educational, mental health and other services that will support their rehabilitation.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	68,904.7	71,517.5	71,127.3	71,227.3	-0.4
Other Transfers	307.3	423.9	423.9	423.9	0.0
Federal Revenues	115.6	400.0	400.0	400.0	0.0
Other Revenues	1,934.1	1,516.5	1,516.5	1,516.5	0.0
Fund Balance	845.9	845.9	1,304.4	1,304.4	54.2
SOURCES TOTAL	72,107.6	74,703.8	74,772.1	74,872.1	0.2
USES					
Personal Services and Employee Benefits	53,331.1	55,493.4	55,455.2	55,455.2	-0.1
Contractual Services	10,533.1	14,230.1	13,446.4	13,546.4	-4.8
Other	6,197.9	4,980.3	5,870.5	5,870.5	17.9
TOTAL USES	70,062.1	74,703.8	74,772.1	74,872.1	0.2
FTE					
Permanent	891.8	881.0	876.8	876.8	-0.5
Temporary	0.0	1.8	0.0	0.0	-100.0
TOTAL FTE POSITIONS	891.8	882.8	876.8	876.8	-0.7

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Turnover rate for youth care specialists	32.9%	16.9%	19%	23%	19%
Outcome	Percent of clients who successfully complete formal probation	85.6%	85.8%	86%	85%	86%
Outcome	Percent of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	10.7%	10.0%	10%	13%	10%
* Outcome	Recidivism rate for youth discharged from active field supervision	20.1%	19.9%	12%	12%	12%
* Outcome	Recidivism rate for youth discharged from commitment	36.2%	44.5%	35%	40%	40%
* 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	6.9%	21.5%	9%	10%	10%
Outcome	Percent of clients in juvenile justice facilities with improvement in reading on standardized pre- and post-testing	63.6%	58.0%	60%	45%	60%
Outcome	Percent of clients in juvenile justice facilities with improvement in math on standardized pre- and post-testing	40.9%	30.0%	60%	60%	60%
* Output	Number of physical assaults in juvenile justice facilities	284	235	<285	<285	<285

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	95,515.5	105,382.4	113,633.3	106,963.3	1.5
Other Transfers	1,263.6	2,289.4	2,289.4	2,289.4	0.0
Federal Revenues	53,890.9	65,009.4	69,455.3	69,455.3	6.8
Other Revenues	1,789.4	2,235.4	1,810.4	1,810.4	-19.0
SOURCES TOTAL	152,459.4	174,916.6	187,188.4	180,518.4	3.2
USES					
Personal Services and Employee Benefits	58,419.7	68,380.0	72,104.8	71,066.7	3.9
Contractual Services	24,181.2	28,624.3	28,668.5	25,254.6	-11.8
Other	64,938.0	77,912.3	86,415.1	84,197.1	8.1
TOTAL USES	147,538.9	174,916.6	187,188.4	180,518.4	3.2
FTE					
Permanent	938.0	972.0	1,030.0	1,000.0	2.9
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	944.0	978.0	1,036.0	1,006.0	2.9

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Turnover rate for protective service workers	26.3%	39.7%	20%	20%	20%
* Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	89.4%	86.8%	93%	95%	95%
Output	Of children who enter care during a twelve-month period and stay for more than eight days, placement moves rate per one-thousand days of care	6.9	7.8	<4	<4	<4
Output	Percent of survivors and clients receiving domestic violence services who create a personalized safety plan with the support of agency staff prior to discharge from services	89.4%	81.2%	90%	90%	90%
* Outcome	Percent of children in foster care for more than eight days who achieve permanency within twelve months of entry into foster care	28.4%	32.3%	40.5%	40.5%	40.5%
* Outcome	Rate of maltreatment victimizations per one hundred thousand days in foster care	21%	13.4%	<8.5%	<8.5%	<8.5%
* Outcome	Percent of children in foster care for twenty-four months at the start of a twelve month period who achieve permanency within that twelve months	34.8%	36.6%	32%	30.3%	32%
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	40.4%	36.5%	44%	43.6%	44%
* Outcome	Percent of children who were victims of a substantiated maltreatment report during a twelve-month period who were victims of another substantiated maltreatment allegation within twelve months of their initial report	15%	17%	<9.1%	<9.1%	<9.1%
Outcome	Percent of families with a completed investigation who engaged in prevention services for 30 days or more	NEW	4.5%	20%	18%	20%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to provide coordination and management of behavioral health policy, programs and services for children.

BUDGET SUMMARY
(dollars in thousands)

	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	15,831.7	17,611.9	40,925.8	35,778.9	103.2
Other Transfers	587.1	438.1	438.1	438.1	0.0
Federal Revenues	2,094.0	2,292.1	2,910.6	2,910.6	27.0
Other Revenues	0.0	0.0	425.0	425.0	
Fund Balance	0.0	0.0	0.0	0.0	
SOURCES TOTAL	18,512.8	20,342.1	44,699.5	39,552.6	94.4
USES					
Personal Services and Employee Benefits	4,796.8	5,730.2	10,722.4	8,569.4	49.5
Contractual Services	13,234.2	14,160.8	32,821.4	30,018.5	112.0
Other	397.0	451.1	1,155.7	964.7	113.9
TOTAL USES	18,428.0	20,342.1	44,699.5	39,552.6	94.4
FTE					
Permanent	72.5	72.5	135.5	107.5	48.3
Term	6.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	78.5	80.5	143.5	115.5	43.5

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services	91%	100%	92%	90%	95%
* Output	Percent of children, youth and families department children and youth involved in the estimated target population who are receiving services from community behavioral health clinicians	NEW	51.8%	75%	75%	75%

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)

	FY19	FY20	FY21 - 2020-2021		Percent Incr (Decr)
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	13,187.8	13,042.0	16,129.3	13,542.0	3.8
Other Transfers	71.5	71.5	71.5	71.5	0.0
Federal Revenues	5,061.7	6,490.7	3,762.0	3,762.0	-42.0
SOURCES TOTAL	18,321.0	19,604.2	19,962.8	17,375.5	-11.4
USES					
Personal Services and Employee Benefits	11,231.2	13,245.1	13,597.3	12,317.0	-7.0
Contractual Services	1,105.8	1,560.4	1,613.1	1,132.0	-27.5
Other	6,269.1	4,798.7	4,752.4	3,926.5	-18.2
TOTAL USES	18,606.1	19,604.2	19,962.8	17,375.5	-11.4
FTE					
Permanent	171.0	171.0	175.0	175.0	2.3
Term	4.0	4.0	4.0	0.0	-100.0
TOTAL FTE POSITIONS	175.0	175.0	179.0	175.0	0.0

STATUTORY AUTHORITY:

The Department of Military Affairs operates pursuant to Article I, Section 8, of the U.S. Constitution and Article XVIII, Sections 1 and 2, of the New Mexico Constitution. The department is established and governed by the New Mexico Military Code (Sections 20-1-1 through 20-12-73 NMSA 1978). The governor is the commander in chief of the state military forces. An adjutant general, appointed by the governor for a five-year term, directs the department.

MISSION:

The department's primary mission is to provide the necessary infrastructure to support the Army and Air national guards, State Defense Force, Civil Air Patrol, and the Youth Challenge Academy.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,064.1	7,203.3	7,762.4	7,490.0	4.0
Other Transfers	146.9	190.1	146.9	146.9	-22.7
Federal Revenues	16,959.8	17,379.9	20,167.2	20,167.2	16.0
Other Revenues	118.1	78.0	119.3	119.3	52.9
Fund Balance	231.1	0.0	0.0	0.0	
SOURCES TOTAL	24,520.0	24,851.3	28,195.8	27,923.4	12.4
USES					
Personal Services and Employee Benefits	8,782.9	10,488.0	11,295.1	11,277.3	7.5
Contractual Services	2,480.0	3,496.4	3,582.7	3,582.7	2.5
Other	12,360.7	10,866.9	13,318.0	13,063.4	20.2
TOTAL USES	23,623.6	24,851.3	28,195.8	27,923.4	12.4
FTE					
Permanent	33.0	33.0	33.0	33.0	0.0
Term	125.0	134.0	134.0	134.0	0.0
TOTAL FTE POSITIONS	158.0	167.0	167.0	167.0	0.0

AT A GLANCE:

The Department of Military Affairs (DMA) requested a \$3.3 million, or 13 percent, increase over the FY20 operating level, including an 8 percent increase in the personal services and employee benefits category, a 2 percent increase in the contractual services category, and a 23 percent increase in the other services category. The request included an 8 percent increase from the general fund and a 16 percent increase in federal funds. The LFC recommendation partially supports the request for personnel, including the entirety of the general fund increase necessary to ensure federal matching rates. The recommendation also supports the request for the contractual services category, which is flat with the FY20 operating budget for general fund. The recommendation only recommends increasing the general fund appropriation in the other category by \$40.2 thousand, primarily to support increasing the general fund match for armory maintenance.

BUDGET ISSUES:

DMA anticipates significant increases in federal funds primarily from its facilities maintenance master cooperative funding agreement with the federal government to fund major repair and renovation projects at facilities statewide.

The department had an average vacancy rate of 19 percent in FY19 and 25 percent in the first two months of FY20. To lower vacancy rates, ensure proper classification and pay of employees, and address pay inequities, DMA requested an additional \$264.3 thousand for personnel from the general fund, including \$81.7 thousand that would leverage \$394.4 thousand in federal funds (along with associated benefit costs). Although the department has high vacancy rates, in October 2019 the agency reported it was currently in the process of filling 28 of its 44 vacant positions. The recommendation supports an increase of \$246.5 thousand from the general fund in this category to reduce the budgeted vacancy rate and fully leverage available federal funds. The recommendation does not support a general fund increase of \$10.2 thousand for salaries for exempt personnel.

The department requested, and the recommendation supports, an \$86.3 thousand, or 3 percent, increase in the contractual services category. The increase includes \$93.6 thousand of federal funds from federal cooperative funding agreements and \$10.9 thousand in other revenues from increased building lease revenue, as well as an \$18.2 thousand decrease from internal service funds due to decreased meal costs at the Youth Challenge Academy and corresponding decreases in Public Education Department meal reimbursements. The general fund request in the contractual services category was flat with the FY20 operating budget.

The department requested a \$2.5 million increase in the other category, including a general fund increase of \$294.8 thousand. The recommendation supports the increases in the other category from federal funds, internal service funds, and other revenues but only recommends increasing the general fund amount in this category by \$40.2 thousand, primarily to support increasing the general fund match for armory maintenance. The recommendation also makes some general fund decreases in the other category to align with actual expenditures.

Legislation enacted in 2015 allows the department to reimburse service members group life insurance (SGLI) premiums from the general fund. DMA requested an additional \$156.2 thousand from the general fund to support rising costs. There is no federal match for premiums; reimbursements are made solely from the general fund. Although the Legislature increased appropriations to the fund by \$356.6 thousand in FY19 to resolve a shortfall in the SGLI fund balance, the recommendation does not support the FY21 request at this time and recommends exploring cost-sharing with National Guard members. As of October 2019, the SGLI fund balance was \$71.2 thousand.

The Youth Challenge Academy in Roswell aims to prevent at-risk youth from entering the criminal justice system by teaching self-discipline, leadership, and responsibility in a military-style environment. In FY19, 245 students registered and 175, or 71 percent, graduated. Of the FY19 graduates, 83 percent earned a high school equivalency certificate. Registration at the academy fell 16 percent between FY18 and FY19, and the number of graduates decreased 20 percent. However, in FY19 the number of students earning a high school equivalency certificate increased by 16, or 12 percent, compared with FY18. On average, registration at the academy has grown an average of 1 percent each of the last four years with a 3 percent increase in graduates and a 6 percent increase in students earning a high school equivalency certificate. The general fund cost per participant is \$4,375 for a 22-week academy (a total cost of \$17.5 thousand), compared with the almost \$109.3 thousand cost of a 22-week stay at the Children, Youth and Family Department’s Youth Diagnostic Development Center in FY19.

The National Guard was at 95 percent of manpower in FY19. Approximately 500 personnel deployed around the world in FY19 to support U.S. Army and Air Force missions, including deployments to Poland and Kuwait; this year, National Guard missions include deployments to Djibouti. Within the state, the National Guard assisted citizens by performing air search and rescue operations, air patient transports, and airlift support.

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard 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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of strength of the New Mexico national guard	95%	95%	98%	97%	97%
Output	Cost of deferred maintenance requests	NEW	NEW	\$22,433,215	\$22,433,215	\$22,000,000
Outcome	Percent of New Mexico national guard youth challenge academy cadets who graduate	NEW	NEW	100%	100%	100%
* Output	Percent of New Mexico national guard youth challenge academy cadets who earn their high school equivalency annually	NEW	NEW	65%	65%	70%
Outcome	Number of New Mexico national guard service member life insurance premiums reimbursed versus the number of reimbursements eligible	NEW	NEW	94%	94%	94%

STATUTORY AUTHORITY:

The Parole Board Act (Section 31-21-22 NMSA 1978) created the 15-member Parole Board and administratively attached it to the Corrections Department. Even though the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency responsible for paroling adults incarcerated by the Corrections Department. The Probation and Parole Act (Section 31-21-3 through 31-21-19 NMSA 1978) further outlines the responsibilities of the Parole Board. The 15 board members are appointed by the governor and confirmed by the Senate.

MISSION:

The Parole Board grants, denies, or revokes parole, conducts investigations, summons witnesses, and adopts rules and regulations for the effective discharge of board duties. The Parole Board also provides recommendations to the governor on applications for executive clemency.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	482.8	527.6	1,172.1	615.7	16.7
SOURCES TOTAL	482.8	527.6	1,172.1	615.7	16.7
USES					
Personal Services and Employee Benefits	269.8	381.7	938.7	454.0	18.9
Contractual Services	8.3	8.6	9.0	8.6	0.0
Other	151.5	137.3	224.4	153.1	11.5
TOTAL USES	429.6	527.6	1,172.1	615.7	16.7
FTE					
Permanent	6.0	6.0	14.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	14.0	6.0	0.0

AT A GLANCE:

The board’s request from the general fund was a \$644.5 thousand, or 122 percent, increase from the FY20 operating budget. The request comprised a base budget increase of \$187.6 thousand and 1 FTE and an expansion of \$456.9 thousand and 7 FTE. The increased salary given to the new parole board director accounts for approximately \$47 thousand, or 25 percent, of the total requested base-budget increase. The LFC recommendation is \$615.7 thousand from the general fund; while this does not support the expansion, the recommendation increases the base budget by \$88.1 thousand, or 17 percent. The recommendation includes a \$72.3 thousand increase in the personal services and employee benefits category to improve recruitment and retention.

BUDGET ISSUES:

At the end of FY19, only seven of the 15 Adult Parole Board positions were filled; an additional seven members have been appointed in FY20 as of November. The board is staffed by six employees, including an appointed director, charged with ensuring parole hearings run efficiently. In FY19, the Parole Board conducted 3,363 parole hearings, 448, or 12 percent, fewer hearings than in FY18. Of the total hearings held, 66 percent resulted with a parole certificate issued. Incomplete or inaccurate documentation remains an obstacle to holding parole hearings; in FY19, 226 hearings were cancelled, or “scratched,” for this reason.

The board requested a 122 percent increase over its FY20 operating budget, including a \$187.6 thousand base-budget increase, with an additional 1 FTE, and an expansion of \$456.9 thousand to support 7 additional FTE. The base-budget request included a \$103 thousand increase in the personal services and employee benefits category and an \$84.2 increase thousand in the other category, primarily for board member training and travel expenses to conduct more hearings in person. The expansion request is targeted entirely at increasing FTE, which the board claims is necessary to maintain efficient operations. The board cites an “F-” rating from the Prison Policy Initiative as evidence it is failing to achieve its mission; however, this grade stems from New Mexico’s abolition of discretionary parole release in 1979 and does not reflect a judgment on the function of the parole board.

The board has struggled with vacancies in recent years and hopes to reclassify positions into higher pay bands to attract qualified candidates. In FY18, the board conducted 3,811 hearings with an average of 5.6 FTE and maintained an average 5 FTE in FY19. As of September 2019, the board had four positions filled. For FY21, the board requested an additional 7 FTE to conduct an estimated 3,700 hearings. However, addressing the board’s current challenges of recruiting and retaining staff should be sufficient to manage the anticipated workload and decrease the stress on existing employees. The recommendation includes \$22.2 thousand to increase salaries for existing classified positions, an average increase of approximately \$4,400 for each classified employee, as well as about \$3,100 for associated benefit costs. The recommendation does not support the addition of 1 FTE in the base, which represents a part-time college intern position that was unfilled as of October 2019.

The base-budget request included an \$84.2 thousand, or 63 percent, increase over the FY20 operating budget in the other category, chiefly for board member professional development and travel, which the recommendation does not support. The request also included an increase of \$28.3 thousand for supply costs to match actual expenditures in FY19, which the recommendation partially supports.

The board is currently housed on the campus of the Penitentiary of New Mexico in a building that served as the state's women's prison until the 1980s. The board cites numerous problems with this location, including plumbing, heating, cooling, and electrical issues, as well as space constraints and lack of storage for records. However, the board did not include funding for relocation in its budget request.

BASE EXPANSION:

The board requested an expansion of \$456.9 thousand to support the addition of 7 new FTE, including a chief financial officer, a human resources process analyst, a management analyst, and four business operations specialists. Almost the entire expansion request, \$454 thousand, was requested in the personal services and employee benefits category, while \$2,900 was requested in the other category to support increased SHARE fees for additional FTE. The recommendation does not support the requested expansion.

BASE EXPANSION LISTING
FY21 - 2020-2021

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	(P704)	456.9	0.0
TOTAL		456.9	0.0

ADULT PAROLE

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

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	62	125	35	40	60
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	95%	69.3%	85%	85%	85%
Explanatory	Number of hearings cancelled due to insufficient information	N/A	N/A			
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	N/A	N/A	N/A	40%	35%
Output	Number of parole hearings conducted in person	NEW	NEW	NEW	1,600	1,800
Output	Number of parole hearings conducted	NEW	NEW	NEW	3,000	3,500

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 JPSAB is to provide citizen oversight, review programs and initiatives, 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)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	13.2	8.3	8.3	8.3	0.0	
SOURCES TOTAL	13.2	8.3	8.3	8.3	0.0	
USES						
Contractual Services	4.9	0.0	0.0	0.0		
Other	5.9	8.3	8.3	8.3	0.0	
TOTAL USES	10.8	8.3	8.3	8.3	0.0	
FTE						
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	0.0	

AT A GLANCE:

The Juvenile Public Safety Advisory Board (JPSAB) FY21 budget request was flat compared with the FY20 operating budget at \$8,300. The budget covers board travel and per diem. Starting in FY20, the board's audit was combined with CYFD, achieving significant savings.

The LFC recommendation fully supports the request.

The board is a special purpose entity, created to advise CYFD on supervised release decisions, review CYFD's activities in regards to juvenile justice facilities (JJS), make recommendations to CYFD concerning JJS facility programs, visit JJS facilities and report to the governor and the secretary of CYFD on its findings. JPSAB may have up to seven members at any time but currently only has three and has never had more than four.

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 a low risk for reoffending or revictimizing the community.

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Output	Percent of clients reviewed at forty days	94%	87.5%	92%	89%	92%
Outcome	Percent of clients successfully completing term of supervised release	59.3%	60.8%	65%	58.3%	65%

STATUTORY AUTHORITY:

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, created 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 Corrections Department (NMCD) is to provide a balanced approach to corrections, from incarceration to community-based supervision, with training, education, and rehabilitation programs and services that provide opportunities for offenders to successfully transition to communities.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	305,469.9	324,177.5	346,941.9	343,019.2	5.8
Other Transfers	15,155.0	17,144.8	16,095.1	16,644.8	-2.9
Federal Revenues	471.3	0.0	0.0	0.0	
Other Revenues	48,719.6	15,369.6	14,964.9	15,318.3	-0.3
Fund Balance	1,796.2	1,779.7	1,123.3	1,779.7	0.0
SOURCES TOTAL	371,612.0	358,471.6	379,125.2	376,762.0	5.1
USES					
Personal Services and Employee Benefits	146,887.4	157,886.8	172,447.8	174,481.1	10.5
Contractual Services	59,797.7	65,096.9	77,436.6	75,196.0	15.5
Other	134,257.0	135,487.9	129,240.8	127,084.9	-6.2
TOTAL USES	340,942.1	358,471.6	379,125.2	376,762.0	5.1
FTE					
Permanent	2,402.0	2,402.0	2,571.0	2,571.0	7.0
Term	45.0	45.0	44.0	44.0	-2.2
TOTAL FTE POSITIONS	2,447.0	2,447.0	2,615.0	2,615.0	6.9

AT A GLANCE:

The Corrections Department (NMCD) FY21 total budget request was \$379.1 million, an increase of \$20.7 million, or 5.8 percent compared with the FY20 operating budget. Of the total request, \$346.9 million was from the general fund, an increase of \$22.8 million, or 7 percent, over FY20. The majority of the requested increase was for a new medical and pharmaceutical contract and to transition Northeast New Mexico Detention Facility (NENMDF) in Clayton from private to public operation. The department also requested significant increases to address pay parity issues, decrease the budgeted vacancy rate, and increase bed space, post-release resources, and diversion opportunities for offenders in the community.

The LFC recommendation increases the agency's general fund budget by \$18.8 million, or 5.8 percent, compared with the FY20 operating budget. The recommendation partially funds the requests for increases for the medical contract, operation of NENMDF, personnel increases, and increased funding for community corrections. The recommendation also supports increasing public correctional officer pay by an average of 3 percent (in addition to a separate 3 percent compensation package) and rate increases for private prisons.

BUDGET ISSUES:

For FY20, NMCD received an increase of \$18.7 million, or 6.1 percent, from the general fund compared with FY19. NMCD also received \$3.8 million from the general fund for compensation increases and \$3.1 million in nonrecurring general fund for its offender management system (OMS) replacement project. A total of \$8.1 million was appropriated from penitentiary income fund balances (composed of revenues from land grant permanent fund and land maintenance fund distributions) for one-time costs, including the OMS replacement, improvements at correctional facilities, shortfalls in the Inmate Management and Control (IMAC) and Community Offender Management (COM) programs, and overdue Department of Information Technology radio costs.

NMCD submitted five FY19 year-end budget adjustment requests (BAR) transferring \$2.6 million among programs and categories, 0.7 percent of the agency's total budget, and increasing the Corrections Industries Program by \$1.2 million from its fund balance, 8.9 percent of the program's total budget. Two of these BARs used \$2.5 million from the personal services and employee benefits category in IMAC and Program Support to increase IMAC's budget in the other category to replace field supplies carried by correctional officers and for facilities maintenance projects. Another BAR transferred \$80 thousand from Program Support's personal services and employee benefits category to the other category to purchase computers, monitors, and other IT equipment. NMCD reverted \$568.1 thousand at the end of FY19.

NMCD received about \$48.7 million in revenue from the land maintenance fund and the land grant permanent fund in FY19, an over 200 percent increase compared with FY18 revenues. This increase was primarily due to almost \$34 million in land maintenance revenue in October and November of 2018 from unusually high lease sales; comparatively, in FY18 the department received an average of \$204.3 thousand in land maintenance revenue each month. Because these additional funds were not all budgeted in the 2019 General Appropriation Act, NMCD has an estimated \$33 million in unappropriated penitentiary income fund balance. LFC economists project the department will receive an additional \$16.6 million in these revenues in FY21. The recommendation budgets \$17.6 million of these funds in the operating budget and uses \$29.5 million of the remaining funds for one-time appropriations to treat inmates with hepatitis C, pilot satellite academies, fund capital outlay needs, and support criminal justice reform initiatives.

For FY21, the department requested \$22.8 million in additional general fund revenue, including \$10 million for the increased cost of its new medical contract, \$4.8 million to operate NENMDF as a public prison, \$2.3 million to address pay parity issues, increase starting salaries for new therapists and counselors, and decrease the budgeted vacancy rate, and \$2.1 million to increase bed spaces, post-release resources, and diversion opportunities for offenders in the community. The department also requested almost \$1.5 million from the general fund to replace penitentiary income fund revenues in the base budget.

The recommendation increases general fund revenue by \$18.8 million, or 5.8 percent, including a \$16 million, or 11.7 percent, increase for personnel, and supports increases of \$8.9 million for the new medical contract, \$3.8 million for NENMDF, \$2.1 million to increase correctional officer pay by an average of 3 percent (in addition to a separate 3 percent compensation package), \$1.1 million to fund increases in private prison per diem rates, \$1 million to increase services provided through community corrections, \$1 million to conduct biannual risk-needs assessments for all individuals on supervision, and \$880.4 thousand for additional personnel increases. The recommendation also includes \$550 thousand in general fund revenue to replace fund balance. LFC anticipates prison population decreases will result in savings of at least \$1.75 million.

Inmate Population Trends and Recidivism. The FY19 average prison population of 7,224 was a 10.4 percent increase since FY10 but a 2.4 percent reduction from the all-time high in FY16 and 1.4 percent below the prior-year's average. Admissions to New Mexico's prisons dropped an unprecedented 15.1 percent between FY18 and FY19, the largest year-over-year decrease in two decades. The average inmate population decreased for nine straight months in FY19, and despite minor month-over-month increases in the first quarter of FY20, overall population declined 5.1 percent between September 2018 and September 2019.

While admissions began decreasing in FY16, average prison population did not begin to decline until FY17. Between FY11 and FY19, the median length of stay of prisoners admitted to the prison system averaged 12.5 months; as a result, a delay between a decline in admissions and its impact on the overall prison population is to be expected. Since FY16, the average prison population has only decreased 2.4 percent, but, due to the lag in the impact of admissions on population, the effect of the recent admissions drop, most of which occurred between FY18 and FY19, will likely become more apparent over the course of FY20.

The Sentencing Commission's (NMSC) 2018 prison population forecast did not anticipate the significant population declines in FY19 and FY20, nor does its most recent 2019 forecast. As a result, NMSC's projection for FY19 was an average of 2.6 percent higher than the actual overall population; in the first quarter of FY20, the projection exceeded the actual population by an average of 2.9 percent.

NMCD's FY20 operating budget included \$1.75 million in the other category for prison population increases anticipated in FY19 and FY20. Instead, the population decreased between FY18 and FY19 and is on track to continue to decrease throughout FY20. Because population increases have not been realized, the recommendation anticipates savings of at least \$1.75 million that can be directed toward other initiatives.

Recidivism rates, calculated as the percent of offenders who return to prison within three years of release from prior incarceration, averaged 54 percent in FY19, the highest rate in over a decade, and reached 57 percent in the first quarter of FY20. A 2018 LFC program evaluation found each percentage point of recidivism costs the state \$1.5 million and determined parole revocations drive recidivism rates, costing the state \$40 million in FY17. In a sample of closed parole files, the evaluation found 67 percent of parolees violated conditions at least once; among violations, 75 percent were for substance use or absconding. In total, 43 percent of parolees had their parole revoked and were sent back to prison after an average of 2.7 violations. Legislation to decrease the impact of technical parole violations on reincarceration was vetoed after the 2019 session, but this issue is likely to be revisited in the 2020 session.

To reduce recidivism, and thus improve public safety, best practices indicate a reentry plan should be developed at the time of an inmate's admission to prison, evidence-based programs should be provided during incarceration to address substance use and other needs, comprehensive reentry resources should be provided to each inmate on release, and evidence-based programming should be provided to offenders once they are on parole. In accordance with Laws 2019, Chapter 23, (Senate Bill 58) NMCD completed an inventory of its FY19 community corrections programming, providing information on program funding, capacity, and participation for the community population.

Within NMCD's prisons, however, programming varies widely, and existing performance measures, which focus on completion rates, do not capture how many inmates are able to access existing programs. Without both participation and completion data, ascertaining the effectiveness of programming and its impact on recidivism is difficult. To improve transparency into prison programming, the LFC recommendation supports a \$200 thousand special appropriation from the penitentiary income fund to purchase educational materials and supplies for the Recidivism Reduction Bureau, develop a detailed three-year programming plan, and report on inmate participation and completion.

Risk-needs assessments are also a valuable tool for determining how to best target services. In 2008, the department purchased the correctional offender management profiling for alternative sanctions (COMPAS) risk-needs assessment; however, NMCD did not begin implementing the assessment widely until FY17. Despite NMCD policy requiring COMPAS assessments be administered to inmates within four weeks of intake, a recent LFC study found that, as of FY19, only 4 percent of the incarcerated population had a completed COMPAS assessment, while 40 percent of the probation and parole population had a completed assessment. To expand the use of risk-needs assessments, the LFC recommendation includes \$1 million from the general fund to administer biannual assessments to the entire supervision population and supports a \$350 thousand special appropriation from the penitentiary income fund to pilot risk-needs assessments for inmates within one year of release.

Although cost savings resulting from reduced recidivism rates should be reinvested into evidence-based programs, any public prison savings as a result of a population decrease are likely to be modest due to fixed overhead costs, such as the number of correctional officers in prisons and program administration. At private prisons, savings could be realized if the inmate population continues to fall; a 1 percent decrease among medium security male inmates in private prisons could save almost \$1 million. However, the medium security, or level three, inmate population housed at private prisons has remained relatively stable while other security level populations have declined, meaning savings may not be realized at private facilities. For meaningful savings, the inmate population would have to decrease at a rate that safely allows fewer officers on duty or closure of facilities. If trends continue, the Legislature may be in a position to consider closing a prison and realizing such savings.

Inmate Classification. Revising NMCD's inmate classification system may also reduce costs by decreasing the number of inmates held at medium- and high-security custody levels. The current system was designed in 1999, and the department reports it does not meet current standards or needs. Additionally, NMCD notes discretionary overrides to inmates' custody levels should be reexamined, because a significant share of the current prison population have had their custody levels overridden. Ensuring inmates, especially medium-security inmates, are properly classified could enable the department to use vacant bed space at low-security public facilities and decrease the population housed at private facilities. More appropriate placement may also improve offender recidivism rates. NMCD has contracted with the Institute for Social Research at the University of New Mexico to assess the potential benefits of revising the classification process.

Critical Staff Issues. Targeted pay increases totaling 25 percent over the last six years have failed to address high vacancy rates among correctional officers in public facilities, which remained between 22 percent and 27 percent over the same period. In the first quarter of FY20, NMCD reported public correctional officer vacancy rates averaged 26.2 percent. Chronically high vacancies among custody staff result in high overtime costs and a dangerous prison environment, including increased rates of violence. In FY18, inmate-on-inmate violence hit a 10-year high, with 32 assaults resulting in serious injury. While this decreased to 25 total assaults in FY19, the first quarter of FY20 saw 14 inmate-on-inmate assaults – the highest number in a single quarter since at least FY16. The department continues to evaluate ways to improve recruitment, such as changing the corrections academy curriculum to better align with job requirements and holding satellite academies in rural communities, which the department has prioritized. The LFC recommendation proposes piloting satellite academies with \$240 thousand from the penitentiary income fund.

Vacancy rates among probation and parole officers increased from 18 percent in FY18 to 23 percent in FY19 and the first quarter of FY20. Caseloads among probation and parole officers averaged 112 during FY19, potentially as a result of staffing challenges, but decreased to 100 in the first quarter of FY20. Higher caseloads reduce the time officers can spend on individual offenders, potentially compromising the supervision and services these offenders receive.

Prison Healthcare. Last May, Centurion LLC announced it would sever its contract with NMCD in November 2019, six months ahead of the original May 2020 end date. At the end of October, NMCD contracted with Wexford Health Services, a company that previously held the contract from 2004 to 2007, to provide healthcare services. The new medical contract ties compensation to prison population and the average of Medicaid managed-care organization (MCO) per-member per-month rates and includes a margin of over 47 percent to cover administrative costs and profit, resulting in a significantly more expensive contract. The MCOs for which these rates are set provide much more extensive services than are covered by the contract with Wexford. The recommendation includes an \$8.9 million increase in general fund revenue to fund the increased medical contract cost. Because Centurion chose to end its contract six months earlier than expected and the department must pay for six additional months of the more expensive Wexford contract, NMCD anticipates a budget shortfall in FY20. Analysis of NMCD's budget projections shows existing funds and FY20 BAR authority should be sufficient to cover the majority of this shortfall; the LFC recommendation includes a \$600 thousand supplemental appropriation from the general fund to cover the remaining shortfall.

For years, NMCD has faced criticism for failing to sufficiently monitor inmate medical care providers. The recommendation includes \$100 thousand to reduce the budgeted vacancy rate in the Health Services Bureau to improve the department's ability to monitor the medical contract.

As of August, 2,842 inmates were infected with chronic hepatitis C; NMCD reports the number of infected inmates has remained relatively stable, between about 2,800 and 3,000, for several years. NMCD reports data from the Office of the Medical Examiner, which examines all inmates who die in NMCD custody, shows diseases generally linked to hepatitis C are a leading cause of death among New Mexico inmates. The department requested a \$30 million special appropriation from the general fund to treat all currently affected inmates. The LFC recommendation includes a total of \$25 million (\$3 million from the general fund and \$22 million from the penitentiary income fund) for FY20 through FY22 for this purpose. If the department is able to leverage "340b" federal discount pricing for hepatitis C drugs, this funding should be sufficient to treat over 75 percent of the currently infected population in two years. The department's contract with Wexford also includes drug costs for hepatitis C treatment for an additional 150 inmates each year. If federal discount pricing is not practical for this purpose, other drug purchasing strategies, such as subscription-based drug purchasing, recently implemented in Louisiana's correctional system, or bulk purchasing through multistate purchasing pools could also be leveraged to decrease costs. Hepatitis C treatment costs have fallen precipitously over the last few years, from \$88.4 thousand per treatment in FY16 to \$21.7 thousand in FY19, with further declines expected.

Private Prison Contracts. Private prisons make up a large portion of NMCD's general fund budget, amounting to 29.4 percent in FY19. In November, the department took over operations of NENMDF in Clayton from the GEO Group. As a result, private prisons account for only 21.6 percent of the department's FY21 general fund request. At the time the transfer was announced, in June 2019, LFC staff expressed concerns regarding increased operational costs and growing state-operated capacity despite population declines. Based on analysis of the department's staffing plan for NENMDF and projected other costs, state operation of NENMDF will require an additional \$2.6 million in FY20 and an additional \$3.8 million in FY21, and the committee recommends a supplemental appropriation for FY20 and increased funding for FY21 commensurate with those expenses.

The Department of Finance and Administration and the General Services Department are negotiating a new contract with the town of Clayton for NMCD's use of the NENMDF facility, owned by the town. The facility payment schedule under the current contract will cost the state \$62.1 million between FY21 and FY30, without the state assuming ownership of the facility. There have been discussions of the state purchasing the facility for the cost of the town's outstanding debt; however, assuming a conservative discount rate of 2 percent, the net present value of the current payment schedule is \$979 thousand less than the cost of the outstanding debt. Unless the town offers to sell the facility for less than the cost of the outstanding debt, maintaining the current facility payment schedule is more cost-effective for the state.

Facilities. The state's prisons suffer from a significant number of infrastructure problems. The most common needs include new roofs, heating and cooling systems, security equipment, fire suppression, and sewer system maintenance. Facility condition indices for NMCD facilities show it is more expensive to repair the department's buildings than it is to replace them. In total, the state's prison facilities have almost \$300 million in deferred maintenance needs. NMCD requested \$43.4 million in 2020 capital outlay funding for prisons. A 2014 LFC program evaluation of capital outlay at New Mexico's prisons estimated it would be more cost-effective to build a new medium security housing unit than maintain existing units, and a 2019 progress report on this evaluation maintained that finding.

Ongoing litigation may decrease capacity in New Mexico's prison system by 3.9 percent. A preliminary agreement between the state and plaintiffs in the *Duran* lawsuit (reopened in 2016) was reached this fall. The agreement will require the department to decrease the number of inmates living in dormitories or double cells at four prisons by 314. Notably, this will decrease the total capacity in the two existing women's prisons to 661 beds; in FY19, an average of 758 women were incarcerated. The department intends to use an FY19 appropriation for facility master planning to plan for additional housing capacity at Western New Mexico Correctional Facility, one of the two prisons that currently house women, but it is unlikely the department will be able to complete any new construction within the timeframe established by the settlement, and NMCD may need to make alternative arrangements for housing female inmates.

RECOMMENDED LANGUAGE:

The general fund appropriation to the inmate management and control program of the corrections department in the personal services and employee benefits category includes two million one hundred six thousand four hundred dollars (\$2,106,400) to increase compensation for public correctional officers.

The general fund appropriation to the inmate management and control program of the corrections department in the other category includes one million one hundred twenty-one thousand nine hundred dollars (\$1,121,900) to increase per diem rates for private prisons.

The general fund appropriation to the community offender management program of the corrections department in the personal services and employee benefits category includes one million dollars (\$1,000,000) to administer biannual risk-needs assessments to all offenders on supervision.

