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LEGISLATIVE FINANCE COMMITTEE

LEGISLATING FOR RESULTS: Appropriation Recommendations

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January, 2021

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BUDGET SUMMARY
(Dollars in Thousands)

USES	FY20 2019-2020 Actuals	FY21 Operating Budget	FY22		
			Agency Request	LFC Recommend- ation	Percent Incr/(Decr) Over FY21
111 Legislative Council Service	5,501.9	6,200.9	6,045.9	6,200.9	0.0%
112 Legislative Finance Committee	4,337.7	4,432.8	4,315.0	4,432.8	0.0%
114 Senate Chief Clerk	995.7	1,542.8	1,504.3	1,542.8	0.0%
115 House Chief Clerk	1,289.0	1,493.5	1,456.1	1,493.5	0.0%
117 Legislative Education Study Committee	1,088.2	1,394.1	1,364.1	1,394.1	0.0%
119 Legislative Building Services (GAA)	3,920.4	4,315.8	4,186.3	4,315.8	0.0%
131 Interim Committee Expenses	740.1	1,000.0	1,000.0	1,000.0	0.0%
131 Pre-Session Expenses	307.0	425.0	425.0	425.0	0.0%
131 Legislative Internship Program	39.9	47.5	47.5	47.5	0.0%
131 Senate Rules Interim Committee	4.0	19.1	19.1	19.1	0.0%
131 National Dues & Membership Fees	329.9	351.6	359.0	351.6	0.0%
TOTAL	\$18,553.8	\$21,223.1	\$20,722.3	\$21,223.1	0.0%
NONRECURRING					
131 Legislative Information Systems	835.5		1,264.2	1,264.2	
NONRECURRING					
2021 Legislature		*10,307.10			
2020 Legislature		5,183.20			
2019 Legislature		9,491.70			
2018 Legislature		5,654.50			
2017 Legislature		10,300.00			

*Appropriation for the 2021 60-day legislative session will be made by the Legislature in January 2020. The budgeted amount of \$10,307.1 was provided by the Legislative Council Service.

Appropriation for the 2022 30-day legislative session will be made by the Legislature in January 2022.

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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	652.0	529.9	504.0	504.0	-4.9
Other Transfers	400.0	383.7	400.0	400.0	4.2
Other Revenues	691.4	616.0	555.0	555.0	-9.9
Fund Balance	0.0	18.2	87.0	87.0	378.0
SOURCES TOTAL	1,743.4	1,547.8	1,546.0	1,546.0	-0.1
USES					
Personal Services and Employee Benefits	456.7	547.8	546.0	546.0	-0.3
Contractual Services	448.8	890.0	890.0	890.0	0.0
Other	80.7	110.0	110.0	110.0	0.0
TOTAL USES	986.2	1,547.8	1,546.0	1,546.0	-0.1
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 request reduced general fund revenue by \$25.9 thousand, or 5 percent, and increased the use of fund balances from the New Mexico Compilation Commission fund to keep the agency budget nearly flat with FY21. The agency anticipates some loss in revenue because state agencies face budget cuts and might switch to free online legal resources as opposed to purchasing printed copies of the statutes from the commission. Despite this anticipated loss in revenue, the New Mexico Compilation Commission fund is projected to have a healthy fund balance of \$884.9 thousand at the end of FY21, making it a sustainable option for agency funding in FY22 and future years. The committee recommends the request.

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

	<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory Amount of revenue collected from civil action filing fees, royalty content license to Blue360 Media, and payments by secretary of state and the taxation and revenue department for production of their respective print publications during the transition to free online public access to laws	NEW	416,722			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	897.7	879.2	835.2	857.6	-2.5
SOURCES TOTAL	897.7	879.2	835.2	857.6	-2.5
USES					
Personal Services and Employee Benefits	720.5	761.3	721.5	746.3	-2.0
Contractual Services	36.7	16.3	18.7	16.3	0.0
Other	132.7	101.6	95.0	95.0	-6.5
TOTAL USES	889.9	879.2	835.2	857.6	-2.5
FTE					
Permanent	7.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	7.0	8.0	8.0	8.0	0.0

AT A GLANCE:

The Judicial Standards Commission requested a 5 percent decrease in general fund revenue compared with the FY21 operating budget. The majority of the requested decrease was in the personal services and employee benefits category, which underfunds anticipated personnel costs by about \$40 thousand largely due to \$22.5 thousand in raises awarded just before the 2020 special session. The agency is negotiating with its lease holder to reduce office space by about half, which would reduce the \$56.2 thousand lease cost, the biggest expenditure in the other costs category. Excluding the commission's confidential hearing room, the Judicial Standards Commission's office allows about 435 square feet per-employee, well above the state standard of 215 square feet per-employee.

The committee recommendation provides \$24.8 thousand more than the agency request for personal services and employee benefits, fully funds the other costs request, and keeps the contractual services category flat with the FY21 operating budget. Combined with potential savings from reduced lease costs and vacancy savings from normal staff turnover, the recommendation prevents staff layoffs or substantial furloughs.

Out of 131 verified written complaints received in FY20, the commission found grounds for the removal or resignation of two judges.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	1	0	3	3	2

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	0	0	2	2	2

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,580.0	6,569.6	6,753.2	6,569.6	0.0
Other Revenues	0.1	1.0	0.0	1.0	0.0
SOURCES TOTAL	6,580.1	6,570.6	6,753.2	6,570.6	0.0
USES					
Personal Services and Employee Benefits	6,017.1	6,137.8	6,334.5	6,151.9	0.2
Contractual Services	96.6	26.9	24.5	24.5	-8.9
Other	466.4	405.9	394.2	394.2	-2.9
TOTAL USES	6,580.1	6,570.6	6,753.2	6,570.6	0.0
FTE					
Permanent	62.5	62.5	62.5	62.5	0.0
TOTAL FTE POSITIONS	62.5	62.5	62.5	62.5	0.0

AT A GLANCE:

The Court of Appeals requested a general fund revenue increase of \$182.6 thousand, or 2.8 percent, compared with the FY21 adjusted operating budget. The request increased the personal services and employee benefits category to make judicial salaries competitive with other state agencies and promote staff retention, especially for attorneys, and slightly decreased the contractual services and other costs categories. The committee recommendation keeps general fund revenue flat with the FY21 operating budget, fully funds the agency request for contractual services and other costs and increases the personal services and employee benefits category by \$14.1 thousand to allow the court to recruit and retain staff attorneys.

In FY20, the Court of Appeals disposition rate was 103 percent, down from a historic high of 114 percent in FY19. The court has struggled with case backlogs over the past three years due to high turnover rates for staff and judges but substantially decreased the number of cases awaiting review from 351 to 206 after implementing major organizational and processing changes.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of cases disposed as a percent of cases filed	91%	95%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	TBD	504	220	220	220
Outcome	Days to disposition for civil cases	TBD	609	180	180	180
Outcome	Days to disposition for criminal cases	TBD	664	180	180	180
Outcome	Age of active pending criminal cases, in days	TBD	516	180	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 with superintending control over all lower courts. The Supreme Court also has the power to issue writs.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY22 – 2021-2022</u>				
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	6,473.9	6,267.7	6,481.8	6,267.7	0.0
Other Revenues	0.0	1.5	1.5	1.5	0.0
SOURCES TOTAL	6,473.9	6,269.2	6,483.3	6,269.2	0.0
USES					
Personal Services and Employee Benefits	4,870.8	5,427.8	5,439.8	5,415.2	-0.2
Contractual Services	111.2	87.2	54.0	54.0	-38.1
Other	1,264.9	754.2	989.5	800.0	6.1
TOTAL USES	6,246.9	6,269.2	6,483.3	6,269.2	0.0
FTE					
Permanent	58.0	61.0	61.0	61.0	0.0
TOTAL FTE POSITIONS	58.0	61.0	61.0	61.0	0.0

AT A GLANCE:

The New Mexico Supreme Court requested a general fund revenue increase of \$214.1 thousand, or 3.4 percent, from the FY21 operating budget. The request slightly increased the personal services and employee benefits category by \$12 thousand and decreased contractual services by about 38 percent. The majority of the requested increase was \$235 thousand, or 31 percent, in the other category for new IT costs and maintenance of the Supreme Court Law Library, which the Supreme Court absorbed in 2018. The Supreme Court, as the superintending authority of the judiciary, requested all courts continue to receive line-item appropriations and proposed language for the General Appropriation Act (GAA) allowing interagency transfers between judicial entities.

BUDGET ISSUES:

FY22 Judicial Unified Budget, the New Mexico Supreme Court prioritized restoring statewide, district, and metropolitan courts to original FY21 funding levels, essentially undoing the solvency measures taken during the 2020 special legislative session. The Supreme Court holds that any reduction in court funding will hinder the ability of the judiciary to provide timely and accessible justice, especially during the Covid-19 public health emergency.

In addition to budget increases, the Supreme Court plans to advocate for language in the GAA providing the Supreme Court with the authority to move funds between courts and the Administrative Office of the Courts for emergencies, such as those experienced at the start of the Covid-19 public health crisis. This authority for interagency transfer, in combination with the line-item appropriation that courts already enjoy, would grant the judicial branch unprecedented budgetary independence. At this time, the committee does not recommend language providing the Supreme Court with this authority.

In the 2018 legislative session, the budgets for the Supreme Court Building Commission and the Supreme Court Law Library were combined into a single recurring appropriation to the Supreme Court. The court requested continuation of this practice in FY22 and requested a sizable increase in the other costs category to support maintaining updated licenses and legal documents for the Supreme Court Law Library, one of only two public law libraries in the state.

Although not a part of the Judicial Unified Budget and, therefore, not included in any court budget request, the Judicial Compensation Commission (JCC) recommended a 2 percent cost-of-living increase to judge salaries. The recommended salary increase is the first phase in a five-year plan to raise judge base salaries to \$165 thousand 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 is approximately \$590 thousand in recurring general fund revenue.

The committee recommendation keeps general fund flat with the FY21 operating budget, which fully funding the agency request for contractual services and increases the other costs category 6.1 percent over the FY21 operating budget to more closely reflect actual spending in the category. For the personal services and employee benefits category, the LFC recommendation is \$12.6 thousand, or 0.2 percent, below the FY21 operating budget, which still leaves the agency with five fully funded vacant positions.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of cases disposed as a percent of cases filed	131%	101%	100%	100%	100%
Outcome	Days to disposition for criminal cases	TBD	TBD	180	180	180
Outcome	Age of active pending criminal cases, in days	TBD	TBD	365	480	365
Outcome	Age of active pending civil cases, in days	TBD	TBD	180	180	180
Outcome	Days to disposition for civil cases	TBD	TBD	420	420	420

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 the special court services.

BUDGET SUMMARY (dollars in thousands)					
	FY22 – 2021-2022				
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	37,419.5	38,456.5	39,548.9	36,821.9	-4.3
Other Transfers	3,364.7	3,756.1	3,756.1	3,756.1	0.0
Federal Revenues	1,445.7	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	7,899.3	11,063.6	11,013.6	11,063.6	0.0
Fund Balance	501.0	213.5	3,329.5	4,464.3	1,991.0
SOURCES TOTAL	50,630.2	55,820.3	59,978.7	58,436.5	4.7
USES					
Personal Services and Employee Benefits	15,754.4	18,794.7	19,417.5	18,240.9	-2.9
Contractual Services	12,528.3	13,702.2	16,126.2	16,409.2	19.8
Other	17,077.4	21,807.5	22,855.6	22,218.6	1.9
Other Financing Uses	1,517.8	1,515.9	1,579.4	1,567.8	3.4
TOTAL USES	46,877.9	55,820.3	59,978.7	58,436.5	4.7
FTE					
Permanent	155.8	139.0	137.5	137.5	-1.1
Term	49.5	32.0	36.0	33.5	4.7
TOTAL FTE POSITIONS	205.3	171.0	173.5	171.0	0.0

AT A GLANCE:

The Administrative Office of the Courts requested an overall budget of \$58.9 million. Of the request, \$39.5 million, or 4.2 percent over the FY20 operating budget, was from general fund revenues. The agency kept federal revenues, other transfers, and other revenues flat and requested a significant increase in fund balances to support ongoing agency projects. AOC requested a general fund revenue increase of \$1.1 million in the Special Court Services Program for pretrial services and an increase of \$11.1 thousand in the Statewide Judiciary Automation Program for IT equipment. For all other programs, AOC kept general fund revenue flat with FY21 and increased nonreverting fund balance.

The committee recommendation decreases general fund revenue by \$1.1 million, or 4.3 percent compared with the FY21 operating budget, and increases the use of fund balance by \$1.3 million above the agency request, for an overall increase of 4.7 percent. The increased use of fund balance supports court accessibility initiatives and drug court programs statewide, as well as new magistrate court leases, which are still handled by AOC.

BUDGET ISSUES:

The Administrative Office of the Courts participates in the judicial unified budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. Though the Supreme Court set guidelines allowing judicial agencies to request general fund appropriations up to their original appropriation in the 2020 General Appropriation Act, the Supreme Court emphasized that the top priority of the FY22 Judicial Unified Budget, which only accounts for general fund, was to restore full funding for the district judgeships established in statute in the 1st, 2nd, 3rd, and 12th judicial districts. The committee recommendation similarly prioritizes providing general fund revenue for the judgeships, and increases the use of non-reverting fund balance from AOC to offset general fund reductions.

Administrative Services. For the Administrative Services Program, the agency requested an increase of \$2 million, or 11.8 percent, entirely from nonreverting fund balances from the jury and witness fee fund and the language access fund. The requested increase was primarily in the contractual services category for initiatives to improve access to the justice system, including translation services and a new virtual court navigation tool. Additionally, AOC requested the transfer of 3.5 term FTE from the Administrative Services Program to the Special Court Services Program to work on pretrial services. The committee recommendation fully supports the agency request for federal and other revenues but decreases general fund revenue by \$925 thousand and increases the amount budgeted from the jury and witness and language access funds by \$375 thousand and \$550 thousand, respectively, over the agency request to offset the general fund reduction. Both funds are projected to have balances of \$2.5 million or greater at the end of FY21, sufficient to support the committee recommendation. The committee recommendation supports the transfer of 3.5 FTE to the Special Court Services Program.

Statewide Judiciary Automation. The request for the Statewide Judiciary Automation program increased general fund revenue by \$11.2 thousand, or 0.2 percent, for rate increases and kept all other funding sources flat with the FY21 operating budget. The request also transfers 1 FTE from the Statewide Automation Program to the Special Court Services program to support pretrial services. The committee recommendation keeps all funding levels flat with the FY21 operating budget and supports the agency request to transfer 1 FTE to the Special Court Services Program. LFC analysis shows the small rate increase can easily be absorbed by funded vacancies within the program.

Magistrate Court. During the 2020 first special legislative session, the Legislature appropriated \$500 thousand in general fund revenue to AOC to support newly created judgeships in the 1st, 2nd, 3rd, and 12th judicial district courts. For FY22, the Magistrate Court Program request reduced general fund revenue by \$500 thousand, and the respective districts requested recurring funding for the new judges. The request also included a general fund increase of \$132 thousand for new and increased magistrate lease costs, for an overall general fund revenue decrease of \$338 thousand. The request also transfers 5 FTE to the Special Court Services Program to support drug courts. The committee recommendation reduces general fund revenue by a total of \$709 thousand and increases use of nonreverting fund balances from the warrant enforcement fund by \$209 thousand to offset general fund loss and supports the requested FTE transfer.

Special Court Services. Of the total \$1.5 million general fund increase requested by AOC, \$1.1 million was for the Special Court Services Program to support new and existing pretrial services programs in district courts. Pretrial services, which provide in-house drug testing, screening, and reporting on defendants to inform judges and improve appearance rates, were a top priority of the FY21 Unified Judiciary Budget, and the requested increase restores funding for pretrial services to levels in the 2020 General Appropriation Act. The request also increases the use of restricted fund balances by \$971 thousand for water adjudication, judges pro tempore, and drug courts. For FTE, the agency requested the transfer of 12.5 FTE from other programs to the Special Court Services Program, and an additional 2.5 FTE in the program for a financial specialist, program manager, and part-time data entry clerk. The committee recommendation keeps general fund revenue and other transfers flat with the FY21 operating budget and supports the agency request to increase the use of fund balances. The recommendation supports the transfer of 9.5 FTE from other programs to the Special Court Services Program for pretrial and drug court services but does not recommend an additional 2.5 FTE.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,568.4	10,806.6	10,806.6	9,881.6	-8.6
Other Transfers	351.2	813.6	813.6	813.6	0.0
Federal Revenues	1,445.7	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	1,750.7	2,125.0	2,125.0	2,125.0	0.0
Fund Balance	0.0	163.5	2,208.5	3,133.7	1,816.6
SOURCES TOTAL	14,116.0	16,239.3	18,284.3	18,284.5	12.6
USES					
Personal Services and Employee Benefits	5,786.3	5,909.0	5,828.8	5,919.0	0.2

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
USES					
Contractual Services	1,927.9	1,688.7	3,470.9	3,470.9	105.5
Other	5,233.3	8,641.6	8,984.6	8,894.6	2.9
TOTAL USES	12,947.5	16,239.3	18,284.3	18,284.5	12.6
FTE					
Permanent	50.8	56.0	55.0	55.0	-1.8
Term	2.0	3.5	0.0	0.0	-100.0
TOTAL FTE POSITIONS	52.8	59.5	55.0	55.0	-7.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Average cost per juror	\$41.05	\$49.17	\$55	\$55	\$55
Explanatory	Number of jury trials	955	216			
Efficiency	Average interpreter cost per session	\$157.47	\$117.07	\$150	\$150	\$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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,089.5	5,200.7	5,211.9	5,200.7	0.0
Other Revenues	3,602.4	5,291.4	5,291.4	5,291.4	0.0
SOURCES TOTAL	8,691.9	10,492.1	10,503.3	10,492.1	0.0
USES					
Personal Services and Employee Benefits	5,980.5	6,862.8	6,881.4	6,862.8	0.0
Contractual Services	251.4	907.5	900.0	907.5	0.0
Other	2,164.8	2,721.8	2,721.9	2,721.8	0.0
TOTAL USES	8,396.7	10,492.1	10,503.3	10,492.1	0.0
FTE					
Permanent	56.5	53.0	52.0	52.0	-1.9
Term	5.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	61.5	59.0	58.0	58.0	-1.7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Average time to respond to customer service requests, in days	NEW	.33	1	1	1
Efficiency	Average time to resolve customer service requests, in days	NEW	.60	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)

			<u>FY22 - 2021-2022</u>		
	FY20	FY21	Agency	LFC	Percent
	2019-2020	2020-2021	Request	Recommendation	Incr
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	10,291.6	11,015.0	10,646.4	10,305.4	-6.4
Other Revenues	2,546.2	3,647.2	3,597.2	3,647.2	0.0
Fund Balance	0.0	50.0	150.0	359.6	619.2
SOURCES TOTAL	12,837.8	14,712.2	14,393.6	14,312.2	-2.7
USES					
Personal Services and Employee Benefits	2,619.1	4,185.0	3,621.2	3,621.2	-13.5
Contractual Services	572.8	520.2	525.9	525.9	1.1
Other	9,321.5	10,007.0	10,246.5	10,165.1	1.6
TOTAL USES	12,513.4	14,712.2	14,393.6	14,312.2	-2.7
FTE					
Permanent	14.0	15.0	10.0	10.0	-33.3
Term	42.5	22.0	22.5	22.5	2.3
TOTAL FTE POSITIONS	56.5	37.0	32.5	32.5	-12.2

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Explanatory	Number of desk audits completed	NEW	NEW			
Explanatory	Number of 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 2020-22

	FY20 Actuals	FY21 Budget	FY22 Agency Request	FY22 LFC Recommendation	Percent incr (decr)
SOURCES					
General fund transfers	11,631.5	11,434.2	12,884.0	11,434.2	-1.7%
Other transfers	3,013.5	2,942.5	2,942.5	2,942.5	-2.4%
Federal program revenues	-	-	-	-	
Other program revenues	-	-	-	-	
General revenues	-	-	-	-	
Fund balance	501.0	-	971.0	971.0	93.8%
TOTAL REVENUE	15,146.0	14,376.7	16,797.5	15,347.7	6.8%
USES					
(a) CASA	1,356.7	1,398.4	1,453.4	1,398.4	0.0%
(b) Supervised Visitation	884.3	849.2	885.5	849.2	0.0%
(c) Water Rights	351.8	423.0	924.0	924.0	118.4%
(d) Court-appointed Attorneys	6,382.4	6,213.5	6,438.5	6,213.5	0.0%
(e) Children's Mediation	276.2	275.7	286.7	275.7	0.0%
(f) Judge' Pro Temp	11.8	29.1	99.1	99.1	240.5%
(g) Access to Justice	117.9	124.8	129.8	124.8	0.0%
(h) Statewide Alternative Dispute Resolution	100.2	195.4	303.4	195.4	0.0%
(i) Drug Court	1,491.4	1,433.8	1,493.3	1,433.8	0.0%
(j) AOC Drug Court Fund	1,424.7	2,519.5	2,919.5	2,919.5	15.9%
(k) Pre-Trial	622.9	914.3	1,864.3	914.3	0.0%
Other expenditures					
TOTAL EXPENDITURES	13,020.3	14,376.7	16,797.5	15,347.7	6.8%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Number of monthly supervised child visitations and exchanges conducted	975	951			
Outcome	Statewide recidivism rate for drug court participants	16%	18%	12%	12%	12%
Outcome	Three-year intent-to-treat recidivism rate of drug court program participants (statewide)	21%	23%	25%	25%	25%
Outcome	Employment rate of adult drug court program graduates for current fiscal year (statewide)	92%	97%	90%	90%	95%
Outcome	Education rate of juvenile drug court program graduates for current fiscal year (statewide)	100%	100%	100%	100%	100%
Outcome	Recidivism rate for driving-while-intoxicated court participants (statewide)	8%	7%	10%	10%	10%
Explanatory	Graduation rate for drug court participants (statewide)	51%	59%			
Explanatory	Graduation rate for driving-while-intoxicated court participants (statewide)	73%	80%			
Explanatory	Cost per client per day for all drug court participants	\$51.29	\$25.38			
Explanatory	Percent of children who achieve legal permanency within twelve to eighteen months from the date the petition is filed in an abuse and neglect case	NEW	NEW			
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	372	280			
Outcome	Average time to completed adjudication in abuse and neglect cases, in days	NEW	124	180	180	150

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 10 years, 26 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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	105,990.3	107,337.2	110,833.7	109,124.7	1.7
Other Transfers	7,033.3	7,280.1	7,463.8	8,053.3	10.6
Federal Revenues	351.7	396.2	397.3	397.3	0.3
Other Revenues	4,042.9	4,797.8	4,609.4	4,696.9	-2.1
Fund Balance	871.0	1,028.3	1,251.6	1,280.3	24.5
SOURCES TOTAL	118,289.2	120,839.6	124,555.8	123,552.5	2.2
USES					
Personal Services and Employee Benefits	103,234.7	106,949.8	109,887.7	48,611.8	-54.5
Contractual Services	6,613.1	7,405.5	7,882.7	426.4	-94.2
Other	7,064.9	6,484.2	6,780.4	74,514.3	1,049.2
TOTAL USES	116,912.7	120,839.5	124,550.8	123,552.5	2.2
FTE					
Permanent	1,293.8	1,283.3	1,341.8	1,331.3	3.7
Term	116.1	114.1	102.1	109.1	-4.4
Temporary	1.5	1.5	1.5	1.5	0.0
TOTAL FTE POSITIONS	1,411.3	1,398.8	1,445.3	1,441.8	3.1

AT A GLANCE:

The district courts requested a total general fund revenue increase of \$3.5 million, or 3.4 percent compared with FY21 funding levels, essentially undoing the solvency measures of the 2020 special legislative session. Of the requested increase, \$1.2 million was to fully fund five new district judges (two in the 2nd judicial district and one each in the 1st, 3rd, and 12th judicial districts) and associated staff created in the 2020 regular session. The remaining request was primarily for personnel funding to reduce vacancy rates and support pretrial services programs.

The committee recommendation increases general fund revenue to district courts by \$1.8 million, for an overall 1.7 percent increase above the FY21 operating budgets. Through slightly increased use of fund balances and other state funds, the recommendation fully funds the five judgeships, increases personnel funding for clerical and pretrial service staff, and supports crucial court services, such as foreclosure settlement programs.

BUDGET ISSUES:

District, metro, and statewide courts participate in the unified judicial budget process, wherein individual budget requests are vetted by several committees before ultimate approval by the New Mexico Supreme Court. Though the Supreme Court set guidelines allowing courts to request general fund appropriations up to their original appropriation in the 2020 General Appropriation Act, the Supreme Court emphasized that the top priority of the FY22 unified budget, which only accounts for general fund despite some courts having significant other revenue sources, was to restore full funding for the district judgeships established in statute in the 1st, 2nd, 3rd, and 12th judicial districts. The committee recommendation funds 90 percent of the requested \$1.2 million for judgeships with general fund and leverages fund balances and revenue from court fees for the remaining 10 percent for the 1st and 2nd judicial districts.

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 budgets, personnel, and reporting are the

responsibility of district courts. Though the magistrate court consolidation has streamlined administrative processes and improved court access to the public, district courts have struggled to maintain the magistrate court reporting AOC provided.

The district court request included \$309 thousand from the general fund to fund warrant enforcement clerks, currently funded through AOC with warrant fines and fees. Though warrant fee collection has somewhat declined in recent years, AOC fund balance in the warrant enforcement fund is sufficient to continue supporting these positions. For this reason, the committee does not recommend additional general fund revenue for warrant enforcement clerks for FY22. However, if the Legislature adopts policy recommendations that reduce or eliminate fees and fines, such as those suggested by the New Mexico Sentencing Commission Reform Committee, general fund will be needed to supplant the loss of these revenues.

In FY18, LFC piloted a restructured budget that appropriated funds in one item called "operations," as opposed to three separate line items. After four consecutive successful years, the committee recommends continuing the practice for FY22. 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 2nd and 13th judicial district courts requested \$300 thousand and \$155.7 thousand, respectively, to maintain foreclosure settlement programs originally funded through grants. The foreclosure settlement program intervenes and fosters mediation talks between homeowners and lenders immediately after a homeowner is served a lawsuit, leading to earlier settlements and long-term savings in court time and resources. The program had a settlement rate of 72 percent in FY20, and of settlements, 69 percent resulted in homeowners keeping their homes. Courts anticipate a significant increase in foreclosure filings once the federal foreclosure moratorium expires. The committee recommends fully funding the foreclosure settlement programs with fund balances from the mortgage regulatory fund.

The committee recommends general fund increases to district courts ranging from 1 percent to 2.7 percent based on caseloads, funded vacancy rates and the availability of other revenue sources, in addition to funding the five new district judgeships, the top priority of the FY22 unified budget. The recommendation increases general fund revenue to district courts by \$1.7 million, or 1.7 percent, and increases the use of fund balances in courts, mostly from court fees, by 24.5 percent.

RECOMMENDED LANGUAGE:

The internal service fund/interagency transfers appropriations to the second judicial district court include three hundred thousand dollars (\$300,000) 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 for foreclosure settlement mediation.

The internal service fund/interagency transfers appropriations to the thirteenth judicial district court include one hundred fifty-five thousand seven hundred dollars (\$155,700) 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 for foreclosure settlement mediation.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 – 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	9,759.9	10,310.6	10,602.6	2.7
	Other Transfers	581.2	648.3	716.0	10.4
	Other Revenues	256.3	464.4	469.4	1.1
	Fund Balance	24.2	79.8	64.3	-19.4
	SOURCES TOTAL	10,621.6	11,503.1	11,852.3	2.9
USES					
	Personal Services and Employee Benefits	9,796.0	10,500.3	10,833.7	12.7
	Contractual Services	454.4	525.1	580.8	-100.0
	Other	495.4	477.7	437.8	-100.0
	TOTAL USES	10,745.8	11,503.1	11,852.3	2.9
FTE					
	Permanent	126.0	131.0	135.5	0.0
	Term	11.8	11.8	7.8	0.0
	TOTAL FTE POSITIONS	137.8	142.8	143.3	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

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Cases disposed as a percent of cases filed	113%	106%	100%	100%	100%
Explanatory	Number of active cases pending	10,456	9,405			
Outcome	Average number of days to disposition for civil cases	265	276	540	540	540
Outcome	Age of active pending criminal cases, in days	369	461	365	365	365
Outcome	Age of active pending civil cases, in days	442	396	540	540	540
Outcome	Average number of days to disposition for criminal cases	249	151	365	365	365
Explanatory	Number of jury trials	46	33			

STATUTORY AUTHORITY:

Article VI, Sections 13-17, New Mexico Constitution; Sections 34-6-1 through 34-6-46 NMSA 1978.

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
FY22 – 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	25,509.9	25,826.3	26,788.7	26,304.3	1.9
Other Transfers	1,132.6	1,398.7	1,473.3	1,773.3	26.8
Federal Revenues	236.9	240.5	220.2	220.2	-8.4
Other Revenues	2,554.4	2,884.2	2,836.4	2,884.2	0.0
Fund Balance	624.3	624.3	615.7	624.3	0.0
SOURCES TOTAL	30,058.1	30,974.0	31,934.3	31,806.3	2.7
USES					
Personal Services and Employee Benefits	26,849.2	28,068.2	28,853.1	31,506.3	12.2
Contractual Services	943.8	1,095.3	1,264.2	0.0	-100.0
Other	1,587.7	1,810.5	1,817.0	300.0	-83.4
TOTAL USES	29,380.7	30,974.0	31,934.3	31,806.3	2.7
FTE					
Permanent	329.5	337.5	337.5	337.5	0.0
Term	55.0	53.0	50.0	50.0	-5.7
TOTAL FTE POSITIONS	384.5	390.5	387.5	387.5	-0.8

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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	111%	95%	100%	100%	100%
Explanatory	Number of active cases pending	26,376	27,013			
Outcome	Days to disposition for criminal cases	156	112	365	365	180
Outcome	Age of active pending criminal cases, in days	217	259	365	365	280
Outcome	Average number of days to disposition for civil cases	420	178	540	540	540
Outcome	Age of active pending civil cases, in days	577	498	540	540	540
Explanatory	Number of jury trials	136	78			

BUDGET SUMMARY
(dollars in thousands)

	<u>FY22 – 2021-2022</u>				
	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	9,897.5	9,942.3	10,223.2	10,164.3	2.2
Other Transfers	1,018.4	1,120.4	1,030.5	1,030.5	-8.0
Federal Revenues	73.0	125.7	125.0	125.0	-0.6
Other Revenues	215.9	216.5	212.6	222.6	2.8
Fund Balance	1.5	22.5	5.9	26.0	15.6
SOURCES TOTAL	11,206.3	11,427.4	11,597.2	11,568.4	1.2
USES					
Personal Services and Employee Benefits	9,583.6	9,879.0	10,037.7	0.0	-100.0
Contractual Services	1,153.8	1,150.6	1,149.0	0.0	-100.0
Other	456.7	397.8	410.5	11,568.4	2,808.1
TOTAL USES	11,194.1	11,427.4	11,597.2	11,568.4	1.2
FTE					
Permanent	120.3	125.3	124.8	124.8	-0.4
Term	9.3	9.3	9.3	9.3	0.0
TOTAL FTE POSITIONS	129.5	134.5	134.0	134.0	-0.4

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	106%	104%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	157	200	365	365	365
Outcome	Average number of days to disposition for civil cases	292	248	540	540	540
Outcome	Age of active pending civil cases, in days	6,340	3,546	540	540	540
Outcome	Average number of days to disposition for criminal cases	154	159	365	365	365
Explanatory	Number of jury trials	38	31			
Explanatory	Number of active cases pending	26,362	25,827			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,888.6	3,839.7	3,970.6	3,889.7	1.3
Other Transfers	292.2	259.2	259.2	259.2	0.0
Other Revenues	38.7	48.3	48.3	48.3	0.0
SOURCES TOTAL	4,219.5	4,147.2	4,278.1	4,197.2	1.2
USES					
Personal Services and Employee Benefits	3,652.9	3,577.5	3,723.6	3,627.5	1.4
Contractual Services	331.4	367.1	366.6	367.1	0.0
Other	225.2	202.6	187.9	202.6	0.0
TOTAL USES	4,209.5	4,147.2	4,278.1	4,197.2	1.2
FTE					
Permanent	46.5	0.0	48.5	48.5	
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	47.5	0.0	48.5	48.5	

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	112%	102%	100%	100%	100%
Outcome	Average number of days to disposition for civil cases	128	118	540	540	540
Outcome	Age of active pending criminal cases, in days	190	293	365	365	365
Outcome	Age of active pending civil cases, in days	271	340	540	540	540
Outcome	Days to disposition for criminal cases	162	121	365	365	365
Explanatory	Number of active cases pending	1,638	1,711			
Explanatory	Number of jury trials	4	6			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,341.2	10,428.0	10,715.9	10,528.0	1.0
Other Transfers	466.5	567.2	567.2	567.2	0.0
Other Revenues	284.3	281.4	283.4	283.4	0.7
SOURCES TOTAL	11,092.0	11,276.6	11,566.5	11,378.6	0.9
USES					
Personal Services and Employee Benefits	9,525.6	10,079.0	10,179.9	0.0	-100.0
Contractual Services	548.1	634.7	692.3	0.0	-100.0
Other	809.3	562.9	694.3	11,378.6	1,921.4
TOTAL USES	10,883.0	11,276.6	11,566.5	11,378.6	0.9
FTE					
Permanent	123.0	127.0	129.0	127.0	0.0
Term	3.0	3.0	2.0	3.0	0.0
TOTAL FTE POSITIONS	126.0	130.0	131.0	130.0	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	113%	113%	100%	100%	100%
Outcome	Average number of days to disposition for civil cases	194	185	540	540	540
Outcome	Age of active pending criminal cases, in days	166	173	365	365	365
Outcome	Average number of days to disposition for criminal cases	167	166	365	365	365
Outcome	Age of active pending civil cases, in days	5,183	3,408	540	540	540
Explanatory	Number of jury trials	88	65			
Explanatory	Number of active cases pending	12,470	10,634			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,320.9	5,397.6	5,574.3	5,457.6	1.1
Other Transfers	226.1	244.1	237.7	244.1	0.0
Other Revenues	50.1	55.0	48.0	55.0	0.0
Fund Balance	0.0	0.0	29.0	29.0	
SOURCES TOTAL	5,597.1	5,696.7	5,889.0	5,785.7	1.6
USES					
Personal Services and Employee Benefits	4,601.0	4,735.2	4,886.9	0.0	-100.0
Contractual Services	561.5	607.4	618.6	0.0	-100.0
Other	338.7	354.0	383.5	5,785.7	1,534.4
TOTAL USES	5,501.2	5,696.7	5,889.0	5,785.7	1.6
FTE					
Permanent	59.0	64.5	64.5	64.5	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	59.5	65.0	65.0	65.0	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	111%	109%	100%	100%	100%
Outcome	Average number of days to disposition for civil cases	192	196	540	540	540
Explanatory	Number of active cases pending	2,233	1,888			
Outcome	Age of active pending civil cases, in days	262	264	365	365	365
Explanatory	Number of jury trials	26	14			
Outcome	Average number of days to disposition for criminal cases	123	126	540	540	540
Outcome	Age of active pending criminal cases, in days	158	148.6	365	365	365

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,043.6	4,007.2	4,139.1	4,042.1	0.9
Other Transfers	386.6	466.7	483.6	483.6	3.6
Other Revenues	30.0	35.0	36.0	36.0	2.9
SOURCES TOTAL	4,460.2	4,508.9	4,658.7	4,561.7	1.2
USES					
Personal Services and Employee Benefits	3,500.5	3,898.8	4,042.6	0.0	-100.0
Contractual Services	379.1	410.1	411.2	0.0	-100.0
Other	321.4	200.0	204.9	4,561.7	2,180.9
TOTAL USES	4,201.0	4,508.9	4,658.7	4,561.7	1.2
FTE					
Permanent	49.0	49.0	49.0	49.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	53.0	53.0	53.0	53.0	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	104%	104%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	464	532	540	540	540
Outcome	Average number of days to disposition for criminal cases	176	161	365	365	365
Explanatory	Number of jury trials	13	5			
Outcome	Age of active pending criminal cases, in days	159	184	365	365	365
Outcome	Average number of days to disposition for civil cases	256	270	180	180	180
Explanatory	Number of active cases pending	2,139	2,128			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,588.5	4,585.2	4,728.0	4,675.2	2.0
Other Transfers	163.6	177.9	177.9	177.9	0.0
Other Revenues	35.9	106.0	106.0	106.0	0.0
Fund Balance	0.0	33.7	33.7	33.7	0.0
SOURCES TOTAL	4,788.0	4,902.8	5,045.6	4,992.8	1.8
USES					
Personal Services and Employee Benefits	3,977.6	4,181.2	4,285.1	0.0	-100.0
Contractual Services	433.6	519.4	522.5	0.0	-100.0
Other	358.9	202.2	238.0	4,992.8	2,369.2
TOTAL USES	4,770.1	4,902.8	5,045.6	4,992.8	1.8
FTE					
Permanent	57.0	57.0	57.0	57.0	0.0
TOTAL FTE POSITIONS	57.0	57.0	57.0	57.0	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	104%	104%	100%	100%	100%
Outcome	Age of active pending criminal cases, in days	288	267	365	365	365
Explanatory	Number of jury trials	23	52			
Outcome	Average number of days to disposition for criminal cases	180	229	365	365	365
Explanatory	Number of active cases pending	2,495	2,317			
Outcome	Age of active pending civil cases, in days	432	430	540	540	540
Outcome	Average number of days to disposition for civil cases	189	224	540	540	540

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,999.5	5,010.6	5,169.3	5,070.6	1.2
Other Transfers	636.6	682.7	555.3	682.7	0.0
Other Revenues	71.9	103.1	75.4	103.1	0.0
SOURCES TOTAL	5,708.0	5,796.4	5,800.0	5,856.4	1.0
USES					
Personal Services and Employee Benefits	5,331.2	5,408.5	5,444.6	0.0	-100.0
Contractual Services	27.1	41.6	41.6	0.0	-100.0
Other	318.7	346.3	313.8	5,856.4	1,591.1
TOTAL USES	5,677.0	5,796.4	5,800.0	5,856.4	1.0
FTE					
Permanent	59.0	60.0	62.0	60.0	0.0
Term	8.5	8.5	6.5	8.5	0.0
TOTAL FTE POSITIONS	67.5	68.5	68.5	68.5	0.0

NINTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	112%	109%	100%	100%	100%
Explanatory	Number of active cases pending	3,301	3,059			
Outcome	Average number of days to disposition for criminal cases	215	167	365	365	365
Explanatory	Number of jury trials	64	11			
Outcome	Age of active pending civil cases, in days	666	803	540	540	540
Outcome	Average number of days to disposition for civil cases	258	244	540	540	540
Outcome	Age of active pending criminal cases, in days	422	504	365	365	365

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,766.4	1,783.9	1,835.9	1,833.9	2.8
Other Revenues	8.6	5.0	5.0	0.0	-100.0
SOURCES TOTAL	1,775.0	1,788.9	1,840.9	1,833.9	2.5
USES					
Personal Services and Employee Benefits	1,595.2	1,596.7	1,596.7	1,641.7	2.8
Contractual Services	37.2	59.3	62.0	59.3	0.0
Other	135.2	132.9	177.2	132.9	0.0
TOTAL USES	1,767.6	1,788.9	1,835.9	1,833.9	2.5
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	19.0	19.0	0.0

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	106%	101%	100%	100%	100%
Outcome	Average number of days to disposition for civil cases	237	307	540	540	540
Explanatory	Number of active cases pending	668	670			
Outcome	Age of active pending criminal cases, in days	162	174	365	365	
Outcome	Average number of days to disposition for criminal cases	183	142	365	365	365
Explanatory	Number of jury trials	6	29			
Outcome	Age of active pending civil cases, in days	426	450	540	540	540

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,376.8	10,417.7	10,746.3	10,532.7	1.1
Other Transfers	783.5	712.6	904.4	904.4	26.9
Other Revenues	159.2	197.0	197.0	197.0	0.0
Fund Balance	0.0	12.0	212.0	212.0	1,666.7
SOURCES TOTAL	11,319.5	11,339.3	12,059.7	11,846.1	4.5
USES					
Personal Services and Employee Benefits	9,608.8	9,948.5	10,387.6	0.0	-100.0
Contractual Services	724.9	806.0	1,005.1	0.0	-100.0
Other	929.7	584.8	667.0	11,846.1	1,925.7
TOTAL USES	11,263.4	11,339.3	12,059.7	11,846.1	4.5
FTE					
Permanent	123.0	130.0	132.0	130.0	0.0
Term	11.5	9.5	9.5	9.5	0.0
TOTAL FTE POSITIONS	134.5	139.5	141.5	139.5	0.0

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	115%	112%	100%	100%	100%
Outcome	Average number of active pending criminal cases, in days	175	191	365	365	365
Outcome	Average number of days to disposition for criminal cases	171	168	365	365	365
Explanatory	Number of active cases pending	7,504	6,504			
Outcome	Age of active pending civil cases, in days	767	904	540	540	540
Outcome	Average number of days to disposition for civil cases	448	248	540	540	540
Explanatory	Number of jury trials	43	89			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,093.5	5,120.6	5,297.7	5,242.5	2.4
Other Transfers	122.1	125.4	125.4	125.4	0.0
Federal Revenues	41.8	30.0	52.1	52.1	73.7
Other Revenues	77.6	81.9	81.9	81.9	0.0
Fund Balance	55.1	55.1	55.1	55.1	0.0
SOURCES TOTAL	5,390.1	5,413.0	5,612.2	5,557.0	2.7
USES					
Personal Services and Employee Benefits	4,809.1	4,790.9	4,951.3	0.0	-100.0
Contractual Services	206.8	198.7	221.2	0.0	-100.0
Other	346.9	423.4	439.7	5,557.0	1,212.5
TOTAL USES	5,362.8	5,413.0	5,612.2	5,557.0	2.7
FTE					
Permanent	62.5	63.5	61.5	61.5	-3.1
Term	0.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	62.5	65.5	63.5	63.5	-3.1

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Cases disposed as a percent of cases filed	117%	107%	100%	100%	100%
Outcome	Average number of days to disposition for civil cases	331	264	540	540	540
Outcome	Age of active pending criminal cases, in days	281	253	365	365	365
Explanatory	Number of active cases pending	4,574	4,123			
Outcome	Average number of days to disposition for criminal cases	237	225	365	365	365
Outcome	Age of active pending civil cases, in days	449	489	540	540	540
Explanatory	Number of jury trials	76	22			

BUDGET SUMMARY
(dollars in thousands)

	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10,404.0	10,667.5	11,042.1	10,797.2	1.2
Other Transfers	1,223.9	876.9	933.3	1,089.0	24.2
Other Revenues	260.0	320.0	210.0	210.0	-34.4
Fund Balance	165.9	200.9	235.9	235.9	17.4
SOURCES TOTAL	12,053.8	12,065.3	12,421.3	12,332.1	2.2
USES					
Personal Services and Employee Benefits	10,404.0	10,286.0	10,664.9	0.0	-100.0
Contractual Services	811.4	990.2	947.6	0.0	-100.0
Other	741.1	789.1	808.8	12,332.1	1,462.8
TOTAL USES	11,956.5	12,065.3	12,421.3	12,332.1	2.2
FTE					
Permanent	120.0	119.5	121.5	121.5	1.7
Term	12.0	13.0	11.0	11.0	-15.4
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	133.0	133.5	133.5	133.5	0.0

THIRTEENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Cases disposed as a percent of cases filed	113%	106%	100%	100%	100%
Outcome	Age of active pending civil cases, in days	414	418	540	540	540
Outcome	Average number of days to disposition for civil cases	274	275	540	540	540
Outcome	Age of active pending criminal cases, in days	307	303	365	365	365
Explanatory	Number of jury trials	23	2			
Outcome	Average number of days to disposition for criminal cases	266	245	365	365	365
Explanatory	Number of active cases pending	11,654	10,506			

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	25,516.1	24,965.6	25,872.5	25,115.0	0.6
Other Transfers	395.7	541.0	546.8	546.8	1.1
Federal Revenues	647.9	524.5	405.1	405.1	-22.8
Other Revenues	2,285.6	2,425.1	2,488.1	2,488.1	2.6
Fund Balance	256.7	137.0	81.5	138.5	1.1
SOURCES TOTAL	29,102.0	28,593.2	29,394.0	28,693.5	0.4
USES					
Personal Services and Employee Benefits	23,021.3	22,934.7	23,055.8	0.0	-100.0
Contractual Services	3,050.0	2,919.1	3,452.3	0.0	-100.0
Other	3,011.4	2,724.4	2,870.9	28,693.5	953.2
Other Financing Uses	5.0	15.0	15.0	0.0	-100.0
TOTAL USES	29,087.7	28,593.2	29,394.0	28,693.5	0.4
FTE					
Permanent	299.0	300.0	300.0	300.0	0.0
Term	39.5	42.5	36.5	36.5	-14.1
TOTAL FTE POSITIONS	338.5	342.5	336.5	336.5	-1.8

AT A GLANCE:

Bernalillo County Metropolitan Court requested an overall budget of \$29.4 million. The request increased general fund revenue by \$906.9 thousand, or 3.6 percent over the FY21 operating budget, and reduced the use of federal revenues due to an anticipated decrease in grants. The request also decreased the use of nonreverting fund balances budgeted by \$81 thousand. In line with the FY22 Judicial Unified Budget, the request restores the agency general fund budget to the appropriation from the 2020 General Appropriation Act, prior to the solvency measures of the 2020 first special session.

The committee recommendation increases general fund revenue by \$150 thousand, or 0.6 percent, and increases the use of nonreverting fund balance by \$1.5 thousand, or 1.1 percent compared with the FY21 operating budget. The recommended increase is almost entirely for personnel funding, including reducing the overall court vacancy rate and decreasing the court's reliance on fee revenue collected from warrant enforcement, which have declined in recent years.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of cases disposed as a percent of cases filed	122%	119.%	100%	100%	100%
Explanatory Outcome	Number of active cases pending	20,335	13,731			
	Average number of days to disposition for criminal cases	130	100	180	180	180
Outcome	Age of active pending criminal cases, in days	TBD	TBD	180	180	180
Outcome	Age of active pending civil cases, in days	TBD	TBD	180	180	180
Outcome	Average number of days to disposition for civil cases	TBD	150	180	180	180
Explanatory	Number of jury trials	52	28			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	79,162.7	77,612.7	80,595.1	77,392.2	-0.3
Other Transfers	1,328.0	1,709.7	1,838.7	1,853.8	8.4
Federal Revenues	2,470.3	3,187.0	1,688.4	1,688.4	-47.0
Other Revenues	656.9	855.5	748.3	855.5	0.0
Fund Balance	0.0	0.0	91.0	441.4	
SOURCES TOTAL	83,617.9	83,364.9	84,961.5	82,231.3	-1.4
USES					
Personal Services and Employee Benefits	71,937.3	76,425.9	78,681.3	76,091.7	-0.4
Contractual Services	1,959.1	1,683.2	1,384.6	1,316.0	-21.8
Other	5,561.9	5,255.8	4,895.6	4,823.6	-8.2
TOTAL USES	79,458.3	83,364.9	84,961.5	82,231.3	-1.4
FTE					
Permanent	907.0	916.0	916.0	916.0	0.0
Term	81.0	78.0	77.0	76.0	-2.6
Temporary	3.0	4.0	3.0	4.0	0.0
TOTAL FTE POSITIONS	991.0	998.0	996.0	996.0	-0.2

AT A GLANCE:

Statewide, district attorney offices requested a general fund revenue increase of \$3.3 million, or 4.2 percent, compared with FY21 funding levels. The requested increases were almost entirely in the personal services and employee benefits category for attorney raises, recruitment and retention, and to reduce vacancy rates. Overall, district attorney offices increased the use of other transfers by 8.2 percent, primarily from intra-governmental agreements, and slightly decreased the use of other revenues from prosecution fees. The FY22 request for district attorneys decreased federal revenue by \$1.5 million, nearly 50 percent, entirely from grants expiring in FY21 in the 2nd and 3rd judicial districts.

The committee recommendation decreases general fund revenue by \$220 thousand, or 0.3 percent, compared with the FY21 operating budget. Overall, the committee recommendation increases the use of other transfers by 8.4 percent compared with the FY21 operating budgets and budgets \$441.4 thousand of nonreverting fund balance from the southwest border prosecution initiative across district attorney offices. According to the Administrative Office of the District Attorneys, district attorney offices had a total fund balance of \$1.4 million in June 2020 from southwest border prosecution initiative grants.

BUDGET ISSUES:

Responding to legislative guidance, the Association of District Attorneys agreed to submit budget requests that reflected only the top priorities of all judicial districts. The submission, referred to as the unified priorities budget, allowed each judicial district to request the original general fund appropriation made in the 2020 General Appropriation Act, essentially undoing the solvency measures of the 2020 special legislative session. Though the unified priorities budget did not set guidelines dictating how the appropriation should be distributed, the majority of district attorney offices increased the personal services and employee benefits category to fund raises and improve recruitment and retention and left the other categories flat with the FY21 operating budget.

In the last few years, New Mexico experienced a significant increase in serious crime across the state, yet the number of cases referred to district attorneys statewide decreased, representing a disconnect between reports of crime and prosecutions. Cases referred to district attorney offices decreased 4 percent between FY17 and FY20 and an additional 9.2 percent from FY20 to FY21, with some districts decreasing as much as 15 percent. Similarly, average attorney caseload decreased 18 percent between FY17 and FY20, and an additional 11.5 percent between FY20 and FY21. While the sharp reduction from FY20 to FY21 is likely exacerbated by Covid-19-related shutdowns, longer-term trends show it is possible attorney workload will continue to fall in FY22 and beyond.

In FY20, district attorneys, who have their own compensation plan, awarded a total of \$185 thousand in out-of-cycle raises to employees, and in the first quarter of FY21 at least one district attorney office had already awarded \$10 thousand in out-of-cycle raises. Additionally, district attorney agencies transferred a total of \$1.1 million out of the personal services and benefits category in FY20, primarily to the other costs category for the purchase of vehicles and miscellaneous expenses.

The committee recommends general fund appropriations ranging from -0.3 percent to 0.4 percent based on attorney caseloads, funded vacancy rates, and the availability of fund balances within districts. Overall, the recommendation decreases general fund revenue by \$220 thousand, or 0.2 percent, compared with FY21 funding levels. LFC analysis shows district attorney offices have a \$1.5 million surplus in personnel funding, sufficient to absorb the recommended reduction. The recommendation also increases the use of southwest border prosecution initiative fund balance by \$372 thousand to supplant general fund loss.