The general fund appropriation to the community offender management program of the corrections department in the contractual services category includes one million dollars (\$1,000,000) to implement highest-rated, evidence-based programming through community corrections.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	261,349.1	275,007.4	293,276.5	291,237.7	5.9
Other Transfers	14,955.0	16,944.8	15,895.1	16,444.8	-3.0
Federal Revenues	416.2	0.0	0.0	0.0	
Other Revenues	35,043.8	1,767.0	1,363.6	1,717.0	-2.8
Fund Balance	0.0	1,053.2	1,053.2	1,053.2	0.0
SOURCES TOTAL	311,764.1	294,772.4	311,588.4	310,452.7	5.3
USES					
Personal Services and Employee Benefits	115,428.3	122,561.4	135,820.8	137,932.1	12.5
Contractual Services	52,530.2	54,477.8	64,672.5	63,572.5	16.7
Other	115,825.6	117,733.2	111,095.1	108,948.1	-7.5
TOTAL USES	283,784.1	294,772.4	311,588.4	310,452.7	5.3
FTE					
Permanent	1,837.0	1,836.0	2,011.0	2,011.0	9.5
Term	33.0	33.0	33.0	33.0	0.0
TOTAL FTE POSITIONS	1,870.0	1,869.0	2,044.0	2,044.0	9.4

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Vacancy rate of correctional officers in public facilities	22%	25%	20%	20%	20%
* Outcome	Vacancy rate of correctional officers in private facilities	NEW	NEW	20%	22%	20%
Explanatory	Percent turnover of correctional officers in public facilities	28%	25%			
* Output	Number of inmate-on-inmate assaults with serious injury	30	25	8	15	15
* Output	Number of inmate-on-staff assaults with serious injury	7	3	2	0	0

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Output	Percent of eligible inmates who earn a high school equivalency credential	78%	79%	80%	80%	85%
* Explanatory	Percent of participating inmates who have completed adult basic education	78%	77%			
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	17%	15%	17%	15%	15%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	18%	28%			
Outcome	Percent of standard healthcare requirements met by medical contract vendor	100%	92%	100%	99%	100%
* Explanatory	Percent of inmate grievances resolved informally	88%	90%			
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	2.5%	18%	15%	15%	15%
* Outcome	Percent of release-eligible women incarcerated past their scheduled release date	8.9%	9.4%	6%	6%	6%
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	5%	4%			
* Outcome	Percent of release-eligible men still incarcerated past their scheduled release date	9.2%	9.3%	6%	6%	6%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	11%	13%	75%	20%	20%
Outcome	Percent of inmates who have filled out a YES New Mexico application at time of release	98%	99%	98%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	49%	54%	45%	45%	45%
Explanatory	Number of escapes	0	0			
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	54.2%	76%	55%	60%	75%
Outcome	Percent of inmates treated for hepatitis C through project ECHO with undetectable viral loads twelve weeks post-treatment	97%	95%	95%	95%	95%
* Output	Number of inmates who earn a high school equivalency credential	NEW	NEW	NEW	150	150
Explanatory	Total number of inmates referred to evidence based programming	NEW	NEW			
Outcome	Percent of sex offenders who have completed sex offender treatment	NEW	NEW	NEW	30%	30%
Outcome	Percent of human immunodeficiency virus (HIV) positive inmates with undetectable viral loads	NEW	NEW	NEW	95%	95%
Explanatory	Percent of inmates referred to evidence based programming successfully completing an evidence based program	NEW	NEW			

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates 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		FY21 - 2020-2021		Percent Incr (Decr)
		FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	Other Revenues	10,912.1	10,907.8	10,906.5	10,906.5	0.0
	Fund Balance	1,139.8	70.1	70.1	70.1	0.0
	SOURCES TOTAL	12,051.9	10,977.9	10,976.6	10,976.6	0.0
USES						
	Personal Services and Employee Benefits	1,763.1	2,191.1	2,190.6	2,190.6	0.0
	Contractual Services	419.6	51.4	51.4	51.4	0.0
	Other	9,469.3	8,735.4	8,734.6	8,734.6	0.0
	TOTAL USES	11,652.0	10,977.9	10,976.6	10,976.6	0.0
FTE						
	Permanent	30.0	30.0	28.0	28.0	-6.7
	Term	12.0	12.0	11.0	11.0	-8.3
	TOTAL FTE POSITIONS	42.0	42.0	39.0	39.0	-7.1

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	NEW	25%	>20%	20%	25%

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		FY21 - 2020-2021		Percent Incr (Decr)
		FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	31,576.6	36,008.2	39,569.3	38,407.8	6.7
	Other Revenues	2,520.0	2,540.0	2,540.0	2,540.0	0.0
	Fund Balance	656.4	656.4	0.0	656.4	0.0
	SOURCES TOTAL	34,753.0	39,204.6	42,109.3	41,604.2	6.1
USES						
	Personal Services and Employee Benefits	20,085.9	22,140.5	22,732.6	23,368.1	5.5
	Contractual Services	6,342.6	10,012.5	12,153.1	11,012.5	10.0
	Other	6,864.9	7,051.6	7,223.6	7,223.6	2.4
	TOTAL USES	33,293.4	39,204.6	42,109.3	41,604.2	6.1
FTE						
	Permanent	376.0	377.0	377.0	377.0	0.0
	TOTAL FTE POSITIONS	376.0	377.0	377.0	377.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	22%	15%	20%	15%	13%
Explanatory	Rate of turnover of probation and parole officers	0%	17%			
* Outcome	Percent of contacts per month made with high-risk offenders in the community	99%	98%	95%	95%	98%
* Quality	Average standard caseload per probation and parole officer	114	110	105	105	100
Output	Percent of absconders apprehended	29%	33%	30%	30%	30%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	<20	0			
* Output	Percent of offenders who graduated from the men's recovery center and are reincarcerated within thirty-six months	26%	27%	23%	24%	24%
* Output	Percent of offenders who graduated from the women's recovery center and are reincarcerated within thirty-six months	21%	19%	20%	20%	18%
* Outcome	Vacancy rate of probation and parole officers	18%	24%	15%	20%	20%
Explanatory	Number of offenders referred to evidence-based programming	NEW	NEW			
Explanatory	Percent of offenders referred to evidence-based programming successfully completing an evidence-based program	NEW	NEW			

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	12,544.2	13,161.9	14,096.1	13,373.7	1.6
Other Transfers	200.0	200.0	200.0	200.0	0.0
Federal Revenues	55.1	0.0	0.0	0.0	
Other Revenues	243.7	154.8	154.8	154.8	0.0
SOURCES TOTAL	13,043.0	13,516.7	14,450.9	13,728.5	1.6
USES					
Personal Services and Employee Benefits	9,610.1	10,993.8	11,703.8	10,990.3	0.0
Contractual Services	505.3	555.2	559.6	559.6	0.8
Other	2,097.2	1,967.7	2,187.5	2,178.6	10.7
TOTAL USES	12,212.6	13,516.7	14,450.9	13,728.5	1.6
FTE					
Permanent	159.0	159.0	155.0	155.0	-2.5
TOTAL FTE POSITIONS	159.0	159.0	155.0	155.0	-2.5

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	66%	60%			
Explanatory	Percent of employee union grievances resolved prior to arbitration	100%	100%			
Quality	Percent of audit findings resolved from prior year	81%	75%	50%	50%	80%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission was created by Section 31-22-4 NMSA 1978 to protect New Mexicans from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified in the law. The commission board is made up 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)					
<u>FY21 – 2020-2021</u>					
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,742.2	6,218.0	7,318.0	6,479.3	4.2
Federal Revenues	14,233.3	23,099.3	17,339.2	17,339.2	-24.9
Other Revenues	954.7	944.0	948.0	948.0	0.4
Fund Balance	138.2	200.0	300.0	300.0	50.0
SOURCES TOTAL	21,068.4	30,461.3	25,905.2	25,066.5	-17.7
USES					
Personal Services and Employee Benefits	1,606.0	2,013.6	2,388.1	2,062.2	2.4
Contractual Services	3,778.9	3,952.6	4,787.9	4,135.5	4.6
Other	15,072.3	24,495.1	18,729.2	18,868.8	-23.0
TOTAL USES	20,457.2	30,461.3	25,905.2	25,066.5	-17.7
FTE					
Permanent	16.0	19.0	22.0	19.0	0.0
Term	8.0	10.0	12.0	10.0	0.0
TOTAL FTE POSITIONS	24.0	29.0	34.0	29.0	0.0

AT A GLANCE:

As crime rates have risen, applications for victim compensation have increased. In FY20, the commission's general fund budget increased by \$475.8 thousand, or 7 percent, compared with FY19, primarily due to \$400 thousand in appropriations for sexual assault service providers and services for victims of human trafficking included in Laws 2019, Chapter 279, (House Bill 548) and Laws 2019, Chapter 278, (Senate Bill 536).

The commission requested a \$1.1 million, or 18 percent, increase in general fund revenues for FY21, aimed at increasing contracts with sexual assault service providers (\$650 thousand) and adding 3 permanent FTE; the LFC recommendation partially supports the general fund request, with an increase of \$261.3 thousand, or 4 percent, but does not add new FTE. The commission anticipates a \$5.8 million, or 25 percent, decrease in federal revenues in FY21, but requested 2 additional federally funded term FTE; the recommendation does not support the increase in FTE.

BUDGET ISSUES:

New Mexico's violent crime rates increased 10 percent between 2017 and 2018, according to the most recent year of FBI crime statistics available. According to FBI data, the total number of violent crimes in New Mexico increased 44 percent between 2014 and 2018, averaging an increase of almost 10 percent per year. The steady rise in violent crime has necessitated additional victim compensation. In FY19, the commission approved \$1.8 million in payments to victims of crime for hospital stays, funerals, lost wages, and rent and relocation. It approved \$15.7 million in grants to local organizations to provide shelter, counseling, and other assistance. In FY19, 4,581 reparation applications were received, a 24 percent increase from FY18, and 3,766, or 82 percent, were approved, a 46 percent increase from FY18.

Laws 2019, Chapter 211 (House Bill 342) amended the Crime Victims Reparation Act to broaden eligibility for reparations, which the commission anticipates will lead to increased applications. While crimes previously were required to be reported to law enforcement to be eligible for reparations, reports to medical or mental health providers, victim counselors, or other counseling providers are now considered eligible. In addition, victims were previously required to fully cooperate with law enforcement agencies to be eligible, while they are now only required to act reasonably under the circumstances.

In FY20, the Victim Compensation Program received \$400 thousand in recurring general fund appropriations in Laws 2019, Chapters 278 (Senate Bill 536) and 279 (House Bill 548) to support sexual assault service providers and services for victims of human trafficking. In addition, Chapter 278 appropriated \$100 thousand for sexual assault victims to the Department of Health (DOH), which transferred the funds to the commission in FY20; the commission included these funds in its FY21 request and DOH removed them from its budget request. The commission uses the funds to contract with the Rape Crisis Center, the Coalition of Sexual Assault Programs, and similar providers.

The agency projects mandatory crime victims reparation fees of \$75 per felony conviction and \$50 per misdemeanor to generate \$360 thousand in FY21, a 9 percent decrease from FY20 operating budget levels and about 14 percent of the \$2.6 million in payments to victims the commission anticipates making in FY21.

The FY21 budget request represented a \$488.5 thousand, or 20 percent, increase in funds for agency operations from all revenue sources compared with the FY20 operating budget, while funding for victims' compensation is decreased by \$207.3 thousand (7 percent) and funding for victims' services (through grants and contracts) is decreased by \$4.8 million (19 percent). This request increased the percentage of total revenues used to fund agency operations from 8 percent in FY20 to 12 percent in FY21. The recommendation increases operational funding by \$147.5 thousand (6 percent), decreased victims' compensation by \$52.6 thousand (2 percent), and decreased grants and contracts for victims' services by \$5.5 million (22 percent). Approximately \$350 thousand of the increase in operational expenses in the commission's FY21 request was proposed to pay for 3 permanent and 2 term FTE, which the recommendation does not support.

Victim Compensation. In the Victim Compensation Program, the request included a \$298 thousand, or 20 percent, general fund increase in agency operational costs over the FY20 operating budget, of which approximately \$185 thousand was intended to cover costs related to adding two new state investigators and a purchasing agent position. The recommendation does not support increasing staff but supports a \$111.7 thousand, or 7 percent, increase in operations in this program, including about \$40 thousand in the personal services and employee benefits category to reduce the budgeted vacancy rate and cover increased rate costs and about \$60 thousand in the other category for increased technical support for the commission's expanded victim compensation database.

The request for the Victim Compensation Program reduced the amount of general fund revenue used for victims' compensation (in the other category) by \$45.4 thousand but increased the use of crime victim fund balance for this purpose by \$100 thousand and increased other revenues by \$4,000. The recommendation supports this request. The commission funds victims' service providers through contracts in this program, which the request proposed increasing by \$847.4 thousand in FY21, with \$650 thousand for sexual assault service providers. The recommendation supports increasing these funds by the \$100 thousand previously appropriated to DOH for sexual assault services and maintains the \$250 thousand increase for sexual assault services included in Chapters 278 and 279. The recommendation also supports an increase of \$95 thousand for other service providers.

Grants Administration. The Federal Grants Administration Program is solely supported by federal funds. The program receives federal funds from the Victims of Crime Act (VOCA), Violence Against Women Act (VAWA), and Sexual Assault Services formula grants, allowing the agency to fund over 170 projects statewide. Federal funds to the commission increased from \$14.2 million to \$23.1 million between FY19 and FY20, a 39 percent increase, because Congress allowed expenditures from the fund to exceed spending caps. The agency passed the funds on to direct service agencies to assist victims of crime. Due to changes at the federal level, the commission anticipates federal funding will decrease in FY21 by about \$5.8 million, or 25 percent.

Because of the projected decrease in federal funds, the request anticipated grants from the Federal Grants Administration program would decrease by \$5.7 million compared with the FY20 operating budget. However, the request represented a \$190.5 thousand, or 19.3 percent, federal funds increase in operational costs, approximately \$155 thousand of which would fund a VAWA grant administrator position and a victim assistance coordinator position. Rather than increase personnel to help administer significantly decreased grant funds, the recommendation transfers \$149.8 thousand in the Federal Grants Administration Program from personnel to victims' compensation (in the other category) and reallocates \$4,900 in related costs within the other category to offset the proposed \$265.9 thousand decrease in federal funding for victims' compensation by \$154.7 thousand.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,742.2	6,218.0	7,318.0	6,479.3	4.2
Other Revenues	954.7	944.0	948.0	948.0	0.4
Fund Balance	138.2	200.0	300.0	300.0	50.0
SOURCES TOTAL	6,835.1	7,362.0	8,566.0	7,727.3	5.0
USES					
Personal Services and Employee Benefits	1,053.5	1,257.2	1,474.6	1,298.5	3.3
Contractual Services	3,715.7	3,882.3	4,734.1	4,081.7	5.1
Other	1,454.7	2,222.5	2,357.3	2,347.1	5.6
TOTAL USES	6,223.9	7,362.0	8,566.0	7,727.3	5.0
FTE					
Permanent	16.0	19.0	22.0	19.0	0.0
TOTAL FTE POSITIONS	16.0	19.0	22.0	19.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Efficiency	Average number of days to process applications	104	77	90	90	80
Explanatory	Number of victims receiving direct advocacy	3,801	1,500			
Outcome	Percent of payment for care and support paid to providers	65%	65%	65%	65%	65%
* Outcome	Percent of payment for care and support paid to individual victims	100%	100%	100%	100%	100%
Explanatory	Number of crime victims compensation applications received	NEW	4,427			
Efficiency	Percent of sexual assault service provider programs that receive compliance monitoring via desk audit	NEW	NEW	90%	90%	90%
* Explanatory	Number of sexual assault service provider programs funded throughout New Mexico	NEW	NEW			

FEDERAL GRANT ADMINISTRATION

The purpose of the federal grant administration program is to provide funding and training to nonprofit providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	14,233.3	23,099.3	17,339.2	17,339.2	-24.9
SOURCES TOTAL	14,233.3	23,099.3	17,339.2	17,339.2	-24.9
USES					
Personal Services and Employee Benefits	552.5	756.4	913.5	763.7	1.0
Contractual Services	63.2	70.3	53.8	53.8	-23.5
Other	13,617.6	22,272.6	16,371.9	16,521.7	-25.8
TOTAL USES	14,233.3	23,099.3	17,339.2	17,339.2	-24.9
FTE					
Term	8.0	10.0	12.0	10.0	0.0
TOTAL FTE POSITIONS	8.0	10.0	12.0	10.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Efficiency	Percent of subgrantees who receive compliance monitoring via desk audits	100%	100%	95%	95%	95%
* Efficiency	Percent of subgrantees that receive site visits	39%	40%	40%	40%	40%
Outcome	Percent of monitored subgrantees in compliance with quarterly performance measure to provide effective services to victims of crime	100%	100%	95%	95%	100%
Explanatory	Number of crime victim service provider programs funded throughout the State of New Mexico	NEW	172			

STATUTORY AUTHORITY:

The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, created the Department of Public Safety (DPS), a cabinet department, in 1987. The creation of DPS was intended to provide overall coordination and access for all law enforcement functions in the state. The act incorporated the State Police, Law Enforcement Academy, Alcohol Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. On July 1, 1998, the Motor Transportation Division, formerly part of the Taxation and Revenue Department, was transferred to DPS. Sections 9-28-1 through 9-28-7 NMSA 1978 removed the Emergency Management and Homeland Security Support Program and created the Homeland Security and Emergency Management Department.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	121,490.5	127,370.7	140,586.7	132,992.0	4.4
Other Transfers	3,839.8	6,843.1	6,843.1	6,843.1	0.0
Federal Revenues	7,991.3	13,718.1	13,718.1	13,718.1	0.0
Other Revenues	6,232.6	7,734.0	7,804.0	7,804.0	0.9
Fund Balance	982.8	1,040.0	1,040.0	1,040.0	0.0
SOURCES TOTAL	140,537.0	156,705.9	169,991.9	162,397.2	3.6
USES					
Personal Services and Employee Benefits	104,955.3	113,256.0	125,240.2	117,364.9	3.6
Contractual Services	4,820.8	5,482.7	5,739.7	5,549.7	1.2
Other	30,311.1	37,967.2	39,012.0	39,482.6	4.0
TOTAL USES	140,087.2	156,705.9	169,991.9	162,397.2	3.6
FTE					
Permanent	1,118.0	1,118.0	1,168.0	1,106.0	-1.1
Term	127.0	127.0	127.0	127.0	0.0
Temporary	55.3	55.3	55.3	55.3	0.0
TOTAL FTE POSITIONS	1,300.3	1,300.3	1,350.3	1,288.3	-0.9

AT A GLANCE:

Overall, general fund appropriations to the Department of Public Safety (DPS) have increased an average of 3.2 percent per year over the last five years. The department requested a total budget of \$170 million in FY21, including \$140.6 million from the general fund. The general fund request represents an increase of \$13.2 million, or 10.4 percent, compared with the FY20 operating budget, and included funds to grow the state police force, increase the officer pay plan, improve retention among dispatchers and transportation inspectors, add more forensic scientists and support staff, and cover increased IT licensing and maintenance costs. The department requested a \$70 thousand increase (0.9 percent) in other revenues compared with FY20 and kept all other revenue sources flat.

The LFC recommendation partially funds the request, increasing general fund revenue by \$5.6 million and matching the request for all other revenue sources. The recommendation increases the officer pay plan by 4.4 percent, provides funding to support raises averaging 4.4 percent for dispatchers and transportation inspectors, and funds 3 percent raises for forensic scientists and technicians. These targeted amounts are in addition to a 3 percent across-the-board increase to all employees funded separately. The recommendation also provides \$1.2 million to fund ongoing vehicle replacement, funds fixed rate increases, and fully funds the request for software licensing and maintenance costs. The recommendation does not support the department's request to authorize a net of 50 additional FTE but supports removing 12 unused transportation inspector positions.

BUDGET ISSUES:

The department's largest requested increase was in the Law Enforcement Program (LEP). The department requested a total budget of \$138.6 million for the program, including \$121.9 million from the general fund, an increase of \$11.9 million in general fund revenue, or 10.8 percent, over the FY20 operating budget. This increase was primarily aimed at growing the size of the state police force by 60 positions and included \$4.3 million of general fund revenue to decrease the funded vacancy rate among state police officers and create new positions, \$776.1 thousand to train and equip these new officers, \$6.1 million to increase the officer pay plan and improve retention of dispatchers and transportation inspectors, and \$1.1 million in rate increases, most notably a \$784.7 thousand increase in DoIT radio fees. The department requested a net increase of 39 FTE in this program, adding 51 patrolmen and removing 12 unused transportation inspector positions. DPS also requested an increase of \$70 thousand in other revenues compared with FY20.

For FY20, the department is overfunded in LEP due to a \$4.5 million, or 4.7 percent, funded vacancy rate. Historically, the Legislature has supported the additional funding to allow the department, as needed, to adjust police officer pay, absorb better-than-expected recruitment outcomes, and host additional recruit or lateral schools for law enforcement officers from other agencies. Based on the significant available vacancy savings and the department's history of recruitment and retention challenges, the recommendation does not support reducing the program's budgeted vacancy rate, adding new FTE, or increasing funding for training and equipment but retains the agency's ability to budget personnel funds. The recommendation does support removing unused transportation inspector positions, decreasing total FTE by 12. The recommendation mostly supports the request to increase the officer pay plan and improve retention of dispatchers and transportation inspectors, including \$3.4 million, which represents an average pay increase of 4.4 percent for each of these positions, in addition to a separate 3 percent compensation package for all employees. The recommendation fully funds rate increases based on the FY21 rates posted by the Department of Finance and Administration at a little over \$1 million but does not support the department's request for higher rates based on adding FTE.

In FY20, the department requested \$2.7 million from the general fund for a special appropriation to replace vehicles and received \$1.5 million, in addition to \$4.8 million in recurring funds included in LEP's operating budget for this purpose. For FY21, the department requested an \$8.7 million general fund special appropriation for this same purpose, as well as \$4.8 million, including \$3.7 million general fund revenue, in the program's operating budget. To support a reliable and timely replacement cycle, the LFC recommendation includes \$1.2 million in additional recurring general fund revenue for vehicle replacement.

The department requested an FY21 budget of \$23.4 million in the Statewide Law Enforcement Support Program, including \$14.4 million in general fund revenue, a \$1.3 million, or 9.9 percent, increase compared with FY20. Of this requested increase, \$990 thousand was for the personal services and employee benefits category primarily to fund 11 additional forensic scientists and support staff positions, while \$300 thousand was requested in the other category for increased IT licensing and maintenance costs. The recommendation does not support adding more FTE but includes \$124 thousand in general fund revenue to provide 3 percent salary increases to forensic scientists and technicians. The recommendation fully supports the request for increased IT costs.

Despite an average vacancy rate of 17.9 percent in LEP in FY19, the department did not submit any budget adjustment requests to transfer funds out of the personal services and employee benefits category, likely because language in the 2019 General Appropriation Act allowed the department to direct vacancy savings to the state police officer pay plan and made balances in this program nonreverting at the end of FY19, instead directing any unexpended funds be expended in FY20 for border security.

Officer Strength. Despite higher pay and improved parity with competing agencies, recruiting and retaining state police officers remains a top priority and challenge for DPS. Of the department's authorized 737 officers, the agency averaged a force of 658 officers in FY19, a 10.7 percent vacancy rate. This fall, the executive decided to end the state police's practice of "lateral" hires, or hiring officers from other law enforcement agencies. The fall 2019 lateral academy class, anticipated to be the last lateral class unless this policy changes, graduated eight officers. Between FY16 and FY19, the department made 41 lateral hires. The agency has not produced a forecast of officer strength within the last year; however, LFC estimates the department is unlikely to grow the total strength of the state police force, and, without lateral hires, will likely see declining force strength in FY21.

Officer vacancy rates are exacerbated by other police forces relying on the department's services. In many areas of New Mexico, DPS is the only law enforcement presence. In FY19, the department investigated 83 crime scenes for other police agencies, an increase from the 63 processed in FY18 but in line with the 84 processed in FY17. DPS does not charge other agencies for these services or for bomb disarming teams, air missions, or other specialized services.

In October 2019, the governor issued an executive order creating a special law enforcement unit, composed of state police officers and staff from the Corrections Department, to arrest fugitives charged with violent crimes who have failed to appear for judicial proceedings or have outstanding bench warrants. According to the Administrative Office of the District Attorneys, over 1,600 individuals charged with violent crimes have outstanding bench warrants. DPS reports it has assigned 10 officers to the Fugitive Apprehension Unit, creating additional posts that need to be filled.

DPS has seen significant state investments in state police officers, including 13 percent in targeted pay increases over the past five years and almost \$4.5 million in appropriations to develop a more competitive police officer pay plan to address stubbornly high officer vacancy rates over the same time period. In response to concerns that increased funding has failed to make the department competitive with other New Mexico law enforcement agencies (LEA), in 2019, the Legislature instructed the department to report to LFC and the Department of Finance and Administration (DFA) on the need for a staffing study by October 1. The department's report showed that while starting salaries for patrolmen, sergeants, lieutenants, and captains are relatively competitive (ranking between third and fifth out of 14 LEAs surveyed), state police recruit starting pay, at \$16 per hour, is the third lowest of the LEAs surveyed; comparatively, a new recruit at the Albuquerque Police Department is paid \$19.35 per hour and in Hobbs new recruits start at \$25.28 per hour. The department recommended proceeding with a staffing study to address these challenges.

Pay is not the only factor involved in state police officer retention. Guaranteed duty stations, signing and anniversary bonuses, education debt repayment, and other fringe benefits could help the department retain officers. In New Mexico, like other states, DPS has shortened academy length and testing policies to begin hiring officers more quickly. Other strategies to better use manpower include increased use of federal grants and other funding sources to focus on communities in need, analytic policing system maps, joint enforcement with local forces, and directed patrols focusing on serious crimes.

Nonuniformed Staffing in the Law Enforcement Program. To mitigate vacancies and create efficiencies, DPS consolidated its 18 dispatch centers throughout the state into three centers in Albuquerque, Las Vegas, and Las Cruces in 2017 and 2018. However, in October 2019, dispatcher vacancy rates were 22.8 percent, slightly higher than a year ago and reflecting multiple years of high vacancies. Dispatcher vacancies critically impact officer and public safety, increasing the risk of missed radio transmissions and abandoned emergency calls. The report provided to LFC and DFA on the need for a staffing study found dispatcher starting salaries at all levels are significantly below other LEAs. Nonsupervisory dispatchers are paid an average \$16.58 per hour and start between \$14.53 and \$16 per hour, compared with a starting salary of \$18.13 to \$20.13 per hour in Albuquerque, and have not received a targeted raise since FY16, when the department internally reallocated \$425 thousand to increase starting pay by 14 percent and average pay by 13 percent.

DPS also reports its transportation inspectors are paid less than those of six other nearby states (Colorado, Arizona, Oklahoma, Wyoming, Utah, and Kansas) based on starting salaries, highest actual salaries, and average salaries, although LFC analysis of the department's budget request found four nonsupervisory dispatchers whose salaries exceeded the highest salary reported in some of the other states. The vacancy rate among transportation inspectors (both supervisory and nonsupervisory) in November 2019 was 30.8 percent.

Law Enforcement Support. In FY16, DPS allocated \$258 thousand from its base budget to provide a 10 percent increase in pay for forensic scientists; however, scientists have not seen a targeted pay increase since. Vacancy rates among forensic scientists and technicians in the Forensic Laboratory Bureau averaged 23.9 percent in FY19, never dropping below 19.1 percent (nine vacancies). In November 2019, 14 positions were unfilled, a vacancy rate of 29.8 percent. Training of forensic scientists can take one to two years before full productivity is reached. As a result, high turnover rates increase the number of nonproductive hours, impacting the bureau's performance. In FY19, the bureau missed its target for case completion for both firearm/toolmark cases and chemistry cases, and only made progress on backlogged cases (a completion rate of over 100 percent) for latent fingerprint cases. Comparatively, in FY18, when vacancy rates averaged 16.1 percent, the bureau met its target for all case types and made progress on the backlogs for three.

In FY17, a special appropriation of \$1.2 million was made to start processing backlogged sexual assault evidence kits. The department has completed testing of the initial backlog of 1,388 kits; however, department staff continue to locate additional backlogged kits at LEAs across the state. Recognizing the department should strive to prevent such a backlog from occurring in the future and ensure all kits are tested in a timely manner, DPS worked with LFC and DFA staff to propose a new performance measure for cases not tested within six months of receipt by the laboratory, based on the timeframe set out in the 2019 Sexual Assault Survivors Bill of Rights (Laws 2019, Chapter 102).

In 2016, the Legislature authorized \$7.5 million for the new Santa Fe Crime Lab and Evidence Center: \$500 thousand in severance tax bond proceeds for plan and design and \$7 million in general obligation bond proceeds for the first phase of construction. The current facility is too small to meet the department’s needs, putting it at high risk for evidence cross-contamination. Evidence and records are currently housed in five different facilities, creating further inefficiencies, and space being used for forensic analysis does not meet General Services Department (GSD) regulations. In 2019, the department received an additional \$33 million for this project, and determined, along with GSD staff, the evidence center and laboratory facilities should not be collocated, dividing the appropriation into two projects, with \$14.7 million for the evidence center and \$26.4 million for the laboratory. As of November, DPS had completed planning and design for the evidence center project and was reviewing bids for construction. The laboratory project was in the process of developing design drawings.

Data Sharing. A 2018 LFC program evaluation on Bernalillo County crime found the state and localities lack the data to perform agency analysis and make data-informed decisions. To help address the lack of data, the state Supreme Court’s ad hoc Pre-Trial Release Committee recommended, and the state enacted in 2016, a centralized data clearinghouse for criminal histories. The goal of the database was to allow judges to more quickly assess risk during arraignment and sentencing with information from multiple agencies, including federal databases, district attorneys, public defenders, DPS, district courts, and the Corrections and Children, Youth and Families departments. DPS was appropriated \$600 thousand to develop and maintain the database. Currently, the clearinghouse serves 16 counties, 28 magistrate courts, and two district courts. The clearinghouse is not automated; instead, eight employees at DPS are tasked with pulling data from individual databases as needed. The department has obtained funding through a grant in conjunction with the 2nd Judicial District Attorney’s Office to develop a consolidated offender query to improve this process. The department also requested a special appropriation of \$350 thousand to connect arrest record data in the clearinghouse with case disposition data from the Administrative Office of the Courts, providing increased functionality across multiple criminal justice partners.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include ninety-four thousand five hundred dollars (\$94,500) from the weight distance tax identification permit fund. Any unexpended balances in the motor transportation bureau of the law enforcement program of the department of public safety remaining at the end of fiscal year 2021 from appropriations made from the weight distance tax identification permit fund shall revert to the weight distance tax identification permit fund.

LAW ENFORCEMENT

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	106,069.4	110,014.1	121,894.1	115,131.3	4.7
Other Transfers	3,401.5	6,041.2	6,041.2	6,041.2	0.0
Federal Revenues	5,904.3	7,890.9	7,890.9	7,890.9	0.0
Other Revenues	1,746.2	2,390.0	2,460.0	2,460.0	2.9
Fund Balance	250.0	350.0	350.0	350.0	0.0
SOURCES TOTAL	117,371.4	126,686.2	138,636.2	131,873.4	4.1
USES					
Personal Services and Employee Benefits	91,009.2	96,258.4	107,252.6	100,188.1	4.1
Contractual Services	2,170.2	2,701.1	2,958.1	2,768.1	2.5
Other	24,474.7	27,726.7	28,425.5	28,917.2	4.3
TOTAL USES	117,654.1	126,686.2	138,636.2	131,873.4	4.1
FTE					
Permanent	963.0	963.0	1,002.0	951.0	-1.2
Term	66.0	66.0	66.0	66.0	0.0
Temporary	55.3	55.3	55.3	55.3	0.0
TOTAL FTE POSITIONS	1,084.3	1,084.3	1,123.3	1,072.3	-1.1

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of enforcement operations for sales to intoxicated people	612	892	800	800	800
Explanatory	Number of New Mexico state police crime scenes investigated or processed	53	57			
* Explanatory	Graduation rate of the New Mexico state police recruit school	84%	68%			
Explanatory	Number of alcohol source investigations conducted statewide by special investigation unit agents	71	70			
Output	Number of data-driven traffic-related enforcement projects held	1,926	3,308	1,900	3,500	3,500
Output	Number of driving-while-intoxicated saturation patrols conducted	3,184	3,416	975	2,500	3,500
Output	Number of tobacco outlets visited during sales enforcement operations by special investigation unit agents	1,064	1,156	1,100	1,100	1,100
Explanatory	Number of commercial motor vehicle citations issued annually	19,024	17,524			
Explanatory	Number of criminal investigations conducted by investigation bureau agents	925	1,030			
Explanatory	Number of minor compliance and underage enforcement operations conducted annually	477	402			
Explanatory	Number of crime scenes investigated or processed statewide for other police agencies	63	83			
* Explanatory	Commissioned state police officer turnover rate	NEW	NEW			
Explanatory	Number of drug-related investigations conducted by narcotics agents	866	1,079			
* Explanatory	Commissioned state police officer vacancy rate	NEW	NEW			
Output	Number of licensed alcohol premises inspections conducted	3,835	2,880	3,900	3,200	3,400
* Output	Number of commercial motor vehicle safety inspections conducted	88,078	95,041	88,000	95,000	95,000
Explanatory	Number of New Mexico state police misdemeanor and felony arrests	NEW	NEW			
Output	Number of driving-while-intoxicated arrests	2,574	2,171	2,250	2,000	2,000
Output	Number of driving-while-intoxicated checkpoints conducted	200	119	200	125	125
Explanatory	Number of motor carrier safety trainings completed	58	45			
Explanatory	Commercial motor vehicle out-of-service rate compared with the current national level	-1.4%	27.2%			

STATEWIDE LAW ENFORCEMENT SUPPORT PROGRAM

The purpose of the statewide law enforcement support program is to promote a safe and secure environment for the state of New Mexico through intelligently led policing practices, vital scientific and technical support, current and relevant training and innovative leadership for the law enforcement community.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	11,714.0	13,093.5	14,383.5	13,554.1	3.5
Other Transfers	438.3	660.0	660.0	660.0	0.0
Federal Revenues	920.6	2,273.0	2,273.0	2,273.0	0.0
Other Revenues	4,486.4	5,344.0	5,344.0	5,344.0	0.0
Fund Balance	732.8	690.0	690.0	690.0	0.0
SOURCES TOTAL	18,292.1	22,060.5	23,350.5	22,521.1	2.1
USES					
Personal Services and Employee Benefits	10,703.1	12,580.2	13,570.2	12,759.4	1.4
Contractual Services	2,440.0	2,629.3	2,629.3	2,629.3	0.0
Other	4,416.3	6,851.0	7,151.0	7,132.4	4.1
TOTAL USES	17,559.4	22,060.5	23,350.5	22,521.1	2.1
FTE					
Permanent	110.0	110.0	121.0	110.0	0.0
Term	52.0	52.0	52.0	52.0	0.0
TOTAL FTE POSITIONS	162.0	162.0	173.0	162.0	0.0

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Number of sexual assault examination kits not completed within 180 days of receipt of the kits in the forensic laboratory	NEW	NEW	NEW	0	0
Explanatory	Percent of non-state-police cadets who graduated from the basic law enforcement academy	NEW	NEW			
Explanatory	Percent of non-state-police cadets who graduated from the law enforcement academy through certification by waiver	NEW	NEW			
Explanatory	Arrests for property crime reported in the criminal history repository by law enforcement agencies statewide	NEW	NEW			
* Outcome	Percent of forensic firearm and toolmark cases completed	113.1%	66.9%	100%	90%	90%
* Outcome	Percent of forensic latent fingerprint cases completed	104.7%	118%	100%	100%	100%
Explanatory	Arrests for violent crime reported in the criminal history repository by law enforcement agencies statewide	NEW	NEW			
Explanatory	Percent of complaint cases reviewed and adjudicated annually by the New Mexico law enforcement academy	98.6%	78.9%			
* Outcome	Percent of forensic chemistry cases completed	90.6%	65%	90%	90%	90%
Explanatory	Percent of telecommunication students who graduated from the law enforcement academy	NEW	NEW			
Outcome	Percent of forensic biology and DNA cases completed	115.8%	87%	100%	90%	100%

PROGRAM SUPPORT

The purpose of program support is to manage the agency's financial resources, assist in attracting and retaining a quality workforce and provide sound legal advice and a clean pleasant working environment.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,707.1	4,263.1	4,309.1	4,306.6	1.0
Other Transfers	0.0	141.9	141.9	141.9	0.0
Federal Revenues	1,166.4	3,554.2	3,554.2	3,554.2	0.0
SOURCES TOTAL	4,873.5	7,959.2	8,005.2	8,002.7	0.5
USES					
Personal Services and Employee Benefits	3,243.0	4,417.4	4,417.4	4,417.4	0.0
Contractual Services	210.6	152.3	152.3	152.3	0.0
Other	1,420.1	3,389.5	3,435.5	3,433.0	1.3
TOTAL USES	4,873.7	7,959.2	8,005.2	8,002.7	0.5
FTE					
Permanent	45.0	45.0	45.0	45.0	0.0
Term	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	54.0	54.0	54.0	54.0	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	67%	90%	95%	95%	95%
Output	Number of site visits made to subgrantees	24	6	10	10	10

STATUTORY AUTHORITY:

The Homeland Security and Emergency Management Department was created by Sections 9-28-1 through 9-28-7 NMSA 1978 (Homeland Security and Emergency Management Act) to consolidate and coordinate homeland security and emergency management functions for the state and to act as a conduit for federal assistance and cooperation.

MISSION:

The department'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)						
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	2,897.0	3,153.9	4,153.8	3,407.3	8.0	
Other Transfers	79.7	170.0	170.0	170.0	0.0	
Federal Revenues	17,032.9	24,799.6	25,169.4	25,169.4	1.5	
Other Revenues	0.0	55.0	55.0	55.0	0.0	
SOURCES TOTAL	20,009.6	28,178.5	29,548.2	28,801.7	2.2	
USES						
Personal Services and Employee Benefits	4,505.9	5,386.2	6,813.0	5,890.2	9.4	
Contractual Services	1,669.8	853.3	873.4	873.4	2.4	
Other	13,833.9	21,939.0	21,861.8	22,038.1	0.5	
TOTAL USES	20,009.6	28,178.5	29,548.2	28,801.7	2.2	
FTE						
Permanent	16.0	16.0	31.0	22.0	37.5	
Term	49.0	50.0	53.0	53.0	6.0	
TOTAL FTE POSITIONS	65.0	66.0	84.0	75.0	13.6	

AT A GLANCE:

The Homeland Security and Emergency Management Department's request for FY21 included a \$999.9 thousand, or 32 percent, general fund revenue increase and a \$369.8 thousand, or 1.5 percent, increase in federal revenue. The request added 15 permanent and 3 term FTE to the authorized levels. Overall, the requested budget is \$1.4 million, or 5 percent, higher than the FY20 operating budget. The LFC recommendation increases general fund revenue by \$253.4 thousand, or 8 percent, primarily to support increased personnel.

BUDGET ISSUES:

The Homeland Security and Emergency Management Department (DHSEM) identified increased staff as its top priority for its FY21 request. The department's current organizational listing does not align to authorized FTE levels; the recommendation supports realigning the authorization to match the organizational listing, and subsequent analysis focuses on the proposed addition of 16 permanent FTE to these levels.

The request increased the personnel services category by \$1.4 million, \$1.2 million from the general fund and \$202.9 thousand in federal funds, a 26 percent increase over the FY20 operating budget. The primary purpose of the requested increase was to support the addition of 16 permanent FTE at a cost of approximately \$1.1 million, split evenly between the general fund and federal funds. However, the department later indicated its FY21 appropriation request was intended to fund these positions solely through the general fund because the federal funds were intended for grants to local communities. The LFC recommendation reallocates the \$530 thousand in federal funds from personnel to the other category to fund such grants. The recommendation partially supports the request for increased personnel, with a \$569.4 thousand general fund increase in the personal services and employee benefits category, approximately \$440.5 thousand of which is intended to support the addition of 6 permanent FTE; the remaining funds support raises already implemented in FY20.

The department has increasingly relied on professional services contracts to supplement staffing shortages, which the department intends to resolve through the additional requested FTE. Funding for contractual services in the FY20 operating budget is not sufficient to support these contracts; as of October 2019, the department has transferred \$800 thousand from the other category to contractual services, \$400 thousand from the general fund and \$400 thousand in federal funds. Of these transfers, half (\$300 thousand in federal funds and 100 thousand from the general fund) were intended to support temporary staffing services for the Administrative Services Bureau. The recommendation matches the requested funding level for contractual services and reduces general fund revenue to reflect actual expenditures in the other category, resulting in a general fund decrease of \$303.6 thousand compared with the FY20 operating budget. That decrease, in combination with the transfer of federal funds from the personnel services category to the other category to correct the error made in the request, results in an increase to the other category of \$99.1 thousand.

The department's request for increased personnel included 10 FTE to support New Mexico's "fusion center," which LFC has previously identified as a tool that would benefit from more robust resources. The fusion center, formally known as the New Mexico All Source Intelligence Center (NMASIC), provides tactical and strategic analysis, information, and training to public safety agencies and collaborates with all public safety agencies to address intelligence questions developed at the state, local, territorial, tribal, and national levels. Intelligence issues include cybersecurity and the protection of critical infrastructure. Currently, 79 fusion centers are operating in all 50 states. Among concerns related to the New Mexico's fusion center are its limited cybersecurity measures, especially for state-owned databases that contain large volumes of sensitive public data, and the potential of cybersecurity compromises to public and private sector partners. The department raises concerns that the center lacks the physical space, tools, and human resources to accomplish its goals.

Department leadership is focused on improving financial management and grant oversight, which have been significant areas of weakness for the department for several years. The request included 2 FTE to support its Administrative Services Bureau, one for financial services and one for human resources, and 4 FTE to support grant administration and oversight. The department's FY18 audit had 11 findings, the lowest number of findings since FY14. It included repeated issues in grant management practices and financial controls.

The department processed \$6.6 million in federal disaster relief payments to New Mexico communities in FY18. These grants are intended to aid in disaster preparation, prevention, mitigation, and recovery. The department struggles to manage the grants, including subgrantee agreements and project work orders, and is in the process of implementing a software system to aid in this process. Even with this improved system, the department believes it will require additional personnel to effectively manage these grants. The department also oversees funding from governors' executive orders related to disaster declarations. At the end of FY19, \$47.6 million in state funding related to 44 disaster declarations was outstanding; \$22.4 million was related to 34 declarations older than four years. During FY19, the department concluded action on seven disaster declarations and reverted \$2.6 million to the general fund. For FY21, the department is implementing new performance measures aimed at tracking outstanding balances related to disaster declarations.

The 2019 GAA included a \$2.5 million special appropriation for border security, public health, and communications. In spring 2019, due to capacity issues at U.S. Immigration and Customs Enforcement facilities, U.S. Customs and Border Protection began releasing asylum seekers apprehended between ports-of-entry along the southern border directly into border communities, including Deming and Las Cruces. The county and municipal governments, along with DHSEM and the Department of Health (DOH), established temporary shelters to conduct health screenings and coordinate travel for asylum seekers to reach their sponsors. Over 8,000 asylum seekers passed through shelters in Deming and over 17 thousand passed through shelters in Las Cruces, according to DOH. DHSEM used \$1 million from the 2019 special appropriation to reimburse county and municipal governments for expenses related to sheltering migrants, but that is unlikely to have covered the entirety of the costs they incurred. The department also used the special appropriation to purchase two drones for border surveillance and to reimburse the state police for costs related to border security operations.

Under state statute, the Statewide Interoperable Communications Working Group advises and supports the department on emergency response and homeland security needs related to public safety communications interoperability; however, as of October 2019 this group has not met recently. The current communications system is disorganized and lacks a single set of radio frequencies to unite all cities, counties, tribes, and state agencies in the event of an emergency. Local agencies are not required to purchase uniform communications systems, meaning some proprietary systems may not be compatible with a statewide system. The department is currently drafting public safety interoperability communications plans; the most recent plan was released in 2014. Despite this role, DHSEM does not have a formal memorandum of understanding with the Department of Information Technology (DoIT), which is leading the effort to upgrade the state's public safety radio system. The state has invested \$22.3 million in public safety radio upgrades, and DoIT estimates it will require an additional \$120 million to complete the project; DoIT requested \$40 million in capital outlay funds for this project in 2020.

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>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	49%	60%	70%	70%	70%
Outcome	Percent of local jurisdictions' emergency communications data entered in to federal communication assets database	59%	70%	80%	80%	80%
* Outcome	Percent compliance with federal grant monitoring requirements	70%	85%	100%	100%	100%
Explanatory	Number of grants related to governor's disaster declarations fully expended or reverted	NEW	NEW			
Output	Number of training courses delivered for identified needs of local and state entities	NEW	NEW	NEW	40	40
Outcome	Percent of monthly emergency operations center readiness tests passed	NEW	NEW	NEW	100%	100%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	NEW	NEW			
Outcome	Percent of emergency equipment able to be deployed	NEW	NEW	NEW	80%	80%
Explanatory	Average number of days from award of federal grant funding to receipt of funds by subgrantee	NEW	NEW			
Output	Number of homeland security exercises and evaluation-program-compliant exercises delivered or coordinated by the agency	NEW	NEW	NEW	10	10
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	NEW	NEW			
Explanatory	Amount of unspent funds from governor's disaster declarations older than four years	NEW	NEW			
Outcome	Percent of prior-year audit findings resolved	NEW	NEW	NEW	80%	90%

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 NMSA 1978 codify laws pertaining to the Department of Transportation (NMDOT), the 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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	3,519.4	3,519.4	6,371.9	6,371.9	81.1
Federal Revenues	401,933.8	401,613.8	404,137.5	404,137.5	0.6
Other Revenues	503,173.6	489,219.0	550,530.0	550,530.0	12.5
Fund Balance	0.0	25,955.3	0.0	0.0	-100.0
SOURCES TOTAL	908,626.8	920,307.5	961,039.4	961,039.4	4.4
USES					
Personal Services and Employee Benefits	148,818.9	167,187.1	173,979.4	170,039.6	1.7
Contractual Services	121,254.9	433,425.6	470,300.4	472,538.7	9.0
Other	270,623.9	319,694.8	316,759.6	318,461.1	-0.4
TOTAL USES	540,697.7	920,307.5	961,039.4	961,039.4	4.4
FTE					
Permanent	2,450.0	2,450.0	2,550.0	2,500.0	2.0
Term	56.5	56.5	56.5	56.5	0.0
TOTAL FTE POSITIONS	2,506.5	2,506.5	2,606.5	2,556.5	2.0

AT A GLANCE:

Department of Transportation (NMDOT) revenue come from two sources: state road fund, primarily used for highway maintenance, and federal funding awards, primarily used for construction and debt service payments. The FY21 request assumes an increase of \$2.5 million, or 0.6 percent, in federal revenue and a \$61.3 million, or 12.5 percent, increase in state road fund (SRF) revenue. The SRF increase was partially offset by a \$25.9 million reduction in use of SRF balance. Fund balance is added into the budget during the consensus transportation budget process during the legislative session when the amount of available fund balance is known. NMDOT requested 100 new FTE across all programs to monitor spending of nonrecurring appropriations and transition running of port of entry facilities from contractors to state employees.

The LFC recommendation fully funds the NMDOT request for revenue but does not increase personnel funding to the requested levels and directs this funding instead to road construction and maintenance activities.

BUDGET ISSUES:

NMDOT is responsible for construction and maintenance activities on the 30 thousand lane miles of the state road system, which includes state and national highway systems. To perform these functions, NMDOT relies on revenue generated by the SRF and federal revenues. Federal revenue has been stagnant for several years and there has been tepid growth in the SRF for the past decade.

State Road Fund. NMDOT forecasts SRF revenue every January and July and budgets all of the anticipated revenue in the request. For FY21, NMDOT expects an increase of approximately \$61.3 million, or 12.5 percent, over the FY20 operating budget. The increase resulted from a \$55 million transfer of motor vehicle excise tax revenue from the general fund to the SRF. Without the increase from the excise tax, the road fund increase would have been 1.6 percent.

Major sources of revenue for the SRF include the gasoline and special fuel (diesel) taxes, the weight distance tax assessed on commercial trucking, and vehicle registrations. Both special fuels and weight distance revenue sources are closely linked to the health of the national economy, while the gas tax, which fell 0.8 percent, is more closely related to the state population and economy.

The single largest revenue source for the state road fund is the gasoline tax of 17 cents per gallon. This revenue source has not grown in over a decade; in FY07, the gas tax raised \$114.6 million; in FY21, the tax is expected to raise \$114.6 million. The stagnant revenue is attributable to a combination of low population growth, increasing fuel efficiency, and an aging population that drives less. Currently, 76.3 percent of gas tax revenue goes to the SRF with the remainder going to local governments.

NMDOT expects gas tax revenue to remain flat or decrease in future years as increasing fuel efficiency and stagnant population growth keep sales volumes low. Additionally, hybrid and electric vehicles are expected to rapidly gain market share over the next several years, with JP Morgan estimating that electric and hybrid electric vehicles will account for 30 percent of vehicle sales by 2025. The more widespread hybrid and electric vehicles become, the less revenue will be generated for the SRF.

Special fuels tax is forecast to generate \$116.4 million in FY21. This would be the first time the tax on diesel fuel generated more revenue for the SRF than the gas tax. Currently, 90.5 percent of special fuel tax revenue goes to the road fund and the remainder to the local governments road fund. In addition, weight distance tax revenue is forecast to increase to \$97.3 million, up 3.4 percent. Vehicle registration fees are expected to remain flat at \$82.5 million.

Federal Revenue. Federal funds provided to the state require a match of between 8 percent and 20 percent. In New Mexico, the state road fund is used to provide these matching funds. Federal revenue has also stagnated over the last several fiscal years. From FY16 through FY20, federal revenues decreased by \$4.3 million, or 1.1 percent. For FY21, NMDOT requested \$404.1 million in federal revenue, an increase of \$2.5 million, or 0.6 percent, over the previous fiscal year. In addition to federal revenue apportioned to states in accordance with federal legislation, the Federal Highway Administration also redistributes funds left unspent at the end of the year. By expending all federal funds for the past several years and completing projects timely, NMDOT became eligible to receive \$49.8 million in redistribution funds in FY19.

Fund Balance. The total amount of available fund balance is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balance to meet priorities of NMDOT, the Legislature, and the executive. At the close of FY19, the department had a fund balance of \$25.5 million.

For FY20, \$25.9 million in fund balance was added through the House Transportation, Public Works & Capital Improvements Committee's consensus process. This amount included \$11 million for roads ineligible to receive federal matching funds.

Debt Service. LFC remains concerned with the impact of debt service payments on the ability of NMDOT to provide adequate road construction and maintenance. NMDOT has \$1.1 billion in total outstanding debt that must be paid between FY21 and FY30. The FY21 debt service totals \$154 million: \$119 million from federal disbursements; \$28 million from the SRF; and \$6.5 million from the highway infrastructure fund.

In FY28, debt service payments will fall by \$64.3 million, and all outstanding debt will be retired by the close of FY32. The reduction in debt service obligations will allow the department to address historic shortfalls in road maintenance.

Maintenance and Construction Needs. The Federal Highway Administration requires state departments of transportation to develop a transportation asset management plan (TAMP) that includes performance measures and targets for pavement and bridge conditions. The statewide focus of the TAMP will likely help the overall health of the transportation system by prioritizing needs of the entire network rather than those of individual transportation districts.

The asset management approach focuses on providing maintenance early in the lifecycle of the pavement structure to prevent more costly future repairs. The per-lane-mile cost to maintain a road in good condition is estimated to be \$16 thousand, a road in fair condition costs an average \$180 thousand per lane-mile, and a road in poor condition requiring major rehabilitation or reconstruction costs between \$500 thousand and \$1.5 million per lane-mile.

The department estimates total unfunded construction and maintenance needs for FY21 at \$265 million, including \$103 million for routine maintenance and \$129 million for roadway reconstruction. The department also projects a funding shortfall of \$33 million for bridge maintenance, reconstruction, and replacement.

While there is a statewide transportation infrastructure funding shortage, the southeast portion of the state has faced a significantly more acute problem because increased heavy truck traffic related to oil and gas production places additional strain on those roads. Recognizing the need for additional resources, the Legislature increased funding for oil field roads by \$50 million per year in FY21 and FY22.

In addition to recurring appropriations, the Legislature included nonrecurring funding for road projects for the past two years. In FY19, \$68 million in special appropriations were authorized, including \$44 million for state projects, \$20 million for local projects, and \$4 million for rest areas statewide. In FY20, \$400 million was appropriated including \$250 million for large-scale projects, \$100 million for projects on the current state transportation improvement program, and \$50 million for local governments road projects.

For FY21, the LFC recommendation fully funds the agency request but does not include additional funding for personnel in any program other than the Modal Program and re-directs that funding to road construction and maintenance. Additionally, the Legislature will consider including nonrecurring funding for state and local projects during the 2020 legislative session. To avoid straining the planning, design, and construction capacity of NMDOT and contractors, it will be imperative the additional funds be distributed so that some projects may begin quickly but that avoids beginning too many projects simultaneously and driving costs up.

Personnel. The department has made progress in reducing the vacancy rate over the past year but still has 18 percent of positions unfilled. Performance data show the department was only able to put half of projects out to bid on time in FY19. This likely points to a lack of capacity in project planning and design. NMDOT reports engineering salaries are too low to effectively recruit and retain staff. Additionally, NMDOT competes with a number of private employers for skilled labor positions, such as heavy equipment operators. Given the strong national economy and increase in the local construction activity, this competition is likely to intensify in many areas of the state. The department should consider working with the State Personnel Office to assess how the salaries offered by NMDOT compare with the state and region and if changes should be made. LFC analysis shows \$12.7 million in surplus funding in the personnel category, which could be used to offset the cost of compensation increases.

NMDOT requested an additional 100 FTE positions across all programs for FY21. The largest request was in the Modal Program where 50 FTE were requested to allow the department to transition port of entry facility staff from contract employees to state employees. The LFC recommendation supports the request for the Modal Program but does not support any additional FTE increases because the department is maintaining over 400 vacant positions that could be reclassified.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Paragraph (1) of Subsection B of Section 6-21-6.8 NMSA 1978 or other substantive law, any funds received by the New Mexico finance authority from the department of transportation in fiscal year 2021 as an annual administrative fee for issuing state transportation bonds pursuant to Sections 67-3-59.3 and 67-3-59.4 NMSA 1978 shall not be deposited into the local transportation infrastructure fund.

The internal service funds/interagency transfers appropriation to the modal program of the New Mexico department of transportation includes six million seventy-one thousand nine hundred dollars (\$6,071,900) from the weight distance tax identification permit.

PROJECT DESIGN AND CONSTRUCTION

The purpose of the project design and construction 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		FY21 - 2020-2021		Percent Incr (Decr)
		FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	Federal Revenues	373,121.8	366,133.0	366,133.0	366,133.0	0.0
	Other Revenues	181,296.0	180,388.6	234,118.9	234,118.9	29.8
	Fund Balance	0.0	11,016.0	0.0	0.0	-100.0
	SOURCES TOTAL	554,417.8	557,537.6	600,251.9	600,251.9	7.7
USES						
	Personal Services and Employee Benefits	21,803.2	26,404.8	27,042.2	26,404.8	0.0
	Contractual Services	70,397.5	341,886.7	382,706.8	383,344.2	12.1
	Other	168,195.0	189,246.1	190,502.9	190,502.9	0.7
	TOTAL USES	260,395.7	557,537.6	600,251.9	600,251.9	7.7
FTE						
	Permanent	340.0	340.0	350.0	340.0	0.0
	Term	18.0	18.0	18.0	18.0	0.0
	TOTAL FTE POSITIONS	358.0	358.0	368.0	358.0	0.0

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Percent of projects in production let to bid as scheduled	54%	49%	>67%	>67%	>67%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	-0.2%	0.2%	<3%	<3%	<3%
* Outcome	Percent of projects completed according to schedule	86%	86%	>88%	>88%	>88%

HIGHWAY OPERATIONS

The purpose of the 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		FY21 - 2020-2021		Percent Incr (Decr)
		FY19 2018-2019 Actuals	FY20 2019-2020 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
	Other Revenues	244,434.8	235,190.2	240,181.1	241,882.6	2.8
	Fund Balance	0.0	13,390.0	0.0	0.0	-100.0
	SOURCES TOTAL	247,434.8	251,580.2	243,181.1	244,882.6	-2.7
USES						
	Personal Services and Employee Benefits	99,793.1	109,630.8	111,231.7	109,630.8	0.0
	Contractual Services	28,637.1	54,698.6	49,773.5	51,374.4	-6.1
	Other	79,343.7	87,250.8	82,175.9	83,877.4	-3.9
	TOTAL USES	207,773.9	251,580.2	243,181.1	244,882.6	-2.7
FTE						
	Permanent	1,813.0	1,813.0	1,843.0	1,813.0	0.0
	Term	16.7	16.7	16.7	16.7	0.0
	TOTAL FTE POSITIONS	1,829.7	1,829.7	1,859.7	1,829.7	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Output	Number of statewide pavement lane miles preserved	2,853	3,143	>2,750	>2,550	>3,000
Outcome	Percent of noninterstate lane miles rated fair or better	81%	87%	>75%	>75%	>75%
Outcome	Percent of interstate lane miles rated fair or better	90%	95%	>90%	>90%	>90%
* Outcome	Number of combined systemwide lane miles in poor condition	4,675	3,783	<5,500	<6,925	<6,925
Outcome	Percent of national highway system lane miles rated fair or better	88%	97%	>86%	>86%	>86%
Outcome	Percent of nonnational highway system lane miles rated fair or better	79%	84%	>75%	>65%	>65%
Outcome	Number of interstate miles in poor condition	427	208	<425	<425	<425
Outcome	Number of noninterstate miles in poor condition	4,248	3,575	<5,000	<6,500	<6,500
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	96%	>90%	>90%	>90%

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 - 2020-2021		Percent Incr (Decr)	
			Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	Other Revenues	46,032.9	43,248.6	45,308.2	43,606.7	0.8
	Fund Balance	0.0	358.1	0.0	0.0	-100.0
	SOURCES TOTAL	46,032.9	43,606.7	45,308.2	43,606.7	0.0
USES						
	Personal Services and Employee Benefits	23,229.1	25,698.5	27,400.0	25,698.5	0.0
	Contractual Services	1,602.7	4,615.4	4,625.4	4,625.4	0.2
	Other	10,489.8	13,292.8	13,282.8	13,282.8	-0.1
	TOTAL USES	35,321.6	43,606.7	45,308.2	43,606.7	0.0
FTE						
	Permanent	237.0	237.0	247.0	237.0	0.0
	Term	5.8	5.8	5.8	5.8	0.0
	TOTAL FTE POSITIONS	242.8	242.8	252.8	242.8	0.0

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
Quality	Number of external audit findings	5	2	<5	<5	<5
Efficiency	Percent of invoices paid within thirty days	91%	94%	>90%	>90%	>90%
* Explanatory	Vacancy rate of all programs	17%	19%			
Output	Number of employee injuries	87	72	<85	<90	<90
Output	Number of employee injuries occurring in work zones	37	27	<40	<35	<35

MODAL

The purpose of the modal program is to provide federal grants management and oversight of programs with dedicated revenues, including transit and rail, traffic safety and aviation.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
	<u>FY19</u> 2018-2019 <u>Actuals</u>	<u>FY20</u> 2019-2020 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
Other Transfers	3,519.4	3,519.4	6,371.9	6,371.9	81.1
Federal Revenues	25,812.0	32,480.8	35,004.5	35,004.5	7.8
Other Revenues	31,409.9	30,391.6	30,921.8	30,921.8	1.7
Fund Balance	0.0	1,191.2	0.0	0.0	-100.0
SOURCES TOTAL	60,741.3	67,583.0	72,298.2	72,298.2	7.0
USES					
Personal Services and Employee Benefits	3,993.5	5,453.0	8,305.5	8,305.5	52.3
Contractual Services	20,617.6	32,224.9	33,194.7	33,194.7	3.0
Other	12,595.4	29,905.1	30,798.0	30,798.0	3.0
TOTAL USES	37,206.5	67,583.0	72,298.2	72,298.2	7.0
FTE					
Permanent	60.0	60.0	110.0	110.0	83.3
Term	16.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	76.0	76.0	126.0	126.0	65.8

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Annual number of riders on park and ride	239,953	230,455	>240,000	>235,000	>235,000
Outcome	Percent of airport runways in satisfactory or better condition	62%	60%	>60%	>57%	>57%
Explanatory	Annual number of riders on the rail runner	787,634	761,429			
* Outcome	Number of traffic fatalities	359	407	<355	<357	<357
* Outcome	Number of alcohol-related traffic fatalities	118	126	<135	<135	<125
Outcome	Number of non-alcohol-related traffic fatalities	241	281	<220	<220	<232
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	114	137	<133	<133	<133
Outcome	Number of pedestrian fatalities	89	78	<72	<72	<72
Outcome	Number of rural traffic fatalities	196	234	<209		
Outcome	Number of urban traffic fatalities	163	173	<146		
Outcome	Number of rural alcohol-related traffic fatalities	67	69	<70		
Outcome	Number of urban alcohol-related traffic fatalities	51	57	<65		

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)				
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	FY21 – 2020-2021		Percent Incr (Decr)
			Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	11,246.6	13,618.8	15,103.8	14,919.0	9.5
Other Transfers	41.0	45.0	45.0	45.0	0.0
Federal Revenues	27,332.3	30,017.2	30,017.2	30,417.2	1.3
Other Revenues	4,067.5	4,247.6	4,189.6	4,374.4	3.0
SOURCES TOTAL	42,687.4	47,928.6	49,355.6	49,755.6	3.8
USES					
Personal Services and Employee Benefits	18,509.3	21,701.9	22,864.8	22,864.8	5.4
Contractual Services	19,214.2	21,521.6	21,558.7	21,958.7	2.0
Other	4,450.1	4,705.1	4,932.1	4,932.1	4.8
TOTAL USES	42,173.6	47,928.6	49,355.6	49,755.6	3.8
FTE					
Permanent	153.2	154.2	163.2	153.2	-0.6
Term	129.0	129.0	129.0	129.0	0.0
TOTAL FTE POSITIONS	282.2	283.2	292.2	282.2	-0.4

AT A GLANCE:

The Public Education Department (PED) requested \$49.4 million for FY21, a \$1.4 million, or 3 percent increase from the FY20 operating budget. The request adds 10 new FTE despite the department's current vacancy rate of 26 percent (73 vacant FTE). LFC recommends \$49.8 million, a \$1.8 million, or 3.8 percent increase and maintains flat FTE levels for FY21. Although PED must expand current reporting and oversight capabilities to meet new state and federal requirements, the department maintains a chronically large number of vacant positions and lacks a system that can efficiently process and report data. Additionally, in light of findings from the *Martinez* and *Yazzie* lawsuit, PED should hire appropriate staff and develop analytical tools to sufficiently oversee schools as ordered by the court.

BUDGET ISSUES:

In FY20, the 1st Judicial District Court ruled in New Mexico's *Martinez* and *Yazzie* education sufficiency lawsuit that PED failed "to exercise its authority over the districts to require that the money that is allocated is used for programs known to advance the educational opportunities for at-risk students." Specifically, the court highlighted PED's failure to track districts' curricular practices, monitor the access to appropriate instructional materials, hire staff for tribal consultations, provide adequate technical assistance, and ensure districts provided necessary programs to support English learners, special education, and Native American students. The court acknowledged the benefits of some PED interventions but noted department initiatives were too small and inconsistent to significantly address the dismal academic outcomes of at-risk students.

For FY21, PED requested \$49.4 million, a \$1.4 million, or 3 percent, increase from the FY20 operating budget. The general fund request was \$15.1 million, a \$1.5 million, or 10.9 percent, increase from FY20 funding levels. PED's request also includes a \$58 thousand decrease in other revenues from a projected decline in license fee collection. It is unclear why PED is projecting less income from license fees after the department raised individual licensure and endorsement fees by 20 percent or more in August 2019. The overall budget increase was primarily attributable to the addition of 10 new FTE – 4 FTE for financial analysis and operations; 4 FTE for policy, assessment, identity, and accountability; and 2 FTE for legal counsel. The department reports current staffing levels are not sufficient to comply with findings from the *Martinez* and *Yazzie* case. However, PED's inadequate staffing levels stem mostly from unfilled positions rather than a need for additional FTE.

PED's request for additional FTE will likely increase the agency's vacancy rate due to an authorized expansion of 42.4 FTE in FY20. In the first quarter of FY20, PED reported 73 vacant FTE positions (26 percent of authorized positions) and 209 filled FTE positions, the department's lowest average staffing level since FY14. Given low statewide unemployment rates and a current funded vacancy rate of 8.5 percent for 282.2 FTE, PED may have difficulty reaching the requested staffing level of 292.2 FTE in FY21. Rather than adding new FTE, the department should consider reclassifying existing vacant positions to high-priority positions that can address findings in the *Martinez* and *Yazzie* case.

PED continues to cover some personnel costs from special program "below-the-line" appropriations, which are not reported in the agency's operating budget request. For FY20, the department budgeted \$1.3 million from special program appropriations, including \$318 thousand from the Indian education fund and \$230 thousand from the public prekindergarten fund. While PED is authorized to use a portion of the Indian education and public prekindergarten fund for administrative costs, the use of other special program funds for this purpose diverts funding away from direct services – especially in smaller special programs. If the department shifted these expenditures to the operating budget request, more special program funding could be used for grants or programming at public schools.

Additionally, when special program funding is transferred to the public school funding formula (as was the case in FY20), the department will incur additional operational costs without a funding source to support oversight and administration of the program. In FY20, the K-3 Plus extended school year program transitioned from a PED special program to a public school funding formula component and expanded to all elementary school grade levels. Because PED used K-3 Plus funds to cover agency personnel costs, the transition created additional net costs to the operating budget due to the retention of K-3 Plus staff to oversee new K-5 Plus programs.

For FY21, LFC recommends an operating budget of \$49.8 million, a \$1.8 million, or 3.8 percent, increase from FY20 funding levels, and 282.2 FTE. The general fund recommendation is \$14.9 million, a \$1.3 million, or 9.5 percent, increase from FY20 levels. The recommendation also includes \$400 thousand in federal revenues to account for a five-year federal comprehensive literacy state development grant awarded to PED in November 2019 and \$185 thousand in other revenues from a projected increase in licensee fee revenue. The committee recommendation supports the agency's request for the personal services and employee benefits category to address staffing concerns, including costs associated with K-3 Plus program personnel previously budgeted from special program funds. The agency request and committee recommendation both provide funding to cover the average cost of 31.3 vacant FTE positions.

Special Programs. The LFC recommendation for the state equalization guarantee (SEG) distribution of funding formula dollars includes additional funding, contingent on legislation, to establish cost differentials for teachers assuming additional responsibilities. (See "Public School Support, Agency 993.") Additionally, the recommendation includes \$24 million for schools to provide teachers with additional mentorship and professional development and students with early literacy interventions. To promote evidence-based practices, the LFC recommendation includes special program funding for PED to monitor public school spending and language prioritizing additional special program funds for school districts or charter schools that collaborate with PED on developing evidence-based practices in schools. By linking SEG funds to PED appropriations, schools will have immediate access to resources for implementation, PED can use special program funding for oversight, and the Legislature can provide guidance on priority areas to meet the court's mandate.

Operations. PED has made some progress on key agency processes, including the completion of formula and program compliance audits. (See "Performance: Public Education Department," Volume I.) Accurate data collection and reporting ensures equitable distribution of formula funds and other categorical grant funding and improves collection of performance data. Additionally, expansion of new initiatives, like K-5 Plus and extended learning time programs, and increased reporting and oversight responsibilities for the department will require more efficient processes for data collection, technical support, and analysis.

For FY21, PED requested \$2.9 million for information technology projects, including \$1.1 million for a streamlined real-time data management system. The department notes current data collection processes are labor intensive and prone to error. Additionally, maintaining the statewide longitudinal data warehouse (STARS) is costly and inefficient because PED does not own the system and must pay annual support and maintenance fees for any changes or updates. Data is separated and stored in different systems, requiring schools to submit duplicative information and limiting PED's ability to efficiently link financial, programmatic, and workforce information for analytical purposes. PED's real-time data management system is intended to create in-house capabilities for streamlining data collection from schools and processing for data analysis. Additionally, PED's other information technology projects plan to improve data-reporting procedures with partner organizations, like educator preparation programs, so external stakeholders can use the data to inform practices and support educational needs across the state.

PED contracts with regional education cooperatives (RECs) to implement programs and initiatives statewide, because the department lacks the internal capacity and network to run large programs while considering local contexts. Detail on REC contracts continues to be lacking, however, resulting in limited oversight over contractual expenditures. Historically, PED has contracted for services through RECs and directed procurement of services through sole source subcontracts, with each level of procurement often including its own indirect costs. As such, concerns continue to exist regarding the transparency and cost-effectiveness of this approach. (See "Regional Education Cooperatives, Agency 930.") Rather than selecting individual RECs to administer special programs, PED should consider using all RECs as a vehicle to support statewide implementation of programs, like K-5 Plus, at a large scale in all regions. Leveraging all RECs could potentially standardize overhead rates and improve the department's ability to provide appropriate technical assistance statewide.

Charter Schools. PED withholds 2 percent of each state-chartered charter school's SEG to provide administrative services and support. While the growth of state-chartered charter schools has slowed in recent years, PED projects \$2.6 million of SEG will be withheld in FY21 – a \$165.5 thousand, or 6.7 percent, increase from FY20 budgeted levels – which could change after the department sets the final FY21 unit value. PED uses some of the withheld SEG to support the Public Education Commission (PEC), which oversees state-authorized charter schools, and other operational functions in the department that also provide indirect services to PEC.

Since FY10, annual audits have noted issues between PED and state-authorized charter schools regarding fiscal management, financial internal controls, and oversight. The FY18 audit for PED, state-authorized charter schools, and the Division of Vocational Rehabilitation contained 154 findings – less than the FY17 audit, which reported 187 findings. However, the vast majority of findings and material weaknesses were reported in state-authorized charter schools, suggesting the department should focus on improving oversight and assistance for charter school business offices.

RECOMMENDED LANGUAGE:

The public education department shall investigate and report the planning and startup costs for new charter schools, expansion costs for charter schools adding new grade levels and sources of funding used to establish or expand charter schools in the annual report pursuant to Section 22-8B-17.1 NMSA 1978.

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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Average processing time for school district budget adjustment requests processed, in days	8	10.4	7	7	7
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	23	26.8	22	25	22
* Output	Number of local education agencies audited for funding formula components and program compliance	28	28	20	20	30
Outcome	Percent of section four public education special funds reverting annually	1.02%	1%	<1%	<1%	<1%
Outcome	Percent of section four public education special appropriations made to the public education department for the current fiscal year awarded by September 30 annually	94.5%	96.5%	80%	90%	90%
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	73%	76%			
Explanatory	Percent of eligible children served in state-funded prekindergarten	29%	38%			
* Explanatory	Number of eligible children served in state-funded prekindergarten	8,427	9,757			
Explanatory	Percent of eligible children served in kindergarten-five-plus	20%	23%			
* Explanatory	Number of eligible children served in kindergarten-five-plus	20,131	18,222			
* Outcome	Percent of students in kindergarten-five-plus meeting benchmark on early reading skills	58%	57%	75%	75%	75%

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) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to the PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide, including a new REC in the Four Corners region.

AT A GLANCE:

RECs generate most of their revenue from federal grants and state-directed reimbursements and receive a general fund appropriation to alleviate cash flow issues. Volatile REC revenue sources may be contributing to higher overhead costs. For FY21, LFC recommends \$1.1 million from the general fund, a \$61 thousand (or 5.9 percent) increase from the prior year.

BUDGET ISSUES:

Reimbursable programs constitute approximately 75 percent to 85 percent of all REC funding. RECs generate most of this revenue from special education services (including federal grants), certain federal funds for services to low-income students, and state-directed activities. RECs also contract with other educational institutions and organizations to offer a wide range of specialized services for each individual region, providing 68 districts, charter schools, and state institutions with ancillary staffing, financial management, professional development, and similar services. RECs contend the reimbursement basis for services required by the federal Cash Management Improvement Act of 1990 necessitates cash balances to pay for upfront programmatic costs until reimbursements are paid. Additionally, other funds from state and federal sources are typically restricted to specified uses and thus prohibited for operational expenditures. RECs typically use the recurring general fund appropriation for the executive director position but note the amount does not cover the costs for other staff and operational costs of the cooperatives.

REC revenues from all sources have grown since 2009, when the Legislature added revenue-generating provisions for RECs in Section 22-2B-5 NMSA 1978. A 2007 LFC evaluation noted the nine existing RECs requested a total of \$2.7 million in FY08 (about \$300 thousand per REC) to cover costs for executive directors, business managers, program coordinators, auditing, and upkeep of facilities. The evaluation noted one REC took out a bank loan to meet cash flow issues, violating statutory provisions prohibiting the agency from becoming indebted.

REC audits in recent years suggest cooperatives have relatively stable fund balances but fluctuating unrestricted cash balances. Uncertainty from PED reimbursements and unrestricted cash balances may be contributing to higher overhead costs. A 2016 LFC evaluation noted while REC procurements must follow provisions of the Procurement Code, their exemption from oversight by the General Services Department might be creating a less transparent method of procuring services. RECs indicate higher overhead costs from indirect fees are necessary to cover operating costs (given the current general fund appropriation level), and volatility in programming levels causes rapid turnover of technical personnel, which may increase costs when RECs ramp up operations and rehire staff.

For FY21, the Regional Education Cooperative Association (RECA), which represents the 10 RECs, requested \$3 million – a \$1.9 million (or 189 percent) increase from FY20 funding levels. The request reflects the same estimate from 2007, with each REC receiving \$300 thousand for operations. For FY21, PED requested \$5.7 million from the general fund, including \$233.4 thousand for each REC's operation and \$3.4 million to establish an REC support network staffed by 3 FTE. PED's \$2.3 million total general fund request for REC operations is a \$1.3 million, or 125 percent, increase from FY20 funding levels. The committee recommends \$1.1 million from the general fund, a \$61 thousand (or 5.9 percent) increase from the prior year.

In 2018, plaintiff attorneys in the *Martinez* and *Yazzie* education sufficiency lawsuit proposed remedies to address the 1st Judicial District court's ruling, including leveraging RECs to provide statewide technical assistance as branch entities of PED. In 2019, the state enacted Chapter 200 (House Bill 111), allowing RECs to jointly apply for funding from PED to provide culturally and linguistically responsive support and training. RECs are requesting \$2.5 million to provide this training in FY21, including \$2.1 million to hire 18 regional coaches, four technical experts, and a program manager. The cooperatives are considering a consolidated application approach for future PED special program funding, which could standardized overhead rates statewide.

According to PED's operating budget management system, total budgeted revenues for RECs nearly doubled between FY09 and FY18, from \$26.9 million to \$51.2 million. Over that same period, seven out of nine RECs increased budgeted revenues, and four RECs increased their revenues by twofold or more. However, substantial growth in state flow-through grants and outstanding reimbursements have created financial volatility for RECs, given significant fluctuations in cash positions each year. In FY17, combined, unrestricted cash balances for all nine RECs totaled \$4.3 million, a 19 percent decrease from FY16 (\$5.2 million) but a 168 percent increase from FY15 (\$1.6 million). In FY18, cash balances once again rose to \$6.3 million.

BUDGET SUMMARY
(dollars in thousands)

Regional Education Cooperative	FY19 (2018-2019) Actuals					FY20 (2019-2020) Budgeted				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Four Corners REC #1	\$103.8	\$0.0	\$0.0	\$0.0	\$103.8	\$103.9	\$500.0	\$0.0	\$0.0	\$603.9
Northwest REC #2 (Gallina)	\$103.8	\$5,264.0	\$11.0	\$85.0	\$5,463.8	\$103.9	\$3,953.1	\$0.0	\$786.7	\$4,843.7
High Plains REC #3 (Raton)	\$103.8	\$4,733.7	\$0.0	\$287.2	\$5,124.7	\$103.9	\$4,132.4	\$0.0	\$262.5	\$4,498.8
Northeast REC #4 (Las Vegas)	\$103.8	\$574.7	\$0.0	\$445.4	\$1,123.9	\$103.9	\$376.9	\$0.0	\$445.5	\$926.3
Central REC #5 (Albuquerque)	\$103.8	\$6,930.3	\$33.5	\$1,072.0	\$8,139.6	\$103.9	\$3,082.1	\$0.0	\$4,455.0	\$7,641.0
REC #6 (Clovis)	\$103.8	\$2,578.7	\$0.0	\$0.0	\$2,682.5	\$103.9	\$478.7	\$0.0	\$973.9	\$1,556.5
Lea REC #7 (Hobbs)	\$103.8	\$2,642.0	\$86.0	\$1,897.0	\$4,728.8	\$103.9	\$840.9	\$1,410.4	\$330.6	\$2,685.8
Pecos Valley REC #8 (Artesia)	\$103.8	\$2,024.3	\$100.9	\$0.0	\$2,229.0	\$103.9	\$260.4	\$0.0	\$512.8	\$877.1
REC #9 (Ruidoso)	\$103.8	\$11,918.3	\$0.0	\$2,556.4	\$14,578.5	\$103.9	\$15,000.0	\$0.0	\$3,000.0	\$18,103.9
Southwest REC #10 (T or C)	\$103.8	\$3,478.2	\$19.0	\$514.1	\$4,115.1	\$103.9	\$975.0	\$133.0	\$600.0	\$1,811.9
TOTAL	\$1,038.0	\$40,144.2	\$250.4	\$6,857.1	\$48,289.7	\$1,039.0	\$29,599.5	\$1,543.4	\$11,367.0	\$43,548.9

Regional Education Cooperative	FY21 (2020-2021) Agency Request					FY21 (2020-2021) LFC Recommendation				
	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL	General Fund	Other State Funds	Inter-Agency Transfer	Federal Funds	TOTAL
Four Corners REC #1	\$233.4	\$500.0	\$0.0	\$0.0	\$733.4	\$110.0	\$500.0	\$0.0	\$0.0	\$610.0
Northwest REC #2 (Gallina)	\$233.4	\$5,797.3	\$17.9	\$120.3	\$6,168.9	\$110.0	\$5,797.3	\$17.9	\$120.3	\$6,045.5
High Plains REC #3 (Raton)	\$233.4	\$7,293.7	\$0.0	\$376.2	\$7,903.3	\$110.0	\$7,293.7	\$0.0	\$376.2	\$7,779.9
Northeast REC #4 (Las Vegas)	\$233.4	\$432.4	\$0.0	\$831.8	\$1,497.6	\$110.0	\$432.4	\$0.0	\$831.8	\$1,374.2
Central REC #5 (Albuquerque)	\$233.4	\$9,191.2	\$33.5	\$1,220.0	\$10,678.1	\$110.0	\$9,191.2	\$33.5	\$1,220.0	\$10,554.7
REC #6 (Clovis)	\$233.4	\$2,300.0	\$0.0	\$0.0	\$2,533.4	\$110.0	\$2,300.0	\$0.0	\$0.0	\$2,410.0
Lea REC #7 (Hobbs)	\$233.4	\$4,237.2	\$100.0	\$1,577.9	\$6,148.5	\$110.0	\$4,237.2	\$100.0	\$1,577.9	\$6,025.1
Pecos Valley REC #8 (Artesia)	\$233.4	\$680.0	\$107.0	\$0.0	\$1,020.4	\$110.0	\$680.0	\$107.0	\$0.0	\$897.0
REC #9 (Ruidoso)	\$233.4	\$10,440.6	\$0.0	\$2,384.2	\$13,058.2	\$110.0	\$10,440.6	\$0.0	\$2,384.2	\$12,934.8
Southwest REC #10 (T or C)	\$233.4	\$6,500.0	\$38.0	\$525.0	\$7,296.4	\$110.0	\$6,500.0	\$38.0	\$525.0	\$7,173.0
TOTAL	\$2,334.0	\$47,372.4	\$296.4	\$7,035.4	\$57,038.2	\$1,100.0	\$47,372.4	\$296.4	\$7,035.4	\$55,804.2

Source: RECA and LFC Files

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, PSFA 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 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, and the directors of the Legislative Finance Committee, Legislative Council Service, and Legislative Education Study Committee.

MISSION:

The mission of PSFA is to support quality public education by encouraging and assisting districts with 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 policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

	BUDGET SUMMARY (dollars in thousands)					Percent Incr (Decr)
	FY19	FY20	FY21 – 2020-2021			
	2018-2019 <u>Actuals</u>	2019-2020 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
Other Revenues	5,171.8	4,688.0	5,704.5	5,704.5	21.7	
SOURCES TOTAL	5,171.8	4,688.0	5,704.5	5,704.5	21.7	
USES						
Personal Services and Employee Benefits	3,793.8	4,116.9	4,302.6	4,302.6	4.5	
Contractual Services	66.9	68.0	144.0	144.0	111.8	
Other	1,212.8	503.1	1,257.9	1,257.9	150.0	
TOTAL USES	5,073.5	4,688.0	5,704.5	5,704.5	21.7	
FTE						
Permanent	46.0	49.0	50.0	50.0	2.0	
Term	3.0	0.0	0.0	0.0		
Temporary	0.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	49.0	50.0	51.0	51.0	2.0	

AT A GLANCE:

The Public School Facilities Authority's (PSFA) FY21 budget request was \$5.7 million, a 21.7 percent increase over the adjusted FY20 operating budget of \$4.7 million. The operating budget is limited to 5 percent of a three-year average of annual awards. PSFA's FY20 operating budget was reduced by \$658.8 thousand because of inaction on legislation that would have allowed exceeding the statutory budget limit in the face of declining project funding. The agency's current budget request is based on a five-year average of awards and aligns with PSFA's five-year project cycle.

The agency's budget request included an increase of \$185.7 thousand in the personal services and employee benefits category for exempt full-time and part-time employees, retirement, and federal insurance contributions. Additionally, the agency requested an increase of \$76 thousand in the contractual services category to hire temporary employees during high-volume workload times and \$755 thousand in the other category to pay for software dues and to upgrade the phone system and Internet services. In FY19, the agency had \$500 thousand in operating reversions, or 9.6 percent, of the \$5.2 million FY19 operating budget.

The agency requested 51 total FTE and a 4.5 percent increase for personnel to adequately staff the agency, reclassify positions, and provide assistance to field operations. The LFC recommendation supports the agency's FY21 request of 51 FTE to fully staff the agency and the overall increase of \$76 thousand in contractual services to hire additional contract employees during high workload times.

BUDGET ISSUES:

The public school capital outlay fund (PSCOF) is a nonreverting fund that receives supplemental severance tax bond revenue, provides grants to schools, and funds PSFA's operating budget. Statutorily, PSFA's operational expenses for "core administrative functions" are limited to 5 percent of the average annual grant assistance over the past three years. Amending the Public School Capital Outlay Act to calculate the limit based on a five-year average of awards, rather than a three-year average, would stabilize PSFA's budget and insulate the budget cap from temporary, short-term declines in awards.

School Condition. The agency uses two indices to measure the condition of a school facility – the facility condition index (FCI) and the weighted New Mexico condition index (wNMCI). The FCI reflects a ratio of the cost of repair and improvement against the cost to replace the facility, so a lower number reflects a building in better condition. The wNMCI measures the costs to correct facility deficiencies and to correct educational adequacy deficiencies divided by the cost to replace the school. In FY19, aligning with industry standards, the formulas for building degradation changed and led to a modified methodology to calculate the FCI and wNMCI of a school facility. Specifically, the weight of the formula factor for building systems beyond their life cycle increased and allowed PSCOC to better identify and target building systems in need of replacement.

Between FY04 and FY19, total PSCOC dollars awarded was roughly \$2.5 billion to fund capital projects and lease assistance for school districts, charter schools, the School for the Blind and Visually Impaired, and the School for the Deaf. The state's investment has resulted in the reduction of the statewide average FCI from 70 percent in FY04 to 51.6 percent in FY20. Furthermore, the average wNMCI for all school districts improved from 40.5 percent in FY05 to 23.1 percent in FY20. Only 14 schools have a wNMCI greater than 50 percent as of March 2019. PSCOC uses a rule of thumb to replace rather than repair a school building if its FCI is greater than 60 percent.