BUDGET SUMMARY
(dollars in thousands)

			FY22 – 2021-2022		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	6,178.1	6,085.7	6,318.4	6,075.7	-0.2
Other Transfers	164.9	183.7	168.6	183.7	0.0
Federal Revenues	120.1	120.1	120.1	120.1	0.0
Fund Balance	0.0	0.0	0.0	10.0	
SOURCES TOTAL	6,463.1	6,389.5	6,607.1	6,389.5	0.0
USES					
Personal Services and Employee Benefits	5,889.9	5,963.7	6,181.3	5,963.7	0.0
Contractual Services	46.1	22.8	22.8	22.8	0.0
Other	475.5	403.0	403.0	403.0	0.0
TOTAL USES	6,411.5	6,389.5	6,607.1	6,389.5	0.0
FTE					
Permanent	71.0	71.0	71.0	71.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	76.0	76.0	76.0	76.0	0.0

FIRST JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.9	8.4			
Outcome	Number of cases prosecuted	4,685	3,709	4,600	4,600	4,600
Explanatory	Number of cases referred for screening	5,888	2,784			
Output	Number of cases handled per attorney	210	175	185	185	185
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	151	259	170	170	200
Outcome	Average number of cases added to attorney caseloads	TBD	175	185	185	185
* 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	2.7	3.5			
* Explanatory	Number of pretrial detention motions made	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	24,508.8	24,499.9	25,440.6	24,609.9	0.4
Other Transfers	485.8	713.5	894.1	894.1	25.3
Federal Revenues	928.8	1,558.7	417.0	417.0	-73.2
Other Revenues	389.4	439.1	437.8	439.1	0.0
SOURCES TOTAL	26,312.8	27,211.2	27,189.5	26,360.1	-3.1
USES					
Personal Services and Employee Benefits	23,193.1	23,832.9	24,575.8	23,774.8	-0.2
Contractual Services	1,226.7	1,082.2	710.3	710.3	-34.4
Other	1,875.5	2,296.1	1,903.4	1,875.0	-18.3
TOTAL USES	26,295.3	27,211.2	27,189.5	26,360.1	-3.1
FTE					
Permanent	295.0	295.0	295.0	295.0	0.0
Term	30.0	29.0	30.0	29.0	0.0
Temporary	3.0	4.0	3.0	4.0	0.0
TOTAL FTE POSITIONS	328.0	328.0	328.0	328.0	0.0

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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Explanatory	Number of cases referred for screening	24,828	20,446			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	526	101	300	300	300
Output	Number of cases handled per attorney	201	200	175	175	175
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.0	3.1	6	6	6
Efficiency	Average time from filing charges to final disposition for adults, in months	5.0	1.4	9	9	6
Outcome	Number of cases prosecuted	TBD	15,629	18,000	18,000	18,000
* Explanatory	Number of pretrial detention motions made	NEW	1,193			
Outcome	Average number of cases added to attorney caseloads	TBD	200	185	185	185
* Explanatory	Percent of pretrial detention motions granted	NEW	0.2%			

BUDGET SUMMARY
(dollars in thousands)

			FY22 – 2021-2022		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,429.2	5,411.8	5,620.3	5,381.8	-0.6
Other Transfers	162.1	202.7	161.7	161.7	-20.2
Federal Revenues	511.4	698.3	340.9	340.9	-51.2
Other Revenues	45.0	0.0	0.0	0.0	
Fund Balance	0.0	0.0	91.0	200.0	
SOURCES TOTAL	6,147.7	6,312.8	6,213.9	6,084.4	-3.6
USES					
Personal Services and Employee Benefits	5,656.7	6,022.9	5,924.0	5,794.5	-3.8
Contractual Services	26.1	20.7	20.7	20.7	0.0
Other	313.7	269.2	269.2	269.2	0.0
TOTAL USES	5,996.5	6,312.8	6,213.9	6,084.4	-3.6
FTE					
Permanent	63.0	63.0	63.0	63.0	0.0
Term	12.0	10.0	8.0	8.0	-20.0
TOTAL FTE POSITIONS	75.0	73.0	71.0	71.0	-2.7

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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.1	7.6	6.5	6.5	6.5
Explanatory	Number of cases referred for screening	5,710	5,710			
Outcome	Number of cases prosecuted	5,237	4,952	5,500	5,500	5,500
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	142	105	160	100	140
* Explanatory	Percent of pretrial detention motions granted	NEW	39.8%			
* Explanatory	Number of pretrial detention motions made	TBD	171			
Outcome	Average number of cases added to attorney caseloads	346	355	230	230	230
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.6	3.6	4	6	6

BUDGET SUMMARY
(dollars in thousands)

			<u>FY22 – 2021-2022</u>		
	FY20	FY21	Agency	LFC	Percent
	2019-2020	2020-2021	Request	Recommendation	Incr
	<u>Actuals</u>	<u>Budgeted</u>			(Decr)
SOURCES					
General Fund Transfers	3,617.4	3,577.0	3,715.1	3,547.0	-0.8
Fund Balance	0.0	0.0	0.0	69.1	
SOURCES TOTAL	3,617.4	3,577.0	3,715.1	3,616.1	1.1
USES					
Personal Services and Employee Benefits	2,883.7	3,389.3	3,527.4	3,428.4	1.2
Contractual Services	29.2	29.3	29.3	29.3	0.0
Other	188.9	158.4	158.4	158.4	0.0
TOTAL USES	3,101.8	3,577.0	3,715.1	3,616.1	1.1
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

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Explanatory	Number of cases referred for screening	1,882	1,734			
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.1	6.6	6	6	6
Outcome	Number of cases prosecuted	1,726	1,398	1,700	1,400	1,500
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	37	34	37	37	37
* Explanatory	Number of pretrial detention motions made	NEW	NEW			
* Explanatory	Percent of pretrial motions granted	NEW	NEW			
Outcome	Average number of cases added to attorney caseloads	376	248	375	250	250
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.7	3.3	4	4	4

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,799.8	6,023.7	6,256.7	5,993.6	-0.5
Other Transfers	128.3	128.3	128.3	128.3	0.0
Federal Revenues	287.7	287.7	287.7	287.7	0.0
Fund Balance	0.0	0.0	0.0	10.0	
SOURCES TOTAL	6,215.8	6,439.7	6,672.7	6,419.6	-0.3
USES					
Personal Services and Employee Benefits	5,241.5	6,174.7	6,407.7	6,154.6	-0.3
Contractual Services	23.1	25.6	25.6	25.6	0.0
Other	489.5	239.4	239.4	239.4	0.0
TOTAL USES	5,754.1	6,439.7	6,672.7	6,419.6	-0.3
FTE					
Permanent	69.0	69.0	69.0	69.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	74.0	74.0	74.0	74.0	0.0

FIFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.4	7.2	6	6	6
Outcome	Number of cases prosecuted	6,889	6,133	7,000	7,000	7,000
Explanatory	Number of cases referred for screening	7,513	7,163			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	109	71	150	100	100
* Explanatory	Percent of detention motions granted	NEW	71%			
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.6	4.5	4	4	4
* Explanatory	Number of pretrial detention motions made	NEW	130			
Outcome	Average number of cases added to attorney caseloads	320	318	200	200	200

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,288.9	3,276.4	3,401.3	3,256.4	-0.6
Other Transfers	120.9	113.1	113.1	113.1	0.0
Federal Revenues	93.6	93.6	93.6	93.6	0.0
Fund Balance	0.0	0.0	0.0	20.0	
SOURCES TOTAL	3,503.4	3,483.1	3,608.0	3,483.1	0.0
USES					
Personal Services and Employee Benefits	3,165.4	3,284.4	3,409.6	3,284.7	0.0
Contractual Services	23.6	14.1	13.8	13.8	-2.1
Other	179.7	184.6	184.6	184.6	0.0
TOTAL USES	3,368.7	3,483.1	3,608.0	3,483.1	0.0
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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Average time from filing of charges to final disposition for adults, in months	5.0	5.8	2	2	2
Outcome	Number of cases prosecuted	2,473	2,302	2,500	2,300	2,300
Explanatory	Number of cases referred for screening	2,764	2,621			
Output	Number of cases handled per attorney					
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	20	30	20	25	30
* Explanatory	Percent of pretrial detention motions granted	NEW	1%			
Efficiency	Average time from filing petition to final disposition for juveniles, in months	2.5	1.6	2	2	2
* Explanatory	Number of pretrial detention motions made	NEW	30			
Outcome	Average number of cases added to attorney caseloads	291	276	200	200	200

BUDGET SUMMARY
(dollars in thousands)

			<u>FY22 – 2021-2022</u>		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	2,859.6	2,871.1	2,981.7	2,861.0	-0.4
Fund Balance	0.0	0.0	0.0	10.0	
SOURCES TOTAL	2,859.6	2,871.1	2,981.7	2,871.0	0.0
USES					
Personal Services and Employee Benefits	2,661.7	2,704.9	2,809.5	2,710.8	0.2
Contractual Services	13.2	14.0	14.4	14.0	0.0
Other	118.2	152.2	157.8	146.2	-3.9
TOTAL USES	2,793.1	2,871.1	2,981.7	2,871.0	0.0
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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	35	34	40	40	40
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	4.6	3.0	4.5	4.5	4
Efficiency	Average time from filing of petition to final disposition for adults, in months	6.9	7.2	7	7	6
Outcome	Number of cases prosecuted	1,787	1,471	1,700	1,600	1,600
* Explanatory	Number of pretrial detention motions made	28	16			
* Explanatory	Percent of pretrial detention motions granted	82.1%	93.8%			
Outcome	Average number of cases added to attorney caseloads	188	184	185	185	170
Explanatory	Number of cases referred for screening	2,107	1,747			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,176.3	3,222.2	3,346.2	3,182.2	-1.2
SOURCES TOTAL	3,176.3	3,222.2	3,346.2	3,182.2	-1.2
USES					
Personal Services and Employee Benefits	2,885.8	3,065.3	3,104.5	3,025.3	-1.3
Contractual Services	85.8	16.8	82.8	16.8	0.0
Other	156.5	140.1	158.9	140.1	0.0
TOTAL USES	3,128.1	3,222.2	3,346.2	3,182.2	-1.2
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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Number of cases referred for screening	2,005	1,758			
Outcome	Number of cases prosecuted	1,825	1,493	1,500	1,500	1,500
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	118	103	100	100	100
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.3	4.4	6	4	4
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.5	8.5	6	12	6
Output	Number of cases handled per attorney					
Outcome	Average number of cases added to attorney caseloads	286	226	185	185	185
* Explanatory	Number of pretrial detention motions made	NEW	38			
* Explanatory	Percent of pretrial detention motions granted	NEW	76%			

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 – 2021-2022</u>			
	<u>FY20</u> <u>2019-2020</u> <u>Actuals</u>	<u>FY21</u> <u>2020-2021</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	3,571.7	3,549.3	3,685.6	3,524.4	-0.7
SOURCES TOTAL	3,571.7	3,549.3	3,685.6	3,524.4	-0.7
USES					
Personal Services and Employee Benefits	3,156.6	3,385.8	3,506.7	3,360.9	-0.7
Contractual Services	29.9	12.5	14.7	12.5	0.0
Other	335.8	151.0	164.2	151.0	0.0
TOTAL USES	3,522.3	3,549.3	3,685.6	3,524.4	-0.7
FTE					
Permanent	40.0	40.0	40.0	40.0	0.0
TOTAL FTE POSITIONS	40.0	40.0	40.0	40.0	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>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Outcome	Number of cases prosecuted	2,953	2,503	2,900	2,800	2,800
Explanatory	Number of cases referred for screening	3,150	3,709			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	77	92	90	75	90
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	2.3	3.2	3	3.2	3.2
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.9	7.2	8	7.8	6
* 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	332	271	180	180	180

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 – 2021-2022</u>			
	<u>FY20</u> <u>2019-2020</u> <u>Actuals</u>	<u>FY21</u> <u>2020-2021</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	1,576.0	1,569.9	1,630.4	1,554.9	-1.0
SOURCES TOTAL	1,576.0	1,569.9	1,630.4	1,554.9	-1.0
USES					
Personal Services and Employee Benefits	1,306.1	1,380.9	1,441.5	1,366.0	-1.1
Contractual Services	23.5	20.0	25.0	25.0	25.0
Other	174.4	169.0	163.9	163.9	-3.0
TOTAL USES	1,504.0	1,569.9	1,630.4	1,554.9	-1.0
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>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Outcome	Number of cases prosecuted	851	626	800	800	800
Explanatory	Number of cases referred for screening	902	670			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	15	12	15	15	15
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.3	3.5	4	4	4
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.2	5.7	7	6	6
Outcome	Average number of cases added to attorney caseloads	255	268	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)

			<u>FY22 – 2021-2022</u>		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,747.1	5,044.5	5,239.1	5,009.5	-0.7
Other Transfers	137.7	137.7	137.7	137.7	0.0
Federal Revenues	241.0	234.3	234.3	234.3	0.0
Fund Balance	0.0	0.0	0.0	55.8	
SOURCES TOTAL	5,125.8	5,416.5	5,611.1	5,437.3	0.4
USES					
Personal Services and Employee Benefits	4,468.0	4,965.4	5,160.0	4,986.2	0.4
Contractual Services	151.5	153.0	153.0	153.0	0.0
Other	248.4	298.1	298.1	298.1	0.0
TOTAL USES	4,867.9	5,416.5	5,611.1	5,437.3	0.4
FTE					
Permanent	55.0	59.0	59.0	59.0	0.0
Term	9.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	64.0	65.0	65.0	65.0	0.0

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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Explanatory	Number of cases referred for screening	5,286	5,128			
Outcome	Number of cases prosecuted	4,856	4,045	4,300	4,000	4,300
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	329	207	120	120	150
Output	Number of cases handled per attorney					
Efficiency	Average time from filing charges to final disposition for adults, in months	6.7	6.6	7	7	6
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.8	4.1	4	4	4
* 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	274	302	185	250	185

BUDGET SUMMARY
(dollars in thousands)

	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,789.2	2,831.2	2,940.0	2,811.2	-0.7
Other Revenues	123.0	216.4	211.0	216.4	0.0
Fund Balance	0.0	0.0	0.0	20.0	
SOURCES TOTAL	2,912.2	3,047.6	3,151.0	3,047.6	0.0
USES					
Personal Services and Employee Benefits	2,473.8	2,796.2	2,899.6	2,796.2	0.0
Contractual Services	69.6	105.9	105.9	105.9	0.0
Other	144.4	145.5	145.5	145.5	0.0
TOTAL USES	2,687.8	3,047.6	3,151.0	3,047.6	0.0
FTE					
Permanent	34.0	34.0	34.0	34.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	38.0	38.0	0.0

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

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

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Outcome	Number of cases prosecuted	1,680	1,341	1,950	1,500	1,500
Explanatory	Number of cases referred for screening	2,603	2,279			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	41	0	20	20	20
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	7.8	5.4	7	7	6
Outcome	Average number of cases added to attorney caseloads	274	414	175	185	185
* Explanatory	Number of pretrial detention motions made	NEW	NEW			
Efficiency	Average time from filing of charges to final disposition for adults, in months	4.7	4.8	7	7	6
* Explanatory	Number of pretrial detention motions granted	NEW	NEW			

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,799.8	3,736.4	3,879.3	3,731.3	-0.1
Other Transfers	128.3	230.7	235.2	235.2	2.0
Federal Revenues	287.7	194.3	194.8	194.8	0.3
SOURCES TOTAL	6,215.8	4,161.4	4,309.3	4,161.3	0.0
USES					
Personal Services and Employee Benefits	3,805.6	3,884.1	4,032.0	3,884.0	0.0
Contractual Services	48.7	50.0	50.0	50.0	0.0
Other	338.0	227.3	227.3	227.3	0.0
TOTAL USES	4,192.3	4,161.4	4,309.3	4,161.3	0.0
FTE					
Permanent	43.0	43.0	43.0	43.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	54.0	54.0	54.0	54.0	0.0

TWELFTH JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Number of cases prosecuted	2,687	2,493	2,800	2,600	2,600
Explanatory	Number of cases referred for screening	2,936	2,850			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	115	99	100	100	100
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.9	3.2	4	4	4
Efficiency	Average time from filing of charges to final disposition for adults, in months	10	9.7	9	12	6
* Explanatory	Number of pretrial detention motions made	NEW	73			
* Explanatory	Percent of pretrial detention motions granted	NEW	62%			
Outcome	Average number of cases added to attorney caseloads	245	219	185	185	185

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,820.8	5,913.6	6,140.4	5,853.3	-1.0
Other Revenues	99.5	200.0	99.5	200.0	0.0
Fund Balance	0.0	0.0	0.0	46.5	
SOURCES TOTAL	5,920.3	6,113.6	6,239.9	6,099.8	-0.2
USES					
Personal Services and Employee Benefits	5,149.4	5,575.4	5,701.7	5,561.6	-0.2
Contractual Services	162.1	116.3	116.3	116.3	0.0
Other	523.4	421.9	421.9	421.9	0.0
TOTAL USES	5,834.9	6,113.6	6,239.9	6,099.8	-0.2
FTE					
Permanent	75.0	80.0	80.0	80.0	0.0
Term	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	75.0	83.0	83.0	83.0	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Number of cases prosecuted	5,397	4,779	5,700	5,500	5,500
Explanatory	Number of cases referred for screening	5,803	5,674			
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	184	139	200	175	175
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5.2	5.7	4	4	4
Efficiency	Average time from filing charges to final disposition for adults, in months	8.5	9.7	9	9	6
* 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	232	196	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,480.1	2,443.9	2,541.1	2,393.9	-2.0
Other Revenues	4.0	254.9	254.9	254.9	0.0
Fund Balance	75.4	0.0	0.0	50.0	
SOURCES TOTAL	3,559.5	2,698.8	2,796.0	2,698.8	0.0
USES					
Personal Services and Employee Benefits	1,414.1	1,623.2	1,649.1	1,623.2	0.0
Contractual Services	315.7	297.3	297.3	297.3	0.0
Other	1,303.3	778.3	849.6	778.3	0.0
TOTAL USES	3,033.1	2,698.8	2,796.0	2,698.8	0.0
FTE					
Permanent	15.0	15.0	15.0	15.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	16.0	16.0	16.0	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.

AODA requested an overall budget of \$2.5 million, including a \$97 thousand increase from the general fund, a 4 percent increase compared with the FY21 operating budget. The request increased the other costs category by \$71.3 thousand for IT equipment and travel expenses and the personal services and employee benefits category by \$25.9 thousand to reduce the agency vacancy rate.

The committee recommendation reduces the general fund appropriation by \$50 thousand, or 2 percent, but increases the use of nonreverting fund balance revenue from the southwest border prosecution initiative by the same amount, for an overall flat budget compared with FY21.

ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS

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 safe house 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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Efficiency	Average time to resolve information technology helpdesk tickets, in hours	281	193	7	7	7
Output	Number of continuing legal education hours provided by the Administrative Office of the District Attorneys at training events	3,072	2894	5,300	5,300	5,300
Outcome	Percent of application development issues resolved	0%	0%	100%	100%	100%
Explanatory	Number of information technology and application helpdesk requests received	1,271	1,132			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	54,238.5	56,191.4	58,439.2	56,191.4	0.0
Other Revenues	392.3	441.9	438.6	453.6	2.6
Fund Balance	0.0	125.0	140.0	140.0	12.0
SOURCES TOTAL	54,630.8	56,758.3	59,017.8	56,785.0	0.0
USES					
Personal Services and Employee Benefits	35,247.4	35,751.5	37,235.0	35,861.5	0.3
Contractual Services	13,715.0	14,880.8	15,454.5	14,930.8	0.3
Other	5,469.2	6,126.0	6,328.3	5,992.7	-2.2
TOTAL USES	54,431.6	56,758.3	59,017.8	56,785.0	0.0
FTE					
Permanent	439.0	439.0	454.0	439.0	0.0
Term	1.0	0.0	1.0	0.0	
Temporary	7.0	0.0	7.0	0.0	
TOTAL FTE POSITIONS	447.0	439.0	462.0	439.0	0.0

AT A GLANCE:

The Public Defender Department (PDD) requested a total budget of \$59 million, a \$2.3 million, or 4 percent, increase over the FY21 adjusted operating budget. The overall request included an increase in general fund revenue of \$2.2 million, or 4 percent, a slight decrease in revenue from legal and miscellaneous fees, and a \$20 thousand increase from fund balances. The requested increase included funding to compensate contract attorneys on an hourly rather than a per-case basis, hire nine additional 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 keeps general fund revenue to PDD flat and slightly increases the use of fee revenues to support agency operations. The recommendation reduces spending in the other costs category to more closely reflect actual FY20 expenditures and prioritizes new social worker contracts, as well as the continued use of geographical pay differentials for attorneys serving rural New Mexico.

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 FY21, 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 without a public defender office. Currently, most 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 provided. To address this issue, as well as retain contract attorneys, PDD began compensating some contract attorneys who handle time intensive and complex cases on an hourly basis. In the 2020 regular legislative session, the Legislature increased the amount the agency was able to spend in compensation for contract attorneys from \$1.5 million to \$3 million.

While counties are statutorily required to provide district courthouses and district attorney offices, no such obligation exists for public defender offices. Accordingly, nearly \$3 million, or 5 percent, of the PDD FY21 budget is for lease costs. PDD requested an additional \$60.2 thousand in general fund revenue for increased lease costs and expanded office space.

In the 2020 legislative session, the legislature dedicated \$100 thousand of the PDD general fund appropriation for DWI cases in McKinley County, which the agency used to hire an investigator and in-house attorney to investigate DWI crime scenes and interview witnesses, as well as a case worker to assist clients in finding in-patient and out-patient treatment programs for alcohol abuse.

The committee recommendation keeps general fund revenue flat with FY21, slightly increases the use of other fee revenue to support agency operations, and supports the agency request to increase the use of fund balances. The recommendation increases the personal services and employee benefits and contractual services categories by \$110 thousand and \$50 thousand, respectively, for the continued implementation of rural geographical pay differentials, new attorneys, and increased social worker contracts, and decreases the other costs category by 2.2 percent, or \$145 thousand, while still maintaining sufficient funding to meet the agency request for increased lease costs.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	13,990	8,003	10,000	10,000	10,000
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	80%	80%	70%	70%	75%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	88%	76%	80%	80%	80%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	69%	67%	70%	65%	70%
Output	Number of alternative sentencing treatment placements in felony, misdemeanor and juvenile cases for clients of contract attorneys	1,169	1,047	1,000	1,000	1,000
Output	Number of cases dismissed in felony, misdemeanor and juvenile cases	NEW	24,667	8,000	7,000	10,000
Output	Number of cases closed by attorneys	NEW	54,607	30,000	30,000	30,000
Output	Average number of cases opened by district	NEW	61,294	25,000	25,000	35,000
Output	Difference between the number of cases opened and closed by office	NEW	89%	60%	60%	70%
* Output	Average cases assigned to attorneys yearly	226	248	300	330	330
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)					
	FY20	FY21	FY22 – 2021-2022		Percent
	2019-2020	2020-2021	Agency	LFC	Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES					
General Fund Transfers	14,537.5	14,655.4	14,104.6	13,962.6	-4.7
Other Transfers	4,463.8	7,255.1	8,271.1	8,271.1	14.0
Federal Revenues	2,987.3	3,761.0	4,255.7	4,255.7	13.2
SOURCES TOTAL	21,988.6	25,671.5	26,631.4	26,489.4	3.2
USES					
Personal Services and Employee Benefits	17,922.6	20,506.9	21,165.6	21,023.6	2.5
Contractual Services	697.6	1,085.7	1,286.2	1,286.2	18.5
Other	3,368.4	3,578.9	4,179.6	4,179.6	16.8
Other Financing Uses	0.0	500.0	0.0	0.0	-100.0
TOTAL USES	21,988.6	25,671.5	26,631.4	26,489.4	3.2
FTE					
Permanent	188.0	203.0	203.0	203.0	0.0
Term	18.0	11.0	16.0	16.0	45.5
Temporary	4.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	210.0	216.0	221.0	221.0	2.3

AT A GLANCE:

The New Mexico Attorney General (NMAG) requested a total budget of \$26.6 million, a \$960 thousand, or 3.7 percent, increase over the FY21 adjusted operating budget. The request decreased general fund revenue by \$550 thousand, or 3.8 percent, and increased the use of federal funds and revenue from the consumer settlement fund to supplant the decreased general fund revenue. The agency requested the conversion of 4 term FTE to permanent FTE in the Legal Services Program to assist NMAG with meeting terms of several settlements and requested 1 additional FTE in the Medicaid Fraud Program. The LFC recommendation increases budgeted fund balance from the consumer settlement fund by the agency request, but does not provide any additional general fund revenue.

BUDGET ISSUES:

In 2019, the Legislature increased general fund revenue to the Attorney General's 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, revenue to the consumer settlement fund has significantly increased over the last few years, with nearly \$15 million of settlement revenue between FY19 and FY20 and an additional \$17 million projected for FY21 and FY22. The consumer settlement fund balance at the start of FY20 was \$15.7 million, up from \$6 million in FY17.

Legal Services. In the Legal Services Program, NMAG requested a \$692 thousand, or 5 percent, decrease in general fund revenue and discontinued the use of \$725 thousand from the mortgage regulatory fund, which the agency offset with an increase of \$2.27 million, or 38 percent, in consumer settlement fund revenue. The request slightly increased the personal services and employee benefits and contractual services categories and increased the other costs category by 14 percent for travel and discovery expenses related to litigation anticipated in FY22. The agency requested an increase in federal revenue of \$68 thousand,

or 5 percent, for a federal grant award to investigate crimes against children. Finally, the agency requested 4 term FTE in the Legal Services Program to work on terms of an upcoming settlement.

The Legal Services Program is responsible for arbitration of the tobacco master settlement agreement, which provides funding from sanctions on tobacco sales for tobacco cessation and other public health initiatives in the state. Due to 2004 arbitration findings that the New Mexico Attorney General's office (NMAG) was not compliant with certain terms of the tobacco master settlement agreement, including tracking sales and taking independent legal action against tobacco companies, NMAG projects only \$10 million to \$14 million in settlement revenue for FY22, down significantly from the \$34 million in revenue for FY21. NMAG has since addressed all areas of noncompliance.

In 2019, the Supreme Court ruled that employees terminated by the Attorney General's office in 2015 were entitled to protection under the State Personnel Act, prompting NMAG to transition most employees from exempt to classified and increase pay scales accordingly. The agency estimates the adjustment will cost approximately \$1 million, which can be absorbed by the agency's significant funded vacancy rate.

The committee recommendation supports the general fund revenue request, and funds the agency request for the contractual services and other costs category. The recommendation increases the personal services and employee benefits category by \$224 thousand, or 1.6 percent, from the consumer settlement fund, but notes NMAG's increasing reliance on expanding agency operations with unpredictable settlement revenue may not be sustainable long-term. In the first quarter of FY21, NMAG increased their operating budget by \$786 thousand from the consumer settlement fund.

Medicaid Fraud. NMAG requested an increase of \$142 thousand, or 18 percent, in general fund revenue to meet the state match requirement to receive increased federal funds in the Medicaid Fraud Program. The request included a 9 percent increase in the personal services and employee benefits category, a 31 percent increase in the other costs category for IT equipment and vehicle maintenance, and an increase of \$168 thousand from federal revenues in the contractual services category for a new fraud-detection software. NMAG requested 1 additional FTE in the program for a public outreach coordinator, which was approved and funded at the federal level.

Though NMAG submits annual, statutorily mandated, data on Medicaid fraud findings to the committee, the reporting lacks any narrative or meaningful indicators of success for the program. The committee does not recommend additional general fund revenue for the Medicaid Fraud Program and instead budgets \$142 thousand in consumer settlement fund to meet the state match requirement for increased federal funding.

RECOMMENDED LANGUAGE:

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes eight million two hundred seventy one thousand one hundred dollars (\$8,271,100) from the consumer settlement fund of the office of the attorney general.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	13,883.0	13,855.3	13,162.5	13,162.5	-5.0
Other Transfers	4,463.8	7,255.1	8,271.1	8,129.1	12.0
Federal Revenues	1,074.2	1,360.6	1,429.4	1,429.4	5.1
SOURCES TOTAL	19,421.0	22,471.0	22,863.0	22,721.0	1.1
USES					
Personal Services and Employee Benefits	15,857.2	17,939.6	18,366.3	18,224.3	1.6
Contractual Services	541.8	995.7	1,028.0	1,028.0	3.2
Other	3,022.0	3,035.7	3,468.7	3,468.7	14.3
Other Financing Uses	0.0	500.0	0.0	0.0	-100.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
FTE	TOTAL USES	19,421.0	22,471.0	22,863.0	22,721.0	1.1
	Permanent	163.0	178.0	177.0	177.0	-0.6
	Term	18.0	11.0	16.0	16.0	45.5
	Temporary	4.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	185.0	191.0	195.0	195.0	2.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of registrants at presentations conducted throughout the state and online	21,271	72,630	50,000	50,000	50,000
Output	Number of administrative prosecutions on professional licenses	128	239	100	100	150
Output	Number of investigations and prosecutions involving child victims	922	653	400	400	400
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	125	120	40	40	50
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	223	285			
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	93.9%	94%	90%	90%	90%
Explanatory	Average time from filing to final disposition in criminal cases, in months	12	7			
Explanatory	Number of cases reviewed for prosecution	98	261			

MEDICAID FRAUD

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

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	654.5	800.1	942.1	800.1	0.0
	Other Transfers	0.0	0.0	0.0	142.0	
	Federal Revenues	1,913.1	2,400.4	2,826.3	2,826.3	17.7
	SOURCES TOTAL	2,567.6	3,200.5	3,768.4	3,768.4	17.7
USES						
	Personal Services and Employee Benefits	2,065.4	2,567.3	2,799.3	2,799.3	9.0
	Contractual Services	155.8	90.0	258.2	258.2	186.9
	Other	346.4	543.2	710.9	710.9	30.9
	TOTAL USES	2,567.6	3,200.5	3,768.4	3,768.4	17.7
FTE						
	Permanent	25.0	25.0	26.0	26.0	4.0
	TOTAL FTE POSITIONS	25.0	25.0	26.0	26.0	4.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$1,226	\$6,000			
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	5
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within one hundred eighty days of receipt	71%	78%	65%	65%	70%
Efficiency	Percent of referrals from the department of human services where medicaid fraud control unit responds within fifteen days	100%	76%	85%	85%	85%

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution creates 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 Mexicans that funds are expended properly. In addition, the State Auditor may initiate special audits to investigate reported or suspected fraud, waste, and abuse related to the financial affairs of an agency.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,131.6	3,220.8	3,059.2	3,149.7	-2.2
Other Revenues	333.7	454.1	300.0	300.0	-33.9
Fund Balance	0.0	303.0	610.6	520.1	71.7
SOURCES TOTAL	3,465.3	3,977.9	3,969.8	3,969.8	-0.2
USES					
Personal Services and Employee Benefits	2,831.3	3,355.7	3,454.0	3,355.7	0.0
Contractual Services	110.0	78.1	85.0	85.0	8.8
Other	500.0	544.1	430.8	529.1	-2.8
TOTAL USES	3,441.3	3,977.9	3,969.8	3,969.8	-0.2
FTE					
Permanent	38.0	38.0	38.0	38.0	0.0
TOTAL FTE POSITIONS	38.0	38.0	38.0	38.0	0.0

AT A GLANCE:

For FY22, the Office of the State Auditor (OSA) requested a general fund revenue decrease of \$161.6 thousand, or 5 percent, from the FY21 operating budget. The request also included \$300 thousand in audit fee revenue and \$610.6 thousand in fund balance revenue to offset the general fund revenue decrease. The budget request included a 20.8 percent decrease in expenditures in the other category, with reductions for travel, IT equipment, and grants to small political subdivisions. The request included a 2.9 percent increase for personnel and an 8.8 percent increase for contracts.

The committee recommends a general fund revenue decrease of \$71.1 thousand, or 2.2 percent, along with \$300 thousand in audit fee revenue and \$520.1 in fund balance revenue. The recommendation allows OSA to decrease by \$90.5 thousand the amount of fund balance it budgets for FY22, recognizing the potential detrimental impact on OSA's operations and independence if it is required to prioritize fee revenue when conducting audits. The committee recommends a flat budget for personnel, given the significant vacancy savings – over \$500 thousand – in the FY21 operating budget, sufficient for approximately 5 FTE.

BUDGET ISSUES:

In FY20, OSA generated \$333.7 thousand in audit fee revenue. Projected ending audit fee fund balance for FY21 is \$647 thousand.

In FY20, OSA distributed \$100 thousand in grants to small political subdivisions to assist entities in achieving compliance with the Audit Act.

A pilot project with the Administrative Office of the Courts (AOC) in FY19 to review guardians and conservators identified 30 risk factors affecting a protected person's financial assets. Following the project, OSA continued to work with AOC in FY20 to develop a comprehensive program to regularly audit and review guardians and conservators. The office performed three audits of conservators and guardians in FY20 and also conducted a review of contracts between the Developmental Disabilities Planning Council and nine corporate guardians representing 70 percent of protected persons under the Office of Guardianship.

In FY20, OSA issued several risk advisories, including advisories related to emergency procurement during the Covid-19 public health emergency, electronic vendor fraud, phishing fraud, public safety employee overtime, and more. In October 2020, OSA identified five state entities and local governments at risk due to adverse or disclaimed audit opinions and 22 entities at risk due to late audit reports. The latter category included seven land grants and nine soil and water districts.

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 Mexicans that funds are expended properly.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Total audit fees generated	\$526,740	333,712	\$350,000	\$300,000	\$350,000
Explanatory	Percent of audits completed by regulatory due date		85.4%			
Output	Number of training sessions performed	21	22	22	22	22
Output	Number of working paper reviews of independent public accountants	27	24	30	20	30
Outcome	Number of audits of conservatorship or guardianship reports conducted	NEW	3	40	25	25
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	NEW	NEW	50%	50%	50%
Output	Number of attendees participating in training sessions	NEW	NEW	1,500	1,750	1,750
Output	Number of outreach events in rural (class B and under) counties	NEW	NEW	4	4	4
Explanatory	Number of small local public entities that received grants through the small political subdivision grant program to assist with audit expenditures	10	32			
Explanatory	Number of grants awarded to small local public entities through the small political subdivision grant program to assist with audit expenditures	12	48			
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	340	276			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	63,302.3	64,065.5	62,827.0	64,665.5	0.9
Federal Revenues	1,445.2	3,403.3	3,103.3	3,103.3	-8.8
Other Revenues	32,239.9	37,668.5	32,044.6	32,044.6	-14.9
Fund Balance	0.0	0.0	1,000.0	1,000.0	
SOURCES TOTAL	96,987.4	105,137.3	98,974.9	100,813.4	-4.1
USES					
Personal Services and Employee Benefits	56,321.0	63,018.1	57,219.8	58,858.3	-6.6
Contractual Services	10,542.2	16,887.3	13,583.1	13,583.1	-19.6
Other	17,136.4	19,065.5	22,005.6	22,205.6	16.5
Other Financing Uses	3,313.9	6,166.4	6,166.4	6,166.4	0.0
TOTAL USES	87,313.5	105,137.3	98,974.9	100,813.4	-4.1
FTE					
Permanent	1,034.5	1,034.5	1,012.5	1,042.3	0.8
Term	29.0	29.0	28.0	5.0	-82.8
Temporary	9.3	9.3	6.8	0.0	-100.0
TOTAL FTE POSITIONS	1,072.8	1,072.8	1,047.3	1,047.3	-2.4

AT A GLANCE:

For FY22, the Taxation and Revenue Department (TRD) requested a general fund budget of \$62.8 million, a decrease of \$1.2 million, or 1.9 percent below the FY21 operating budget. The request would decrease general fund personnel costs across the agency by approximately \$1 million, as well as decrease spending on IT software, hardware, and services. The agency's total FY22 request was \$98.9 million, which included \$32 million in other revenues and smaller amounts of federal revenues and fund balances. In FY21, TRD reduced its operating budget by approximately \$5.7 million when fee revenue it had originally budgeted did not materialize, leading to cuts in the Tax Administration Program for personnel and some other expenditures.

The committee recommends a general fund budget of \$64.7 million, or 0.9 percent above the FY21 operating budget, allowing the agency to partially replace lost fee revenue with general fund revenue to fill vacancies in the Tax Administration Program, as well as fund an initiative to evaluate the state's tax expenditures. The total recommendation provides \$100.8 million in funding.

BUDGET ISSUES:

TRD's general fund budget request for FY22 represented a 1.9 percent decrease from the FY21 operating budget, including a 3 percent decrease for program support, 5 percent for compliance enforcement, 0.8 percent for tax administration, and 5 percent for the Motor Vehicle Division (MVD). In previous years, TRD relied on approximately \$5.7 million in revenues from administrative fees. However, due to removal of language in the General Appropriation Act of 2020, this fee revenue is no longer available, forcing TRD to rely more on other sources of revenue, including general fund. The committee recommendation provides for general fund revenue to stabilize the agency's budget following the loss of the recurring fee revenue, increasing the personnel budget for the Tax Administration Program by \$2.4 million above the FY21 operating budget (adjusted for lost fee revenue). The committee recommendation also decreases the MVD personnel budget by \$1.7 million to better align the budget with the actual costs of filled positions.

TRD continues to implement significant changes to IT infrastructure and processes as a result of 2019 legislation authorizing numerous tax code changes, and the agency reports it is on schedule to implement the changes. For FY21, the agency received \$8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including tax changes. The agency requested a \$5 million special appropriation for FY22, contingent on enactment of legislation in 2021 resulting in significant changes to the tax code, which would require TRD to spend money to further update GenTax.

TRD also requested a supplemental appropriation for FY21 of \$1.25 million for the Audit and Compliance Division (ACD) for shortfalls in the personal service and employee benefits category, due to the loss of recurring administrative fee revenue, which was mistakenly included in the agency's FY21 request and operating budget.

As in previous years, TRD experiences high vacancy rates across programs, impacting service levels. As of November 2020, the agency's overall vacancy rate was approximately 24 percent. For FY21, TRD inactivated 39 positions that had been vacant for over two years.

Motor Vehicle Division. Due to the Covid-19 pandemic, MVD offices were open on an appointment-only basis for most of 2020. MVD made a number of transactions available online, including online license renewal for New Mexicans over the age of 79 and virtual title transfers. Prior to the pandemic, online transactions accounted for approximately one-quarter of total transactions and have accounted for nearly half of total transactions, on average, throughout the pandemic. MVD field office transactions dropped from 35 percent to 14 percent of total transactions, while private partner office volume stayed steady at approximately 30 percent of transactions. TRD does not collect detailed information on service quality or wait times in contracted private partner offices, which would be beneficial to track, especially given limited capacity in MVD offices.

Tax Expenditure Evaluation. In a 2017 rating of state tax incentive evaluations, Pew Charitable Trusts recommended New Mexico provide better evaluation and more scrutiny of major tax incentives. The LFC previously recommended that TRD, in conjunction with the Economic Development Department and Workforce Solutions Department, develop a rotating schedule for in-depth evaluations of the state's major tax expenditures. The committee recommendation for TRD's FY22 budget includes \$200 thousand for a tax expenditure evaluation initiative, to potentially include purchase of dynamic tax modeling software, personnel costs, or contracted services, as the department deems most effective.

Audit and Compliance. In fall 2020, ACD conducted a review of oil and gas industry tax compliance, a follow-up to a review conducted in 2018 at the request of LFC. The 2020 review confirmed findings from 2018 showing that compliance in the oil and gas industry is not notably different than in other areas and also found that some cases of apparent noncompliance may have been related to data errors in which companies were not properly connected to the TRD data warehouse. ACD also reviewed a random sample of employees for personal income tax compliance and, similarly, did not find greater noncompliance than employees in the general population. TRD previously began including audits of personal income tax, corporate income tax, gross receipts tax, and withholding in all severance tax audits of oil and gas companies.

In FY20, TRD began using a data analytics tool that enables more targeted audit selections, using advanced data mining and predictive modeling. ACD is currently using the tool to identify the most collectible gross receipts tax audits. As of August 2020, ACD reported its auditors considered approximately half of the audit leads generated by the tool to have valid audit potential. However, it is not clear how much the tool led to increases in audit collections. TRD collected approximately 19 percent of collectible audit assessments in both FY19 and FY20, below its goal of 60 percent, despite implementation of the analytics tool. The department notes it will take time for the tool to become fully effective and improve collections outcomes.

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	29,363.5	26,707.0	26,923.7	29,675.9	11.1
Federal Revenues	1,383.9	1,526.8	1,526.8	1,526.8	0.0
Other Revenues	1,055.8	6,550.7	1,127.5	1,127.5	-82.8
SOURCES TOTAL	31,803.2	34,784.5	29,578.0	32,330.2	-7.1
USES					
Personal Services and Employee Benefits	24,552.6	27,496.5	22,464.9	25,017.1	-9.0
Contractual Services	144.7	145.2	346.9	346.9	138.9
Other	5,644.4	7,142.8	6,766.2	6,966.2	-2.5
TOTAL USES	30,341.7	34,784.5	29,578.0	32,330.2	-7.1
FTE					
Permanent	455.5	455.5	447.5	477.3	4.8
Term	26.0	26.0	23.0	0.0	-100.0
Temporary	9.3	9.3	6.8	0.0	-100.0
TOTAL FTE POSITIONS	490.8	490.8	477.3	477.3	-2.8

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	12.3:1	12.1:1	12:1	11:1	12:1
Explanatory	Percent of electronically filed returns for personal income tax and combined reporting system	88%	90%			
* Outcome	Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	19%	19%	23%	20%	20%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	85%	85%			
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	5.23%	4.55%			
Output	Number of personal income tax returns flagged as questionable	NEW	44,635	50,000	50,000	50,000
Output	Personal income tax returns processed, in millions	NEW	\$1.01	\$1.1	\$1.0	\$1.0
* Outcome	Collections as a percent of collectible audit assessments generated in the previous fiscal year	NEW	NEW	65%	60%	60%

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,044.2	15,222.3	14,461.2	13,547.5	-11.0
Federal Revenues	61.3	1,876.5	1,576.5	1,576.5	-16.0
Other Revenues	26,005.5	25,779.7	26,279.0	26,279.0	1.9
SOURCES TOTAL	38,111.0	42,878.5	42,316.7	41,403.0	-3.4

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
USES						
	Personal Services and Employee Benefits	14,886.3	17,189.7	16,391.4	15,477.7	-10.0
	Contractual Services	7,089.4	11,264.2	8,359.7	8,359.7	-25.8
	Other	7,451.2	8,258.2	11,399.2	11,399.2	38.0
	Other Financing Uses	3,313.9	6,166.4	6,166.4	6,166.4	0.0
	TOTAL USES	32,740.8	42,878.5	42,316.7	41,403.0	-3.4
FTE						
	Permanent	335.0	335.0	326.0	326.0	-2.7
	Term	3.0	3.0	5.0	5.0	66.7
	TOTAL FTE POSITIONS	338.0	338.0	331.0	331.0	-2.1

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
* Outcome	Percent of registered vehicles with liability insurance	90.4%	90.6%	93%	93%	93%
* Efficiency	Average call center wait time to reach an agent, in minutes	14:09	10:00	<10:00	<10:00	<10:00
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	16:01	16:29	<20:00	<20:00	<20:00
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records on receipt	1.15	NR	1	1	1
Quality	Percent of customers rating customer service as good or higher	98.4%	NR	>98%	>98%	>98%
Explanatory	Web transactions as a percent of total transactions	21.7%	NR			

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)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	Other Revenues	4,848.2	4,285.6	4,285.6	4,285.6	0.0
	Fund Balance	0.0	0.0	1,000.0	1,000.0	
	SOURCES TOTAL	4,848.2	4,285.6	5,285.6	5,285.6	23.3
USES						
	Personal Services and Employee Benefits	2,324.8	2,855.1	3,397.6	3,397.6	19.0
	Contractual Services	295.4	668.0	863.1	863.1	29.2
	Other	650.5	762.5	1,024.9	1,024.9	34.4
	TOTAL USES	3,270.7	4,285.6	5,285.6	5,285.6	23.3
FTE						
	Permanent	41.0	41.0	39.0	39.0	-4.9
	TOTAL FTE POSITIONS	41.0	41.0	39.0	39.0	-4.9

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$12.9	\$10.4	\$13.0	\$10.0	\$10.0
Output	Dollar value of all delinquent property tax sales held	NEW	\$435,576	\$800,000	\$400,000	\$400,000
* Outcome	Percent of total delinquent property taxes recovered	21%	16.8%	20%	15%	20%

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>FY22 - 2021-2022</u>				Percent Incr (Decr)
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	1,612.7	1,702.4	1,617.3	1,617.3	-5.0
	SOURCES TOTAL	1,612.7	1,702.4	1,617.3	1,617.3	-5.0
USES						
	Personal Services and Employee Benefits	1,129.9	1,342.3	1,342.3	1,342.3	0.0
	Contractual Services	3.7	6.4	6.4	6.4	0.0
	Other	354.0	353.7	268.6	268.6	-24.1
	TOTAL USES	1,487.6	1,702.4	1,617.3	1,617.3	-5.0
FTE						
	Permanent	21.0	21.0	21.0	21.0	0.0
	TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	55%	114%	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)

		<u>FY22 - 2021-2022</u>				Percent Incr (Decr)
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	20,281.9	20,433.8	19,824.8	19,824.8	-3.0
	Other Revenues	330.4	1,052.5	352.5	352.5	-66.5
	SOURCES TOTAL	20,612.3	21,486.3	20,177.3	20,177.3	-6.1
USES						
	Personal Services and Employee Benefits	13,427.4	14,134.5	13,623.6	13,623.6	-3.6

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
		FY20 2019-2020	FY21 2020-2021	Agency Request	Percent Incr
		<u>Actuals</u>	<u>Budgeted</u>	<u>Recommendation</u>	<u>(Decr)</u>
	Contractual Services	3,009.0	4,803.5	4,007.0	-16.6
	Other	3,036.3	2,548.3	2,546.7	-0.1
	TOTAL USES	19,472.7	21,486.3	20,177.3	-6.1
FTE	Permanent	182.0	182.0	179.0	-1.6
	TOTAL FTE POSITIONS	182.0	182.0	179.0	-1.6

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
*	Outcome	Number of tax protest cases resolved	1,003	1,744	1,525	1,525
	Outcome	Percent of matched combine reporting system taxes distributed timely	100%	100%	100%	100%
	Output	Percent of internal audit recommendations implemented	60.7%	95%	90%	90%
	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	NR	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	47,276.0	58,227.0	56,238.6	55,766.8	-4.2
SOURCES TOTAL	47,276.0	58,227.0	56,238.6	55,766.8	-4.2
USES					
Personal Services and Employee Benefits	3,721.8	4,294.4	4,638.2	4,166.4	-3.0
Contractual Services	42,995.2	53,249.4	50,923.8	50,923.8	-4.4
Other	559.0	683.2	676.6	676.6	-1.0
TOTAL USES	47,276.0	58,227.0	56,238.6	55,766.8	-4.2
FTE					
Permanent	31.0	31.0	31.0	28.0	-9.7
TOTAL FTE POSITIONS	31.0	31.0	31.0	28.0	-9.7

AT A GLANCE:

For FY22, SIC, which does not receive general fund support, requested a budget of \$56.2 million, a 3.4 percent decrease from the FY21 operating budget. The requested decrease is primarily in the contractual services category due to lower projected asset growth assumptions. The committee recommends an FY22 budget of \$55.9 million, a 4 percent decrease from FY21, which supports the agency's requested decreases in the contractual services and other categories and provides for three funded vacancies.

BUDGET ISSUES:

For FY22, SIC requested a \$2 million decrease from the FY21 operating budget. This includes a \$2.3 million decrease in contractual services for lower expected asset management fees and a \$344 thousand increase in the personal services and employee benefits category, which in total would fund five of the agency's seven vacant positions (reflecting a vacancy rate of 22.6 percent). However, the State Personnel Office inactivated five of the vacant positions because they were unfilled for over two years. The LFC recommendation for the personal services and employee benefits category supports funding for the agency's two remaining vacant positions. Understanding that recruiting for more recent vacancies could have been affected by the Covid-19 pandemic, the LFC recommendation keeps in place two of the 5 inactivated FTE and deletes 3 FTE that have been vacant for more than four years. This would bring the agency's total from 31 FTE to 28 FTE.

In the first half of FY20, with the economy near full employment and equities markets going strong, the combined value of the state's permanent funds increased \$1.5 billion and ended calendar year 2019 at \$25.355 billion. However, during the first quarter of 2020, the Covid-19 pandemic upended the U.S. economy with widespread supply and demand disruptions. Sudden job losses and shuttered commerce resulted in a collapse of equity markets that significantly affected investments across the country. During this quarter, market value of the permanent funds declined by \$2.5 billion. Markets rebounded in the final quarter of the fiscal year, and although the permanent funds did not regain all that was lost, the permanent funds ended FY20 at \$24.207 billion, \$358 million higher than the ending value in FY19.

The market value of all funds invested by SIC totaled \$27.041 billion by June 2020, up from \$25.635 billion at the end of June 2019. Most of the increase was due to the transfer of management of the tax stabilization reserve (i.e., the state's "rainy day fund") from the state treasury to SIC – this fund totaled \$1.2 billion as of June 30, 2020. SIC reports market returns for its investments in FY20 were just 0.24 percent. Due to the low growth in asset value, the agency spent less on investment management services than originally planned – total contractual services expenditures in FY20 were 23.7 percent below the FY20 operating budget. The agency expects the upcoming investment environment to produce relatively low returns; therefore, asset values in FY21 and FY22 are expected to end lower than originally projected. 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 FY22. Recognizing the expected low-return investment environment, the LFC recommendation supports the agency's request for a 4.4 percent decrease in contractual services from the FY21 operating budget.

SIC's long-term targeted rate of return is 7 percent for the LGPF and 6.75 percent for the STPF. In FY20, the LGPF and STPF portfolios returned 0.24 percent and -0.6 percent, respectively. SIC's annual investment plan for FY21 expects the next seven to 10 years will be a low-return environment, and after accounting for returns, royalty inflows, and distributions, SIC expects the LGPF to grow at an annualized 3.3 percent and the STPF to grow at an annualized 1 percent.

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 public equities and fixed income assets, offer little opportunity for investment gains through asset management, and indexing (passive management) is less costly. However, manager skill can improve investment returns in certain asset classes, such as private equity and real assets like commodities and real estate. About 75 percent of the LGPF and STPF portfolios are actively managed. In FY20, SIC's general investment advisor RVK noted manager performance was the largest detractor to the funds' relative returns over the past year, particularly within U.S. equity and real return asset classes.

The permanent funds' lower risk asset allocations provide an advantage in a negative-outlook environment, and the permanent funds performed relatively well compared with peer investment funds in the first quarter of 2020, ranking in the highest quartile for public funds of similar size. However, lower risk positions tend to perform poorly relative to peers during periods of market upswings, like that of the second quarter of 2020. The permanent funds performed in the lowest quartile for the quarter and one-year period ending June 30, 2020, and below the median for the three- and five-year periods. However, the permanent funds still returned about 8 percent for the 10-year period ending in FY20, exceeding their long-term targets and performing near the median for public funds of similar size.

Legislation passed in the 2020 regular session created the early childhood education and care fund (known as the early childhood trust fund), an interest-earning account to be managed by SIC. The Legislature endowed the fund with \$300 million, transferred at the beginning of FY21. The fund is designed to capture windfall oil and gas revenue from production activity on federal lands and can also receive windfall revenues from the oil and gas emergency school tax if certain conditions are met. However, the recent oil market crash has led to production declines in the state along with low prices, and these revenue sources are not expected to generate revenues for the trust fund in the near future. At its September 2020 meeting, SIC voted on an asset allocation for the trust fund that is 80 percent in highly liquid fixed income investments and 20 percent in real estate investments, similar to the asset allocation for the tax stabilization reserve. The allocation is expected to return about 3.6 percent annually.

Pandemic Relief. Following the onset of the Covid-19 pandemic, SIC authorized \$100 million for an emergency short-term loan fund in April 2020 for medium to large New Mexico businesses with 40 or more employees. These loans were meant to help bridge the gap for companies that were profitable prior to the crisis and that have good prospects thereafter, but may not have qualified for other loans from the federal government, state, or private banks. The program used existing statutory authority that allows for investment in New Mexican start-up businesses from the severance tax permanent fund (Section 7-27-5.15 NMSA 1978). As of August, the program had approved 17 loans totaling \$38.2 million, with another 23 loans totaling \$52 million awaiting final approvals. Loan sizes ranged from \$500 thousand to \$10 million, with interest rates of 3 percent to 10 percent.

In an additional effort to address the negative effects of the Covid-19 pandemic on small businesses, the Legislature authorized in the June 2020 special session up to another \$400 million in "small business recovery loans" from the severance tax permanent fund. The Small Businesses Recovery Act allowed businesses with an annual gross income of less than \$5 million that closed or reduced operations due to the March 2020 public health order to borrow two months of operational funds at an interest rate of 1.625 percent. These loans, which are unsecured and did not require any collateral or personal guarantee, required interest-only payments for the first three years with an option to extend principal and interest payments for another three years. The loan program is administered by the New Mexico Finance Authority (NMFA) and applications will be accepted through December 31, 2020. In the fiscal impact report, LFC and SIC staff questioned the demand for nonforgivable loans in the current economic environment and noted businesses might be unable to repay loans, potentially raising constitutional concerns around the anti-donation clause. The

memorandum of agreement between NMFA and SIC provided for an initial draw down of \$100 million to provide the loans, with the ability to drawdown more against the full \$400 million as needed (funds not drawn down would remain invested as normal in the STPF). As of mid-October, the program had provided \$22 million in loans to 481 businesses, and NMFA stated it does not expect to use the full \$100 million from the initial drawdown.

In the June 2020 special session, the Legislature also directed SIC to commit up to 1 percent of the value of the STPF (approximately \$50 million) to loans to local governments to provide emergency economic relief amid falling revenues, with the program to also be administered by NMFA. Under the provision, local governments may borrow up to 50 percent of their projected budget shortfall for FY20 and use the proceeds for "general operating expenses and revenue replacement." The loans would carry a 2 percent interest rate and be backed by a dedication of future gross receipts tax revenue. In the fiscal impact report, LFC staff noted several legal and policy concerns regarding local governments pledging future revenues for debt-financing of current operations. However, as of mid-October, no local governments had expressed interest in applying for the loans, and NMFA stated it does not expect local governments to use this loan program.

New Mexico Economically Targeted Investments (ETI). The Severance Tax Bonding Act authorizes various ETI strategies for the STPF that permit a below market rate of return for investments intended to stimulate the economy of New Mexico. Most ETI allocations in statute come at the fiduciary discretion of SIC, although the 2 percent allocation to the Small Business Investment Corporation (SBIC) is required. While many legislative authorizations are currently inactive, if all ETI allocations in statute were fully implemented by SIC, it would result in more than three-quarters of the STPF being placed in below market investment strategies. Statutory ETI allocations of the STPF include 2 percent in small business lending and equity programs from SBIC, up to 11 percent in New Mexico private equity, up to 6 percent in New Mexico film loans, up to 20 percent in bank certificate of deposit with New Mexico financial institutions, up to 20 percent in New Mexico Farmers Home Administration loans, up to 10 percent in educational institution revenue bonds, and about \$130 million in dollar-specific authorized investments. In the 2020 special session, the Legislature directed another roughly 9.5 percent allocation to pandemic relief efforts. Currently, in addition to the mentioned pandemic relief programs, SIC is fulfilling its mandatory commitment of 2 percent of the STPF for investments from SBIC and has set a 9 percent target allocation for New Mexico private equity.

SIC staff indicated that, historically, the SBIC has not produced any substantive positive financial returns. However, this lack of financial returns is permissible in statute, which specifically recognizes the value of jobs and industry-creation that help offset less-than market rates of investment return. As of June 30, 2020, the program's investment of about \$20 million in New Mexico-focused venture capital funds has a current market value of \$4.4 million, with \$15.3 million in losses. SBIC is no longer focused on making equity investments and instead is focused on its small business lending program. A 2017 economic impact study by UNM's Bureau of Business and Economic Development estimated for every \$1 million in loans granted by the SBIC, 12 new jobs were created while 21 other jobs were saved. SBIC reports it has facilitated more than 4500 loans that have supported more than 12,000 jobs across 223 communities across the state.

The NM Private Equity Investment Program (NMPEIP) has seen mixed results since it was first created in statute in 1993. The first ten years of the program had a different strategy, with a focus on job-creation and catalyzing New Mexico's venture capital ecosystem. However, results from the first decade of the program produced financial returns in the mid negative teens and were largely seen as unsuccessful on both fronts. Governance of the program evolved over time and staff-directed investments were shelved in favor of those that were initiated and externally managed by venture capital professionals chosen by SIC. That change not only largely removed the potential for political influence in the investment process, but also gradually improved financial returns, which after many years, has pulled the NMPEIP's returns into positive territory overall. As of FY20, the program produced a 6.3 percent return over the last 10 years. Since inception, the program invested in 80 companies (of which 34 are currently active) and reported a total of 1,399 jobs and an annualized New Mexico payroll of \$89.4 million.

Early Childhood Distribution. In the upcoming 2021 session, the Legislature will likely hear proposals to increase the distribution from the land grant permanent fund, with a new allocation of the distribution from the permanent school fund to be dedicated to early childhood education. Staff of the Legislative Education Study Committee have pointed out such proposals create distributions from the LGPF for beneficiaries that are not the intended recipients of the permanent school fund (public schools). The state could be vulnerable to a lawsuit because many early childhood educational services are not administered by public schools. The beneficiaries of the LGPF are delineated in the federal Enabling Act and Ferguson Act, both related to the creation of the state, and can only be changed with congressional action. LFC and SIC staff have also noted in similar proposals that increasing the distribution rate results in more revenue in the short term but reduces the total value of the fund, which limits the fund's ability to grow over time and reduces distributions in the long term. For example, within about 25 years, the distribution amount generated from a 6 percent distribution from a smaller fund would be less than the distribution amount generated from 5 percent of a larger fund. By 2060, the value of the LGPF could be about \$20 billion less, and the general fund could receive about \$350 million less each year than it would have under a 5 percent distribution from a larger corpus.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	11	4	>25	>25	>25
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	35	51	<49	<49	<49
Outcome	Three-year annualized investment returns to exceed internal benchmarks, in basis points	72	-21	>25	>25	>25
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	37	62	<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, and 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, and the Motor Vehicle Code consistent with applicable legal authority in a fair, efficient, and impartial manner.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,857.6	1,817.1	1,726.6	1,726.6	-5.0
Other Transfers	0.0	50.0	50.0	50.0	0.0
Other Revenues	165.0	165.0	165.0	170.0	3.0
SOURCES TOTAL	2,022.6	2,032.1	1,941.6	1,946.6	-4.2
USES					
Personal Services and Employee Benefits	1,651.5	1,697.8	1,665.1	1,670.1	-1.6
Contractual Services	35.8	76.1	62.2	62.2	-18.3
Other	277.8	258.2	214.3	214.3	-17.0
TOTAL USES	1,965.1	2,032.1	1,941.6	1,946.6	-4.2
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	17.0	17.0	0.0

AT A GLANCE:

The Administrative Hearings Office (AHO) requested a general fund decrease of \$90.5 thousand, or 5 percent, from the FY21 operating budget. The request also included \$165 thousand from the motor vehicle suspense fund and \$50 thousand as an interagency transfer from the Human Services Department to provide contract hearing services for the Medicaid Provider and Managed Care Act. The committee recommends budgeting an additional \$5,000 above the request for personnel, using fees that AHO receives from other state agencies to conduct hearings.

BUDGET ISSUES:

AHO's FY22 request included a 1.9 percent decrease for personnel, an 18.3 percent decrease for contracts, and a 17 percent decrease in the other category. The request included cost reductions for interpreter services and shared human resource services, as well as information technology services, travel, and training for hearing officers. The office anticipates fee revenue of approximately \$5,000 from other state agencies – the Board of Nursing, the State Ethics Commissions, and Secretary of State – for hearing officer services. In the past, AHO has used budget adjustment requests to budget these funds; however, the committee recommends budgeting the funds as interagency transfers in FY22.

In FY20, AHO received 231 new tax protest cases. The office conducted 341 tax hearings and issued 36 dispositive decisions and orders. In addition, AHO conducted 3,349 hearings under the Implied Consent Act and 32 hearings under the Parental Responsibility Act. Each hearing officer conducted an average of 381 hearings. AHO met its performance measures in FY20 related to timely hearings and public trainings.

Following legislative changes in 2019, on January 1, 2020, the office began conducting hearings under the Insurance Premium Tax Act (Laws 2019, Chapter 47) and the Medicaid Provider and Managed Care Act (Laws 2019, Chapter 215). The Human Services Department 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).

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 HEARING OFFICE

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
*	Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.08%	0.12%	<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	3.1%	0%	<2.5%	<2.5%
	Outcome	Number of tax protest and implied consent act trainings conducted annually	4	4	4	4

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:

DFA provides 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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	21,268.1	21,625.6	20,544.4	21,189.5	-2.0
Other Transfers	16,951.1	17,000.0	16,000.0	12,000.0	-29.4
Federal Revenues	10,260.9	19,980.9	19,980.9	19,980.9	0.0
Other Revenues	94,287.1	92,692.0	83,788.0	83,788.0	-9.6
Fund Balance	0.0	583.2	583.2	583.2	0.0
SOURCES TOTAL	142,767.2	151,881.7	140,896.5	137,541.6	-9.4
USES					
Personal Services and Employee Benefits	11,556.8	13,159.8	12,584.5	12,721.1	-3.3
Contractual Services	6,500.0	8,086.1	6,889.7	7,548.9	-6.6
Other	52,292.3	69,605.8	69,692.3	69,541.6	-0.1
Other Financing Uses	56,330.0	61,030.0	51,730.0	47,730.0	-21.8
TOTAL USES	126,679.1	151,881.7	140,896.5	137,541.6	-9.4
FTE					
Permanent	129.0	135.0	130.0	130.0	-3.7
Term	18.0	18.0	17.0	17.0	-5.6
TOTAL FTE POSITIONS	147.0	153.0	147.0	147.0	-3.9

AT A GLANCE:

For FY22, DFA requested a general fund revenue decrease of \$1.1 million, or 5 percent, below the FY21 operating budget, with cost reductions mainly in personnel and civil legal services contracts. The total budget request for FY22 was \$140.9 million, a 7.2 percent decrease from the FY21 operating budget.

The committee recommends a general fund revenue decrease of \$436.1 thousand, or 2 percent below the FY21 operating budget, allowing for filling of vacancies, as well as continued funding of state audit contracts and civil legal services. The general fund recommendation includes \$5.3 million for non-operating appropriations. The committee recommends a total FY22 budget of \$137.5 million, a 9.4 percent decrease from the prior year operating budget. The recommendation includes \$12 million in tobacco settlement revenue, reflecting FY22 projections from the New Mexico Attorney General's office (NMAG), \$4 million lower than DFA's budget request.

BUDGET ISSUES:

DFA's general fund request included a cost decrease of \$462.7 thousand for personnel across programs, a \$321 thousand decrease for civil legal services contracts, and a \$114.2 thousand decrease for contracts in the Fiscal Management and Oversight Program. The committee recommends an increase of \$100.5 thousand for civil legal services, to replace cuts to the initiative in the adjusted FY21 operating budget, and continued funding for contracts. The agency's FY22 general fund request for non-operating appropriations included cost decreases of \$170.5 thousand across several programs, as well as increases of \$202 thousand for the Leasehold Community Assistance Program and \$24.7 thousand for the Land Grant Council. The committee recommends flat budgets for most non-operating appropriations.

DFA had approximately \$1 million in vacancy savings across programs in its FY21 operating budget. The committee recommendation reduces personnel spending by 3.3 percent from FY21, but the recommendation still represents a 10 percent increase over FY20 actual personnel expenditures.

NMAG projects only \$12 million in FY22 in tobacco settlement revenue, lawsuit-related payments from tobacco companies. The projection represents a significant decrease from last year's \$34 million in revenue, due to 2004 arbitration findings that NMAG was not compliant with certain terms of the tobacco master settlement agreement, including tracking tobacco sales and taking independent legal action against tobacco companies. NMAG has since addressed all areas of noncompliance, so revenues should increase again in coming years. By statute, half of tobacco settlement revenue is automatically transferred to the tobacco settlement permanent fund and the other half to the tobacco settlement program fund for distribution to beneficiaries, primarily for smoking cessation and other health programs. The \$12 million budgeted appropriation is contingent on legislation to transfer 100 percent of revenues to the program fund.

State Audit. DFA released the FY19 Comprehensive Annual Financial Report (CAFR) on May 7, 2020. The state ended FY19 with a net position of \$31.4 billion, a 10.5 percent increase from FY18. The state's total liabilities decreased by \$102 million, or 0.65 percent, and total assets increased by \$3.1 billion, or 7 percent, 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 finalized until January of the following fiscal year.

Board of Finance. DFA's Board of Finance (BOF) makes emergency loans and grants available to state entities. As of October 2020, the operating reserve fund had a balance of \$2.3 million remaining from its \$2.5 million FY21 appropriation, while the emergency water fund had not spent any of its \$175 thousand appropriation.

Emergency funding. Significant emergency funding needs related to the Covid-19 pandemic, as well as costs related to increased incidences of wildfires in recent years, have made it challenging for the executive to allocate sufficient amounts of emergency funding once the appropriation contingency fund, the primary source of funding for emergency situations, is depleted. In FY19 and FY20, the executive allocated \$58.7 million from the general fund operating reserve for emergencies; however, legal advisors to the Legislature assert the executive lacks statutory authority to do so. Additionally, statute limits emergency allocations to \$750 thousand per entity per emergency, but this limited amount has not met needs in recent years for fire suppression and response, and costs related to the Covid-19 pandemic exceeded the limit by an even greater scale. In FY20, the executive allocated \$30 million in response to the Covid-19 pandemic. A more clearly defined system of emergency funding could address these ongoing issues by identifying and limiting allowable funding sources, as well as providing a mechanism for addressing shortfalls.

Decennial Census. Counting for the 2020 U.S. Census took place from April 1 through October 15, 2020. The 2020 census was the first to offer all respondents the option to respond online. DFA spent and distributed \$11.5 million in general fund appropriations from 2019 and 2020 on census "complete count" activities. The agency distributed \$4.8 million in grants to counties and \$800 thousand to tribal governments, and also spent approximately \$4 million on media campaigns and social media outreach. At the end of census enumeration, 58.7 percent of households had self-responded to the census. Including counting from the U.S. Census Bureau's non-response follow-up (NRFU) operation, approximately 99.9 percent of New Mexico households were counted. Nationally, 67 percent of households self-responded to the census and 99.9 percent of all households were counted, including NRFU counting. Both the national and New Mexico self-response rates were lower than those in 2010. Results of the census are used to allocate federal funding and set congressional and state legislative districts.

Community Development Programs. The Local DWI Grant Council announced estimated distributions and grants to counties totaling approximately \$19.6 million for FY20. The largest statutory local DWI (LDWI) fund distributions went to Bernalillo County for \$4.5 million, Santa Fe County for \$1.3 million, Doña Ana County for \$1.1 million, and San Juan County for \$1 million. In addition to the distributions, the council made grants totaling \$2.8 million to 23 counties, based on applications, and also provided \$2.8 million in funding for detox programs in six counties. LDWI funding consists of 45 percent of annual liquor excise tax revenues. In FY20, the agency requested a budget adjustment to increase the program budget by \$2.1 million to account for increased liquor excise tax revenues. For FY22, DFA requested a budget of \$20.2 million for the LDWI fund. The Taxation and Revenue Department estimates total liquor excise tax revenues of \$47.7 million for FY22.

DFA awarded \$4.7 million in FY21 contracts for civil legal services for low-income individuals to 12 organizations, funded with revenue from the general fund and the civil legal services fund. The largest contract amount was \$2.6 million to New Mexico Legal Aid. Several other agencies also fund civil legal services contracts. For example, the Aging and Long-Term Services Department spent \$585.2 thousand in FY20 on two civil legal services contracts, while the Children, Youth and Families Department spent approximately \$500 thousand and the Crime Victims Reparations Commission spent \$262.4 thousand.

Non-operating Appropriations. The committee recommends general fund transfers for DFA non-operating appropriations of \$5.1 million, a decrease of \$135.3 thousand, or 2.6 percent, compared with the FY21 operating budget. The total recommendation for DFA non-operating appropriations is \$20.4 million, a decrease of 0.7 percent.

The Land Grant Council requested an increase of \$24.7 thousand, or 8 percent, above the FY21 operating budget. The committee recommends a flat budget for FY22.

The Leasehold Community Assistance Program requested an increase of \$202 thousand, or 289 percent, above the FY21 operating budget. The committee recommends a flat budget for FY22.

DFA requested budget decreases for the emergency water supply fund, fiscal agent contract, acequia and community ditch education, and acequia commission. The committee recommends flat budgets for these initiatives.

As in previous years, FY20 actual uses for non-operating appropriations were significantly lower than appropriations, primarily due to lower-than-budgeted distributions from the law enforcement protection fund (LEPF). In FY20, DFA received \$17.1 million in revenues for the LEPF, which provides funding for training and equipment for local law enforcement, and distributed \$5.8 million to counties, municipalities, and tribal governments, based on applications from local entities. However, 2020 legislation (House Bill 184, Chapter 67) will increase distributions from the LEPF to existing and new beneficiaries by approximately \$7 million beginning in FY22.

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 \$12 million from the tobacco settlement program fund. Of this amount, \$6 million is contingent on enactment of legislation in the first session of the fifty-fifth legislature amending Section 6-4-9 NMSA 1978.

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 thirty-four million nine hundred thousand dollars (\$34,900,000) 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 six hundred thousand dollars (\$1,600,000) 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 2022. 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)					
SOURCES	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	3,474.1	3,510.7	3,498.4	3,510.7	0.0
SOURCES TOTAL	3,474.1	3,510.7	3,498.4	3,510.7	0.0

BUDGET SUMMARY
(dollars in thousands)

USES	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
Personal Services and Employee Benefits	3,045.3	3,309.0	3,310.4	3,309.0	0.0
Contractual Services	40.8	63.3	41.0	63.3	0.0
Other	118.8	138.4	147.0	138.4	0.0
TOTAL USES	3,204.9	3,510.7	3,498.4	3,510.7	0.0
FTE					
Permanent	32.0	34.0	33.0	33.0	-2.9
TOTAL FTE POSITIONS	32.0	34.0	33.0	33.0	-2.9

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	General fund reserves as a percent of recurring appropriations	NR	TBD	25%	25%	25%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	NR	6.1%	5%	5%	5%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	NR	-5.4%	5%	5%	5%
Outcome	General obligation bond rating (Moody's and S&P)	NEW	NEW	AA+	AA+	AA+
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	95%	95%	95%
Outcome	Percent of capital outlay expended within six months for all funding sources	NEW	NEW	5%	5%	5%
Outcome	Percent of capital outlay projects with no activity after one year	NEW	NEW	0%	0%	0%
Quality	Percent of state agencies that are satisfied with department of finance and administration services based on survey responses	NEW	NEW	90%	90%	90%
Outcome	Percent of capital outlay expended within three years for all funding sources	NEW	NEW	85%	85%	85%

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)

SOURCES	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	4,461.3	4,728.7	4,153.0	4,574.5	-3.3
Federal Revenues	10,260.9	19,980.9	19,980.9	19,980.9	0.0
Other Revenues	36,685.5	34,271.8	33,667.8	33,667.8	-1.8
Fund Balance	0.0	583.2	583.2	583.2	0.0
SOURCES TOTAL	51,407.7	59,564.6	58,384.9	58,806.4	-1.3
USES					
Personal Services and Employee Benefits	2,921.9	3,572.0	3,391.6	3,391.6	-5.1
Contractual Services	4,258.7	4,781.1	3,870.6	4,292.1	-10.2
Other	42,903.0	50,911.5	50,822.7	50,822.7	-0.2
Other Financing Uses	300.0	300.0	300.0	300.0	0.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				Percent Incr (Decr)
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
TOTAL USES		50,383.6	59,564.6	58,384.9	58,806.4	-1.3
FTE	Permanent	24.0	26.0	25.0	25.0	-3.8
	Term	18.0	18.0	17.0	17.0	-5.6
TOTAL FTE POSITIONS		42.0	44.0	42.0	42.0	-4.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Quality	Percent of required site visits by enhanced-911, driving while intoxicated and community development block grant staff conducted annually	71%	84%	90%	90%	90%
* Outcome	Number of counties and municipalities local government division assisted during the fiscal year to resolve audit findings and diminish poor audit opinions	13	20	11	11	11
Output	Number of local government division visits to local public entities	NEW	NEW	140	140	140
Explanatory	Percent of local public entities that meet required reserve levels	NR	NR	100%		
Output	Number of visits to local public entities to provide enhanced 911 general support or technical assistance	NEW	NEW	13	13	13
Quality	Percent of local public entities that are satisfied with local government division services based on survey responses	NEW	NEW	80%	80%	90%
Outcome	Percent of grantee payment requests processed within ten working days by the local government division	97%	97%	100%	100%	100%
Explanatory	Percent of local public entities submitting infrastructure capital improvement plans	NR	NR	95%	95%	
Explanatory	Percent of local public entities with current audits	NR	NR	100%	100%	100%
Output	Number of trainings provided to local public entities	NEW	NEW	13	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%	75%	75%	90%
Outcome	Percent of capital intergovernmental grant agreements entered into within 60 days	NEW	NEW	50%	50%	50%

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.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				Percent Incr (Decr)
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	7,115.0	6,068.7	5,605.0	5,857.2	-3.5
	Other Transfers	16,951.1	17,000.0	16,000.0	12,000.0	-29.4
	Other Revenues	37,657.7	43,200.0	34,900.0	34,900.0	-19.2
SOURCES TOTAL		61,723.8	66,268.7	56,505.0	52,757.2	-20.4

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
USES		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
	Personal Services and Employee Benefits	4,858.1	4,597.4	4,213.1	4,351.1	-5.4
	Contractual Services	1,005.4	1,338.7	1,224.5	1,338.7	0.0
	Other	486.5	132.6	167.4	167.4	26.2
	Other Financing Uses	55,500.0	60,200.0	50,900.0	46,900.0	-22.1
	TOTAL USES	61,850.0	66,268.7	56,505.0	52,757.2	-20.4
FTE						
	Permanent	62.0	54.0	51.0	51.0	-5.6
	TOTAL FTE POSITIONS	62.0	54.0	51.0	51.0	-5.6

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Explanatory	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in days	NR	NR			
Explanatory	Date of submitting the annual statewide cost allocation plan for federal approval	NR	NR			
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%	100%	100%	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	10	10	25	25
Quality	Agency IT security score	NEW	754	850	850	850
Quality	Percent of material audit findings resolved in the comprehensive annual financial report			75%	75%	75%

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction on 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)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	969.7	2,034.0	1,973.0	1,973.0	-3.0
	SOURCES TOTAL	969.7	2,034.0	1,973.0	1,973.0	-3.0
USES						
	Personal Services and Employee Benefits	720.6	1,665.1	1,660.2	1,660.2	-0.3
	Contractual Services	79.0	121.0	115.8	115.8	-4.3
	Other	25.4	247.9	197.0	197.0	-20.5
	TOTAL USES	825.0	2,034.0	1,973.0	1,973.0	-3.0
FTE						
	Permanent	11.0	21.0	21.0	21.0	0.0
	TOTAL FTE POSITIONS	11.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of major fund reconciliations completed as an internal control within twenty-one days after the official closing of the books each quarter	30%	97%	97%	97%	97%
Outcome	Percent of prior-year department of finance and administration audit findings resolved or improved	80%	100%	80%	80%	80%
Output	Number of security scans performed annually	NEW	NEW	NEW	5	5

Department of Finance and Administration Non-Operating Appropriations

Budget Summary

(dollars in thousands)

Fiscal Year 2022

	<u>FY20 Actual</u>	<u>FY21 Operating</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>\$ Δ OpBud</u>	<u>% Δ OpBud</u>
SOURCES						
General fund transfers	\$5,248.0	\$5,283.1	\$5,315.0	\$5,274.1	(\$9.0)	-0.2%
Other Revenues	\$19,943.9	\$15,220.2	\$15,220.2	\$15,220.2	\$0.0	0.0%
SOURCES TOTAL	\$25,191.9	\$20,503.3	\$20,535.2	\$20,494.3	(\$9.0)	0.0%
USES (General Fund)						
(a) Membership and Dues	\$140.0	\$148.4	\$148.0	\$148.0	(\$0.4)	-0.3%
(d) Emergency water supply fund	\$104.8	\$109.9	\$50.0	\$109.9	\$0.0	0.0%
(e) Fiscal agent contract	\$1,064.8	\$1,064.8	\$1,000.0	\$1,064.8	\$0.0	0.0%
(f) State planning districts	\$693.0	\$693.0	\$693.0	\$693.0	\$0.0	0.0%
(g) Leasehold community assistance	\$57.0	\$70.0	\$272.0	\$70.0	\$0.0	0.0%
(h) County detention of prisoners	\$2,387.5	\$2,396.5	\$2,387.5	\$2,387.5	(\$9.0)	-0.4%
(i) Acequia and community ditch education program	\$398.2	\$398.2	\$352.0	\$398.2	\$0.0	0.0%
(j) New Mexico acequia commission	\$88.1	\$88.1	\$73.2	\$88.1	\$0.0	0.0%
(k) Statewide teen court	\$17.7	\$17.7	\$17.7	\$17.7	\$0.0	0.0%
(l) Land grant council	\$296.9	\$296.9	\$321.6	\$296.9	\$0.0	0.0%
TOTAL GENERAL FUND	\$5,248.0	\$5,283.5	\$5,315.0	\$5,274.1	(\$9.4)	-0.2%
USES (Non-General Fund)						
(k) Statewide teen court	\$120.2	\$120.2	\$120.2	\$120.2	\$0.0	0.0%
(m) Law enforcement protection fund	\$5,794.5	\$15,100.0	\$15,100.0	\$15,100.0	\$0.0	0.0%
TOTAL NON-GENERAL FUND	\$5,914.7	\$15,220.2	\$15,220.2	\$15,220.2	\$0.0	0.0%
TOTAL APPROPRIATIONS	\$11,162.7	\$20,503.7	\$20,535.2	\$20,494.3	(\$9.4)	0.0%

STATUTORY AUTHORITY:

The Public Schools Insurance Authority (PSIA) was created by Sections 22-29-1 through 22-29-6-12 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)					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 – 2021-2022 Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8,000.0	0.0	0.0	0.0	
Other Transfers	1,407.1	1,401.0	1,401.0	1,401.0	0.0
Other Revenues	396,043.4	412,854.6	449,033.3	426,936.4	3.4
Fund Balance	5,650.3	257.7	7,642.2	0.0	-100.0
SOURCES TOTAL	411,100.8	414,513.3	458,076.5	428,337.4	3.3
USES					
Personal Services and Employee Benefits	931.2	1,120.5	1,120.5	1,120.5	0.0
Contractual Services	406,833.4	411,803.2	455,366.4	425,627.3	3.4
Other	140.2	188.6	188.6	188.6	0.0
Other Financing Uses	1,491.9	1,401.0	1,401.0	1,401.0	0.0
TOTAL USES	409,396.7	414,513.3	458,076.5	428,337.4	3.3
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 FY22, the New Mexico Public Schools Insurance Authority (NMPSIA), whose funding is built into the public schools support budget, advised the Public Education Department to request an increase of \$19.3 million for insurance rates, including \$13.8 million for the employer portion of health benefits premium increases and \$5.5 million for risk premium increases. NMPSIA sets insurance rates for the upcoming school year each spring. For FY22, NMPSIA anticipates need for a 9.3 percent increase for health benefit premiums and a 7.87 percent increase in risk insurance premiums.

The LFC recommendation recognizes that the rural nature of the NMPSIA health insurance pool leads to higher costs than experienced in metropolitan areas. The LFC recommendation includes \$7.4 million in additional expenditure authority in the Health Benefits Program. Funding for insurance premium increases is included in the Public School Support budget (See: "PSS: Agency 993). The LFC recommendation does not include an increase for the Risk Program because the program currently has assets totaling \$94 million, sufficient to cover all of the current estimated outstanding claims except liability claims, the cost of which are unknown.

BUDGET ISSUES:

NMPSIA provides health benefits and risk insurance to the 88 school districts outside of the Albuquerque Public Schools (APS) and 96 charter schools. The Benefits and Risk programs are funded through employer and employee contributions for health benefits and insurance premium assessments on individual school districts and charter schools for risk insurance. NMPSIA pays for health benefits claims through the provider networks of insurance carriers that are paid an administrative fee. 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 FY22, NMPSIA requested a total budget of \$458.1 million, \$43.5 million, or 10.5 percent, over the FY21 operating budget and \$48 million over FY20 actual expenditures.

NMPSIA requests funding to be included in the public school support (PSS) budget for distribution to districts. The NMPSIA board is empowered to set insurance rates assessed to districts regardless of whether funding was included in the PSS budget. APS receives a 25 percent share of the state equalization guarantee funding available for insurance in the PSS budget regardless of claims experience based on the APS share of total school funding units. Because NMPSIA has the authority to set rates independent of the Legislature, the FY22 budget request is a request for expenditure authority rather than a request for an appropriation.

Benefits. The Benefits Program requested an increase of \$33.9 million, or 10.3 percent, over the FY21 operating budget, \$52.3 million higher than FY20 actual expenditures. NMPSIA provided coverage to 47 thousand members in FY20, 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 College from the program in FY18.

NMPSIA reports an FY21 beginning benefits fund balance of \$31.6 million but anticipates FY21 healthcare spending will exceed premium revenues by \$20.7 million; this amount will reduce the health benefits fund balance to \$10.9 million. Even with a 9.3 percent health insurance increase, the benefits fund is still projected to lose an additional \$11.6 million, bringing total fund balance to -\$694 thousand at the close of FY22.

The global Covid-19 pandemic reduced spending on healthcare in FY20 and will likely continue to depress costs through FY21. NMPSIA reports a \$15 million reduction in healthcare spending in FY20 resulting from cancellation of elective procedures at the outset of the pandemic and reluctance on the part of individuals to seek care in-person. NMPSIA's benefits consultant estimates only \$5.2 million in care will be rescheduled for FY21, leaving NMPSIA with anticipated net savings of \$9.8 million. Apart from this, telemedicine, which saves \$50 on routine doctor visits, has increased from 2,348 visits in 2019 to 16,536 visits from January through August 2020. It is unclear how long the Covid-19 pandemic will suppress utilization and to what degree demand will rebound, but it is likely the disruption to the healthcare industry will continue generating savings in New Mexico's self-insurance pools until a vaccine is widely available.

NMPSIA reports the most expensive 1 percent of members accounted for 37.2 percent of total medical plan claims paid, while the bottom 70 percent of plan members accounted for only 5.9 percent of costs. Additionally, 40.6 percent of NMPSIA's member pool are diagnosed with one or more chronic conditions. Despite the high rate of chronic conditions in the pool and the outsized cost associated with the sickest members, analysis of plan data from FY16 to FY20 shows total spending on medical care and pharmaceuticals fell by 0.8 percent, largely driven by declining membership in the plan. Per-member costs increased 11.8 percent between FY16 and FY19, an average of 2.4 percent per year. NMPSIA began assessing different rate increases for high-option and low-option health insurance plans in the 2016-2017 plan year. Since then, high-option plans have increased 28 percent, or 5.6 percent per year on average, and low-option plans increased 13.5 percent, or 2.7 percent per year.

NMPSIA sets rates in accordance with a five-year plan, the goal of which is to set rates high enough to pay the costs of all claims, reserve funds for claims that are incurred but not reported (IBNR), and build an additional reserve equivalent to one month's worth of claims expenditures to insulate the program from the impacts of high-cost events. The FY22 anticipated premium increase of 9.3 percent is the amount required each year between FY22 and FY25 for NMPSIA to increase fund balance above IBNR to \$35.6 million, or one month's worth of claims, by FY25.

The LFC recommendation provides for an increase of \$7.4 million. The recommendation is for expenditure authority and an appropriation for premium increases is contained in the Public School Support budget (See: "PSS: Agency 993"). While the recommended increase is less than the NMPSIA request, the Covid-19 pandemic will likely reduce medical costs through FY21 resulting in higher-than-anticipated fund balance going into FY22. Additionally, NMPSIA has adequate reserves to pay claims, given a smaller-than-requested increase in actual medical costs. Should costs increase significantly beyond projections, the NMPSIA board has the authority to change benefits to reduce plan costs by increasing co-pays, deductibles, and maximum out-of-pocket limits. Finally, greater emphasis on results produced by wellness programs that seek to avoid cost through better management of chronic conditions, such as diabetes, may be pursued.

Risk. For FY20, NMPSIA reported total assets in the risk fund of \$94.3 million and total liabilities of \$94.6 million, leaving the fund in a \$321 thousand deficit. However, the liabilities include \$44.8 million for IBNR claims, an increase of \$6.2 million, or 16 percent, from FY19. NMPSIA has a target fund balance of \$5 million over IBNR reserves so that the agency could pay out all claims, known and unknown, and still have \$5 million in reserve. This reserve allows NMPSIA to pay large claims without having to immediately increase rates on participants, but maintaining the reserve requires the agency to set higher premiums to ensure surplus funding in the risk program.

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. NMPSIA settled numerous cases related to a single former school employee at a cost of \$20 million. Over the past 10 years, the number of abuse claims fell but the severity of the claims, as measured by the payment, increased dramatically. In FY11, NMPSIA paid \$1.6 million related to 12 claims for a total cost per claim of \$131.7 thousand. In FY19, NMPSIA paid \$8.4 million related to seven claims, an average per claim cost of \$1.2 million.

In addition to the fund balance maintained by the Risk Program, NMPSIA reports paying approximately \$38 million for excess insurance coverage per year. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation that is over a certain dollar threshold, or self-insured retention (SIR). For example, NMPSIA carries a SIR of \$1 million for excess insurance coverage for property insurance; NMPSIA 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 FY20, NMPSIA paid property damage claims totaling \$53.4 million, or approximately \$8.9 million per year. Over this same time, the agency spent \$137 million on excess coverage property insurance. Actual recoveries for property excess insurance are not currently reported; however, data suggest the excess insurance program recovers 71 cents for every dollar spent, so the state would have lost \$39.7 million between FY15 and FY20. LFC staff worked with the Department of Finance and Administration and NMPSIA to add performance measures tracking excess insurance recoveries.

Laws 2020 (1st Special Session), Chapter 1, (House Bill 5) created the Civil Rights Commission and tasked it with reviewing policies and developing proposals for the creation of a civil right of action for the deprivation, by a public body or a person acting on behalf of or under the authority of a public body, of any right, privilege, or immunity secured by the constitution of New Mexico. Additionally, the commission will make recommendations as to monetary damages and awarding of attorney's fees for prevailing plaintiffs. The creation of a new civil right of action may have a significant impact on liabilities faced by school districts. However, without specific information on policy proposals, it is impossible to determine potential costs.

The LFC recommendation holds the Risk Program budget flat relative to FY21. While liability claims exposure is potentially massive, the amount of outstanding liability is not known. Further, these claims are likely to be of a nonrecurring nature as a number of cases are linked to a single individual now incarcerated. While the claims may be paid with recurring premium increases, they may also be paid on a nonrecurring manner similar to the special appropriation made to NMPSIA during the 2020 session.

Program Support. The agency requested a flat budget for Program Support for FY22. NMPSIA maintains a small staff and relies extensively on outside contractors to provide information to the board. NMPSIA 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 NMPSIA's 11 FTE. The LFC recommendation fully funds the agency request.

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 PROGRAM

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

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020	FY21 2020-2021	FY22 - 2021-2022		Percent Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>(Decr)</u>
SOURCES					
Other Revenues	311,761.1	330,041.3	356,310.3	343,865.4	4.2
Fund Balance	0.0	0.0	7,642.2	0.0	
SOURCES TOTAL	311,761.1	330,041.3	363,952.5	343,865.4	4.2
USES					
Contractual Services	309,395.9	329,340.8	363,252.0	343,164.9	4.2
Other Financing Uses	661.1	700.5	700.5	700.5	0.0
TOTAL USES	310,057.0	330,041.3	363,952.5	343,865.4	4.2
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Outcome	Percent change in per-member health claim costs	1.1%	8.7%	≤5.0%	≤9.0%	≤7.0%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	6.5	6.8	7	7	7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent change in medical premium as compared with industry average	4.9%	1.5%	≤4.5%	≤4.5%	≤4.5%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	NEW	NEW	61.5%	61.5%
Explanatory	Number of participants covered by health plans	47,235	47,285			
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	NEW	NEW	NEW	82%	82%
Efficiency	Annual loss ratio for the health benefits fund	NEW	NEW	NEW	98%	98%
Explanatory	Year-end fund balance of the health benefits fund	NEW	NEW			

RISK PROGRAM

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	8,000.0	0.0	0.0	0.0	
Other Transfers	84.9	0.0	0.0	0.0	
Other Revenues	84,282.3	82,813.3	92,723.0	83,071.0	0.3
Fund Balance	5,650.3	257.7	0.0	0.0	-100.0
SOURCES TOTAL	98,017.5	83,071.0	92,723.0	83,071.0	0.0
USES					
Contractual Services	97,356.4	82,370.5	92,022.5	82,370.5	0.0
Other Financing Uses	661.1	700.5	700.5	700.5	0.0
TOTAL USES	98,017.5	83,071.0	92,723.0	83,071.0	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	61%	70%	75%	75%	75%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$3,108	\$4,472	<\$3,100	<\$4,000	<\$4,000
Outcome	Percent change in the average cost of workers' compensation claims compared with self-insured plans in the workers' compensation administration's annual report	-5.6%	≤5.0%	≤4.0%	≤5.0%	≤5.0%
* Explanatory	Total dollar amount of excess insurance claims for property	NEW	\$11,990,659			
* Explanatory	Total dollar amount of excess insurance claims for liability	NEW	\$28,565,647			
Explanatory	Total dollar amount of excess insurance claims for workers' compensation	NEW	\$1,300,000			
Explanatory	Year-end financial position of the risk fund	NEW	NEW			
* Efficiency	Annual loss ratio for the risk fund	NEW	NEW	NEW	50%	75%

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)

		<u>FY22 - 2021-2022</u>			
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Transfers	1,322.2	1,401.0	1,401.0	1,401.0	0.0
SOURCES TOTAL	1,322.2	1,401.0	1,401.0	1,401.0	0.0
USES					
Personal Services and Employee Benefits	931.2	1,120.5	1,120.5	1,120.5	0.0
Contractual Services	81.1	91.9	91.9	91.9	0.0
Other	140.2	188.6	188.6	188.6	0.0
Other Financing Uses	169.7	0.0	0.0	0.0	0.0
TOTAL USES	1,322.2	1,401.0	1,401.0	1,401.0	0.0
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	11.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</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 New Mexico Counties.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	3,357.7	3,306.7	3,272.3	3,247.1	-1.8
Other Revenues	382,917.0	358,498.3	356,817.9	356,792.7	-0.5
SOURCES TOTAL	386,274.7	361,805.0	360,090.2	360,039.8	-0.5
USES					
Personal Services and Employee Benefits	1,935.7	2,077.1	2,102.3	2,077.1	0.0
Contractual Services	318,758.2	355,855.0	354,123.1	354,123.1	-0.5
Other	528.6	566.2	592.5	592.5	4.6
Other Financing Uses	3,357.7	3,306.7	3,272.3	3,247.1	-1.8
TOTAL USES	324,580.2	361,805.0	360,090.2	360,039.8	-0.5
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	26.0	26.0	26.0	26.0	0.0

AT A GLANCE:

Although RHCA is not directly appropriated general fund revenues for operational expenses, provision of this benefit for retired public employees and teachers impacts the general fund through employer-paid contributions and an earmark from the tax administration suspense fund. At the end of FY20, the RHCA trust fund balance was \$778.3 million, compared with \$156.5 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 19 percent of the estimated \$3.9 billion in current and future healthcare liabilities. The program is projected to maintain positive fund balance through 2050.

For FY22, the agency requested a decrease of 0.5 percent from the FY21 operating budget. The decrease was driven by a rate reduction for Medicare advantage plans that will save money for current advantage members and may induce Medicare supplement plan members to switch coverage. The LFC recommendation fully funds the agency request but maintains personnel appropriations at FY21 levels.

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, the Legislature provided no funding, set no eligibility criteria requiring retirees to make a minimum level of contributions prior to drawing benefits, and required just one year of employee and employer contributions before the program began paying 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, for nonpublic safety plan members.

RHCA membership includes 14.6 thousand pre-Medicare retirees with an average age of 59 years and 40.3 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 of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. In addition, RHCA provides spousal subsidies up to 25 percent for Medicare-eligible spouses and 36 percent for pre-Medicare spouses depending on the retiree's years of service. The costliest pre-Medicare plan receives a subsidy of \$496 per month, while the costliest plan for Medicare-eligible retirees is \$223 per month. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance. In FY20, RHCA paid \$144.9 million for coverage of pre-Medicare participants and \$137.8 million for Medicare-eligible participants.

For calendar year 2021, the RHCA board will increase retiree premiums 5 percent and 2 percent for pre-Medicare and Medicare Supplement plans, respectively. Pre-Medicare retirees would pay an increase of between \$14 and \$37 per month for single coverage, depending on years of service. Medicare retirees would see an increase up to \$8.61 per month for single coverage Medicare Supplement plans. As of January 1, 2020, retirees began paying 50 percent of the \$4 million total cost for basic life insurance for members who retired before 2013. The subsidy for basic life insurance will be discontinued at the end of December 2020.

For FY22, the agency requested \$360.1 million, a \$1.7 million, or 0.5 percent, decrease from the FY21 operating budget. The request for the Healthcare Benefits Administration Program included \$114.5 million in revenue from employee and employer contributions, \$175 million from insurance premium assessments on retirees, \$36.9 million from a distribution from the tax suspense fund, and \$30.4 million from prescription drug rebates and Medicare part D subsidies. Monies received over and above the expenditures are transferred to the retiree health care fund. In FY20, \$50 million was transferred to the fund.

In FY20, employee and employer contributions to the fund totaled \$146.3 million, \$31.8 million more than the FY22 request. State employment has remained stable between FY20 and FY21, and that actual revenue raised through employee and employer contributions is likely to match or increase over FY20 actuals. The difference between the employer and employee contribution revenue will be directed to the trust fund.

The distribution from the tax administration suspense fund will increase in FY22 as a result of the expiration of Laws 2016 (2nd Special Session), Chapter 1, (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. With the expiration of this legislation, an automatic increase of 12 percent per year from the tax administration suspense fund resumed, roughly doubling the distribution amount every six years. Monies distributed to 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 \$3,272.3 thousand, a \$34 thousand, or 1 percent, decrease from the FY21 operating budget. The request assumed all 26 authorized positions will be filled and included increases in the contractual services and other categories for actuarial and accounting services and general operating expenses.

The LFC recommendation recognizes the expenditure request of RHCA is supported by statutorily determined revenues and does not make changes to the statutory rates. The LFC recommendation fully funds the agency request for the healthcare benefits and support programs for all categories with the exception of personal services and employee benefits which was held flat relative to the FY21 operating budget.

Trends. The Kaiser Family Foundation estimates health insurance costs have increased at approximately 4.8 percent annually since the year 2000, though the rate of growth slowed to around 4.1 percent from 2014 to 2018, the last year for which data are available. Kaiser projects increases in 2021 and 2022 will be 4.6 percent and 4.7 percent, respectively, and will average 4.7 percent between 2020 and 2027. 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 5.4 percent per year from 2019 to 2028, and health spending will likely grow 1.1 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 17.7 percent in 2018 to 19.7 percent by 2028.

Sustainability. According to a December 2018 report on other postemployment benefits from the Pew Charitable Trusts, 48 states have retiree healthcare programs but only eight states' plans have sufficient assets to cover 30 percent of liabilities, while 19 states have a only enough assets to pay for less than 1 percent of liabilities. 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; their costs automatically increase with plan premium increases while appropriations grow at the rate of payroll, typically less than the rate of medical trend. 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 who are 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 reported total net health care liability of \$3.2 billion, of which \$785.6 million was attributable to the state of New Mexico in FY19, the most recent year for which data are available.

RECOMMENDED LANGUAGE:

Any unexpected balances in program support of the retiree health care authority remaining at the end of fiscal year 2022 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)					
		FY20	FY21	FY22 - 2021-2022	
		2019-2020	2020-2021	Agency	Percent
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Incr</u>
					<u>(Decr)</u>
SOURCES					
	Other Revenues	382,917.0	358,498.3	356,817.9	-0.5
	SOURCES TOTAL	382,917.0	358,498.3	356,817.9	-0.5
USES					
	Contractual Services	318,123.3	355,191.6	353,501.7	-0.5
	Other	39.2	0.0	43.9	43.9
	Other Financing Uses	3,357.7	3,306.7	3,272.3	-1.8
	TOTAL USES	321,520.2	358,498.3	356,817.9	-0.5
FTE					
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES						
		FY19	FY20	FY21	FY22	FY22
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Minimum number of years of positive fund balance	25	25	25	30	30
Outcome	Number of years of projected balanced spending	4	5	5	4	5
Outcome	Emergency room visits per thousand members	183	192	<200	<200	<200
Explanatory	Year-end fund balance of the health benefits fund	NEW	NEW			
Efficiency	Annual loss ratio for the health benefits fund	NEW	NEW	NEW	TBD	<100%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	NEW	NEW	TBD	>85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	NEW	NEW	NEW	TBD	>80%

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)					
		FY20	FY21	FY22 - 2021-2022	
		2019-2020	2020-2021	Agency	Percent
		<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Incr</u>
					<u>(Decr)</u>
SOURCES					
	Other Transfers	3,357.7	3,306.7	3,272.3	-1.8
	SOURCES TOTAL	3,357.7	3,306.7	3,272.3	-1.8

BUDGET SUMMARY (dollars in thousands)						
		<u>FY22 - 2021-2022</u>				
		<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
USES	Personal Services and Employee Benefits	1,935.7	2,077.1	2,102.3	2,077.1	0.0
	Contractual Services	634.9	663.4	621.4	621.4	-6.3
	Other	489.4	566.2	548.6	548.6	-3.1
	TOTAL USES	3,060.0	3,306.7	3,272.3	3,247.1	-1.8
FTE	Permanent	26.0	26.0	26.0	26.0	0.0
	TOTAL FTE POSITIONS	26.0	26.0	26.0	26.0	0.0
PERFORMANCE MEASURES						
		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	15,110.7	16,601.4	16,411.0	16,614.3	0.1
Other Transfers	12,739.2	13,503.2	13,339.4	13,339.4	-1.2
Other Revenues	452,151.6	481,351.6	522,186.9	500,319.2	3.9
SOURCES TOTAL	480,001.5	511,456.2	551,937.3	530,272.9	3.7
USES					
Personal Services and Employee Benefits	20,059.9	21,058.7	20,437.8	20,790.3	-1.3
Contractual Services	35,428.3	41,874.1	42,403.1	40,677.6	-2.9
Other	410,417.2	435,020.2	475,757.0	455,465.6	4.7
Other Financing Uses	13,961.3	13,503.2	13,339.4	13,339.4	-1.2
TOTAL USES	479,866.7	511,456.2	551,937.3	530,272.9	3.7
FTE					
Permanent	308.0	307.0	314.0	307.0	0.0
Term	0.0	1.0	0.0	0.0	-100.0
Temporary	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	308.0	309.0	314.0	307.0	-0.6

AT A GLANCE:

For FY22, GSD, funded primarily from service fees, insurance premiums, payroll contributions, and other sources outside the general fund, requested an additional \$40.5 million, or 7.9 percent, over the FY21 operating budget. The increase was entirely driven by increases in the budgets of the Health Benefits and Risk Management programs which collect insurance premium revenue from state agencies and employees. When the insurance programs are removed, the average requested increase of the other six programs in GSD was a reduction of \$596.5 thousand, or 1.4 percent.

The LFC recommendation fully funds the agency's request for all programs with the exception of the Risk Management, Facilities Management, and Employee Health Benefits programs. Overall, the LFC recommendation is a 3.7 percent increase with a 0.1 percent increase from the general fund. The increase is entirely driven by insurance increases in the Risk Management and Employee Health Benefits Programs. Without these increases, the LFC recommendation is a \$393.2 thousand, or 0.9 percent, reduction. The LFC recommendation includes \$203.3 thousand from the general fund, more than requested; the entirety of this amount was directed to the Facilities Management Program.

BUDGET ISSUES:

GSD 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 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.

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 separate Risk Management Funds Program. Premium revenues are built into agency base budget requests, and GSD has statutory authority to set rates for risk and health benefits insurance. Because of this, the budget request for Risk Management is a request for expenditure authority rather than a request for appropriations. GSD's request,

therefore, reflects the projected costs to the program for insurance payouts rather than the anticipated amount of revenue received by the program. This is similar to other insurance providing entities, such as the New Mexico Public Schools Insurance Authority and the Retiree Health Care Authority.

For RMD operations, GSD requested an overall budget reduction of \$44.9 thousand, or 0.5 percent. The budget reduction resulted from an increase of \$105.8 thousand from the general fund to support the Interagency Prescription Purchasing Council (IPPC), which is offset by a reduction of \$150.7 thousand in other transfers from RMD premium revenues. The general fund increase would allow the agency to continue paying the salary and contract costs of IPPC from nonpremium revenue. IPPC is mandated to meet at least quarterly and is tasked with coordinating cost-containment strategies for the statewide procurement of pharmaceuticals and pharmacy benefits management.

The LFC recommendation fully funds RMD operations but does not include a general fund appropriation for the continued operations of IPPC. Other entities, such as the Interagency Benefits Advisory Committee, meet regularly and are able to absorb the additional duties in the regular operating budget.

For the Risk Management Funds Program, the agency requested an overall increase of \$13.3 million, or 16 percent. The increases were centered in the following programs: state unemployment benefits, which requested a \$5 million, or 71 percent increase; the public property reserve fund, with a \$2 million, or 15 percent, increase; the public liability fund, with a \$3.8 million or 9 percent, increase; and workers' compensation, with a \$3.5 million, or 19 percent, increase. The FY22 request increased the RMD funds budget by 28 percent over the FY20 actual expenditure level. While risk fund expenditures are anticipated to increase, revenue generated by premium rates for workers' compensation, liability, transportation, and property insurance fell by \$13.3 million, or 20 percent, between FY21 and FY22.

The LFC recommendation for RMD funds increases the program by \$1.4 million, or 1.7 percent, relative to the FY21 operating budget. The recommendation includes a 5 percent increase for the state unemployment and public liability funds and fully funds the requested decrease of \$1 million for local public body unemployment. The recommendation holds public property and workers' compensation expenditure levels flat with FY21. The LFC recommendation is 12 percent higher than actual expenditures.

Employee Group Health Benefits. GSD provides health benefits for state employees and their dependents. Between FY16 and FY20, 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 12.4 percent, from \$286.2 million to \$321.6 million. This resulted in the cost per member increasing by 20.7 percent. Premiums increased by 12.5 percent over this period. As growth in medical costs outpaced premium increases, fund balance fell. In FY16, the program reported fund balance of \$38.1 million; by FY20, the program was in a \$2 million deficit, and the Legislature provided the agency a \$10 million appropriation to address the shortfall. During a presentation to LFC in August 2020, GSD projected a health benefits fund deficit of \$18.8 million by the close of FY21. While the majority of the shortfall is attributable to state agencies, approximately one-third of program participants are local government employees. Because the state never required matching contributions to cover the shortfall in health benefits, the state is effectively subsidizing local governments by providing nonrecurring funding to the benefits programs to pay program deficits.

While rates are generally insufficient to pay for medical costs, the Covid-19 pandemic may reduce costs to the health benefits program by reducing utilization of health services. At the September 2020 LFC hearing, GSD reported utilization reductions of \$19 million in FY20. However, some of the care that was delayed may be rescheduled, leading to increased future costs.

Each year, GSD sends health insurance rates to agencies, which then incorporate them into the budget request. For FY22, GSD did not direct agencies to increase insurance premiums. Because GSD receives revenue from agencies in the form of premium payments, the funding for which is built into agency requests, the FY22 request is a request for expenditure authority rather than a request for an appropriation.

For FY22, the agency requested \$412.9 million, or 7 percent, over the FY21 operating budget. The LFC recommendation includes \$402 million for the Employee Group Health Benefits Program to reflect the cost projections presented to LFC at the September committee meeting. The projection showed anticipated costs of \$397.1 million, and the LFC recommendation includes an additional 2.5 percent to provide budget flexibility to pay for cost overages should they occur.

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. Over 800 facilities totaling 6.9 million square feet of space are 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 oversees facility master planning statewide to ensure agency needs are met in an efficient, cost-effective manner. FMD is working on the Santa Fe master plan and anticipates completion by January 2121. The plan will cover the 29 state-owned facilities and 450 thousand square feet of leased space in the capital. A key feature of master planning is right-sizing state government facilities, particularly reducing leased facilities to reflect the smaller state workforce. Planning efforts may create savings for the state by consolidating agencies and reducing lease costs. For example, the Capitol Buildings Planning Commission recommended consolidating the State Treasurer, State Auditor, and Higher Education Department into the old PERA building, a move LFC staff estimate would save \$725 thousand annually. However, current plans for the main capitol campus include converting the PERA facility into field offices for the Early Childhood Education and Care and Children, Youth and Families departments.

For FY22, FMD requested a reduction of \$150 thousand, or 1 percent, relative to the FY21 operating budget. LFC analysis suggests the request will reduce the personnel budget to a slight deficit, requiring implementation of a hiring freeze and relying on natural turnover to allow the program to stay within budget. Additionally, contracts for Santa Fe building security for nonwork hours were reduced. The request increased the budgets for utility costs and facility maintenance supplies. The LFC recommendation fully funds the agency request but includes an additional \$175 thousand for personnel to ensure full funding of the category and an additional \$40 thousand for maintenance supplies.

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, \$2.2 million in FY19, and \$2.5 million in FY20. The Purchasing Division fees fund had a balance of \$2.6 million at the close of FY20, up from \$887 thousand in FY18.

For FY22, the department requested a 7.9 percent total reduction with nearly all of the reduction coming from the personnel budget. The reduction leaves the contractual services and other financing uses categories flat with FY21 and makes a slight reduction to the other cost category. The LFC recommendation fully funds the agency request.

Transportation Services. The Transportation Services Program is responsible for the state's motor pool, federal and state surplus property, and air transportation. The program manages a fleet of 1,950 vehicles, 462 of which have over 100 thousand miles. The program also maintains the state's single aircraft, used regularly and 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.

For FY22, GSD requested a 2 percent reduction from the FY21 operating budget. The majority of the reduction was in the personal services and employee benefits category, where the department applied a 6.4 percent vacancy rate, resulting in a \$212.8 thousand, or 8.9 percent, reduction. The LFC recommendation fully funds the agency request.

State Printing. The program, which does not receive an appropriation from the general fund, provides centralized printing and graphic design services to government agencies and nonprofit entities on a cost recovery basis. The program collected \$157 thousand more in revenue than it expended for operations in FY20. For FY22, the department requested a flat budget and an additional 2 FTE to transfer the interagency mail service from Program Support to State Printing. Only one of the two positions is filled. The LFC recommendation fully funds the agency request.

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 \$4.6 million and with 38 FTE. The program is funded by transfers from other programs within GSD, with the largest amount, \$3.9 million, coming from RMD. For FY22, the agency requested a decrease of \$13.1 thousand, or 0.3 percent, and an additional 2 FTE. The LFC recommendation fully funds the request but does not include additional FTE because 10 positions in the program are currently vacant.

RECOMMENDED LANGUAGE:

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2022 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 2022 shall revert to the procurement services, state printing services, risk management, facilities management and transportation services programs based on the proportion of each individual program's 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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	362,575.9	385,187.7	412,936.0	403,006.7	4.6
SOURCES TOTAL	362,575.9	385,187.7	412,936.0	403,006.7	4.6
USES					
Contractual Services	15,968.6	20,177.7	20,177.7	20,177.7	0.0
Other	346,607.3	365,010.0	392,758.3	382,829.0	4.9
TOTAL USES	362,575.9	385,187.7	412,936.0	403,006.7	4.6
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent of eligible state employees purchasing state medical insurance	93.8%	86.5%			
* Outcome	Percent change in state employee medical premium	4%	4%	<3%	≤5%	≤5%
* Outcome	Percent change in the average per-member per-month total healthcare cost	0.4%	- 2.5%	≤5%	≤5%	≤5%
Explanatory	Number of visits to the stay well health center	8,320	7,801			
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	NEW	NEW	20%	20%
Explanatory	Number of members who designate the stay well health center as their primary care provider	NEW	NEW			
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	87%	80%	80%	85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last twelve months	NEW	NEW	NEW	50%	50%
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			
* Efficiency	Annual loss ratio for the health benefits fund	NEW	NEW	NEW	98%	98%
* Explanatory	Projected year-end fund balance of the health benefits fund	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	307.0	175.0	280.8	0.0	-100.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
USES	Other Transfers	8,563.7	8,911.7	8,761.0	-1.7
	SOURCES TOTAL	8,870.7	9,086.7	9,041.8	-3.6
	Personal Services and Employee Benefits	4,491.8	4,339.1	4,415.3	-0.4
	Contractual Services	118.2	319.2	319.2	-53.0
	Other	351.8	488.4	450.3	-11.9
	Other Financing Uses	3,774.1	3,940.0	3,857.0	-2.1
FTE	TOTAL USES	8,735.9	9,086.7	9,041.8	-3.6
	Permanent	57.0	56.0	56.0	0.0
	Term	0.0	1.0	0.0	-100.0
	TOTAL FTE POSITIONS	57.0	57.0	56.0	-1.8

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Explanatory	Average cost per workers' compensation claim	NEW	NEW			
Explanatory	Amount of excess insurance recoveries for property claims	NEW	NEW			

RISK MANAGEMENT FUNDSBUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	0.0	81.6	0.0	-100.0
	Other Revenues	75,721.7	83,390.4	96,801.3	1.8
	SOURCES TOTAL	75,721.7	83,472.0	96,801.3	1.7
USES					
	Contractual Services	18,636.4	20,203.7	20,880.3	-4.4
	Other	47,521.6	54,356.6	67,160.0	4.5
	Other Financing Uses	9,563.7	8,911.7	8,761.0	-1.7
	TOTAL USES	75,721.7	83,472.0	96,801.3	1.7
FTE					
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Explanatory	Projected financial position of the public property fund	NEW	736%			
* Explanatory	Projected financial position of the workers' compensation fund	NEW	60%			
* Explanatory	Projected financial position of the public liability fund	NEW	103%			
Efficiency	Projected loss ratio for the public liability fund	NEW	NEW	NEW	50%	50%
Efficiency	Projected loss ratio for the workers' compensation fund	NEW	NEW	NEW	50%	50%
Efficiency	Projected loss ratio for the public property fund	NEW	NEW	NEW	50%	50%

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	1,788.7	2,030.3	2,030.3	2,030.3	0.0
SOURCES TOTAL	1,788.7	2,030.3	2,030.3	2,030.3	0.0
USES					
Personal Services and Employee Benefits	514.8	523.0	557.0	557.0	6.5
Contractual Services	39.9	100.0	100.0	100.0	0.0
Other	1,178.9	1,349.9	1,315.9	1,315.9	-2.5
Other Financing Uses	55.1	57.4	57.4	57.4	0.0
TOTAL USES	1,788.7	2,030.3	2,030.3	2,030.3	0.0
FTE					
Permanent	9.0	9.0	11.0	11.0	22.2
TOTAL FTE POSITIONS	9.0	9.0	11.0	11.0	22.2

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Outcome	Growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	34%	8.6%	20%	-20%	0%
Efficiency	Percent of printing jobs delivered on time	98%	99%	99%	99%	99%
Output	Percent of state printing revenue exceeding expenditures	NEW	5%	5%	0%	5%
Explanatory	Number of targeted customers using the printing digital storefront	NEW	0%			

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	13,537.9	15,036.3	14,886.6	15,370.7	2.2
Other Revenues	8.0	0.0	0.0	0.0	
SOURCES TOTAL	13,545.9	15,036.3	14,886.6	15,370.7	2.2
USES					
Personal Services and Employee Benefits	7,891.9	8,366.6	8,097.5	8,541.6	2.1
Contractual Services	223.7	458.7	235.6	235.6	-48.6
Other	5,230.3	6,011.0	6,353.5	6,393.5	6.4
Other Financing Uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	13,545.9	15,036.3	14,886.6	15,370.7	2.2
FTE					
Permanent	143.0	141.0	146.0	141.0	0.0
TOTAL FTE POSITIONS	143.0	141.0	146.0	141.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Percent of capital projects completed on schedule	98%	96%	97%	90%	90%
Output	Percent of scheduled preventive maintenance requirements completed on time	52%	75%	95%	80%	90%
* Outcome	Percent of new office space leases achieving adopted space standards	86%	93%	80%	85%	90%
Outcome	Amount of utility savings as a result of green energy initiatives, in dollars	NEW	NEW	\$1 million	\$1 million	\$1 million
Explanatory	Difference between state funding awarded and expended on completed capital projects	NEW	85.9%			
Explanatory	Number of facility condition assessments conducted on an annual basis	NEW	NEW	150	22	75

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	656.3	556.8	529.3	529.3	-4.9
Other Revenues	10,495.9	9,033.8	8,867.5	8,867.5	-1.8
SOURCES TOTAL	11,152.2	9,590.6	9,396.8	9,396.8	-2.0
USES					
Personal Services and Employee Benefits	2,243.5	2,383.7	2,170.6	2,170.6	-8.9
Contractual Services	70.6	198.3	197.8	197.8	-0.3
Other	8,540.6	6,688.4	6,638.3	6,638.3	-0.7
Other Financing Uses	297.5	320.2	390.1	390.1	21.8
TOTAL USES	11,152.2	9,590.6	9,396.8	9,396.8	-2.0
FTE					
Permanent	33.0	33.0	31.0	31.0	-6.1
TOTAL FTE POSITIONS	33.0	33.0	31.0	31.0	-6.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent increase in short-term vehicle use	NEW	NEW			
Efficiency	Average vehicle operation costs per mile	\$0.49	\$0.48	<\$0.59	≤\$0.59	≤\$0.59
* Outcome	Percent of leased vehicles used 750 miles per month or daily	63%	56%	70%	70%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	609.5	751.7	714.3	714.3	-5.0
Other Revenues	1,561.4	1,709.4	1,551.8	1,551.8	-9.2
SOURCES TOTAL	2,170.9	2,461.1	2,266.1	2,266.1	-7.9

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
USES		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
	Personal Services and Employee Benefits	1,834.0	2,054.1	1,864.3	1,864.3	-9.2
	Contractual Services	32.3	29.0	29.0	29.0	0.0
	Other	233.7	304.1	298.9	298.9	-1.7
	Other Financing Uses	70.9	73.9	73.9	73.9	0.0
	TOTAL USES	2,170.9	2,461.1	2,266.1	2,266.1	-7.9
FTE						
	Permanent	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of executive branch agencies with certified procurement officers	91%	92%	95%	90%	90%
Efficiency	Percent of payments received from sales reported by vendors	NEW	NEW	NEW	80%	90%
* Output	Average number of days for completion of contract review	NEW	NEW	<5	≤5	≤5
Explanatory	Revenue generated through price list purchases	NEW	NEW			
Efficiency	Percent of invitations to bid awarded within 90 days of purchasing division buyer assignment	NEW	NEW	NEW	90%	90%
Efficiency	Procurements completed within targeted timeframes from assignment to award	NEW	NEW	NEW	80%	80%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	Other Transfers	4,175.5	4,591.5	4,578.4	4,578.4	-0.3
	SOURCES TOTAL	4,175.5	4,591.5	4,578.4	4,578.4	-0.3
USES						
	Personal Services and Employee Benefits	3,083.9	3,392.2	3,333.1	3,333.1	-1.7
	Contractual Services	338.6	387.5	463.5	463.5	19.6
	Other	753.0	811.8	781.8	781.8	-3.7
	TOTAL USES	4,175.5	4,591.5	4,578.4	4,578.4	-0.3
FTE						
	Permanent	38.0	40.0	42.0	40.0	0.0
	Temporary	0.0	1.0	0.0	0.0	-100.0
	TOTAL FTE POSITIONS	38.0	41.0	42.0	40.0	-2.4

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of audit findings resolved from prior fiscal year, excluding findings related to fund solvency	0%	0%	90%	90%	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 (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	31,932.4	31,804.8	28,189.4	28,189.4	-11.4
SOURCES TOTAL	31,932.4	31,804.8	28,189.4	28,189.4	-11.4
USES					
Personal Services and Employee Benefits	6,784.1	7,566.1	7,933.1	7,933.1	4.9
Contractual Services	12,871.4	22,582.0	18,437.2	18,437.2	-18.4
Other	1,608.4	1,656.7	1,819.1	1,819.1	9.8
TOTAL USES	21,263.9	31,804.8	28,189.4	28,189.4	-11.4
FTE					
Permanent	76.0	76.0	76.0	76.0	0.0
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	78.0	76.0	76.0	76.0	0.0

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 the request for personnel funding increased, the increase was offset by reductions in contracts for external investment managers. The agency base request for FY22 is an 11.4 percent decrease relative to FY21.