Zuni Lawsuit. Despite significant improvements in statewide facility conditions and statewide investments in school facilities, the *Zuni* lawsuit has never closed. In 2015, plaintiff school districts asked the court for a status hearing on new claims of inequity, primarily that these districts are unable to raise sufficient local capital outlay revenue to maintain capital assets and build facilities outside the adequacy standards, while districts with available local revenues are able to do so. In May 2019, the court received testimony on the case and established a deadline in August 2019, extended to October 2019, for parties to submit evidence on the state's progress toward implementing a uniform and sufficient system.

Standards-Based Awards. In October 2019, PSCOC approved nine standards-based awards in eight districts for the FY20 award cycle. The total FY20 state match would be \$107 million, with \$97.8 million in potential out-year awards and about \$9 million to complete design planning, educational specifications, and feasibility studies.

As the need for school replacement and standards-based requests declined, PSCOC initiated programs for school security (2018), prekindergarten classrooms (2019), teacher housing and projects outside of adequacy (2019) and revised eligibility for standards-based funding to include special school spaces, essential school building systems, prekindergarten class rooms, teacher housing (teacherages), and retroactive updating of school facilities. In particular, districts have significant need to provide more funding for teacherages, playing fields, and multipurpose rooms.

Systems Initiative. Beginning in FY17, PSCOC piloted a systems-based award application process to address improvements in roofing, electrical distribution, electronic communication, plumbing, lighting, mechanical, fire prevention, facility shell, interior finishes, and heating, ventilation, and air conditioning systems. In FY19, PSCOC received 18 applications from 13 districts, and awarded \$15.8 million to 24 projects in 13 districts. For FY20, PSCOC approved 10 applications from seven districts with a total state share of \$12.1 million. The state share of potential out-of-cycle funding is \$4.9 million, and \$7.2 million was awarded for phase one projects in October 2019. Approximately \$51.9 million has been awarded to 28 districts since FY17. Because of limited district interest and relatively high administrative costs, PSCOC and the Legislature may consider discontinuing the systems program to fund other district needs.

Security Funding. Through Laws 2018, Chapter 80, (House Bill 306) and Laws 2018, Chapter 71, (Senate Bill 239), up to \$10 million was appropriated from PSCOF to plan, design, and install security systems in public schools. In the second year of school security awards, PSFA received 218 applications from 46 school districts and two state-authorized charter schools. In FY20, PSCOC awarded \$8.5 million to 211 projects in 26 districts and three state-authorized charter schools. From FY19 to FY20, the number of applications submitted and awarded remained consistent, but the number of districts applying for security awards decreased by 43.5 percent. Similar to the systems initiative, the security program has high administrative costs, and funding for the program might need to be reprioritized.

Broadband. The Broadband Deficiency Correction Program (BDCP) was established during the 2014 legislative session to address statewide education technology needs. The program was originally set to run from FY14 to FY19, but Laws 2017, Chapter 142, (Senate Bill 64) removed the time limit for the initiative, allowing PSCOC to continue the program. Between FY16 and FY18, PSCOC’s state share was \$5.5 million to support fiber optic and Wi-Fi projects, which provided access to \$52.6 million in federal funding through the federal E-rate program. Federal, state, and local funding resulted in nearly 650 miles of new fiber in the most rural school districts in the state. PSCOC budgeted \$2.5 million for BDCP awards in FY20 and \$3 million for FY21 through FY24. New Mexico’s average broadband speed was about 75 kilobytes per second (Kbps) per student in FY15 and significantly increased to 515 Kbps per student in FY19. Typically dial-up speed is 56 Kbps, while broadband generally ranges from 4 Mbps (4 million bits per second) to over 100 Mbps.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the public school facilities authority includes five million seven hundred four thousand five-hundred dollars (\$5,704,500) from the public school capital outlay fund less any amount in excess of the limitation established in Section 22-24-4(G) NMSA 1978.

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 ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with public education department approved educational programs.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Average number of months from substantial completion to financial closeout	8	17	18	18	18
Explanatory	Number of change orders in current fiscal year	107	68			
Explanatory	Average number of months between initial award to occupancy	11	48			
Explanatory	Average number of months from initial award to commencement of construction	58	34			
Explanatory	Average cost per square foot of new construction	\$272	\$277			
Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	50.2%	51.6%			
Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	71.1%	70%			
Explanatory	Average megabits per second per student	0.340	0.515			
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	\$105,117.6	\$641,857			
Explanatory	Average square foot per student of middle schools	N/A	N/A			
Explanatory	Average square foot per student of high schools	N/A	N/A			
Explanatory	Average square foot per student of new construction, high schools	N/A	N/A			
Explanatory	Average square foot per student of elementary schools	N/A	N/A			
Explanatory	Average square foot per student of new construction, elementary schools	N/A	N/A			
Explanatory	Average square foot per student of new construction, middle schools	N/A	N/A			

STATUTORY AUTHORITY:

In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state's qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the Speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

MISSION:

ETB administers the state's federally authorized college savings plan, a flexible option used by families to save for college costs, including tuition, fees, room, books, and supplies.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY19</u> <u>Actuals</u>	<u>FY20 Operating</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>
Sources			
Fund Balance	2,290.9	3,211.0	3,140.0
TOTAL REVENUES	2,290.9	3,211.0	3,140.0
Uses			
Personal Services and Employee Benefits	364.2	538.4	528.9
Contractual Services	1,549.8	2,466.5	2,334.5
Other	376.9	206.2	276.6
Other Financing Uses	0.0	0.0	0.0
TOTAL USES	2,290.9	3,211.1	3,140.0
TOTAL FTE POSITIONS	2.0	4.0	4.0

AT A GLANCE:

ETB, self-supported through an administrative fee on its plans, requested funding in line with FY20, which was a considerable increase over the FY19 actual expenditures. ETB restructured its team of legal and investment professionals through a competitive request for proposals process, increasing its cost. The restructure is intended to (1) increase the quality and amount of marketing of 529 plans to New Mexico residents, and (2) change the portfolio offerings in both the Education Plan (TEP) and the Scholars Edge to offer participants a greater choice of investments. The governor's proposed New Mexico Opportunity Scholarship will not have an impact on 529 plans offered by ETB. The 529 plans, while the lottery scholarship has been in place, have grown from year-to-year, according to ETB, and the funds can be used for all costs of attendance, such as room, board, and books.

In 2019, ETB issued a request for proposals to an investment advisor because the incumbent, Oppenheimer Funds, was acquired by Invesco. The board selected Ascensus Investment Advisors as the new portfolio manager. Ascensus manages 37 college savings programs in 20 states. The conversion to Ascensus was to occur on December 6, 2019.

BUDGET ISSUES:

Currently, the board's budget is established through an annual budget adjustment request and is based on the Higher Education Department's budget authority. It is not included in the General Appropriation Act (GAA). Given the board's size, functions, revenue sources and restricted uses and lack of policies and practices consistent with state agencies included in the GAA, LFC recommends the board's budget authority remain outside of the GAA.

ETB has accumulated a fund balance of more than \$9.4 million, according to the board's FY18 audit report, a more than a \$800 thousand increase to fund balance over the prior year.

The Education Trust Board focuses on increasing total education savings plan accounts, with targeted initiatives to increase New Mexico participants. The tax advantage 529 plans allow participants the flexibility to save money with one of two plans offered by ETB: the Education Plan (TEP) or the Scholar's Edge. In the plan design, participants can select an age-based plan – tied to the number of years until the beneficiary will need the college funds – or they can invest directly into a mutual fund or exchange-traded fund. As the 529 plans mature, the total value of the plans will begin to lose asset value unless participants or contributions increase or the investments appreciate. Draws from the plans outpaced contributions by \$104 million. For New Mexico residents' accounts, contributions exceeded redemptions by \$16 million

PERFORMANCE ISSUES:

As of June 20, 2019, ETB manages approximately \$2.54 billion in gross assets in its two college savings plans.

The Education Plan, with assets of \$577 million, had 23,045 accounts as of June 30, 2019, 49 percent held by New Mexico residents. The New Mexico accounts grew by 3.1 percent and had an average portfolio balance of \$24,168; the median account balance is \$8,100. The much larger Scholar's Edge plan, with assets of \$1.9 billion, has 99,646 accounts with 10 percent of the accounts started by New Mexico residents. New accounts for New Mexico residents have grown 1.6 percent year-over-year. The average portfolio balance is \$19,049 for the Scholars Edge; the median account balance is \$5,100.

The Education Plan is a direct-sold plan, offering age-based and static investment options, including active-managed funds and index funds, directly to plan participants. It consists of 27 pre-defined age-based investment portfolios and 18 underlying investments into mutual funds or exchange-traded funds, providing participants with a flexible set of options depending on the participant risk profile. The Education Trust Board reports investment returns in the Education Plan have generally out-performed the median for its categories. The longer maturity funds (i.e., ages 0-6 program) have shown stronger performance compared with the shorter-term programs (i.e., ages 13-18 program). As an example, the Morningstar Direct™ median (an industry leading monitor of performance of mutual funds and exchange-traded funds) for the age-based 0-6 program shows an approximate 7.8 percent annual return, where the Education Plan produced a 9 percent average annual return. However, for the age-based 13–18 category, the Morningstar Direct™ median shows a 3.95 percent annual return compared with the Education Plan's 3.25 percent.

The Scholar's Edge is a broker-sold plan, consisting of \$1.9 billion in age-based, custom choice, and static portfolios. The plan offers 44 pre-defined age-based investment portfolios and 31 underlying investments into mutual funds or exchange traded funds. The Education Trust Board reports investment returns in the Scholar's Edge have generally out-performed the median for its categories. The table below compares the three-year risk-return for the two plans offered by the Education Trust Board to the Morningstar Direct™ median for plans of similar structure. The returns shown are approximate.

<u>Age-based plan</u>	<u>The Education Plan (median return)</u>	<u>The Scholar's Edge (median return)</u>
Age 0 – 6	9.1 percent (7.8 percent)	7.4 percent (6.3 percent)
Age 7 – 12	6.1 percent (5.9 percent)	5.9 percent (5.5 percent)
Age 13 – 18	3.3 percent (3.9 percent)	3.6 percent (3.3 percent)
Age 19+	1.6 percent (1.5 percent)	2.0 percent (1.1 percent)

For FY21, the board expects the transition to a new program manager will provide an opportunity to energize new marketing activity to increase participants especially within the state.

STATUTORY AUTHORITY:

Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) 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 Postsecondary Education Planning Act, the Postsecondary Education Articulation Act, the Student Loan Act, the Education Trust Act, degree program approval, and proprietary school licensing, for which it collects fees. Additionally, the department recommends institutional capital project priorities and administers state-funded financial aid programs. The department administers the adult basic education program. 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. Lastly, the department is charged with cooperating 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 and expanded 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)

			<u>FY21 – 2020-2021</u>		Percent Incr (Decr)
	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	33,416.7	39,689.2	63,161.2	43,564.2	9.8
Other Transfers	42,900.6	42,315.7	51,565.7	51,565.7	21.9
Federal Revenues	9,740.0	9,816.3	9,188.5	4,889.3	-50.2
Other Revenues	191.4	514.7	514.7	514.7	0.0
Fund Balance	109.4	150.0	150.0	150.0	0.0
SOURCES TOTAL	86,358.1	92,485.9	124,580.1	100,683.9	8.9
USES					
Personal Services and Employee Benefits	3,806.8	4,503.9	5,325.5	3,901.1	-13.4
Contractual Services	1,724.6	1,901.0	2,153.4	1,724.6	-9.3
Other	80,826.7	86,081.0	117,101.2	95,058.2	10.4
TOTAL USES	86,358.1	92,485.9	124,580.1	100,683.9	8.9
FTE					
Permanent	35.0	35.0	45.0	35.0	0.0
Term	16.0	16.0	16.0	8.0	-50.0
TOTAL FTE POSITIONS	51.0	51.0	61.0	43.0	-15.7

AT A GLANCE:

A new administration at HED has been slow to share publicly its strategic direction for higher education. In the first half of 2019, HED convened stakeholder groups to address several policy matters confronting higher education. The meetings were haphazard and did not result in a tangible strategic work product. The department, however, did resurrect the dormant higher education advisory board (HEAB), made up of academia, state government, and business stakeholders, which will meet quarterly. Resurrecting the HEAB was a response to the LFC-sponsored legislation to create a higher education governance council. The LFC’s proposal would create a council of subject matter experts to develop strategic direction addressing the challenges facing the colleges and universities: addressing declining enrollment despite low tuition costs, increasing faculty compensation when workload is declining, and increasing the number of graduates who earn bachelor’s and master’s degrees to meet growing workforce demands.

BUDGET ISSUES:

The LFC recommendation for FY21 increases the general fund budget to HED by 9.8 percent. HED’s FY20 \$92.5 million operating budget is composed of \$64 million for student financial aid (which includes \$42 million for lottery scholarships) and \$27.8 million for operations, adult basic education programs and several specialized programs, such as Mathematics, Engineering, and Science Achievement (MESA), Engaging Latino Communities for Education (ENLACE), high-skills workforce training, adult literacy, and the federally funded Gaining Early Awareness for Undergraduate Programs (GEAR UP) program. After its budget submission, HED lost its GEAR-UP program funding, resulting in a loss of eight staff positions and \$4.5 million in federal revenues. For FY21, the department requested a 35 percent budget increase over its FY20 operating budget to \$124.6 million. The majority of the increase is targeted at HED’s free college initiative called the New Mexico opportunity scholarship. The \$35 million initiative would pay for tuition and fees for 55 thousand in-state residents.

In contrast the HED's free college initiative, the LFC recommendation targets \$35 million to increase access to college for the at-risk, most-in-need students and students pursuing bachelor's degrees in high-demand fields. The FY21 LFC recommendation follows the significant FY20 investments made by the Legislature last year: increasing the college affordability scholarship from \$2,000 per year to \$3,000 per year to ensure more adult learners can access college and a \$20 million investment into the teacher preparation affordability fund and teacher loan repayment fund to bring new teachers into the profession and to retain existing teachers in the classroom.

LFC recommends a \$35 million special appropriation to HED that includes a \$10 million increase to student incentive grants (SIG) to provide up to 10 thousand low-income students more financial support, a new investment of \$5 million into the teacher preparation affordability fund for new scholarships to support more teachers, an increase of \$10 million into the College Affordability Fund, a \$9.7 million general fund appropriation to the lottery tuition scholarships to cover a higher share of the cost of tuition for existing New Mexico students, increasing tuition coverage from 60 percent to 82 percent, and \$300 thousand special appropriation to increase the amount of federal financial aid by requiring students to complete federal financial aid applications.

College Affordability and the Opportunity Scholarship. In fall 2019, the governor proposed the New Mexico Opportunity Scholarship program, a last-dollar financial aid program paying for college tuition and fees for recent high school graduates and returning adult community college students. The opportunity scholarship would have the same enrollment and GPA requirements for recent high school graduates as the lottery tuition scholarship but would extend eligibility to community college students who take at least six student credit hours each semester and meet GPA requirements. The program works as a last-dollar-in grant, after federal and state financial aid is applied, to cover any remaining tuition and fees. To pay for the program, HED requested \$35 million for the opportunity scholarship in FY21 to support 55 thousand students. HED's cost estimate is based on current enrollment and does not include assumptions for growth. The LFC cost estimate of the HED program is \$52 million. The differences reflect assumptions on enrollment growth. Other states that have implemented similar programs have experienced 20 percent growth in the first year.

Several researchers have found that tuition and fee costs are not the obstacle to students who pursue a college degree. Rather, the researchers highlight the net tuition price – cost remaining after scholarships and grants – is the financial obstacle for low- and middle-income students in particular. Net tuition price reflects the cost of books, transportation, housing and food, not covered by a grant or scholarship. New Mexico offers the fifth lowest cost of tuition in the country, and for fulltime students, the majority of tuition cost is paid for from existing programs, such as the lottery scholarship. Programs structured as last-dollar programs shift state financial support from low-income to middle- and high-income students because low-income students generally benefit from federal Pell grants and other need-based support to meet tuition and fee costs. Low-income students need financial support for living expenses while pursuing a postsecondary education, otherwise, they will work to supplement their needs, increasing the probability they will not finish their degrees. Only 23 percent of full-time students who attend a two-year college in New Mexico earn a degree. To offset living expenses, the LFC recommendation increases the student incentive grant by \$10 million (\$5 million recurring and \$5 million nonrecurring) to provide greater financial support to low-income students.

Each year, New Mexico students forego approximately \$20 million in federal Pell grants because they do not complete the Free Application for Federal Student Aid (FAFSA). Statewide, the FAFSA completion rate is 65 percent, low compared with other states. Higher completion rates will translate to higher financial support for low-income students. The opportunity scholarship will require students to complete the FAFSA. The LFC recommendation includes a nonrecurring special appropriation of \$300 thousand for HED to improve the FAFSA completion rate. In 2019, Texas enacted legislation to mandate FAFSA completion for high school graduates.

Existing Student Financial Aid Programs. General fund appropriations and lottery revenues support New Mexico students through 25 financial aid programs with combined annual funding of \$64 million. The largest portion comes from the lottery tuition fund, receiving 30 percent of net lottery revenues annually, that supports up to 15 thousand students. The eligibility requirements, which include a 2.5 GPA with at least 12 credit hours completed at a two-year college and 15 credit hours completed at a four-year university, limit the \$42 million appropriation generally to recent New Mexico high-school graduates. More than 80 percent of the funding is distributed to four-year universities. The LFC recommendation includes an additional \$9.7 million special appropriation to the lottery tuition fund in FY21 to pay a greater share of a student's tuition costs.

The LFC recommendation increases the FY21 recurring appropriation from \$22.2 million to \$27.5 million for the other 24 student financial aid programs. The general fund appropriations target financial aid for low-income students or students pursuing high-demand degrees: (1) \$16.1 million has been targeted to low-income students through the supplemental student incentive grant, which the LFC recommendation increased by a \$5 million appropriation; (2) \$3.6 million is aimed at professional development support for teachers, post-baccalaureate education or legal education support, and for the Western Interstate Commission for Higher Education (WICHE) exchange program; (3) \$3.2 million for healthcare workforce development to increase primary care doctors and nurse practitioners, dentists, and allied health professions; and (4) \$4.4 million for student work study and veterans or public safety professionals.

In the other transfers revenue category, the LFC recommendation appropriates the remaining \$5 million from the teacher preparation affordability fund and \$1.2 million from the teacher loan repayment fund for use in FY21.

Policy Development and Institutional Financial Oversight Program. General fund appropriations to the Policy Development and Institutional Financial Oversight Program, which includes all HED staff, total \$17.5 million in the FY20 operating budget. HED's FY21 request reduced general fund revenues to \$16.2 million because the department has transferred \$1 million for Centers of Excellence directly to institutions. With that adjustment, the HED request was a reduction of \$278 thousand compared with FY20, or 1.7 percent decrease.

The LFC recommends \$16.1 million from general fund revenues for FY21, a decrease of 2.6 percent. From the general fund revenues, the recommendation supports \$3.7 million flow-through for various programs outside of HED and \$8.2 million for adult education, which includes the \$3 million added to this program by the Legislature in 2019 to assist community colleges in absorbing adult learners impacted by the age cap for public schools.

Educator Preparation. Laws 2019, Chapter 193, amended the Teacher Loan Repayment Act and created the teacher preparation affordability program. Twenty million dollars were transferred within Section 12 of the 2019 General Appropriation Act from the general fund to the teacher loan repayment fund and the teacher preparation affordability fund. LFC recommends budget adjustment request (BAR) language to clarify the \$3.2 million transferred funds from both funds may be expended in FY20 pursuant to the enabling legislation. To date, HED financial aid has awarded \$995 thousand to 199 teachers for teacher loan repayment. The fall 2019 draw from the teacher preparation affordability fund is \$898 thousand for 471 students. Estimated draws for spring 2020 are \$1.2 million for 600 students. The LFC recommendation, in the other transfers revenue category, includes an appropriation of \$5 million from the teacher preparation affordability fund and \$1.2 million from the teacher loan repayment fund in FY21.

Adult Education. Of the 1.1 million adults over age 25 in New Mexico, more than 240 thousand have not finished high school. Another 162 thousand do not speak English or do not speak English well. These adults cannot fully participate in work and community opportunities. HED engages these adults through its Adult Education Division to help adults improve basic literacy and earn a high school degree. Only 23 thousand adults per year, or 6 percent of the eligible population, are served by HED's programs, offered mainly by two-year colleges throughout the state. In 2019, the Legislature appropriated \$3 million to increase the number of adults who earn a high school degree, or its equivalent, and who transition into postsecondary education. For FY21, HED requested a reduction from \$3 million down to \$1.5 million for this purpose. The LFC recommendation maintains the support for adult learners at \$3 million, the same as the FY20 operating budget. Additionally, to increase access to college for adult learners, the LFC recommendation includes an increase of \$10 million to the College Affordability Fund.

RECOMMENDED LANGUAGE:

For the Higher Education Subsection. 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 subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. 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.

For the Higher Education Subsection. The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotment. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2020 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2020 shall not revert to the general fund.

For the Higher Education Department. The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other category includes eight million two hundred thirty-five thousand nine hundred dollars (\$8,235,900) to provide adults with education services and materials and access to high school equivalency tests, one hundred thirty-eight thousand three hundred dollars (\$138,300) for workforce development programs at community colleges that primarily educate and retrain recently displaced workers, four hundred sixty-one thousand one hundred dollars (\$461,100) for the high skills program, one hundred forty-two thousand six hundred dollars (\$142,600) for English-learner teacher preparation and one hundred eighty-three thousand nine hundred dollars (\$183,900) to the tribal college dual-credit program fund.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the contractual services category includes seven hundred forty-six thousand one hundred dollars (\$746,100) for an adult literacy program.

Any unexpended balances in the policy development and institutional financial oversight program of the higher education department remaining at the end of fiscal year 2020 from appropriations made from the general fund shall revert to the general fund.

The other state funds appropriation to the student financial aid program of the higher education department in the other category includes five million dollars (\$5,000,000) from the teacher preparation affordability scholarship program and two million dollars (\$2,000,000) from the teacher loan repayment fund.

For the Budget Adjustment Request Language Section. The student financial aid program of the higher education department may request budget increases up to six million dollars (\$6,000,000) for the legislative lottery tuition scholarship program, up to one million one hundred thousand dollars (\$1,100,000) for the teacher loan repayment program, and up to two million two hundred thousand dollars (\$2,200,000) for the teacher preparation affordability program.

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)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	12,190.7	17,496.0	16,218.0	16,071.0	-8.1
Other Transfers	230.5	285.7	335.7	335.7	17.5
Federal Revenues	9,526.2	9,476.3	8,888.5	4,589.3	-51.6
Other Revenues	191.4	514.7	514.7	514.7	0.0
SOURCES TOTAL	22,138.8	27,772.7	25,956.9	21,510.7	-22.5
USES					
Personal Services and Employee Benefits	3,806.8	4,503.9	5,325.5	3,901.1	-13.4
Contractual Services	1,724.6	1,881.0	2,133.4	1,724.6	-8.3
Other	16,607.4	21,387.8	18,498.0	15,885.0	-25.7
TOTAL USES	22,138.8	27,772.7	25,956.9	21,510.7	-22.5
FTE					
Permanent	35.0	35.0	45.0	35.0	0.0
Term	16.0	16.0	16.0	8.0	-50.0
TOTAL FTE POSITIONS	51.0	51.0	61.0	43.0	-15.7

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u> NEW
Outcome	Percent of first-time, degree-seeking community college students who have graduated from the same institution or another public institution within two years					NEW
Outcome	Percent of adult education students who enter into postsecondary education and training		35%			NEW
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	40.1%	41%	42%	40%	40%
Outcome	Percent of first-time, degree-seeking university students who have graduated from the same institution or another public institution within four years					NEW
Explanatory	Number of students enrolled in adult education programs		10,960			
Outcome	Number of students receiving an associate's degree from a New Mexico public postsecondary institution					NEW
Outcome	Number of students receiving a baccalaureate degree from a New Mexico public postsecondary institution					NEW
Outcome	Number of students receiving a certificate from a New Mexico public postsecondary institution					NEW
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	83%	62%	85%	80%	80%
Outcome	Number of high school students earning dual credit from New Mexico public postsecondary institutions					NEW
Outcome	For recent New Mexico high school graduates, percent of students who require remediation in math, English, or both who pass the remedial course and pass the ensuing college credit course within the same discipline within one year					NEW
Output	Average time for the private and proprietary schools division to approve or reject a license or registration application	20 days	10 days	20 days	20 days	20 days
Outcome	Percent of enrollees in four-year public postsecondary institutions who are transfers from public two-year postsecondary institutions					NEW
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					NEW
Explanatory	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100%	100%			
Output	Time for the private and proprietary schools division to address and close a student complaint		10 Days			
Output	Time for the private and proprietary schools division to complete a request for student transcripts		10 Days	10 Days	10 Days	10 days
Explanatory	Percent of dual-credit courses successfully completed annually	N/A				
Explanatory	Number of dual-credit courses students enroll in within New Mexico public high schools and postsecondary institutions	N/A				
Outcome	Percent of audit oversight reviews completed by higher education department to ensure institutions are implementing corrective measures to reduce and eliminate new and recurring findings					NEW

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	96%	99%	100%	100%	100%
Explanatory	Percent of New Mexico's workforce population, ages twenty five through sixty four, with a postsecondary credential	59.5%	60.1%			
Explanatory	Average number of credit hours accrued in the attainment of a bachelor's degree by students graduating from state-funded higher education institutions	141	139			
* Outcome	Percent of high-school-equivalency graduates entering postsecondary degree or certificate programs	38.5%	39.1%	50%	45%	45%
Explanatory	Average number of credit hours accrued in the attainment of an associate's degree by students graduating from state-funded higher education institutions	82.5	79.9			
Explanatory	Percent of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	25.5%	21.7%			
Explanatory	Percentage of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	19.5%	21.5%			
Output	Number of returning undergraduate students who are taking remedial education courses					NEW
Output	Number of adult education students who enter into postsecondary education and training					NEW
Output	Number of adult education students obtaining employment					NEW
Outcome	Percent of first-time, degree-seeking university students who have graduated from the same institution or another public institution within six years					NEW
Outcome	Number of students receiving an associate's degree or certificate from a New Mexico public postsecondary institution					NEW
Output	Number of enrollees in four-year public postsecondary institutions who are transfers from public two-year postsecondary institutions					NEW
Outcome	Number of adult education students who earn the high school equivalency credential					NEW

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 all New Mexicans may benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	FY19 2018-2019 <u>Actuals</u>	FY20 2019-2020 <u>Budgeted</u>	<u>FY21 - 2020-2021</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	21,226.0	22,193.2	46,943.2	27,493.2	23.9
Other Transfers	42,670.1	42,030.0	51,230.0	51,230.0	21.9
Federal Revenues	213.8	340.0	300.0	300.0	-11.8
Fund Balance	109.4	150.0	150.0	150.0	0.0
SOURCES TOTAL	64,219.3	64,713.2	98,623.2	79,173.2	22.3
USES					
Contractual Services	0.0	20.0	20.0	0.0	-100.0
Other	64,219.3	64,693.2	98,603.2	79,173.2	22.4
TOTAL USES	64,219.3	64,713.2	98,623.2	79,173.2	22.3
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u> NEW
Outcome	Percent of first-time freshman lottery recipients graduated from college after the ninth semester					NEW
Outcome	Percent of students who received state loan-for-service funding who provided service after graduation					NEW
Outcome	Percent of state financial aid funds used for need-based aid					NEW
Output	Annual average federal student loan debt for all students enrolled at four-year public schools					NEW
Output	Annual average federal student loan debt for all students enrolled at two-year public schools					NEW
Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester					NEW
Outcome	Number of need-based scholarships awarded to students with an estimated family contribution of zero					NEW
Output	Number of students receiving college affordability awards					NEW
Explanatory	Percent of eligible state loan-for-service applicants receiving funds	58%	52%			
Explanatory	Percent of eligible state loan repayment applicants receiving funds	60%	20%			

Student Financial Aid Program Detail (Dollars in Thousands)	FY19 Actual	FY20 OPBUD	FY21 Request	FY21 LFC Rec	FY21 LFC Rec over/(under) Percent
Student Access and Achievement					
Lottery Scholarship*					
Other Transfer	42,000.0	42,000.0	42,000.0	42,000.0	0.0%
Other Revenues	-	-	-	-	
Fund Balance	-	-	-	-	
Total Lottery Scholarship	42,000.0	42,000.0	42,000.0	42,000.0	0.0%
Student Incentive Grant					
General Fund	11,000.0	11,000.0	11,108.0	11,108.0	1.0%
College Affordability Endowed Scholarships					
Other Transfer	-	3,000.0	3,000.0	3,000.0	0.0%
Work-Study					
General Fund	4,142.2	4,142.2	4,142.2	4,142.2	0.0%
Vietnam Veterans Scholarship					
General Fund	65.0	65.0	50.0	50.0	-23.1%
NM Scholars					
General Fund	250.0	250.0	150.0	150.0	-40.0%
Peace Officer and Fire Fighter Fund					
General Fund	25.0	25.0	60.0	60.0	140.0%
Merit-based Scholarships					
General Fund	-	-	-	-	
Wartime Veterans Scholarship					
General Fund	180.0	180.0	300.0	300.0	66.7%
Total Student Access and Achievement	15,662.2	18,662.2	18,810.2	18,810.2	0.8%
Healthcare Workforce Development					
Nursing Student Loan for Service					
General Fund	450.0	450.0	450.0	450.0	0.0%
Nurse Educator Loan For Service					
General Fund	65.0	65.0	65.0	65.0	0.0%
Medical Student Loan Prog.					
General Fund	350.0	350.0	450.0	450.0	28.6%
Primary Care Physician Tuition Waiver					
General Fund	150.0	150.0	-	-	-100.0%
Allied Health					
General Fund	100.0	100.0	120.0	120.0	20.0%
Health Professional Loan Repayment					
General Fund	1,061.9	1,061.9	1,100.0	1,300.0	22.4%
Dentistry Loan for Service					
General Fund	21.6	21.6	32.4	32.4	50.0%
Dental Residency Program					
General Fund	750.0	750.0	900.0	900.0	20.0%
Total Healthcare Workforce Development Programs	2,948.5	2,948.5	3,117.4	3,317.4	12.5%

Student Financial Aid Program Detail (Dollars in Thousands)	FY19 Actual	FY20 OPBUD	FY21 Request	FY21 LFC Rec	FY21 LFC Rec over/(under) Percent
Statewide Priority Professional Development					
Teacher Loan-for-Service					
General Fund	20.0	20.0	5.0	5.0	-75.0%
Teacher Loan Repayment					
General Fund	60.0	60.0	-	-	-100.0%
Graduate Scholarship					
General Fund	619.0	619.0	508.6	508.6	-17.8%
Minority Doctoral Assistance					
General Fund	75.0	75.0	20.0	20.0	-73.3%
WICHE Loan-for-Service					
General Fund	2,167.5	2,167.5	2,100.0	2,100.0	-3.1%
Public Service Law Loan Repayment					
General Fund	170.0	170.0	150.0	150.0	-11.8%
Social Worker Loan for Service					
General Fund	450.0	450.0	450.0	450.0	0.0%
John R. Justice Loan Repayment					
Federal Funds	40.0	40.0	40.0	40.0	0.0%
Total Statewide Priority Professional Development	3,601.5	3,601.5	3,273.6	3,273.6	-9.1%
Financial Aid Administration					
General Fund	21.0	21.0	32.0	32.0	52.4%
GENERAL FUND TOTAL	22,193.2	22,193.2	22,193.2	22,393.2	0.9%
GRAND TOTAL	64,233.2	67,233.2	67,233.2	67,433.2	0.3%

*FY17 lottery figures in the HED request do not reflect actual transfers from liquor excise tax and the lottery tuition fund.
 Figures in this document were adjusted to reflect actual revenues received.

FY21 GENERAL FUND APPROPRIATIONS
(in thousands)

	FY20 OPBUD	FY21 HED Rec	FY21 LFC Rec
INSTRUCTION and GENERAL INSTITUTIONAL I&G FUNDING			
<i>Percent of I&G Formula Based on Outcomes</i>	5.3%	7.5%	4.0%
<i>Percent of "New Money"</i>	3.3%	6.0%	2.5%
<i>Amount of "New Money" over FY20 Formula Funding</i>	\$19,396.1	\$37,401.9	\$15,584.1
<i>FY19 I&G Base Year</i>			
Base Year I&G	584,220.7	623,365.5	623,365.5
Base Adjustment Rate	2.0%	1.5%	1.5%
Base Adjustment Amount	(11,684.4)	(9,350.5)	(9,350.5)
FY19 Core Funding Level	572,536.3	614,015.0	614,015.0
<i>Outcomes Funding</i>			
Workload Outcomes (Course Completion)	6,444.1	7,012.9	3,740.2
Statewide Outcomes Measures			
<i>Total Formula Certificates and Degrees</i>	9,224.2	15,428.3	8,228.4
<i>Total Workforce Certificates and Degrees</i>	4,273.0	6,311.6	3,366.2
<i>Total At-Risk Certificates and Degrees</i>	4,895.2	8,649.2	4,612.9
Subtotal Statewide Outcomes Measures	18,392.4	30,389.1	16,207.5
Mission-Differentiated Measures			
<i>Research Universities</i>	3,836.6	5,169.5	2,757.1
<i>Comprehensive Institutions</i>	1,207.3	925.3	493.5
<i>Community Colleges</i>	3,677.5	3,255.7	1,736.4
Subtotal Mission-Differentiated Measures	8,721.4	9,350.5	4,986.9
Total Outcomes Funding	33,557.9	46,752.4	24,934.6
<i>I&G Base Adjustments - compensation or rounding</i>	17,271.3	0.0	0.0
Total Formula Funding	623,365.5	660,767.4	638,949.6
UNM HEALTH SCIENCE CENTER I&G FUNDING	62,207.2	65,939.9	63,762.4
HIGHER EDUCATION Institution and UNM HSC I&G TOTAL	685,572.7	726,707.3	702,712.0
Dollar Change from Prior Year Operating Budget	43,091.2	41,134.6	17,139.3
Percent Change from Prior Year Operating Budget	6.7%	6.0%	2.5%
OTHER CATEGORICAL			
Special Schools (I&G only)	6,411.0	6,795.7	6,537.0
Athletics	16,580.4	16,580.4	16,580.4
Public Television	3,312.2	3,312.2	3,312.2
Healthcare Workforce (incl. medical residencies, undergraduate & graduate nursing education, dental programs)	13,873.2	15,519.0	16,077.8
Other Research and Public Service Projects	101,604.9	104,100.3	104,442.9
Compensation and Other Adjustments	0.0	6.3	0.0
Total RPSP (Excl. Special Schools I&G)	135,370.7	139,518.2	140,413.3
OTHER CATEGORICAL SUBTOTAL	141,781.7	146,313.9	146,950.3
Dollar Change from Prior Year Operating Budget	13,316.4	4,532.2	5,168.6
Percent Change from Prior Year Operating Budget	10.4%	3.2%	3.6%
TOTAL GAA SECTION 4 INSTITUTIONS	827,354.4	873,021.3	849,662.3
HIGHER EDUCATION DEPARTMENT	FTE: 52	FTE: 46.0	FTE: 46.0
Operating Budget and Flow-Through Programming	17,496.0	16,313.1	16,071.0
Student Financial Aid	22,193.2	22,838.2	27,493.2
NM Opportunity Scholarship	0.0	35,000.0	0.0
HIGHER EDUCATION DEPARTMENT TOTAL	39,689.2	74,151.3	43,564.2
Dollar Change from Prior Year Operating Budget	1,150.6	34,462.1	3,875.0
Percent Change from Prior Year Operating Budget	3.0%	86.8%	9.8%
TOTAL HIGHER EDUCATION	867,043.6	947,172.6	893,226.5
Dollar Change from Prior Year Operating Budget	57,558.2	80,129.0	26,182.9
Percent Change from Prior Year Operating Budget	7.1%	9.2%	3.0%

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 OPBUD with junior & comp	FY21 HED Rec	FY21 LFC Rec	LFC Rec over/ under FY20 Base
UNIVERSITY OF NEW MEXICO				
Instruction and general purposes	194,435.8	207,139.7	199,850.1	5,414.3
Athletics	3,793.0	3,793.0	3,793.0	0.0
Educational television and public radio	1,113.8	1,113.8	1,113.8	0.0
NEW - Veterans Student Services	250.0	250.0	250.0	0.0
EXEC REC - Judicial Education Center	400.0	400.0	400.0	0.0
Gallup Branch - I&G	8,884.7	9,152.0	8,965.1	80.4
Los Alamos Branch - I&G	1,887.6	2,001.7	1,935.2	47.6
Valencia Branch - I&G	5,729.9	6,030.5	5,850.1	120.2
Taos Branch - I&G	3,764.7	3,965.9	3,845.6	80.9
<i>Research & Public Service Projects:</i>				
Judicial selection	22.1	22.1	22.1	0.0
Ibero-American education	85.5	85.5	85.5	0.0
Manufacturing engineering program	537.0	537.0	537.0	0.0
Wildlife law education	93.0	93.0	93.0	0.0
Morrissey hall programs	104.2	104.2	104.2	0.0
Disabled student services	176.1	176.1	176.1	0.0
Minority student services	706.6	706.6	706.6	0.0
Community-based education	545.4	545.4	545.4	0.0
Corinne Wolf children's law center	165.0	165.0	165.0	0.0
Student mentoring program	280.5	280.5	280.5	0.0
Southwest research center	1,087.4	1,087.4	1,087.4	0.0
Substance abuse program	71.7	71.7	71.7	0.0
Resource geographic information system	64.2	64.2	64.2	0.0
Southwest Indian law clinic	200.5	200.5	200.5	0.0
Geospatial and population studies/bureau of business and economic research	374.3	374.3	374.3	0.0
New Mexico historical review	45.5	45.5	45.5	0.0
Utton transboundary resources center	330.8	330.8	330.8	0.0
Land grant studies	124.9	124.9	124.9	0.0
College degree mapping	-	-	-	0.0
NEW - UNM Press	150.0	150.0	150.0	0.0
NEW - Native American Intervention and Retention (see HB516)	-	-	300.0	300.0
NEW - Grow Your Own Teachers Network	-	400.0	200.0	200.0
Gallup - workforce development programs	200.0	200.0	200.0	0.0
Gallup - nurse expansion	192.1	192.1	192.1	0.0
Valencia - nurse expansion	155.8	155.8	155.8	0.0
Taos - nurse expansion	223.8	223.8	223.8	0.0
Total UNM RPSPs	11,493.2	11,893.2	11,993.2	500.0
Total UNM	226,195.9	240,183.0	232,439.3	6,243.4
	-	-	-	0.0
UNM HEALTH SCIENCES CENTER				
Instruction and general purposes	62,207.2	65,939.6	63,762.38	1,555.2
<i>Research & Public Service Projects:</i>				
New - Healthy Aging - Comprehensive Movement Disorders	-	-	200.0	200.0
New - Bioscience Authority	63.0	313.0	313.0	250.0
New - NMNEC	500.0	500.0	250.0	(250.0)
New - OMI Grief Services	220.0	220.0	220.0	0.0
New - Physician Assistant Program & Nurse Practitioners	-	450.0	450.0	450.0
New - Healthy NM Educational Pipeline	150.0	150.0	-	(150.0)
Child abuse evaluation services (Para Los Ninos)	150.0	150.0	150.0	0.0
Undergraduate Nurse expansion	1,012.3	1,012.3	1,012.3	0.0
Graduate nurse education	1,514.7	1,514.7	1,964.7	450.0
Native American health center	261.3	261.3	261.3	0.0
Native American suicide prevention (Honoring Native Life)	95.4	95.4	95.4	0.0
Office of medical investigator	5,539.3	5,539.3	5,539.3	0.0
Children's psychiatric hospital	7,891.6	7,891.6	7,891.6	0.0
Carrie Tingley hospital	5,880.1	5,880.1	5,880.1	0.0
Minority student services at HSC (with Language)	182.9	182.9	182.9	0.0
Newborn intensive care	3,270.7	3,270.7	3,270.7	0.0
Pediatric oncology	1,272.3	1,272.3	1,272.3	0.0
Poison and drug information center	1,572.0	1,572.0	1,572.0	0.0
Cancer center	3,453.2	3,453.2	3,453.2	0.0
Hepatitis community health outcomes	2,256.0	2,256.0	2,256.0	0.0
Internal medicine residencies	1,070.8	1,070.8	1,070.8	0.0
Psychiatry residencies	377.2	377.2	377.2	0.0
General surgery/family community medicine residencies	313.9	313.9	313.9	0.0
Total UNM/HSC	99,253.9	103,686.3	101,759.1	950.0
Total UNM and UNM/HSC	325,449.8	343,869.3	334,198.4	8,748.6