The committee recommendation fully funds the agency request.

BUDGET ISSUES:

ERB's FY21 base request of \$28.2 million was a decrease of \$3.6 million, or 11.4 percent, from the FY21 operating budget. The request reduced the budget for contractual services by \$4.1 million, with \$3 million of the reduction coming from investment services and \$1 million from IT maintenance expense. A portion of the decrease in contractual services was offset by a \$367 thousand increase for personnel and a \$162 thousand increase in the other costs category for IT maintenance contracts.

LFC analysis shows ERB has current vacancy savings of \$436 thousand. However, ERB has prioritized hiring two investment professionals at an estimated cost of \$180 thousand each for salaries and benefits. In addition, ERB has 8 vacant FTE, mostly customer service positions. The FY22 request fully funds all of the vacant positions. The LFC recommendation supports the request and the agency's goal of reducing investment fees by performing more services in-house.

The agency requested \$18.4 million in contractual services, a reduction of \$4.1 million, or 18.4 percent from the FY21 operating budget. Fiscal Year 20 actual costs for investment services were \$12.8 million. The difference between the actual expenditures and the request is due to an investment manager changing their fee structure so fees previously paid on investment earnings are now paid out of the budget. Additionally, ERB left an unassigned surplus that will allow them flexibility to enter contracts with different managers should they need to.

In the other category, the agency requested a \$162 thousand increase to pay for IT costs associated with a documents management system for the investments division.

Asset Management. For FY20, the ERB fund returned -0.97 percent, underperforming the long-term return target of 7 percent and finishing the year with a balance of \$12.8 billion, a decrease of approximately \$500 million from the prior year. Most of the fund balance loss is attributable to benefit payments. In FY19, contributions from 60 thousand active members totaled \$710 million while \$1.2 billion was paid out to 50 thousand beneficiaries. ERB's investment returns failed to meet the agency's target returns for the one-, three-, and five-year benchmarks but met the 10-year benchmark.

ERB's FY20 investment performance is a significant reversal from one year ago when the agency reported exceeding the targets for all periods but the 10-year return and was ranked in the top third of funds over \$1 billion. Due to the lower-risk profile of the ERB assets, the fund performed well relative to peers in the third quarter of FY20 when the market was in a downturn. However, riskier asset prices rallied during the unprecedented financial market recovery experienced in the fourth quarter of FY20. ERB's lower-risk portfolio was not designed to maximize returns during the market recovery, resulting in peer performance suffering; ERB was ranked in the lowest decile for performance in the fourth quarter of FY20 and for the year.

Sustainability. For FY20, ERB reported an unfunded actuarially accrued liability - the difference between assets available to pay benefits and estimated benefit cost - over \$8.3 billion. ERB estimates paying off the UAAL would take 70 years. The fund has assets sufficient to cover 61 percent of the cost of future benefits. New Mexico's large pension liabilities were a significant factor in the state's 2018 credit downgrade.

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 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 2008. 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. However, 2019 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 legislation enacted included a tiered pension multiplier, which increases the benefit accrual over the course of a career, and required contributions from some return-to-work retirees and short-term substitute teachers who were 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 of the original bill estimated ERB would become 100 percent funded in 30 years. Analysis of Laws 2019, Chapter 258, anticipated a 44-year funding period. After the ERB changed the investment return assumption from 7.25 percent to 7 percent in 2020, the anticipated funding period increased to 70 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
*	Outcome	Average rate of net return over the last five years	6.73%	5.71%	7.25%	7.00%
	Outcome	Funding period of unfunded actuarial accrued liability, in years	70	70	≤30	≤30
	Outcome	Average rate of net return over the last ten years	9.63%	7.75%	7.25%	7.00%
	Explanatory	Five-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	5.71%		
	Quality	Percent of member satisfaction with seminars and trainings	95%	90%	95%	95%
	Explanatory	Ten-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	7.75%		
	Explanatory	Ten-year performance ranking in a national peer survey of public plans	27%	54%		
	Explanatory	Five-year performance percentile ranking in a national peer survey of public plans	10	37		

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission operates under Section 9-3-10 NMSA 1978. Section 9-3-13 NMSA 1978 created a Sex Offender Management Board within the commission. 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.

BUDGET SUMMARY (dollars in thousands)					
	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,238.1	1,188.6	1,129.2	1,129.2	-5.0
Other Transfers	52.0	52.0	52.0	52.0	0.0
SOURCES TOTAL	1,290.1	1,240.6	1,181.2	1,181.2	-4.8
USES					
Contractual Services	783.7	658.0	658.0	658.0	0.0
Other	424.0	582.6	523.2	523.2	-10.2
TOTAL USES	1,207.7	1,240.6	1,181.2	1,181.2	-4.8
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

AT A GLANCE:

The New Mexico Sentencing Commission requested an overall reduction of \$59.4 thousand, or 5 percent, from the general fund for FY22 compared with its FY21 operating budget, all from the contractual services category. The LFC recommendation supports the request. 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 recommendation 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, and four research scientists (one of whom is part time) – 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 students.

In FY20, the commission completed nine research projects and published six reports. Each year, the commission produces studies on prison population and inmates serving parole inside prison and calculates the reimbursement for county jails housing felony offenders. Other studies related to the criminal justice system are performed as needed or by request. In FY21, the commission published an analysis of the competency process in New Mexico, part of a larger project the commission anticipates will continue into FY22. The commission is also working on an extensive report on recidivism with the Corrections Department and is evaluating several other criminal-justice-related programs for cities and counties.

In FY20, the commission received \$688.5 thousand in recurring general fund appropriations for criminal justice data governance and crime reduction grants to support the goals of Laws 2019, Chapter 192, (House Bill 267), which requires the 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. These appropriations were maintained during the 2020 regular session but reduced slightly as a part of the solvency measures of the first 2020 special session. For FY22, NMSC requested its proposed 5 percent reduction be drawn from these funds.

The commission established a competitive program for crime reduction grants in FY20, and it awarded \$377.2 thousand for eight projects covering 11 judicial districts that year. As of October 2020, the commission was still accepting applications for its FY21 grant cycle. The appropriations for the crime reduction grant program are part of NMSC's operating budget and revert at the end of each fiscal year, constraining the timeline for completion of funded projects and significantly limiting the scope of projects the grant program can fund. Establishing a nonreverting fund for this grant program could alleviate these concerns.

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. This year the commission anticipates the project will move forward to integrate the system with judicial agencies, such as the courts and district attorneys, as well as updating historical data with identification numbers.

For FY22, the commission worked with LFC and the Department of Finance and Administration to establish additional performance measures to monitor the success of the crime reduction grant program, including a measure of the amount of grant funding reverted and the percent of projects that complete their intended scope of work, as well as measures focused on the fulfillment of the commission's core statutory duties. The commission is also analyzing legislation for the 2021 legislative session to limit fines and fees levied against adults and juveniles involved in the criminal justice system and to amend the system for medical and geriatric parole.

NEW MEXICO SENTENCING COMMISSION

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent of awarded crime reduction grant funding reverted	NEW	0%			
Output	Number of research projects completed	15	9	15	10	10
Output	Percent of statutorily mandated research projects completed	NEW	NEW	NEW	100%	100%
Output	Number of presentations to the legislature on proposed sentencing reforms	NEW	NEW	NEW	1	1
Output	Number of commission and subcommittee meetings held	NEW	NEW	NEW	15	15
Explanatory	Number of crime reduction grants awarded	NEW	7			
Explanatory	Total amount of funding awarded for crime reduction grants	NEW	\$376,600			
Output	Percent of criminal justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Outcome	Percent of crime reduction grantees that fully complete the scope of work outlined in the grant agreement	NEW	NEW	NEW	85%	85%
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	NEW	NEW	NEW	2	2
Output	Percent of statutorily mandated meetings of the sex offender management board held	NEW	NEW	NEW	100%	100%

STATUTORY AUTHORITY:

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

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,184.6	4,411.7	4,191.1	4,280.0	-3.0
SOURCES TOTAL	4,184.6	4,411.7	4,191.1	4,280.0	-3.0
USES					
Personal Services and Employee Benefits	3,410.4	3,818.3	3,718.3	3,750.0	-1.8
Contractual Services	76.2	86.0	50.0	70.0	-18.6
Other	408.6	507.4	422.8	460.0	-9.3
TOTAL USES	3,895.2	4,411.7	4,191.1	4,280.0	-3.0
FTE					
Permanent	34.0	34.0	34.0	34.0	0.0
TOTAL FTE POSITIONS	34.0	34.0	34.0	34.0	0.0

AT A GLANCE:

For FY22, the Office of the Governor requested a general fund revenue decrease of \$220.6 thousand, or 5 percent, from the FY21 operating budget. The request included a decrease of 2.6 percent for personnel, with cost savings from vacancies, a 41.9 percent decrease for contracts, and a 16.7 percent decrease in the other category. The request included \$96 thousand for the governor's contingency fund. The committee recommends a general fund decrease of \$131.7 thousand, or 3 percent. The recommendation includes \$96 thousand for the contingency fund.

BUDGET ISSUES:

For FY22, the office requested a budget decrease, with cost reductions for personnel, representing a vacancy rate of approximately 14 percent, contracts related to boards and commissions and IT services, as well as reductions in travel spending and other IT costs.

The office has sufficient funding in its FY21 operating budget to fill approximately 2.5 vacancies. The office has eight vacancies, including special director roles for infrastructure, public safety, and behavioral health. The committee recommendation allows the office to continue filling vacancies.

In FY20, the office spent \$50.4 thousand from the governor's contingency fund, including \$37.6 thousand on food and beverage, \$9,100 thousand on household supplies, and \$3,600 thousand on other items. The contingency fund was created by legislation in 2018 (Laws 2018, Chapter 27). 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 LFC and the Department of Finance and Administration.

For FY20, the office achieved all performance measure targets, including number of business days to post public meetings recorded by the office on its website and percent of constituent service cases closed within 30 days of initial receipt.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	93%	94%	90%	90%	90%
Output	Number of business days to process extraditions	10	10	10	10	10
Output	Number of business days to post videos of public meetings recorded by the governor's office on www.governor.state.nm.us	1	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 creates 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 Senate and serve as ombudsman and acting governor when the governor is out of state.

BUDGET SUMMARY (dollars in thousands)					
FY22 – 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	580.9	578.7	549.8	549.8	-5.0
SOURCES TOTAL	580.9	578.7	549.8	549.8	-5.0
USES					
Personal Services and Employee Benefits	443.8	449.5	444.5	444.5	-1.1
Contractual Services	19.5	36.9	26.9	26.9	-27.1
Other	66.7	92.3	78.4	78.4	-15.1
TOTAL USES	530.0	578.7	549.8	549.8	-5.0
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:

The Office of the Lieutenant Governor requested \$549.8 thousand from the general fund for FY22, a decrease of \$28.9 thousand, or 5 percent, from the FY21 operating budget. The committee recommendation supports the request.

The office's budget request included a 1.1 percent decrease for personal services and employee benefits, a 27.1 percent decrease for contracts, and a 15.1 percent decrease in the other category. The request included cost reductions for travel and a legislative liaison contract.

For FY20, the office met all performance measure targets for constituent service files closed, days in session and presided over, public forums held, and boards and commissions attended. The office also implemented a new constituent services database to facilitate constituent outreach and response.

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

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Outcome	Percent of constituent service files closed within 30 days	95%	92.5%	95%	95%	95%
Output	Number of townhall meetings, economic forums, or taskforces in which the lieutenant governor has participated	4	28	10	10	10
Output	Percent of days in session and presided over	100%	100%	95%	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 its customers through leadership, strategic planning, standards and policy, architecture and oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	853.2	835.9	794.1	794.1	-5.0
Other Transfers	11,844.9	8,423.4	8,695.2	8,695.2	3.2
Other Revenues	59,272.9	61,962.0	61,148.9	60,870.9	-1.8
SOURCES TOTAL	71,971.0	71,221.3	70,638.2	70,360.2	-1.2
USES					
Personal Services and Employee Benefits	14,403.9	16,710.5	15,780.0	15,502.0	-7.2
Contractual Services	4,664.1	10,051.1	5,818.8	5,818.8	-42.1
Other	37,511.9	36,036.3	40,344.2	40,344.2	12.0
Other Financing Uses	11,546.6	8,423.4	8,695.2	8,695.2	3.2
TOTAL USES	68,126.5	71,221.3	70,638.2	70,360.2	-1.2
FTE					
Permanent	203.0	203.0	167.0	167.0	-17.7
TOTAL FTE POSITIONS	203.0	203.0	167.0	167.0	-17.7

AT A GLANCE:

The Department of Information Technology's (DoIT) FY22 budget request was \$70.6 million from all funding sources, 0.8 percent below the FY21 operating budget. The request for general fund revenue was \$794.1 thousand, a 5 percent decrease from FY21. The LFC recommendation largely supports the agency's request, but only partially supports the request for personnel in the Compliance and Project Management Program due to the program's high funded vacancy rate. The agency requested the removal of 36 long-term vacant FTE as well as the transfer of 6 FTE among programs, which the LFC recommendation supports.

DoIT submitted an equipment replacement plan for FY22 that reflected its \$8.5 million request for the Equipment Replacement Fund (ERF) Program. The request was 5 percent above FY20 expenditures, with \$5.4 million requested for the enterprise services ERF and \$3.1 million for the SHARE ERF. DoIT estimates an ending ERF balance in FY21 of \$14.4 million. The LFC recommendation supports the agency's request for equipment replacement funds. DoIT-proposed service rates for FY22 decreased an average of 3.3 percent, except for telecommunications, which remained nearly flat from FY21.

BUDGET ISSUES:

Enterprise Services. The Enterprise Services Program is funded by assessing fees, including depreciation costs, for providing services to state agencies, which allows for the use of equipment replacement funds to maintain and enhance services over time. The state's IT rate committee recommended DoIT-proposed FY22 service rates that would decrease an average of 3.3 percent, for a total difference of \$1.7 million from FY21. Rates for telecommunications would remain nearly flat. Radio service rates would

increase by 13 percent (\$1.8 million) and information technology service rates would decrease by 18.4 percent (\$2.1 million) in FY22. DoIT's FY22 SHARE subscription fee of \$365 per FTE was a 13.6 percent decrease from FY21 rates. The agency's request for the Enterprise Services Program included a 12 percent decrease in personnel costs due to transferring 3 FTE to Program Support and aligned with the cost of the program's currently filled positions. DoIT also requested the removal of 24 long-term vacant FTE. The request included a significant decrease in the contractual services category and increase in the other category as the agency seeks to move away from high contractual service costs and to reflect account code changes. The LFC recommendation supports the request.

In FY19, DoIT was appropriated an additional \$6 million for the cybersecurity upgrade project intended to improve the state's cybersecurity posture. DoIT initiated an enterprise cybersecurity scanning pilot to provide security scanning and reporting capabilities to 42 executive agencies and three nonexecutive agencies at no cost to the receiving agencies. Although DoIT plans to use the information for cybersecurity-related trend analysis, it is not clear how DoIT communicates the results to participating agencies or what type of remediation activities are underway. Cybersecurity vulnerability scans occurred during the fourth quarter of FY20, but results have yet to be reported. To align with its cybersecurity priorities, DoIT adopted a new performance measure for the Enterprise Services Program to measure the percent of critical or high-risk vulnerabilities remediated from previous vulnerability scans.

DoIT has also played a central role in rapidly responding to the state's IT needs related to the Covid-19 pandemic response. DoIT purchased and deployed 2,000 laptops for telework needs, assisted in developing and deploying contract tracing and other pandemic-related services, and coordinated with the Department of Health to install IT network services for multiple emergency hospitals.

Equipment Replacement Funds. For FY22, DoIT requested \$8.5 million in expenditures from the equipment replacement funds (ERF): \$5.4 million from enterprise services funds and \$3.1 million from SHARE funds. ERFs provide the department with a funding mechanism for replacing state IT infrastructure by allocating depreciation costs into the rates DoIT charges agencies. The total FY22 request is equal to the reported actual FY20 depreciation costs, \$8.5 million. DoIT's FY22 equipment replacement plan outlines priorities for IT expenditures, including funds for public safety communications upgrades, network communications, and modern workplace initiatives. The plan provides increased accountability and transparency for DoIT's IT investments. By law, the ERFs must be spent according to equipment replacement plans.

Included in the agency request for enterprise services funds is \$1 million for the statewide P25 radio communications systems project, which will upgrade the current analog public safety radio communication system to a digital public safety communications system, improving radio quality and interoperability between state agencies. DoIT began developing an implementation plan for statewide deployment of the P25 project and is currently working with the Department of Homeland Security and Emergency Management to develop a statewide communication interoperability plan to serve as a roadmap for cross-agency collaboration. The request for the SHARE funds includes \$2 million for SHARE improvements and maintenance services and almost \$1.1 million for SHARE module expansion costs to enhance SHARE services, including hardware and software tools. Generally, maintenance, operations, and enhancement costs are included in state agencies' operating budgets as a recurring cost. The LFC recommendation supports DoIT's ERF plan and request for ERF funding in FY22.

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. Overall, DoIT reviewed 26 business cases and IT funding requests from 20 agencies totaling \$49.5 million (excluding federal funds) for the FY22 appropriation request. The agency's request for the CPM program included a 5 percent reduction in general fund revenue that is more than offset by requested increases in other revenues. The agency also requested the removal of 8 long-term vacant positions within the program, as well as the transfer of 1 FTE to Program Support and 1 FTE to Enterprise Services. The agency request for personnel in this program includes a high funded vacancy rate, despite persistently high vacancies in FY20. The LFC recommendation supports a decrease in other state funds in the personal services and employee benefits category to reduce the funded vacancy rate.

Since 2015, the legislature has appropriated nearly \$21.1 million for various projects either exclusively or partially devoted to improving broadband access and infrastructure. Additionally, in 2020 DoIT received pandemic-related federal funds to expand and implement statewide broadband projects, including a \$10 million appropriation for rural broadband initiatives, which the agency spent on emergency procurements related to the Covid-19 pandemic in Cochiti Pueblo and Sierra County. The agency also received a \$1.5 million grant from the Economic Development Administration funded through the federal CARES Act for broadband support. In June 2020, DoIT presented its *New Mexico Broadband Strategic Plan* outlining potential broadband projects throughout the state. DoIT is working with the Public Education Department to connect rural households in New Mexico to high-speed Internet services and recently completed a statewide price agreement for broadband carriers to make price offers for connecting households.

Program Support. The LFC recommendation supports the agency's request for Program Support, reflecting a 14.1 percent increase over the FY21 operating budget due to increases in personnel and contractual services. The request removed 4 long-term vacant FTE and proposed transfers among Program Support and the agency's other programs to align billing activities with its mission. The agency's request in the personal services and employee benefits category is 15.7 percent higher than the FY21 operating budget to fully fund filled positions, including positions transferred from CPM and Enterprise Services.

New performance measures in Program Support focus on timely and accurate billing, accounts receivable balance collection, and accuracy of rate setting. One of the most significant changes moves from measuring the percent of enterprise services achieving at least full cost recovery (which can include receiving revenue above the break-even point) to measuring the percent of enterprise services realizing revenue within a 10 percent margin (above or below) of full cost recovery. Under-recovering costs by a small percentage is less problematic than significantly over-charging agencies, which the new measure accounts for.

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)					
<u>FY22 - 2021-2022</u>					
	<u>FY20</u> <u>2019-2020</u> <u>Actuals</u>	<u>FY21</u> <u>2020-2021</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	853.2	835.9	794.1	794.1	-5.0
Other Transfers	298.2	0.0	0.0	0.0	
Other Revenues	0.0	1,614.0	1,688.9	1,410.9	-12.6
SOURCES TOTAL	1,151.4	2,449.9	2,483.0	2,205.0	-10.0
USES					
Personal Services and Employee Benefits	917.8	2,144.4	2,157.6	1,879.6	-12.3
Contractual Services	0.0	21.5	21.5	21.5	0.0
Other	40.9	94.3	130.8	130.8	38.7
Other Financing Uses	112.7	189.7	173.1	173.1	-8.8
TOTAL USES	1,071.4	2,449.9	2,483.0	2,205.0	-10.0
FTE					
Permanent	17.0	28.0	18.0	18.0	-35.7
TOTAL FTE POSITIONS	17.0	28.0	18.0	18.0	-35.7

PERFORMANCE MEASURES						
		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
* Outcome	Percent of information technology professional service contracts greater than \$1 million in value reviewed within seven business days	NEW	93%	90%	95%	95%
* Outcome	Percent of information technology professional service contracts less than \$1 million in value reviewed within five business days	NEW	98%	90%	98%	98%
Output	Number of workshops, trainings, events, or whitepapers delivered to agencies on information technology best practices on department analysis of key information technology oversight areas	4	7	18	9	9

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)		FY22 - 2021-2022		Percent Incr (Decr)
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	Other Revenues	59,272.9	57,225.2	55,854.1	55,854.1	-2.4
	SOURCES TOTAL	59,272.9	57,225.2	55,854.1	55,854.1	-2.4
USES						
	Personal Services and Employee Benefits	10,731.5	11,605.6	10,196.1	10,196.1	-12.1
	Contractual Services	4,595.8	6,783.2	5,765.7	5,765.7	-15.0
	Other	29,205.9	30,602.7	31,370.2	31,370.2	2.5
	Other Financing Uses	11,433.9	8,233.7	8,522.1	8,522.1	3.5
	TOTAL USES	55,967.1	57,225.2	55,854.1	55,854.1	-2.4
FTE						
	Permanent	144.0	138.0	113.0	113.0	-18.1
	TOTAL FTE POSITIONS	144.0	138.0	113.0	113.0	-18.1

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority level	96.5%	98.6%	95%	95%	95%
Outcome	Number of perimeter devices reporting security metrics and logs to the security incident and event management system	>900	2,204	800	1,000	2,000
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	NEW	NEW	2	2	2
Outcome	Percent of uptime of email services other than scheduled maintenance	NEW	NEW	NEW	98%	98%
Outcome	Percent of critical or high-risk vulnerabilities remediated from the previously identified scan	NEW	NEW	NEW	80%	90%

EQUIPMENT REPLACEMENT FUND

		BUDGET SUMMARY (dollars in thousands)		FY22 - 2021-2022		Percent Incr (Decr)
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES						
	Other Transfers	8,522.1	8,233.7	8,522.1	8,522.1	3.5
	SOURCES TOTAL	8,522.1	8,233.7	8,522.1	8,522.1	3.5
USES						
	Contractual Services	0.0	3,222.0	0.0	0.0	-100.0
	Other	8,098.4	5,011.7	8,522.1	8,522.1	70.0
	TOTAL USES	8,098.4	8,233.7	8,522.1	8,522.1	3.5
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>FY22 - 2021-2022</u>			
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Transfers	3,024.6	189.7	173.1	173.1	-8.8
Other Revenues	0.0	3,122.8	3,605.9	3,605.9	15.5
SOURCES TOTAL	3,024.6	3,312.5	3,779.0	3,779.0	14.1
USES					
Personal Services and Employee Benefits	2,754.6	2,960.5	3,426.3	3,426.3	15.7
Contractual Services	68.3	24.4	31.6	31.6	29.5
Other	166.7	327.6	321.1	321.1	-2.0
TOTAL USES	2,989.6	3,312.5	3,779.0	3,779.0	14.1
FTE					
Permanent	42.0	37.0	36.0	36.0	-2.7
TOTAL FTE POSITIONS	42.0	37.0	36.0	36.0	-2.7

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
* Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	NEW	NEW	NEW	90%	100%
Output	Percent of timely, accurate bills issued on or before the tenth of every month for the prior billing period	NEW	NEW	NEW	100%	100%
Outcome	Percent of state agency customers satisfied with the department of information technology's services and support	NEW	NEW	NEW	85%	85%
Output	Percent of accounts receivable balances collected within one hundred twenty days from the original invoice	NEW	NEW	NEW	90%	95%

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 10-17A-1 through 10-17A-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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	80.3	52.8	48.9	48.9	-7.4
Other Revenues	36,542.4	36,170.7	36,160.0	36,160.0	0.0
SOURCES TOTAL	36,622.7	36,223.5	36,208.9	36,208.9	0.0
USES					
Personal Services and Employee Benefits	7,718.4	8,197.8	8,201.3	8,201.3	0.0
Contractual Services	20,518.7	26,306.8	25,968.8	25,968.8	-1.3
Other	1,786.5	1,718.9	2,038.8	2,038.8	18.6
TOTAL USES	30,023.6	36,223.5	36,208.9	36,208.9	0.0
FTE					
Permanent	87.0	87.0	87.0	87.0	0.0
TOTAL FTE POSITIONS	87.0	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, requested a nearly flat budget for FY22. The PERA request applied a 5 percent vacancy rate and transferred funding from the contractual services to the other category to pay for IT services. The FY22 request was a \$14.6 thousand, or 0.04 percent, decrease from FY21. The LFC recommendation fully funds the agency request in the contractual services and other categories and held personnel funding flat relative to FY20.

BUDGET ISSUES:

PERA's FY22 request was nearly flat compared with the FY21 operating budget. The request included increases in the personal services and employee benefits and other categories that were more than offset by a reduction in the contracts category. LFC analysis shows PERA had over \$133.8 thousand in excess personnel funding at the time of budget submission, down significantly from the \$446 thousand surplus in FY20. PERA has hired additional investment staff, which has resulted in personnel increasing from \$7.1 million in FY19 to a projected \$8.1 million in FY21.

The majority of PERA's budget is in the contractual services category and is used to pay fees for investment management. PERA consistently requests appropriations in excess of actual expenditures for this category; in FY20, the operating budget included \$27.1 million for contracts while actual spending was \$20.5 million. The surplus in contractual service funding allows PERA flexibility to enter new contracts with managers and also allows for higher fees to be paid depending on asset performance. Unspent funds revert to the retirement fund.

For the sixth 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 FY22 was \$48.9 thousand, a decrease of 8 percent relative to FY21. PERA contends retirement trust funds should not 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 fully funds the agency request.

Asset Management. The PERA fund attained a record high of \$15.6 billion in FY19, the fund value fell to \$14.8 billion by the close of FY20. For FY20, the Public Employees Retirement Association (PERA) fund investments lost 1.5 percent, net of external asset management fees, and the market value of the fund fell by \$800 million. The majority of the funding decline is attributable to benefit payments. In FY19, \$623 million in contributions to the fund were made on behalf of 56 thousand active members, and \$1.2 billion was paid to 42 thousand retirees. PERA did not meet its investment return targets in FY20 for the one-, three-, or five-year time periods but did meet the target for the 10-year period. Peer rankings show PERA performed in the lowest decile for the one-, three-, and five-year periods but ranked in the top half of funds for the 10-year period.

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. At the time of the 2019 valuation, the five retirement plans created by the Public Employees' Retirement Act - state employees, state police, municipal employees, municipal police, and municipal fire -were currently 71.6 percent funded. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan 3, 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 2008, pension solvency legislation 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 recommended a legislative package that increased employer and employee contributions by 0.5 percent per year for four years, for a total increase of 4 percent. Additionally, the COLA would be paid based on a combination of inflation and investment returns rather than a set rate, regardless of inflation or fund performance. The Legislature also approved a \$55 million appropriation from the general fund to PERA to pay part of the cost of a noncompounding COLA. At the time of passage, PERA estimated enactment of Laws 2020, Chapter 11, (Senate Bill 72) would allow PERA to pay off the unfunded liability of the fund in 25 years.

Governance. Over the past several years, multiple PERA board members have been censured for conduct, and board members have referred matters to the Attorney General and State Auditor for investigation. Despite investigations that ended with no findings of wrongdoing on the part of PERA staff, lawsuits against PERA staff are still being pursued by outside groups, members of which are represented on the PERA board. Additionally, few members have a strong understanding of either investments or state finances.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
*	Outcome	Funding period of unfunded actuarial accrued liability, in years	Infinite	Infinite	≤30	≤30
	Outcome	Ten-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	133 bps	35 bps	> 0 bps	>0 bps
	Outcome	Five-year annualized investment returns to meet or exceed board-approved reference portfolio benchmark, in basis points	NEW	NEW	>0 bps	>0 bps

PERFORMANCE MEASURES

Explanatory	Average rate of net return over the last ten years	NEW	7.49			
Outcome	Public employees retirement association's total investment cost comparable with an industry median cost of peers adjusted for differences in fund size and asset mix	57 bps	39 bps	≤85 bps	≤85 bps	≤85 bps
Explanatory	Average rate of net return over the last five years	NEW	4.57			

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 (CPR) 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)					
FY22 – 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,616.0	2,553.9	2,415.1	2,415.1	-5.4
Federal Revenues	32.5	32.5	32.5	32.5	0.0
Other Revenues	126.5	163.7	131.9	131.9	-19.4
Fund Balance	0.0	145.0	176.8	176.8	21.9
SOURCES TOTAL	2,775.0	2,895.1	2,756.3	2,756.3	-4.8
USES					
Personal Services and Employee Benefits	2,237.6	2,477.8	2,339.0	2,339.0	-5.6
Contractual Services	147.6	45.5	45.5	45.5	0.0
Other	335.2	371.8	371.8	371.8	0.0
TOTAL USES	2,720.4	2,895.1	2,756.3	2,756.3	-4.8
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 FY22, the agency requested a decrease of \$138.8 thousand, or 5 percent, over the FY21 operating budget. The request included a \$139 thousand, or 5 percent, decrease in general fund revenues; a \$31 thousand, or 19 percent, decrease in other revenues; a \$31 thousand, or 22 percent, increase in fund balance; and no change in federal funds. The LFC recommendation supports the agency request for a 5 percent overall budget decrease.

BUDGET ISSUES:

For FY22, the agency requested a decrease of \$138.8 thousand, or 5 percent, from the FY21 operating budget that includes a \$139 thousand, or 5 percent, decrease in general fund revenues, and a \$31 thousand, or 19 percent, decrease in other revenues. The committee recommends supporting the requested budget decrease. CPR has nine funded vacant positions, a vacancy rate of 24.3 percent – an increase of five vacant positions, or 11 percent, from FY20. The agency reports the vacancies have not been filled due to the state hiring freeze ordered amidst the Covid-19 pandemic.

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.

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 was used to replace its heating, ventilation and air condition (HVAC) system in April of 2020. 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.

The agency reports it has collections in the State Archives of New Mexico that can be converted into microfilm and electronic images, but progress on this remains minimal. The archive process will allow records to be destroyed, creating 10 thousand linear feet of additional space – 13 percent of the current capacity. The agency also purchased shelving extension to create nearly 5,000 box spaces, or 5,000 linear feet, for archives storage at the end of FY21. Even with the additional space, the archives storage remains beyond capacity. According to the agency, the short retention periods of some documents and the historical value of others, makes electronic storage an inadequate option for archive retention. Records in the Record Center still pertain to their corresponding agency, leaving the archives with no authority to convert them into electronic records. With the growing concern of space limitations and the advancement of electronic storage, the committee recommends the agency categorize records best suited for electronic storage – those that are nonhistorical and have long retention periods – and create a partnership with the corresponding agency to store them electronically in order to reprioritize space.

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.

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. Despite the difficulties posed by the Covid-19 pandemic, CPR held 24 trainings to state employees on the State Rules Act and proper management of public records. CPR adapted to the pandemic and held 25 virtual educational activities. For FY21, CPR has performance measures in line with FY20 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	41	45	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	134	33	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	213	186	25	25	25
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	5	9	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			15,000	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 percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,358.5	10,650.6	19,002.0	16,089.8	51.1
Federal Revenues	8,032.0	0.0	0.0	0.0	
Other Revenues	39.0	45.0	142.7	142.7	217.1
Fund Balance	437.4	513.9	1,576.8	1,576.8	206.8
SOURCES TOTAL	17,866.9	11,209.5	20,721.5	17,809.3	58.9
USES					
Personal Services and Employee Benefits	3,940.1	4,388.4	4,823.0	4,333.4	-1.3
Contractual Services	798.8	869.4	1,848.2	1,788.5	105.7
Other	7,806.6	5,951.7	14,050.3	11,687.4	96.4
TOTAL USES	12,545.5	11,209.5	20,721.5	17,809.3	58.9
FTE					
Permanent	60.0	60.0	60.0	60.0	0.0
Term	2.0	3.0	4.0	4.0	33.3
Temporary	2.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	64.0	66.0	67.0	67.0	1.5

AT A GLANCE:

For FY22, the Secretary of State (SOS) requested a general fund revenue increase of \$8.4 million, or 78.4 percent, above the FY21 operating budget. The request included a 115.4 percent increase for the elections program, primarily to cover election costs that were previously covered by counties, and an 11 percent increase for the Administration and Operations Program to reduce vacancies and pay for IT and other contract costs. The total request was \$20.7 million, which included \$142.7 thousand in fee revenue as well as \$1.6 million in fund balances from the state's federal Help American Vote Act (HAVA) grant.

The committee recommends a general fund increase of \$5.4 million, or 51.1 percent, over the FY21 operating budget, to fund costs related to administering the regular local election and primary election in FY22. The committee recommends a total budget of \$17.8 million.

BUDGET ISSUES:

The Secretary of State requested a significant increase – 115.4 percent – in its Elections Program, in large part reflecting the outcome of recent legislation that shifted election costs from counties to the state and also created regular local elections held in even-numbered fiscal years. Requested cost increases included approximately \$2.1 million to reimburse counties for staff overtime and poll worker costs, \$600 thousand to reimburse counties for election supplies and election publications, \$800 thousand for printing and mailing of ballots, and nearly \$700 thousand for election-related IT costs. The agency also requested 1 additional FTE, a network administrator position, to be funded by federal HAVA grant revenues. The committee recommends a general fund

increase of \$5.5 million, or 80.2 percent above the FY21 operating budget. The committee supports the request for a federally funded network administrator position.

For its Administration and Operations program, the agency requested an 11 percent increase, including approximately \$250 thousand to reduce the agency's unfunded vacancy rate of close to 25 percent. The FY21 operating budget includes approximately \$117 thousand in funded vacancies. The committee recommends a general fund decrease of \$75 thousand, or 2 percent, for FY22.

Election Code Changes. Senate Bill 98 in 2018 created a regular local election, to be administered by SOS and held in odd-numbered calendar years, and also created a uniform process for holding local elections. The state will see two elections in even-numbered fiscal years – a regular local election and a primary election – and a general election in odd-numbered fiscal years. The bill also established an election fund to cover costs of administering local elections, originally intended to be funded through annual assessments of local governments. However, further changes to the Election Code in 2019 (House Bill 407, Chapter 212) removed provisions for the local government assessments, leaving the fund without a source of revenue and shifting the cost burden from counties to the state by requiring SOS to reimburse counties for election costs. Going forward, it might be desirable to secure an additional recurring funding source for the election fund, including potentially requiring that local governments again share in covering costs of local and statewide elections.

In addition, legislation passed during the 2020 special session (Senate Bill 4, Chapter 2) enacted temporary measures through the end of 2020 intended to facilitate voting during the public health emergency, including establishing all polling places as voter convenience centers – allowing voters to vote at any center in their county – and requiring county clerks to notify voters about the process for remedying absentee ballot discrepancies.

For FY21, SOS requested \$387 thousand to purchase secure ballot drop boxes statewide to meet recently amended requirements of the Election Code. The agency also requested \$25 thousand for a digital workspace platform to facilitate remote work.

Federal Funding. In March 2018, SOS received a \$3.7 million federal grant under the Help America Vote Act to enhance election security. The agency's FY22 budget request included \$1.6 million in grant money as fund balance because the federal government provided the five-year grant as a one-time distribution. The agency's plan for grant spending includes nearly \$2 million to improve cybersecurity, \$500 thousand for voter registration, and nearly \$1 million to upgrade voting equipment.

SOS also received \$3.9 million in direct CARES Act funding to protect 2020 elections from the effects of Covid-19. In addition, the executive allocated \$6 million from the state's Coronavirus Relief Fund (CRF) money to SOS for similar purposes. Both tranches of CARES Act funding must be spent by December 31, 2020. As of November, SOS had spent all of its direct funding and approximately 20 percent of its CRF allocation.

During the 2020 primary election, New Mexicans cast over 417 thousand ballots, representing a turnout of 42 percent. Absentee ballots accounted for nearly two-thirds of all ballots. SOS sent postage-paid absentee ballot applications to all registered major party voters for the primary election. The November general election saw a turnout of nearly 69 percent, with just over one-third of votes cast by mail.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>Agency Request</u>	<u>FY22 - 2021-2022 LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	3,880.7	3,775.7	4,190.8	3,700.7	-2.0
Other Revenues	39.0	45.0	65.0	65.0	44.4
SOURCES TOTAL	3,919.7	3,820.7	4,255.8	3,765.7	-1.4
USES					
Personal Services and Employee Benefits	2,867.7	3,070.2	3,323.3	3,015.2	-1.8
Contractual Services	158.9	149.9	209.6	149.9	0.0
Other	677.1	600.6	722.9	600.6	0.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
FTE	TOTAL USES	3,703.7	3,820.7	4,255.8	3,765.7	-1.4
	Permanent	48.0	47.0	47.0	47.0	0.0
	Temporary	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	50.0	49.0	49.0	49.0	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Average number of days to process corporate registration requests	3	3	3	3	3
Output	Average number of days to process partnership registration requests	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)

(dollars in thousands)					
	<u>FY22 - 2021-2022</u>				
	FY20	FY21			Percent
	2019-2020	2020-2021	Agency	LFC	Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES					
General Fund Transfers	5,477.8	6,874.9	14,811.2	12,389.1	80.2
Federal Revenues	8,032.0	0.0	0.0	0.0	
Other Revenues	0.0	0.0	77.7	77.7	
Fund Balance	437.4	513.9	1,576.8	1,576.8	206.8
SOURCES TOTAL	13,947.2	7,388.8	16,465.7	14,043.6	90.1
USES					
Personal Services and Employee Benefits	1,072.4	1,318.2	1,499.7	1,318.2	0.0
Contractual Services	639.9	719.5	1,638.6	1,638.6	127.7
Other	7,129.5	5,351.1	13,327.4	11,086.8	107.2
TOTAL USES	8,841.8	7,388.8	16,465.7	14,043.6	90.1
FTE					
Permanent	12.0	13.0	13.0	13.0	0.0
Term	2.0	3.0	4.0	4.0	33.3
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	14.0	17.0	18.0	18.0	5.9

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <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	2	1	1	1
* Outcome	Percent of eligible voters registered to vote	86%	79.25%	87%	87%	87%
Outcome	Percent of voting machines tested	NEW	100%	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			
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	97%	93.5%	99%	99%	99%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non compliance	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%	92.73%	100%	100%	100%
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	156	247			
Explanatory	Number of Native American voters reported by tribes as registered to vote in New Mexico	69,483	161,281			
Explanatory	Percent of eligible voters who voted in the June statewide primary election (even fiscal years)	NEW	42%			
Explanatory	Percent of eligible voters who voted in the November statewide general election (odd fiscal years)	55.61%				
Explanatory	Percent of eligible voters who voted in the November statewide local election (even fiscal years)		18%			

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 supervises administrative and technical personnel activities; acts as secretary to the board; establishes, maintains, and publishes annually a roster of all state employees with each employee's division, title, pay rate, and other pertinent data; reports annually to the board; recommends to the board rules considered necessary or desirable to effectuate the act; and supervises all tests and prepares and submits to prospective agencies lists of persons 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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,974.6	3,885.4	3,700.1	3,700.1	-4.8
Other Transfers	176.1	262.1	111.4	111.4	-57.5
SOURCES TOTAL	4,150.7	4,147.5	3,811.5	3,811.5	-8.1
USES					
Personal Services and Employee Benefits	3,291.0	3,605.9	3,464.7	3,464.7	-3.9
Contractual Services	54.0	74.0	51.0	51.0	-31.1
Other	281.7	467.6	295.8	295.8	-36.7
TOTAL USES	3,626.7	4,147.5	3,811.5	3,811.5	-8.1
FTE					
Permanent	46.0	46.0	44.0	44.0	-4.3
TOTAL FTE POSITIONS	46.0	46.0	44.0	44.0	-4.3

AT A GLANCE:

The State Personnel Office (SPO) requested a \$185.3 thousand, or 4.8 percent, decrease from the general fund for FY22. The request aligned the contractual services and other costs categories with actual expenses. The request for personnel reduced the category by \$141.2 thousand and applied a 5 percent vacancy rate, significantly lower than the current vacancy rate of 30 percent. The FY22 request left the funding for personnel \$173.7 thousand, or 5.3 percent, higher than FY20 actual expenditures and aligned the contractual services and other costs categories with actual expenses. The request reduced the authorized FTE count from 46 to 44 because SPO removed positions that had been vacant for over two years.

The LFC recommendation fully funds the agency request. Despite the reduction, SPO will have sufficient funding to maintain current service levels. Actual expenditures for FY20 were \$520 thousand less than the FY21 operating budget and \$184 thousand less than the FY22 request. LFC analysis shows SPO had \$518 thousand in vacancy savings at the time of budget submission.

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 and 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 and will likely revert several hundred thousand in FY20.

SPO awarded temporary retention differentials to 19 employees in April, 2019, that increased their average salary by 9 percent on average. These temporary differentials expired in April, 2020, and created recurring salary savings of \$131.8 thousand. The expiration of these differentials, combined with an already high vacancy rate, resulted in a \$518 thousand personnel surplus in FY21.

SPO receives revenue for providing human resource (HR) services to small agencies that do not have a large enough workforce to justify full-time HR staff. These shared service agreements raise approximately \$250 thousand per year for SPO. However, the agency made the decision to discontinue shared service agreements and encouraged small agencies to partner with larger agencies for HR services instead. Due to the hiring freeze, SPO will continue offering shared services for a limited time, but reduced the request for shared service revenue to \$111.4 thousand to reflect the eventual termination of these agreements sometime in FY22.

State Workforce. A hiring freeze imposed in April in response to the economic slowdown caused by the Covid-19 pandemic has stopped the growth of government employment. As of October 1, 2020, there were 22.1 thousand state workers across the legislative, judicial, and executive branches, down approximately 200 FTE, or 1.5 percent, from May 1, 2020.

Performance data show the state continues to struggle 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 FY20 was 21 percent, up from the 19 percent reported in FY19. Additionally, 35 percent of employees do not complete their first year of state service. High employee turnover is hampering the ability of agencies to effectively and efficiently complete their missions because they have to continually train new staff.

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, data such as pay comparisons and turnover by job type, which would allow better targeting of these raises, has not been readily available. The historic lack of recommendations for targeted salary increases has led some agencies to implement salary increases on their own. For example, 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 that would have informed the proper pay rates for nurses and other healthcare professionals.

Apart from DOH, a number of other agencies have pursued their own salary increases separate from a statewide policy. In FY19, SPO reports 2,854 employees, 17 percent of the classified workforce, received permanent raises and an additional 735 received temporary increases. In FY20, 812 employees received permanent raises and 776 received temporary increases. These raises are provided at the discretion of the agency on an ad hoc basis. While 60 percent of the raises provided in FY19 were related to healthcare and community service professionals, a large number were pursued independently by agencies. While much of the funding used for the salary increases came from existing surplus in agency budgets, additional SPO oversight is needed to ensure workers are not paid differently for similar work. This oversight function should be considered a part of the annual compensation report provided to the Legislature by SPO. However, for the past several years, the annual compensation report has not included a compensation plan that specifically recommends changes to the pay structure for selected employees.

Performance. For years, SPO has produced high-quality, informative quarterly reports on the state workforce. The data on time to fill positions, turnover, and vacancy rates were provided by agency in a reporting format that included context to aid in data interpretation. Beginning in FY21, SPO dramatically scaled back quarterly reporting to provide the minimum amount of information necessary to satisfy the requirements of the Accountability in Government Act. The committee recommends adding additional performance measures, data on which were provided to the Legislature regularly, but have since been discontinued. SPO has not stated why reporting was curtailed nor whether it is the intent of the agency to permanently discontinue providing this information to the Legislature.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Explanatory	Average number of days to fill a position from the date of posting	50	56			
Explanatory	Percent of classified employees who successfully complete the probation period	63%	66%			
Explanatory	Percent of classified employees voluntarily leaving state service	14%	12%			
Explanatory	Percent of classified employees involuntarily leaving state service	1.2%	2.0%			

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Explanatory	Classified service vacancy rate	19%	21%			
Efficiency	Average classified employee compa-ratio	103%	103%	100%	100%	100%
Explanatory	Average classified employee new-hire compa-ratio	99%	100%			
Explanatory	Number of candidate hires external to state government	NEW	NEW			
Outcome	Number of human resource trainings annually in partnership with agencies	NEW	NEW	12	6	6
* Explanatory	Number of salary increases awarded	NEW	NEW			
* Explanatory	Average classified service employee total compensation	NEW	NEW			
* Explanatory	Cost of overtime pay	NEW	NEW			
Outcome	Number of human resource rule compliance audits conducted annually	1,089	500+	1,000	1,000	1,000
Outcome	Number of state-personnel-office-led trainings offered annually	136	64	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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent Incr (Decr)
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	230.0	243.7	231.5	243.0	-0.3
SOURCES TOTAL	230.0	243.7	231.5	243.0	-0.3
USES					
Personal Services and Employee Benefits	172.6	174.9	186.6	186.6	6.7
Contractual Services	13.7	18.5	18.6	18.6	0.5
Other	41.9	50.3	26.3	37.8	-24.9
TOTAL USES	228.2	243.7	231.5	243.0	-0.3
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

AT A GLANCE:

PELRB requested reduction of \$12.2 thousand, or 5 percent, relative to the FY21 operating budget. The reduction came from the other costs category, where the agency requested an \$11.5 thousand reduction in lease costs and the complete elimination of funding for training and education for employees as well as for office equipment. For the personal services and employee benefits category, the request included an additional \$10.5 thousand for unemployment insurance. The LFC recommendation fully funds the agency request and includes \$11.5 thousand over the agency request for lease costs. The budget request includes a reduction that assumes the agency will be able to significantly reduce costs by co-locating with another state agency. However, no agreement has been reached. If a new facility is not found, it will result in the agency overexpending the appropriation and requiring a supplemental appropriation.

Following several years of multiple audit findings and the need for a deficiency appropriation in 2019, the PELRB has stabilized financial administration by contracting with the Administrative Office of the District Attorneys for chief financial officer services. The agency only has 2 FTE, neither of whom have a background in accounting. The agreement allowed PELRB to address many the causes of the audit findings. The FY22 request and LFC recommendation include continuation of \$10.6 thousand for contract.

PUBLIC EMPLOYEES LABOR RELATIONS BOARD

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	100%	0%	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)					
	FY22 – 2021-2022				
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,838.9	3,696.3	3,999.8	3,696.3	0.0
Federal Revenues	1.4	2.0	2.0	2.0	0.0
Other Revenues	122.3	390.0	390.0	390.0	0.0
SOURCES TOTAL	3,962.6	4,088.3	4,391.8	4,088.3	0.0
USES					
Personal Services and Employee Benefits	2,801.7	3,008.6	3,240.1	3,008.6	0.0
Contractual Services	412.8	524.8	422.5	422.5	-19.5
Other	677.7	554.9	729.2	657.2	18.4
TOTAL USES	3,892.2	4,088.3	4,391.8	4,088.3	0.0
FTE					
Permanent	36.0	35.0	35.0	35.0	0.0
TOTAL FTE POSITIONS	36.0	35.0	35.0	35.0	0.0

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 provides maximized returns with minimal risk to principal, and the liquidity portfolio provides day-to-day liquid assets for the operations of state government. General fund balances at the end of FY20 were \$720 million lower than at the end of FY19, an 18 percent year-over-year decrease. However, the decline is a result of a \$1.1 billion transfer from the general fund to the tax stabilization reserve, meaning balances would have grown by nearly \$300 million had the transfer not taken place.

The agency requested a general fund increase of \$303.5 thousand, or 8.2 percent, to fill six vacant positions and support the creation of the New Mexico Work and Save Program. During the 2020 regular session, STO supported legislation creating the Work and Save Program allowing for a voluntary savings program for private sector and nonprofit employees, as well as for self-employed individuals, through a retirement savings plan purchased through a web-based marketplace supported and maintained by the agency. The LFC recommendation maintains STO funding level with FY21. The recommendation provides funded vacancies of about \$200 thousand.

BUDGET ISSUES:

The FY22 STO request increased general fund revenue largely to support the implementation of the New Mexico Work and Save program, to be implemented no later than January 1, 2022. According to the fiscal impact analysis provided by STO during the session, costs associated with the new program could be absorbed in the existing operating budget and self-sustained by fees charged to participating financial service firms. The LFC recommendation includes funding to fill two vacant positions to support the new program, as identified in the STO request.

Despite the completion of a \$1.9 million SHARE project in FY19 that sought to bring STO's accounting system under the statewide accounting software umbrella, STO continues to use its old system. 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. The current systems cost the state approximately \$179 thousand in maintenance a year.

The agency generated record revenue of \$91.7 million in FY20 due to high general fund balances and a spike in the value of STO assets due to the pandemic-induced recession and subsequent equity market declines. Falling interest rates from the Federal Reserve's massive monetary stimulus program resulted in market value gains from fixed-interest investments, largely contributing to record breaking revenues. As balances fall with declining revenues and general fund reserves, earnings are expected to decrease.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	-1	7	5	5	5
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	-20	-8	10	10	10
Outcome	Maximum number of audit findings	0	TBD	2	2	0
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99.3%	98.9%	99%	99%	99%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$2,058	\$66,859			
Explanatory	Percent of liquidity pool to total state general fund investment pool	48%	41%			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	372.2	314.3	327.6	327.6	4.2
Fund Balance	124.0	98.0	84.7	84.7	-13.6
SOURCES TOTAL	496.2	412.3	412.3	412.3	0.0
USES					
Personal Services and Employee Benefits	267.6	318.0	318.0	318.0	0.0
Contractual Services	111.6	11.0	11.0	11.0	0.0
Other	69.7	83.3	83.3	83.3	0.0
TOTAL USES	448.9	412.3	412.3	412.3	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

AT A GLANCE:

The Board of Examiners for Architects requested a flat budget for FY22 of \$1,155.7 thousand compared to its FY21 operating budget, including \$327.6 thousand in fee revenue and \$84.7 thousand from fund balances. The board's request includes \$318 thousand for 4 FTE, \$11 thousand for contracts, and \$83.3 thousand for software subscription renewal and other costs. The LFC recommendation supports the board's request.

BUDGET ISSUES:

In FY20, the board finalized an update of its website and internal database and began offering online payments. All applicants can now apply and pay for licenses through the website. There are approximately 756 in-state licensees and 1,518 out-of-state licensees. The board projects an ending fund balance of \$605.3 thousand for FY21 and a fund balance of \$520.6 thousand at the end of FY22.

BOARD OF EXAMINERS FOR ARCHITECTS

The purpose of the architectural registration program 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	98%	95%	95%	95%	95%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	3.2	4.5	5	5	5
Outcome	Percent of reciprocity applicants who successfully complete the application process	94%	80%	90%	80%	85%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	82%	90%	80%	80%	80%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	none issued	83%	85%	80%	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, persons 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.

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 that the public ethics laws are clear, comprehensive and effective.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	700.0	947.7	900.3	900.3	-5.0
SOURCES TOTAL	700.0	947.7	900.3	900.3	-5.0
USES					
Personal Services and Employee Benefits	271.5	670.6	623.2	623.2	-7.1
Contractual Services	159.1	175.0	175.0	175.0	0.0
Other	99.2	102.1	102.1	102.1	0.0
TOTAL USES	529.8	947.7	900.3	900.3	-5.0
FTE					
Permanent	4.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	4.0	6.0	6.0	6.0	0.0

AT A GLANCE:

The State Ethics Commission requested \$900.3 thousand from the general fund for FY22, a decrease of \$47.4 thousand, or 5 percent, from the FY21 operating budget. The LFC recommendation supports the request.

BUDGET ISSUES:

The State Ethics Commission requested a \$900.3 thousand general fund budget for FY22. The request included \$623.2 thousand for personnel, \$175 thousand in the contractual services category for contracted hearing officers and legal and IT services, and \$102.1 thousand in the other category, including \$40 thousand for leased office space at the University of New Mexico. The commission has 2 unfunded vacancies – a special projects coordinator and a senior staff attorney.

The New Mexico Ethics Commission was created in legislation in 2019. Laws 2019, Chapter 86 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. The commission began operations on January 1, 2020.

In 2020, the commission launched a web-based case management and docketing system that allows members of the public to file complaints online. Through September 2020, the commission received 31 notarized administrative complaints. Of those, two were referred to prosecutors, 10 were dismissed for lack of jurisdiction and 16 were dismissed for lack of probable cause. As of September, two complaints were in briefing at the jurisdictional stage and one was under review for probable cause. The commission also issued six advisory opinions, filed an amicus brief, and developed a proposed code of ethics for state agencies, among other activities. The commission contracts with a retired New Mexico Supreme Court justice, as well as the Administrative Hearings Office, for administrative hearing officer services.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of advisory opinions issued within sixty days of receipt of request			90%	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 received or referred from other state agency with shared jurisdiction			90%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	320.9	433.4	410.5	410.5	-5.3
Federal Revenues	26.0	0.0	0.0	0.0	
Other Revenues	85.7	78.8	100.0	100.0	26.9
Fund Balance	178.5	0.0	0.0	0.0	
SOURCES TOTAL	611.1	512.2	510.5	510.5	-0.3
USES					
Personal Services and Employee Benefits	364.6	369.5	390.7	390.7	5.7
Contractual Services	152.2	57.5	27.5	27.5	-52.2
Other	83.1	85.2	92.3	92.3	8.3
TOTAL USES	599.9	512.2	510.5	510.5	-0.3
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	0.0	4.0	0.0	4.0	0.0

AT A GLANCE:

The Border Authority requested a decrease in general fund revenue of \$22.6 thousand, or 5 percent. The agency also requested an increase in other revenue of \$21.2 thousand, or 27 percent, from a renegotiated lease with a private company using parking space and storage. The LFC recommendation decreases the general fund revenue by \$22.6 thousand and increases the other revenue by \$22.6 thousand to fully support the agency request.

BUDGET ISSUES:

The Border Authority encourages and fosters development in the southern region of New Mexico by developing port facilities at its international border. The authority actively promotes and assists the public and private sectors in infrastructure development to attract new industry and businesses, creating an increase in employment. 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 to enrich the safety and economic development of the New Mexico/Mexico border.

The Border Authority is actively working on increasing revenue collected at their parking lot, used by people passing through the port of entry and local industry. Vehicle exports have increased at the Tornillo Port in Texas, causing Santa Teresa's port of entry in New Mexico to have less vehicle traffic and revenue generated from parking on Border Authority's property, causing a decrease in fund balance. Fund balance was also used for emergency repair of the Border Authority roof in FY20. Fund balance levels are forecasted to total \$55 thousand in FY22. The Border Authority did not budget these funds.

The Santa Teresa port of entry offers a rapid alternative to congested border crossings in El Paso, where it generally takes two hours or more for northbound trucks to enter the United States. In contrast, it takes less than 20 minutes at Santa Teresa. As a result, northbound commercial crossings reached an all-time monthly record of 13.4 thousand trucks in July 2020, up nearly 50 percent from July 2015, when 9,000 trucks crossed at Santa Teresa.

Capital Outlay. The village of Columbus received \$4 million in state capital outlay for a land port of entry flood control diversion berm and pond. An action plan is in place and construction is scheduled to start in spring 2021. The agency stated this project is available for a federal match of up to \$11 million.

The Border Authority also worked with the Department of Transportation to request a proposal on a highway extension from New Mexico 136 to New Mexico 498, to provide better access to Santa Teresa. The Border Authority was appropriated \$5.4 million; however, during the 2020 special session, \$2.4 million of that was reduced. As of September 2020, \$3 million is unspent. A request for proposal was issued in fall 2020.

BORDER AUTHORITY

The purpose of the border authority 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	25%	18%	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	255	229	350	350	300
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	95%	90%	90%
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	1,548,500	937,119	1,575,000	1,575,000	1,575,000
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	2	1	2	2	2

STATUTORY AUTHORITY:

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

MISSION:

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

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,777.5	17,146.2	16,288.9	16,588.9	-3.3
Federal Revenues	38.1	0.0	0.0	0.0	
Other Revenues	3,788.0	4,495.0	4,495.0	4,495.0	0.0
SOURCES TOTAL	20,603.6	21,641.2	20,783.9	21,083.9	-2.6
USES					
Personal Services and Employee Benefits	3,717.4	3,813.6	4,345.0	3,937.2	3.2
Contractual Services	1,679.9	1,411.8	2,252.3	1,742.8	23.4
Other	14,738.8	16,415.8	14,186.6	15,403.9	-6.2
TOTAL USES	20,136.1	21,641.2	20,783.9	21,083.9	-2.6
FTE					
Permanent	45.0	47.0	48.0	48.0	2.1
Term	9.0	8.0	6.0	6.0	-25.0
TOTAL FTE POSITIONS	54.0	55.0	54.0	54.0	-1.8

AT A GLANCE:

Over the last eight years, the Legislature increased advertising funding for the department more than fourfold, from \$3 million in FY11 to \$13.5 million in FY21. The Tourism Department's FY22 request decreased advertising funding to \$11.4 million. The agency's request also reprioritized funding from the Marketing and Promotion Program to cover the costs of 3 FTE that moved to Program Support during FY21. The LFC recommendation does not support the request and, instead, maintains marketing and promotions funding closer to FY20 actuals. The LFC recommendation also maintains personnel spending in Program Support at the FY21 operating budget level. Overall, the LFC recommendation decreases the general fund appropriation to the Tourism Department by \$557.3 thousand, or 3.3 percent, compared with the FY21 operating budget.

BUDGET ISSUES:

The agency requested a general fund decrease of \$857.3 thousand, or 5 percent, from the FY21 operating budget. Program Support was increased by \$199.2 thousand, all in the personal services and employee benefits category for 3 FTE transferred from the Marketing and Promotion Program. The department requested to maintain the Tourism Development Program flat with the FY20 operating budget. The Marketing and Promotion Program request included a decrease of \$1.05 million and a decrease of 3 FTE.

The LFC recommendation maintains the Program Support Program at the FY21 operating budget level and supports the agency request for the Tourism Development Program. The LFC recommendation increases the contracts category in the Marketing and Promotion Program by \$372 thousand above the FY21 operating budget level. The increase in contracts supports the agencies request for a contract to provide marketing for local fairs and festivals, affected by the Covid-19 pandemic, as well as an increase in costs to distribute the True Advertising Guide across the state and to conduct marketing research. The LFC recommendation decreases advertising by \$924.6 thousand from the FY21 operating budget to align closer to FY20 actual spending levels.

In FY20, the department allocated \$14 million in general fund revenue, or 79 percent of the operating budget, 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 on marketing the state, but the agency's FY22 request for a decrease is going in the wrong direction to serve the tourism industry as it recovers from the pandemic and recession.

The most recent economic impact report performed by the department, using 2018 data, shows visitor spending of \$7.1 billion, an increase of 22 percent from 2013. That visitor spending resulted in approximately \$700 million in state and local taxes and supported 94.6 thousand jobs, an increase of 8 percent since 2013.

Due to the Covid-19 pandemic, the New Mexico tourism industry has experienced a loss of visitor spending of \$403 million each month according to Tourism Economics, an analytics and research company. The total loss of revenue has been over \$2 billion from the month of March through July and resulted in \$82 million lost state gross receipts revenue and over \$22 million in lost local gross receipts revenue. As a result of the decrease in visitor spending, numerous tourism businesses laid off staff temporarily or permanently. As of August, nearly 24 thousand workers from the accommodations and food services sector are unemployed, costing a total of \$271 million in unemployment benefits. Employment in the leisure and hospitality sector declined by 29 percent in August, compared with last year.

Marketing and Promotion. Due to the Covid-19 pandemic, the department stopped all national advertising campaigns in March and repurposed funding to start new local marketing initiatives, including New Mexico Safe Promise, New Mexico Safe Certified, New Mexico Safe Dining, Shop Local, and Keep NM True. The current marketing initiatives are ongoing, so the total cost is unknown. The department is also planning to assess the potential of advertising nationally again in the spring if the pandemic is slowing down. Currently, most travels are occurring via vehicle so local advertising campaigns are the most effective.

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: Business Development, Rural, Cultural Heritage, Clean and Beautiful, Keep New Mexico True, and Cooperative Marketing. In FY20, the Clean and Beautiful grant program awarded 38 communities with a total of \$647 thousand for projects involving litter clean up, recycling, beautification, and youth employment. The FY20 Cooperative Marketing grant program awarded \$600 thousand in matching funds to 33 communities around the state to promote New Mexico as a tourist destination.

New Mexico Magazine. Founded in 1923, New Mexico Magazine is the nation's oldest state magazine and the third-largest state-owned publication. In FY20, the magazine only brought in \$2.2 million in other revenue, a decrease of \$1 million from what was in the operating budget. In FY21, the magazine anticipates revenue will reach \$3.2 million as a result of an increase in digital and social media advertising and a digital advertising program expansion to tie with the launch of the Tourism Department's new website. New Mexico Magazine has a paid circulation of 67.5 thousand, of which two-thirds is outside the state. The magazine's digital engagement reached more than 200 thousand visitors per month across various platforms in FY20.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	14,526.1	14,765.1	13,708.6	14,212.5	-3.7
Federal Revenues	38.1	0.0	0.0	0.0	
Other Revenues	414.8	30.0	30.0	30.0	0.0
SOURCES TOTAL	14,979.0	14,795.1	13,738.6	14,242.5	-3.7
USES					
Personal Services and Employee Benefits	1,710.9	768.2	972.1	768.2	0.0
Contractual Services	894.1	504.1	1,385.6	876.1	73.8
Other	12,040.0	13,522.8	11,380.9	12,598.2	-6.8
TOTAL USES	14,645.0	14,795.1	13,738.6	14,242.5	-3.7
FTE					
Permanent	27.0	15.0	12.0	12.0	-20.0
Term	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	27.0	16.0	12.0	12.0	-25.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent change in New Mexico leisure and hospitality employment	5.05%	-6.9%	3%	1%	1%
Outcome	Domestic overnight visitation growth compared with national average			25%	10%	10%
* Output	Percent change in year-over-year visitor spending			3%	1%	1%
Output	Percent change in total digital engagement			3%	3%	3%
Outcome	Percent of domestic marketable overnight visitation			2%	2%	2%
Output	Dollar amount of earned media value generated			\$1,000,000	\$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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,049.0	1,072.7	1,072.7	1,072.7	0.0
Other Revenues	1,122.3	1,233.1	1,233.1	1,233.1	0.0
SOURCES TOTAL	2,171.3	2,305.8	2,305.8	2,305.8	0.0
USES					
Personal Services and Employee Benefits	278.0	980.5	1,043.4	1,043.4	6.4
Contractual Services	112.8	3.4	4.2	4.2	23.5
Other	1,705.2	1,321.9	1,258.2	1,258.2	-4.8
TOTAL USES	2,096.0	2,305.8	2,305.8	2,305.8	0.0
FTE					
Permanent	5.0	17.0	18.0	18.0	5.9
Term	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	5.0	18.0	18.0	18.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	129	168	135	140	140
Outcome	Total dollar amount requested by cooperative marketing applicants			\$1,200,000	\$1,200,000	\$1,200,000
Output	Number of participants in New Mexico true certified programs			250	250	250
Output	Number of meetings or events conducted by the tourism department with Native American entities			16	16	16
Output	Dollar amount of grant funding acquired from outside sources			\$100,000	\$100,000	\$100,000

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)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	Other Revenues	2,250.9	3,231.9	3,231.9	3,231.9	0.0
	SOURCES TOTAL	2,250.9	3,231.9	3,231.9	3,231.9	0.0
USES						
	Personal Services and Employee Benefits	731.9	977.0	996.9	996.9	2.0
	Contractual Services	606.8	830.0	830.0	830.0	0.0
	Other	867.1	1,424.9	1,405.0	1,405.0	-1.4
	TOTAL USES	2,205.8	3,231.9	3,231.9	3,231.9	0.0
FTE						
	Permanent	4.0	4.0	4.0	4.0	0.0
	Term	9.0	6.0	6.0	6.0	0.0
	TOTAL FTE POSITIONS	13.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	True adventure guide advertising revenue	\$427,462	\$430,305	\$445,000	\$445,000	\$445,000
* Output	Advertising revenue per issue, in thousands	\$ 73	\$68	\$80	\$75	\$75
Output	Collection rate for ads sold in current fiscal year	100%	95.5%	100%	99%	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)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,202.4	1,308.4	1,507.6	1,303.7	-0.4
	SOURCES TOTAL	1,202.4	1,308.4	1,507.6	1,303.7	-0.4
USES						
	Personal Services and Employee Benefits	996.6	1,087.9	1,332.6	1,128.7	3.8
	Contractual Services	66.2	74.3	32.5	32.5	-56.3
	Other	126.5	146.2	142.5	142.5	-2.5
	TOTAL USES	1,189.3	1,308.4	1,507.6	1,303.7	-0.4
FTE						
	Permanent	9.0	11.0	14.0	14.0	27.3
	TOTAL FTE POSITIONS	9.0	11.0	14.0	14.0	27.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of funds contracted in-state			70%	70%	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)					
	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	14,330.2	13,802.4	13,112.3	13,462.3	-2.5
Other Transfers	191.3	0.0	0.0	0.0	
Federal Revenues	91.2	0.0	0.0	0.0	
SOURCES TOTAL	14,612.7	13,802.4	13,112.3	13,462.3	-2.5
USES					
Personal Services and Employee Benefits	4,053.2	4,409.1	4,362.6	4,412.6	0.1
Contractual Services	2,815.5	2,873.8	2,341.7	2,641.7	-8.1
Other	4,235.3	6,519.5	6,408.0	6,408.0	-1.7
TOTAL USES	11,104.0	13,802.4	13,112.3	13,462.3	-2.5
FTE					
Permanent	54.0	54.0	52.0	52.0	-3.7
TOTAL FTE POSITIONS	54.0	54.0	52.0	52.0	-3.7

AT A GLANCE:

The Economic Development Department (EDD) requested a general fund decrease of \$690 thousand, or 5 percent, from the FY21 operating budget. The request included a reduction of \$46.5 thousand for the personal services and employee benefits category, eliminating all vacancy savings, \$532.1 thousand in contracts, and \$111.5 thousand in the other category. The LFC recommendation decreased general fund revenue by \$340.1 thousand, or 2.5 percent, from the FY21 operating budget.

In the Economic Development Program, the LFC recommendation supports the agency request in personal services and employee benefits and the other categories. However, it maintains contracts for the Local Economic Assistance and Developmental Support (LEADS) and Soloworker program at FY21 operating budget levels. The LFC recommendation supports the agency request in the Film Office and the Office of the Secretary. In the Outdoor recreation Program, the LFC recommendation only reduces personal services and employee benefits by \$7,000, or 2.8 percent, from the FY21 operating budget.

BUDGET ISSUES:

Local Economic Development Act. The Economic Development Department requested \$30 million for the LEDA fund. The LFC recommendation includes \$17.5 million in general fund revenue for LEDA. The Economic Development Division awarded 15 companies \$12.9 million in LEDA funds in FY20 and created 2,891 jobs. Of the 15 companies awarded LEDA funds, five were in rural areas: Cimarron, Big Dog Industries, W. Silver Recycling, High Plains Processing, and HAPSMobile/AeroVironment. The funds matched for all LEDA projects in FY20 totaled \$350 million, contributing to a 27 to 1 ratio of private sector dollars invested per dollar of LEDA funds awarded for FY20. As of November 2020, EDD reported approximately \$20 million in other state funds and severance tax bonds is available for LEDA projects. EDD requested a \$30 million special appropriation for LEDA for FY22.

EDD also repurposed the LEDA program to temporarily operate as a 0 percent interest loan program. The company must be a qualified entity (a manufacturer or nonretail service business with more than 50 percent of revenue generated out of state), and loans are limited to expenditures for land, building, and infrastructure, but they can be used for lease abatement or mortgage assistance. The loan period is up to two years, and all borrowers are required to provide security. To date, EDD has \$1.7 million of LEDA loans in process.

The cost per job for LEDA has varied significantly in recent years from an average of \$29 thousand per job in FY17 to \$4,000 in FY18, \$11.7 thousand in FY19, and \$39.6 thousand in FY20. 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 thousand for 50 jobs, compared with MeowWolf in FY18, with a cost per job of \$3,400 for 250 jobs, and Kairos Power in FY20 with a cost per job of \$61.5 thousand for 65 jobs. 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. The JTIP board approved 69 businesses for funding in FY20, including 20 in rural communities, with a total of \$18 million in awards, and exceeded the target of workers trained with 2,202. The average hourly JTIP wage was \$19.32. The JTIP board obligated \$5.5 million to rural companies in FY20, meeting statutory requirements for funding of rural communities. The EDD request included maintaining the JTIP fund flat with the FY21 budget, at \$5 million. However, EDD requested a \$7 million special appropriation for JTIP. As of November 2020, \$9.8 million is available for the remainder of the fiscal year. The LFC recommendation includes \$10 million in a 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 and guiding them through 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 FY22 request for the New Mexico Film Office included a decrease from the general fund of \$25 thousand. The reduction was taken in the contractual services category by reducing the amount spent on website maintenance and also canceling the media conference hosted by the office. The personal services and employee benefits category increased by \$104 thousand to cover the costs of filled positions. The LFC recommendation supports the agency request.

The film tax credit has grown increasingly, in size and in relevance to the state's fiscal stability. Yet, the success of film tax credits has been difficult to quantify, with sporadic reports and analysis over the last decade concluding varying degrees of success. To better understand its impacts, the return on investment, and value to economic development, Laws 2019, Chapter 87 (Senate Bill 2) implemented an annual evaluation and reporting requirement for the film tax credit. Although generally required of EDD, the statute jointly requires TRD and LFC to review the report, which is to be presented to interim legislative committees. The report is required to study a number of in-depth impacts, including job creation, credit claims, and wages, which requires surveys of the industry and the collection of data that currently do not exist. Although the first report was expected in 2020, the coronavirus pandemic has interrupted film productions and inhibited EDD's ability to survey and collect the necessary data. EDD now plans to complete its first report, as required by the statutory changes, in 2021.

The "film partner" carve-out, the benefit provided to Netflix and NBC Universal, will cost an estimated \$26 million in FY21, about \$35 million in FY22, and \$43 million in FY23. The state expects to pay \$155 million in total film credits, including film partner credits, by FY24.

The New Mexico Partnership. The New Mexico Partnership is the largest contract within the Economic Development Department. The NM Partnership is designed to be a single-point-of-contact for locating and expanding business in New Mexico. The NM 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 is also the only marketing tool the department has in the budget. However, the partnership was reduced by \$500 thousand during the 2020 special session, bringing the recurring operating budget to \$900 thousand for FY21.

The NM Partnership only reported 812 new jobs in FY20, compared with its target of 2,250. This performance resulted in the agency missing overall job targets and led to FY20 results lower than FY19 for several performance measures, including overall jobs created and rural jobs created.

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 million in the FY21 operating budget for grants and assistance to communities. The agency requested to maintain a flat budget for MainStreet in FY22. MainStreet communities reported \$24.5 million in private sector reinvestment for FY20, with 306 building rehabilitations.

Outdoor Recreation. The duties of the Outdoor Recreation Program, created during the 2019 legislative session, include increasing outdoor-based economic development, tourism, and ecotourism in the state. EDD requested a decrease of \$22.6 thousand in the personal services and employee benefits category. The LFC recommendation only reduced personnel by \$7,000, or 2.8 percent, from the FY21 operating budget.

RECOMMENDED LANGUAGE:

The general fund appropriation to program support of the economic development department in the contractual services category includes nine hundred thousand dollars (\$900,000) for the New Mexico economic development corporation.

The general fund appropriation to the economic development program of the economic development department in the other category includes five million dollars (\$5,000,000) for the development training fund.

The general fund appropriation to the outdoor recreation division of the economic development department in the other category includes one hundred thousand dollars (\$100,000) for the outdoor equity fund.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,735.2	9,452.2	8,979.6	9,279.6	-1.8
Other Transfers	191.3	0.0	0.0	0.0	
Federal Revenues	91.2	0.0	0.0	0.0	
SOURCES TOTAL	10,017.7	9,452.2	8,979.6	9,279.6	-1.8
USES					
Personal Services and Employee Benefits	1,877.7	1,835.3	1,791.9	1,791.9	-2.4
Contractual Services	1,223.8	1,548.3	1,240.0	1,540.0	-0.5
Other	3,997.9	6,068.6	5,947.7	5,947.7	-2.0
TOTAL USES	7,099.4	9,452.2	8,979.6	9,279.6	-1.8
FTE					
Permanent	24.0	24.0	23.0	23.0	-4.2
TOTAL FTE POSITIONS	24.0	24.0	23.0	23.0	-4.2

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Number of workers trained by the job training incentive program	2,333	2,202	1,900	1,900	2,000
* Outcome	Number of jobs created due to economic development department efforts	3,145	2,670	4,000	4,000	4,000
* Outcome	Number of rural jobs created	1,376	460	1,320	1,320	1,320
Output	Amount of private sector investment in mainstreet districts, in millions	\$30.7	\$24.5	\$30	\$30	\$30
Explanatory	Average hourly wage of jobs funded by the job training incentive program					
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	32	27	30:1	30:1	30:1
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	53	33	60	60	60
Output	Number of building rehabilitations assisted by mainstreet program	262	306	200	200	200
Outcome	Amount of new investment in technology-based companies as a result of the office of science and technology's programs		\$9,500,000	\$2,000,000	\$2,000,000	\$2,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	3,586	1,600	3,000	3,000	3,000
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership			2,250	2,250	2,000
Outcome	Average wage of jobs created due to economic development department efforts			\$47,500	\$47,500	\$47,500
Outcome	Average wages for jobs created in excess of prevailing local wages			\$5,000	\$5,000	\$5,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership			12	12	12
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act, in millions			\$27,500	\$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	\$30,000
Outcome	Foreign direct investment in New Mexico as a result of office of international trade efforts, in millions			\$5,000,000	\$5,000,000	\$5,000,000
Outcome	Federal grant dollars awarded as a result of economic development department efforts			\$250,000	\$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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	786.0	838.1	813.1	813.1	-3.0
SOURCES TOTAL	786.0	838.1	813.1	813.1	-3.0
USES					
Personal Services and Employee Benefits	518.3	576.4	680.8	680.8	18.1
Contractual Services	95.7	182.8	53.4	53.4	-70.8
Other	53.9	78.9	78.9	78.9	0.0
TOTAL USES	667.9	838.1	813.1	813.1	-3.0
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Output	Number of film and media worker days	319,814	102,376	300,000	320,000	320,000
Outcome	Direct spending by film industry productions eligible for the additional five percent credit in rural areas, in millions			20	20	20
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions			200	200	200
Outcome	Median wages paid by film industry productions to New Mexico residents			\$50,000	\$50,000	\$50,000
Outcome	Total gross receipts taxes paid by film industry productions, in millions			\$20	\$20	\$20
* Outcome	Direct spending by film industry productions, in millions	\$525.5	\$257.3	\$530	\$530	\$530

OUTDOOR RECREATION DIVISION

BUDGET SUMMARY (dollars in thousands)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	300.0	451.4	428.8	478.8	6.1
SOURCES TOTAL	300.0	451.4	428.8	478.8	6.1
USES					
Personal Services and Employee Benefits	91.2	251.4	194.4	244.4	-2.8
Contractual Services	7.7	0.0	25.0	25.0	
Other	30.8	200.0	209.4	209.4	4.7
TOTAL USES	129.7	451.4	428.8	478.8	6.1
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant					
Explanatory	Value of earned and owned media impressions for the outdoor recreation division or New Mexico outdoor recreation					
Explanatory	Number of outdoor recreation conservation and access projects funded or led by outdoor recreation division, including via the special projects and infrastructure fund grant.					
Explanatory	Number of new outdoor recreation jobs created by outdoor recreation division.					

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	3,509.0	3,060.7	2,890.8	2,890.8	-5.6
SOURCES TOTAL	3,509.0	3,060.7	2,890.8	2,890.8	-5.6
USES					
Personal Services and Employee Benefits	1,566.0	1,746.0	1,695.5	1,695.5	-2.9
Contractual Services	1,488.3	1,142.7	1,023.3	1,023.3	-10.4
Other	152.7	172.0	172.0	172.0	0.0
TOTAL USES	3,207.0	3,060.7	2,890.8	2,890.8	-5.6
FTE					
Permanent	20.0	20.0	19.0	19.0	-5.0
TOTAL FTE POSITIONS	20.0	20.0	19.0	19.0	-5.0

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	13,568.6	13,364.0	12,677.5	12,961.5	-3.0
Other Transfers	3,261.7	10,070.0	10,001.2	10,001.2	-0.7
Federal Revenues	26.8	25.0	25.0	25.0	0.0
Other Revenues	13,537.6	5,930.0	6,177.8	6,177.8	4.2
Fund Balance	934.0	2,768.5	2,435.6	2,435.6	-12.0
SOURCES TOTAL	31,328.7	32,157.5	31,317.1	31,601.1	-1.7
USES					
Personal Services and Employee Benefits	19,878.6	22,172.4	21,897.1	22,181.1	0.0
Contractual Services	1,529.8	1,819.3	1,856.1	1,856.1	2.0
Other	3,104.7	4,797.6	4,779.5	4,779.5	-0.4
Other Financing Uses	2,633.1	3,368.2	2,784.4	2,784.4	-17.3
TOTAL USES	27,146.2	32,157.5	31,317.1	31,601.1	-1.7
FTE					
Permanent	312.6	312.6	306.6	306.6	-1.9
TOTAL FTE POSITIONS	312.6	312.6	306.6	306.6	-1.9

AT A GLANCE:

For FY22, RLD requested a general fund budget of \$12.7 million, representing a decrease of \$686.4 thousand, or 5.1 percent, below the FY21 operating budget. Cost reductions primarily shifted general fund coverage for contracts, transportation, and other costs to other state funds and transfers. The total budget request for FY22 was \$31.3 million, a 2.6 percent decrease from the FY21 operating budget, and included \$2.4 million in fund balances, \$10.1 million in other transfers, and \$6.2 million in other revenues. The committee recommends a general fund budget decrease of 3 percent, and a total budget of \$31.6 million.

BUDGET ISSUES:

RLD's revenue is derived from several funding sources, including the general fund, professional license and other fees, and the mortgage regulatory fund. For FY22, the agency requested general fund decreases primarily for its Financial Institutions Division, Program Support, and Securities Division. The majority of general fund cost decreases in the request represented shifting of expenses from general fund to other revenue sources.

For its Construction Industries Division and Manufactured Housing Division (CID/MHD), RLD requested a general fund decrease of 1.6 percent, shifting some contract costs from general fund revenues to other funding sources. The committee recommends a general fund revenue increase of 1.5 percent, increasing the budget for personnel by 3.7 percent, recognizing the need for the division to be able to meet the needs of industry during a time when construction activity is growing. For example, the number of permits for new housing units increased by nearly 25 percent between September 2019 and September 2020, according to the U.S. Census Bureau.

RLD noted it struggles to hire and retain qualified individuals for CID/MHD – especially in the northeastern part of the state – due to competition with better-paying jobs in the private sector. The division indicated it has reopened its three field offices for in-person services and is expediting hiring to ensure timely inspections across the state. CID/MHD had approximately \$350 thousand of vacancy savings in its FY21 operating budget, and the committee recommendation will allow the division to continue filling vacancies. Overall, the agency's vacancy savings in FY21 were approximately \$2.6 million. The agency had an unfunded vacancy rate of 9 percent.

The 2020 Tobacco Products Act (Senate Bill 131, Chapter 46) requires RLD to begin issuing licenses to manufacturers, distributors, and retailers of tobacco products. RLD's budget request included \$150 thousand from other state funds for the Alcohol and Beverage Control program to fill two vacant positions to implement the new licensing requirements. The committee supports the request.

RLD is in the process of replacing several existing software systems used across the agency with a single solution for licensing, permitting, and inspections. RLD has selected Salesforce as a vendor to replace several existing systems within Boards and Commissions, CID, and MHD with the goal of streamlining online payment and other online processes. The agency has completed gathering requirements from MHD and CID and has replaced an outdated system within MHD. RLD estimates the total cost of the software replacement project at approximately \$11 million over three years.

The agency's mortgage regulatory fund, which collects application, licensing, renewal, examination, investigation, and other fees from mortgage loan originators, continues to grow. Between October 2019 and October 2020, cash balances of the fund grew by 18 percent, to \$7.7 million.

Sunset Review. The LFC Sunset Review Subcommittee met in October 2020 to review 11 RLD boards and commissions scheduled to sunset on July 1, 2021. Subcommittee members voted to recommend extending the sunset date to July 1, 2027 for the following entities: Counseling and Therapy Practice Board; Board of Osteopathic Medicine; Respiratory Care Advisory Board; Physical Therapy Board; Massage Therapy Board; Nutrition and Dietetics Practice Board; and Speech-Language Pathology, Audiology, and Hearing Aid Dispensing Practices Board.

Due to infrequent meetings and vacant or expired board positions, the subcommittee voted not to recommend extending the sunset date for the following entities: Board of Examiners for Occupational Therapy; Athletic Trainers Practice Board; Chiropractic Board; and Board of Psychologist Examiners. If no action is taken by the Legislature, the boards will sunset on July 1, 2021. However, boards have one year following their sunset date to wind up operations, providing more time for the Legislature to take action and extend termination dates. If boards sunset, responsibility for licensing and regulating professions could fall to RLD.

RLD requested \$284.2 thousand to address FY20 deficiencies for four boards and commissions – the Athletic Commission, the Signed Language Interpreting Practice Board, the Board of Acupuncture and Oriental Medicine, and the Real Estate Appraisers Board. For FY21 and FY22, RLD requested budget adjustment language authorizing program-to-program transfers, allowing the agency to transfer money to address deficiencies in boards and commissions, if necessary, eliminating the need for supplemental funding requests. Boards and commissions have authority to set their own fees, suggesting that some boards may need to raise fees if revenues do not cover board expenditures.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the financial institutions program of the regulation and licensing department include nine hundred seventy-two thousand six hundred dollars (\$972,600) 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 include three hundred thousand dollars (\$300,000) from the mortgage regulatory fund for the second judicial district court for foreclosure settlement mediation.

The internal service funds/interagency transfers appropriations to the financial institutions program of the regulation and licensing in the other financing uses category include one hundred fifty-five thousand seven hundred dollars (\$155,700) from the mortgage regulatory fund for the thirteenth judicial district court for foreclosure settlement mediation.

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 standard.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,092.2	9,170.1	9,025.9	9,309.9	1.5
Other Transfers	0.0	200.0	200.0	200.0	0.0
Federal Revenues	26.8	25.0	25.0	25.0	0.0
Other Revenues	74.4	0.0	0.0	0.0	
Fund Balance	1.3	47.9	339.3	339.3	608.4
SOURCES TOTAL	9,194.7	9,443.0	9,590.2	9,874.2	4.6
USES					
Personal Services and Employee Benefits	7,217.4	7,684.7	7,684.7	7,968.7	3.7
Contractual Services	259.7	553.2	553.2	553.2	0.0
Other	987.7	1,105.1	1,205.1	1,205.1	9.0
Other Financing Uses	27.3	100.0	147.2	147.2	47.2
TOTAL USES	8,492.1	9,443.0	9,590.2	9,874.2	4.6
FTE					
Permanent	113.0	113.0	113.0	113.0	0.0
TOTAL FTE POSITIONS	113.0	113.0	113.0	113.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	93%	89%	95%	95%	95%
* Outcome	Percent of commercial plans reviewed within ten working days	90%	87%	92%	92%	92%
* Outcome	Percent of residential plans reviewed within five working days	95%	97%	95%	95%	95%
Efficiency	Percent of all construction inspections performed within three days of inspection request	95%	85%	95%	95%	95%
Output	Time to final action, referral or dismissal of complaint, in months	8	8	7	8	8

FINANCIAL INSTITUTIONS AND SECURITIES

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

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	842.0	644.9	438.3	438.3	-32.0
Other Transfers	725.5	766.0	972.6	972.6	27.0
Other Revenues	3,317.8	1,514.6	1,723.3	1,723.3	13.8
Fund Balance	0.0	1,254.3	467.6	467.6	-62.7
SOURCES TOTAL	4,885.3	4,179.8	3,601.8	3,601.8	-13.8

BUDGET SUMMARY
(dollars in thousands)

		FY22 - 2021-2022				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
USES						
	Personal Services and Employee Benefits	2,139.3	2,698.2	2,698.2	2,698.2	0.0
	Contractual Services	27.7	82.2	82.2	82.2	0.0
	Other	321.3	459.9	559.9	559.9	21.7
	Other Financing Uses	851.0	939.5	261.5	261.5	-72.2
	TOTAL USES	3,339.3	4,179.8	3,601.8	3,601.8	-13.8
FTE						
	Permanent	39.0	39.0	39.0	39.0	0.0
	TOTAL FTE POSITIONS	39.0	39.0	39.0	39.0	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Outcome	Percent of completed applications processed within ninety days by type of application	98.4%	97.69%	97%	97%	97%
Efficiency	Percent of state-chartered banks, state-chartered credit unions, independent trust companies, small loan companies, mortgage loan companies, mortgage loan branches and escrow companies examined	95%	93%	95%	95%	95%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	NEW	NEW	8	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)

		FY22 - 2021-2022				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,030.2	1,103.1	1,103.1	1,103.1	0.0
	Fund Balance	0.0	0.0	200.0	200.0	
	SOURCES TOTAL	1,030.2	1,103.1	1,303.1	1,303.1	18.1
USES						
	Personal Services and Employee Benefits	953.8	997.8	1,162.7	1,162.7	16.5
	Contractual Services	3.2	28.2	13.3	13.3	-52.8
	Other	73.2	77.1	127.1	127.1	64.9
	TOTAL USES	1,030.2	1,103.1	1,303.1	1,303.1	18.1
FTE						
	Permanent	15.0	15.0	15.0	15.0	0.0
	TOTAL FTE POSITIONS	15.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Number of days to process a dispenser license	119	104	120	120	120
Output	Number of days to resolve an administrative citation that does not require a hearing	158	98	160	160	120
* Outcome	Number of days to issue a restaurant beer and wine liquor license	115	107	120	120	120
Output	Number of days to process a craft distiller's license	NEW	107	130	130	130

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,378.6	1,293.3	1,156.9	1,156.9	-10.5
Other Transfers	2,399.9	2,813.1	2,934.5	2,934.5	4.3
SOURCES TOTAL	3,778.5	4,106.4	4,091.4	4,091.4	-0.4
USES					
Personal Services and Employee Benefits	2,647.1	2,816.9	2,816.9	2,816.9	0.0
Contractual Services	270.2	540.7	540.7	540.7	0.0
Other	644.0	748.8	733.8	733.8	-2.0
TOTAL USES	3,561.3	4,106.4	4,091.4	4,091.4	-0.4
FTE					
Permanent	26.2	26.2	26.2	26.2	0.0
TOTAL FTE POSITIONS	26.2	26.2	26.2	26.2	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of prior-year audit findings resolved	66%	90%	90%	90%	90%

BOARDS AND COMMISSIONSBUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	436.4	431.1	431.1	431.1	0.0
Other Transfers	136.3	6,290.9	5,894.1	5,894.1	-6.3
Other Revenues	9,290.0	3,848.2	3,789.8	3,789.8	-1.5
Fund Balance	463.7	499.5	512.4	512.4	2.6
SOURCES TOTAL	10,326.4	11,069.7	10,627.4	10,627.4	-4.0
USES					
Personal Services and Employee Benefits	5,759.7	6,552.2	6,141.0	6,141.0	-6.3
Contractual Services	920.9	540.7	592.7	592.7	9.6
Other	844.5	1,853.3	1,770.2	1,770.2	-4.5
Other Financing Uses	1,662.0	2,123.5	2,123.5	2,123.5	0.0
TOTAL USES	9,187.1	11,069.7	10,627.4	10,627.4	-4.0

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				Percent Incr (Decr)
		<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
FTE	Permanent	95.4	95.4	92.4	92.4	-3.1
	TOTAL FTE POSITIONS	95.4	95.4	92.4	92.4	-3.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	88%	97%	95%	95%	95%
Outcome	Noncompliant barber and cosmetology establishments brought into compliance within ninety days	NEW	NEW	5	5	5
Output	Percent of pharmacy-board-licensed facilities inspected annually	NEW	NEW	75%	75%	75%
Outcome	Noncompliant body art establishments brought into compliance within ninety days	NEW	NEW	3	3	3

SECURITIES DIVISION

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)

			<u>FY22 - 2021-2022</u>		Percent Incr (Decr)	
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	789.2	721.5	522.2	522.2	-27.6
	Other Revenues	855.4	567.2	664.7	664.7	17.2
	Fund Balance	469.0	966.8	916.3	916.3	-5.2
	SOURCES TOTAL	2,113.6	2,255.5	2,103.2	2,103.2	-6.8
USES						
	Personal Services and Employee Benefits	1,161.3	1,422.6	1,393.6	1,393.6	-2.0
	Contractual Services	48.1	74.3	74.0	74.0	-0.4
	Other	234.0	553.4	383.4	383.4	-30.7
	Other Financing Uses	92.8	205.2	252.2	252.2	22.9
	TOTAL USES	1,536.2	2,255.5	2,103.2	2,103.2	-6.8
FTE						
	Permanent	24.0	24.0	21.0	21.0	-12.5
	TOTAL FTE POSITIONS	24.0	24.0	21.0	21.0	-12.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of investment adviser registrants examined annually	60%	20.34%	55%	33%	55%
Outcome	Percent of complaints logged and assigned within two days of receipt of written complaint, then investigated and a course of action determined no later than four months from receipt of complaint	15%	0%	80%	50%	80%
Output	Number of investor education events focused on fraud protection		14	14	14	14
* Output	Monies awarded or recovered through criminal or administrative prosecutions or settlements		\$523.3	\$250.0	\$250.0	\$250.0

Regulation and Licensing Department Boards and Commissions

BUDGET SUMMARY

(dollars in thousands)

FY22

	FY20 Actual	FY21 Operating	FY22 Agency Request	FY22 LFC Recomm- endation	FY2 Pct increase (decrease)
SOURCES					
General fund transfers	436.4	431.1	431.1	431.1	0.0%
Other transfers	136.3	6,290.9	6,305.3	6,305.3	0.2%
Federal revenues	0.0	0.0	0.0	0.0	0.0%
Other revenues	9,290.0	3,848.2	3,378.6	3,378.6	-12.2%
Fund balance	402.1	499.5	512.4	512.4	2.6%
TOTAL REVENUE	\$10,264.8	\$11,069.7	\$10,627.4	\$10,627.4	-4.0%
USES					
Substitute Care Advisory Council	500.2	615.3	615.3	615.3	0.0%
New Mexico Public Accountancy Board	420.6	498.5	498.5	498.5	0.0%
Board of Acupuncture and Oriental Medicine	218.9	248.7	167.7	167.7	-32.6%
New Mexico Athletic Commission	150.4	193.2	64.0	64.0	-66.9%
Athletic Trainer Practice Board	20.1	28.4	28.4	28.4	0.0%
New Mexico Board of Dental Health Care	506.4	583.8	583.8	583.8	0.0%
Impaired Dentists	11.6	15.0	15.0	15.0	0.0%
Counseling and Therapy Practice Board	388.7	462.2	462.2	462.2	0.0%
Chiropractic Board	129.3	152.0	152.0	152.0	0.0%
Board of Barbers and Cosmetologists	1,073.1	1,308.7	1,308.7	1,308.7	0.0%
Board of Body Art Practitioners	110.4	211.0	211.0	211.0	0.0%
Nutrition and Dietetics Practice Board	21.2	30.6	30.6	30.6	0.0%
Board of Landscape Architects	18.4	27.7	27.7	27.7	0.0%
Interior Design Board	13.3	24.0	24.0	24.0	0.0%
Massage Therapy Board	242.0	259.1	259.1	259.1	0.0%
Signed Language Interpreting Practice Board	90.3	107.6	35.3	35.3	-67.2%
Board of Nursing Home Administrators	43.2	51.3	51.3	51.3	0.0%
Board of Examiners for Occupational Therapy	79.2	96.0	96.0	96.0	0.0%
Board of Optometry	96.3	118.5	118.5	118.5	0.0%
Board of Osteopathic Medical Examiners	175.0	196.3	196.3	196.3	0.0%
Board of Pharmacy	2,162.2	2,439.9	2,439.9	2,439.9	0.0%
Physical Therapy Board	139.6	175.6	175.6	175.6	0.0%
Board of Podiatry	38.6	55.9	55.9	55.9	0.0%
Private Investigators and Polygraphers	256.3	289.1	289.1	289.1	0.0%
New Mexico State Board of Psychologists	188.0	225.4	225.4	225.4	0.0%
New Mexico Real Estate Commission	992.5	1,140.4	1,140.4	1,140.4	0.0%
Real Estate Commission Education and Training	15.5	15.8	15.8	15.8	0.0%
Real Estate Commission Recovery	0.0	50.0	50.0	50.0	0.0%
Advisory Board of Respiratory Care Practitioners	97.4	106.2	106.2	106.2	0.0%
Speech Language Pathology, Audiology, and Hearing	146.6	179.1	179.1	179.1	0.0%
Aid Dispensing Practices Board	127.2	154.0	154.0	154.0	0.0%
Board of Thanatopractice	271.6	299.7	299.7	299.7	0.0%
Board of Social Work Examiners	322.0	405.8	246.0	246.0	-39.4%
Real Estate Appraisers Board	59.6	70.1	70.1	70.1	0.0%
Carnival Ride Bureau	61.4	71.5	71.5	71.5	0.0%
Hoisting and Safety	0.0	163.3	163.3	163.3	0.0%
TOTAL EXPENDITURES	\$9,187.1	\$11,069.7	\$10,627.4	\$10,627.4	-4.0%

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. Laws 2020, Ch. 9, 60 repealed 8-7-2 NMSA 1978, effective January 1, 2023, contingent upon certification by the secretary of state that the constitution of New Mexico has been amended as proposed by a joint resolution of the first session of the fifty-fourth legislature at the general election held on November 3, 2020.

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 Pipeline Safety Bureau.

BUDGET SUMMARY (dollars in thousands)					
FY22 – 2021-2022					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8,032.0	8,591.5	9,668.1	9,468.1	10.2
Other Transfers	77,326.4	79,627.7	1,585.7	1,585.7	-98.0
Federal Revenues	785.0	785.0	755.0	755.0	-3.8
SOURCES TOTAL	86,143.4	89,004.2	12,008.8	11,808.8	-86.7
USES					
Personal Services and Employee Benefits	8,733.0	12,931.2	10,378.1	10,178.1	-21.3
Contractual Services	306.2	585.7	465.4	465.4	-20.5
Other	776.4	75,487.3	1,165.3	1,165.3	-98.5
TOTAL USES	9,815.6	89,004.2	12,008.8	11,808.8	-86.7
FTE					
Permanent	156.0	166.0	119.0	119.0	-28.3
TOTAL FTE POSITIONS	156.0	166.0	119.0	119.0	-28.3

AT A GLANCE:

The Public Regulation Commission's (PRC) FY21 budget request increased general fund revenue by \$1.076 million, or 12.5 percent, over the FY21 operating budget, partly to replace fire protection funds transferred to the Department of Homeland Security and Emergency Management (DHSEM) as part of the transfer of the State Fire Marshal from PRC to DHSEM. The budget request decreased other revenues by \$78 million due to the Fire Marshal transfer. The request also included increasing the use of pipeline safety funds in all three programs within the agency at a total increase of \$1.05 million.

The LFC recommendation increases general fund revenue by \$877 thousand, or 10.2 percent, and includes funds to cover cost of positions previously covered by the fire protection fund. The increase would also cover an increase in rent due to the agency moving from the PERA building at the direction of the General Services Department. The committee also supports the increase in pipeline safety funds.

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. In addition to the increase in workload, the PRC was managing converting from in-person hearings and commission meetings to online meetings and relocating 119 employees. The increase in rent is estimated at \$300 thousand, including offices, storage, as well as hearing and examination rooms for the commissioners.

Voters in November approved a constitutional amendment replacing the five-member elected PRC with a three-member appointed PRC. Effective January 1, 2023, PRC members will be appointed by the governor, instead of through district elections. The governor shall nominate members from a qualified list of nominees compiled by the Public Regulation Commission nominating committee established by law. Commissioners will require the confirmation of the Senate. No more than two commissioners shall be members of the same party, and members shall serve six-year staggered terms and be limited to two terms.

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.

The PRC's request for the program included an increase of \$416.4 thousand in general fund revenue to cover 4 FTE that were authorized during the 2019 session because of the increase in workload due to the Energy Transition Act and one railroad crossing inspector of hazardous materials. The general fund revenue would replace fire protection funds transferred to DHSEM along with the State Fire Marshal. The LFC recommendation includes \$361.5 thousand in general fund revenue to cover the five positions as well as an increase in rent due to the agency moving from the PERA building. The request also includes an increase of \$324 thousand in pipeline safety funds that will be used for legal services to support the Public Safety Bureau. The committee supports the increase in pipeline safety funds.

Public Safety. The Public Safety Program contains the Transportation Division, including the Pipeline Safety Bureau. The Pipeline Safety Bureau enforces federal and state pipeline safety regulations and excavation damage preservation rules to provide safety for New Mexico residents. Due to the increase in federal regulations that the bureau must oversee, and to continue to receive federal funding, PRC has requested to maintain all FTE at the current level.

Laws 2020, Chapter 9, (House Bill 386), transferred the State Fire Marshal Division, including 47 FTE, from the Public Regulation Commission (PRC) to the Department of Homeland Security and Emergency Management (DHSEM) and made the Fire Marshal an at-will position appointed by the DHSEM secretary, effective July 1, 2021.

PRC requested to reduce general fund revenue by \$3,400. The request also requested to increase the other revenue with pipeline safety funds of \$821.7 thousand to cover costs of filled positions, as well as a minimal increase of \$30 thousand for supplies in the other costs category. The LFC recommendation supports the request and includes the increase of \$821.7 thousand in other revenue.

Program Support. The request sought a \$618.5 thousand increase in general fund revenue to fully fund personnel previously covered with fire protection fund revenue and to continue to hire critical positions, including a lawyer and an economist. The recommendation increases general fund revenue by \$518.5 thousand to fund filled positions and critical vacancies. The request also sought an increase of \$439.9 thousand in pipeline safety funds for the program to cover administrative support. The committee fully supports the increase of pipeline safety funds.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	7,266.3	7,789.7	8,251.2	8,151.2	4.6
Other Transfers	652.1	289.3	274.1	274.1	-5.3
Federal Revenues	35.0	35.0	5.0	5.0	-85.7
SOURCES TOTAL	7,953.4	8,114.0	8,530.3	8,430.3	3.9
USES					
Personal Services and Employee Benefits	6,143.0	7,228.3	7,432.0	7,332.0	1.4
Contractual Services	209.0	179.9	362.9	362.9	101.7
Other	467.4	705.8	735.4	735.4	4.2
TOTAL USES	6,819.4	8,114.0	8,530.3	8,430.3	3.9
FTE					
Permanent	78.7	82.7	82.7	82.7	0.0
TOTAL FTE POSITIONS	78.7	82.7	82.7	82.7	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$58.5	\$127.4	\$70	\$70	\$80
Explanatory	Percent of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers		20%			
Output	Number of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff		104	335	120	120
Outcome	Dollar amount difference of final rate decision on rate cases versus regulated utility's original rate request amount, in thousands.		25,505.797	13,000,000	30,000	30,000
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	42%	151%	50%	50%	50%
Outcome	Percent of cases appealed to the supreme court by regulated entities or interveners and not overturned.		50	100%	100%	100%
Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff		191	775	400	400
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	10%	7%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	68.6	65.2	65.2	-5.2
Other Transfers	75,664.0	78,504.9	821.7	821.7	-99.0
Federal Revenues	750.0	750.0	750.0	750.0	0.0
SOURCES TOTAL	76,414.0	79,323.5	1,636.9	1,636.9	-97.9
USES					
Personal Services and Employee Benefits	1,082.3	4,289.1	1,249.7	1,249.7	-70.9
Contractual Services	74.4	379.7	77.7	77.7	-79.5
Other	180.0	74,654.7	309.5	309.5	-99.6
TOTAL USES	1,336.7	79,323.5	1,636.9	1,636.9	-97.9
FTE					
Permanent	55.3	61.3	14.3	14.3	-76.6
TOTAL FTE POSITIONS	55.3	61.3	14.3	14.3	-76.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of pipeline safety inspection, excavation damage prevention and investigation hours performed by the pipeline safety bureau in a fiscal year	8,447	9,980	8,300	8,500	8,500
Output	Percent of total intrastate pipeline operator inspections performed by staff versus the total number of regulated pipeline operators in a fiscal year.				10%	10%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	765.7	733.2	1,351.7	1,251.7	70.7
Other Transfers	1,010.3	833.5	489.9	489.9	-41.2
SOURCES TOTAL	1,776.0	1,566.7	1,841.6	1,741.6	11.2
USES					
Personal Services and Employee Benefits	1,507.7	1,413.8	1,696.4	1,596.4	12.9
Contractual Services	22.8	26.1	24.8	24.8	-5.0
Other	129.0	126.8	120.4	120.4	-5.0
TOTAL USES	1,659.5	1,566.7	1,841.6	1,741.6	11.2
FTE					
Permanent	22.0	22.0	22.0	22.0	0.0
TOTAL FTE POSITIONS	22.0	22.0	22.0	22.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Opinion of previous fiscal year independent agency audit	Unqual	Unqual	Unqual	Unqual	Unqual
Outcome	Percent of prior-year audit findings eliminated	80%	80%	90%	95%	95%
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	6,000	646	8,000	1,000	1,000
Output	Number of requests to inspect public records responses fulfilled in fiscal year		141	120	120	120
Output	Number of information technology projects initiated and completed in fiscal year		5	2	6	6

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)					
FY22 – 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	50.0	0.0	0.0	0.0	
Other Transfers	7,183.2	7,941.8	7,941.8	7,941.8	0.0
Federal Revenues	328.0	0.0	0.0	0.0	
Other Revenues	62,099.0	38,957.8	39,601.7	39,601.7	1.7
Fund Balance	0.0	260.0	0.0	0.0	-100.0
SOURCES TOTAL	69,660.2	47,159.6	47,543.5	47,543.5	0.8
USES					
Personal Services and Employee Benefits	7,893.3	8,627.3	8,774.4	8,774.4	1.7
Contractual Services	899.1	1,591.6	1,803.1	1,803.1	13.3
Other	28,371.4	28,866.6	28,891.9	28,891.9	0.1
Other Financing Uses	7,182.9	8,074.1	8,074.1	8,074.1	-2.9
TOTAL USES	44,346.7	47,159.6	47,543.5	47,543.5	0.3
FTE					
Permanent	89.0	97.0	97.0	97.0	-0.1
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	90.0	97.0	97.0	97.0	-0.1

AT A GLANCE:

The Office of Superintendent of Insurance (OSI) requested a base increase of \$384 thousand, including a \$644 thousand increase in other revenue and a decrease of \$260 thousand in fund balance in the Insurance Policy Program. The request also included maintaining the Patient Compensation Fund Program flat with the FY21 operating budget. The agency currently has 97 approved FTE in the request, with 15 vacancies.

The increase in other revenue in the amount of \$360 thousand is due to a memorandum of understanding (MOU) with the New Mexico Health Insurance Exchange effective January 2021 through December 2021.

The LFC recommendation supports the increase of \$384 thousand in the Insurance Policy Program and also maintains the patient compensation fund flat with the FY21 budget request.

BUDGET ISSUES:

The Office of Superintendent of Insurance operating budget is primarily composed 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.

A new superintendent of insurance was appointed in January 2020. Since then the department has seen dramatic improvement and increased public involvement, along with major consumer protection initiatives. In response to the pandemic, the superintendent in April published a bulletin stating auto insurers were required to adjust premiums in response to the reduced usage and reduced risk and also to partially mitigate financial hardships resulting from the public health emergency.

Insurance Policy. The Insurance Policy Program includes the Insurance Operations, Title Insurance, and Insurance Fraud Bureau. The agency requested an increase of \$384 thousand in other revenue. In the personal services and employee benefits category, an increase of \$147.1 thousand would cover 10 percent of 4 current FTE that will allocate time to the New Mexico Health Exchange MOU. The contractual services category request included an increase of \$211.5 thousand for professional services. The other category included an increase of \$25.3 thousand for rent, furniture and equipment, office supplies, and information technology maintenance. The LFC recommendation supports the increase of \$384 thousand in other revenue.

OSI has created resources for consumers during the Covid-19 pandemic, including an online tool to help consumers determine which type of coverage they qualify for during the pandemic and factsheets related to testing and treatment.

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.

Two issues challenge the PCF. First, the PCF is in a \$44 million actuarial deficit as of a December 2018 evaluation. The deficit has been primarily caused by a series of claims against two doctors, whose negligence resulted in over \$20 million of PCF claim payments. An additional cause of the deficit is that rate increases have not matched the growth in medical malpractice claims. Second, seven hospital chains joined the PCF between September 2016 and September 2017. While the entrance of these hospitals and their employed doctors doubled surcharge revenues, it has also triggered lawsuits against the Superintendent of Insurance and resulted in court orders requiring the office to adopt rules and make other changes to procedures. The committee supports the agency request to maintain other revenue flat with the FY21 operating budget.

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, provides coverage to over 7,500 employers of all sizes and nearly all industries in New Mexico.

Despite a fourth year of rate decreases in 2019, operational efficiencies and a growing economy contributed to offset lost revenue and the company exceeded revenue projections by 2.7 percent, or \$2.8 million. Fixed income investment returns showed improvement for the year and gross investment income increased over 11 percent.

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 agent, while promoting a positive competitive business climate.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	50.0	0.0	0.0	0.0	
Other Transfers	7,183.2	7,941.8	7,941.8	7,941.8	0.0
Federal Revenues	328.0	0.0	0.0	0.0	
Other Revenues	3,403.6	3,117.2	3,761.1	3,761.1	20.7
Fund Balance	0.0	260.0	0.0	0.0	-100.0
SOURCES TOTAL	10,964.8	11,319.0	11,702.9	11,702.9	3.4
USES					
Personal Services and Employee Benefits	7,645.2	8,455.4	8,602.5	8,602.5	1.7
Contractual Services	596.7	995.4	1,206.9	1,206.9	21.2
Other	1,089.7	1,251.4	1,276.7	1,276.7	2.0
Other Financing Uses	616.8	616.8	616.8	616.8	0.0
TOTAL USES	9,948.4	11,319.0	11,702.9	11,702.9	3.4
FTE					
Permanent	87.0	93.9	93.8	93.8	-0.1
Term	1.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	88.0	93.9	93.8	93.8	-0.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing by the managed healthcare bureau	96.52%	97.92%	95%	95%	95%
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau	New	New	98%	97%	97%
Efficiency	Percent of form and rate filings processed within ninety days within the property and casualty bureau	New	New	99%	98%	98%
Output	Number of managed healthcare outreach activities conducted annually	0	1	20	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	New	New	100%	100%	100%
Efficiency	Percent of criminal division complaints processed and recommended for either further administrative action or closure within ninety days	101.20%	96.90%	90%	90%	90%
Explanatory	Auto theft rate ranking among the fifty states	New	New			
Explanatory	Number of cases prosecuted by the criminal division	New	New			
Explanatory	Number of life and health rate filings reviewed	New	New			
Outcome	Dollars saved or recovered for consumers by the consumer assistance bureau	New	New	\$2,350,000		
Explanatory	Number of cases referred to the criminal division	New	New			
Output	Number of examinations conducted	New	New	3	3	3
Output	Number of inspections performed by the title insurance bureau	New	New	40	40	40
Explanatory	Number of complaints received by the investigations bureau for which enforcement action is taken	New	New			
Explanatory	Auto thefts per one hundred thousand population	New	New			
Explanatory	Number of property and casualty rate filings reviewed	New	New			
Output	Number of consumer complaints received by the consumer assistance bureau	New	New	700	700	700
Explanatory	Number of grievances received by the managed healthcare bureau	New	New			
Explanatory	Number of complaints received by the investigations bureau	New	New			

PATIENT'S COMPENSATION FUNDBUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				Percent Incr (Decr)
		<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	Other Revenues	43,869.1	29,199.8	29,199.8	29,199.8	0.0
	SOURCES TOTAL	43,869.1	29,199.8	29,199.8	29,199.8	0.0
USES						
	Personal Services and Employee Benefits	248.1	171.9	171.9	171.9	0.0
	Contractual Services	302.4	596.2	596.2	596.2	0.0
	Other	27,281.7	27,615.2	27,615.2	27,615.2	0.0
	Other Financing Uses	616.7	816.5	816.5	816.5	0.0
	TOTAL USES	28,448.9	29,199.8	29,199.8	29,199.8	0.0

		BUDGET SUMMARY (dollars in thousands)				
FTE		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
	Permanent	2.0	3.2	3.2	3.2	0.0
	TOTAL FTE POSITIONS	2.0	3.2	3.2	3.2	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Explanatory	Patients' compensation fund actuarial deficit, in millions	New	New			
Efficiency	Percent of required reports submitted timely to the national practitioner data bank	New	New	90%	90%	90%
Efficiency	Percent of required reports submitted timely to the centers for medicare and medicaid services	New	New	90%	90%	90%
Efficiency	Audit of all uploaded transactions within twenty-four hours	New	New	95%	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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Incr (Decr)</u>
SOURCES					
Other Revenues	2,423.6	2,136.9	2,336.9	2,336.9	9.4
Fund Balance	0.0	200.0	0.0	0.0	-100.0
SOURCES TOTAL	2,423.6	2,336.9	2,336.9	2,336.9	0.0
USES					
Personal Services and Employee Benefits	1,322.4	1,490.4	1,430.4	1,490.4	0.0
Contractual Services	353.8	430.0	497.0	437.0	1.6
Other	372.1	416.5	409.5	409.5	-1.7
TOTAL USES	2,048.3	2,336.9	2,336.9	2,336.9	0.0
FTE					
Permanent	16.0	18.0	17.0	17.0	-5.6
TOTAL FTE POSITIONS	16.0	18.0	17.0	17.0	-5.6

AT A GLANCE:

The Medical Board requested a flat operating budget with FY21. The board's request to increase licensing fee revenues more closely aligns with FY20 actual revenues and reduces the use of fund balances. The board request decreased personnel spending by \$60 thousand, or 4 percent, and also reduced the other costs category \$7 thousand, or 1.7 percent to increase the contractual services category.

The reduction in the personnel budget was made possible by the retirement of the board's medical director. The request transferred these personnel savings to the contractual services category to allow the board to enter a contract with a current board member to perform the duties of the vacant medical director position. In addition, the board asked to increase funding for a monitoring treatment program for impaired physicians who remain practicing. The committee does not recommend the board's request to transfer funding from personnel to contract for the medical director duties, but supports slight adjustments to the contractual services and other costs category.