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 OPBUD with junior & comp	FY21 HED Rec	FY21 LFC Rec	LFC Rec over/ under FY20 Base
NEW MEXICO STATE UNIVERSITY	-			
Instruction and general purposes	120,020.6	126,388.4	122,576.6	2,556.0
Athletics	3,724.1	3,724.1	3,724.1	0.0
Educational television and public radio	1,054.3	1,054.3	1,054.3	0.0
Alamogordo Branch - Instruction and general purposes	7,323.8	7,396.1	7,311.1	(12.7)
Carlsbad Branch - Instruction and general purposes	4,271.2	4,460.2	4,342.1	70.9
Dona Ana Branch - Instruction and general purposes	23,658.3	24,899.6	24,154.7	496.4
Grants Branch - Instruction and general purposes	3,526.1	3,622.7	3,552.9	26.8
<i>Department of Agriculture</i>	12,019.2	12,019.2	12,019.2	0.0
NMDA - Veterinarians Externships				
<i>Agricultural Experiment Station (AES) (Language)</i>	14,948.6	14,948.6	14,948.6	0.0
<i>Cooperative Extension Service (CES)</i>	13,635.3	13,635.3	13,635.3	0.0
<i>Research & Public Service Projects:</i>				
New - Veterans Services	50.0	50.0	50.0	0.0
New - Sustainable Ag Center of Excellence	-	250.0	250.0	250.0
STEM alliance for minority participation	318.0	318.0	318.0	0.0
Mental health nurse practitioner	643.9	1,000.0	1,000.0	356.1
Indian resources development	277.9	277.9	277.9	0.0
Manufacturing sector development program	674.6	674.6	674.6	0.0
Arrowhead center for business development	343.9	343.9	343.9	0.0
Nurse expansion	700.2	1,175.0	1,175.0	474.8
Alliance teaching & learning advancement	155.9	155.9	286.2	130.3
Water resource research institute	931.9	931.9	931.9	0.0
College assistance migrant program	205.8	205.8	205.8	0.0
Autism Program	614.0	614.0	614.0	0.0
Sunspot Solar Observatory Consortium	100.0	273.0	273.0	173.0
Carlsbad - manufacturing sector development program	232.9	232.9	232.9	0.0
Carlsbad - nurse expansion	108.9	108.9	108.9	0.0
Dona Ana - dental hygiene program	206.0	206.0	206.0	0.0
Dona Ana - nurse expansion	193.5	193.5	352.3	158.8
Total NMSU RPSPs	51,138.9	52,392.8	52,681.9	1,543.0
Total NMSU	209,938.9	219,159.8	214,619.3	4,680.4
NEW MEXICO HIGHLANDS UNIVERSITY				
Instruction and general purposes	28,669.1	30,559.4	29,476.6	807.5
Athletics	2,376.9	2,376.9	2,376.9	0.0
<i>Research & Public Service Projects:</i>				
NEW - Doctor of Nurse Practitioner	-	170.0	170.0	170.0
Native american social work institute	175.0	175.0	205.0	30.0
Advanced placement	216.9	216.9	216.9	0.0
Minority student services	530.6	530.6	530.6	0.0
Forest and watershed institute	304.6	304.6	304.6	0.0
Nurse expansion	212.5	212.5	212.5	0.0
Total NMHU RPSPs	3,816.5	3,986.5	4,016.5	200.0
Total NMHU	32,485.6	34,545.9	33,493.1	1,007.5
WESTERN NEW MEXICO UNIVERSITY				
Instruction and general purposes	18,151.1	19,496.6	18,741.6	590.5
Athletics	2,113.9	2,113.9	2,113.9	0.0
<i>Research & Public Service Projects:</i>				
Nursing expansion (T or C)	300.0	300.0	500.0	200.0
Instructional television	72.4	72.4	72.4	0.0
Pharmacy and phlebotomy programs	57.2	100.0	57.2	0.0
Web-based teacher licensure	129.2	129.2	129.2	0.0
Child development center	205.2	305.2	305.2	100.0
Nurse expansion	857.8	957.8	957.8	100.0
Total WNMU RPSPs	3,735.7	3,978.5	4,135.7	400.0
Total WNMU	21,886.8	23,475.1	22,877.3	990.5

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 OPBUD with junior & comp	FY21 HED Rec	FY21 LFC Rec	LFC Rec over/ under FY20 Base
EASTERN NEW MEXICO UNIVERSITY				
Instruction and general purposes	28,730.9	30,938.1	29,707.0	976.1
Athletics	2,352.1	2,352.1	2,352.1	0.0
Educational television and public radio	1,071.7	1,071.7	1,071.7	0.0
Roswell Branch - Instruction and general purposes	11,899.8	12,373.3	12,069.0	169.2
Ruidoso Branch - Instruction and general purposes	2,106.4	2,174.3	2,127.9	21.5
<i>Research & Public Service Projects:</i>				
Blackwater draw site and museum	92.9	92.9	92.9	0.0
Student success programs	417.0	417.0	417.0	0.0
Nurse expansion	328.0	328.0	328.0	0.0
At-risk student tutoring	224.6	224.6	224.6	0.0
Allied health	142.4	142.4	142.4	0.0
NEW - ENMU Portales - Teacher Ed Free Tuition	200.0	200.0	200.0	0.0
NEW - ENMU Portales - Greyhound Promise - Free Tuition	100.0	100.0	100.0	0.0
Roswell branch - nurse expansion	100.0	270.0	270.0	170.0
Roswell branch - airframe mechanics	75.1	75.1	75.1	0.0
Special services program	118.6	118.6	118.6	0.0
NEW - ENMU Roswell/Ruidoso - Youth Challenge	100.0	100.0	100.0	0.0
NEW - ENMU Ruidoso - Nursing Program	-	190.0	190.0	190.0
Total EWNMU RPSPs	5,322.4	5,682.4	5,682.4	360.0
Total ENMU	48,059.5	51,168.1	49,586.3	1,526.8
NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY				
Instruction and general purposes	28,301.7	29,958.5	28,983.7	682.0
Misc. adjustments (Athletics rolled into I&G)	7.0	0.3		
Bureau of mine safety	321.1	321.1	321.1	0.0
Bureau of geology and mineral resources	4,337.7	4,337.7	4,337.7	0.0
Petroleum recovery and research center	1,912.0	1,912.0	2,012.4	100.4
Geophysical research center	1,125.0	1,125.0	1,125.0	0.0
<i>Research & Public Service Projects:</i>				
Cybersecurity Education & Research Center	150.0	150.0	150.0	0.0
Cybersecurity Center of Excellence	-	250.0	250.0	250.0
NEW - Rural Economic Development	25.0	25.0	-	(25.0)
NEW - Chemical Engineering Student Assistantships	87.0	87.0	87.0	0.0
Science and engineering fair	207.5	207.5	207.5	0.0
Energetic materials research center	811.5	811.5	811.5	0.0
Institute for complex additive systems analysis	845.8	1,000.0	1,000.0	154.2
Cave and karst research	365.7	365.7	365.7	0.0
Homeland security center	531.4	531.4	531.4	0.0
Total NMIMT	39,028.4	41,082.7	40,183.0	1,161.6
NORTHERN NEW MEXICO COLLEGE				
Instruction and general purposes	10,403.2	10,682.0	10,479.1	75.9
Athletics	570.7	570.7	570.7	0.0
<i>Research & Public Service Projects:</i>				
NEW- Anna Age Eight Institute	474.0	474.0	474.0	0.0
NEW - Academic Program Evaluation	50.0	50.0	50.0	0.0
Nurse expansion	233.0	400.0	400.0	167.0
STEM	137.3	137.3	137.3	0.0
Veterans center	127.5	127.5	127.5	0.0
Total NNMC	11,995.7	12,441.5	12,238.6	242.9
SANTA FE COMMUNITY COLLEGE				
Instruction and general purposes	10,421.9	11,152.2	10,738.4	316.5
<i>Research & Public Service Projects:</i>				
NEW- Teacher Education Expansion	-	-	100.0	100.0
NEW - EMS Mental Health Resiliency Pilot	-	100.0	-	0.0
First born, home visiting training & technical assistance	150.0	150.0	150.0	0.0
Nurse expansion	253.9	353.9	353.9	100.0
Small business development centers	4,161.3	4,161.3	4,161.3	0.0
Total SFCC	14,987.1	15,917.4	15,503.6	516.5
CENTRAL NM COMMUNITY COLLEGE				
Instruction and general purposes	59,961.4	64,876.9	62,163.3	2,201.9
<i>Research & Public Service Projects:</i>				
Nurse expansion	179.6	179.6	179.6	0.0
Total CNM	60,141.0	65,056.5	62,342.9	2,201.9

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 OPBUD with junior & comp	FY21 HED Rec	FY21 LFC Rec	LFC Rec over/ under FY20 Base
LUNA COMMUNITY COLLEGE				
Instruction and general purposes	7,012.9	7,087.9	7,003.8	(9.1)
Athletics	497.0	497.0	497.0	0.0
<i>Research & Public Service Projects:</i>				
Nurse expansion	267.0	267.0	267.0	0.0
Student retention and completion	530.6	530.6	530.6	0.0
Total LCC	8,307.5	8,382.5	8,298.4	(9.1)
MESALANDS COMMUNITY COLLEGE				
Instruction and general purposes	4,081.0	4,218.9	4,126.0	45.0
Athletics	229.8	229.8	229.8	0.0
<i>Research & Public Service Projects:</i>				
Wind training center	113.4	113.4	113.4	0.0
Total MCC	4,424.2	4,562.1	4,469.2	45.0
NEW MEXICO JUNIOR COLLEGE				
Instruction and general purposes	5,713.1	6,056.9	5,856.5	143.4
Athletics	569.7	569.7	569.7	0.0
<i>Research & Public Service Projects:</i>				
Oil & gas management program	171.3	171.3	171.3	0.0
Nurse expansion	299.9	299.9	299.9	0.0
Lea county distance education consortium	29.2	29.2	29.2	0.0
Total NMJC	6,783.2	7,127.0	6,926.6	143.4
SAN JUAN COLLEGE				
Instruction and general purposes	24,573.0	25,829.8	25,071.3	498.3
<i>Research & Public Service Projects:</i>				
NEW- Center for Excellence - Renewable Energy	-	250.0	250.0	250.0
Dental hygiene program	175.0	175.0	175.0	0.0
Nurse expansion	250.0	250.0	250.0	0.0
Total SJC	24,998.0	26,504.8	25,746.3	748.3
CLOVIS COMMUNITY COLLEGE				
Instruction and general purposes	9,837.3	10,312.5	10,021.9	184.6
<i>Research & Public Service Projects:</i>				
Nurse expansion	272.9	272.9	272.9	0.0
Total CCC	10,110.2	10,585.4	10,294.8	184.6
NEW MEXICO MILITARY INSTITUTE				
Instruction and general purposes	1,373.6	1,456.0	1,373.6	0.0
Athletics	353.2	353.2	353.2	0.0
Knowles legislative scholarship program	1,284.7	1,284.7	1,284.7	0.0
Total NMMI	3,011.5	3,093.9	3,011.5	0.0
NM SCHOOL FOR BLIND & VISUALLY IMPAIRED				
Instruction and general purposes	1,046.2	1,109.0	1,072.4	26.2
<i>Research & Public Service Projects:</i>				
Early childhood center	361.9	361.9	361.9	0.0
Low vision clinic programs	111.1	111.1	111.1	0.0
Total NMSBVI	1,519.2	1,582.0	1,545.4	26.2
NM SCHOOL FOR THE DEAF				
Instruction and general purposes	3,991.2	4,230.7	4,091.0	99.8
<i>Research & Public Service Projects:</i>				
Statewide outreach services	236.6	236.6	236.6	0.0
Total NMSD	4,227.8	4,467.3	4,327.6	99.8
TOTAL GENERAL FUND	867,043.6	947,172.6	893,226.5	26,182.9

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 OPBUD with junior & comp	FY21 HED Rec	FY21 LFC Rec	LFC Rec over/ under FY20 Base
SUMMARY BY INSTITUTION (DFA Code)				
New Mexico Institute of Mining & Technology (962)	39,028.4	41,082.7	40,183.0	1,154.6
New Mexico State University (954)	209,938.9	219,159.8	214,619.3	4,680.4
UNM Total (952)	325,449.8	343,869.3	334,198.4	8,748.6
University of New Mexico (952)	226,195.9	240,183.0	232,439.3	6,243.4
UNM Health Sciences Center (952)	99,253.9	103,686.3	101,759.7	2,505.2
Eastern New Mexico University (960)	48,059.5	51,168.1	49,586.3	1,526.8
New Mexico Highlands University (956)	32,485.6	34,545.9	33,493.1	1,007.5
Northern New Mexico College (964)	11,995.7	12,441.5	12,238.6	242.9
Western New Mexico University (958)	21,886.8	23,475.1	22,877.3	990.5
Central NM Community College (968)	60,141.0	65,056.5	62,342.9	2,201.9
Clovis Community College (977)	10,110.2	10,585.4	10,294.8	184.6
Luna Community College (970)	8,307.5	8,382.5	8,298.4	(9.1)
Mesalands Community College (972)	4,424.2	4,562.1	4,469.2	45.0
New Mexico Junior College (974)	6,783.2	7,127.0	6,926.6	143.4
San Juan College (976)	24,998.0	26,504.8	25,746.3	748.3
Santa Fe Community College (966)	14,987.1	15,917.4	15,503.6	516.5
Subtotal - Universities and Community Colleges	818,595.9	863,878.1	840,777.8	22,181.9
New Mexico Military Institute (978)	3,011.5	3,093.9	3,011.5	0.0
New Mexico School for the Deaf (980)	4,227.8	4,467.3	4,327.6	99.8
NM School for the Blind & Visually Impaired (979)	1,519.2	1,582.0	1,545.4	26.2
Subtotal - Special Schools	8,758.5	9,143.2	8,884.5	126.0
Grand Total Universities and Special Schools	827,354.4	873,021.3	849,662.3	22,307.9
New Mexico Higher Education Department (950)	39,689.2	74,151.3	43,564.2	3,875.0
TOTAL GENERAL FUND	867,043.6	947,172.6	893,226.5	26,182.9
SUMMARY BY MAJOR FUNCTION				
University I&G	428,712.4	455,162.7	439,814.7	11,102.3
Community College I&G	194,653.1	205,611.4	199,134.9	4,481.8
UNM/HSC I&G	62,207.2	65,939.6	63,762.4	1,555.2
Special schools I&G	6,411.0	6,795.7	6,537.0	126.0
Medical residencies	1,761.9	1,761.9	1,761.9	0.0
Nursing programs	8,798.3	10,977.7	11,536.5	2,738.2
Other Healthcare programs	2,779.4	2,779.4	2,779.4	0.0
Athletics	16,580.4	16,580.4	16,580.4	0.0
Educational Television	3,312.2	3,312.2	3,312.2	0.0
NMHED - Policy Dev. & Institutional Fin. Oversight	17,496.0	16,313.1	16,071.0	(1,425.0)
NMHED - Student Financial Aid	22,193.2	57,838.2	27,493.2	5,300.0
Other programs	102,137.0	104,100.3	104,442.9	2,312.9
TOTAL GENERAL FUND	867,042.1	947,172.6	893,226.5	26,184.4
HIGHER EDUCATION DEPARTMENT:				
Policy Development and Institutional Financial Oversight (P505)	-	-	-	0.0
Personal Service and Employee Benefits (200)	4,352.1	5,414.4	3,867.5	(484.6)
Contractual Services (300)	1,881.0	1,189.3	1,189.3	(691.7)
Other (400)	11,262.9	9,709.4	11,014.2	(248.7)
P505 Subtotal	17,496.0	16,313.1	16,071.0	(1,425.0)
Student Financial Aid (P506)	-	-	-	0.0
P506 Subtotal	22,193.2	57,838.2	27,493.2	5,300.0
HED total	39,689.2	74,151.3	43,564.2	3,875.0

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. Other institutions are established by statute, pursuant to Chapter 21, Articles 13, 14, and 16A NMSA 1978. Most statutory provisions pertaining to postsecondary education can be found in Sections 21-1-1 through 21-30-10 NMSA 1978.

AT A GLANCE:

Because enrollment and faculty workload have decreased at institutions throughout the state, the LFC recommendation prioritizes funding to instruction and general operations (I&G) to refocus colleges and universities on recruiting New Mexico students and supporting those students through degree completion. The higher education system in New Mexico, including tribal colleges, educates more than 124 thousand students each year. Full-time-equivalent (FTE) enrollment was 76,307 in FY18, the latest published data, down by 3,838 student FTE from the prior year, a 4.8 percent decline. Colleges and universities in surrounding states, such as Arizona and Colorado, experienced increases in enrollment during the same time period.

Recurring appropriations to higher education institutions include three components: (1) annual appropriations to the (I&G) funding formula representing 80 percent of the overall funding, (2) direct appropriations to research and public service projects (RPSPs) at colleges and universities, and (3) compensation increases for faculty and staff. For FY20, the Legislature appropriated \$4.3 million for additional recurring programs to higher education institutions. For FY20, general fund appropriations to higher education institutions totaled \$867 million, or 7.1 percent over FY19, including a 4 percent compensation increase for faculty and staff.

The LFC recommendation for FY21 increases higher education institutions by 3 percent from \$867 million in FY20 to \$893.2 million. The funding recommendation includes a 2.5 percent increase in (I&G) funding, or \$17.1 million, and a 3.8 percent increase for RPSPs, or \$5.2 million.

BUDGET ISSUES:

Public colleges and universities in New Mexico are losing students. While high school graduation has increased by 10 percent, college enrollment has declined by 14 percent over the past five years. Fewer New Mexico students are enrolling in the state's 27 public colleges or universities. On-time degree completion, improving at the bigger institutions in the state, has impacted total enrollment as well. In turn, self-generated revenue – tuition and fees – has declined and faculty workload has decreased by 13 percent over the past five years.

Annually, state funding has increased an average 1.2 percent over the past five years. Last year, the state appropriation to higher education represented 12.3 percent of its total general fund budget. At one time, state general fund support for higher education reached 16.9 percent of the total budget. Still, New Mexico provides the sixth highest level of support to higher education nationwide, according to the National Center for Higher Education Management Systems.

State general fund appropriations to instruction are becoming a larger proportion of funding for colleges and universities. In FY19, state funding accounted for 49 percent of total unrestricted revenues at colleges and universities. State support per student FTE has increased 11.9 percent over the last five years. In spite of annual tuition increases, tuition revenues have actually declined by 1.4 percent over the past five years because fewer students are enrolled.

College Affordability and the Opportunity Scholarship. In fall 2019, the governor proposed the New Mexico Opportunity Scholarship program, a “last dollar” financial aid program that will pay tuition and fees for eligible students after federal and state financial aid has been applied. However, the financial obstacle in pursuing a college education for low- and middle-income students in particular is the total cost of attendance, not tuition and fees. In New Mexico, tuition and fees are the fifth lowest in the country. Low-income students need financial support for living expenses.

In contrast to the Higher Education Department's (HED's) \$35 million free college initiative, the LFC recommendation targets \$35 million to increase access to college for the at-risk, most-in-need students and students pursuing bachelor's degrees in high-demand fields. The FY21 LFC recommendation follows the significant FY20 investments made by the Legislature last year: increasing the college affordability scholarship from \$2,000 per year to \$3,000 per year to ensure more adult learners can access college and a \$20 million investment into the teacher preparation affordability fund and teacher loan repayment fund to bring new teachers into the profession and to retain existing teachers in the classroom.

LFC recommends a \$35 million special appropriation to HED that includes a \$10 million increase to student incentive grants (SIG) to provide up to 10 thousand low-income students more financial support, a new investment of \$5 million into the teacher preparation affordability fund for new scholarships to support more teachers, an increase of \$10 million into the College Affordability Fund, and a \$9.7 million general fund appropriation to the lottery tuition scholarships to cover a higher share of the cost of tuition for existing New Mexico students, increasing tuition coverage from 60 percent to 82 percent. A \$300 thousand to improve the Free Application for Federal Student Aid (FAFSA) completion rate. The completion rate is 65 percent in New Mexico.

Tuition Revenue and College Affordability. Governing boards at colleges and universities have authority to increase tuition if necessary. Last year, boards of regents increased tuition on average by 4.1 percent at four-year universities and 2.2 percent at two-year colleges. Because fewer students are attending college in New Mexico, tuition revenue has declined from a decade high of \$331.2 million in 2016 to \$318.4 million in 2019.

Tuition remains affordable because New Mexico offers tuition support to full-time, degree-seeking students through the legislative lottery scholarship fund and to nontraditional students through the college affordability endowment fund. In FY19, because of volatility in lottery revenues, the Legislature decoupled the lottery tuition scholarship amount from cost of tuition at institutions, and instead, set a minimum flat scholarship amount, depending on the type of college or university in which a student enrolls: \$1,500/semester for a four-year research university, \$1,020/semester for a four-year comprehensive university; and \$380/semester for a two-year college. When revenues are higher than projected, the scholarship amount increases to a higher level.

In FY20, lottery scholarships were funded at 76 percent of average tuition cost compared with 78 percent the prior year based on lottery estimated revenues of \$38 million. LFC projects the scholarship will cover 65 percent of average tuition cost in FY21. Therefore, the committee recommendation includes a \$9.7 million special appropriation to pay for scholarships that cover 82 percent of tuition.

Permanent Fund Revenue. Ten institutions are beneficiaries of income from the land maintenance fund and land grant permanent funds. The revenue, derived from oil and gas activity on state trust lands, has increased both from the recent increase in production and from growing investment returns. The five-year average annual revenue (FY14 to FY18) to these institutions is \$64.9 million, an increase of 6.7 percent over prior five-year average. Fiscal year 2019 will outpace the five-year average by \$9.2 million. Fiscal year 2020 is estimated to decline by \$3.1 million or 4.3 percent decrease. The special schools are projected to receive higher allocations, approximately 3 percent increases, in FY20 and FY21.

Instruction and General Formula Funding. Since FY13, the HED has used a performance funding formula, called the (I&G) formula or just (I&G) for instruction and general purposes, to advance a recommendation for allocating annual appropriations to each of the state's 24 colleges and universities. The formula rewards performance by paying for success, as measured by a series of metrics. For example, institutions that graduate more students earn more performance funds. The metrics – total number of degrees or certificates awarded each year; total number of science, technology engineering, mathematics, or healthcare (STEMH) certificates or degrees awarded; total number degrees or certificates awarded to financially at-risk students; and total number of student credit hours completed – provide the basis for measuring student success.

Another set of performance metrics addresses institutional success: the total amount of research funding generated, the momentum of student progress measured at intervals of 30 and 60 credit hours completed, and the number of dual-credit courses delivered. Taken together, the metrics quantify each institution's level of performance relative to the system's overall performance. Each institution is rewarded accordingly. The total awards are based on a three-year rolling average, allowing funding continuity to colleges and universities.

The Legislature sets the amount of performance funding each year. LFC recommends 4 percent of the appropriation be used for performance funding, which includes a base redistribution equal to 1.5 percent of the FY20 appropriation, or \$9.4 million, and 2.5 percent of new FY21 funding, or \$15.6 million. Taken together, total performance funding for FY21 is \$24.9 million.

Based on the recommendation, two institutions would lose minimal funding. New Mexico State University (NMSU)-Alamogordo and Luna Community College experienced enrollment declines of 20 percent and 25 percent, respectively, over the past five years. More importantly, faculty workload decreased by 42 percent and 27 percent, respectively, over the same time period.

Graduation Rates and Degree Completion. Since 2012, New Mexico's colleges and universities have increased total awards by 22 percent, which includes sub-baccalaureate and graduate certificates, associate's, bachelor's and master's degrees, and terminal or doctoral degrees. Public colleges and universities in New Mexico confer close to 25 thousand certificates or degrees each year. More college students are earning awards, 7 percent more total awards, than five years ago. Directionally, however, the growth in awards is not fully aligned with industry needs; the majority of growth in total awards stems from sub-baccalaureate certificates earned at two-year colleges. HED's most recent updated awards data validate the point that institutions continue to award sub-baccalaureate certificates at a faster rate than bachelor' degrees: (1) The number of certificates awarded has grown by 41 percent since 2015 and 13 percent over last year. (2) The number of associates degrees has declined by 2.7 percent since 2015. (3) The number of bachelor's degrees has grown by 3 percent since 2015 but declined 3 percent from last year. (4) The number of master's or terminal degrees has grown by 2.3 percent since 2015.

Student Retention and Persistence. At four-year universities on average, 35 percent of first-time university students leave after the first year. Universities do not maintain data to describe the reasons students leave; some students transfer to a different institution, some students leave for financial reasons, and some leave for academic reasons. Of the 65 percent of students who persist through their first year, 42 percent, on average, graduate within six years. At two-year colleges, 42 percent of first-time students leave after the first year. Of the 58 percent of students who do persist through their first year, 23 percent of those students graduate within three years.

Research and Public Service Projects. In FY19, research and public service projects received \$120.4 million from the state general fund. In FY20, RPSP appropriations increased by \$15.1 million, including \$2.8 million for university athletic programs, \$2.3 million for additional (I&G) support, and \$4.3 million in recurring appropriations from Chapters 278 and 279 from the 2019 session. Several programs, such as the New Mexico Department of Agriculture and the agriculture experiment stations, received significant nonrecurring funding in FY20 as well.

For FY21, LFC recommends targeted support for select research and public service projects, aimed primarily at high-demand behavioral health and medical professions. The recommendation supports several specific initiatives to support Native American students and research programs that focus on basic research, such as Sunspot Solar Observatory, or projects that generate substantial research funding, such as New Mexico Tech's Institute for Complex Additive Systems Analysis, which recently secured a five-year \$93 million contract with the federal government.

For healthcare initiatives, the LFC recommendation increases funding for nurse programs statewide, like it did last year. Moreover, the recommendation supports the New Mexico Nursing Education Consortium (NMNEC) with \$250 thousand to develop policy leadership on supply versus demand for nursing fields. NMNEC has been effective at establishing a common curriculum for nursing education, allowing students to earn a bachelor's degree in nursing while studying at home on a community college campus. The challenge now is to develop a broad framework for understanding nursing shortages throughout the state and how the colleges of nursing can respond to fill workforce gaps.

At NMSU in a similar way, the LFC recommendation supports the College of Education's Southwest Outreach Academic Research (SOAR) Evaluation and Policy Center, a performance evaluation unit focused on teacher education, to develop policy leadership on the supply and demand of qualified teachers statewide.

The independent community colleges coordinated a request to develop a shared-services information technology model, which would pay for an enterprise resource planning (ERP) business computing system at each of the institutions. The LFC recommendation does not include funding for this purpose but supports the institutions collaborating on this type of initiative.

University of New Mexico Health Sciences Center. In addition to I&G performance funding rewarding UNM for its degrees in health-related fields, LFC recommends an additional \$63.8 million to the UNM-HSC general instruction. UNM-HSC also receives nearly \$3 million from the tobacco settlement program fund for (I&G) and research and clinical purposes. Further, UNM-HSC's clinical operations have been a significant beneficiary of Medicaid expansion in recent years, and UNM-HSC continues to aid the state's efforts to meet its Medicaid-match obligations through intergovernmental transfers and other cooperative efforts.

LFC recommends a 2.5 percent increase over FY20 for UNM-HSC. The LFC recommendation supports UNM-HSC to increase the number of healthcare professionals in rural underserved areas through the state. Importantly, LFC recommends a \$450 thousand expansion in the graduate nurse program to educate more nurse practitioners and \$450 thousand to increase physicians' assistants. UNM's School of Medicine proposed a free medical school tuition program, estimated to cost \$6 million annually, for medical students who commit to practicing in New Mexico. Already, the state funds several loan-for-service programs for medical professionals. Additionally, from its annual general fund appropriation, the School of Medicine pays for 30 New Mexico students to earn a bachelor's degree in UNM's College of Art and Sciences and guarantees them a slot in the medical school to incentivize them to practice in New Mexico. Physician shortages remain in New Mexico, and the effectiveness of these programs to retain doctors in state is unclear. The *2019 LFC Progress Report on State Financing of UNM Health Sciences Center* points out that of the 24 students who have earned their medical degree since 2014, only 13 are practicing in New Mexico, and only three are practicing outside of Bernalillo County.

Special Schools. LFC recommends flat funding from the general fund for the special schools because of increased funding from the other revenue funds for these institutions. Although general fund appropriations to the special schools comprise only 1 percent of total higher education general fund appropriations, the three schools receive 73.9 percent, or \$55.9 million, of land grant permanent fund and land maintenance fund revenues distributed to higher education institutions. Importantly, these distributions are on track to increase by 3 percent in FY20 and FY21.

Quality and Governance. In its report last year on governance at colleges and universities in New Mexico, HED pointed to the need to improve student outcomes, which lag regional and national peer colleges and universities. To improve outcomes, New Mexico must provide a mechanism to coordinate strategic direction of the decentralized governing boards throughout the state. LFC sponsored legislation last year to develop a coordinating council, composed of experts in finance and higher education policy, to address statewide policy issues and strategic guidance and oversight to the higher education sector, but the bill failed.

Currently, each college or university is accountable to its own governing board, which may not have a broad view of statewide needs or attainment goals. The autonomy of the current governance structure can be positive, allowing institutions flexibility to respond to local and regional workforce demands, but the autonomy can be fleeting without leadership moving toward important statewide goals, like more educated citizens and a larger pool of applicants for workforce demands.

Early in 2019, the new HED administration gathered stakeholders from throughout state government, academia, the public and business to assess higher education in New Mexico. These meetings were haphazard in their conception and very little work product was published. An outcome of the meetings appears to be that the new administration has sought to develop strategic leadership by resurrecting its higher education advisory group. The advisory group is made up of state government, academia, and business members and will meet quarterly. The mission is unclear at this point.

Framework for Data Collection and Performance Reporting. At an LFC public hearing in 2019, the committee recommended a new framework for reporting of data. The framework, established through the Accountability in Government Act, will require institutions to report current, frequent data on more than 25 measures of activity or performance by public colleges and universities in New Mexico.

The current system has been ineffective at promoting understanding of performance or improvement; published data lags by two years and focuses primarily on first-time, full-time students. The system has little information on nontraditional students, many of whom are part-time, adult learners, or transfer students. These students tend to be most at-risk for dropping out prior to completion and most in need of institutional guidance and support.

Managing for results, particularly at colleges and universities that have autonomous decision-making authority but represent 12.3 percent of state funds, will require data intelligence. The new framework will begin to provide the foundation for the opportunity to improve student outcomes. The LFC recommendation for performance-based budgeting includes a new set of performance measures and updated reporting schedule to ensure that colleges and universities are reporting the same types of data on the same schedule.

RECOMMENDED LANGUAGE:

For the Higher Education Subsection. The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2020 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

For the University of New Mexico Health Sciences Center. The other state funds appropriation to the health sciences center of the university of New Mexico in the instruction and general purposes category includes five hundred eighty-one thousand five hundred dollars (\$581,500) from the tobacco settlement program fund.

For the Health Sciences Center Research and Public Service Projects. The other state funds appropriations to the health sciences center research and public service projects of the university of New Mexico include two million two hundred seventy-seven thousand six hundred dollars (\$2,277,600) from the tobacco settlement program fund.

For the New Mexico Institute of Mining and Technology. The general fund appropriation to the bureau of geology and mineral resources program of the New Mexico institute of mining and technology includes one hundred thousand dollars (\$100,000) from federal Mineral Leasing Act receipts.

UNM 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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	50%	54%	50%	54%	54%
Output	Number of unduplicated degree awards in the most recent academic year	5,946	5,630	5,800	5,700	5,700
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.8	4.9	4.8	4.8	4.8
Output	Number of degrees awarded per one hundred full-time equivalent students	24	27.8	24	Discontinue	Discontinue
Output	Six-year athlete graduation rate	49%		49%	50%	50%
Output	Total public television local broadcast production hours	17,240	17,240	17,240	17,240	17,240
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	74%	77%	80%	80%	80%
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$99	\$95	\$110	\$95	\$95
Output	Number of at-risk students enrolled by headcount				12	12
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators					
* Output	Number of graduate students enrolled by headcount				7,952	7,952
Output	Number of unduplicated master's degrees awarded to financially at-risk students				801	801
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students				7	7
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				150	150
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$11,620	\$11,620
Output	Number of unduplicated awards conferred in the most recent academic year				5,736	5,736
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$20,322	\$20,322
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				99,667	99,667
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				231,493	231,493
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students				330	330
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				2,800	2,800
Output	Number of transfers enrolled, by headcount				2,200	2,200
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				4,000	4,000

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u> \$20,322	<u>FY21 Recomm</u> \$20,322
Efficiency	Amount of education and related expenditure in the most recent fiscal year per full-time-equivalent student					
Output	Number of unduplicated associate's degrees awarded				N/A	N/A
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				301	301
Output	Number of unduplicated master's degrees awarded				1,158	1,158
Output	Number of baccalaureate degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)				N/A	N/A
* Output	Number of credit hours delivered				594,708	594,708
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				2,681	2,681
Output	Number of unduplicated baccalaureate degrees awarded				3,971	3,971
Output	Number of degree-seeking undergraduate students enrolled, by headcount				18,500	18,500
Output	Number of unduplicated post-baccalaureate certificates awarded				47	47
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				N/A	N/A
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				51%	51%
Output	Number of students enrolled, by headcount				30,000	30,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				2,600	2,600
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year					
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				57%	57%
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				150	150
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				212,000	212,000
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school by headcount				200	200
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				76.4%	76.4%
Output	Number of dual credit students enrolled, by headcount				350	350

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated doctoral or professional degrees awarded				500	500
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses				35	35
Output	Number of graduate students enrolled, by headcount				7,500	7,500

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61.7%		65.5%	65.5%	65.5%
Output	Number of certificates and associate degrees awarded within the most recent academic year	290		290	Delete	Delete
Output	Number of degrees awarded per one hundred full-time equivalent students	14.19		14		Delete
Outcome	Amount of external dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$2.89		\$2.5	\$2.0	\$2.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				31,407	31,407
Output	Number of degree-seeking undergraduate students enrolled, by headcount				1,745	1,745
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				325	325
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				N/A	N/A
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$13,037,529	\$13,037,529
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				55	55
Output	Number of at-risk students enrolled, by headcount				1,492	1,492
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				9,518	9,518
* Output	Number of students enrolled, by headcount				2,890	2,890
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree					
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				35	35
* Output	Number of unduplicated awards conferred in the most recent academic year				340	340
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				225	225

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred fifty percent of standard graduation time				15%	15%
Output	Number of transfers enrolled, by headcount				212	212
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				15	15
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				4.5%	4.5%
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				2%	2%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
* Output	Number of credit hours delivered				41,023	41,023
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				8.5%	8.5%
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				201	201
Output	Number of dual credit students enrolled, by headcount				1,040	1,040
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the Western Interstate Commission for Higher Education region					
Output	Number of unduplicated associate's degrees awarded				230	230
Output	Number of unduplicated certificates under one year in length awarded				30	30
Output	Number of unduplicated certificates one year in length or more awarded				90	90
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$56,684	\$56,684
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				20	20
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.42		4	4	4
Output	Number of nursing degrees awarded	22		26		Delete
Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	16.1%		14%		Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	11%		11%	11%	11%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60%		57%	57.5%	57.5%
Output	Number of certificates and associate degrees awarded within the most recent academic year	144		100	111	Delete
Output	Number of degrees awarded per one hundred full-time equivalent students	17.5		15	16	Delete
Outcome	Amount of external dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$3.6		\$3.2	\$3.2	\$3.2
Output	Number of dual credit students enrolled reported by headcount and full-time equivalency				380	380
Output	Number of unduplicated certificates one year in length or more awarded				15	15
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				14,500	14,500
Output	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				8%	8%
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				130	130
Output	Number of at-risk students enrolled, by headcount				120	120
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				2,888	2,888
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				1,600	1,600
Output	Number of unduplicated associate's degrees awarded				58	58
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				0	0
* Output	Number of students enrolled, by headcount				930	930
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				100	100
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				0	0
Output	Number of associate's degrees with classification and instructional program codes 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				18	18
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				21%	21%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of unduplicated awards conferred in the most recent academic year				110	110
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				16	16
Output	Number of unduplicated certificates under one year in length awarded				46	46
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Output	Number of transfers enrolled, by headcount				23	23
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				15	15
Output	Number of degree-seeking undergraduate students enrolled, by headcount				500	500
* Output	Number of credit hours delivered				14,500	14,500
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				51,758	51,758
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				1	1
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				2	2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				85	85
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				5%	5%
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.2		3	3	3

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen students who complete an associate program within one hundred fifty percent of standard graduation time	22.5%	20.1%	18%	18%	18%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62.1%	63.2%	65%	65%	65%
Output	Number of certificates and associate degrees awarded within the most recent academic year	222	226	225	225	225
Output	Number of degrees awarded per one hundred full-time equivalent students	11.9	11.3	14	12	Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$3.23	\$2.10	\$2.6	\$1.0	\$1.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				6	6
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				70.4%	70.4%
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				0	0
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$9,075	\$9,075
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$86,000	\$86,000
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				85	85
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				4	4
Output	Number of unduplicated certificates under one year in length awarded				65	65
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				90	90
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				35	35
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				5%	5%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				15%	15%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of unduplicated certificates one year in length or more awarded				6	6
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				16	16
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				6	6
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				12	12
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				65	65
Output	Number of unduplicated associate's degrees awarded				120	120
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$6,883	\$6,883
* Output	Number of credit hours delivered				27,856	27,856
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				19,920	19,920
Output	Number of degree-seeking undergraduate students enrolled by headcount				1,600	1,600
Output	Number of at-risk students enrolled, by headcount				1,267	1,267
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				256	256
Output	Number of transfers enrolled, by headcount				24	24
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				290	290
Output	Number of dual credit students enrolled, by headcount				1,522	1,522
Output	Percent of undergraduate students, enrolled in at least fifty credit hours, by headcount				4%	4%
* Output	Number of students enrolled, by headcount				3,750	3,750
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				7,964	7,964
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.8	3.7	4	3.7	3.7
Outcome	Number of nursing degrees awarded	7	12	14	14	Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	21%		13%	15%	15%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	45%		50%	50%	50%
Output	Number of certificates and associate degrees awarded within the most recent academic year	135		125	135	135
Output	Number of degrees awarded per one hundred full-time equivalent students	17.5		10	12	Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$3.58		\$3	\$3	\$3
* Output	Number of students enrolled, by headcount				1,200	1,200
Output	Number of unduplicated certificates one year in length or more awarded				40	40
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				5%	
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				4	4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				115	115
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$6,336	
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$79,560	
Output	Number of transfers enrolled, by headcount				56	
Output	Number of degree-seeking undergraduate students enrolled, by headcount				500	500
Output	Number of unduplicated awards conferred in the most recent academic year				135	135
Output	Number of unduplicated associate's degrees awarded				90	90
* Output	Number of credit hours delivered				12,591	12,591
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				2%	2%
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				2	2
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				5	5
Output	Number of unduplicated certificates under one year in length awarded				10	10

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				81	81
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				5,328	
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				65	65
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				54	54
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				115	115
Output	Number of at-risk students enrolled by headcount				720	720
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				66.8%	
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				10%	10%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$6,725	
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				6	6
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.63		4	4	4
Output	Number of nursing degrees awarded	5		5	5	Delete

UNM HEALTH SCIENCES CENTER

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 workforce, compete and advance in the new economy, and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Percent of moderate, major, and death medical outcomes as a percent of all human outcomes after New Mexico Poison and Drug Information Center is contacted by a caller	81%		12%	14%	14%
Explanatory	Percent and number of college of nursing graduates living in New Mexico					
Explanatory	Percent and number of college of pharmacy graduates living in New Mexico					
Explanatory	Percent and number of university of New Mexico medical doctors who practice in New Mexico					
Output	Percent of human poisoning exposures treated safely at home after New Mexico poison and drug information center contacted by a caller in a non-healthcare setting					
Outcome	External revenue for research from federal or non-governmental sources, in millions	\$96	\$90	\$90	\$90	\$90
* Output	Pass rate of medical school students on United States medical licensing examination, step two clinical skills exam, on first attempt	87%	94%	96%	96%	96%
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	94.17%	94.78%	89%	80%	80%
Output	Turnaround time for autopsy reports at the office of the medical investigator	<62.7 days	53 days	<60 days	<60 days	<60 days
Explanatory	Number of children's psychiatric hospital outpatient and community-based visits	1,445				
Outcome	Number of days to the next available appointment for orthopedic patients at Carrie Tingley hospital	1	1	1	1	1
Outcome	Average length of stay in newborn intensive care	13.28 days	10.3 days	14.2 days	14 days	14 days
Output	Percent of eligible patients entered on national cancer Institute-approved therapeutic clinical trials in pediatric oncology	67%	95%	95%	95%	95%
Explanatory	Number of New Mexico clinicians and staff attending extension for community healthcare outcomes educational events	6,247				
Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	33%	25%	38.5%	39%	39%
Output	Number of university of New Mexico cancer center clinical trials	242	239	275	299	299
Output	American nurses credentialing center family nurse practitioner certification exam first attempt pass rate	100%	100%	85%	85%	85%
Output	First-time pass rate on the north American pharmacist licensure examination by doctor of pharmacy graduates	86.84%		90%		