BUDGET ISSUES:

The agency consists of 18 FTE, 16 of which were filled as of September 2020. The agency requested to reduce personnel by \$60 thousand, increasing the vacancy rate to 6 percent in FY22. The agency also requested to eliminate the use of nonrecurring fund balance in the operating budget in FY22. The committee recommendation supports the reduction of fund balance and the increase in recurring revenues to more closely align with FY20 actuals. Fund balances at the close of the current fiscal year are projected near \$1.1 million. The board received \$2.3 million in revenues in the past several fiscal years, while expenditures were closer to \$2 million, resulting in the current fund balance. The Medical Board met about half of performance targets in FY20. The agency issued over 4,303 physician licenses and renewals in FY20, slightly above the previous fiscal year. In FY20, the board received 296 complaints; 300 were closed within the fiscal year, some of which were carryovers from previous fiscal years.

As of September 2020, the board had two investigators and one attorney. 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. In FY20, of the 296 total complaints, 102 were initiated by the board. As of September 2020, the board reported the total number of cases currently open for investigation was 169 which included several carryovers from prior years. Since the beginning of FY21, 59 complaints have been opened, including 21 board initiated complaints. 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 board's operating fund balance is estimated at \$1.1 million. The Legislature could consider a special appropriation from this fund to expand physician residency programs at New Mexico universities and hospitals.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of entities provided with information through written license verification and website access	2,188,411	1,490,425	2,000,000	2,000,000	2,000,000
* Output	Number of triennial physician licenses issued or renewed	4,086	4,303	4,050	4,100	4,200
* Output	Number of biennial physician assistant licenses issued or renewed	556	629	470	500	600
Output	Number of complaints closed within the fiscal year	252	300	250	250	275
Output	Number of participants in monitored treatment programs	52	50	60	60	60
Outcome	Number of days to issue a physician license	65	63	50	55	55
* Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	776	5			

STATUTORY AUTHORITY:

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate 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)					
FY22 – 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Transfers	300.0	238.7	200.0	200.0	-16.2
Other Revenues	2,771.4	2,623.0	2,661.6	2,661.6	1.5
SOURCES TOTAL	3,071.4	2,861.7	2,861.6	2,861.6	0.0
USES					
Personal Services and Employee Benefits	1,818.1	1,855.9	1,805.4	1,805.4	-2.7
Contractual Services	26.9	62.5	56.0	56.0	-10.4
Other	804.1	903.3	950.2	950.2	5.2
Other Financing Uses	40.0	40.0	50.0	50.0	25.0
TOTAL USES	2,689.1	2,861.7	2,861.6	2,861.6	0.0
FTE					
Permanent	24.0	24.0	25.0	25.0	4.2
Term	1.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	25.0	25.0	25.0	25.0	0.0

AT A GLANCE:

The board requested a flat budget relative to the FY21 operating budget but adjusted revenues slightly. The request decreased other transfer revenues from the nursing excellence fund by \$38.7 thousand and increased other revenue from licensing and fee revenues by \$38.6 thousand. In addition to slight revenue adjustments, the agency also made adjustments in spending. The board request decreased spending on personnel by \$50.5 thousand increasing its vacancy rate to nearly 8 percent. The agency also decreased contracts for audit costs and IT services slightly. The board transferred savings from personnel and contractual services to the other costs category for miscellaneous costs, such as IT supplies, office supplies, printing, and postage.

The Board of Nursing also provides allocations for grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY20, New Mexico Native American Indian Nurses Association was granted 20 \$2,000 scholarships, the New Mexico Center for Nursing Excellence was granted 20 \$1,000 scholarships, and the New Mexico College of Nursing was granted 16 \$1,122.25 scholarships. The board request for grants was flat relative to FY21, which was increased over \$100 thousand above FY20. The board's projected operating fund balance is estimated to be \$493 thousand at the close of next fiscal year.

Given increased licensing fees and revenue collections in FY20, the LFC recommendation fully funds the agency's requested adjustments to revenues and spending.

BUDGET ISSUES:

The board's performance was mixed in FY20. For example, while the board logged and initiated investigations within required timeframes, it also only investigated and presented 60 percent of low-and medium-priority complaints to the board within six months, up from 47 percent in the previous fiscal year but still below the targeted performance of 65 percent.

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 2020 was 3,183 (of which 1,210 were out-of-state residents) an increase from the 2,010 practitioners in 2019. Likewise, there were 31,917 registered nurses in New Mexico, an increase of 11,658. The total other licenses in FY20 were 18,933 licenses and 516 certificates. Given the increase in licenses issued, the board's request for revenue from license fees is realistic.

A recent LFC evaluation on the nursing workforce reported, the Legislature has invested nearly \$120 million over the last two decades in efforts to increase the production of nursing degrees and expand the nursing workforce in response to shortages. These "nurse expansion" appropriations, mostly in higher education institutions, contributed to growth of 141 percent in nursing bachelor's degrees awarded since FY12 and an approximate doubling of the number of licensed nurses in the state. Still, with an aging population, Medicaid expansion, and increased insurance coverage contributing to more demand on the healthcare system, the number of nurses needed in the state is expected to continue to rise into the middle of this decade. However, despite rising enrollment in nursing programs at the state's public higher education institutions, many programs, especially those serving rural areas, face persistent difficulties in attracting and retaining faculty, securing clinical placements in the field for students, and admitting students adequately prepared for the rigors of a nursing curriculum.

The report also recommended the Board of Nursing work with pre-licensure nursing programs to develop standardized measures to quantify and track clinical placements and identify providers with which nursing programs have clinical placement agreements and quantify and track academic preparedness of admitted and denied nursing students.

BOARD OF NURSING

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

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <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	47%	60%	60%	60%	60%
Efficiency	Percent of unlicensed assistive personnel and nursing education site visits completed within forty-five days of the site visit requirements	100%	58%	97%	97%	97%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,625	2,897			
* Explanatory	Number of registered nurse licenses active on June 30	28,641	31,917			
Explanatory	Number of certified nurse practitioner licenses active on June 30	2,574	3,183			
Explanatory	Number of clinical nurse specialist licenses active on June 30	100	108			
Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	464	291			
Explanatory	Number of certified hemodialysis technicians one and two licenses active on June 30	564	669			
Explanatory	Number of certified medication aid one and two licenses active on June 30	410	460			
Explanatory	Number of lactation care providers licenses active on June 30	9	23			
* 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	300	300	300
Explanatory	Number of nursing education site visits completed	NEW	52			

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in, and governed by, Section 16-16-1 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 event.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	0.0	0.0	200.0	75.0	
Other Revenues	10,268.4	12,271.4	12,271.4	11,941.6	-2.7
SOURCES TOTAL	10,268.4	12,271.4	12,471.4	12,016.6	-2.1
USES					
Personal Services and Employee Benefits	5,641.2	5,859.4	6,201.7	6,201.7	5.8
Contractual Services	2,608.0	2,974.0	2,962.8	2,608.0	-12.3
Other	3,134.9	3,438.0	3,306.9	3,206.9	-6.7
TOTAL USES	11,384.1	12,271.4	12,471.4	12,016.6	-2.1
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 State Fair's FY22 appropriation request of \$12.5 million was 1.6 percent higher than the FY21 operating budget. Projected spending and revenue was flat with FY21 levels, except for a \$200 thousand general fund request to support maintenance and facility costs at the African American Performing Arts Center. Laws 2019, Chapter 82, (House Bill 158) requires the State Fair to request funding for this purpose.

The State Fair's operations are funded entirely through enterprise revenues. Since March 2020, due to the Covid-19 public health emergency, the State Fair has canceled all events and has realized only minimal revenues from state leases. Despite efforts to reduce expenses, as of September 30, 2020, the agency had a deficit of \$1.5 million. This deficit will continue to grow until the agency can reopen to the public and resume income-generating events and programs.

BUDGET ISSUES:

The agency's FY22 revenue projection of \$12.27 million is based on the assumption the public health emergency will end before July 1, 2021, and normal operations can resume. Since March, the State Fair facilities and grounds have been repurposed to support and host a number of emergency public health initiatives, including a Covid-19 testing site that is conducting over 600 tests a day, an immunization clinic for the Albuquerque Public Schools, warehousing and distribution of Department of Health supplies of personal protective equipment and sanitizer, food distribution, and a regional U.S. Department of Homeland Security operation to clean and repurpose N95 masks. While the State Fair facilities have been effectively employed to provide essential services during the pandemic, these activities are generating no revenue for the State Fair. The agency is expected to request a deficiency appropriation to cover the FY20 deficit of \$1.1 million and a supplemental appropriation to cover estimated ongoing costs for staffing, security and maintenance of up to \$6.5 million, depending on when revenue-generating activities can resume.

Following the 2020 first special legislative session, the agency's FY21 budget was reduced by 4 percent or \$84.7 thousand. The entire reduction was taken in the personal services and employee benefits category. The State Fair's FY22 request included a 6 percent increase in personnel, almost entirely for temporary personnel. The agency hires a large number of temporary staff (minimum wage, hourly) for fair and event operations and is estimating two legislated increases in the minimum wage prior to the end of FY22. FY20 actual expenditures for temporary staff exceeded the FY20 operating budget by \$200 thousand. The request also included a 4 percent reduction in contracts and operating expenses.

LFC supports the agency's request for an increase in personnel but, given the uncertainty about revenues, holds the contract and other categories appropriations closer to actual FY20 levels. If the State Fair can reopen by or before FY22, the agency will need spending authority to resume or continue operations. The agency's revenue projections might be optimistic, but actual expenses, beyond fixed costs, will be driven by revenue-generating opportunities. Recognizing the ongoing need for facility maintenance at the AAPAC, the committee recommendation includes \$75 thousand in general fund revenues for the AAPAC.

One benefit of the State Fair closure has been the opportunity to complete much needed facility maintenance and upgrades. The agency's capital outlay balance has been spent down from \$6.4 million in September 2019 to \$2.6 million as of September 2020. For FY22, the agency requested \$3 million for electrical upgrades, infrastructure and security upgrades, and roadwork. Over the last two years, the State Fair has received over \$2 million in capital appropriations for the expansion of the African American Performing Arts Center (AAPAC), including the addition of a kitchen, new equipment and new art and exhibits. Construction is set to begin in early 2021 and the project is expected to take approximately nine months to complete.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	95%	89.2%	95%	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	390,616	342,276	450,000	430,000	430,000
Output	Number of total attendees at annual state fair event	504,445	472,415	738,664	700,000	700,000

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)					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	976.6	991.2	984.0	984.0	-0.7
Fund Balance	0.0	164.5	171.7	171.7	4.4
SOURCES TOTAL	976.6	1,155.7	1,155.7	1,155.7	0.0
USES					
Personal Services and Employee Benefits	435.0	619.2	637.5	619.2	0.0
Contractual Services	204.5	239.4	239.4	239.4	0.0
Other	157.3	297.1	278.8	297.1	0.0
TOTAL USES	796.8	1,155.7	1,155.7	1,155.7	0.0
FTE					
Permanent	8.0	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 State Board of Licensure for Professional Engineers and Professional Surveyors requested a flat budget of \$1,155.7 thousand for FY22, including \$984 thousand in fee revenue and \$171.7 thousand from fund balances. The request included an increase of 3 percent in the personal services and employee benefits category for reclassification of a position and in-band pay increases and a decrease of 6.2 percent in other category. The committee recommends a flat budget in all categories and recommends using \$18.3 thousand more than the request in the other category for scholarships. The committee recommendation includes approximately \$100 thousand to fund vacant positions.

BUDGET ISSUES:

The board's FY22 budget request included an increase of 3 percent in the personal services and employee benefits category to reclassify the compliance officer position and implement in-band pay increases of approximately 10 percent. The board has 8 authorized FTE, including two currently vacant positions – a compliance officer and an administrative assistant.

The board pays \$135 thousand annually to the Regulation and Licensing Department (RLD) for financial, administrative, and IT services. The payment to RLD is budgeted in the contractual services category; however, the board should verify with the Department of Finance and Administration whether this payment should be budgeted as other financing uses.

In 2019, the board initiated legislation to use some of its fund balance to create a college scholarship program for students studying to become engineers and surveyors. For FY21, the board budgeted \$138.5 thousand to be disbursed from a newly created scholarship fund to New Mexico State University, the University of New Mexico, New Mexico Institute of Mining and Technology, and Central New Mexico Community College to provide scholarships of up to \$4,000 annually per student, based on criteria set by the board. The board made its first disbursement of \$100 thousand at the end of FY20. The committee recommends increasing the scholarship fund disbursement for FY22 by \$18.3 thousand. The committee also recommends the board request annual reporting from universities on scholarship awards and outcomes.

Approximately 9,500 active surveyors and engineers are licensed in New Mexico. In FY20, the board issued 755 licenses, a decrease of 12 percent from FY19. The board anticipates issuing approximately 800 licenses in FY21. The projected fund balance at the end of FY21 is \$549 thousand, with a projected balance of \$377.3 thousand at the end of FY22.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	860	755	800	775	775
Efficiency	Percent of cases resolved through compliance or legal action within one year	57%	10%	70%	50%	70%
Efficiency	The number of days from receipt of a complaint to delivery to the respective professional committee of the board	95	99	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. The board consists of five members – a law enforcement representative, a certified public accountant member, an attorney, a public member, and the chairman of the State Racing Commission, who serves as an ex officio member. The certified public accountant position has been vacant since 2017.

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,105.6	5,479.6	5,205.7	5,205.7	-5.0
SOURCES TOTAL	5,105.6	5,479.6	5,205.7	5,205.7	-5.0
USES					
Personal Services and Employee Benefits	3,630.8	3,759.1	3,569.7	3,569.7	-5.0
Contractual Services	64.8	49.2	54.4	54.4	10.6
Other	1,410.0	1,671.3	1,581.6	1,581.6	-5.4
TOTAL USES	5,105.6	5,479.6	5,205.7	5,205.7	-5.0
FTE					
Permanent	52.0	52.0	52.0	52.0	0.0
TOTAL FTE POSITIONS	52.0	52.0	52.0	52.0	0.0

AT A GLANCE:

For FY22, the Gaming Control Board (GCB) requested a decrease of 5 percent, or \$273.9 thousand, from its FY21 operating budget. The request represents a 5 percent decrease for personnel, a 5.4 percent decrease in the other category, and a 10 percent increase for contracts. The committee recommendation supports the request.

BUDGET ISSUES:

For its FY22 budget request, GCB requested a decrease of \$89.7 percent in the other category, reducing travel and transportation costs, as well as building lease costs. In the contractual services category, the agency requested an increase of \$5.2 thousand to upgrade software. The agency requested a \$189.4 thousand decrease for personnel. GCB's FY21 operating budget includes nearly \$250 thousand in funded vacancies.

In FY20, revenue to the general fund from gaming operations totaled approximately \$127 million, a decrease of over one-third from FY19. Due to impacts of the Covid-19 pandemic, net win numbers, and therefore tribal revenue sharing figures as well, decreased significantly from FY19. The state received \$76.5 million in tribal revenue sharing in FY19, compared to \$45.4 million in FY20. Tribes saw their net win figures drop by between 10 and 50 percent. Gaming revenues also went towards horseracing purses and combatting problem gambling, with \$34.4 million and \$429.4 thousand, respectively, for these uses.

The Covid-19 public health emergency significantly impacted gaming operations for both tribal and racetrack casinos. In accordance with a March 2020 public health order, racetrack casinos were required to remain closed. Tribal casinos are not subject to the public health order but closed voluntarily in March. In April 2020, GCB, in conjunction with the Office of the Governor and the Office of the Attorney General, designated all gaming tribes in New Mexico as "non operational" tribes, as defined in the tribal gaming compact, which allowed gaming tribes to delay revenue sharing payments and regulatory cost payments until gaming activities resume. In June, the Office of the Governor offered a payment deferral for up to five years for gaming tribes willing to suspend gaming operations past July 1, 2020. Interest will still accrue at 10 percent annually, per the gaming compact, for deferred payments.

Five tribes resumed gaming activity prior to June 30, and four of the five tribes submitted revenue sharing payments for the second quarter of 2020.

The agency's contract for its central monitoring system, which provides oversight of gaming activities across the state, expires in December 2021. The agency received a special appropriation of \$2.5 million for FY21 to procure a new monitoring system and anticipates the new system will be functioning by the time the current contract terminates. In FY20, GCB used a \$406 thousand credit from SGI, a gaming company, to partially cover costs of maintaining the central monitoring system. The agency planned to use resulting savings to offset costs of IT and other equipment to facilitate remote work but did not receive products by the end of the fiscal year, and reverted \$430.7 thousand for FY20.

Industry trends that could affect gaming revenues in New Mexico include the growing popularity of online gambling and sports betting. While such gaming activity is not legal in the state, the U.S. Supreme Court struck down a federal ban on sports wagering in 2018, and several tribal casinos have since opened sportsbooks. In addition, gamblers in the state can place bets on sporting events or gamble through websites and apps based in other states, meaning that online gaming taking place is unregulated by the state.

In 2020, casino industry representatives presented a proposal to legislators to expand non tribal casino gaming by allowing racetracks casinos to offer table games, sports betting, and online gaming, as well as lodging and food comps and other "Las Vegas-style" amenities, alcohol on the gaming floor, and extension of credit to gamblers. The proposal would also eliminate tribal revenue sharing, as the gaming compact states expansion of non-tribal gaming would void the revenue sharing agreement.

The state's gaming revenues may also be impacted by 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; however, because the state does not have jurisdiction over class II machines, tribal casinos are not required to share information. In 2019, GCB reported class II machines account for less than 2 percent of all gaming machines, but it has not surveyed tribal casinos more recently.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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%	71%	96%	96%	96%
Output	Percent of all tribal gaming operation inspections and reviews completed in one calendar year	100%	100%	98%	98%	98%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	99%	83%	98%	98%	98%
Output	Average annual number of inspections conducted by each agent at assigned non tribal venues	24	22	25	24	24
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	85%	85%	85%
Outcome	Percent of key and business license applications completed and presented to the board within ninety days of receipt of application	NEW	NEW	90%	90%	90%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the board within thirty business days of receipt of the application	NEW	NEW	NEW	99%	99%

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,626.2	2,403.3	2,283.1	2,343.4	-2.5
Other Transfers	458.7	700.0	700.0	700.0	0.0
Other Revenues	0.0	300.0	300.0	300.0	0.0
SOURCES TOTAL	3,084.9	3,403.3	3,283.1	3,343.4	-1.8
USES					
Personal Services and Employee Benefits	1,338.3	1,664.9	1,544.7	1,605.0	-3.6
Contractual Services	835.3	1,512.8	1,512.8	1,512.8	0.0
Other	209.3	225.6	225.6	225.6	0.0
TOTAL USES	2,382.9	3,403.3	3,283.1	3,343.4	-1.8
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 FY22 general fund revenue decrease of \$120.2 thousand, or 5 percent, from the FY21 operating budget. In addition, SRC's budget request included \$700 thousand in revenue from the racehorse testing fund and \$300 thousand from industry racing revenue. The committee recommends a general fund revenue decrease of \$59.9 thousand, or 2.5 percent.

BUDGET ISSUES:

SRC's FY22 budget request included a 7.2 percent decrease for personnel, representing a 15 percent vacancy rate. The agency's requests for the contractual services and other categories remained flat. In addition to general fund revenue, SRC requested \$700 thousand in revenue from the racehorse testing fund and \$300 thousand from industry racing revenue to fund equine drug testing contracts. The committee recommendation for a 3.6 percent decrease for personnel allows the commission to fill key vacant positions, such as vacant auditor and attorney positions.

The Covid-19 public health emergency negatively impacted horseracing in the state. During the 2019-2020 race season, two tracks – the New Mexico State Fair and SunRay Park – canceled their race dates, and other racetracks reduced the number of race days. In total, there were 133 race days during the 2019-2020 season, compared with 252 during the prior season. The shutdown of casinos in March 2020 also negatively affected horseracing. Racetracks receive 20 percent of net win from racetrack casino operators for purses, and total purse revenues fell from \$48.1 million in FY19 to \$34.4 million in FY20 as a result of decreased casino activity.

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. Actual revenues from the racehorse testing fund were \$663 thousand in FY19 and \$458.7 thousand in FY20. In FY20, 1.3 percent of samples tested positive for illegal substances, slightly above the target of 1 percent. In 2019, SRC analyzed 10,565 post-race tests through a contract laboratory, compared with 8,375 in 2018 and 4,707 in 2017. The percentage of post-race test violations in 2019 was 0.87 percent, a decrease of 42 percent since 2017. SRC also increased its out-of-competition testing, analyzing 819 samples in 2019, with a violation rate of 7.3 percent for hair samples and 2.1 percent for blood samples. The higher out-of-competition violation rates indicate cheating is ongoing and suggest a need for more such sampling.

New Mexico racetracks saw 1.39 racehorse fatalities per 1,000 starts in FY20, falling below the national average of 1.68 fatalities per 1,000 starts for the first time. SRC did not meet its FY20 target of \$1.3 million for pari-mutuel revenues, due to a reduction in race days. The agency also fell short of a target for timely collections of penalty fees and indicates it intends to hire an attorney to conduct collections of unpaid fines.

Five racetrack casinos currently operate in New Mexico. While the number of racetrack licenses that can be issued is not limited, the tribal gaming compact limits the number of racetrack casino operator licenses to six. SRC announced in 2019 it has no plans to award a sixth and final racetrack casino license, indicating a sixth license would not be in the best interest of the state and existing racetrack casino operators.

HORSE RACING REGULATION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's parimutuel 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	0.02%	1.01%	1%	1%	1%
* Output	Amount collected from parimutuel revenues, in millions	\$1.9	\$1.3	\$1.6	\$1.0	\$1.2
Efficiency	Average regulatory cost per live race day at each racetrack	\$5,550	\$5,854	\$6,000	\$6,000	\$5,500
Outcome	Number of days to collect licensee penalty fees	60	30	45	30	30
Outcome	Number of equine tests per live race	4	4.5	4	2.3	4
Efficiency	Average number of days to bring case to prosecution	55	40	50	40	40
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	20	20	10	20	15
Efficiency	Average number of days to refer investigation cases for administrative prosecution	10	12	10	12	10
Outcome	Number of out-of-competition samples collected	NEW	NEW	NEW	1,000	1,000
Outcome	Number of racetracks audited	NEW	NEW	NEW	1 track/yr	1 track/yr
* Explanatory	Number of horse fatalities per one thousand starts	TBD	1.39			

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	360.6	363.7	404.0	404.0	11.1
Fund Balance	69.5	101.5	76.7	76.7	-24.4
SOURCES TOTAL	430.1	465.2	480.7	480.7	3.3
USES					
Personal Services and Employee Benefits	225.0	219.2	243.8	243.8	11.2
Contractual Services	132.2	188.4	174.6	174.6	-7.3
Other	52.9	57.6	62.3	62.3	8.2
TOTAL USES	410.1	465.2	480.7	480.7	3.3
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 would increase the agency's budget by \$15.5 thousand, or 3.3 percent, compared with the FY21 operating budget. The increase would be composed of a \$40.3 thousand increase in other revenues and a \$24.8 thousand reduction in the use of fund balance. The projected ending fund balance for FY21 is \$125.5 thousand. BVM does not receive general fund revenue.

BUDGET ISSUES:

The BVM budget is supported by revenues from professional licenses, permits, and examination fees. The board requested to use additional FY22 revenue, projected to increase after the Covid-19 pandemic forced facilities to offer fewer services and internships, resulting in FY20 revenue losses. The increase is requested in the personnel and other costs budgets for increased employee benefits costs, court reporting services, and publication costs for hearing notices. BVM reduced the budget for IT maintenance and other contractual services. The LFC recommendation fully supports the request.

BVM reports service delivery was affected by Covid-19 in FY20. The board only met its performance target for one measure, the percent of inspected facilities meeting minimum standards. Most other measure results have been below target since FY18. BVM successfully merged with the Animal Sheltering Board (now the Animal Sheltering Committee) in FY19 and has since been attempting to develop and approve minimum standards for animal shelters, which did not exist prior to the merge. Public hearings for proposed standards were postponed due to the Covid-related limit on public gatherings, though the board has held virtual meetings on other business not requiring public comment. Additionally, BVM is now beginning major revisions to the proposed standards based on initial feedback from the public. Because sheltering standards have not been adopted, a sheltering facilities inspector has not yet been contracted.

The FY21 budget for the New Mexico Department of Agriculture included \$100 thousand earmarked for veterinary externships through the New Mexico State University (NMSU) Animal Science program. New Mexico Junior College (NMJC) has articulation agreements with NMSU and Texas Tech University that allow NMJC students to transfer 60 credit hours from the Animal Science program to either university. The agreement with Texas Tech will allow New Mexico students to eventually matriculate at the School of Veterinary Medicine, expected to begin classes in fall 2021. These initiatives are intended to increase the opportunities available to New Mexicans interested in pursuing careers in veterinary medicine, hopefully addressing, in turn, the shortage of veterinarian services in the state.

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of facility licenses issued annually	309	317	325	315	325
Output	Number of facilities inspected annually	98	65	150	150	150
Outcome	Percent of inspected facilities meeting minimum standards	100%	100%	99%	99%	99%
Output	Number of registered veterinary technicians licenses issued annually	237	239	255	255	255
Output	Number of veterinarian licenses issued annually	963	959	1,000	1,000	1,000
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	20	19	20	15	20
Output	Number of months to resolution of disciplinary matter	3	7	3	7	3
Output	Number of licenses issued to shelters	35	25	55	45	55
Outcome	Number of inspected shelters meeting minimum standards	0	0	45	40	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 (dollars in thousands)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	Actuals	Budgeted	Agency Request	LFC Recommendation	Incr (Decr)
SOURCES					
General Fund Transfers	261.8	251.3	238.7	238.7	-5.0
Other Revenues	5,150.3	5,967.0	5,967.0	5,967.0	0.0
SOURCES TOTAL	5,412.1	6,218.3	6,205.7	6,205.7	-0.2
USES					
Personal Services and Employee Benefits	111.7	107.9	98.1	98.1	-9.1
Contractual Services	5,133.0	6,098.1	6,098.1	6,098.1	0.0
Other	11.8	12.3	9.5	9.5	-22.8
TOTAL USES	5,256.5	6,218.3	6,205.7	6,205.7	-0.2
FTE					
Permanent	4.0	4.0	3.9	3.9	-1.3
TOTAL FTE POSITIONS	4.0	4.0	3.9	3.9	-1.3

AT A GLANCE:

The Cumbres and Toltec Scenic Railroad requested a decrease of \$12.6 thousand, or 5 percent, from the FY20 operating budget, with all of the decrease coming from general fund. The request for \$5.9 million in other revenue is flat with FY21, due to the agency's assumption that ticket sales will return to normal next summer. The LFC recommendation does not support the decrease in general fund due to the exponential amount of other revenue loss. However, maintains a flat general fund operating budget and fully supports the other revenue. The LFC recommendation also fully supports personal services and employee benefits at FY20 actual levels of \$111.7 thousand, and decreases professional services contracts by \$3.8 thousand.

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 trended upward from a low of \$2.7 million in FY11 to \$5.2 million in FY19. However, due to the Covid-19 pandemic, the 2020 season has experienced an extreme decline in ticket sales. Overall ridership and revenue is down 80 percent from last year. All train rides in New Mexico were stopped under executive order until September. The train was only operating from Antonito, Colorado to Osier, Colorado, between June and September, and had 8,000 passengers. In comparison, the train had 43 thousand passengers in 2019. The agency is anticipating revenues from ticket sales will increase to \$5.9 million in the 2021 season if the Covid-19 pandemic starts to decline by the start of the season in May 2021.

The LFC recommendation includes \$150 thousand to support professional services contracts for recurring maintenance of the railroad tracks, first included in the recurring budget in FY21.

Accomplishments. The Cumbres and Toltec Scenic Railroad was designated as a National Historic Landmark in October 2012. USA Today designated the Railroad as the #1 train ride in America in 2016, 2019, and 2020. With these accomplishments, the Railroad can continue to have extensive successful marketing campaigns aimed at increasing ticket revenue.

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, 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.

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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Total number of passengers	41,870	TBD	45,287	45,287	45,300
Output	Revenue generated from ticket sales, in millions	\$5.2	TBD	\$5.7	\$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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	226.9	247.3	234.9	234.9	-5.0
SOURCES TOTAL	226.9	247.3	234.9	234.9	-5.0
USES					
Personal Services and Employee Benefits	133.2	132.9	135.0	135.0	1.6
Contractual Services	49.4	84.5	79.2	79.2	-6.3
Other	14.7	29.9	20.7	20.7	-30.8
TOTAL USES	197.3	247.3	234.9	234.9	-5.0
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 decrease in general fund of \$12.4 thousand, or 5 percent, from the FY21 operating budget. The LFC recommendation fully supports the general fund request.

BUDGET ISSUES:

OMBPS has 1 FTE, the director of the agency. OMBPS requested a general fund reduction of \$12.4 thousand. The agency reduced contracts by \$5.3 thousand by no longer funding a baseline military economic impact study and reduced the other category by \$9.2 thousand, reducing Department of Information Technology Telecommunication fees and commission related expenses.

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. The membership of the Military Base Commission consists of the lieutenant governor, three representatives for Kirtland Air Force Base, two representatives for Cannon Air Force Base, two representatives for Holloman Air Force Base, two representatives for White Sands Missile Range, two positions from counties not adjacent to the installations, and one remaining vacant position for a representative of White Sands Missile Range (WSMR). The commission was recently appointed in September and therefore no meetings have occurred to date.

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.

Current Initiatives. OMBPS is working on analyzing the impact of the Renewable Energy Transmission Authority's SunZia project. The secretary of the U.S. Department of the Interior signed the record of decision for the transmission line routing several years ago but it was met with Department of Defense resistance due to the impact on the WSMR mission. The U.S. Bureau of Land Management is undergoing a supplemental environmental impact statement to study alternatives to routing the SunZia transmission line through the northern extension area of WSMR. One of the alternatives has already shown a negative impact on the 58th Special Operations Wing training areas. Discussions to mitigate these concerns are ongoing.

Base Realignment and Closure (BRAC). The Department of Defense published an infrastructure capacity report in October 2017 that lists the Air Force as having 32 percent excess infrastructure. It recommended Congress undertake a BRAC round in federal fiscal year 2021.

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 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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022 <u>Agency Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,361.3	1,920.5	1,824.5	1,824.5	-5.0
Other Revenues	6,559.0	10,060.6	10,060.6	10,060.6	0.0
Fund Balance	491.9	0.0	0.0	0.0	
SOURCES TOTAL	8,412.2	11,981.1	11,885.1	11,885.1	-0.8
USES					
Personal Services and Employee Benefits	2,331.6	3,665.0	3,114.5	3,114.5	-15.0
Contractual Services	4,208.0	5,510.3	5,666.2	5,666.2	2.8
Other	1,705.1	2,805.8	3,104.4	3,104.4	10.6
TOTAL USES	8,244.7	11,981.1	11,885.1	11,885.1	-0.8
FTE					
Permanent	9.0	9.0	13.0	13.0	44.4
Term	23.0	23.0	17.0	17.0	-26.1
TOTAL FTE POSITIONS	32.0	32.0	30.0	30.0	-6.3

AT A GLANCE:

The Spaceport Authority FY22 request reduced general fund revenue by \$96 thousand, or 5 percent from the FY21 operating budget. The Spaceport Authority requested \$10.06 million in other revenue, flat with the FY21 operating budget. The LFC recommendation supports the request.

BUDGET ISSUES:

The Spaceport Authority's FY22 request reduced personnel spending by \$550.5 thousand. The authority has approval for 32 FTE. There is currently 11 vacancies. The authority's request increased permanent full-time employees by four and reduced temporary staff by six. The authority's request increased contractual services by \$156 thousand. Substantial contract reductions were made to an economic impact study, investigative services, and aerospace consulting services in order to increase the primary contract for protective services by \$472.5 thousand. The request also increased the other costs category by \$298.6 thousand, which will cover increases in field supplies, Department of Information Technology radio fees, utilities, subscriptions and dues, advertising, and merchandise for the online retail store.

Firefighter and Security Costs. Contract costs increased significantly in FY18 due to Federal Aviation Administration environmental studies that used to be expensed through capital outlay as part of building expenses. However, now that construction is complete, the environmental studies will become a recurring contractual cost in the operating budget. The environmental studies are required for the Spaceport to maintain current FAA licenses. The studies are required for roads, fences, new buildings, parking lots, etc.

Firefighter and security costs are a significant portion of the spaceport's expenses primarily because of a contract with Fiore industries to provide emergency and security services. Initially, this contract provided security guards and firefighters at a cost of \$500 thousand per year. However, as tenants, launches, and staffing levels increased, the FY21 cost increased to \$4 million. The FY22 request includes \$4.8 million for protective services. The agency states this is due to an increase in tenant launches, as well as the anticipated inaugural customer flight by Virgin Galactic in FY22.

Personnel Challenges. In recent months, the Spaceport Authority has had significant personnel challenges, including the resignation of the chief financial officer (CFO) in June after he filed a whistleblower complaint against the chief executive officer (CEO), who has since been terminated. The whistleblower complaint stated the CEO "pressured the former chief financial officer to circumvent internal financial controls and accounting protocols, as well as tried to monitor the CFO's communications with the state Economic Development Secretary." A formal financial investigation is in progress and is scheduled to be complete by November 2020.

The Spaceport Authority currently has 11 vacancies. Current hires in process include the chief financial officer, and a human services liaison. Additional positions that will be hired in the short term include airspace airfield manager, construction project manager, information technology officer, and an executive director. Positions that will be hired later in the fiscal year include an administrative assistant, spaceport flight controller, information technology end user support, aerospace engineer, and a fuel farm technician.

Current Tenants. Current tenants at Spaceport America include Virgin Galactic, AeroVironment, SpinLaunch, HAPS Mobile Inc. AeroVironment's specialized high-altitude aircraft has been assembled at the facility and testing is due to start in the coming months. Spaceport currently has contracts with UP Aerospace, Swift Engineering, EXOS, Energeticx, and White Sands Research and Development. Contracts on a per-launch basis include Sugarhouse, New Mexico Tech, University of Southern California, and New Mexico State University.

Virgin Galactic. Virgin Galactic, Spaceport's anchor tenant, began operations in the Virgin Galactic terminal hangar facility in FY20. The Virgin Galactic lease payment increased to \$3 million in FY18 from \$1 million previously. Virgin Galactic has 180 employees at Spaceport America. These employees have spent approximately \$9 million on local real estate since operations moved to New Mexico in summer 2019.

The company delayed its first commercial flight until the beginning of 2021, because of the Covid-19 pandemic. However, Virgin has had two glide flights of SpaceShip Two since moving to the spaceport early this year and planned two powered test flights.

The first of which, will have two pilots on board and also carry payloads for NASA's Flight Opportunities program that arranges experiments on suborbital vehicles. If all flights go as expected, Virgin Galactic plans to fly Sir Richard Branson on the third powered flight from the spaceport, planned for the first quarter of 2021 and marking the beginning of commercial service. Virgin Galactic has sold more than 600 personal space flight tickets, at a cost ranging between \$200 thousand and \$250 thousand each.

Virgin Galactic recently signed an agreement with NASA that will allow the space tourism venture to train astronauts for trips to the International Space Station. Under the agreement, it will develop a private orbital astronaut readiness program, similar to the one it has to prepare tourists for its own flights.

Capital Outlay. The Legislature appropriated a total of \$132.6 million in capital outlay funding to the Spaceport Authority for planning, design, and construction of Spaceport America and related infrastructure; \$76.4 million in bond proceeds from an incremental gross receipts tax imposed by Sierra and Doña Ana counties bring total funding to \$209 million. The tax increase was approved in Doña Ana County in 2007 and Sierra County in 2008. Bonds are scheduled to be paid off by 2029. However, during an August 2020 New Mexico Finance Authority (NMFA) Oversight Committee, NMFA stated that spaceport may be able to refinance and achieve a lower interest cost.

In 2019, the spaceport received an additional \$19 million in capital outlay for multiple projects, including a ground support equipment hangar, electric utility extension to the vertical launch area, site preparation for new launch rails, lightning detection, equipment upgrades, road improvements, water utilities, and runway upgrades, and archaeological surveys. As of August 2020, only \$324 thousand of the \$19 million was expended. The interim director is planning to hire a projects manager for capital projects oversight.

Spaceport 2020 capital appropriations totaled \$10 million for a payload processing center, an information technology building, and a visitor access control facility. The spaceport did not request capital funding in FY22.

SPACEPORT AUTHORITY

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

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of aerospace customers and tenants	10	12	15	18	18
Output	Number of events held	19	30	35	35	35
Output	Number of visitors	5,308	55,000	30,000	65,000	65,000
Outcome	Annual number of jobs created due to New Mexico spaceport authority efforts	163	260	300	400	400

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	32,451.3	33,197.5	31,537.6	32,257.6	-2.8
Other Transfers	235.7	25.0	231.1	231.1	824.4
Federal Revenues	3,074.1	3,406.2	3,292.8	3,292.8	-3.3
Other Revenues	4,238.3	5,991.2	5,575.5	5,575.5	-6.9
Fund Balance	1,295.9	164.0	0.0	0.0	-100.0
SOURCES TOTAL	41,295.3	42,783.9	40,637.0	41,357.0	-3.3
USES					
Personal Services and Employee Benefits	30,046.6	30,842.0	30,034.4	30,334.4	-1.6
Contractual Services	2,465.5	2,935.7	2,562.9	2,662.9	-9.3
Other	8,317.4	9,006.2	8,039.7	8,359.7	-7.2
TOTAL USES	40,829.5	42,783.9	40,637.0	41,357.0	-3.3
FTE					
Permanent	414.5	414.5	412.8	413.8	-0.2
Term	94.8	94.8	83.5	83.5	-11.9
TOTAL FTE POSITIONS	509.3	509.3	496.3	497.3	-2.4

AT A GLANCE:

The Cultural Affairs Department (DCA) total appropriation request of \$40.6 million was a decrease of 5 percent from the FY21 operating budget. DCA requested a general fund decrease of \$1.6 million, or 5 percent, for FY22. The majority of the general fund decrease request was a \$1.1 million decrease in the Museums and Historic Sites Program. The remaining \$500 thousand decrease in general fund was in Program Support, reduced by \$175 thousand in general fund. The Arts Program, reduced by \$121 thousand; and the Library Services Program, reduced by \$221.1 thousand.

The LFC recommendation reduces general fund revenue by 2.8 percent and supports the agency request in all other revenue sources. The LFC recommendation does not support the significant decrease in the Museum and Historic Sites Program and only reduces general fund revenue for the program by \$741.7 thousand, or 3.2 percent. The LFC recommendation includes \$200 thousand for state grants-in-aid in the Library Support Program, contributing to a slight reduction in general fund revenue of 0.6 percent. The recommendation reduces Program Support by 1.8 percent and includes \$100 thousand in the personal services and employee benefits category for 1 FTE. In the Arts Program, the LFC recommendation reduces general fund revenue by 6.8 percent and includes \$20 thousand for the arts in military program.

BUDGET ISSUES:

Museums and Historic Sites. This is the agencies largest program with 358 employees. As of September 2020, the program had 48 vacant positions, a reduction from 56 vacant positions in September 2019.

The FY22 request decreased personal services and employee benefits by \$370.4 thousand, reducing temporary FTE by 5.5 and increasing permanent FTE by 5.7. The agency request included a reduction in the contractual services category of \$267.1 thousand for landscaping, veterinary services, professional services, and promotional brochures. The request also reduced the other category by \$570 thousand for travel, transportation fuel, maintenance, supplies, equipment rentals, subscriptions, and advertising. The LFC recommendation partially supports the agency request; however, it includes \$200 thousand in the personal services and employee benefits category, \$100 thousand in contractual services, and \$100 thousand in contractual services above the agencies request.

Museum admission fees were increased for children, seniors, and adults at the Museum of Natural History and Science in Albuquerque by \$1 in FY19. The agency closed the Camino Real State Historic Site in 2019 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 \$5.2 million in financial assistance in FY19. (See Museums and Historic Sites Combined and Consolidated Revenue chart in Volume 3). Due to the Covid-19 pandemic, the financial support received from the foundation will most likely decrease because museum closures impair fundraising.

DCA reports that 491 thousand people visited its museums and historic sites during FY20, a decrease of 40 percent from FY19. The agency stated this decline was due to public health orders to close museums at the end of FY20. Admission fee revenue also decreased from \$3 million in FY19 to \$2.2 million, a 27 percent decrease.

Library Services Program. The majority of state library services continue through the public health crisis. The library has transitioned many services online, including eBook offerings to serve teachers, students, and families.

The Development Bureau administers three important funding programs for public and tribal libraries: state grant-in-aid (SGIA), Tribal Library Program grants, and general obligation bonds. In FY19, the State Library recognized 97 public libraries, of which all completed FY19 annual reports. As a result, 93 of 97 public libraries were eligible and received SGIA funding. Grant allocation ranged from \$3,000 to \$89 thousand. The Tribal Library Program awarded grants totaling \$96 thousand in FY20 to 18 of 19 tribal libraries. Each tribal library received a \$5,400 grant, and one developing library received \$4,300.

The State Library continues to support libraries as they 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. Prior to this program, 60 percent of the 98 New Mexico public and tribal libraries did not have a connection faster than 30 Mbps, 68 percent did not take advantage of E-Rate, and 53 percent did not have a fiber optic connection. Over the past two years, the State Library has worked with over 25 libraries to provide them with upgrades to their broadband equipment and improved broadband speeds. Beyond this, the Broadband for Libraries program participates in consortia of school and libraries in multiple regions of the state through a partnership with the Public Schools Facility Authority.

The State Library Program requested a general fund decrease of \$222 thousand for the Library Services, including a \$200 thousand decrease to state grant-in-aid for local libraries. The LFC recommendation does not supports this request and includes \$200 thousand for state grant-in-aid.

Capital Outlay Status. DCA owns 191 buildings across the state, including properties associated with eight museums and eight historic sites, and has begun work on a facility master plan to create a structured method to prioritize funding. 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 \$20.4 million in capital appropriations in their FY22 capital improvement plan request.

During the 2020 regular session, Chapter 42 (Senate Bill 103), created the cultural affairs facilities infrastructure fund and authorized the fund to receive transfers from the public project revolving loan fund (PPRF). Chapter 42 also appropriated \$5 million from the PPRF to the cultural affairs facilities infrastructure fund for expenditure in FY21 and subsequent fiscal years.

The Vlatem Contemporary Museum, in downtown Santa Fe, is DCA's largest current capital project. The total estimated project costs is currently \$18.5 million. This includes architecture and engineering, construction, and costs outside the main construction (including utilities and security). Currently, DCA has \$16.5 million for the project: \$10.5 million from the Museum New Mexico Foundation, a 2019 Capital Appropriation of \$4 million, and DCA Statewide Funds of \$2 million. DCA is currently trying to decrease costs for the project from \$18.5 million to \$16.5 million.

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.

MUSEUMS AND HISTORIC SITES

The purpose of the museums and historic sites 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)

		FY22 - 2021-2022			
		FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	Percent Incr (Decr)
SOURCES				LFC Recommendation	
	General Fund Transfers	22,391.6	22,934.9	21,793.2	-3.2
	Other Transfers	100.0	25.0	25.0	0.0
	Federal Revenues	104.9	96.9	96.9	0.0
	Other Revenues	3,103.1	4,358.0	4,292.7	-1.5
	Fund Balance	1,295.9	0.0	0.0	
	SOURCES TOTAL	26,995.5	27,414.8	26,207.8	-2.9
USES					
	Personal Services and Employee Benefits	20,651.0	20,678.9	20,308.5	-0.8
	Contractual Services	1,046.5	1,137.8	870.7	-14.7
	Other	5,298.0	5,598.1	5,028.6	-8.4
	TOTAL USES	26,995.5	27,414.8	26,207.8	-2.9
FTE					
	Permanent	307.8	307.8	313.5	1.9
	Term	50.5	50.5	45.0	-10.9
	TOTAL FTE POSITIONS	358.3	358.3	358.5	0.1

PERFORMANCE MEASURES

		FY19 Actual	FY20 Actual	FY21 Budget	FY22 Request	FY22 Recomm
Explanatory	Number of full-time equivalent of volunteer hours	45	52			
Explanatory	Dollars contributed by or administered by private sector foundations to department education programs and exhibitions	\$4,719,000	\$4,200,000			
* Outcome	Number of people served through programs and services offered by museums and historic sites	1,347,377	2,026,004	1,350,000	1,350,000	1,350,000
Outcome	Number of children reached through museum and historic sites programs	292,058	411,932	300,000	300,000	300,000
Outcome	Amount of earned revenue from admissions, rentals and other activity	\$4,493,061	\$3,870,000	\$4,310,000	\$4,310,000	4,310,000
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	826,969	827,895	825,000	825,000	825,000

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	940.4	784.1	784.1	784.1	0.0
Other Transfers	135.7	0.0	206.1	206.1	
Federal Revenues	872.7	1,046.4	1,145.9	1,145.9	9.5
Other Revenues	1,037.3	1,507.0	1,203.9	1,203.9	-20.1
SOURCES TOTAL	2,986.1	3,337.5	3,340.0	3,340.0	0.1
USES					
Personal Services and Employee Benefits	2,478.2	2,663.7	2,580.6	2,580.6	-3.1
Contractual Services	80.7	267.6	295.2	295.2	10.3
Other	297.5	406.2	464.2	464.2	14.3
TOTAL USES	2,856.4	3,337.5	3,340.0	3,340.0	0.1
FTE					
Permanent	16.0	16.0	15.0	15.0	-6.3
Term	27.3	27.3	22.5	22.5	-17.4
TOTAL FTE POSITIONS	43.3	43.3	37.5	37.5	-13.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of people participating in services provided through the preservation program	23,550	58,713	25,000	25,000	25,000
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	44	42			
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$9.25	\$16.378			
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	97%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,703.8	3,759.7	3,537.6	3,737.6	-0.6
Federal Revenues	1,453.9	1,646.4	1,435.3	1,435.3	-12.8
Other Revenues	64.3	90.3	43.0	43.0	-52.4
SOURCES TOTAL	5,222.0	5,496.4	5,015.9	5,215.9	-5.1
USES					
Personal Services and Employee Benefits	2,788.4	2,771.8	2,811.5	2,811.5	1.4
Contractual Services	98.5	279.4	80.0	80.0	-71.4
Other	2,307.1	2,445.2	2,124.4	2,324.4	-4.9
TOTAL USES	5,194.0	5,496.4	5,015.9	5,215.9	-5.1

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
FTE						
	Permanent	30.8	30.8	28.8	28.8	-6.5
	Term	14.0	14.0	13.0	13.0	-7.1
	TOTAL FTE POSITIONS	44.8	44.8	41.8	41.8	-6.7

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Explanatory	Annual number of visits to New Mexico public and tribal libraries	6,908,686	6,829,489			
Output	Number of library transactions through direct services provided by the New Mexico state library	149,953	126,414	150,000	150,000	150,000
Output	Number of library transactions using electronic resources funded by the New Mexico state library	5,849,019	4,182,995	5,815,000	5,815,000	5,815,000
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	94,588	101,397			

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)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,355.5	1,482.6	1,361.5	1,381.5	-6.8
	Federal Revenues	642.6	616.5	614.7	614.7	-0.3
	SOURCES TOTAL	1,998.1	2,099.1	1,976.2	1,996.2	-4.9
USES						
	Personal Services and Employee Benefits	816.3	939.0	854.8	854.8	-9.0
	Contractual Services	983.3	965.1	968.1	968.1	0.3
	Other	136.1	195.0	153.3	173.3	-11.1
	TOTAL USES	1,935.7	2,099.1	1,976.2	1,996.2	-4.9
FTE						
	Permanent	12.0	12.0	10.5	10.5	-12.5
	Term	3.0	3.0	3.0	3.0	0.0
	TOTAL FTE POSITIONS	15.0	15.0	13.5	13.5	-10.0

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	33%	32%	34%	34%	34%
Explanatory	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,488,659	1,392,593			
Output	Number of people provided direct services through New Mexico arts programs	10,128	6,037	13,000	13,000	13,000
Explanatory	Number of children reached through New Mexico arts programs and grants	299,461	274,481			

PROGRAM SUPPORT

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <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	4,060.0	4,236.2	4,061.2	4,161.2	-1.8
Other Revenues	33.6	35.9	35.9	35.9	0.0
Fund Balance	0.0	164.0	0.0	0.0	-100.0
SOURCES TOTAL	4,093.6	4,436.1	4,097.1	4,197.1	-5.4
USES					
Personal Services and Employee Benefits	3,312.7	3,788.6	3,479.0	3,579.0	-5.5
Contractual Services	256.5	285.8	348.9	348.9	22.1
Other	278.7	361.7	269.2	269.2	-25.6
TOTAL USES	3,847.9	4,436.1	4,097.1	4,197.1	-5.4
FTE					
Permanent	48.0	48.0	45.0	46.0	-4.2
TOTAL FTE POSITIONS	48.0	48.0	45.0	46.0	-4.2

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</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	1	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	593.4	680.1	646.1	646.1	-5.0
Federal Revenues	167.9	0.0	0.0	0.0	
Other Revenues	5,075.4	5,124.8	4,782.2	4,782.2	-6.7
Fund Balance	607.9	716.1	1,390.7	1,390.7	94.2
SOURCES TOTAL	6,444.6	6,521.0	6,819.0	6,819.0	4.6
USES					
Personal Services and Employee Benefits	4,780.8	5,228.8	5,228.8	5,228.8	0.0
Contractual Services	221.5	266.4	266.4	266.4	0.0
Other	1,442.3	1,025.8	1,323.8	1,323.8	29.1
TOTAL USES	6,444.6	6,521.0	6,819.0	6,819.0	4.6
FTE					
Permanent	77.0	77.0	77.0	77.0	0.0
TOTAL FTE POSITIONS	77.0	77.0	77.0	77.0	0.0

AT A GLANCE:

The New Mexico Livestock Board (NMLB) FY22 budget request of \$6.8 million included a general fund reduction of \$34 thousand, other state revenues reduction of \$342.6 thousand, and increase of \$674.6 in use of fund balance, for a net increase of \$298 thousand over the FY21 operating budget. The LFC recommendation supports the request.

BUDGET ISSUES:

NMLB's requested increase from fund balance would be used to purchase 10 vehicles to replace current agency vehicles with over 120 thousand miles. The agency's base operating budget does not include funding for vehicle replacement because, beginning in FY21, the agency was directed to request capital outlay funding for vehicle purchases. However, the \$500 thousand appropriation included in the 2020 capital outlay bill for this purpose was vetoed. Because the agency has sufficient fund balance for this one-time expenditure, the LFC recommendation supports using fund balance for this purpose.

Ninety percent of NMLB's FY22 operating budget is funded with revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits. Property tax on livestock is the agency's largest source of revenue, accounting for \$2 million in FY20, followed by inspection fees (\$1.4 million) and brand recording fees (\$1.1 million). These funding sources are subject to changes in the local economy, the weather, and national and global market conditions. Though NMLB's revenues have remained relatively stable over time, they have been on a downward trend for the past three fiscal years. The agency is projecting FY22 revenues of \$4.8 million, a 6 percent decline from FY20 actual revenue, and an ending fund balance of \$1.2 million.

According to NMLB, enforcement of quarantines and disposition of animals deemed strays 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.

Statistics from the U.S. Department of Agriculture (USDA) indicate New Mexico's total inventory of livestock decreased by 34.3 thousand head, or 2 percent, between January 2019 and January 2020. New Mexico is in a state of extended drought, and 2020 was an especially dry year. Drought has a significant impact on ranchers as it typically leads to insufficient forage, spikes in the price of feed, and a drop in cattle prices, therefore affecting decisions on herd size, additional pasture leases, and supplemental feed purchases.

According to the USDA's Economic Research Service, beef production in 2020 and 2021 is projected to remain relatively unchanged from 2019. Production was affected in the second quarter of 2020 due to outbreaks of Covid-19 among meat processing facility workers. But meatpackers have substantially increased the pace of processing since those plant disruptions, leading to increases in the beef production forecasts for 2020 and 2021. Recovering somewhat from declines in the spring and summer and supported by firm beef demand, steer prices in September and October tracked with 2019 prices.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of law enforcement road stops per month	81	38	100	100	100
Outcome	Number of disease cases per one thousand head inspected	.15	.051	.20	.2	.2
Outcome	Number of stolen or missing livestock recovered	1,793	1089	850	850	850
Output	Number of individual animals inspected for verification of animal health, disease control and movement	2,879,393	2,845,212	2,250,000	2,250,000	2,500,000
Output	Number of estrays processed per thousand head inspected	.139	.121	.077	.077	.077
Efficiency	Average percent of larceny investigation findings completed within one month	73%	59%	92%	92%	92%
	of larceny investigation findings completed within one month					
Efficiency	Average percent of cruelty investigation findings completed within one month	80%	81%	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)					
	FY20	FY21	FY22 – 2021-2022		Percent Incr (Decr)
	2019-2020 <u>Actuals</u>	2020-2021 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	14,640.5	14,976.1	14,976.1	14,976.1	0.0
Other Revenues	31,634.1	26,968.3	26,968.3	26,968.3	0.0
SOURCES TOTAL	46,274.6	41,944.4	41,944.4	41,944.4	0.0
USES					
Personal Services and Employee Benefits	22,508.5	23,964.4	23,960.9	23,960.9	0.0
Contractual Services	4,374.8	4,140.7	4,200.7	4,200.7	1.4
Other	12,215.9	13,657.0	13,600.5	13,600.5	-0.4
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	39,281.5	41,944.4	41,944.4	41,944.4	0.0
FTE					
Permanent	306.0	306.0	308.0	308.0	0.7
Term	9.0	9.0	0.0	0.0	-100.0
Temporary	2.0	2.0	1.5	1.5	-25.0
TOTAL FTE POSITIONS	317.0	317.0	309.5	309.5	-2.4

AT A GLANCE:

The Department of Game and Fish (DGF) FY22 budget request was flat with the FY21 operating budget. DGF did not request any general fund revenue. The LFC recommendation fully funds the request.

BUDGET ISSUES:

DGF receives the majority of its funding from two sources: federal grants and the game protection fund. For FY22, federal revenues are projected to be \$335.6 thousand higher than federal funds received in FY20. DGF requested \$27 million in other state revenue, roughly \$4.7 million less than actual revenue received from state sources in FY20. DGF requested a transfer of \$60 thousand from the Field Operations Program to Program Support for increased contractual services expenditures. LFC supports the request to align the agency's budget with expenditures.

The nonreverting game protection fund serves as the department's operating fund source 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. 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 FY20 ending fund balance of the game protection fund was \$20.6 million, exceeding the agency's projection by \$7.5 million. This represents a 29 percent growth in fund balance over two years. Revenue to the fund totaled \$39.5 million in FY20, just a 1 percent increase over FY19, while expenditures were more than \$3 million under budget. The agency projects the fund balance will be nearly \$21 million at the end of FY21 and \$21.4 million at the end of FY22, based on revenue projections equal to actual

revenue received in FY19. The combined projected unreserved fund balance of all DGF funds at the end of FY22 is \$43.1 million, far exceeding the agency's FY21 projection of \$25.3 million. As a result, DGF will likely not need additional fee revenue for now.

Besides the game protection fund, the habitat improvement (Sikes Act) fund, habitat management fund, and big game enhancement fund had the largest variances between FY20 ending balances and the agency's projections. DGF practice is to project revenues flat with prior year actual revenues, regardless of historical growth rates. This is likely to result in underestimation of revenues and fund balances, as was the case in FY20.

The significant revenue increase of FY20 may be an outlier: the Covid-19 public health order in effect for part of the fiscal year coincided with an increase in resident hunting and fishing licenses because New Mexicans apparently turned to outdoor recreation even more than usual as indoor group activities were limited. However, revenue from hunting and fishing licenses have increased every year since FY16, and with the pandemic expected to continue through much of FY21, the trend is likely to continue. Federal funds derived from excise taxes on guns, ammunition, and fishing equipment are also expected to grow significantly due to increased sales of those items after much of the country went into quarantine.

During FY20, DGF used its budget adjustment authority to increase its budget by \$3.2 million from federal sources. Large capital projects often allow DGF to collect additional federal revenue through reimbursements from the U.S. Fish and Wildlife Service.

The agency currently has nine ongoing capital outlay projects in various stages of development, from design and planning to construction. In FY18 and FY19, a total of \$12.9 million was appropriated from DGF funds for capital projects, such as habitat restoration and property improvements, dam safety compliance, and hatchery improvements. The agency has expended \$4.6 million on these projects thus far.

Although managed by separate agencies, the state's water resources, parks, and fishing opportunities are inextricably linked, and collaboration among the agencies is necessary to efficiently distribute resources and avoid duplication of efforts on dam safety, stream protection, and other natural resources initiatives. DGF partners with the Office of the State Engineer on operations and maintenance of two dams and with the Energy, Minerals and Natural Resources Department (EMNRD) on forest management and boating access at state parks. In the case of EMNRD, DGF contributes some federal resources to projects that not only improve forest health and park amenities, but also benefit the state's hunters and anglers by maintaining the environment for their recreation. Furthermore, these partnerships often include DGF using a portion of EMNRD's general fund appropriation as the required state match for federal funds.

A recent LFC program evaluation recommends the Legislature consider consolidating DGF with other state land management agencies or creating a working group of applicable agencies, LFC, and the Department of Finance and Administration to formalize this collaboration, align executive and legislative priorities, and promote the expenditure of state funds in a way that best achieves the overlapping goals of agencies with related missions.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the conservation services program of the department of game and fish in the other financing uses category includes 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 for the interstate stream compact compliance and water development program of the state engineer. Any unexpended balances remaining at the end of the fiscal year 2022 from these appropriations shall revert to the game protection fund.

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)					
SOURCES	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
Federal Revenues	326.3	312.4	312.4	312.4	0.0
Other Revenues	10,401.9	9,529.0	9,469.0	9,469.0	-0.6
SOURCES TOTAL	10,728.2	9,841.4	9,781.4	9,781.4	-0.6

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
USES						
	Personal Services and Employee Benefits	7,110.1	7,589.8	7,589.8	7,589.8	0.0
	Contractual Services	101.4	128.7	128.7	128.7	0.0
	Other	1,709.8	2,122.9	2,062.9	2,062.9	-2.8
	TOTAL USES	8,921.3	9,841.4	9,781.4	9,781.4	-0.6
FTE						
	Permanent	102.0	102.0	99.0	99.0	-2.9
	TOTAL FTE POSITIONS	102.0	102.0	99.0	99.0	-2.9

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
* Output	Number of conservation officer hours spent in the field checking for compliance	48,056	47,230	56,000	56,000	56,000
Output	Number of hunter and conservation education programs delivered by field staff	810	493	800	800	800
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	229	135	300	300	300
Explanatory	Number of citations issued per hundred contacts	2.58:100	TBD			

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY22 - 2021-2022</u>		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
Federal Revenues	14,093.8	14,264.5	14,264.5	14,264.5	0.0
Other Revenues	9,908.4	9,034.9	9,034.9	9,034.9	0.0
SOURCES TOTAL	24,002.2	23,299.4	23,299.4	23,299.4	0.0
USES					
Personal Services and Employee Benefits	11,230.8	11,464.3	11,464.3	11,464.3	0.0
Contractual Services	3,796.7	3,628.3	3,628.3	3,628.3	0.0
Other	7,222.8	8,024.5	8,024.5	8,024.5	0.0
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	22,432.6	23,299.4	23,299.4	23,299.4	0.0
FTE					
Permanent	144.0	144.0	149.0	149.0	3.5
Term	9.0	9.0	0.0	0.0	-100.0
Temporary	2.0	2.0	1.5	1.5	-25.0
TOTAL FTE POSITIONS	155.0	155.0	150.5	150.5	-2.9

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	36,877	37,045	35,000	35,000	36,500
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	88%	84%	84%	84%	84%
* Output	Annual output of fish from the department's hatchery system, in pounds	670,851	666,738	660,000	660,000	660,000
Outcome	Percent of anglers satisfied with opportunity and success	89.1%	92.8%	90%	90%	90%
Output	Number of acres of accessible sportsperson opportunity through the open gate program	208,488	209,990	210,000	210,000	210,000
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	48%	51%	48%	48%	48%
Output	Percent of New Mexico youth participation annually through education and outreach programs	11%	5.5%	12%	12%	12%
Explanatory	Percent of noncompliance with wildlife laws	NEW	NEW			

WILDLIFE DEPREDAATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of, and precluded from, property damage and annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
Other Revenues	2,135.5	1,033.6	1,033.6	1,033.6	0.0
SOURCES TOTAL	2,135.5	1,033.6	1,033.6	1,033.6	0.0
USES					
Personal Services and Employee Benefits	294.6	342.0	342.0	342.0	0.0
Contractual Services	96.6	125.7	125.7	125.7	0.0
Other	376.9	565.9	565.9	565.9	0.0
TOTAL USES	768.1	1,033.6	1,033.6	1,033.6	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	90%	92%	98%	96%	98%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	891,050	785,800	850,000	850,000	850,000
Outcome	Percent of wildlife complaints responded to	100%	100%	99%	99%	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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	220.4	399.2	399.2	399.2	0.0
Other Revenues	9,188.3	7,370.8	7,430.8	7,430.8	0.8
SOURCES TOTAL	9,408.7	7,770.0	7,830.0	7,830.0	0.8
USES					
Personal Services and Employee Benefits	3,873.0	4,568.3	4,564.8	4,564.8	-0.1
Contractual Services	380.1	258.0	318.0	318.0	23.3
Other	2,906.4	2,943.7	2,947.2	2,947.2	0.1
TOTAL USES	7,159.5	7,770.0	7,830.0	7,830.0	0.8
FTE					
Permanent	56.0	56.0	56.0	56.0	0.0
TOTAL FTE POSITIONS	56.0	56.0	56.0	56.0	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <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	10	10	18	20	18
Outcome	Average departmentwide vacancy rate for the fiscal year	15%	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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	22,723.0	23,154.7	22,471.9	22,818.9	-1.5
Other Transfers	3,651.5	4,251.3	4,253.3	4,253.3	0.0
Federal Revenues	13,759.9	22,622.8	23,191.4	23,191.4	2.5
Other Revenues	16,968.2	15,890.4	16,297.0	16,297.0	2.6
Fund Balance	3,271.9	9,475.5	1,799.5	1,799.5	-81.0
SOURCES TOTAL	60,374.5	75,394.7	68,013.1	68,360.1	-9.3
USES					
Personal Services and Employee Benefits	28,348.8	34,653.3	33,186.1	32,977.9	-4.8
Contractual Services	5,045.9	14,707.7	11,768.2	12,173.4	-17.2
Other	17,098.6	24,504.5	21,527.6	21,677.6	-11.5
Other Financing Uses	984.2	1,529.2	1,531.2	1,531.2	0.1
TOTAL USES	51,477.5	75,394.7	68,013.1	68,360.1	-9.3
FTE					
Permanent	401.0	399.0	397.0	397.0	-0.5
Term	42.0	42.0	40.0	40.0	-4.8
Temporary	52.4	52.4	44.6	44.6	-14.9
TOTAL FTE POSITIONS	495.4	493.4	481.6	481.6	-2.4

AT A GLANCE:

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY22 budget of \$68 million, a decrease of \$7.4 million, or 9.8 percent, from the FY21 operating budget. The request included a general fund decrease of \$682.8 thousand, or 2.9 percent. EMNRD's other state revenues were significantly affected by the Covid-19 pandemic and the downturn in the oil sector that started in late FY20. The agency requested to increase federal revenues by \$568.6 thousand, increase other revenues by \$406.6 thousand, and reduce reliance on fund balance by \$7.7 million.

EMNRD implemented reductions in the FY22 budget request by decreasing personnel expenditures by \$1.5 million, contractual services expenditures by \$2.9 million, and other costs by \$3 million. The LFC recommendation funds the agency at the requested levels for all revenue sources other than the general fund. For general fund revenue, LFC recommends a reduction of \$335.8 thousand, or 1.5 percent.

BUDGET ISSUES:

Energy Conservation and Management. The FY22 request for the Energy Conservation and Management Division (ECMD) was \$188.9 thousand below the FY21 operating budget and included a \$62.9 thousand general fund decrease and a \$153.6 thousand decrease in federal revenue. These funding reductions were partially offset with a \$27.4 thousand increase from other revenues. The agency request reduced expenditures for equipment, supplies, and subscriptions to accommodate diminished revenues.

ECMD will add 1 term FTE in FY22 as a result of a climate leadership grant from the United Nations Foundation. The position, an environmental specialist, will support the Interagency Climate Change Task Force, assist in grant proposal preparation, and coordinate efforts to develop climate-risk-mapping tools. The LFC recommendation supports ECMD's request.

Healthy Forests. The FY22 request for the Healthy Forests Program, also known as the State Forestry Division (SFD), represented an increase of \$41.2 thousand, effectively flat relative to FY21. The request reduced general fund revenue by \$193.2 thousand, or 5 percent, and reduced other state revenues and fund balance by \$118.1 thousand. These decreases were offset by a \$352.2 thousand increase in federal funds. The other transfers request of \$2 million is 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 are distributed annually to SFD for priority forest and watershed restoration projects. The LFC recommendation supports the request.

During FY20, SFD recorded 746 fires, 401 more than the previous year, that burned over 113.4 thousand acres and cost over \$8.7 million. The division reports the increased fire activity was attributable to a dry winter and spring. Fire suppression expenditures are funded by executive orders and, therefore, are not included in EMNRD's operating budget. The agency requests executive orders to manage current fires, pay invoices related to past fires (including invoices received from partner agencies after cost-sharing negotiations), and support prepositioning and readiness in areas with high fire danger. In total, SFD received \$14.3 million in executive order funding in FY20.

On average, SFD expends \$6.5 million per year in executive order funding. Because fire suppression is a key function of the program and requires funding every year, the Legislature should consider including funds for this purpose in the agency's operating budget. This would allow for better oversight of these expenditures and would ensure the agency's budget accurately reflects the actual expenditures of a core program. The Legislature could appropriate funds in the operating budget sufficient to cover the expected minimum expenditures related to fire suppression, based on average annual costs. Any costs in excess of the available operating funds could be requested as executive orders.

State Parks. Visitation to state parks and related revenue were severely affected by the Covid-19 pandemic in FY20, because parks were forced to close for day use and camping right as the busy season was about to begin. Overall, visitation to state parks declined from 4.5 million in FY19 to 3.9 million in FY20 and self-generated revenue declined by \$994 thousand; visitation and revenue generation are expected to be negatively affected in FY21 as well because restrictions on camping were still in place during the first and second quarters. If restrictions on nonstate resident camping are not lifted before the FY21 peak season, the agency could lose between \$800 thousand and \$1.1 million in camping revenue alone.

The agency request for the State Parks Division (SPD) was \$4.5 million less than the FY21 operating budget, a reduction of 15.6 percent. The reduction was largely due to the loss of self-generated revenue caused by park closures and overnight camping restrictions put in place to prevent Covid-19 spread. Modest increases in federal funds (\$350 thousand) and governmental gross receipts tax (GGRT) revenue (\$1.1 million) will support construction projects at state parks in FY22. The LFC recommendation increases general fund revenue by \$150 thousand over the FY21 operating budget and supports the agency request for all other funding sources. The general fund increase is recommended in the other costs category for park maintenance and improvements.

Mine Reclamation. The FY22 recommendation for the Mine Reclamation Program fully supports the request, which reduced general fund revenue by \$27.7 thousand and increased federal and other state revenues by the same amount for an overall flat budget compared with FY21.

Oil and Gas Conservation. The FY22 budget request for the Oil and Gas Conservation Division (OCD) represented a 20 percent reduction relative to the FY21 operating budget, primarily driven by reduced revenue projections for the oil conservation fund. The reduced oil production and prices seen in the wake of the Covid-19 pandemic will severely affect revenue to the oil conservation fund, which accounted for nearly 40 percent of OCD's operating budget in FY21. Funding from this source primarily supports OCD's efforts to plug abandoned wells, a key function and legislative mandate; the program may be unable to meet its related performance goal in FY21 and FY22.

The LFC recommendation reduces OCD's general fund revenue by \$52 thousand, or 0.8 percent, compared with FY21, resulting in general fund revenue \$405.2 thousand above the agency request, recommended in the contracts budget for well-plugging. Reductions to the FY21 operating budget were made in the contractual services and personnel budgets. The recommendation supports the agency request in other revenue sources.

OCD also manages the Carlsbad brine well remediation. Between FY18 and FY21, the Legislature appropriated \$44.2 million from state funding sources and local governments contributed \$9.9 million for the project. As of November, the remediation work completed was sufficient to prevent a catastrophic collapse that would have caused a large sinkhole at a major intersection with homes and businesses nearby. Continued work, however, is needed to prevent potential groundwater contamination. Discoveries made during remediation led to project delays and a realization that existing funds would be insufficient to complete the project. EMNRD estimates an additional \$17.68 million is needed and is pursuing local, state, and federal funding sources.

Program Leadership and Support. The agency request for the Program Support Division was flat with the FY21 operating budget. The LFC recommendation reduces general fund revenue by \$150 thousand, to be transferred to State Parks. The decrease is recommended in the personnel budget due to estimated vacancy savings of more than \$400 thousand. The recommendation exceeds FY20 personnel expenditures by \$489.4 thousand.

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.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; use New Mexico's substantial renewable energy resources; minimize local, regional and global air emissions; lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

BUDGET SUMMARY (dollars in thousands)						
			FY22 - 2021-2022			
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent <u>Incr</u> <u>(Decr)</u>	
SOURCES						
General Fund Transfers	1,230.9	1,257.2	1,194.3	1,194.3	-5.0	
Federal Revenues	1,005.7	1,956.1	1,802.5	1,802.5	-7.9	
Other Revenues	766.3	200.0	227.4	227.4	13.7	
SOURCES TOTAL	3,002.9	3,413.3	3,224.2	3,224.2	-5.5	
USES						
Personal Services and Employee Benefits	1,322.1	1,697.2	1,831.6	1,831.6	7.9	
Contractual Services	183.7	474.2	402.9	402.9	-15.0	
Other	758.0	1,241.9	989.7	989.7	-20.3	
TOTAL USES	2,263.8	3,413.3	3,224.2	3,224.2	-5.5	
FTE						
Permanent	17.0	17.0	17.0	17.0	0.0	
Term	1.0	1.0	2.0	2.0	100.0	
TOTAL FTE POSITIONS	18.0	18.0	19.0	19.0	5.6	

PERFORMANCE MEASURES						
		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	85	44			
Explanatory	Number of clean energy projects for which the division provided information and technical assistance	NEW	143			
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)

		<u>FY22 - 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES					
	General Fund Transfers	3,928.0	3,864.0	3,670.8	-5.0
	Other Transfers	2,000.0	2,000.0	2,000.0	0.0
	Federal Revenues	4,814.3	9,348.2	9,700.4	3.8
	Other Revenues	482.3	627.0	513.2	-18.1
	Fund Balance	100.9	111.7	107.7	-3.6
	SOURCES TOTAL	11,325.5	15,950.9	15,992.1	0.3
USES					
	Personal Services and Employee Benefits	5,025.1	6,779.4	6,461.4	-4.7
	Contractual Services	2,116.0	1,994.7	2,343.2	17.5
	Other	3,252.6	7,126.2	7,136.9	0.2
	Other Financing Uses	22.1	50.6	50.6	0.0
	TOTAL USES	10,415.8	15,950.9	15,992.1	0.3
FTE					
	Permanent	68.0	68.0	67.0	-1.5
	Term	10.0	10.0	10.0	0.0
	TOTAL FTE POSITIONS	78.0	78.0	77.0	-1.3

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,454	1,229	1,500	1,500	1,500
* Output	Number of acres treated in New Mexico's forests and watersheds	13,358	8,213	14,500	14,500	14,500
Output	Percent of forest and watershed restoration projects with total funding leveraged from other sources	NEW	NEW	50%	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	50%	50%	50%
Explanatory	Percent of forest acres treated in high priority watersheds	NEW	NEW			
Output	Percent of communities with medium and high impervious surface cover that receive technical assistance	NEW	NEW	50%	50%	50%
Output	Percent of forest and watershed restoration accomplished within medium and high risk areas of the state	NEW	NEW	50%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr <u>(Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8,103.0	8,335.7	8,393.9	8,485.7	1.8
Other Transfers	1,032.2	1,042.0	1,044.0	1,044.0	0.2
Federal Revenues	2,789.0	2,798.3	3,148.3	3,148.3	12.5
Other Revenues	10,369.8	10,293.4	10,603.3	10,603.3	3.0
Fund Balance	3,171.0	6,948.5	1,691.8	1,691.8	-75.7
SOURCES TOTAL	25,465.0	29,417.9	24,881.3	24,973.1	-15.1
USES					
Personal Services and Employee Benefits	11,104.7	12,806.2	11,567.3	11,509.1	-10.1
Contractual Services	295.7	1,287.8	753.1	753.1	-41.5
Other	11,215.5	14,176.4	11,411.4	11,561.4	-18.4
Other Financing Uses	813.5	1,147.5	1,149.5	1,149.5	0.2
TOTAL USES	23,429.4	29,417.9	24,881.3	24,973.1	-15.1
FTE					
Permanent	185.0	186.0	186.0	186.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
Temporary	52.4	52.4	44.6	44.6	-14.9
TOTAL FTE POSITIONS	242.4	243.4	235.6	235.6	-3.2

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Explanatory	Number of visitors to state parks	4,492,325	3,953,902			
* Explanatory	Amount of self-generated revenue per visitor, in dollars	\$1.02	\$1.04			
Explanatory	Number of Rio Grande trail miles completed	NEW	0			

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY (dollars in thousands)						
		FY22 - 2021-2022				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	573.4	554.6	526.9	526.9	-5.0
	Other Transfers	50.9	97.1	97.1	97.1	0.0
	Federal Revenues	3,862.3	6,872.5	6,892.5	6,892.5	0.3
	Other Revenues	826.2	741.9	753.1	753.1	1.5
	SOURCES TOTAL	5,312.8	8,266.1	8,269.6	8,269.6	0.0
USES						
	Personal Services and Employee Benefits	2,818.5	3,106.4	3,078.7	3,078.7	-0.9
	Contractual Services	897.5	4,705.4	4,707.0	4,707.0	0.0
	Other	317.8	417.3	446.9	446.9	7.1
	Other Financing Uses	16.6	37.0	37.0	37.0	0.0
	TOTAL USES	4,050.4	8,266.1	8,269.6	8,269.6	0.0
FTE						
	Permanent	17.0	17.0	16.0	16.0	-5.9
	Term	15.0	15.0	14.0	14.0	-6.7
	TOTAL FTE POSITIONS	32.0	32.0	30.0	30.0	-6.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100%	100%	98%	97.5%	98%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	88%	88%	97.5%	97.5%	97%

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)

		<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES						
	General Fund Transfers	5,835.3	6,203.1	5,745.9	6,151.1	-0.8
	Federal Revenues	510.7	796.3	796.3	796.3	0.0
	Other Revenues	4,523.6	4,028.1	4,200.0	4,200.0	4.3
	Fund Balance	0.0	2,415.3	0.0	0.0	-100.0
	SOURCES TOTAL	10,869.6	13,442.8	10,742.2	11,147.4	-17.1
USES						
	Personal Services and Employee Benefits	4,303.7	5,850.0	5,833.0	5,833.0	-0.3
	Contractual Services	1,415.3	6,101.2	3,417.6	3,822.8	-37.3
	Other	1,244.5	1,197.5	1,197.5	1,197.5	0.0
	Other Financing Uses	132.0	294.1	294.1	294.1	0.0
	TOTAL USES	7,095.5	13,442.8	10,742.2	11,147.4	-17.1
FTE						
	Permanent	64.0	64.0	65.0	65.0	1.6
	Term	11.0	11.0	9.0	9.0	-18.2
	TOTAL FTE POSITIONS	75.0	75.0	74.0	74.0	-1.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of inspections of oil and gas wells and associated facilities	31,043	36,852	31,000	31,000	35,000
Output	Average number of days to process application drill permits	NEW	NEW	30	30	30
Outcome	Volume of flared gas	NEW	NEW	BASELINE	BASELINE	BASELINE
Explanatory	Size of active oil spills, in barrels	NEW	15,717			
Explanatory	Volume of produced water injected	NEW	NEW			
Explanatory	Number of requested hearings and continuances	NEW	NEW			
Explanatory	Volume of produced water recycled	NEW	NEW			
Outcome	Volume of vented gas	NEW	NEW	BASELINE	BASELINE	BASELINE
* Output	Number of abandoned wells properly plugged	31	36	51	50	50
Explanatory	Number of violations issued	1,620	2,176			
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 the program leadership and support program is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
	FY20	FY21			Percent
	2019-2020	2020-2021	Agency	LFC	Incr
	<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
SOURCES					
General Fund Transfers	3,052.4	2,940.1	2,940.1	2,790.1	-5.1
Other Transfers	568.4	1,112.2	1,112.2	1,112.2	0.0
Federal Revenues	777.9	851.4	851.4	851.4	0.0
SOURCES TOTAL	4,398.7	4,903.7	4,903.7	4,753.7	-3.1
USES					
Personal Services and Employee Benefits	3,774.7	4,414.1	4,414.1	4,264.1	-3.4
Contractual Services	137.7	144.4	144.4	144.4	0.0
Other	310.2	345.2	345.2	345.2	0.0
TOTAL USES	4,222.6	4,903.7	4,903.7	4,753.7	-3.1
FTE					
Permanent	50.0	47.0	46.0	46.0	-2.1
TOTAL FTE POSITIONS	50.0	47.0	46.0	46.0	-2.1

PERFORMANCE MEASURES

		FY19	FY20	FY21	FY22	FY22
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of prior-year financial audit findings resolved	90%	95%	100%	100%	100%
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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Revenues	4,493.3	4,265.8	4,493.2	4,493.2	5.3
Fund Balance	0.0	0.0	697.2	697.2	
SOURCES TOTAL	4,493.3	4,265.8	5,190.4	5,190.4	21.7
USES					
Personal Services and Employee Benefits	168.0	252.4	173.9	173.9	-31.1
Contractual Services	2,148.3	3,778.1	4,800.8	4,800.8	27.1
Other	72.9	110.3	90.7	90.7	-17.8
Other Financing Uses	125.0	125.0	125.0	125.0	0.0
TOTAL USES	2,514.2	4,265.8	5,190.4	5,190.4	21.7
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

AT A GLANCE:

The Youth Conservation Corps (YCC) is funded with governmental gross receipts tax (GGRT) revenues. 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 \$924.7 thousand from GGRT revenue and fund balance for FY22 to support an increase in contractual services for projects. The LFC recommendation supports the request.

BUDGET ISSUES:

YCC's FY22 budget request included a \$78.5 thousand reduction in personnel costs to align with FY20 actual expenditures, a \$1 million increase in contractual services representing grants awarded, and a \$19.6 thousand decrease in other costs for reduced vehicle and building lease expenses. The request was supported by a \$227.5 thousand increase in GGRT revenue and a \$697.2 thousand increase in the use of fund balance.

The requested contractual services increase would support additional grant awards to applicants. The agency expects to receive more applications and increase both the scope of projects and number of youth hired in FY22 due to increased marketing and outreach efforts underway in FY21. YCC hopes to contribute to the economic recovery of communities struggling with the impacts of the Covid-19 pandemic, particularly in rural areas where youth employment opportunities are often limited.

YCC derives its funding primarily from a 10 percent distribution of GGRT revenue. For each of the last five fiscal years, the amount of GGRT distributed to YCC has increased; in FY20, YCC's distribution was \$4.5 million, a 4.6 percent increase over FY19. Meanwhile, expenditures have decreased, resulting in a projected fund balance of nearly \$4 million at the end of FY22, including the expenditures in this recommendation. The State Parks Division of the Energy, Minerals and Natural Resources Department also receives a GGRT distribution but often has infrastructure maintenance and improvement needs that exceed its funding sources.

LFC recommends the full Legislature consider ways to more effectively distribute GGRT revenue to avoid overfunding YCC while the State Parks Program seeks general fund increases to supplement its other revenues. Potential options for consideration include amending the distribution of GGRT revenue set in statute or a partnership between the agencies to coordinate YCC projects with State Park infrastructure needs. The Legislature could consider a special appropriation from YCC's \$4 million fund balance that directs the agency to use the funds for State Parks improvement projects.

In FY20, YCC initially funded 32 projects, but four grantees declined their awards due to Covid-19 concerns, bringing the total number of projects to 28. This resulted in total grants awarded falling \$1.3 million below the amount budgeted in FY20, for a total of \$2.9 million awarded. Approximately 450 youth were hired for these projects; including projects that began in FY19 and continued into FY20, a total of 697 youth were employed. YCC anticipates funding at least 50 projects in FY22.

Examples of projects funded in FY20 include stabilization of historic structures, forest and rangeland restoration, beekeeping and other agricultural projects, trail construction, mapping of trees and acequias for municipal use, community park improvement, and erosion control. Youth employed through the program are paid the minimum wage rate consistent with the project's location; some communities have higher rates than others.

YOUTH CONVERSATION CORPS

The purpose of the youth conservation corps 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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of youth employed annually	645	697	840	840	840
Outcome	Percent of all grant award monies used for wages for corps member wages	77%	75%	77%	77%	77%
Outcome	Percent of eligible corps members receiving tuition reimbursement	NEW	NEW	NEW	85%	85%

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)					
			<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	100.0	168.0	159.6	159.6	-5.0
SOURCES TOTAL	100.0	168.0	159.6	159.6	-5.0
USES					
Personal Services and Employee Benefits	0.0	75.0	88.0	75.0	0.0
Contractual Services	100.0	93.0	58.4	71.4	-23.2
Other	0.0	0.0	13.2	13.2	
TOTAL USES	100.0	168.0	159.6	159.6	-5.0
FTE					
Permanent	1.0	1.5	1.0	1.0	-33.3
TOTAL FTE POSITIONS	0.0	1.5	1.0	1.0	-33.3

AT A GLANCE:

The Intertribal Ceremonial Office (ICO) request for \$159.6 thousand in general fund revenue was a decrease of 5 percent from the FY21 operating budget, for a full time director, and includes a 37 percent decrease in contractual services. The LFC recommendation supports the agency request; however, the LFC recommendation maintains personnel at the FY21 operating budget level in order to prioritize support for the Gallup Intertribal Ceremonial contract with McKinley County. 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 \$159.6 thousand included \$88 thousand in the personal services and employee benefits category for a full-time director's position, and deleted the part time receptionist position. The general fund request also decreased contracts by \$35 thousand, or 37 percent, which would reduce the main contract with McKinley County. The LFC recommendation supports the deletion of a part-time receptionist and maintains the personal services and employee benefits category flat with the FY20 budget to support the full-time director. The LFC recommendation reduces contractual services by \$21.6 thousand, or 23 percent.

Tickets for the ceremonial in FY20 decreased by 4,610, with 3,790 tickets sold. The agency states this is due to an administrative change of no longer selling paper tickets and instead sell gate sponsorships; a gate count number is used to derive a "ticket" count. The number of sponsorships for the FY20 ceremony increased to 163 sponsors, up from 150 sponsors in FY19. The percent of operating revenue from sources other than the general fund was 84 percent, a decrease from FY19 levels of 90 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.

Due to the Covid-19 pandemic, the 2020 ceremony was canceled. During the annual intertribal ceremonial in Gallup, 20 dance groups along with more than 40 tribes ordinarily attend parades, a rodeo, a pow-wow, art exhibitions, and culinary events. The 2021 ceremony will be its 100th year.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of intertribal ceremonial tickets sold	8,400	3,790	9,000	5,000	5,000
* Outcome	Percent of operating revenue from sources other than the general fund	88%	84%	90%	85%	85%
Output	Number of sponsorships	154	163	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)						
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent	
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Incr</u>	<u>(Decr)</u>
SOURCES						
Other Revenues	29,533.6	19,643.6	19,442.3	19,442.3	-1.0	
SOURCES TOTAL	29,533.6	19,643.6	19,442.3	19,442.3	-1.0	
USES						
Personal Services and Employee Benefits	13,972.1	14,799.7	15,001.5	15,001.5	1.4	
Contractual Services	2,350.4	2,937.8	2,580.9	2,580.9	-12.1	
Other	2,145.0	1,906.1	1,859.9	1,859.9	-2.4	
TOTAL USES	18,467.5	19,643.6	19,442.3	19,442.3	-1.0	
FTE						
Permanent	175.1	175.1	175.1	175.1	0.0	
TOTAL FTE POSITIONS	175.1	175.1	175.1	175.1	0.0	

AT A GLANCE:

The Commissioner of Public Lands, or the State Land Office (SLO), is funded 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. 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. In FY20, more than 98 percent of revenue generated by SLO was distributed to beneficiaries.

Projecting a decline from the record high revenues generated in FY19 and FY20, SLO reduced its requested FY22 operating budget by \$201.3 thousand compared with FY21. The LFC recommendation supports the request.

BUDGET ISSUES:

In FY20, for the second year in a row, total revenue generated by SLO exceeded \$1 billion. Earnings from rights-of-way totaled \$39 million, a record high representing a 160 percent increase over two years. Eight new wind leases on state lands were signed by the commissioner in FY20. These leases are projected to generate \$80 million over the life of the projects and will help diversify revenue streams to the land maintenance fund.

Nonetheless, the agency expects revenues to decline in FY21 and FY22 due to reduced oil production and prices, as well as fewer premium oil and gas tracts available for lease in the Permian Basin. SLO projects FY22 total revenue will be \$736 million, just over two-thirds of the amount generated in FY20. Workload remained high in FY20, despite the oil production slowdown that occurred near the end of the fiscal year, and is expected to stay that way throughout FY21 and FY22. The agency was tasked with developing rules for temporary well shut-ins and continues to process shut-in requests and is managing an increasing number of rights-of-way applications.

SLO's FY22 budget request was \$19.4 million, a decrease of 1 percent from the FY21 operating budget. The request reallocated \$210.8 thousand from contractual services and other costs to the personnel budget for increased benefits costs and minor salary adjustments. SLO reduced funding for land maintenance and restoration projects, IT services, and legal services, resulting in a contractual services budget decrease of \$356.9 thousand. The agency also found savings of \$46.2 thousand in other costs, such as travel and IT and other equipment. The LFC recommendation supports the agency request.

RECOMMENDED LANGUAGE:

The commissioner of public lands is authorized to hold in suspense amounts eligible, because of the sale of state royalty interests, 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.

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>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Output	Total trust revenue generated, in millions	\$1,116.5	\$1,046	\$1,050	\$736.3	\$850
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$2,697	\$534	\$1,000	\$475	\$1,000
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$0.6	\$0.8	\$3	\$2	\$2
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$428	\$510	\$375	\$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	55,297	25,210	25,000	25,000	25,000
Output	Annual income from renewable energy	\$841,087	1,227,854	\$1,350,000	\$1,500,000	\$1,500,000
Output	Annual income from commercial and leasing activities	NEW	\$48,290,887	\$7,250,000	\$6,000,000	\$7,250,000
Output	Annual revenue distributed related to trespass cases.	NEW	NEW	NEW	\$1,000,000	\$1,000,000

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)

			FY22 – 2021-2022		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	19,188.5	20,276.9	19,265.3	20,276.9	0.0
Other Transfers	17,125.0	14,916.1	14,952.3	14,852.3	-0.4
Federal Revenues	0.0	0.0	155.0	155.0	
Other Revenues	3,028.3	3,165.3	3,277.7	3,177.7	0.4
Fund Balance	743.3	750.4	755.4	755.4	0.7
SOURCES TOTAL	40,085.1	39,108.7	38,405.7	39,217.3	0.3
USES					
Personal Services and Employee Benefits	24,216.3	25,833.3	25,204.4	26,016.0	0.7
Contractual Services	6,557.2	7,021.5	6,780.4	6,780.4	-3.4
Other	5,310.5	5,673.9	5,840.9	5,840.9	2.9
Other Financing Uses	80.0	580.0	580.0	580.0	0.0
TOTAL USES	36,164.0	39,108.7	38,405.7	39,217.3	0.3
FTE					
Permanent	289.0	337.0	313.0	313.0	-7.1
Term	5.0	5.0	4.0	4.0	-20.0
TOTAL FTE POSITIONS	294.0	342.0	317.0	317.0	-7.3

AT A GLANCE:

The Office of the State Engineer (OSE) requested a total budget of \$38.4 million, a decrease of \$703 thousand, or 1.8 percent, from the FY21 operating budget. The request included a general fund decrease of just over \$1 million, an increase of \$153.6 thousand in other state revenues and fund balance, and a federal revenue increase of \$155 thousand. The LFC recommendation holds general fund revenue flat with FY21, reduces transfers by \$63.8 thousand, and supports the agency request for all other revenue sources, for a total budget of \$39.2 million, \$108.6 thousand above the FY21 operating budget.

BUDGET ISSUES:

OSE's proposed FY22 budget reductions were primarily implemented in the personnel budget for reduced employee benefits costs. The agency removed 24 long-term vacant positions in the FY22 request, improving the accuracy of OSE's vacancy rate and personnel needs. As of September 2020, OSE had 81 vacant positions, of which 17.3 were funded. Filling vacancies is a priority for the agency, and the FY21 operating budget included funding to do so. Although a state hiring freeze has been in place since the start of FY21, OSE received permission in the fall to post and fill 20 high-priority positions, which are now filled or in the late stages of the hiring process. The agency has submitted requests for an additional 10 positions to be exempt from the hiring freeze and will likely request 10 more exemptions to fill positions that became vacant due to internal hires.

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.

To address the long-term solvency of these funds and ensure they are used to directly support acequias, community ditches, and other partners, 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. 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 in 2019 to reduce and replace expenditures from these funds with general fund revenue by a total of \$9 million over five years. The FY21 appropriation included \$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. Due to state budget constraints, the FY22 request did not include a general fund increase for this purpose. The LFC recommendation, however, implements one of the agency's proposed general fund reductions by reducing trust fund revenue instead.

At the close of FY20, the estimated balance of the IWCF was \$15.2 million, and the estimated balance of the IRGIF was \$8.7 million, both lower than FY19 ending fund balances. OSE projects ending balances for FY21 of \$4 million for the IWCF and \$7.3 million for the IRGIF. LFC's projections, which use the most recent consensus revenue estimates for land maintenance and land grant permanent fund distributions, as well as more historically consistent estimates for other revenue sources, are \$8.3 million for the IWCF and \$8.1 million for the IRGIF. Beginning in FY20, \$1 million per year was 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 was appropriated from the IWCF to the new acequia and community ditch infrastructure fund for acequia projects. These appropriations put additional strain on IWCF and IRGIF balances, but far more significant are the contributions to OSE's operating budget, which have averaged \$11.1 million total over the last four years.

Water Resource Allocation Program. New Mexico must show it is responsibly and proactively managing water resources in the lower Rio Grande basin to support its Rio Grande compact compliance litigation efforts in a lawsuit against Texas. The LFC recommendation for the Water Resource Allocation Program (WRAP) holds general fund revenue flat with FY21 and increases transfers and other revenues to support the agency's request. The increase is budgeted primarily in the other costs category for increased insurance rates, hardware and software costs, and vehicle and building leases.

Interstate Stream Compact Compliance Program. This program staffs the Interstate Stream Commission (ISC) and is tasked with ensuring New Mexico's compliance with interstate stream compacts, resolving conflicts under those compacts, and planning for the state's future water use. The ISC Program provides technical support to the state Attorney General for U.S. Supreme Court litigation with Texas, scheduled for trial in front of a Supreme Court special master in May 2021. At risk in the case is a large volume of surface water and, consequently, the economic health of the lower Rio Grande region, which depends on that water for agriculture.

The ISC Program was also the recipient of a \$7 million special appropriation for use in FY20 through FY23 to develop a water management pilot project for the lower Rio Grande. Beginning in FY20 and continuing in FY21, ISC staff are developing hydrological studies to evaluate how effectively different management actions reduce consumption, promote aquifer health, and improve surface water deliveries. Staff are also exploring best practices in water conservation governance and operations with a focus on groundwater conservation. In the short term, OSE's goal is to establish a test process for reducing groundwater pumping by fallowing irrigated land. The long-term vision for the project is to develop and test water management actions that promote aquifer health and set up an independent entity for long-term project management.

LFC recommends a flat general fund budget for ISC and supports the request for other revenue sources, which includes a federal funds increase of \$155 thousand. The recommendation reduces the budget for contractual services by \$141.1 thousand in accordance with the agency's request and increases personnel funding by \$273 thousand to preserve some priorities funded in the original FY21 appropriation before special session reductions were made.

Litigation and Adjudication Program. The Litigation and Adjudication Program (LAP) provides legal and technical representation for the state in the multiple water rights adjudications that are ongoing in state and federal courts. LAP relies on contractual legal services to augment the capacity of its staff attorneys to advance the state's active adjudications. The program relies on contractors to perform other work required in water rights adjudications as well, including hydrographic surveying and historical research, to determine beneficial use. LAP staff also collaborate closely with the Office of the Attorney General on the *Texas v. New Mexico* case and in related settlement discussions.

The LFC recommendation for LAP is flat with the FY21 operating budget and does not reduce general fund revenue. The only change is a reallocation of \$100 thousand from the contractual services budget to other costs to support increased costs for software licenses, vehicles, supplies, and equipment.

Program Support. In Program Support, the agency submitted a general fund reduction of \$100 thousand and kept transfers from the IRGIF flat with FY21. The LFC recommendation instead keeps general fund revenue flat and reduces reliance on this trust fund by \$100 thousand. The recommended reduction is implemented in the personnel budget due to reduced employee benefits costs.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include two million ninety-six thousand five hundred dollars (\$2,096,500) from the improvement of the Rio Grande income fund.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred five thousand seven hundred dollars (\$705,700) from the New Mexico unit fund.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program include five million nine hundred thirty-six thousand seven hundred dollars (\$5,936,700) from the New Mexico irrigation works construction fund, one million seven hundred sixty-seven thousand four hundred dollars (\$1,767,400) 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 2022 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.

The internal service funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include three million eighty-six thousand six hundred dollars (\$3,086,600) 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 five hundred five thousand four hundred dollars (\$2,505,400) from the water project fund pursuant to Section 72-4A-9 NMSA 1978.

The internal service funds/interagency transfers appropriations to program support of the state engineer include four hundred nine thousand one hundred dollars (\$409,100) from the improvement of the Rio Grande income fund.

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 so any person can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state so owners and operators of such dams can operate the dams safely.

BUDGET SUMMARY (dollars in thousands)					
	FY20	FY21	FY22 - 2021-2022		Percent Incr (Decr)
	2019-2020 <u>Actuals</u>	2020-2021 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	11,992.8	12,246.3	12,046.1	12,246.3	0.0
Other Transfers	1,992.2	2,032.2	2,096.5	2,096.5	3.2
Other Revenues	665.9	635.1	647.5	647.5	2.0
SOURCES TOTAL	14,650.9	14,913.6	14,790.1	14,990.3	0.5
USES					
Personal Services and Employee Benefits	12,534.7	12,845.3	12,654.8	12,855.0	0.1
Contractual Services	656.9	624.7	624.7	624.7	0.0
Other	1,301.8	1,443.6	1,510.6	1,510.6	4.6
TOTAL USES	14,493.4	14,913.6	14,790.1	14,990.3	0.5
FTE					
Permanent	182.0	182.0	172.0	172.0	-5.5
TOTAL FTE POSITIONS	182.0	182.0	172.0	172.0	-5.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Average number of unprotested new and pending applications processed per month	30	39	50	35	45
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	547	502			
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	24,946	20,432	20,000	20,000	20,000
Outcome	Number of notices issued to owners of publicly owned dams notifying them of deficiencies or potential issues	84	58	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,609.9	1,732.9	1,313.6	1,732.9	0.0
Other Transfers	11,037.1	9,288.2	9,260.1	9,260.1	-0.3
Federal Revenues	0.0	0.0	155.0	155.0	
Other Revenues	124.8	124.8	124.8	124.8	0.0
Fund Balance	743.3	750.4	755.4	755.4	0.7
SOURCES TOTAL	13,515.1	11,896.3	11,608.9	12,028.2	1.1
USES					
Personal Services and Employee Benefits	3,871.4	4,379.6	4,233.3	4,652.6	6.2
Contractual Services	4,335.0	4,439.8	4,298.7	4,298.7	-3.2
Other	2,671.3	3,076.9	3,076.9	3,076.9	0.0
TOTAL USES	10,877.7	11,896.3	11,608.9	12,028.2	1.1
FTE					
Permanent	42.0	42.0	39.0	39.0	-7.1
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	46.0	46.0	43.0	43.0	-6.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	170,800	166,300	>0	>0	>0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year, in acre-feet	5,400	-38,800	>0	>0	>0
Explanatory	Cumulative New Mexico unit fund expenditures	14,830,000	20,090,000			

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,039.7	2,240.0	1,947.9	2,240.0	0.0
Other Transfers	3,086.6	3,086.6	3,086.6	3,086.6	0.0
Other Revenues	2,237.6	2,405.4	2,505.4	2,405.4	0.0
SOURCES TOTAL	7,363.9	7,732.0	7,539.9	7,732.0	0.0
USES					
Personal Services and Employee Benefits	4,617.1	5,080.2	4,888.1	5,080.2	0.0
Contractual Services	1,407.0	1,735.8	1,635.8	1,635.8	-5.8
Other	332.2	336.0	436.0	436.0	29.8
Other Financing Uses	80.0	580.0	580.0	580.0	0.0
TOTAL USES	6,436.3	7,732.0	7,539.9	7,732.0	0.0
FTE					
Permanent	65.0	65.0	59.0	59.0	-9.2
Term	1.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	66.0	66.0	59.0	59.0	-10.6

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Outcome	Number of offers to defendants in adjudications	456	444	325	300	325
* Outcome	Percent of all water rights with judicial determinations	75%	75.75%	74%	76%	76%

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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,546.1	4,057.7	3,957.7	4,057.7	0.0
Other Transfers	1,009.1	509.1	509.1	409.1	-19.6
SOURCES TOTAL	4,555.2	4,566.8	4,466.8	4,466.8	-2.2
USES					
Personal Services and Employee Benefits	3,193.1	3,528.2	3,428.2	3,428.2	-2.8
Contractual Services	158.3	221.2	221.2	221.2	0.0
Other	1,005.2	817.4	817.4	817.4	0.0
TOTAL USES	4,356.6	4,566.8	4,466.8	4,466.8	-2.2
FTE					
Permanent	48.0	48.0	43.0	43.0	-10.4
TOTAL FTE POSITIONS	0.0	48.0	43.0	43.0	-10.4

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>FY22 – 2021-2022</u>					
	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,071.4	1,031.4	1,000.4	1,000.4	-3.0
SOURCES TOTAL	1,071.4	1,031.4	1,000.4	1,000.4	-3.0
USES					
Personal Services and Employee Benefits	557.0	582.4	591.0	587.1	0.8
Contractual Services	293.5	326.7	288.4	312.5	-4.3
Other	116.2	122.3	121.0	100.8	-17.6
TOTAL USES	966.7	1,031.4	1,000.4	1,000.4	-3.0
FTE					
Permanent	7.0	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 FY22 request of \$1,000,400 was 3 percent lower than the FY21 operating budget of \$1,031,400. The FY21 budget of \$1,090,200 approved in the 2020 legislative session was revised down in the first special session by \$58.8 thousand, with reductions in contracts (\$42.9 thousand) and in the personal services and employee benefits category (\$15.9 thousand). The 3 percent reduction in the agency's FY22 request is all in contracts for 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). The FY22 request included \$263.3 thousand for the AAPAC.

The committee supports the agency's overall request but recommends increasing funding in contracts by \$24.1 thousand to preserve more funding for the agency's programs and the AAPAC and reducing other operating expenses by \$20.2 thousand. The reduction in the other category includes correcting an error in the agency's request that double counted a \$12 thousand IT contract.

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				
		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>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 of African Americans	55	55	55	55	65
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	3	4	5	5	10

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of events held, 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	15	15	20
Outcome	Number of individuals who participated in agency initiatives and programs via sign-in sheets, passport cards, head count and registrations	NEW	NEW	1,500	1,500	1,750

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 persons.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY22 – 2021-2022</u>				
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <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	727.4	480.4	456.4	690.8	43.8
Other Transfers	1,535.6	3,012.8	3,136.8	2,101.8	-30.2
Fund Balance	0.0	100.0	0.0	0.0	-100.0
SOURCES TOTAL	2,263.0	3,593.2	3,593.2	2,792.6	-22.3
USES					
Personal Services and Employee Benefits	944.4	1,199.3	1,199.3	1,063.7	-11.3
Contractual Services	713.2	1,995.3	1,995.3	1,330.3	-33.3
Other	215.9	282.1	282.1	282.1	0.0
Other Financing Uses	116.5	116.5	116.5	116.5	0.0
TOTAL USES	1,990.0	3,593.2	3,593.2	2,792.6	-22.3
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 decrease of \$24 thousand, or 5 percent, under the FY21 operating budget. The commission requested flat funding in personnel and in contractual services despite minimum wage requirements for contract providers of support services to aging, hearing-impaired, and deaf-blind individuals.

The FY22 LFC general fund recommendation is \$690.8 thousand, or 43.8 percent, above the FY21 operating budget. The LFC recommendation substantially increases general fund revenue above the requested level to offset declining revenue collections from the telecommunication relay service fund. The request and recommendation do not include revenue from fund balance because it was budgeted in special appropriations for the past several fiscal years in lieu of telecommunication relay service fund revenue that accrued far below projected levels.

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 for a total over \$3 million within the telecommunications relay services (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 ensure sufficient revenue is generated to meet the agency's operating needs.

The commission requested a 5 percent decrease in general fund revenue for FY22. The agency requested an increase in other transfers revenue, but the agency has not accrued this revenue for several years. The agency received a special appropriation for FY19 and FY20 totaling \$800 thousand, equally funded from the general fund and fund balance, and an FY21 special appropriation of totaling \$1 million, equally funded from the general fund and fund balance.

The committee recommends the agency use the operating budget process for appropriation of recurring expenditures. Therefore, LFC recommends a 43.8 percent increase from the general fund to support the agency's operations but reduces other transfers by 30.2 percent to align more closely with actual revenue collections.

LFC recommends an 11 percent reduction in the personal services and employee benefits category and applies \$164 thousand in vacancy savings. However, the recommendation for personnel is \$119 thousand over FY20 actual expenditures and includes funding for a reclassified position to manage upcoming Federal Communications Commission requirements. The recommendation reduces contractual services by 33 percent but includes \$617 thousand over actual expenditures to support contractual services for aging, hearing-impaired, and deaf-blind individuals.

The commission's FY19 audit had no findings, but the agency did not meet any of its FY20 performance targets except for the number of accessible technology equipment distributions.

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 four hundred fifty-six thousand four dollars (\$456,400) 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of workshops and training sessions conducted	136	80	135	135	135
Output	Number of outreach events coordinated	126	101	122	122	122
Output	Average number of relay minutes per month	9,213	9,567	10,000	10,000	10,000
* Output	Number of accessible technology equipment distributions	815	1,674	1,070	1,070	1,300
Output	Number of sign language interpreters who participated in commission-sponsored professional development, including in-house mentoring programs and events provided in collaboration with other organizations	424	77	200	200	200
Output	Number of communication barriers addressed	9,404	13,057	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)						
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	354.3	343.1	366.6	325.5	-5.1	
SOURCES TOTAL	354.3	343.1	366.6	325.5	-5.1	
USES						
Personal Services and Employee Benefits	116.1	205.1	219.9	180.8	-11.8	
Contractual Services	19.0	25.4	25.4	27.8	9.4	
Other	97.7	112.6	121.3	116.9	3.8	
TOTAL USES	232.8	343.1	366.6	325.5	-5.1	
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 Martin Luther King, Jr. Commission's (MLK) FY22 appropriation request of \$366.5 thousand was 7 percent higher than the commission's FY21 budget of \$343.1 thousand. The increase was entirely in the personal services and employee benefits category. The commission's FY21 budget was reduced by 4 percent or \$18.9 thousand, during the 2020 first special legislative session. Reductions were taken in personal services, 4 percent, and in general operating expenses, 7 percent.

The MLK Commission has 3 FTE but only one position is filled. The other 2 FTE have been vacant since FY19, and the agency's request included a funded vacancy rate of over 50 percent. In FY20, the commission reverted \$121.5 thousand, 35 percent of its operating budget.

LFC recommends reducing the commission's budget by 5 percent to \$325.5 thousand, in line with requests of many other state agencies. The committee's recommendation includes a \$25 thousand reduction in salaries to lower the funded vacancy rate, an increase in contracts to fund professional financial services, and targeted increases to provide more funding for the commission's programs and outreach.

In FY20 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. All of the outstanding audits were completed in FY20. The FY19 audit was released in October 2020 and there were several findings of material weakness. The FY20 audit has not yet been released. The findings indicate the commission does not have appropriate internal controls in place to ensure transactions and supporting documentation are adequate and complete. The Commission received the results of the FY19 audit in October of 2020 and is working to put procedures in place to correct the findings during FY21.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of statewide holiday commemorative programs supported	10	12	8	10	12
Output	Number of youth anti-violence workshops conducted	20	20	4	20	20
Outcome	Number of student ambassadors who work with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	55	15	55	55	65
Outcome	Number of commission visits to schools, tribes, nonprofit providers and communities to teach Dr. King's principles of nonviolence	NEW	NEW	8	10	10
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	NEW	NEW	250	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)					
FY22 – 2021-2022					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,087.1	2,310.5	2,195.0	2,263.9	-2.0
Other Transfers	345.1	343.5	349.0	349.0	1.6
Federal Revenues	4,427.1	5,439.0	5,106.6	5,106.6	-6.1
Other Revenues	4,881.6	5,397.8	5,397.8	5,397.8	0.0
Fund Balance	0.0	150.0	150.0	150.0	0.0
SOURCES TOTAL	11,740.9	13,640.8	13,198.4	13,267.3	-2.7
USES					
Personal Services and Employee Benefits	4,316.5	5,668.1	5,177.3	5,246.6	-7.4
Contractual Services	106.3	159.2	159.3	159.3	0.1
Other	7,181.1	7,706.4	7,754.3	7,754.3	0.6
Other Financing Uses	106.7	107.1	107.5	107.1	0.0
TOTAL USES	11,710.6	13,640.8	13,198.4	13,267.3	-2.7
FTE					
Permanent	93.0	87.5	87.5	87.5	0.0
TOTAL FTE POSITIONS	93.0	87.5	87.5	87.5	0.0

AT A GLANCE:

The Commission for the Blind requested a general fund decrease of \$115.5 thousand below FY21, or a 5 percent reduction. The agency requested a vacancy rate adjustment totaling a decrease of \$490.8 thousand when combined with federal and state funds.

The commission's request supports minimum wage requirements and workload funding for concession operators at the federal Law Enforcement Training Center. The commission requested to continue the transfer of \$107 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 FY22 is \$2.26 million, a decrease of \$87.5 thousand, or 2 percent, below the FY21 operating budget. The committee recommends an amount for personnel slightly higher than the request to lower vacancy rates. Also, additional general fund revenue helps to 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 use of these funds only for employment services for blind or visually impaired people. The request and recommendation add \$150 thousand in fund balance to support care and support for blind and visually impaired individuals. The other services category includes federal funding levels substantially increased over actual levels to provide services for individuals and for concession operators at the federal Law Enforcement Training Center. The recommendation also supports the agency's request to transfer \$107 thousand to the Division of Vocational Rehabilitation to leverage federal funds.

The commission met performance measure targets for average hourly wages and the number of clients who avoided or delayed moving into a nursing home or assisted living facility. The commission's FY19 audit included one finding for capital assets reporting in which assets totaling \$47 thousand were disposed of but not removed from the capital assets listing.

RECOMMENDED LANGUAGE:

The general fund appropriation to the blind services program of the commission for the blind in the other financing uses category includes 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 appropriations to the blind services program of the commission for the blind include 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 2022 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	19	15	20	15	15
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	459	471	540	525	525
* Outcome	Average hourly wage for the blind or visually impaired person	\$15.14	\$18.42	\$16.00	\$16.00	\$16.00
* 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	150	215	125	150	175

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 Native American citizens by affecting policy that strengthens tribal-state relations and supports tribes with access to resources, technical assistance, and funding opportunities.

BUDGET SUMMARY (dollars in thousands)					
	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,537.5	2,621.3	2,490.2	2,490.2	-5.0
Other Transfers	249.3	1,249.3	1,249.3	1,171.0	-6.3
SOURCES TOTAL	2,786.8	3,870.6	3,739.5	3,661.2	-5.4
USES					
Personal Services and Employee Benefits	1,301.7	1,426.6	1,426.6	1,426.6	0.0
Contractual Services	660.3	579.4	330.1	330.1	-43.0
Other	326.7	1,864.6	1,982.8	1,904.5	2.1
TOTAL USES	2,288.7	3,870.6	3,739.5	3,661.2	-5.4
FTE					
Permanent	15.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	15.0	17.0	17.0	17.0	0.0

AT A GLANCE:

The department's FY22 budget request included a general fund decrease of 5 percent from the FY21 operating budget. The request maintained salaries and benefits and grant programs at FY21 levels. In the 2020 first special legislative session, the department's FY21 operating budget was reduced by 4 percent overall, with a 3 percent reduction in personnel and a 16 percent reduction in contracts. As of October 2020, three of the department's 17 FTE positions were vacant. The department's request included sufficient funding to fill the vacant positions.

The committee supports the department's request, including IAD's annual distributions from the tobacco settlement fund for tobacco cessation and prevention programs and the Public Education Department (PED) to support the development of culturally relevant and linguistically appropriate education programs. However, the FY22 revenue projections for the tobacco settlement fund have been revised down significantly due to a pending arbitration and the committee recommendations lowers IAD's distribution to \$171 thousand.

BUDGET ISSUES:

The Indian Affairs Department (IAD) facilitates communication and collaboration among the governor's office, state agencies, and twenty-three (23) Indian tribes, nations, and pueblos on programs and issues affecting Native Americans in New Mexico. IAD also organizes an annual summit for tribal leaders and the executive branch.

In response to the Covid-19 pandemic, many tribal governments closed in the last quarter of FY20 and access to tribal communities was strictly limited. These restrictions negatively affected the delivery of program services. Most impacted were special projects, tobacco cessation projects, census outreach efforts, and infrastructure projects. In FY20, the department approved seven special project grants, totaling \$297 thousand, and approved nine tobacco cessation and prevention projects, totaling \$249.3 thousand. Due to pandemic restrictions, a number of planned activities, such as in-person workshops, trainings, youth groups, and travel, were canceled. These cancellations resulted in the grantee organizations reverting \$70 thousand at the end of FY20.

In FY21, IAD's budget increased by 39 percent overall. The increase included a \$1 million distribution from the Public Education Department (PED) for tribal education and language programs, approved during the FY20 regular legislative session, a \$350 thousand general fund appropriation to support special project grants in tribal communities, and \$249.3 thousand from the tobacco settlement fund to promote commercial tobacco cessation and prevention outreach in tribal communities. The department also received authorization for 2 new FTE; a public information officer and a grant specialist. As of October 2020, the department is still

working with the State Personnel Office to create these positions and hopes to hire both as soon as allowed under the state's current hiring freeze.