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	46%	48.2%	48%	49%	49%
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, master's and doctorate degrees	3,418	3,331	3,200	3,300	3,300
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$279.1	\$297.1	\$300	\$300	\$300
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	5.2	5.2	4.8	4.8	4.8
Output	Degrees awarded per one hundred full-time equivalent students	27		30		Delete
Output	Number of nursing degrees awarded	179		160		Delete
Outcome	Six-year athlete graduation rate	80%	81%	80%	82%	82%
Output	Total public television local broadcast production hours	212	215	185	215	215
Outcome	Total dollars of grants and contracts leveraged by agricultural experiment station faculty and researchers, in millions	\$15.5	\$15.5	\$18	\$18	\$18
Output	Number of clientele contacts with the public by the cooperative extension service	6,577,883	81,638,683	650,000	650,000	650,000
Output	Number of inspections completed by the standards and consumer services division of the New Mexico department of agriculture	163,232	139,417	170,000	170,000	170,000
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	74%	74%	75%	76%	76%
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				80%	80%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$40,000	\$40,000
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$9,500	\$9,500
* Output	Number of students enrolled, by headcount				15,000	15,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$210,000	\$210,000
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers				50	50
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers				55	55
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients				24	24

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of degree-seeking undergraduate students enrolled, by headcount				11,500	11,500
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students				40	40
Output	Number of unduplicated baccalaureate degrees awarded				2,500	2,500
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students				30	30
Output	Number of graduate students enrolled, by headcount				2,650	2,650
Output	Number of transfers enrolled, by headcount				900	900
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year	NEW	NEW	NEW	315	315
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				120	120
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				1,000	1,000
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				50	50
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)				1,000	1,000
Output	Number of unduplicated doctoral or professional degrees awarded				150	150
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators				35	35
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				70,500	70,500
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses				5	5
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				1,770	1,770
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time					
Output	Number of unduplicated master's degrees awarded				750	750
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				70%	70%
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				2,500	2,500
Output	Number of dual credit students enrolled, by headcount				300	300
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				19,000	19,000
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				1,400	1,400
Output	Number of unduplicated associate's degrees awarded				15	15

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				N/A	N/A
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				1,600	1,600
Output	Number of unduplicated post-baccalaureate certificates awarded				70	70
Output	Number of at-risk students enrolled, by headcount				6,300	6,300
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				150	150
* Output	Number of credit hours delivered				167,000	167,000
Output	Number of unduplicated master's degrees awarded to financially at-risk students				300	300

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of dual credit students enrolled, by headcount				350	350
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	10%	12%	14%	14%	14%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	46%	52%	55%	55%	55%
Output	Number of certificates and associate degrees awarded within the most recent academic year	110	91	180	150	150
Output	Degrees awarded per one hundred full-time equivalent students	13.2	11	18	Discontinue	Discontinue
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$0.84	\$.46	\$0.6	\$.40	\$.40
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				150	150
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				1,150	1,150
Output	Number of unduplicated certificates under one year in length awarded				25	25
Output	Number of at-risk students enrolled, by headcount				515	515
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				8,200	8,200
Output	Number of transfers enrolled reported, by headcount				110	110
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$12,000	\$12,000
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				2	2

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u> \$100,000	<u>FY21</u> <u>Recomm</u> \$100,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient					
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				3%	3%
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				3%	3%
Output	Number of awards conferred to students in high-demand fields in the most recent academic year				2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				60	60
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February		NEW		NEW	NEW
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				0	0
Output	Number of credit hours delivered				24,000	24,000
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				25	25
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				100	100
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region		NEW		NEW	NEW
Output	Number of unduplicated certificates one year in length or more awarded				5	5
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				70	70
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				4%	4%
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				0	0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				5	5
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.9	4.5	4	4	4
Output	Number of students enrolled reported, by headcount				3,115	3,115
Output	Number of degree-seeking undergraduate students enrolled, by headcount				850	850
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				185	185

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				150	150
Output	Number of at-risk students enrolled, by headcount				1,150	1,150
Output	Number of degree-seeking undergraduate students enrolled, by headcount				850	850
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount				3%	3%
Output	Number of transfers enrolled, by headcount				217	217
* Output	Number of students enrolled, by headcount				3,150	3,150
Output	Number of first-time degree-seeking freshmen enrolled by headcount				157	157
Output	Number of dual credit students enrolled, by headcount				897	897
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	13%	15%	16%	18%	18%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	49%	49.7%	55%	53.1%	53.1%
Output	Number of awards conferred within the most recent academic year	114		175	180	180
Output	Degrees awarded per one hundred full-time equivalent students	11.4		18	18	Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$0.9		\$8	\$8	\$8
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				8,600	8,600
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				27,050	27,050
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				10	10
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				0	0
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$1,276	\$1,276
Output	Number of unduplicated certificates under one year in length awarded				20	20
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$8,500	\$8,500
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				18%	18%
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				10	10

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				21	21
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				62%	62%
Output	Number of unduplicated certificates one year in length or more awarded				50	50
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				150	150
* Output	Number of credit hours delivered				27,050	27,050
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				90	90
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				100	100
Output	Number of unduplicated associate's degrees awarded				150	150
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				10%	10%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$15,761	\$15,761
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.9		4	4	4
Output	Number of nursing degrees awarded	13		20	20	Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshman students who complete an associate within one hundred fifty percent of standard graduation time	15%	15%	15%	15%	15%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	59%	59.1%	60%	62%	62%
* Output	Number of certificates and associate degrees awarded within the most recent academic year	1,404		1,500	1,500	Delete
Output	Degrees awarded per one hundred full-time equivalent students	19.4		21	Delete	Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$1.4		\$1.3	\$1.3	\$1.3
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				137,750	137,750

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of at-risk students enrolled, by headcount				5,750	5,750
Output	Number of unduplicated certificates under one year in length awarded				70	70
Output	Number of unduplicated certificates one year in length or more awarded				280	280
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				1,350	1,350
Output	Number of unduplicated awards conferred in the most recent academic year				1,200	1,200
* Output	Number of students enrolled, by headcount				10,550	10,550
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				90	90
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				8,200	8,200
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				0	0
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount				5%	5%
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				0	0
Output	Number of transfers enrolled, by headcount				670	670
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				25	25
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				135	135
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$6,131	\$6,131
Output	Number of degree-seeking undergraduate students enrolled, by headcount				6,720	6,720
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				1.5%	1.5%
Output	Number of dual credit students enrolled, by headcount				1,070	1,070
* Output	Number of credit hours delivered				140,000	140,000
Output	Number of unduplicated associate's degrees awarded				900	900
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				575	575
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				1,540	1,540
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				475	475
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				62%	62%

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u> 20%	<u>FY21 Recomm</u> 20%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time					
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				35	35
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4		4	4	
Output	Number of nursing degrees awarded	8		23	Delete	Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshman students who complete an associate program within one hundred fifty percent of standard graduation time	23%	13.7%	20%	20%	20%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	43%	52.5%	53%	53%	53%
Output	Number of certificates and associate degrees awarded within the most recent academic year	101		95	85	Delete
Output	Degrees awarded per one hundred full-time equivalent students	25.4		14.5	Delete	Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$0.9		\$1	\$1	
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				70	70
Output	Number of at-risk students enrolled, by headcount				630	630
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				0	0
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				3	3
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				2	2
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				72.4%	72.4%
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				555	555
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				1	1

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of students enrolled, by headcount				1,625	1,625
Output	Number of unduplicated certificates one year in length or more awarded				20	20
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				85	85
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				2%	2%
Output	Number of transfers enrolled, by headcount				60	60
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				4%	4%
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				0	0
Output	Number of unduplicated associate's degrees awarded				40	40
* Output	Number of unduplicated awards conferred in the most recent academic year				75	75
Output	Number of degree-seeking undergraduate students enrolled, by headcount				330	330
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				15	15
* Output	Number of credit hours delivered				1,648	1,648
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				80	80
Output	Number of unduplicated associate's degrees awarded to financially at-risk students.				35	35
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				50	50
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				1.5%	1.5%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$5,688	\$5,688
Output	Number of dual credit students enrolled, by headcount				500	500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$9,075	\$9,075
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient.				\$42,253	\$42,253
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				1,648	1,648
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.4		3.5	3.2	3.2

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	21.5%	22.01%	22%	22%	22%
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	917	935	800	825	825
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	\$15.4	\$13.7	\$20.7	\$13.8	\$13.8
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.7	4.6	4.6	4.5	4.5
Output	Degrees awarded per one hundred full-time equivalent students	18	68	18	Discontinue	Discontinue
Output	Number of nursing degrees awarded	48		50	Discontinue	Discontinue
Outcome	Six-year athlete graduation rate	45%	36%	37%	28%	28%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51.6%	55.4%	53%	53%	53%
Output	Number of unduplicated associate's degrees awarded				5	5
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)				240	240
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients				42	42
Output	Number of unduplicated doctoral or professional degrees awarded				N/A	N/A
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				140	140
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$40,000	\$40,000
Output	Number of baccalaureate degrees with classification and instructional program code 51.1503 for social workers					
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				310	310
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$11,250	\$11,250
Output	Number of unduplicated baccalaureate degrees awarded				450	450
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators				20	20
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses				N/A	N/A

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				30	30
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				0	0
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				60	60
Output	Number of unduplicated post-baccalaureate certificates awarded				50	50
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				N/A	N/A
Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				13%	13%
Output	Number of degree-seeking undergraduate students enrolled, by headcount				3,600	3,600
Output	Number of master's degrees with classification and instructional program code 51.1503 for social workers					
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				42%	42%
Output	Number of unduplicated master's degrees awarded				430	430
Output	Number of dual credit students enrolled, by headcount				110	110
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$8,500	\$8,500
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				300	300
* Output	Number of credit hours delivered				60,000	60,000
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				20,000	20,000
Output	Number of at-risk students enrolled, by headcount				950	950
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				230	230
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				900	900
* Output	Number of students enrolled, by headcount				4,100	4,100
Output	Number of graduate students enrolled, by headcount				3,000	3,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				15,000	15,000
Output	Number of transfers enrolled, by headcount				450	450
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				22,500	22,500

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u> Delete
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	533		535		
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	8	6	5.7	5	5
Output	Degrees awarded per one hundred full-time equivalent students	13.5		12		Delete
Output	Total number of nursing degrees awarded	41		36		Delete
Outcome	Six-year athlete graduation rate	31%	35%	32%	35%	35%
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate and master's degrees	533	614	535	550	550
Output	Number of certificates and associate degree awarded within the most recent academic year	211		209	209	209
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	58.9%	61%	57%	59%	59%
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				15,000	15,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				15,000	15,000
Output	Number of unduplicated post-baccalaureate certificates awarded				50	50
Output	Number of dual credit students enrolled, by headcount				100	100
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				1,000	1,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				200	200
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				35%	35%
Output	Number of at-risk students enrolled, by headcount				1,200	1,200
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers				23	23
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				40	40
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year.				234	234
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers				100	100
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses				0	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				350	350

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)				150	150
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students				N/A	N/A
Output	Number of unduplicated baccalaureate degrees awarded				240	240
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				200	200
Output	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients				35	35
* Output	Number of students enrolled, by headcount				5,000	5,000
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region				64.8%	64.8%
* Output	Number of credit hours delivered				45,500	45,500
Output	Number of graduate students enrolled, by headcount				1,500	1,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$9,506	\$9,506
Output	Number of transfers enrolled, by headcount				300	300
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient					
Output	Number of unduplicated master's degrees awarded				200	200
Output	Number of degree-seeking undergraduate students enrolled, by headcount				2,700	2,700
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				5,000	5,000
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				22%	22%
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				200	200
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators				15	15
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				36	36
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				20	20
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				130	130
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$15,332	\$15,332
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$2.1	\$3.0	\$2.1	\$2.1	\$2.1

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	25.5%	26%	25%	30%	30%

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	1,021		1,075	1,050	1,050
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	5.17		4.75	4.75	4.75
Output	Degrees awarded per one hundred full-time equivalent students	30.8	34.1	33		Delete
Output	Total number of nursing degrees awarded	56	59	56		Delete
Outcome	Six-year athlete graduation rate	31.5%	37.1%	36%	37%	37%
Output	Number of broadcast production hours for public television	341	345	185	340	340
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62.4%	63.1%	65%	64%	64%
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$4.03	\$4.35	\$5	\$5	\$5
Output	Number of unduplicated master's degrees awarded				289	289
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				0	0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college				230	230
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				3,700	3,700
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses				14	14
Output	Number of unduplicated post-baccalaureate certificates awarded				5	5
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				43,088	43,088
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student					
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
Output	Number of unduplicated master's degrees awarded to financially at-risk students				45	45

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated associate's degrees awarded				230	230
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers				35	35
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators				90	90
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				590	590
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount					
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				385	385
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				25/5	25/5
Output	Number of unduplicated baccalaureate degrees awarded				690	690
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students				3	3
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				93	93
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				220 5 cert	220 5 cert
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				16,300	16,300
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				22	22
Output	number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				37	37
* Output	Number of credit hours delivered				105,500	105,500
Output	Number of degree-seeking undergraduate students enrolled, by headcount				3,230	3,230
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				37,880	37,880
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$38,000	\$38,000
Output	Number of first-time degree-seeking freshmen enrolled, by full-time-equivalent				550	550
Output	Number of dual credit students enrolled, by headcount				950	950
Output	Number of at-risk students enrolled, by headcount				1,425	1,425
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				390	390

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of students enrolled, by headcount				5,637	5,637
Output	Number of transfers enrolled, by headcount				498	498
Output	Number of graduate students enrolled, by headcount				1,084	1,084
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	31.4%		34%	34%	34%

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	35.8%	41%	30%	30%	30%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	50%	49%	55%	55%	55%
Output	Number of certificates and associate degrees awarded within the most recent academic year	855	752	600	600	600
Output	Degrees awarded per one hundred full-time equivalent students	14	11	15		Delete
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$4.98	\$4.4	\$4	\$3.5	\$3.5
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				20	20
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				0	0
* Output	Number of unduplicated awards conferred in the most recent academic year				650	650
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				150	150
Output	Number of unduplicated associate's degrees awarded				150	150
* Output	Number of students enrolled, by headcount				3,000	3,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				32,000	32,000
Output	Number of unduplicated certificates under one year in length awarded				400	400
Output	Number of transfers enrolled, by headcount				65	65
Output	Number of degree-seeking undergraduate students enrolled, by headcount				1,950	1,950
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				8%	8%
* Output	Number of credit hours delivered				47,000	47,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$15,709	\$15,709

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				70	70
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				15%	15%
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				90	90
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				225	225
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				250	250
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				12,000	12,000
Output	Number of unduplicated certificates one year in length or more awarded				100	100
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				12	12
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				400	400
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$15,696	\$15,696
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				225	225
Output	Number of dual credit students enrolled, by headcount				1,100	1,100
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.74	3.77	3.5	3.6	3.6
Output	Number of at-risk students enrolled, by headcount				771	771
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Output	Number of nursing degrees awarded	21	12	24		Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	32.7%	20.5%	26%	26%	26%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	43.5%	32.7%	40%	41%	41%
Output	Number of certificates and associate degrees awarded within the most recent academic year	104	79	126	126	126
Output	Degrees awarded per one hundred full-time equivalent students	15		17		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$2	\$1.5	\$1.8	\$1.8	\$1.8
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				N/A	N/A
Output	Number of transfers enrolled, by headcount				83	83
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				1	1
* Output	Number of students enrolled, by headcount				901	901
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.5		3	3	3
Output	Number of degree-seeking undergraduate students enrolled, reported by headcount and full-time equivalency				550	550
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				95	95
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				75	75
Output	Number of dual credit students enrolled, by headcount				305	305
Output	Number of at-risk students enrolled, by headcount				270	270
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				5%	5%
* Output	Number of credit hours delivered				8,361	8,361
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				6,206	6,206
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				2,965	2,965
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				75	75
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				7	7
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				18	18

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				90	90
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				25%	25%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				35%	35%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				14,984	14,984
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				49,525	49,525
Output	Number of unduplicated certificates under one year in length awarded				23	23
Output	Number of unduplicated certificates one year in length or more awarded				5	5
Output	Number of unduplicated associate's degrees awarded				41	41

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

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	47.2%	50.5%	50%	50%	50%
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	408	398	350		Delete
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.9	4.4	4.9	5	5
Output	Degrees awarded per one hundred full-time equivalent students	22.6	25.3	21		Delete
Outcome	Six-year athlete graduation rate	47.2%	50.5%	50%		Delete
Output	Number of active hydrogeological assessment projects at the bureau of geology and mineral resources	6	11	8		Delete
Outcome	Public to private petroleum recovery research center cost sharing ratio	1:0	1:1	2:0		Delete
Outcome	Geophysical research center: external research funding from non-state government sources, in millions	\$6.1M	\$7.2M	\$7.5	\$7.5	\$7.5M
* Outcome	Retention of first-time, full-time freshmen to the third semester	75%	76.7%	80%		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$100.9	\$97M	\$90	\$97	\$97M
* Output	Number of students enrolled, by headcount				1,900	1,900
Output	Number of degree-seeking undergraduate students enrolled, by headcount				1,300	1,300
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				350	350
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				300	300
Output	Number of transfers enrolled, by headcount				90	90
Output	Number of dual credit students enrolled, by headcount				10	10
Output	Number of at-risk students enrolled, by headcount					
Output	Number of graduate students enrolled, by headcount				480	480
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				55%	55%
* Output	Number of credit hours delivered				45,000	45,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				22,000	22,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				17,500	17,500
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				6,350	6,350
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit student				77	77

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Number of unduplicated awards conferred in the most recent academic year				335	335
Output	Number of unduplicated associate's degrees awarded				3	3
Output	Number of unduplicated baccalaureate degrees awarded				220	220
Output	Number of unduplicated master's degrees awarded				110	110
Output	Number of unduplicated doctoral or professional degrees awarded				11	11
Output	Number of unduplicated post-baccalaureate certificates awarded				1	1
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year					
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs					
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year					
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students					
Output	Number of unduplicated master's degrees awarded to financially at-risk students					
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students					
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students					
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				150	150
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college					
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				30%	30%
Outcome	Percent of first-time, full-time freshmen retained to the third semester				77%	77%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$25,000	\$25,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$160,000	\$160,000

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of broadcast production hours for public television, in millions				\$90	\$90
Output	Return on investment for state funding received for the petroleum research recovery center				3 to 1	3 to 1
Outcome	Number of active research projects for the most recent fiscal year for the bureau of geology and mineral resources				65	65

NORTHERN NEW MEXICO COLLEGE

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	23%	21.6%	25%	25%	25%
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	188	70	129	80	80
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$6.8	\$6.5	\$5	\$5.5	\$5.5
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	5.8	4.1	6	6	6
Output	Degrees awarded per one hundred full-time equivalent students	28	28.5	20		Delete
Output	Number of nursing degrees awarded	29	28	27		Delete
Outcome	Six-year athlete graduation rate	37%	50%	30%	30%	30%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	58%	53.8%	66.5%	66.5%	66.5%
* Output	Number of students enrolled, by headcount				1,400	1,400
Output	Number of degree-seeking undergraduate students enrolled, by headcount				1,130	1,130
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				210	210
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				220	220
Output	Number of transfers enrolled, by headcount				135	135
Output	Number of dual credit students enrolled, by headcount				275	275
Output	Number of at-risk students enrolled, by headcount				650	650
Output	Number of graduate students enrolled, by headcount				N/A	N/A
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				460	460
* Output	Number of credit hours delivered				23,700	23,700
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				17,000	17,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students				4,500	4,500

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unrestricted, end-of-course student credit hours completed by graduate students				N/A	N/A
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				21,500	21,500
Output	Number of unduplicated associate's degrees awarded				110	110
Output	Number of unduplicated baccalaureate degrees awarded				80	80
Output	Number of unduplicated master's degrees awarded				N/A	N/A
Output	Number of unduplicated doctoral or professional degrees awarded				N/A	N/A
Output	Number of unduplicated post-baccalaureate certificates awarded				0	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				8	8
Output	Number of baccalaureate degrees with classification and instructional program code 13.12 for elementary and secondary school educators and certificates with classification and instructional program code 13.12 for completers of alternative teacher licensure programs				8 and 5	8 and 5
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses				45	45
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				60	60
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				130	130
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students				60	60
Output	Number of unduplicated master's degrees awarded to financially at-risk students				N/A	N/A
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students				N/A	N/A
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students				15	15
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree				120	120
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college				15	15
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time				10%	10%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$8,740	\$8,740
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient				\$81,153	\$81,153

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	23%	22%	18%	10%	10%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64%	65%	50%	60%	60%
Output	Total number of certificates and associate degrees awarded within the most recent academic year	887	908	768	750	750
Output	Degrees awarded per one hundred full-time equivalent students	15		10		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$8.1	\$7.5	\$2.5	\$4	\$4
Output	Number of certificates with classification and instructional program codes 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				76	76
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4	3.8	4	4.5	4.5
* Output	Number of students enrolled, by headcount				7,240	7240
Output	Number of degree-seeking undergraduate students enrolled, by headcount					
Output	Number of first-time degree-seeking freshmen enrolled, by headcount					
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount					
Output	Number of transfers enrolled, by headcount					
Output	Number of dual credit students enrolled, by headcount					
Output	Number of at-risk students enrolled, by headcount					
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				4.8%	4.8%
* Output	Number of credit hours delivered				59,900	59,900
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				51,712	51,712
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				7,188	7,188
Output	Number of unduplicated certificates under one year in length awarded				126	126

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Output	Number of unduplicated certificates one year in length or more awarded				361	361
Output	Number of unduplicated associate's degrees awarded				263	263
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				220	220
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				32	32
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				72	72
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				116	116
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				95	95
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				3%	3%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				15%	15%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$16,603	\$16,603
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$124,638	\$124,638
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				10	10
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				184	184
Output	Number of nursing degrees awarded	69	53	45		Delete
Output	Cost per job created or saved at small business development centers	\$2,740	\$2,841	\$2,500	<\$5,000	<\$5,000

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	23.8%	27.4%	27%	28%	28%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	62%	63.1%	64%	63.5%	63.5%
Output	Number of certificates and associate degrees awarded within the most recent academic year	6,302	6,158	8,000	8,000	8,000
Output	Degrees awarded per one hundred full-time equivalent students	26	27	27		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$4.32	\$4.1	\$3.9	\$4.25	\$4.25
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.6	3.5	3.4	3.4	3.4
* Output	Number of students enrolled, by headcount				32,500	32,500
Output	Number of degree-seeking undergraduate students enrolled, by headcount				25,825	25,825
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				5,595	5,595
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				4,720	4,720
Output	Number of transfers enrolled, by headcount				2,150	2,150
Output	Number of dual credit students enrolled, by headcount				4,850	4,850
Output	Number of at-risk students enrolled, by headcount				12,395	12,395
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount				6%	6%
* Output	Number of credit hours delivered				355,215	355,215
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				355,215	355,215
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				33,000	33,000
Output	Number of unduplicated certificates under one year in length awarded				1,200	1,200
Output	Number of unduplicated certificates one year in length or more awarded				3,200	3,200
Output	Number of unduplicated associate's degrees awarded				3,800	3,800
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				3,200	3,200
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				500	500
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				1,590	1,590
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				1,990	1,990

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				78	78
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				10.2%	10.2%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				8%	8%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$9,385	\$9,385
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$34,900	\$34,900
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				90	90
Output	Number of awards conferred to students in high-demand fields in the most recent academic year				410	410
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				75	75
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				45	45
Output	Number of nursing degrees awarded	259	241	230		Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	29.6%	30%	35%	37%	37%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	43.3%	41%	53%	50%	50%
Output	Number of certificates and associate degrees awarded within the most recent academic year	154	128	154	154	154
Output	Degrees awarded per one hundred full-time equivalent students	21	14	20		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$1	\$1.78	\$1	\$1.3	\$1.3
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				0	0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.5	3.03	3.5	3	3
* Output	Number of students enrolled, by headcount				1807	1807
Output	Number of degree-seeking undergraduate students enrolled, by headcount				593	593
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				136	136
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				118	118
Output	Number of transfers enrolled, by headcount				21	21
Output	Number of dual credit students enrolled, by headcount				178	178
Output	Number of at-risk students enrolled, by headcount				222	222
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				7%	7%
* Output	Number of credit hours delivered				18,122	18,122
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				525	525
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				7,396	7,396
Output	Number of unduplicated certificates under one year in length awarded				5	5
Output	Number of unduplicated certificates one year in length or more awarded				67	67
Output	Number of unduplicated associate's degrees awarded				85	85
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				90	90
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				2	2

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				50	50
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				38	38
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				81	81
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				23%	23%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				22%	22%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				18,196	18,196
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				138,374	138,374
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				7	7
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				33	33
Output	Number of nursing degrees awarded	20	21	20		Delete
Output	Three-year athlete graduation rate	28%	26%	32%	28%	28%

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	48%	43%	44%	41%	41%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	77%	72.2%	65%	65%	65%
Output	Number of certificates and associate degrees awarded within the most recent academic year	126	346	150	300	300
Output	Degrees awarded per one hundred full-time equivalent students	10		11		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$0.7	\$0.7	\$0.2	\$0.2	\$0.2
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.1	4.2	4	4	4
* Output	Number of students enrolled, by headcount				1,525	1,525
Output	Number of degree-seeking undergraduate students enrolled, by headcount				525	525
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				45	45
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				10	10
Output	Number of transfers enrolled, by headcount				125	125
Output	Number of dual credit students enrolled, by headcount				325	325
Output	Number of at-risk students enrolled, by headcount				125	125
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				9%	9%
* Output	Number of credit hours delivered				6,500	6,500
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				35	35
Outcome	Number of unrestricted, end-of-course student credit hours completed by dual credit students				20	20
Output	Number of unduplicated certificates under one year in length awarded				200	200
Output	Number of unduplicated certificates one year in length or more awarded				5	5
Output	Number of unduplicated associate's degrees awarded				45	45
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				50	50
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				20	20
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				10	10
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				20	20

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				75	75
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				25%	25%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				45%	45%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				\$150,000	\$150,000
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				\$13,000	\$13,000
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				3	3
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				200	200
Outcome	Three-year athlete graduation rate	46%	15%	50%	50%	50%

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Budget</u>	FY21 <u>Request</u>	FY21 <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	38.9%	33%	36%	36%	36%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60.6%	60.3%	60%	60%	60%
Output	Number of certificates and associate degrees awarded within the most recent academic year	340	496	330	350	350
Output	Degrees awarded per one hundred full-time equivalent students	21.25		22		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$0.6	\$1.2	\$1	\$1	\$1
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3	3.3	3	3	3
* Output	Number of students enrolled, by headcount				3,500	3,500
Output	Number of degree-seeking undergraduate students enrolled, by headcount				2,050	2,050
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				700	700
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				500	500
Output	Number of transfers enrolled, by headcount				250	250
Output	Number of dual credit students enrolled, by headcount				575	575
Output	Number of at-risk students enrolled, by headcount				725	725
* Output	Number of credit hours delivered				50,000	50,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				45,000	45,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				6,596	6,596
Output	Number of unduplicated certificates under one year in length awarded				40	40
Output	Number of unduplicated certificates one year in length or more awarded				75	75
Output	Number of unduplicated associate's degrees awarded				325	325
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				175	175
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				15	15
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				30	30
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				130	130
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				79	79

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				20%	20%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				50%	50%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				13,125	13,125
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				64,415	64,415
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				20%	20%
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				15	15
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				15	15
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				70	70
Output	Number of nursing degrees awarded	33	41	35		Delete
Output	Three-year athlete graduation rate	48.6%	81%	75%	75%	75%

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	24%	28%	26%	26%	26%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61%	59%	62%	61%	61%
Output	Number of certificates and associate degrees awarded within the most recent academic year	1,298	1,578	1,400	1,475	1,475
Output	Degrees awarded per one hundred full-time equivalent students	16.9	17.6	17		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$4.4	\$4.4	\$4	\$4.5	\$4.5
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				2.7	2.7
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.8	3.65	3.75	3.6	3.6
* Output	Number of students enrolled, by headcount				10,500	10,500
Output	Number of degree-seeking undergraduate students enrolled, by headcount				6,550	6,550
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				990	990
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				730	730
Output	Number of transfers enrolled, by headcount				800	800
Output	Number of dual credit students enrolled, by headcount				1,900	1,900
Output	Number of at-risk students enrolled, by headcount				3,200	3,200
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				9%	9%
* Output	Number of credit hours delivered				130,000	130,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				120,000	120,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				15,000	15,000
Output	Number of unduplicated certificates under one year in length awarded				150	150
Output	Number of unduplicated certificates one year in length or more awarded				450	450
Output	Number of unduplicated associate's degrees awarded				730	730
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				524	524
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				30	30

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				152	152
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				342	342
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				92	92
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				5%	5%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				3%	3%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				11,392	11,392
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				64,708	64,708
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions				\$4.5	\$4.5
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				130	130
Output	Number of certificates with classification and instructional program code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program				33	33
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				11	11
Output	Number of nursing degrees awarded	38	47	40		Delete

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 they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY18 Actual	FY19 Actual	FY20 Budget	FY21 Request	FY21 Recomm
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	47%	53%	35%	35%	35%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	68%	65%	63%	63%	63%
Output	Number of certificates and associate degrees awarded within the most recent academic year	555	506	475	550	550
Output	Degrees awarded per one hundred full-time equivalent students	21	17	15		Delete
Outcome	External dollars supporting all programs from federal or non-governmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$2.8	\$2.5	\$3	\$2.5	\$2.5
Output	Number of associate's degrees with classification and instructional program code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing				N/A	N/A
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.17	5.02	4	<4.5	<4.5
* Output	Number of students enrolled, by headcount				5,200	5,200
Output	Number of degree-seeking undergraduate students enrolled, by headcount				2,700	2,700
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				500	500
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount				260	260
Output	Number of transfers enrolled, by headcount				800	800
Output	Number of dual credit students enrolled, by headcount				950	950
Output	Number of at-risk students enrolled, by headcount				1,470	1,470
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount				5%	5%
* Output	Number of credit hours delivered				48,000	48,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students				44,000	44,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students				6,000	6,000
Output	Number of unduplicated certificates under one year in length awarded				240	240
Output	Number of unduplicated certificates one year in length or more awarded				110	110
Output	Number of unduplicated associate's degrees awarded				240	240
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year				290	290
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students				110	110

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students				80	80
Output	Number of unduplicated associate's degrees awarded to financially at-risk students				130	130
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				80	80
Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				15%	15%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who completed an associate's degree within three hundred percent of standard graduation time				4%	4%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February					
Explanatory	Amount of tuition and fees for the upcoming academic year for a full-time, resident, undergraduate student as a percent of the average tuition and fees for peer colleges in the western interstate commission for higher education region					
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student				<14,000	<14,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient				<75,000	<75,000
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				15	15
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year				95	95
Output	Number of nursing degrees awarded	76	55	50		Delete

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute program is to provide college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Output	Percent of full-time-equivalent capacity enrolled each fall term	88.5%	94.5%	96%	95%	95%
* Outcome	Average American college testing composite score for graduating high school seniors	21.3	21.7	22	22	22
* Outcome	Proficiency profile reading scores for graduating college sophomores	111.19	113.76	117.1	115	115
Outcome	Proficiency profile mathematics scores for graduating college sophomores	112.3	111.4	112.1	111	111
Outcome	Percent of a cohort of first-time, full-time junior college freshmen who graduated within one hundred percent of standard graduation time	39.5%	46.7%	29%	29%	29%
Output	Percent of third Friday high school seniors and junior college sophomore students graduating with a high school diploma and/or associate degree	76.4%	77.8%	89.6%	75%	75%
Output	Junior college three-year athlete graduation rate	57.7%	61%	55%	55%	55%

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 workforce and to lead independent, productive lives.

PERFORMANCE MEASURES

		<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
Outcome	Number of school districts that have established a memorandum of understanding requesting mentorship support services for visually impaired professionals entering the field	34	47	40	50	50
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	Mid-Cohort	10	16	12	12
Outcome	Percent of students in kindergarten through twelfth grade demonstrating academic improvement across curriculum domains	91%	91%	95%	95%	95%
Outcome	Rate of graduate transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment	0%	100%	100%	100%	100%

NEW MEXICO SCHOOL FOR THE DEAF

The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf and hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
* Outcome	Rate of transition to postsecondary education, vocational-technical training school, junior colleges, work training or employment for graduates based on a three-year rolling average	71%	77%	80%	100%	100%
Outcome	Percent of local education agency staff satisfied with educational services from the center for educational consultation and training (statewide outreach)	97%	95%	90%	90%	90%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	95%	95%	95%
Outcome	Percent of students kindergarten through grade twelve with individualized education plan goals in reading or math demonstrating progress as documented by quarterly individualized education plan progress reports	94%	99%	94%	90%	90%
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	100%	100%	100%	100%	100%
Outcome	Percent of parents indicating that programs from the center for educational consultation and training (statewide outreach) have increased their ability to understand their child's language and communication access needs	92%	94%	92%	90%	90%
Outcome	Percent of Individuals with Disabilities Education Act part c early intervention performance indicators that are met (performance indicators are outlined by office of special education programs and adopted by the New Mexico department of health)	96%	100%	95%	95%	95%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY21
(dollars in thousands)

School Year 2019-2020 Preliminary Unit Value = \$4,565.41 School Year 2018-2019 Final Unit Value = \$4,190.85	FY20 OpBud	PED Request	LFC Staff Recommendation
PROGRAM COST	\$2,646,377.6	\$3,137,303.4	\$3,137,303.4
<u>UNIT CHANGES</u>			
Increase At-Risk Index (FY20: 0.25, PED: 0.30, LFC: 0.27)	\$113,177.9	\$53,500.0 ¹	\$20,228.9 ¹
Other Projected Net Unit Changes	(\$11,173.3)		(\$9,519.3) ²
Elementary P.E. Units			\$8,000.0
Teacher Responsibility Differential (Special Education: 0.75 unit)			\$16,425.2 ¹
Teacher Responsibility Differential (Bilingual/ELL Instruction: 0.75 unit)			\$13,498.0 ¹
Teacher Responsibility Differential (New Teacher Mentorship: 0.5 unit)			\$6,848.1 ¹
Bilingual Multicultural Education Programs	\$6,954.5		
Set School Age Limit at 22	(\$6,129.0)		
Phase-out School Size Adjustment within Large Districts (>2,000 MEM)	(\$9,041.6)		
Phase-in Rural Population Units	\$5,204.5		
Extended Learning Time Factor (FY20: 39%, FY20 Actual: 26%, LFC: 44%, FY21: 59%)	\$62,497.5		\$8,896.6 ³
K-5 PLUS Formula Factor (FY20: 58%, FY20 Actual: 14%, LFC: 58%, FY21: 33%)	\$119,895.9		³
<u>UNIT VALUE CHANGES</u>			
Insurance	\$9,014.0	\$19,820.4	\$11,567.6
SB 437: Minimum Wage Increase (FY20: \$9.00/hr, LFC: \$10.50/hr)	\$169.6		\$2,500.0
Fixed Costs	\$4,000.0	\$6,881.6	\$4,764.9
Instructional Materials	\$30,000.0		
Mentorship and Professional Development			\$12,000.0
Early Literacy			\$12,000.0
Raise Compensation for School Personnel (FY20: 6%, PED: 4%, LFC: 3%)	\$121,672.8	\$92,723.0 ⁴	\$69,572.0 ⁴
Increase Minimum Salary Levels	\$40,433.6		
Increase Employer Retirement Contributions	\$4,250.0		
SUBTOTAL PROGRAM COST	\$3,137,303.4	\$3,310,228.4	\$3,314,085.4
Dollar Change Over Prior Year Appropriation	\$490,925.8	\$172,925.0	\$176,782.0
Percent Change	18.6%	5.5%	5.6%
LESS PROJECTED CREDITS (FY18 Actual: \$77 million, FY19 Actual: \$85 million)	(\$63,500.0)	(\$68,887.5)	(\$83,000.0)
Credit Adjustment (FY20: 75%, LFC: 65%)			\$11,380.0 ¹
LESS OTHER STATE FUNDS (From Driver's License Fees)	(\$5,000.0)	(\$5,000.0)	(\$7,000.0)
STATE EQUALIZATION GUARANTEE	\$3,068,803.4	\$3,236,340.9	\$3,235,465.4
Dollar Change Over Prior Year Appropriation	\$486,425.8	\$167,537.5	\$166,662.0
Percent Change	18.8%	5.5%	5.4%
CATEGORICAL PUBLIC SCHOOL SUPPORT			
TRANSPORTATION			
Maintenance and Operations	\$56,397.9	\$83,104.9	\$86,664.8
Fuel	\$12,979.0		\$13,108.8
Rental Fees (Contractor-Owned Buses)	\$9,194.4		\$7,119.7
Transportation for Extended Learning Time	\$2,745.6	\$2,745.6	\$3,707.3
Transportation for K-5 Plus	\$3,744.0	\$3,744.0	\$3,818.9
Raise Compensation for Transportation Personnel (FY20: 6%, PED: 4%, LFC: 3%)	\$3,567.6	\$1,594.0 ⁴	\$1,195.5 ⁴
SUBTOTAL TRANSPORTATION	\$88,628.5 ⁵	\$91,188.5 ⁵	\$115,615.0
SUPPLEMENTAL DISTRIBUTIONS			
Out-of-State Tuition	\$300.0	\$285.0	\$285.0
Emergency Supplemental	\$1,000.0	\$3,800.0	\$2,000.0
DUAL CREDIT INSTRUCTIONAL MATERIALS	\$1,000.0	\$1,000.0	\$1,500.0
STANDARDS-BASED ASSESSMENTS	\$6,000.0	\$8,000.0	\$6,000.0
INDIAN EDUCATION FUND	\$6,000.0	\$6,000.0	\$6,000.0
TOTAL CATEGORICAL	\$102,928.5	\$110,273.5	\$131,400.0
TOTAL PUBLIC SCHOOL SUPPORT	\$3,171,731.9	\$3,346,614.4	\$3,366,865.4
Dollar Change Over Prior Year Appropriation	\$472,725.5	\$174,882.5	\$195,133.5
Percent Change	17.5%	5.5%	6.2%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY21
(dollars in thousands)

School Year 2019-2020 Preliminary Unit Value = \$4,565.41 School Year 2018-2019 Final Unit Value = \$4,190.85	FY20 OpBud	PED Request	LFC Staff Recommendation
RELATED REQUESTS: RECURRING			
Regional Education Cooperatives (REC)	\$1,039.0	\$5,739.0	\$1,100.0
Whole Child Education		\$12,000.0 ^{5,10}	
Indigenous (Multilingual, Multicultural, and Special) Education Initiatives	\$1,000.0		\$7,500.0
English Learners and Bilingual Program Evaluation and Support	\$2,500.0		
Early Literacy and Reading Support			\$2,000.0
Educator Ecosystem		\$10,000.0 ^{5,10}	
Principal (School Leader and Board Member) Professional Development	\$2,500.0		\$3,000.0
Teacher Professional Development	\$2,500.0		\$4,500.0
Teacher and Administrator Evaluation System	\$1,000.0 ⁶		⁶
Opportunity Gap		\$12,000.0	
Community School Initiatives	\$2,000.0		\$2,000.0
Breakfast for Elementary Students	\$1,600.0		\$1,600.0
New Mexico Grown Fruits and Vegetables	\$450.0 ⁷		\$200.0
GRADS – Teen Parent Interventions	\$200.0 ⁸		\$200.0 ⁸
School-Based Health Centers	\$1,350.0		\$1,350.0
Pathways and Profiles for Student Success		\$12,000.0 ^{5,10}	
STEAM (Science, Technology, Engineering, Arts, and Math) Initiatives	\$5,000.0		\$5,000.0
Advanced Placement Test Fee Waivers and Training	\$1,500.0		\$1,500.0
Career Technical Education	\$3,000.0		\$3,000.0
HB 548: Feminine Hygiene Products	\$170.0	\$170.0	
HB 548: Teaching Pathways Coordinator	\$50.0	\$50.0	
HB 548: Computer Science Professional Development	\$200.0	\$200.0	
SB 536: Dyslexia Screening and Professional Development	\$357.0		
SB 536: Media Literacy Programs	\$350.0		
SB 536: Mathematics, Engineering, Science Achievement (MESA) Program	\$75.0	\$75.0	
TOTAL RELATED APPROPRIATIONS: RECURRING	\$26,841.0	\$52,234.0	\$32,950.0
Dollar Change Over Prior Year Appropriation	(\$35,059.0)	\$25,393.0	\$6,109.0
Percent Change	-56.6%	94.6%	22.8%
SUBTOTAL PUBLIC EDUCATION FUNDING	\$3,198,572.9	\$3,398,848.4	\$3,399,815.4
Dollar Change Over Prior Year Appropriation	\$408,666.5	\$200,275.5	\$201,242.5
Percent Change	14.6%	6.3%	6.3%
PUBLIC EDUCATION DEPARTMENT	\$13,618.8	\$15,103.8	\$14,919.0 ⁹
Dollar Change Over Prior Year Appropriation	\$2,372.2	\$1,485.0	\$1,300.2
Percent Change	21.1%	10.9%	9.5%
GRAND TOTAL - SECTIONS 4 & 8	\$3,212,191.7	\$3,413,952.2	\$3,414,734.4
Dollar Change Over Prior Year Appropriation	\$411,038.7	\$201,760.5	\$202,542.7
Percent Change	14.7%	6.3%	6.3%

Detail on Categorical Appropriations	FY20 OpBud	PED Request	LFC Staff Recommendation
SUBTOTAL TRANSPORTATION	\$88,628.5	\$91,188.5	\$115,615.0
Plus: Public School Capital Outlay Fund (Other State Funds)	\$25,000.0	\$25,000.0	\$0.0
TOTAL TRANSPORTATION	\$113,628.5	\$116,188.5	\$115,615.0

Footnotes

- 1 Contingent on enactment of legislation.
- 2 Includes \$3.8 million in unit losses from Laws 2019, Chapters 206 and 207 (SB1 and HB5) and \$5.7 million from 40% of projected unit losses from declining membership.
- 3 Language identifying amount for ELTP and K-5 Plus and providing flexibility for programs in FY21.
- 4 Language in Section 8 (Compensation) identifying amount for an average 3% salary increase for all personnel (PED: 4%).
- 5 Includes \$25 million from the public school capital outlay fund.
- 6 Includes \$1 million from the educator licensure fund.
- 7 Includes \$50 thousand from Laws 2019, Chapter 278 (SB 536), and \$200 thousand from Laws 2019, Chapter 279 (HB 548).
- 8 Includes \$200 thousand from TANF for GRADS.
- 9 Does not include the Section 8 appropriation for a 3% increase for PED personnel.
- 10 Includes \$3 million from the public education reform fund (PERF) for whole child education, \$7 million PERF for educator ecosystem, and \$4 million PERF for pathways and profiles for student success.

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.

AT A GLANCE:

In light of a court ruling that ordered New Mexico to turn around low student academic performance and improve public school oversight, the Public Education Department (PED) request sought and LFC recommendation prioritizes funding to support at-risk students, retain school personnel, and expand professional development opportunities for educators.

PED's FY21 general fund request for public schools totaled \$3.41 billion, a \$201.8 million, or 6.3 percent, increase from FY20 appropriations. PED's general fund request included a \$167.5 million, or 5.5 percent, increase for the state equalization guarantee (SEG) distribution of formula funds; \$7 million, or 7 percent, increase for categorical programs; and \$25 million, or 95 percent, increase for department special programs. The committee's general fund recommendation for public schools totals \$3.41 billion, an overall increase of \$202.5 million, or 6.3 percent from FY20 funding levels. The committee's recommendation includes a \$167 million, or 5.4 percent, increase for the SEG distribution; \$28.5 million, or 28 percent, increase for categorical programs; and \$6 million, or 23 percent, increase for department special programs.

Additionally, PED requested \$25 million from the public school capital outlay fund (PSCOF) for school transportation and \$14 million from projected balances in the public education reform fund (PERF) for recurring department special programs. The LFC recommendation replaces nonrecurring PSCOF appropriations for school transportation with general fund revenue.

BUDGET ISSUES:

In FY19, the 1st Judicial District Court found that New Mexico failed to provide a sufficient education to at-risk children, noting the overall appropriation to schools did not provide adequate educational opportunities. The court also found PED failed to exercise its full authority and require schools to spend money on programs known to advance these educational opportunities. The court did not order detailed remedies, acknowledging the roles of the legislative and executive branches in developing a funding and accountability framework to meet constitutional requirements; however, the court enjoined the state to "take immediate steps by April 15, 2019, to ensure that New Mexico schools have the resources necessary to give at-risk students the opportunity to obtain a uniform and sufficient education that prepares them for college and career."

Despite appropriating nearly half a billion dollars, or 16 percent, more for public schools in FY20 to support at-risk students, extend learning time, increase educator pay levels, and expand evidence-based programs to improve student outcomes, plaintiffs in the Martinez and Yazzie education sufficiency lawsuit claimed funding levels were insufficient to meet the court's order. However, many school districts and charter schools provided higher staff raises than mandated by the Legislature and did not participate in K-5 Plus extended school year programs, which would have generated additional funds. Declining student membership and changes to the other formula components impacted funding at many schools. Yet some schools also received more funding than necessary to meet legislative mandates, suggesting that budget issues could largely be a function of local decisions and circumstances rather than state appropriation levels.

Although the court ruling in the Martinez and Yazzie education sufficiency lawsuit indicated funding levels were insufficient in FY18, the court did not specify a sufficient funding level. Instead, the court ordered the state to "provide the opportunity for a sound basic education and to assure that the local districts are spending the funds provided in a way that efficiently and effectively meets the needs of at-risk students."

These issues highlight the dissonance between state financing and local decisions of public schools in New Mexico. The public school funding formula has historically allocated funds primarily based on student counts rather than local staffing and operational priorities. The significant investment in K-5 Plus and extended learning time programs (ELTP) in FY20, however, changes the paradigm by providing a substantial incentive for schools to adjust programs and operations for additional funding.

Program Cost and SEG. About 90 percent of school district and charter school operational revenue is derived from the state's public school funding formula, an algorithm designed to guarantee each public school student equal access to programs and services appropriate to educational need. The formula multiplies weighted factors relating to student, teacher, and school characteristics with prior-year average student membership to generate program units, which determine how the annual total appropriation, or program cost, is allocated. A portion of local, state, and federal revenue sources are then deducted, or credited, from program cost to determine SEG, the final amount the state distributes to public schools for operations. The state takes credit for 75 percent of three revenue sources: a local half-mill levy, federal forest funds, and the operational portion of federal impact aid funds, all of which remain at the school district. School districts and charter schools may spend formula dollars according to local priorities; however, they must comply with statutory requirements and relevant PED directives.

For FY21, PED requested \$3.236 billion, a \$167.5 million or 5.5 percent increase, for the SEG distribution. The LFC recommendation for SEG totaled \$3.235 billion, a \$167 million or 5.4 percent increase. PED's request and the committee recommendation both include increased funding for at-risk students, school personnel salaries, insurance and fixed costs. The LFC recommendation further includes funding for targeted salary differentials, ELTP, minimum wage increases, program unit changes, mentorship, professional development, and early literacy initiatives.

Unit Changes. Except for new school districts or charter schools, formula funding is primarily based on the average of enrollment reported on the second and third reporting dates (in December and February) of the previous year. School districts and charter schools growing more than 1 percent are entitled to additional enrollment growth program units to mitigate large annual increases in enrollment not captured under a prior-year funding model.

Preliminary data shows declining membership in most areas of the state. In contrast, total program units have increased due to funding formula changes enacted in recent years. For FY20, PED reports a current total of 654.7 thousand program units generated by the funding formula, an increase of 23.5 thousand units from the FY19 final count of 631.2 thousand units. This unit growth is primarily driven by an increase in the at-risk index cost differential factor and addition of K-5 Plus and ELTP factors to the funding formula, which will generate 41.5 thousand additional units. Changes to the training and experience (T&E) index and a loss of 3,576 students, however, will offset program unit growth by nearly 15 thousand units in FY20, which effectively increases the unit value.

Given the recent trend of declining enrollment, decreasing child birth rates, and a nearly 1 percent drop in student counts between the first reporting date of 2018 and 2019, membership program units, a reflection of headcount, will likely continue to decrease in FY21. (See "Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions," Volume III.) The LFC recommendation includes a conservative projected net unit loss of 2,085 program units in FY21, which includes a \$5.7 million downward adjustment based on 40 percent of projected membership unit losses and \$3.8 million downward adjustment from legislated net unit losses attributable to the phase-in of new rural population units and phase-out of small school units in large districts.

At-Risk Index. In FY19, the court opined that an at-risk index differential between 0.25 and 0.50 would be reasonable. Chapters 206 and 207 (Senate Bill 1 and House Bill 5) of Laws 2019 more than doubled the at-risk differential from 0.13 to 0.25. For FY21, PED requested \$53.5 million to raise the cost differential for the at-risk index from 0.25 to 0.30, while the LFC recommendation includes \$20.2 million to raise the at-risk index differential to 0.27. These changes and recommended funding levels are dependent on statutory amendments to the Public School Finance Act.

In 2011, a joint LFC and LESC evaluation found the 0.0915 cost differential for at-risk students was relatively low. In 2016, a LFC progress report on the 2011 evaluation found the state's at-risk index cost differential still remained low, despite an increase in the differential to 0.106 in 2014. However, few states allocate at-risk funding comparably, many do not provide the same proportion of state support for public education as New Mexico, and significant achievement gaps continue to exist in all states.

Witnesses for both sides of the education sufficiency lawsuit "agreed on the need to spend money on programs that have been shown to meet the needs of economically disadvantaged students." Although PED is statutorily required to begin reporting on at-risk expenditures in public schools in FY21, the department's preliminary baseline assessment of at-risk expenditures in FY20 showed few, if any, public schools were using at-risk funding in a transformational way to address the needs of at-risk students. Despite nearly tripling at-risk funding to a \$252 million program in the last five years, public schools have not systematically used at-risk funding on evidence-based programs to address student achievement. Because at-risk funding is part of the SEG, an unrestricted revenue source, the state risks increasing funding with little assurance that school practices or student outcomes will fundamentally change. The LFC recommendation assumes enactment of legislation to boost the index to 0.27.

Teacher Responsibility Cost Differentials. The court found few schools implementing evidence-based bilingual multicultural education programs (BMEP) and noted teachers lacked adequate support and structures to address the needs of English learners, special education students, low-income students, and Native American students. To address chronic special education teacher shortages and increase monitoring and reporting on English learner instruction and new teacher mentorship, the LFC recommendation includes \$16.4 million for special education teachers, \$13.5 million for teachers instructing English learners in BMEPs, and \$6.8 million for teachers mentoring new teachers. These targeted pay increases and recommended funding levels are dependent on statutory amendments to the Public School Code. Similar to the funding formula component for National Board-certified teachers, the proposal would provide 0.75 program units to pay a salary differential (about \$3,400) to special education teachers and BMEP teachers and 0.5 program units to mentor teachers (about \$2,300). This differential would provide a 4 percent to 9 percent boost in pay, depending on licensure level.

Although current components of the funding formula already provide cost differentials for special education and BMEPs, the funding generated is not restricted for a specific use and, consequently, cannot be measured to hold schools accountable for results. Establishing a cost differential for special education, BMEP, and mentor teachers would increase budgeting flexibility for schools already paying a cost differential to these teachers, create incentives for special education and BMEP endorsements or mentorship duties, and provide PED a vehicle for identifying teacher responsibilities and certifying required practices.

K-5 Plus and ELTP. The court acknowledged high-quality extended school year programs, like K-3 Plus and ELTPs, could help close the achievement gap. While program uptake in FY20 was modest, PED anticipates enrollment in programs will more than double in FY21. The LFC recommendation includes \$71.4 million for FY21 ELTP participation statewide, an \$8.9 million or 14 percent increase from FY20 funding levels. For FY21, PED recommended flat funding of \$62.5 million for ELTPs. In FY20, over 84 thousand students participated in ELTPs, generating \$42.2 million in formula dollars. For FY21, PED estimates over 190 thousand students will participate in ELTPs and generate \$95.6 million at the current unit value. Rather than increasing ELTP funding levels to match estimated participation for FY21, the PED request and LFC recommendation both leverage unused K-5 Plus appropriations to cover costs of ELTP growth.

For FY21, PED requested and LFC recommended flat funding of \$119.9 million for K-5 Plus programs. Despite appropriating funding to serve over 87 thousand students in FY20, only 21 thousand students participated in K-5 Plus, generating \$29 million of the \$119.9 million in formula dollars for K-5 Plus programs. For FY21, PED estimates about 49.4 thousand students will participate in K-5 Plus programs and generate \$68 million at the current unit value. As such, the state will have about \$51 million unspent from K-5 Plus programs in FY21.

Leveraging estimated unspent K-5 Plus program funding will allow expansion of ELTPs without costing the state additional dollars. At the current unit value, the state is on track to spend \$164 million on both programs by FY21, about 90 percent of the FY20 funding level. The LFC recommendation to expand ELTP funding accounts for potential increased costs from growth in the unit value and new recommended provisions that allow districtwide or schoolwide K-5 Plus programs to use prior-year membership in determining funding levels. Additionally, the committee recommendation authorizes PED to pilot K-12 Plus programs, which extend the school year by 25 days in secondary grade levels.

Reversions and Setting the Unit Value. The unit value is computed by dividing the program cost by funded units. PED initially sets a unit value in May based on the following year's appropriations and then adjusts the unit value eight months later in January. Despite a \$25 million balance in the state support reserve fund and the fact that most units are based on actual membership from the prior fiscal year, PED continues to set preliminary unit values conservatively due to uncertainty with changes in the funding formula and local and federal credits.

Preliminary unit values set by the department resulted in estimated SEG funding reversions of \$36 million in FY15, \$23.2 million in FY16, \$74.4 million in FY17, \$57 million in FY18, and \$33 million in FY19. The substantial FY17 reversion was attributable to measures taken by the Legislature for statewide solvency. Final unit values resulted in actual reversions of \$14 million in FY15, \$7 million in FY16, \$76 million in FY17, \$6 million in FY18, and \$7 million in FY19. While final reversions represent less than 1 percent of total SEG appropriations, low preliminary unit values limit school budgets at the beginning of the year and create cash infusions in the middle of the year, often resulting in inefficient planning and cash balance growth.

Compensation and Professional Development. Of all the educational inputs viewed by the court, teacher quality was considered the most important. The court quoted testimony from districts about the challenges of recruiting and retaining teachers, attributing these issues to the punitive nature of the teacher evaluation system and low teacher pay. Although the Legislature substantially raised teacher minimum salary levels and overall compensation in FY20, some schools reported problems with salary schedule compression, as new teachers were hired at similar pay levels to more experienced personnel. Additionally, educator pay in neighboring states rose and educator preparation programs continued to produce fewer candidates for the workforce. To address growing wage competitiveness, improve retention rates, and help schools address salary compaction issues, PED's request and the committee recommendation both increase compensation for all school personnel.

The committee recommendation includes \$70.7 million to increase school personnel compensation by an average of 3 percent and \$2.5 million to cover the new statewide minimum wage of \$10.50 per hour. The LFC recommendation also includes the aforementioned \$36.8 million in salary differentials for teachers serving as mentors, special education instructors, or English-learner instructors. In total, the LFC public school compensation package totals about \$110 million. Additionally, new teachers in K-5 Plus schools will receive a 14 percent increase in contractual pay and new teachers in ELTP schools will receive a 5.5 percent increase in pay for additional instructional time.

Acknowledging that pay alone will not directly improve teacher quality, the LFC recommendation includes \$12 million for mentorship and professional development. To encourage schools to use this funding for high-quality mentorship and professional learning, the recommendation includes language requiring PED to prioritize schools demonstrating use of evidence-based programs that improve teacher practices in the distribution of special program funding for teacher quality. Coupled with the proposed cost differential for mentor teachers, the LFC recommendation provides PED and schools the opportunity to strategically budget and plan meaningful professional learning structures with support from the state and local level.

The LFC recommendation also includes a \$12 million appropriation for early literacy initiatives, which the court acknowledged as another option for improving student achievement. Similar to the \$12 million appropriation for mentorship and professional development, the early literacy initiative funding requires PED to prioritize special program funding for schools using early literacy funding for evidence-based practices, like literacy collaborative models, to improve reading and writing achievement for students in kindergarten through second grade. By linking SEG funds to PED appropriations, schools will have immediate access to resources for implementation, PED can use special program funding to monitor and provide technical assistance, and the Legislature can provide guidance on priority areas to meet the court's mandate.

In other personnel costs, the Public School Insurance Authority (NMPSIA) request for an increase in the employer share of insurance premiums from public school funding totaled approximately \$17.4 million for FY21 – \$10.7 million for healthcare benefits and \$6.7 million for the risk program. (See “NMPSIA: Agency 342.”) NMPSIA provides self-insured group insurance coverage for 88 school districts and all charter schools, including those in Albuquerque. Albuquerque Public Schools (APS) is self-insured and administered separately. PED's FY21 request for insurance totaled \$19.8 million, which includes APS premiums.

The committee recommendation for insurance is \$11.6 million for healthcare benefits at a reduced rate and includes APS premiums but does not include costs for the risk program. Growth in NMPSIA's fund balances suggest rates are sufficient to cover operations of the risk program without an additional increase. PED's request also includes \$6.9 million for fixed costs, which includes costs for utilities, audits, textbooks, and maintenance, adjusted by the November 2019 consumer price index of 2.3 percent for urban consumer items. The LFC recommendation includes \$4.8 million for fixed costs, based on projected expenditure growth in recent years.

Instructional Materials. Prior to FY20, the annual adoption of instructional materials followed a six-year cycle in all core curriculum areas set by PED. Costs of each annual adoption cycle varied widely depending on the subjects being adopted and the number of grades included, resulting in significantly different pressures on the general fund from year to year. According to PED, the instructional material adoption cycle for FY21 would have covered math, career and technical education, and driver's education materials.

Previous LFC evaluations flagged large instructional material cash balances maintained by school districts and charter schools. Because schools had broad discretion on when to purchase instructional materials, full-scale adoptions typically did not follow the current adoption cycle, so instructional material cash balances tended to accumulate over time. In FY20, the Legislature increased instruction material funding to \$30 million, a \$17.5 million or 240 percent increase from FY19, and transferred the appropriation to the SEG to provide schools full flexibility over purchasing or developing culturally and linguistically relevant materials.

Despite receiving full latitude to purchase instructional materials without the restriction of an adoption cycle, most schools were not aware of the transfer of instructional materials to the SEG. Preliminary FY20 budgets for textbooks and related supplies only amounted to \$16.9 million statewide. As schools become more aware of the increased flexibility provided in the SEG, PED must increase monitoring of instructional material purchases, given the court's finding that instructional materials were insufficient. The FY21 PED request and committee recommendation both hold the \$30 million appropriation in the SEG flat for instructional materials. Additionally, the LFC recommendation includes additional language to increase monitoring and reporting on instructional material purchases.

Projected Credits. PED's FY21 request assumed \$69 million in local and federal revenue credits and an additional credit of \$5 million from drivers' license fees. The department's request assumed \$51.5 million from federal Impact Aid payments for schools losing revenue from federally connected children, \$17.2 million from the local half-mill levy, and \$248.6 thousand from federal forest reserve funds. Credits assumed by PED have been conservative for the past few years. In FY19, actual credits amounted to \$85 million – \$26 million more than the budgeted amount – including \$63 million from Impact Aid, \$18.5 million from the local half-mill levy, and \$3.4 million from forest reserve payments.

While receipt of federal revenues can change significantly from year to year due to delays in prior year payments, the five-year average credit is \$56.5 million for Impact Aid and \$2.6 million for forest reserve. According to the U.S. Department of Education, federal fiscal year 2020 Impact Aid appropriation recommendations from the president and Congress are relatively flat with FFY19 funding levels. Local property tax valuations have also grown steadily in the last five years at a rate of 5.2 percent since FY14.

Assuming property tax valuations continue to increase at a similar rate to the past five years and federal Impact Aid and forest reserve payments remain flat with FY19 levels, total estimated credits could reach \$86 million. Accounting for potential downside risks, the committee recommendation assumes \$83 million in local and federal revenue credits and an additional credit of \$7 million from drivers' license fees due to growth in license fee fund balances.

In FY19, school districts that were plaintiffs in the 1999 Zuni public school capital outlay adequacy lawsuit claimed the public school capital outlay system was unfair because they could not raise sufficient local revenue to build above the statewide adequacy standards, unlike school districts with higher property valuations. The Zuni plaintiff districts receiving significant Impact Aid payments sought to remove the Impact Aid credit in the 2019 legislative session to meet capital needs. Although the legislation did not pass, removing the Impact Aid credit would have created disproportionate differences in operational funding for select districts and provide no assurances that capital outlay needs would be addressed directly.

In response to stakeholder feedback from regional meetings on Impact Aid and public school capital outlay issues during FY20, the LFC recommendation includes \$11.4 million to hold schools harmless from a potential reduction of the federal and local credit threshold from 75 percent to 65 percent. These changes and recommended funding levels are dependent on statutory amendments to the Public School Code. Reducing the credit would shift a greater share of SEG allocations to school districts with larger Impact Aid payments and wealthier local property valuations, effectively widening differences in operational funding based on local revenue sources.

Despite being a departure from the original intent in 1974 of equalizing operational dollars for all public school students, a reduction in credits would provide schools serving a significant number of federally connected children, such as students living on tribal land, more operational funding. Given the court's findings in the Martinez and Yazzie lawsuit regarding significant achievement gaps for Native American students, this recommendation provides one option for targeting more SEG allocations to this specific student demographic. Additionally, LFC's capital outlay framework includes companion recommendations to increase public school capital outlay fund (PSCOF) appropriations for teacher housing and other facilities, particularly in Impact Aid school districts and districts in areas with less ability to raise funds through property taxes.

Categorical Public School Support. Categorical expenditures, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, instructional materials, supplemental distributions, Indian education, and standards-based assessments. To address solvency issues during the 2016 second special session, the Legislature authorized the use of \$25 million in bond revenue from PSCOF annually to support the instructional material fund or transportation distribution between FY18 to FY22.

In FY20, categorical appropriations totaled \$127.9 million, including \$25 million from PSCOF. PED's FY21 categorical request totaled \$135 million, including \$25 million from the PSCOF, and represented an overall increase of \$7 million, or 5.7 percent. PED's general fund request was \$110 million. The committee recommendation for FY21 totals \$131 million from the general fund, does not include bond revenue, and represents an overall increase of \$3.5 million, or 2.7 percent. After a return to positive state fiscal conditions, there is no need to issue severance tax bonds to fund transportation costs, allowing the use of PSCOF to address capital needs of Impact Aid and low property wealth school districts.

Transportation. The largest categorical appropriation, the transportation distribution, covers costs of transporting students in kindergarten through 12th grade and 3- and 4-year-old special education students to school. In FY20, transportation funding totaled \$113.6 million, including \$88.6 million from the general fund and \$25 million from the PSCOF. For FY21, PED's request for transportation totaled \$116.2 million, including \$89.6 million from the general fund for the transportation distribution, \$1.6 million for a 4 percent salary increase for transportation employees, and \$25 million from the PSCOF. The committee's recommendation totals \$115.6 million, entirely from general fund appropriations, and includes \$1.2 million for a 3 percent salary increase for transportation employees. Both recommendations include earmarked transportation funding for schools participating in ELTPs or K-5 Plus programs.

Indian Education. The preliminary court ruling drew attention to the dismal educational outcomes of Native American students, flagging significant gaps in proficiency and graduation rates. Despite recent gains in proficiency for Native American students, overall academic performance remains lower than most other student subgroups year-over-year. The court also noted the state's failure to develop the government-to-government relationships needed to achieve the statutory goals stated in the Indian Education Act (IEA) and argued the lack of culturally relevant instructional materials and curricula for Native American students violated the IEA and state constitution.

Balances in the Indian education fund have supported a number of recurring, multi-year programs; however, the effects of these programs on improving educational outcomes for Native American students have not been rigorously evaluated. In FY20, PED submitted a budget adjustment request to use \$1.1 million of Indian education fund balances for multi-year programs at various schools, tribes, and consulting organizations to meet requirements of the IEA. Although PED's annual tribal education state report suggests these funds contributed to additional activities relating to language and culture programs, tutoring and interventions, educator pipelines, and community engagement, the report did not specify outcomes or results from these activities.

For FY21, PED's request and the committee recommendation include \$6 million for the Indian education fund, flat with FY20 funding levels. Instead, both recommendations include additional appropriations for PED special program funding relating to indigenous education.

Emergency Supplemental Appropriation. For FY21, PED requested \$3.8 million for FY21 recurring emergency supplemental funding for school district operational needs. The department provided \$2.9 million for emergency supplemental funding for 15 school districts in FY19 and budgeted \$1.9 million for eight districts for FY20. Although the number of districts on emergency funding has fallen since the Legislature instituted a micro school district formula factor in FY15, emergency supplemental funding continues to be recurring for some small or micro school districts. Recurring emergency supplemental appropriations have also been supplemented with nonrecurring special and supplemental appropriations. PED should work with school districts with recurring emergency supplemental appropriations to address recurring shortfalls and consider organizational restructuring to achieve administrative efficiencies. Given the increase in formula funding for FY21, the committee recommends \$2 million for recurring emergency supplemental funding.

Standards-Based Assessments Appropriation. In response to an executive order to transition away from the PARCC test, PED organized stakeholder meetings in FY19 to replace the statewide assessment and revise the teacher evaluation system. In FY20, PED contracted with Cognia to develop a standardized English language arts and math assessment for students in third grade through eighth grade (NM-MSSA) and selected the PSAT and SAT college entrance exams to meet federal testing requirements in tenth grade and eleventh grade, respectively. Although NM-MSSA will initially use the same question item bank as PARCC, PED plans to incorporate locally designed questions by New Mexico teachers over time and transition completely away from PARCC. According to PED, NM-MSSA will cost \$38.92 per student (about \$6 million statewide) and SAT will cost about \$1.2 million.

For FY21, PED requested \$8 million for standards-based assessments, \$2 million more than FY20 to cover costs for the statewide assessment. PED indicated the additional costs were associated with training schools about the new testing system and procedures. The LFC recommendation includes \$6 million for standards-based assessments, flat with FY20 funding levels, and provides funding to train schools about the new system under various PED special programs.

The preliminary court ruling cited performance on the former PARCC test, graduation rates, and college remediation rates as evidence the state provided insufficient educational opportunities and inadequate inputs for students, particularly for at-risk children. As the state continues to invest in educational reforms and interventions, continuity of performance measurement will be necessary to accurately understand the impact of initiatives and programs on student outcomes.

Department Special Program Appropriations. The preliminary court judgement acknowledged that some PED special program appropriations could be worthwhile, pointing to promising results from prekindergarten, extended school year, K-3 Plus, and teacher quality programs. However, the court noted PED special appropriations had limited coverage and were ephemeral in nature, creating uncertainty for districts and inconsistency in program effectiveness. Special program appropriations divert potential resources away from the SEG; however, these initiatives may also more effectively target funds to improve performance, accountability, and transparency. Additionally, special program appropriations provide a testing ground for the department to pilot programs that might be scaled statewide over time, like K-3 Plus.

In FY20, administration of PED's two largest special programs, K-3 Plus and prekindergarten, was changed. K-3 Plus was transferred to the SEG and prekindergarten was placed under the Early Childhood Education and Care Department (ECECD). As such, only \$25.4 million in general fund revenue for PED's special programs carried over from the FY19 budget. Additionally, Laws 2019, Chapters 278 (Senate Bill 536) and 279 (House Bill 548), appropriated \$2.3 million to PED for various programs – \$1.5 million of which were considered recurring PED special programs by the Department of Finance and Administration.

PED's FY21 request for special programs totaled \$66.2 million, including a \$52.2 million appropriation from the general fund, an increase of \$25.4 million, or 95 percent, from FY20 general fund levels. PED's request for special programs also included \$14 million from the public education reform fund (PERF). With over \$100 million expected to revert from unspent ELTP and K-5 Plus program funds into the PERF at the end of FY20, the fund includes a significant balance for a broad range of uses. The LFC recommendation includes over \$59 million from PERF for nonrecurring appropriations, primarily to establish K-12 Plus pilot programs, support transitional K-5 Plus programs, create culturally and linguistically diverse instructional materials and curricula, and develop PED data systems to improve monitoring and reporting. The LFC recommendation for recurring special programs totals \$33 million from general fund revenues, an increase of \$6 million, or 23 percent, from FY20 general fund levels. The committee recommendation includes a \$200 thousand transfer from the federal Temporary Assistance for Needy Families (TANF) grant and \$1 million from the educator licensure fund for the teacher and administrator evaluation system.

ECECD's request and the committee's recommendation both include a transfer from ECECD to PED to administer public school prekindergarten programs. ECECD's transfer request was \$59.1 million and LFC's recommendation is \$50.5 million. The department's request and committee recommendation both include \$3.5 million from TANF for prekindergarten programs.

Rather than increasing each special programs' funding level from FY20, PED's request consolidated all previous appropriations into four programs, whole child education, educator ecosystem, opportunity gap, and pathways and profiles for student success. PED's FY21 request for whole child education included a \$12 million general fund appropriation and \$3 million from the PERF. The program would include initiatives relating to the state's Indian education, bilingual multicultural education, and Hispanic education acts; federal special education laws; indigenous education; statewide literacy; gifted education; and multi-layered systems of support. The FY21 LFC recommendation for related special programs includes general fund appropriations of \$7.5 million for indigenous, multilingual, multicultural, and special education initiatives and \$2 million for early literacy and reading support.

PED's FY21 request for the educator ecosystem included a \$10 million general fund appropriation and \$7 million from the PERF. The program would include initiatives relating to new teacher development, school leadership development, and educator recruitment, retention, and evaluation. The FY21 LFC recommendation for related special programs includes general fund appropriations of \$3 million for Principals Pursuing Excellence and \$4.5 million for Teachers Pursuing Excellence. The committee recommendation also includes \$1 million from the educator licensure fund for the teacher and administrator evaluation system.

PED's FY21 request to address the opportunity gap included a \$12 million general fund appropriation for initiatives relating to community schools, school data dashboards, teen parent support, childhood hunger, and school resource officers. The FY21 LFC recommendation for related special programs includes general fund appropriations of \$2 million for community schools, \$1.6 million for elementary student breakfasts, \$200 thousand for fresh produce programs, \$200 thousand for teen parenting support, and \$1.4 million for school-based health centers. The committee recommendation also includes \$200 thousand from TANF for teen parenting support.

PED's FY21 request for pathways and profiles for student success included a \$12 million general fund appropriation and \$4 million from the PERF. The program would include initiatives relating to career and college readiness; science, technology, engineering, arts, and mathematics (STEAM); family and community engagement; and career and technical education (CTE). The FY21 LFC recommendation for related special programs includes general fund appropriations of \$5 million for STEAM initiatives, \$1.5 million for advanced placement testing, and \$3 million for CTE initiatives.

PED's four special programs align with the department's goals for addressing the Martinez and Yazzie lawsuit findings and the department's plan for an accountability framework that includes measures beyond student performance on academic assessments. The department's proposed consolidation of existing special programs provides more flexibility to prioritize funding based on agency needs and focus programming on overarching objectives. However, without associated performance measures or measurable stated outcomes for each program, consolidation reduces transparency on PED's spending and operation.

Conversely, while PED special programs allow the state to target appropriations for specific uses outside of SEG and categorical appropriations, creating too many unaligned, small pilot programs can divert human and capital resources away from PED's primary responsibility of public school oversight. Additionally, certain special program goals, like community engagement and local career pathways, could be achieved through the SEG with minimal support from PED. For example, some schools have leveraged ELTP funds to form partnerships with industry and higher education and provide students CTE-focused programs without special program funding from the department.

Federal Funds. For FY21, the PED request and LFC recommendation include authority to budget \$486.3 million of federal flow-through grants, a \$35.2 million, or 7.8 percent, increase from FY20 budgeted levels. The increase accounts for a five-year federal comprehensive literacy state development grant awarded to New Mexico in November 2019 and additional grants from the U.S. Department of Agriculture.

RECOMMENDED LANGUAGE:

State Equalization Guarantee Distribution. 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 2020-2021 school year and then, on verification of the number of units statewide for fiscal year 2021 but no later than January 31, 2021, the secretary of public education may adjust the program unit value. In setting the preliminary unit value and the final unit value in January, the public education department shall consult with the department of finance and administration, the legislative finance committee and the legislative education study committee.

The secretary of public education shall ensure that during fiscal year 2021 no full-time level one teacher receives a base salary less than forty-one thousand dollars (\$41,000).

The general fund appropriation to the state equalization guarantee distribution includes fifty-seven million two hundred dollars (\$57,000,200) contingent on enactment of a bill in the second session of the fifty-fourth legislature amending the Public School Finance Act to increase the at-risk index multiplier to twenty-seven-hundredths; create a cost differential of seventy-five-hundredths of one program unit in the public school funding formula for licensed teachers with special education endorsement providing appropriate instruction and interventions to students with disabilities that address the needs of students with disabilities; create a cost differential of seventy-five-hundredths of one program unit in the public school funding formula for licensed teachers who teach in a public education department-approved bilingual multicultural education program providing appropriate, evidence-based services to address the language and academic needs of English learners; and create a cost differential of five-tenths of one program unit in the public school funding formula for licensed level two and level three-A teachers mentoring new teachers pursuant to Section 22-10A-9 NMSA 1978.

The general fund appropriation to the state equalization guarantee distribution includes seventy-one million three hundred ninety-four thousand one hundred dollars (\$71,394,100) for extended learning time programs pursuant to Section 22-8-23.10 NMSA 1978. The secretary of public education shall consider those extended learning time programs eligible for state financial support and the amount of state funding available for extended learning time programs and determine, in consultation with the department of finance and administration, legislative finance committee and legislative education study committee, the programs and consequent numbers of students in extended learning time programs that will be used to calculate the number of additional program units for extended learning time programs. Any amount of the seventy-one million three hundred ninety-four thousand one hundred dollar (\$71,394,100) appropriation that is not distributed through the extended learning time program factor, calculated by multiplying the final program unit value set for the 2020-2021 school year by the total extended learning time program units and subtracting that product from seventy-one million three hundred ninety-four thousand one hundred dollars (\$71,394,100), shall be transferred to the public education reform fund.

The general fund appropriation to the state equalization guarantee distribution includes one hundred nineteen million eight hundred ninety-five thousand nine hundred dollars (\$119,895,900) for K-5 plus programs pursuant to the K-5 Plus Act. The secretary of public education shall consider those K-5 plus programs eligible for state financial support and the amount of state funding available for K-5 plus programs and determine, in consultation with the department of finance and administration, legislative finance committee and legislative education study committee, the programs and consequent numbers of students in K-5 plus programs that will be used to calculate the number of additional program units for K-5 plus programs. Any amount of the one hundred nineteen million eight hundred ninety-five thousand nine hundred dollar (\$119,895,900) appropriation that is not distributed through the K-5 plus program factor, calculated by multiplying the final program unit value set for the 2020-2021 school year by the total K-5 plus program units and subtracting that product from one hundred nineteen million eight hundred ninety-five thousand nine hundred dollars (\$119,895,900), shall be transferred to the public education reform fund.

For fiscal year 2021, in approving schools for participation in the K-5 plus program, the public education department shall prioritize approval for school districts or charter schools that provide the program to all elementary students. A school district or charter school that provides a public education department-approved K-5 plus program as defined in Subsection B of Section 22-13D-2.B. NMSA 1978 or at least two hundred five days of instruction to all elementary school students in the school district or charter school in fiscal year 2021 shall be eligible to generate K-5 plus program units using the total average number of elementary school students enrolled on the second and third reporting date of the 2019-2020 school year multiplied by the cost differential factor of three-tenths as established in Section 22-8-23.11 NMSA 1978.

For fiscal year 2021, the secretary of public education may allow an elementary school starting a new K-5 plus program with at least eighty percent of students that participate in the K-5 plus program staying with the same teacher and cohort of students during the regular school year to be eligible for K-5 plus program units in fiscal year 2021, provided the elementary school shall meet all requirements of Subsection B of Section 22-13D-2.B. NMSA 1978 by fiscal year 2022.

For fiscal year 2021, if the general fund appropriation to the state equalization guarantee distribution for extended learning time programs is insufficient to meet the level of state support required for public education department-approved extended learning time programs and the secretary of public education certifies to the department of finance and administration, legislative finance committee and legislative education study committee that sufficient funds remain unspent from the K-5 plus appropriation after all eligible public education department-approved K-5 plus programs are funded, up to thirty-five million dollars (\$35,000,000) of the general fund appropriation to the state equalization guarantee distribution for K-5 plus programs may be used for extended learning time programs.

For fiscal year 2021, if the program cost made available is insufficient to meet the level of state support required by the special education maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act, the public education department shall reduce the program cost in an amount that equals the projected shortfall and distribute that amount to school districts and charter schools in the same manner and on the same basis as the state equalization guarantee distribution to meet the level of support required by Part B of the federal Individuals with Disabilities Education Act for fiscal year 2021 and shall reduce the final unit value to account for the reduction.

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 numbers of students in elementary physical education that will be used to calculate the number of elementary physical education program units, provided that no school district or charter school shall generate elementary physical education program units in fiscal year 2021 in excess of the total average number of elementary school students enrolled on the second and third reporting date of the 2019-2020 school year multiplied by the cost differential factor of six one-hundredths as established in Section 22-8-23.7 NMSA 1978.

The public education department shall monitor and evaluate the ways in which school districts and individual schools use funding distributed for at-risk program units, bilingual and multicultural education program units, extended learning time program units, K-5 plus program units, special education program units, instructional materials, new teacher mentorship and classroom instruction in fiscal year 2021 and report its findings and recommendations to the governor, legislative education study committee and legislative finance committee on or before November 1, 2020.

The general fund appropriation to the state equalization guarantee distribution includes thirty million dollars (\$30,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students. A school district or charter school that does not use the allocation for instructional materials shall provide the public education department a description of how the allocation was used and demonstrate that budgeted spending levels for instructional materials are sufficient to provide a free and appropriate public education to all students. The public education department shall monitor and evaluate the extent to which schools purchase and use instructional materials relevant to the cultures, languages, history and experiences of culturally and linguistically diverse students and report its findings and recommendations to the governor, legislative education study committee and legislative finance committee on or before November 1, 2020.

The general fund appropriation to the state equalization guarantee distribution includes twelve million dollars (\$12,000,000) for school districts and charter schools to meet requirements of Section 22-10A-9 NMSA 1978, create an educational plan pursuant to Section 22-8-6 NMSA 1978 and provide targeted and ongoing professional development focused on case management, tutoring, data-guided instruction, coaching or other evidence-based practices that improve student outcomes. The public education department shall monitor and evaluate the ways in which school districts and individual schools use funding for mentorship and professional development and report its findings and recommendations to the governor, legislative education study committee and legislative finance committee on or before November 1, 2020.

The general fund appropriation to the state equalization guarantee distribution includes twelve million dollars (\$12,000,000) for school districts and charter schools to provide evidence-based structured literacy interventions and develop literacy collaborative models that lead to improved reading and writing achievement of students in kindergarten through second grade. The public education department shall monitor and evaluate the ways in which school districts and individual schools use funding distributed for early literacy interventions and collaborative models and report its findings and recommendations to the governor, legislative education study committee and legislative finance committee on or before November 1, 2020.

The public education department shall not approve the operating budget of any school district or charter school to operate a four-day school week during the 2020-2021 school year that did not provide a four-day school week during the 2019-2020 school year.

The public education department shall not approve the operating budget of any school district or charter school with fewer than fifty thousand students that spends less than one standard deviation below the average expenditure rate of comparable school districts and charter schools on instruction, student support services and instructional support services unless that school district or charter school demonstrates the budgeted spending level for instruction, student support services and instructional support services is sufficient to provide a free and appropriate public education to all students.

The public education department shall not approve the operating budget of any school district or charter school with greater than or equal to fifty thousand students that spends less than seventy-five percent of general fund appropriations on instruction, student support services and instructional support services unless that school district or charter school demonstrates the budgeted spending level for instruction, student support services and instructional support services is sufficient to provide a free and appropriate public education to all students.

Funds appropriated from the general fund to the state equalization guarantee distribution or any cash balances derived from appropriations from the general fund to the state equalization guarantee distribution in any year shall not be used to fund any litigation against the state unless or until a court issues a final decision in favor of a plaintiff school district or charter school and all legal remedies have been exhausted.

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 federal Mineral Leasing Act receipts otherwise unappropriated.

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 to school districts and charter schools commonly known as "impact aid funds" pursuant to 20 U.S.C. 7701 et seq., and formerly known as "PL874 funds."

The general fund appropriation to the state equalization guarantee distribution includes eleven million three hundred eighty thousand dollars (\$11,380,000) contingent on enactment of a bill in the second session of the fifty-fourth legislature amending the Public School Finance Act to reduce the deduction for local and federal revenue included in the calculation of the state equalization guarantee distribution in Subsection B and C of Section 22-8-25 NMSA 1978 from seventy-five percent to sixty-five percent.

The other state funds appropriation is from the balances received by the public education department pursuant to Section 66-5-44 NMSA 1978.

Within thirty calendar days of initial submission, the secretary of public education shall process and pay each request for reimbursement submitted to the public education department by a school district or charter school.

The department of finance and administration may adjust a school district's or charter school's monthly state equalization guarantee progress payment to provide flexibility to meet cash flow needs, provided that no school district or charter school shall receive an annual state equalization guarantee distribution that is more than their proportionate fiscal year 2021 share.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2021 from appropriations made from the general fund shall revert to the general fund.

Categorical Distributions. The general fund appropriation to the transportation distribution includes three million seven hundred seven thousand three hundred dollars (\$3,707,300) for transportation of students to extended learning time programs. If a school district or state-chartered charter school does not transport students to extended learning time programs, the school district's or state-chartered charter school's proportionate share of the three million seven hundred seven thousand three hundred dollar (\$3,707,300) appropriation to the transportation distribution for extended learning time programs shall be transferred to the public education reform fund.

The general fund appropriation to the transportation distribution includes three million eight hundred eighteen thousand nine hundred dollars (\$3,818,900) for transportation of students to K-5 plus programs. If a school district or state-chartered charter school does not transport students to K-5 plus programs, the school district's or state-chartered charter school's proportionate share of the three million eight hundred eighteen thousand nine hundred dollar (\$3,818,900) appropriation to the transportation distribution for K-5 plus programs shall be transferred to the public education reform fund.

The secretary of public education shall not distribute any emergency supplemental funds to a school district or charter school that is not in compliance with the Audit Act or that has cash and invested reserves, or other resources or any combination thereof, equaling five percent or more of their operating budget.

Any unexpended balances in the supplemental distribution of the public education department remaining at the end of fiscal year 2021 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the public education department for dual-credit instructional materials shall be used by the department to reimburse school districts, charter schools, state-supported schools and bureau of Indian education high schools in New Mexico for the cost of required textbooks and other course supplies for students enrolled in the dual-credit program to the extent of the available funds.

Any unexpended balances in the dual-credit instructional materials appropriation remaining at the end of fiscal year 2021 from appropriations made from the general fund shall revert to the general fund.

Any unexpended balances in the standards-based assessments appropriation remaining at the end of fiscal year 2021 from appropriations made from the general fund shall revert to the general fund.

Public Education Department Special Appropriations. The general fund appropriation to the public education department for school-based health centers shall be used to establish or expand school-based health centers statewide.

The general fund appropriation to the career technical education fund, as established in Section 12-1-13 NMSA 1978, includes three million dollars (\$3,000,000) for the public education department to support high-quality career technical education pilot programs pursuant to Section 22-1-12 NMSA 1978.

The internal service funds/interagency transfers appropriation to the graduation, reality and dual-role skills program of the public education department is from the federal temporary assistance for needy families block grant to New Mexico.

The general fund appropriation to the public education department for community school initiatives shall be used to establish or expand community school sites pursuant to Section 22-32-4 NMSA 1978.

The general fund appropriation to the public education department for indigenous, multilingual, multicultural and special education includes one million six hundred fifty thousand dollars (\$1,650,000) to monitor and ensure public schools and educators provide appropriate, evidence-based instruction for students with disabilities and one million three hundred fifty thousand dollars (\$1,350,000) to monitor and ensure public schools and educators provide appropriate, evidence-based instruction for English learners and students in bilingual multicultural education programs.

A school district or charter school may submit an application to the public education department for an allocation from the teachers pursuing excellence appropriation to support mentorship and professional development for teachers. The public education department shall prioritize awards to school districts or charter schools that budget the portion of the state equalization guarantee distribution attributable to meeting requirements of Section 22-10A-9 NMSA 1978 and providing targeted and ongoing professional development for purposes of new teacher mentorship, case management, tutoring, data-guided instruction, coaching or other evidence-based practices that improve student outcomes. The public education department shall not make an award to a school district or charter school that does not submit an approved educational plan pursuant to Section 22-8-6 NMSA 1978 or an approved teacher mentorship program pursuant to Section 22-10A-9 NMSA 1978.

The general fund appropriation to the public education department for teachers pursuing excellence shall be used to improve teacher preparation, recruitment, mentorship, professional development, evaluation and retention.

A school district or charter school may submit an application to the public education department for an allocation from the early literacy appropriation to support literacy interventions for students in kindergarten through second grade. The public education department shall prioritize awards to school districts or charter schools that budget the portion of the state equalization guarantee distribution attributable to providing evidence-based literacy interventions and developing literacy collaborative models for purposes of improving the reading and writing achievement of students in kindergarten through second grade. The public education department shall not make an award to a school district or charter school that does not submit an approved educational plan pursuant to Section 22-8-6 NMSA 1978 or an approved teacher mentorship program report pursuant to Section 22-10A-9 NMSA 1978.

The other state funds appropriation to the public education department for the teacher and administrator evaluation system is from the educator licensure fund.

A school district or charter school may submit an application to the public education department for an allocation from the science, technology, engineering, arts and math initiatives appropriation to develop, in consultation with industry or community partners, programs to improve the pipeline of graduates into high-demand science, technology, engineering, arts or math careers.

Any unexpended balances in the special appropriations to the public education department remaining at the end of fiscal year 2021 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>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Budget</u>	<u>FY21 Request</u>	<u>FY21 Recomm</u>
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	29%	31%	30%	30%	34%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	26%	28%	30%	30%	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	29%	31%	30%	30%	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	21%	13%	30%	30%	34%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in reading	29%	28%	30%	30%	34%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in mathematics	32%	32%	30%	30%	34%
Quality	Current five-year cohort graduation rate using shared accountability	76%	76%	80%	80%	80%
* Quality	Current four-year cohort graduation rate using shared accountability	71%	74%	75%	75%	75%
* Outcome	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	64%	62%	65%	65%	65%
* Outcome	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	73%	73%	75%	75%	75%
* Outcome	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	67%	67%	68%	68%	68%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	16%	14%	30%	30%	34%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	23%	24%	30%	30%	34%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	24%	25%	30%	30%	34%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	20%	21%	30%	30%	34%

PERFORMANCE MEASURES

		<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Request</u>	<u>FY21</u> <u>Recomm</u>
Outcome	Change in percent of students on early reading benchmark at the beginning of year to end of year, in kindergarten through third grade	11.5%	10%	20%	20%	20%
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	18%	15%	45%	45%	45%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	61%	65.8%	75%	75%	75%
Explanatory	First-time passing rate on the national evaluation series teacher competency exam	89%	91%			
Explanatory	Number of certified teacher vacancies	NEW	NEW			
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	NEW	NEW			
Outcome	Math achievement gap for third-grade economically disadvantaged students	NEW	NEW	NEW	24%	<5%
Outcome	Percent of elementary school students exiting English language learner status	NEW	NEW	NEW	6%	10%
Explanatory	Average state funded per pupil expenditures	NEW	NEW			
Outcome	Reading achievement gap for third-grade economically disadvantaged students	NEW	NEW	NEW	20%	<5%
Explanatory	Average federally funded per pupil expenditures	NEW	NEW			
Outcome	Number of additional instructional hours generated per pupil through kindergarten-five plus programs	NEW	NEW	NEW	137	137.5
Outcome	Percent of middle school students exiting English language learner status	NEW	NEW	NEW	2%	10%
Outcome	Math achievement gap for eleventh-grade economically disadvantaged students	NEW	NEW	NEW	5%	<5%
Outcome	Percent of recent New Mexico high school graduates who enroll in and complete a postsecondary pathway	NEW	NEW	NEW	50%	50%
Outcome	Math achievement gap for eighth-grade economically disadvantaged students	NEW	NEW	NEW	18%	<5%
Outcome	Percent of high school students exiting English language learner status	NEW	NEW	NEW	3%	10%
Outcome	Number of additional instructional hours generated per pupil through extended learning time programs	NEW	NEW	NEW	55	60
Explanatory	Average locally funded per pupil expenditures	NEW	NEW			
Outcome	Reading achievement gap for eleventh-grade economically disadvantaged students	NEW	NEW	NEW	18%	<5%
Outcome	Reading achievement gap for eighth-grade economically disadvantaged students	NEW	NEW	NEW	22%	<5%
* Outcome	Chronic absenteeism rate among students in middle school	NEW	NEW	<10%	<10%	<10%
Outcome	Math achievement gap for fifth-grade economically disadvantaged students	NEW	NEW	NEW	24%	<5%
Outcome	Reading achievement gap for fifth-grade economically disadvantaged students	NEW	NEW	NEW	24%	<5%
* Outcome	Chronic absenteeism rate among students in high school	NEW	NEW	<10%	<10%	<10%
* Outcome	Chronic absenteeism rate among students in elementary school	NEW	NEW	<10%	<10%	<10%

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 can 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 an 11-member board, nine of whom are appointed by the governor. NMFA administers 10 programs managed through rules, policies, and public and private partnerships. NMFA 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, including through loans for transportation, water, economic development, private lending, and social service providers. NMFA meets its statutory mandate for financing state and local projects, including meeting its obligation to both the executive and legislative bodies.

TOTAL ASSETS:

NMFA oversees approximately \$2.4 billion in total gross assets consisting principally of invested cash and loans receivable. It also manages over \$52 million in remaining funds for the Governor Richardson's Investment Partnership Program, or GRIP, for the Department of Transportation. Total assets increased by \$174.5 million between FY18 and FY19 as of June 30, 2019. 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 FY20 is approximately \$141.45 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, grants to others, total \$94.5 million.

BUDGET ISSUES:

NMFA does not receive appropriations from the state's general fund for operations but does receive 75 percent of the state's government gross receipts tax (GGRT) revenues to support the public project revolving fund (PPRF). NMFA's projected general operating budget for FY20 totals nearly \$9.96 million, a 6.67 percent increase from the FY19 operating budget. Actual expenditures in FY19 totaled \$8.3 million, or 14 percent less than the approved FY19 operating budget. Budgeted positions increased to 44, of which three are vacant. NMFA pays 95 percent of employee medical premiums and 100 percent of other benefits (dental, vision, life policy, and employee assistance programs). A money purchase retirement plan (401A) is provided with a mandatory 3 percent paid by the employee and a 15 percent match paid by NMFA. About 58 percent of the authority's budgeted operational costs are related to the PPRF.

As an instrumentality of the state, NMFA is subject to the State Audit Act. Moss Adams, LLP, is expected to complete and submit the annual audit to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

PROGRAMS:

NMFA currently administers 10 finance programs; the most significant infrastructure loan program is the PPRF, capitalized from an annual distribution equal to 75 percent of the net revenue of the state's GGRT- \$37.2 million in FY19 (\$4.8 million of which was due to a one-time correction of \$4.8 million in miscalculation of taxes paid by a governmental entity of the previous three years). NMFA leverages GGRT capital in the PPRF, makes loans, and replenishes the PPRF by issuing bonds. The fund 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 the PPRF attain higher bond ratings and lower costs of issuance and allowing NMFA to offer a variety of program enhancements to its borrowers. The funds accrued from GGRT collections and loan repayments to the PPRF not needed to pay debt service on bonds are placed in interest-bearing reserve accounts. The cash balance for loans from the PPRF varies month to month, from under \$5 million, when the PPRF \$100 million line-of-credit may be used, to as much as \$70 million, depending on the bond issuance schedule. PPRF bonds either reimburse NMFA for loans already made or allow loans of \$10 million or more to be funded and closed simultaneously with PPRF bonds. In the first quarter of FY20, NMFA closed 27 loans for \$69.3 million compared with the same three months a year ago when 27 loans closed for \$69.1 million. As of June 30, 2019, PPRF bonds outstanding totaled \$912.0 million in the senior lien and \$359.3 million in the subordinate lien. As of August 28, 2019, Standard & Poor's rated senior-lien bonds outstanding as AAA/stable and subordinate-lien bonds outstanding as AAA/stable. As of August 29, 2019, Moody's rated senior lien bonds outstanding Aa1/stable and subordinate lien bonds outstanding Aa2/stable.

NEW MEXICO FINANCE AUTHORITY

Budget for Fiscal Years 2018 thru 2020

	FY 2018		FY 2019		FY 2020		Budget to	Budget to
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>FY 2019 Actual</u>	<u>FY 2019 Budget</u>	
Revenues								
Interest income from loans	\$ 52,732,085	\$ 50,600,000	\$ 50,625,953	\$ 51,600,000		2%		2%
Grant Revenue	40,589,738	44,338,400	31,452,200	44,600,000		42%		1%
Appropriation revenue	36,463,733	38,100,000	42,953,352	38,900,000		-9%		2%
Administrative fees revenue	5,460,694	3,488,000	6,403,922	3,500,000		-45%		0%
Interest income from investments	2,964,201	1,190,000	7,919,934	2,850,000		-64%		139%
Total Revenues	\$ 138,210,451	\$ 137,716,400	\$ 139,355,361	\$ 141,450,000		2%		3%
Operating Expenses								
Salaries and benefits	4,110,925	5,037,392	4,647,382	5,338,536		15%		6%
Professional services	2,155,028	3,267,697	2,800,189	3,556,750		27%		9%
Other operating costs	1,412,046	1,340,109	870,936	1,068,699		23%		-20%
Total Operating Expenses	\$ 7,677,999	\$ 9,645,198	\$ 8,318,507	\$ 9,963,985		20%		3%
Non-operating Expenses								
Bond interest expense	45,522,536	47,000,000	57,138,658	47,000,000		-18%		0%
Bond issuance costs	1,971,034	2,000,000	1,640,333	2,000,000		22%		0%
Loan financing pass-through	7,059,254	7,000,000	12,943,547	7,000,000		-46%		0%
Grants to others	36,143,867	37,550,000	34,104,721	37,910,000		11%		1%
Provision for loan losses	534,614	-	(840,297)	-				
Other Expense		80,000	77,933	180,000		131%		125%
Capital Expenditures	21,024	75,000	420,759	276,000		-34%		268%
Interest expense	331,022	-	266,620	150,000		-44%		
Total Non-operating Expenses	\$ 91,583,351	\$ 93,705,000	\$ 105,752,274	\$ 94,516,000		-11%		1%
Total Expenses	\$ 99,261,350	\$ 103,350,198	\$ 114,070,781	\$ 104,479,985		-8%		1%
Revenue Over Expenses	\$ 38,949,101	\$ 34,366,202	\$ 25,284,580	\$ 36,970,015		46%		8%

NEW MEXICO MORTGAGE FINANCE AUTHORITY

STATUTORY AUTHORITY:

In 1975 the New Mexico Mortgage Finance Authority (MFA) 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 to make such private funds available to finance the acquisition, construction, rehabilitation, and improvement of residential housing for people 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. MFA develops its own budget approved by the board of directors and does not require legislative approval. The MFA Legislative Oversight Committee approves rules and regulations formulated by MFA and is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee 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. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

MISSION:

MFA provides innovative products, education, and services to strengthen families and communities.

MANAGED GROSS ASSETS:

MFA manages approximately \$4.3 billion in gross assets, consisting primarily of invested cash, mortgage-backed securities, a subserviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and Housing and Urban Development (HUD) rental housing properties. As an instrumentality of the state, MFA is subject to the State Audit Act.

BUDGET ISSUES:

MFA is not a state agency and does not receive an annual recurring appropriation for operations. Instead, the state mandates MFA generate its own funding to maintain operations and to carry out its duties. The primary program funding resources available to MFA are private activity bond volume cap and federal housing programs including LIHTCs, U.S. Department of Energy weatherization program funding, HUD project-based Section 8 contract administration funding, HOME Investment Partnership, National Housing Trust Fund, and state Low-Income Home Energy Assistance Program (LIHEAP). MFA also provides affordable loan funding through the housing opportunity fund, an internal revolving loan fund, and through partnerships with Wells Fargo Bank, the Small Business Investment Corporation, and U.S. Department of Agriculture Rural Development. Currently, about 2 percent of the authority's program resources are funded by state nonrecurring special appropriations, state capital outlay allocations, and state tax credits issued to qualified contributors through vouchers from the state Taxation and Revenue Department.

MFA operates on the federal fiscal year with FY20 ending September 30, 2020. MFA's operating budget for FY20 estimates revenue at \$23.5 million, an increase of \$2.8 million, or 13 percent over projected FY19 revenue. Expenses are projected at \$19.3 million, an increase of \$3 million, or 18 percent, over FY19 projected actuals. The FY20 budgeted excess revenue over expenses before purchased servicing and capital outlay is \$4.3 million and will be used for MFA's internal revolving loan fund, implementation of its strategic plan, and to meet rating agency reserve requirements. The decrease in excess revenues in comparison with FY19 projected actuals is primarily related to the estimated decrease in the single family mortgage program production due to changing market conditions as well as the addition of two full-time-equivalent staff positions to support program growth and expansion, impacts related to a growing loan portfolio, and the change to a bonding execution for funding the majority of the single family mortgage program. Issuing tax exempt bonds to fund this program provides long-term annuity revenue versus one-time, up-front transaction fee revenue. The capital budget is projected at \$4.8 million, an increase of \$1 million or 26 percent, over FY19 projected actuals and an increase of \$200 thousand, or 5 percent, over prior-year budget due to building renovations scheduled for FY20.

MFA will request recurring funding of \$300 thousand to support the oversight, training, and technical assistance of the regional housing authorities and \$250 thousand for oversight of the Affordable Housing Act. Requests through the Infrastructure Capital Improvements Plan (ICIP) process include \$10 million for the New Mexico Housing Trust Fund (provides a 24-1 return on investment), \$2 million for low-income residential energy conservation funding (weatherization) for the New Mexico EnergySmart program, \$2 million for veteran home rehabilitation (\$500 thousand in match funding needed), \$2 million to support emergency home repair, and \$500 thousand for pre-purchase homebuyer education.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

OPERATING BUDGET FY19, FY20 AND FY21 Projected (dollars in thousands)

	FY19 2018-2019 Budget	FY19 2018-2019 Projected Actuals (Unaudited)	FY20 2019-2020 Budget (Board Approved September 2019)	FY2021 2020-2021 Projected Budget
SOURCES:				
Interest on Loans	\$ 6,951,333	\$ 6,707,280	\$ 6,910,183	\$ 7,251,000
Housing Program Income	1,139,495	961,643	1,084,053	\$ 1,143,000
Administrative Fee Income	8,746,745	8,421,763	8,444,423	\$ 8,660,000
Interest on Cash/Investments	1,761,721	1,951,955	1,882,217	\$ 1,235,000
Loan Servicing Income	4,255,588	4,131,040	5,392,126	\$ 6,297,000
Other Operating Income	104,586	127,471	80,931	\$ 152,000
TOTAL OPERATING REVENUE	22,959,468	22,301,152	23,793,933	\$ 24,738,000
TOTAL NON-OPERATING REVENUE	(123,900)	(6,507)	(267,590)	(124,000)
TOTAL REVENUE	\$ 22,835,568	\$ 22,294,645	\$ 23,526,343	\$ 24,614,000
USES:				
Compensation (Salaries & Benefits)	\$ 7,939,001	\$ 7,064,126	\$ 8,457,690	8,711,000
Travel & Public Information	478,855	345,115	592,504	610,000
Office Expenses	1,008,359	1,052,347	1,275,601	1,314,000
Other Operating Expenses	5,446,320	5,117,613	4,638,026	4,777,000
Interest Expense	1,120,130	996,447	1,045,643	1,283,000
TOTAL OPERATING EXPENSES	15,992,665	14,575,648	16,009,464	16,695,000
TOTAL NON-OPERATING EXPENSES (T&TA, Program Development, Capacity Building)	450,200	156,884	693,515	501,000
TOTAL NON-CASH EXPENSES	1,516,417	1,450,836	2,384,900	2,477,000
EXPENSED ASSETS	75,170	114,248	177,670	183,000
TOTAL EXPENSES	18,034,452	16,297,616	19,265,549	19,856,000
EXCESS REVENUE OVER EXPENSES	\$ 4,801,116	\$ 5,997,029	\$ 4,260,794	\$ 4,758,000
CAPITAL OUTLAY BUDGET	\$ 4,589,747	\$ 3,841,135	\$ 4,834,359	4,000,000
TOTAL FTE POSITIONS	81.5	78.36	83.5	83.5

PERFORMANCE MEASURES (dollars in millions)

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Projected	FY20 Budget
Average financial assets	\$961,381,000	\$938,573,000	\$ 1,017,743,000	\$1,248,070,000	\$ 1,485,653,000
Average assets under management	\$2,596,522,000	\$2,876,475,000	\$ 3,352,458,000	\$4,281,203,000	\$ 4,623,786,000
Funds disbursed through:					
Federal and state programs	\$42,970,000	\$43,095,000	\$ 44,686,000	\$49,256,000	\$ 49,256,000
MFA programs	\$10,908,000	\$13,014,000	\$ 16,721,000	\$13,666,000	\$ 13,191,000
General fund non-operating	\$965,000	\$793,000	\$ 701,000	\$157,000	\$ 694,000
Single-family first mortgage Loans:					
Number of units purchased	2,264	2,426	2,846	2,757	2,187
Dollar of loans purchased	\$307,572,000	\$348,015,000	\$ 419,845,000	\$415,821,000	350,000,000
Multi-family loans and bonds closed and tax credits allocated:					
Number of units	1,614	1,594	588	1,033	1,000
Dollar of loans and subsidies	\$25,966,000	\$41,092,000	\$ 11,746,000	\$39,648,000	\$ 32,900,000
Housing programs:					
Homeless persons served	5,866	8,820	8,680	10,625	10,000
Single family homeowner rehab (units)	1,444	954	782	600	700

NEW MEXICO LOTTERY AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Lottery Act, Sections 6-24-1 through 6-24-34 NMSA 1978, created the New Mexico Lottery Authority (NMLA) to establish and provide a fair and honest state lottery for entertainment of the public and to provide tuition assistance for undergraduates attending New Mexico postsecondary institutions. The authority is governed by a seven-member board, appointed by the governor with the advice and consent of the Senate. The act requires the board to appoint a chief executive officer to manage and direct the operation of the lottery and all administrative and technical activities of the authority, among other duties.

The New Mexico Lottery Act requires NMLA to present its budget to the Department of Finance and Administration and to the Legislative Finance Committee (LFC) by December 1. The lottery is not a state agency, but the act provides that LFC has oversight over the operations of NMLA. The act also requires LFC to periodically review and evaluate NMLA accomplishments and operations. LFC is authorized to conduct an independent audit or investigation of the lottery or NMLA.

MISSION:

The mission of the New Mexico Lottery Authority is to maximize revenues for tuition assistance for New Mexico undergraduates by conducting a fair and honest lottery for the entertainment of the public.

BUDGET ISSUES:

The Lottery Authority increased revenue by 7.2 percent in FY19, an increase of \$9.6 million over the FY18 actuals, to \$143.7 million. However, for FY20, NMLA projects a decrease of \$8 million to \$135.7 million, given the evaporating euphoria for national draw games after the \$1.5 billion Mega Millions jackpot last year, which added \$12 million in higher-than-expected revenue. Unlike Mega Millions, Powerball ticket sales did not meet sales targets in FY19, a result of jackpot fatigue. Jackpot fatigue is a name for the lottery industry trend of players becoming less interested in national lottery games, unless the jackpots rise to mammoth levels. In FY19, Mega Millions set records; projections for ticket sales in FY20, however, are down by \$10.5 million. NMLA mitigates the revenue volatility brought on from national draw games with creative promotions, such as offering a New Year's Eve trip to New York City and a chance to win \$1 million or adding new games series to existing products such as a new Pick 4 game offered in February 2019. With the new initiatives, the Lottery Authority estimates revenue levels near FY18 actuals, or nearly \$1 million more in ticket sales in FY20.

Game expenses – which include prize payouts and operating expenses – will increase in the FY20 budget but remain within FY19 levels at 66.8 percent of gross revenues. The Lottery Act defines operating expenses as everything except prize expense. Operating expense, 16.3 percent in FY19, is budgeted at 16.7 percent of gross revenues in FY20. The largest game expenses – retailer commissions and vendor fees – are contractually set as a percentage of sales. The Lottery Authority operating costs are estimated at 3.2 percent of gross revenues in FY20, the same as the prior year. NMLA seeks to add four new positions in FY20 to fill identified gaps for succession planning.

PERFORMANCE ISSUES:

In FY19, the Lottery Authority distributed \$43.1 million to the legislative lottery scholarship fund, the fourth-highest distribution in its history. The four highest years coincide with mammoth jackpots in the national draw games, either Power Ball or Mega Millions, with level or increasing instant ticket scratcher sales. NMLA has distributed more than \$822 million to the state of New Mexico for education since inception.

The Lottery Authority struggles to manage its monthly cash flow because of statutory constraints: (1) Lottery prizes must be at least 50 percent of annual revenues and (2) monthly distributions to the lottery tuition fund must be equal to 30 percent of gross revenues. In one way, NMLA has managed through these constraints by using fund balance from the unclaimed prize fund to offset those months when operational expenses exceed the projected annual 50 percent prize requirement and 30 percent gross revenue distribution. In another way, NMLA reports it has had to limit its game offerings to reduce operating costs. NMLA asserts its ability to earn additional revenue through increased ticket sales is constrained by these cash-flow issues, and particularly by the requirement to transfer 30 percent of gross revenues to the lottery tuition fund monthly. According to the Lottery Authority, having flexibility to manage cash will grow revenue through instant ticket sales. Constituting more than 50 percent of gross revenues, instant scratcher tickets can be the foundation for year-over-year sales growth. However, the Lottery Authority is unable to expand to more lucrative ticket products, such as a \$20 game, given constraints on its cash flow.

NEW MEXICO LOTTERY AUTHORITY

	2019 Consolidated Original Annual Budget	2019 Consolidated Income Statement	2020 Consolidated Original Annual Budget
OPERATING REVENUES			
Instant ticket sales	\$ 72,344,000	\$ 74,941,122	\$ 76,103,500
Pow erball sales	28,499,000	26,926,003	27,849,500
Mega Millions sales	10,499,500	22,539,843	11,999,500
Roadrunner Cash sales	6,999,500	7,293,605	7,499,500
Lotto America sales	3,999,500	4,462,937	3,899,500
Pick 3 sales	4,499,500	5,476,632	5,199,500
Pick 4 Sales	1,800,000	1,060,208	2,299,500
Lucky Numbers Bingo sales	119,500	70,514	-
Fast Play (Quickster) sales	739,500	859,871	799,500
Net ticket sales	<u>129,500,000</u>	<u>143,630,735</u>	<u>135,650,000</u>
Retailer fees	12,000	20,200	8,000
Bad debts	(24,000)	-	(24,000)
Total operating revenues	<u>129,488,000</u>	<u>143,650,935</u>	<u>135,634,000</u>
NON-OPERATING REVENUES			
Interest income	12,000	25,893	14,000
Other income	-	13,396	-
Total non-operating revenues	<u>12,000</u>	<u>39,289</u>	<u>14,000</u>
GROSS REVENUES	<u>129,500,000</u>	<u>143,690,224</u>	<u>135,648,000</u>
GAME EXPENSES			
Prize expense	68,738,000	77,040,374	72,282,000
Retailer commissions	8,600,000	9,287,586	9,021,000
On-line vendor fees	4,721,000	5,172,755	4,961,000
Advertising	2,350,000	1,958,039	2,100,000
Ticket vendor fees	1,250,000	1,181,407	1,370,000
Promotions	187,000	105,324	185,000
Retailer equipment	179,000	111,435	204,000
Shipping and postage	336,000	327,190	352,000
Responsible gaming	75,000	70,000	75,000
Game membership	87,000	43,136	80,000
Total game expenses	<u>86,523,000</u>	<u>95,297,246</u>	<u>90,630,000</u>
OPERATING EXPENSES			
Salaries, w ages and benefits	2,942,000	2,701,925	3,106,000
Leases and insurance	120,000	111,427	121,000
Utilities and maintenance	335,000	255,174	319,000
Depreciation and amortization	241,000	212,369	267,000
Professional fees	180,000	135,867	191,000
Other	136,000	84,313	156,000
Materials and supplies	92,000	67,005	84,000
Travel	66,000	19,726	72,000
Operational reserve fund	-	1,681,000	-
Total operating expenses	<u>4,112,000</u>	<u>5,268,806</u>	<u>4,316,000</u>
OPERATING INCOME	<u>38,853,000</u>	<u>43,084,883</u>	<u>40,688,000</u>
NON-OPERATING EXPENSE			
Interest expense	15,000	14,233	7,000
Total non-operating expenses	<u>15,000</u>	<u>14,233</u>	<u>7,000</u>
NET INCOME	<u>\$ 38,850,000</u>	<u>\$ 43,109,939</u>	<u>\$ 40,695,000</u>
	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>

Source: NMLA

RENEWABLE ENERGY TRANSMISSION AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Renewable Energy Transmission Authority Act, Section 62-16A-1 through 62-16A-16 NMSA 1978, established the Renewable Energy Transmission Authority (RETA) to create a government instrumentality to finance or plan the acquisition, maintenance, and operation of certain electric transmission facilities and storage facilities within New Mexico.

RETA, a quasi-governmental agency, is governed by a seven-member board and has oversight from the New Mexico Finance Authority Oversight Committee. 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 treasurer or designee and the secretary of the Energy, Minerals and Natural Resources Department (EMNRD), a nonvoting member. RETA is 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.

MISSION:

RETA's primary focus is on developing renewable-energy transmission infrastructure. When the Renewable Energy Transmission Authority Act was passed, EMNRD cited the lack of transmission capacity as the most significant factor limiting wind development in the West. Through RETA, New Mexico is taking action to create a complementary industry to its oil and gas markets by addressing the transmission impediment to large scale renewable energy development through the construction of transmission infrastructure, assisting the development of alternative energy sources, and increasing economic development opportunities for businesses and landowners.

AT A GLANCE:

Initially, RETA's budget was composed of prior-year general fund appropriations to EMNRD and transferred to the agency's nonreverting renewable energy transmission authority operating fund with the intent that the agency become self-supporting through project fee revenue. RETA received general fund appropriations in FY14 and FY15 to support operations. The governor vetoed special appropriations for RETA in FY16 (\$200 thousand), FY17 (\$100 thousand), FY18 (\$50 thousand), and FY19 (\$100 thousand). However, RETA secured a commitment for funding from one of its project partners. Since FY10, RETA has received over \$1 million in private funding. In FY20, RETA received \$675 thousand in general fund appropriations including \$400 thousand to study renewable energy transmission and storage. RETA requested a \$425 thousand special appropriation for FY21 to cover operational expenses, including for the personal services and employee benefits category for a director and one engineer.

BUDGET ISSUES:

RETA and Clean Line Energy have worked for years to develop the Western Spirit Line, a 140-mile transmission project to carry up to 1,500 megawatts of renewable power developed in east-central New Mexico to northwestern New Mexico for delivery to markets in other western states. In 2016, the Federal Energy Regulatory Commission (FERC) issued an order authorizing Clean Line Energy to charge negotiated rates for the Western Spirit line. The order notes RETA will own and jointly develop the project with Clean Line. This high voltage transmission project will originate in Torrance County and run to the Public Service Company of New Mexico's (PNM) Rio Puerco substation outside Albuquerque, going through over 400 landowner's properties, and have a capacity of 1,000 megawatts. Clean Line anticipates development and construction could begin by 2020 at a cost of approximately \$150 million and that the line will facilitate over \$1 billion of investment in electricity generation that otherwise could not be built due to existing grid limitations. In October 2019, the Public Regulation Commission (PRC) approved PNM's acquisition of Western Spirit at an estimated cost of \$359 million.

SunZia is likely the most well-known renewable transmission project proposed in New Mexico, and its developers executed a memorandum of understanding in 2017. PRC has approved SunZia's right-of-way width filing; however, it has not approved the location. The project has received licenses and permits in Arizona, but it still needs approvals from PRC, the State Land Office, the Middle Rio Grande Conservancy District, and the U.S. Army Corps of Engineers. In addition, the U.S. Bureau of Land Management must approve SunZia's development plans, including detailed avian protection and migratory bird conservation measures along the Rio Grande, before allowing the project to proceed. Right-of-way acquisition is 88 percent complete with property owners. With many approvals still pending the project is estimated to be complete and placed in service by 2023.

While RETA does not pay for the development of transmission lines, project partners receive a number of benefits, including exemptions from PRC jurisdiction, certain state taxes, and eminent domain authority. With these incentives, investors have been willing to enter into lease agreements with RETA. However, those lease agreements have not been made public. By statute, any lease revenues in excess of what is needed for debt service payments on bonds issued for transmission construction are transferred to RETA's operational fund. Similar to other state instrumentalities, RETA should provide full public disclosure of its financial transactions and conditions. Once complete, the Western Spirit Clean Line project could generate annual lease payments that exceed what is currently needed for RETA's operations. These surplus funds could remain in RETA's operating fund to offset budgetary needs and assist in financing future projects, or the Legislature could amend the Renewable Energy Transmission Authority Act to direct this surplus revenue to the general fund.

CAPITAL OUTLAY

HIGHLIGHTS:

State agencies, higher education institutions, and special and tribal schools requested more than \$1.1 billion for more than 300 capital projects. The LFC staff framework developed for funding consideration by the Legislature included site visits, review of infrastructure capital improvement plans, monthly meetings with major departments, and testimony at interim hearings. Projects were assessed on whether they represent a critical investment in state assets, including whether they could eliminate potential health and safety issues or prevent deterioration of assets, to include projects of cultural or historical significance; are prioritized within a five-year infrastructure capital improvement plan (ICIP); could impact future operating costs and savings; or are related to direct services to the general public.

The following summaries reflect the projects requested by major state agencies, higher education institutions, senior citizen centers, and special and tribal schools. The LFC framework for capital requests from all state funding sources is listed in Volume III.

Aging and Long-Term Services Department. The Aging and Long Term Service Department (ALTS) received 164 capital outlay requests totaling \$78 million from senior programs statewide. ALTS and area agencies on aging rated and recommended \$33 million to address code compliance, renovations, new construction, specialized vehicles, and other equipment for senior centers statewide. Of the \$33 million, \$15.9 million is recommended for new construction. Nearly \$12 million is recommended for senior centers located within the Navajo Nation. *The LFC framework supports the recommended \$33 million.* The recommended projects, by category and county, are listed in Volume III.

Libraries. The New Mexico Library Association requested \$17.5 million on behalf of public libraries, public school libraries, academic libraries, and tribal public libraries statewide. Public libraries, public school libraries, and tribal libraries propose to allocate from funds based on population and full-time-equivalent student enrollment. New Mexico colleges and universities will apply funds toward electronic resources (academic journals, electronic reference books, electronic books, educational films, etc.) to provide access to students regardless of institution or course work, particularly in rural areas. *The LFC framework supports \$3 million each for public libraries, public school libraries, and academic libraries; and \$500,000 for tribal libraries.*

Higher Education Department and Special Schools. HED held hearings, attended by Department of Finance and Administration and LFC staff, in Alamogordo, Albuquerque, Española, Roswell, and Crownpoint. Secondary institutions, special schools, and tribal institutions requested \$301 million from general obligation fund (GOB) capacity for 61 infrastructure projects statewide. Following the hearings, staff prioritized projects for the most critical infrastructure needs impacting the health and safety of the students, faculty, and the general public. Other criteria considered was the completion of the project, funding from other sources, programmatic use of the facility, student enrollment trends, and space utilization for instructional and general needs. *HED recommends \$154.8 million for 31 projects from general obligation bonds; the LFC framework supports \$153.3 million for 39 projects.*

University of New Mexico Health Sciences Center. The Health Sciences Center (HSC) requested \$30 million to plan, design, construct and equip a 84.5 thousand square foot space to accommodate an increased undergraduate enrollment for the College of Nursing and College of Population Health. The current building was built in 1977 and lacks technical and operational requirements, and the program is currently spread across four buildings, including one in Rio Rancho. Integrating the faculty and staff will improve collaboration, resulting in joint classes, dual majors, and new combined degrees. *The LFC framework supports the \$30 million request.*

New Mexico State University. The university requested \$25 million for phase two of construction of the science and engineering facilities for agricultural research, which will include interdisciplinary laboratories. Phase two includes a pavilion, animal physiology and metabolism facility, equine paddocks, water conservation and rangeland ecology facility, and biomedical research buildings. *The LFC framework supports \$18.8 million for the Agricultural Center, \$3.4 million for infrastructure upgrades to the technology building, and \$3 million for upgrades to agricultural science centers statewide.*

Public Education Department. The department requested \$9.4 million to purchase and equip district-owned school buses, school bus cameras, and infrastructure for fueling and charging stations for alternative-fuel school buses statewide. In accordance with Section 22-8-27, NMSA 1978, buses are required to be replaced every 12 years, especially older buses with high mileage. *The LFC framework supports nearly \$9.2 million authorized from the public school capital outlay fund to purchase and equip buses and fueling and charging stations as well as \$252.4 thousand from the general fund for school bus cameras.*

CAPITAL OUTLAY

Public School Facilities Authority. The LFC framework supports \$25 million from the public school capital outlay fund, contingent on approval by the public school capital outlay council, for retroactive awards for previously awarded standards-based schools at school districts that have a state match requirement calculated pursuant to Section 22-24-5 NMSA 1978 of the Public School Capital Outlay Act that is greater than 50 percent; provided that funds shall be prioritized to school districts that receive federal impact aid funds for students residing on Indian lands. Awards shall be targeted to facility projects that are currently within the adequacy standards that were not within the adequacy standards at the time of a previous award, teacher housing, and, for school districts that receive significant federal impact aid funds for students residing on Indian lands, other facilities for which the Public School Capital Outlay Act typically does not provide matching funds.

Corrections Department. The department requested \$46.4 million for heating, ventilation, and air conditioning (HVAC) systems and for security, maintenance, repairs, and equipment at facilities statewide. The department operates six public prison campuses totaling 2.5 million square feet, ranging in age from 33 to more than 70 years old, and housing over 6,900 inmates. *The LFC framework supports \$18 million to address the most critical infrastructure needs impacting the health and safety of the staff and the inmates.*

Cultural Affairs Department. The department requested \$18.7 million for the preservation and maintenance of museums and monuments statewide, including exhibits and equipment. The department is responsible for over 190 buildings with over 1.4 million square feet housing irreplaceable art and artifacts. *The LFC framework supports \$6 million to address priority infrastructure needs identified by the department at museums and monuments statewide and \$500 thousand in general fund for rural libraries statewide.*

Department of Health. The department requested \$27.7 million to address patient health and safety issues impacted by aged infrastructure and a backlog of maintenance needs, including incomplete ongoing projects, prioritized by the department. The funds will address infrastructure and environment issues required to meet compliance by the Joint Commission, the state fire marshal, and the state Health Facility Licensing and Certification Bureau. *The LFC framework proposes \$12 million for Department of Health facilities statewide.*

Department of Public Safety. The Department of Public Safety (DPS) requested \$31.1 million for a new state police office in Santa Fe County, for firing range upgrades at the Law Enforcement Academy, and for renovation and maintenance of DPS facilities statewide. *The LFC framework proposes \$16.6 million for district office upgrades statewide, of which \$9 million is for a new district office in Santa Fe.*

General Services Department. The General Services Department (GSD) requested \$352.6 million to address major renovations and repairs, unforeseen emergencies, demolition and decommission of unused structures, and a backlog of maintenance needs at state-owned facilities statewide. GSD's Facilities Management Division is responsible for the repairs and maintenance of 800 buildings with more than 6.8 million square feet of space throughout the state. Much of the mechanical and electrical infrastructure within the buildings are at the end of their warranties and life cycle. *The LFC framework proposes \$19 million to address the most critical needs to preserve and restore state-owned facilities statewide as well as \$2 million in general fund for master planning for facilities statewide.*