The department's total FY22 request of \$3.7 million was \$131 thousand (3.4 percent) less than the department's FY21 funding level, but included a 5 percent decrease from the general fund. The request for salaries and benefits and tribal grant funding was nearly flat with FY21. The numerical decrease in the contracts category is mainly the result of an accounting change, moving all direct grants to tribes into the other category, but does include a slight decrease in professional service contracts for TIF portal administration and policy contracts. More than 80 percent of the requested decrease is in the department's operating expenses, training and staff development, and funding for the tribal leaders' summit. The request also included \$350 thousand in general fund revenue for special project grants and \$197 thousand for the Jemez Pueblo adobe housing project, as required by Laws 2019, Chapter 278, (Senate Bill 536), and \$1.25 million for programs funded through other state funds, including the \$1 million distribution from (PED) and \$249.3 thousand from the tobacco settlement fund.

The committee recommendation largely supports the department's request, except revenue projections for the FY22 tobacco settlement fund were revised down significantly due to a pending arbitration for 2004. LFC recommends lowering the distribution to \$171 thousand.

For 2020 the Tribal Infrastructure Board approved funding for 14 tribal infrastructure fund projects totaling \$19.9 million: \$2.3 million for the Jicarilla Apache Nation waterline construction, \$593 thousand for Tohatchi Chapter regional water project, \$1.3 million for the Ohkay Owingeh wastewater treatment facility, \$2.8 million for a Coyote Canyon Chapter regional water project and Coyote Canyon connection, \$3 million for the Jemez Pueblo comprehensive health center, \$45 thousand for Alamo Chapter sewer line extension, \$290 thousand for the Two Grey Hills Chapter water project, \$2 million for the Chichiltah-Vanderwagen community water supply project, \$2.9 million for the Mariano Lake Chapter multi-purpose building, \$1.9 million for Pinedale Chapter road improvements, \$195 thousand for the Standing Rock Chapter waterline extension, \$195 thousand for Sanostee Chapter regional water project, \$195 thousand for the Alamo Chapter water well and filtration, and \$2.1 million for the Laguna Pueblo fire station.

From 2005 to 2010, the Legislature appropriated a total of \$25.5 million to the Tribal Infrastructure Fund. In 2010, the Legislature earmarked a portion of the estimated senior severance tax bonding capacity each year for tribal infrastructure projects, beginning in FY12. Between 2012 and 2019, state allocations to the fund totaled \$85 million. About \$28 million, or 33 percent, of funds remain unspent. IAD has made significant progress in vetting projects and awarding funds quickly to the tribes for meaningful projects.

The Tribal Infrastructure Board amended the guidelines and procedures in November 2016 based on the recommendations of a working group composed of one tribally designated representative from each tribe, nation, and pueblo. Changes require applying entities to be in compliance with the Audit Act and projects to be in the infrastructure capital improvement plan (ICIP).

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the Indian affairs program of the Indian affairs department includes one-hundred and seventy-one thousand dollars (\$171,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

The internal service funds/interagency transfers appropriation to the Indian affairs program of the Indian affairs department includes one million dollars (\$1,000,000) from the general fund appropriation to the public education department for indigenous, multilingual, multicultural and special education, including for tribal departments of education, to develop early childhood culturally relevant and linguistically appropriate teacher and program evaluation instruments, to conduct needs assessments of early childhood education facilities and develop plans for constructing needed facilities. Any unexpended funds remaining at the end of fiscal year 2022 shall revert to the public education department.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings and technical assistance sessions conducted	15	10			
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	100%	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			
Output	Number of Indian Affairs Department grant awards successfully awarded to tribal governments	NEW	NEW	15	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)					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,250.0	193,588.2	183,588.1	191,588.2	-1.0
Other Transfers	0.0	64,627.5	84,628.0	89,628.0	38.7
Federal Revenues	0.0	155,983.7	127,829.0	127,829.0	-18.0
Other Revenues	0.0	3,128.3	3,659.9	3,659.9	17.0
Fund Balance	0.0	1,684.8	1,684.8	3,684.8	118.7
SOURCES TOTAL	1,250.0	419,012.5	401,389.8	416,389.9	-0.6
USES					
Personal Services and Employee Benefits	530.4	17,492.9	18,211.3	18,211.3	4.1
Contractual Services	210.3	105,837.6	96,206.7	107,372.1	1.4
Other	150.2	284,780.4	227,448.4	228,448.4	-19.8
Other Financing Uses	0.0	10,901.6	59,523.4	62,358.1	472.0
TOTAL USES	890.9	419,012.5	401,389.8	416,389.9	-0.6
FTE					
Permanent	0.0	157.5	164.5	164.5	4.4
Term	0.0	108.0	101.0	101.0	-6.5
TOTAL FTE POSITIONS	0.0	265.5	265.5	265.5	0.0

AT A GLANCE:

The newly created Early Childhood Education and Care Department (ECECD) now primarily administers the state's early childhood care and education system. Primary programs include childcare assistance, home visiting services to new families, prekindergarten, and the Family, Infant, Toddler (FIT) program. However, some programs still considered part of the early care and education system will 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) nutrition program, and Head Start. These programs are funded by both the state and federal governments and delivered by both public and private entities. The FY22 general fund request was \$183.6 million, or 5.2 percent, below the FY21 adjusted operating budget. The department requested to swap \$10 million of general fund revenue with the newly created early care and education trust fund revenue. ECECD also requested to reorganize its operating budget requiring significant financial adjustments between the FY21 operating budget and the FY22 request. In total, the agency requested \$401.4 million, of which \$183.6 million was from the general fund.

Of the \$20 million in new revenue requested from the early care and education trust fund, the department sought \$10 million to replace general fund revenue for prekindergarten, \$2 million for home visiting, \$1 million for the Families First program, \$2 million to expand prekindergarten and early prekindergarten, \$3 million for workforce supports, and \$2 million for IT.

The LFC recommendation decreases general fund appropriations to the agency by \$2 million, or 1 percent, for prekindergarten and replaces the reduction with prekindergarten fund balance revenue. The committee's recommendation for the early care and education trust fund increases home visiting by \$3 million, Families First by \$1 million, prekindergarten and early prekindergarten by \$9.2 million, workforce supports by \$3 million, IT by \$2 million, and replaces \$1.8 million general fund revenue for public prekindergarten. The committee recommendation also continues federal Temporary Assistance for Needy Families (TANF) grant transfer for childcare assistance, prekindergarten, and home-visiting services.

BUDGET ISSUES:

New Mexico continues to lead in early childhood care and education funding. Since FY12, early childhood program appropriations have more than doubled. As a result of recent legislation, the early childhood care and education system is now 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.

Childcare Assistance

Childcare assistance provides an opportunity for low-income families to work or go to school. In FY21, New Mexico funded childcare for over 20 thousand children up to age 14 at a cost of \$158 million. The program subsidizes the cost of childcare for families with incomes up to 200 percent of the federal poverty level (FPL), \$52.4 thousand annually for a family of four or \$34.5 thousand annually for a family of two. Beginning in 2019, all participating families at 200 percent of the FPL received automatic assistance, up from 150 percent in prior years. The early days of the pandemic saw childcare attendance drop precipitously, and several hundred providers closed their doors temporarily. ECECD responded with emergency measures providing financial incentives for childcare providers who stayed open, including both a differential rate per child and payments for children coming from closed providers. In addition, the state began paying childcare assistance contracts based on enrollment, not attendance, to help prevent a collapse of the state's childcare industry. While the state was paying based on enrollment, the number of children attending was estimated to be 30 percent of the pre-pandemic level.

Covid-19 Childcare Spending. These policy changes resulted in significantly increased childcare assistance spending from March to June. March spending on the public health emergency for childcare assistance increased nearly \$1.3 million to waive parent co-pays, \$4.4 million to pay \$250 differential for all contracts in licensed facilities, and \$135.2 thousand to provide childcare for healthcare, first responders, and other essential employees under the at-risk category. While the state spends an average of \$11.4 million a month to serve nearly 20 thousand children, childcare assistance monthly spending rose to \$17.7 million in April, \$18 million in May, and \$14 million in June, meaning the state spent \$15.9 million from March through June above expected costs for Covid-19-related activities. However, the increased spending in the spring declined significantly by the fall due to declining enrollment.

Some of this increased spending was supported by the additional \$29 million in revenues ECECD received from the federal CARES Act. As of November 2020, the agency spent \$5.5 million for stabilization grants for child centers, ranging from \$2,000 to \$34.5 thousand; \$7 million for workforce support payments to early childhood teachers, which provided \$700 a month for a full-time employee and \$350 for a part time employee for April, May, and June; and \$8.5 million to backfill the March and April differential payments given to providers who stayed open.

Childcare Enrollment. Prior to the pandemic, despite increased eligibility, average monthly enrollment in the program had been relatively flat, ranging between 18 thousand and 20 thousand children a month. However, toward the fall, enrollment began to decline significantly, to 15,178 in August, 14,417 in September, and 13,713 in October. Average monthly enrollment was 15.8 thousand in October 2020, the lowest in LFC records going back to fiscal year 1999. The last significant enrollment decline was in FY13 when the state reduced income eligibility requirements from 200 percent of the federal poverty level (FPL) to 100 percent, reducing average enrollment from nearly 20 thousand in FY13 to 17.8 thousand in FY14. The state again increased eligibility to 150 percent FPL in FY14 and 200 percent FPL in FY19. Over that period enrollment growth was slow and did not reach an average of 20 thousand until FY18. Given this experience, it is unknown if the state will be able to quickly increase enrollment following the pandemic to its funded level to serve 20 thousand children a month. Low enrollment could result in general fund reversions or significant federal revenue which could be carried-forward into proceeding fiscal years.

Childcare Provider Rates. Despite declining enrollment, provider rates and the average cost per child continue to grow. In previous fiscal years, rates for the highest levels of quality care primarily contributed to increased spending because more providers qualified for the reimbursements rates for centers with five stars. Childcare providers can 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 94 percent, from an average monthly rate of \$326 in 2013 to \$632 in FY22. At \$632 per child per month, it will cost an additional \$7.6 million for every 1,000 additional children served. Total direct spending for childcare assistance in FY20 reached \$152.8 million, \$5.6 million over ECECD's FY21 childcare assistance operating budget. The increased cost per child in FY21 has resulted from policy decision such as paying parent copayments and increased differentials to providers in an attempt to stabilize the childcare industry as a result of the increased costs due to the pandemic and lower enrollment.

As more providers obtain the highest quality rating and the state temporarily increases spending per child to support providers as a result of the pandemic, the projected average monthly subsidy will increase. With enrollment in the first few months of

FY21 6,000 children below projections, childcare assistance spending was \$6 million below spending in FY20 during the same time. This trend may result in federal revenue carry-forward to FY22. The LFC recommendation for FY22 supports the department request for childcare assistance, remaining relatively flat. (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 FY21, the state contracted for 13,386 children to receive prekindergarten services, including extended-day services. Prior to FY21, New Mexico prekindergarten was implemented by the Children, Youth and Families Department (CYFD) and the Public Education Department (PED). ECECD began administration of the program in FY21; however, prekindergarten services provided by school districts will flow through the new department to the Public Education Department after awards are decided.

LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds and lower special education rates, lower retention rates, and lessens 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 PARCC assessment than peers who did not participate; however, this pattern was not consistent for non-low-income students.

New Mexico prekindergarten funding continues to compare favorably to other states. According to the National Institute of Early Education Research (NIEER), 34 percent of 4-year-olds in the United States of America were enrolled in prekindergarten programs in 2019, and the average state spending was \$5,374 per child enrolled. NIEER reports at 38 percent, New Mexico ranked 13th in the nation for 4-year-olds enrolled in prekindergarten programs in 2019 and ranked 17th for state spending at \$6,060 per child. The LFC recommendation includes an additional \$3.9 million to expand 4-year-old prekindergarten. (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 childcare assistance, Head Start, and prekindergarten together. However, service levels for 3-year-olds is low. Prior to FY16, prekindergarten was only available to 4-year-olds, but in FY16 \$4 million was appropriated to pilot prekindergarten for 3-year-olds. Early prekindergarten also proved exceedingly popular statewide and by FY21 grew to \$14.9 million. The LFC recommendation includes an additional \$5 million for early prekindergarten in FY22 from the early care and education trust fund, which will serve an additional 571 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 decreased slightly in FY21 to 6,864 statewide, 526 below the previous year. The state needs to better coordinate childcare, prekindergarten, and Head Start to maximize the effective use of federal resources.

Coordination. An LFC analysis found significant expansion of services, a declining birthrate, and competition among providers resulted in the duplication of services or unused funding for prekindergarten, childcare assistance, and Head Start. Insufficient coordination among programs can lead to Head Start programs losing funding if federal enrollment standards are not maintained. 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 6,000 in FY21. If the state and the federal Head Start providers do not coordinate more closely, New Mexico will continue to lose federal revenues.

Home visits

Home-visiting programs available to pregnant women and families with new babies and young children assist in addressing 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 of the individuals participating in home-visiting services are on Medicaid and earn only about \$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 FY21, ECECD is contracting for 3,917 families to receive state-funded home-visiting services. The reported significant difficulty in recruiting and retaining families for home visits resulted in nearly \$4 million intended for home visits transferred to childcare assistance in FY18. Some research suggests using local community medical providers as a referral mechanism can assist home-visit providers to destigmatize services while targeting at-risk families. To maximize federal revenues and utilize medical providers as the point of referral, ECECD, in collaboration with the Human Services Department, is piloting Medicaid-funded home visits in 2020 as part of a broader waiver request. The pilot is offering Medicaid-funded home-visiting services in three counties. In FY21, the Legislature provided an additional \$3 million in general fund revenue to leverage up to \$9 million in federal Medicaid revenue to expand the pilot. However, enrollment and provider participation in the pilot has lagged, and the department is unlikely to realize additional federal matching funding.

Despite struggles in enrollment, policymakers have increased funding for 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 funding from the early care and education trust fund revenue for home visits by nearly \$3 million in FY22 to continue expanding Medicaid-funded services. Potentially, the \$3 million could leverage up to an additional \$11.3 million federal Medicaid revenue funding an estimated two thousand additional slots.

Early Support and Intervention

The Family, Infant, Toddler Program (FIT), transferred 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 the FIT Program has increased by over 3,000 children since FY14, or about 24 percent. The LFC recommendation supports the department request for FIT slots to remain relatively flat with FY21 operating budget.

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 almost doubling individual center-based services. The LFC recommendation supports the department request to increase provider rates by \$800 thousand.

The Families First program is a case management home-visiting service provided by the Support and Intervention Program to provide targeted case management to Medicaid-eligible pregnant women and children 0-3 years old. The purposes of case management are to provide a voluntary home visit to establish a medical home, to assist clients in gaining access to needed medical, social and educational services, to improve pregnancy outcomes, and to promote healthy infants, children, and families. Case management is provided by licensed social workers and registered nurses. The department requested and the LFC recommendation supports an additional \$1 million in early care and education fund revenue to expand Families First by an additional 1,700 slots.

Wage Supplements. An insufficient or undertrained workforce has been a barrier to expansion and delivery of high-quality services. 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 considered 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 continued to increase, 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. The LFC recommendation increases wage supplements and other workforce supports by \$3 million from the early care and education trust fund for FY22.

Program Support. Program Support consists of the office of the secretary, administrative services, information technology, quality support, and the policy office. The FY22 request realigns general fund to move funding for these programs to Program Support. The LFC general fund recommendation supports the department request to realign funding for this program.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the early childhood education and care program of the early childhood education and care department include sixty million six hundred twenty-seven thousand five hundred dollars (\$60,627,500) from the federal temporary assistance for needy families block grant: forty-one million five hundred twenty-seven thousand five hundred dollars (\$41,527,500) for childcare, 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 appropriation to the public prekindergarten program of the early childhood education and care department includes three million five hundred thousand dollars (\$3,500,000) from the federal temporary assistance for needy families block grant for prekindergarten.

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 K-5 plus programs approved by the public education department.

The early childhood education and care department may request program transfers up to one million dollars (\$1,000,000) between programs.

SUPPORT AND INTERVENTION

BUDGET SUMMARY (dollars in thousands)					
	FY20	FY21	FY22 - 2021-2022		Percent Incr (Decr)
	2019-2020 <u>Actuals</u>	2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	29,698.8	46,035.6	46,035.6	55.0
Other Transfers	0.0	500.0	8,500.5	9,500.5	1,800.1
Federal Revenues	0.0	2,871.4	6,526.0	6,526.0	127.3
Other Revenues	0.0	2,028.3	2,357.4	2,357.4	16.2
SOURCES TOTAL	0.0	35,098.5	63,419.5	64,419.5	83.5
USES					
Personal Services and Employee Benefits	0.0	2,102.8	3,241.2	3,241.2	54.1
Contractual Services	0.0	2,778.3	23,822.4	23,822.4	757.4
Other	0.0	19,315.8	25,454.3	26,454.3	37.0
Other Financing Uses	0.0	10,901.6	10,901.6	10,901.6	0.0
TOTAL USES	0.0	35,098.5	63,419.5	64,419.5	83.5
FTE					
Permanent	0.0	12.0	9.0	9.0	-25.0
Term	0.0	34.0	30.0	30.0	-11.8
TOTAL FTE POSITIONS	0.0	46.0	39.0	39.0	-15.2

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Outcome	Percent of parents participating in the New Mexico home-visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions as demonstrated by the state-approved, evidence-based screening tool	NEW	NEW	NEW	65%	65%
* Outcome	Percent of women enrolled in families first and home visiting who are eligible for Medicaid who access prenatal care in their first trimester	NEW	NEW	NEW	74%	74%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of children participating in the family infant toddler program for at least six months who demonstrate a substantial increase in their development, as measured by the early childhood outcomes tool in, positive social-emotional skills (including social relationships), acquisition and use of knowledge and skills (including early language and communication), and use of appropriate behaviors to meet their needs	NEW	NEW	NEW	72%	72%
Outcome	Number of families enrolled in medicaid-funded home visiting	NEW	NEW	NEW	2,000	2,000
Outcome	Percent of women who are pregnant when they enroll in home visiting and families first who access postpartum care	NEW	NEW	NEW	39%	39%
Outcome	Percent of eligible infants and toddlers with individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five day timeline	NEW	NEW	NEW	100%	100%

EARLY CHILDHOOD CAREBUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	113,711.3	81,613.5	84,613.5	-25.6
Other Transfers	0.0	60,627.5	62,627.5	68,792.9	13.5
Federal Revenues	0.0	152,505.3	113,745.8	113,745.8	-25.4
Other Revenues	0.0	1,100.0	1,100.0	1,100.0	0.0
Fund Balance	0.0	1,684.8	1,684.8	3,684.8	118.7
SOURCES TOTAL	0.0	329,628.9	260,771.6	271,937.0	-17.5
USES					
Personal Services and Employee Benefits	0.0	11,682.6	8,507.2	8,507.2	-27.2
Contractual Services	0.0	99,684.3	50,936.6	62,102.0	-37.7
Other	0.0	218,262.0	199,727.8	199,727.8	-8.5
Other Financing Uses	0.0	0.0	1,600.0	1,600.0	
TOTAL USES	0.0	329,628.9	260,771.6	271,937.0	-17.5
FTE					
Permanent	0.0	92.0	93.0	93.0	1.1
Term	0.0	64.0	59.0	59.0	-7.8
TOTAL FTE POSITIONS	0.0	156.0	152.0	152.0	-2.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u> NEW	<u>FY20 Actual</u> NEW	<u>FY21 Budget</u> NEW	<u>FY22 Request</u> 45%	<u>FY22 Recomm</u> 45%
* Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four-and-five-star level					
* Outcome	Percent of children who were enrolled for at least six months in the state-funded New Mexico prekindergarten program who score at first step for k or higher on the fall observation kindergarten observation tool	NEW	NEW	NEW	85%	85%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four of five stars	NEW	NEW	NEW	40%	40%
Outcome	Percent of licensed child care providers participating in FOCUS tiered quality rating and improvement system	NEW	NEW	NEW	45%	45%
* Outcome	Percent of children participating in the public and private state-funded New Mexico prekindergarten program for at least six months showing measurable progress on the school readiness spring preschool assessment tool	NEW	NEW	NEW	40%	40%

PUBLIC PRE-KBUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	0.0	45,356.5	38,521.8	43,521.9	-4.0
Other Transfers	0.0	3,500.0	8,500.0	6,334.6	81.0
SOURCES TOTAL	0.0	48,856.5	47,021.8	49,856.5	2.0
USES					
Contractual Services	0.0	3,164.0	0.0	0.0	-100.0
Other	0.0	45,692.5	0.0	0.0	-100.0
Other Financing Uses	0.0	0.0	47,021.8	49,856.5	
TOTAL USES	0.0	48,856.5	47,021.8	49,856.5	2.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PROGRAM SUPPORTBUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,250.0	4,821.6	17,417.2	17,417.2	261.2
Other Transfers	0.0	0.0	5,000.0	5,000.0	
Federal Revenues	0.0	607.0	7,557.2	7,557.2	1,145.0
Other Revenues	0.0	0.0	202.5	202.5	
SOURCES TOTAL	1,250.0	5,428.6	30,176.9	30,176.9	455.9
USES					
Personal Services and Employee Benefits	530.4	3,707.5	6,462.9	6,462.9	74.3
Contractual Services	210.3	211.0	21,447.7	21,447.7	10,064.8
Other	150.2	1,510.1	2,266.3	2,266.3	50.1
TOTAL USES	890.9	5,428.6	30,176.9	30,176.9	455.9

BUDGET SUMMARY (dollars in thousands)					
<u>FY22 - 2021-2022</u>					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
FTE					
Permanent	0.0	53.5	62.5	62.5	16.8
Term	0.0	10.0	12.0	12.0	20.0
TOTAL FTE POSITIONS	0.0	63.5	74.5	74.5	17.3

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 (DE 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)

	<u>FY22 – 2021-2022</u>				
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <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	46,290.5	48,628.9	46,197.5	47,149.9	-3.0
Other Transfers	3,211.8	3,476.3	5,676.3	5,676.3	63.3
Federal Revenues	12,477.3	13,755.1	13,755.1	13,755.1	0.0
Other Revenues	0.0	115.8	115.8	115.8	0.0
SOURCES TOTAL	61,979.6	65,976.1	65,744.7	66,697.1	1.1
USES					
Personal Services and Employee Benefits	16,197.8	18,077.0	18,707.8	18,707.8	3.5
Contractual Services	5,698.2	5,530.9	5,291.7	5,351.7	-3.2
Other	38,707.0	42,368.2	41,745.2	42,637.6	0.6
TOTAL USES	60,603.0	65,976.1	65,744.7	66,697.1	1.1
FTE					
Permanent	229.0	229.0	229.0	229.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	240.0	240.0	240.0	240.0	0.0

AT A GLANCE:

The Aging and Long-Term Services Department (ALTSD) FY22 request included \$46.2 million from the general fund, a 5 percent decrease below the FY21 operating budget. The request also increased federal revenues from Medicaid for the Adult Protective Services Program by \$2.2 million, or 101 percent, above the FY21 operating budget for personnel. The department will work with the Human Services Department to leverage federal Medicaid administrative funding for Adult Protective Service workers. A majority of the requested general fund reductions would affect department administrative funding; however, the ALTSD request also slightly reduced some grants in the Aging Network by 2 percent or less. Additionally, some of the administrative savings requested by the department are unlikely. LFC supports the department request to increase federal revenue and reduces the general fund 3 percent with an overall increase of 1.1 percent.

BUDGET ISSUES:

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 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 noted several other states use a single PSA model. Other recommendations included creating consistent policies statewide, restructuring the Aging Network Program, 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. In addition, a key area agency on aging, Northcentral, has a new board and staff. Previously, Northcentral had significant audit findings, but it is working to resolve many of the audit findings and issues.

Nutrition 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 some grants by \$384.3 thousand. Overall, the program requested a general fund decrease of 1.3 percent while other revenues remained flat. The Aging Network is experiencing significantly increased enrollment and cost for nutritional support due to the Covid-19 pandemic. The department reported nutritional support enrollment has increased 127 percent since March 2020. While all senior centers and adult daycare centers have remained closed since March 2020, most of the provider resources have been shifted to providing home-delivered meals or grab-and-go meals. Given the significant need for services, LFC recommends increasing general fund revenue for the Aging Network with an additional \$140 thousand for aging network emergency funds above the FY21 operating budget. Many providers have complained in recent years about slow or delayed reimbursements from certain federal programs. In the past, the department allowed 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 on 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 continues this language for FY22.

Adult Protective Services. The department general fund request for the Adult Protective Services (APS) Program was a \$1.6 million decrease, or nearly 15 percent. Most of the general fund reduction was for personnel; however, the department also increased federal revenues from Medicaid, offsetting most of the reduction. Overall, APS requested a federal fund increase of \$2.2 million, or 101 percent, above the FY21 operating budget. The department will work with the Human Services Department to leverage federal Medicaid administrative funding for Adult Protective Services workers.

In FY21, the program began reporting repeat maltreatment to assess the effectiveness of the program in preventing maltreatment. The program reported in the first quarter 5.6 percent of abuse, neglect, or exploitation cases had a recurrence within six months of a previously substantiated case. In FY20, APS investigated 5,494 cases of abuse, neglect, or exploitation, down from 6,671 in FY19. During the first quarter of FY21, the number of investigations of abuse, neglect, or exploitation initiated by Adult Protective Services was 1,204. This is a significant increase from the fourth quarter of FY20 (984 investigations), when APS saw a decline in referrals resulting in fewer investigations. The department believes the drop in reports of abuse or neglect at the end of FY20 was due to Covid-19 restrictions because most reports are a result of visits to doctors' offices, banks, and other community resources. The department also reported in FY20, 99 percent of cases classified as emergency, or priority one, received a face-to-face contact within 24 hours.

The department's request for the Consumer and Elder Rights Program would decrease general fund revenue by \$60 thousand, or 3.6 percent. The requested reduction resulted from previously under-utilized contracts and a revenue swap for leased vehicles; however, in late October, the agency reported these reductions were less likely to materialize. The LFC recommendation supports flat general fund for the program.

The request for Program Support reduced general fund by \$360 thousand, or 6.4 percent, for IT and professional services contracts. However, after the agency submitted the general fund reduction, proposed savings to IT did not materialize, and IT needs for the department continue to increase. The LFC recommends a flat general fund operating budget for Program Support.

Capital Outlay. The department has 194 active capital outlay projects representing close to \$22.8 million. The 2020 bond question will add 96 additional projects with a balance of \$33 million, resulting in 290 outstanding projects with a balance of \$55.8 million. To work through this backlog, the department has increased personnel spending in Program Support for additional FTE.

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.

Any unexpended balances remaining in the aging network from the conference on aging at the end of fiscal year 2022 from appropriations made from other state funds for the conference on aging shall not revert to the general fund.

Any unexpended balances remaining from the tax refund contribution senior fund, which provides for the provision of the supplemental senior services throughout the state, at the end of fiscal year 2022 shall not revert to the general fund.

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,841.5	1,681.9	1,621.9	1,681.9	0.0
Other Transfers	1,014.9	1,300.0	1,300.0	1,300.0	0.0
Federal Revenues	1,980.8	1,958.8	1,958.8	1,958.8	0.0
SOURCES TOTAL	4,837.2	4,940.7	4,880.7	4,940.7	0.0
USES					
Personal Services and Employee Benefits	3,476.1	3,755.5	3,757.9	3,757.9	0.1
Contractual Services	467.7	540.9	467.8	497.8	-8.0
Other	797.4	644.3	655.0	685.0	6.3
TOTAL USES	4,741.2	4,940.7	4,880.7	4,940.7	0.0
FTE					
Permanent	42.0	40.0	40.0	40.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	50.0	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	79%	55%	90%	90%	90%
Outcome	Percent of ombudsman complaints resolved within sixty days	97%	100%	97%	97%	97%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	84%	82%	90%	90%	90%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge or eviction complaint	92%	95%	85%	85%	85%
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	94%	92%	90%	90%	92%
Outcome	Percent of individuals provided short-term assistance that accessed services within thirty days of a referral from options counseling	NEW	NEW	80%	80%	80%
Output	Percent of facilities visited monthly	NEW	NEW	40%	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)

		<u>FY22 - 2021-2022</u>			
	FY20	FY21	Agency	LFC	Percent
	2019-2020	2020-2021	Request	Recommendation	Incr
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	29,017.5	30,450.6	30,058.2	30,590.6	0.5
Federal Revenues	10,472.2	11,697.8	11,697.8	11,697.8	0.0
Other Revenues	0.0	115.8	115.8	115.8	0.0
SOURCES TOTAL	39,489.7	42,264.2	41,871.8	42,404.2	0.3
USES					
Personal Services and Employee Benefits	1,288.7	1,052.2	1,384.8	1,384.8	31.6
Contractual Services	1,308.3	1,247.2	1,245.1	1,245.1	-0.2
Other	36,202.5	39,964.8	39,241.9	39,774.3	-0.5
TOTAL USES	38,799.5	42,264.2	41,871.8	42,404.2	0.3
FTE					
Permanent	12.0	12.0	14.0	14.0	16.7
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	14.0	14.0	16.0	16.0	14.3

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	33%	24%	43%	43%	43%
* Outcome	Number of hours of caregiver support provided	370,538	278,513	444,000	444,000	444,000
* Output	Number of hours of service provided by senior volunteers, statewide	1,365,268	957,031	1,638,000	1,638,000	1,638,000
Explanatory	Average cost per meal in Bernalillo and Santa Fe counties	NEW	NEW			
Explanatory	Average cost per meal in rural and tribal areas (all counties except Bernalillo and Santa Fe)	NEW	NEW			
Explanatory	Average cost per unit of transportation in Bernalillo and Santa Fe counties	NEW	NEW			
Explanatory	Average cost per unit of transportation in rural and tribal areas (all counties except Bernalillo and Santa Fe)	NEW	NEW			
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	50	50	50
Output	Number of meals served in congregate and home-delivered meal settings	NEW	NEW	4,410,000	4,410,000	4,410,000
Explanatory	Number of clients appointed as legal guardians of kinship children in their care	NEW	NEW			
Output	Number of transportation units provided	NEW	NEW	637,000	637,000	637,000
Outcome	Percent of older New Mexicans receiving congregate and home delivered-meals through aging network programs that are assessed with "high" nutritional risk	NEW	NEW	15%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	11,653.3	11,377.3	9,258.3	9,258.3	-18.6
Other Transfers	2,196.9	2,176.3	4,376.3	4,376.3	101.1
SOURCES TOTAL	13,850.2	13,553.6	13,634.6	13,634.6	0.6
USES					
Personal Services and Employee Benefits	8,252.0	9,793.8	9,494.6	9,494.6	-3.1
Contractual Services	3,763.9	3,563.5	3,418.6	3,418.6	-4.1
Other	1,441.2	196.3	721.4	721.4	267.5
TOTAL USES	13,457.1	13,553.6	13,634.6	13,634.6	0.6
FTE					
Permanent	130.0	127.0	127.0	127.0	0.0
TOTAL FTE POSITIONS	130.0	127.0	127.0	127.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	6,636	5,494	6,150	6,150	6,150
Output	Number of referrals made to and enrollments in home care and adult daycare services as a result of an investigation of abuse, neglect or exploitation	NEW	NEW	600	600	600
Outcome	Percent of repeat abuse, neglect or exploitation cases within six months of a substantiation of an investigation	NEW	NEW	5%	5%	5%
Outcome	Percent of contractor referrals in which services were implemented within two weeks of the initial referral	NEW	80%	99%	99%	99%
Outcome	Percent of priority two investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	NEW	95%	95%	95%	95%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	NEW	205	141	141	200

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,778.2	5,119.1	5,259.1	5,619.1	9.8
Federal Revenues	24.3	98.5	98.5	98.5	0.0
SOURCES TOTAL	3,802.5	5,217.6	5,357.6	5,717.6	9.6

BUDGET SUMMARY (dollars in thousands)					
		<u>FY22 - 2021-2022</u>			
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
USES					
Personal Services and Employee Benefits	3,181.0	3,475.5	4,070.5	4,070.5	17.1
Contractual Services	158.3	179.3	160.2	190.2	6.1
Other	265.9	1,562.8	1,126.9	1,456.9	-6.8
TOTAL USES	3,605.2	5,217.6	5,357.6	5,717.6	9.6
FTE					
Permanent	45.0	50.0	48.0	48.0	-4.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	46.0	51.0	49.0	49.0	-3.9

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)

	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 – 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,145,284.7	1,092,489.7	1,129,659.9	1,202,589.1	10.1
Other Transfers	224,483.7	282,237.8	334,733.9	308,801.3	9.4
Federal Revenues	55,704,999.1	6,108,395.8	6,331,018.3	6,603,724.8	8.1
Other Revenues	79,271.1	76,895.5	71,453.0	71,453.0	-7.1
Fund Balance	995.9	0.0	0.0	0.0	
SOURCES TOTAL	57,155,034.5	7,560,018.8	7,866,865.1	8,186,568.2	8.3
USES					
Personal Services and Employee Benefits	115,033.1	114,704.0	111,589.9	112,961.8	-1.5
Contractual Services	204,622.5	217,348.7	210,061.2	213,590.4	-1.7
Other	56,758,503.6	7,227,966.1	7,545,214.0	7,860,016.0	8.7
TOTAL USES	57,078,159.2	7,560,018.8	7,866,865.1	8,186,568.2	8.3
FTE					
Permanent	1,947.5	2,043.5	2,041.5	2,041.5	-0.1
Term	26.0	22.0	16.0	16.0	-27.3
TOTAL FTE POSITIONS	1,973.5	2,065.5	2,057.5	2,057.5	-0.4

AT A GLANCE:

The Human Services Department's FY22 budget request was \$7.87 billion from all revenue sources, a \$306.8 million, or 4 percent, increase over the FY21 operating budget, and included an additional \$37.1 million from the general fund, an increase of 3.4 percent. The LFC recommendation is \$8.19 billion from all revenue sources, a \$626.5 million, or 8.3 percent, increase over the FY21 operating budget, and includes an additional \$110.1 million from the general fund, an increase of 10 percent.

The department requested an additional \$44.2 million from the general fund for the Medicaid Program, which represented an increase of 4.6 percent over the FY21 operating budget. LFC recommends a \$112.2 million increase in general fund support for the state's Medicaid program in FY22, an increase of 11.8 percent over the FY21 operating budget. The recommendation uses \$75 million from the general fund to replace federal funds appropriated during the 2020 first special legislative session to shore up the state budget. LFC also recommends additional general fund support for enrollment growth and maintenance of hospital and provider rates and to offset declines in tobacco settlement funds and county-supported Medicaid funds.

BUDGET ISSUES:

Medicaid and Medicaid Behavioral Health. Medicaid was the only program area where the Human Services Department (HSD) requested an increase in general fund support for FY22. The Medicaid program's general fund request represented an increase of \$44.2 million, or 4.6 percent, compared with the FY21 operating budget. At this requested general fund level, HSD's updated October Medicaid projection indicates the program would operate with a projected FY22 shortfall of \$161.8 million. HSD also projected in October that, barring additional pandemic federal funds support, the Medicaid program would finish FY21 with a projected shortfall of \$21.5 million. HSD submitted a supplemental appropriation request for this amount.

LFC recommends a \$112.2 million increase in general fund support for the state's Medicaid program in FY22, an increase of 11.8 percent over the FY21 operating budget. The LFC recommendation for general fund support replaces the \$75 million in Covid-19-related federal matching funds used during the 2020 first special legislative session to shore up the state's declining budget. LFC also recommends additional general fund support for enrollment growth, maintenance of hospital and provider rates, and back-filling all of the declining tobacco settlement funds and county-supported Medicaid funds.

Medicaid Enrollment. HSD reported 889,886 individuals were enrolled in Medicaid in October 2020, a 7.5 percent increase from one year ago. The department projects a total of 860,596 people will be enrolled in Medicaid at the end of FY22, including 368 thousand children and 262 thousand adults in the expansion population, so called because eligibility was expanded to cover adults up to 138 percent of the federal poverty level (FPL) under the federal Patient Protection and Affordable Care Act. The annual income for a family of four at 138 percent FPL is \$36.1 thousand.

The declining rate of growth in Medicaid enrollment projected for FY22 is a residual effect of HSD's compliance in FY21 with federal maintenance-of-effort requirements under the federal Covid-19 public health order. Under the federal order, states received an additional 6.2 percent federal funds matching rate for every quarter the federal government maintained the Covid-19 public health order. To date, the additional federal matching funds will extend through the end of March 2021.

In return for the extra 6.2 percent federal matching funds, state Medicaid programs must maintain enrollment of all individuals enrolled during the public health emergency period and must maintain the same level of benefits for these individuals. This maintenance-of-effort requirement limits states' ability to implement Medicaid cost-saving measures, despite many states experiencing declining revenues under the economic burden of the pandemic while simultaneously experiencing growing Medicaid costs. HSD projects an improving economy and growing employment in FY22 will lead to slowing Medicaid enrollment growth, but it will take individuals time to gradually come off the Medicaid program.

HSD's enrollment outlook for FY22 assumes modest economic recovery in the aftermath of the public health emergency and overall enrollment is projected to average 867,151 members per month. This compares with an average of 896,659 members per month in FY21 and 839,557 members per month in FY20. Average monthly enrollment in managed care is projected to be 713,583 in FY22 and includes 422,927 members in the physical health population (2.6 percent below FY21); 239,451 members in the adult expansion population (6.7 percent below FY21); and 51,204 members in the long-term services and supports population (1.6 percent above FY21). Despite HSD's projected downward enrollment trend from FY21 to FY22, the projected enrollment for June 2022 remains 26,165 members above the March 2020 level of 680,469. LFC recommends the requested level of funding for Medicaid enrollment.

Federal Cost Drivers. In addition to maintenance-of-effort requirements during the duration of the federal Covid-19 public health order, other factors driving Medicaid costs include decreasing federal matching funds for the Children's Health Insurance Program (CHIP) and healthcare inflation. 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 \$6 million of general fund support. Also, New Mexico's overall FY22 Medicaid federal matching rate, or federal medical assistance percentage (FMAP), increased from a rate of 73.46 to 73.71, resulting in general fund savings of \$8.9 million.

Medicaid Provider Rates. In FY20 and FY21, HSD increased many Medicaid provider payment rates up to 98 percent of the equivalent Medicare rate. The rate increases were implemented to support New Mexico's network of healthcare providers. Maintaining Medicaid provider rates is 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 requested a \$7 million reduction in general fund support for hospital and provider rates in FY22; however, the LFC recommendation maintains current FY21 levels of general fund support for provider rates.

Medicaid Managed Care Organization Rates. Insurance organizations of all types across the country returned premiums to their members during the pandemic because of declining utilization of benefits. According to data from the U.S. Centers for Medicare and Medicaid Services, plans offered through health insurance exchanges, insurance marketplaces for those without other access to health insurance, owe their 2019 customers nearly \$2.5 billion in rebates. On average nationwide, health insurance exchange customers are slated to have returned about \$332 per member. Health insurance plans typically are required to spend at least 85 cents on the dollar on healthcare, and if they overcharged members on their premiums, insurers are required to rebate the excess money back to consumers. The New Mexico Office of Superintendent of Insurance reports individual-plan insurers on the New Mexico health insurance exchange have or will be providing refunds to their members. Similar rebates are occurring at the New Mexico Medical Insurance Pool for hard-to-insure individuals. The Medicaid program funds assessments to the exchange and the pool that could be reduced and generate cost savings to the general fund.

Concurrently, utilization of Medicaid healthcare benefits also declined sharply during the pandemic, leading to increased profits for Medicaid managed care organizations (MCOs). A recent LFC program evaluation, *Centennial Care 2.0 – Implementation and Benchmarking*, reported that although Medicaid enrollment has grown significantly, healthcare utilization and healthcare spending data shows members are not accessing healthcare services at the same rate as in the pre-pandemic period. HSD requested an increase of over \$40 million in FY22 to support Medicaid MCO rates driven up by medical inflation. The LFC recommendation supports a \$35 million increase for MCO rates.

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 based on improving health outcomes. The LFC program evaluation reported the state spent \$736 million, including federal revenues, on care coordination under Centennial Care, yet little is known about its impact on cost-savings or health outcomes.

The LFC program evaluation concludes New Mexico Medicaid health outcomes, as measured by the Healthcare Effectiveness Data and Information Set (HEDIS), have generally remained unchanged. Comparing New Mexico with other Medicaid populations, 76 percent of adult and child measures are below the national median value. Centennial Care 2.0 is in the early stages of its value-based purchasing (VBP) system, which aims to improve health outcomes among members by financially incentivizing healthcare providers to target and improve health outcomes. However, VBP's impact on Medicaid health outcomes is not yet fully understood.

Coverage Initiatives. HSD is planning implementation of a managed care entity to serve Native Americans, starting in the northwestern quadrant of the state. This could result in members shifting from less costly Medicaid fee-for-service care to potentially higher cost managed-care coverage. However, the goal is to potentially improve health outcomes for Native Americans.

In addition to expanding the network of care through maintenance of FY20 and FY21 Medicaid provider rate increases, HSD also requested graduate medical education (GME) positions for primary care and psychiatry, particularly in rural areas. HSD requested and LFC recommends \$350 thousand in general fund support for the GME program through an FY21 and FY22 special appropriation.

Revenue Changes. Various other revenue changes also impacted FY22 funding for Medicaid. HSD requested \$24.3 million in tobacco settlement program funds to support Medicaid. However, the tobacco settlement fund is projected to receive \$20 million less in FY22 than in FY21. Accordingly, LFC recommends \$5.4 million from tobacco settlement funds to support Medicaid but offsets the remaining need with \$18.9 million from the general fund.

Additionally, the Department of Finance and Administration projects the county-supported Medicaid fund will decline to \$34.9 million for FY22. This fund is divided with 91 percent allocated to HSD and 9 percent allocated to DOH. The LFC recommendation includes \$31.76 million from the county-supported Medicaid fund, \$6.97 million less than requested by HSD. The LFC recommends general fund support to replace the difference. Also, the safety net care pool fund should accrue less revenue than projected by HSD because of decreases in gross receipts tax revenue.

The Human Services Department reverted \$135 million to the general fund for FY20, compared with \$30.2 million in FY19. The large FY20 reversion was primarily due to Medicaid receiving over \$120 million in FY20 in pandemic federal Medicaid matching funds. To date in FY21, the Medicaid program has received approximately \$200 million in pandemic federal Medicaid matching funds.

Medicaid Behavioral Health. Centennial Care 2.0 includes funding for supportive housing, 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 Medicaid reimbursement for adult residential treatment centers for substance abuse disorders (SUDs). However, the benefits from this change are slowly being implemented, and the effects of the Covid-19 pandemic are exacerbating access to services and negatively impacting behavioral health outcomes.

HSD also implemented strategies to increase the behavioral health providers network. The department (1) expanded the substance use disorder (SUD) waiver to add Medicaid funding for screening, brief intervention, and referral to treatment (SBIRT), CareLink health homes, adult substance use residential treatment, medication-assisted treatment, and use of peer supports; (2) implemented in October 2019 \$78 million in FY20 rate increases for Medicaid providers including behavioral health providers; (3) began implementation of a graduate medical education (GME) program for primary care, behavioral health physicians, and psychiatry; (4) reached settlement agreements in December 2019 with the remaining five behavioral health organizations that filed lawsuits against HSD when their Medicaid payments were frozen in 2013 due to largely unsubstantiated allegations of fraud; and (5) received award of a \$2.4 million federal planning grant in September 2019 to increase the treatment capacity of Medicaid providers to deliver SUD treatment and recovery services. Finally, the 2020 Medicaid MCO contracts include a performance measure for delivery system improvement to increase the number of unduplicated Medicaid members receiving behavioral health services from a behavioral health provider.

For FY22, HSD requested and the committee recommends \$31 million more general fund revenue for the Medicaid Behavioral Health Program than in FY21. The general fund request represented a 28 percent increase from the FY21 operating budget. LFC also recommends \$50 thousand in general fund revenue be transferred to the Administrative Hearings Office to fund behavioral health hearing officers.

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 FY22 budget request for the Income Support Program was \$1.084 billion from all revenue sources, a \$139 million, or 14.7 percent, increase over the FY21 operating budget. The Income Support Program's budget request included a reduction of \$2.79 million from the general fund, or a decrease of 5.6 percent, from the operating budget. Federal funds increased over \$142 million largely because of growing enrollment in the Supplemental Nutrition Assistance Program (SNAP). The department requested reductions in general fund support for personnel vacancies offset by IT enhancements; travel, supplies, equipment, maintenance, postage, and rent; field office security and consolidation of the call center; contracts for consultants, employment and training, and the Education Works program; human trafficking services and state-supported residential care; and some medical care not covered by Medicaid.

LFC recommends \$1.086 billion and includes \$48.7 million from the general fund, a decrease of 2 percent. The LFC recommends general fund support to fully fund employment and training services and the Education Works program, human trafficking services, state-supported residential care, and some medical care not covered by Medicaid.

In December, HSD updated its Income Support Program funding projections and forecast the program expects to spend almost \$10 million more in FY21 because of economic pressure from the pandemic driving client enrollment increases. This spending increase in FY21 would result in less carryover balance moving into FY22, declining from a projected carryover amount of \$3.9 million to \$385 thousand. Possible awarding of the federal TANF contingency funds totaling approximately \$13 million could alleviate some of the fiscal pressure. TANF contingency funds are awarded in the year following the state request and are based on economic conditions during the request year. However, it appears increasingly unsustainable to maintain the same level of TANF funding transfers to other departments, such as the over \$64 million of TANF support for prekindergarten, home visiting, and childcare to the Early Childhood Education and Care Department.

Supplemental Nutrition Assistance Program. The LFC recommendation supports the request for federal SNAP funds totaling \$778.2 million, \$138.2 million greater than FY21 levels but \$77.5 million below FY20 actual expenditures. The October 2020 SNAP caseload was 237,146, up 5.9 percent from a year ago. Food insecurity remains a significant problem for adults and children in New Mexico. The second special legislative session in 2020 added \$5 million to support food banks and food distribution across the state.

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 caseloads saw significant increases during the pandemic. The caseload in October 2020 was 11,376, an increase of 7.7 percent from a year ago.

The LFC recommendation for TANF cash assistance is \$47.7 million, and HSD's current projection indicates downward pressure on this amount as employment is projected to improve in FY22. The recommendation maintains FY21 operating levels of funding for the vocational training and wage subsidy programs.

TANF Transfers. Transfers totaling \$64.1 million to the Early Childhood Education and Care Department for childcare, prekindergarten, and home-visiting services to new families are flat with the previous year, as are transfers totaling \$200 thousand to the Public Education Department for the Graduation, Reality and Dual-Role Skills (GRADS) program and \$900 thousand to the Children, Youth and Families Department for supportive housing.

Behavioral Health Services Program. The Behavioral Health Services Program's FY22 budget request was \$65.5 million from all sources. The general fund request of \$45.6 million was a decrease of \$2.7 million, or 5.6 percent, below the FY21 operating budget. The Behavioral Health Services Division's (BHSD) requested general fund reductions of \$2.6 million from its administrative services organization (ASO) contract by reducing claims by 10.3 percent for recovery support groups and services, counseling and therapy, alcohol and drug medications, and care coordination. BHSD also requested additional reductions, including \$57 thousand for psychotropic medications; \$16 thousand from the intervention demonstration project for counties' crisis response and interventions for behavioral health, jail reentry, and housing; and \$43 thousand for Native American substance abuse counseling, therapy, and care coordination.

The LFC recommendation for the Behavioral Health Services Program supports an overall budget for FY22 of \$68.2 million, including maintaining general fund revenue at the same level as FY21. The operating budget included expansion of quality, evidence-based behavioral health services, and the committee supports the continuation of these efforts.

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 behavioral health and related services. HSD has taken measures to ensure and improve behavioral health access during the Covid-19 pandemic. Medicaid managed care organizations (MCOs) were directed to allow behavioral health providers to bill for telephonic visits the same as in-person visits. For the 12-month period of July 1, 2019, through June 30, 2020, 22,575 unduplicated members were served through telehealth services. Additionally, HSD is partnering with the Department of Health and Tourism Department to provide temporary housing and peer supports for displaced individuals who are at risk for Covid-19, are awaiting Covid-19 testing, or have tested positive for Covid-19.

Behavioral Health Collaborative. The Human Services Department (HSD) reports the Behavioral Health Collaborative agencies are requesting more than \$790 million for FY22 across several 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.

Child Support Enforcement Program. The recommendation supports the Child Support Enforcement Division's (CSED) \$31.2 million total request for FY22, including an additional \$389 thousand from the general fund. The LFC general fund recommendation represents a decrease from the FY21 operating budget of 0.9 percent, compared with the 5.6 percent decrease in the agency request. 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. However, CSED has struggled in recent years to meet multiple performance targets.

CSED is implementing modernization changes to its business model, including setting accurate child support obligations based on the noncustodial parents ability to pay; increasing consistent, on-time payments to families; moving nonpaying cases to paying status; improving child support collection rates; reducing the accumulation of unpaid and uncollectable child support arrearages; and incorporating technological advances and evidence-based standards that support good customer-service and cost-effective management practices. CSED reports it is collaborating with the Workforce Solutions Department to support noncustodial parents with job training in an effort to increase collection of sustainable child support payments.

Program Support. For Program Support, HSD requested \$60.77 million for FY22, including a decrease of \$132 thousand in general fund revenue, a 0.7 percent decrease below the FY21 operating budget. The flat funding would support the maintenance and operations contract for the department's Medicaid management information system (MMIS) system used to process Medicaid and other transactions and an expansion of 4 FTE in the Information Technology Division to address business practices and other IT service needs. The LFC recommendation supports the department's request.

HSD Quarterly Performance Reporting. In FY21, the Medicaid program only reported data on three out of 10 performance measures. The Temporary Assistance for Needy Families (TANF) program is struggling during the pandemic to find job placement opportunities for clients. However, the Child Support Enforcement program has increased child support collections by intercepting pandemic federal stimulus checks from noncustodial parents owing support.

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 2022 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 appropriation to the medical assistance program of the human services department in the other category includes eight hundred sixty thousand eight hundred dollars (\$860,800) from the tobacco settlement program fund for the breast and cervical cancer treatment program and four million five hundred thousand eight hundred dollars (\$4,500,800) 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-one million seven hundred fifty-nine thousand dollars (\$31,759,000) 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-seven million six hundred eighteen thousand seven hundred dollars (\$47,618,700) 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 eighteen million sixty-five thousand two hundred dollars (\$18,065,200) 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 forty-one million five hundred twenty-seven thousand five hundred dollars (\$41,527,500) 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.

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	925,307.9	858,623.0	870,751.3	938,779.4	9.3
Other Transfers	224,483.7	282,237.8	334,733.9	308,801.3	9.4
Federal Revenues	54,054,057.7	4,706,116.2	4,667,673.5	4,939,785.9	5.0
Other Revenues	73,967.5	72,690.4	67,164.4	67,164.4	-7.6
SOURCES TOTAL	55,277,816.8	5,919,667.4	5,940,323.1	6,254,531.0	5.7
USES					
Personal Services and Employee Benefits	12,451.1	13,536.6	13,536.6	13,536.6	0.0
Contractual Services	63,097.0	65,693.3	69,326.6	69,326.6	5.5
Other	55,138,055.8	5,840,437.5	5,857,459.9	6,171,667.8	5.7
TOTAL USES	55,213,603.9	5,919,667.4	5,940,323.1	6,254,531.0	5.7
FTE					
Permanent	172.5	220.5	220.5	220.5	0.0
Term	11.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	183.5	220.5	220.5	220.5	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	72%	61%	72%	72%	72%
* Explanatory	Percent of infants and children in medicaid managed care who had six or more well-child visits in the first thirty months of life	62%	46.1%			
* Outcome	Percent of children and adolescents in medicaid managed care ages three to twenty-one years who had one or more well-care visits during the measurement year	86%	73.2%	88%	88%	88%
Outcome	Percent of recipients in medicaid managed care ages eighteen to seventy-five with diabetes who had a HbA1c test during the measurement year	85%	62.8%	86%	86%	86%
Outcome	Percent of children in medicaid managed care ages two to seventeen years readmitted to a hospital within thirty days of discharge	4%	5.3%	<5%	<5%	<5%
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	7%	7.5%	<8%	N/A	<8%
* Outcome	Percent of member birth deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	77%	82%	83%	83%	83%
Explanatory	Expenditures for children and youth receiving services through medicaid school-based service programs through an individualized education program, in millions.	\$16.9	\$14.1			
Quality	Percent of members reporting satisfaction with centennial care services	82%	N/A	82%	82%	83%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of centennial care members participating in centennial rewards	78%	41.3%	47%	47%	47%
Outcome	Rate of short-term complication admissions for medicaid managed care members with diabetes per one hundred thousand members	648	16.7%	400	16.4%	16%
Outcome	Percent of medicaid managed-care members, ages five through sixty-four, identified as having persistent asthma who had a ratio of controller medications to total asthma medications of 0.5 or greater during the measurement year	60%	66%	55%	55%	60%
Explanatory	Number of justice-involved individuals made eligible for medicaid prior to release	1,844	1,479			
* Outcome	Percent of non-emergent utilization of all emergency department utilization	0.52	59%	0.45	50%	45%
Explanatory	Number of medicaid managed care members being served by patient-centered medical homes and health homes compared with the previous year	321,169	367,602			
Output	Number of medicaid managed care members who received treatment for hepatitis c	838	1,411	1,200	1,200	1,400
Output	Percent of provider payments included in value-based purchasing arrangements	27%	48%	20%	20%	50%
Outcome	Percent of medicaid managed care members with a nursing facility level of care being served in a noninstitutional setting	86%	86%	80%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	110,153.0	109,768.1	140,913.0	140,913.0	28.4
Federal Revenues	448,736.7	418,304.4	543,847.0	543,847.0	30.0
SOURCES TOTAL	558,889.7	528,072.5	684,760.0	684,760.0	29.7
USES					
Other	549,210.9	528,072.5	684,760.0	684,760.0	29.7
TOTAL USES	549,210.9	528,072.5	684,760.0	684,760.0	29.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	8.6%	8.9%	5%	5%	5%
* Output	Number of individuals served annually in substance use or mental health programs administered through the behavioral health collaborative and medicaid programs	166,939	214,935	175,000	200,000	215,000
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within thirty-four days of the initial visit	NEW	NEW	25%	18%	20%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* 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	50%	50%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	46,909.7	49,710.6	46,915.8	48,710.6	-2.0
Federal Revenues	1,108,489.4	895,137.1	1,037,382.9	1,037,977.0	16.0
Other Revenues	477.3	477.3	60.8	60.8	-87.3
Fund Balance	816.9	0.0	0.0	0.0	
SOURCES TOTAL	1,156,693.3	945,325.0	1,084,359.5	1,086,748.4	15.0
USES					
Personal Services and Employee Benefits	61,783.9	58,553.5	56,848.9	57,669.7	-1.5
Contractual Services	47,191.1	49,992.2	47,068.9	48,042.9	-3.9
Other	1,047,261.4	836,779.3	980,441.7	981,035.8	17.2
TOTAL USES	1,156,236.4	945,325.0	1,084,359.5	1,086,748.4	15.0
FTE					
Permanent	1,134.0	1,134.0	1,132.0	1,132.0	-0.2
Term	15.0	15.0	9.0	9.0	-40.0
TOTAL FTE POSITIONS	1,149.0	1,149.0	1,141.0	1,141.0	-0.7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	31%	35%	53%	20%	53%
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	39.5%	43.1%	63%	40%	63%
Outcome	Percent of expedited supplemental nutritional assistance program cases meeting the federally required measure of timeliness within seven days	99%	98.8%	98%	95%	98%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	48.9%	18.1%	58%	30%	50%
Outcome	Percent of nonexpedited supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	99.1%	98.8%	96%	95%	99%
Outcome	Percent of adult temporary assistance for needy families recipients who become ineligible for cash assistance due to new work-related income	N/A	14.1%	37%	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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	38,623.0	48,354.0	45,636.5	48,354.0	0.0
Federal Revenues	33,230.0	25,033.7	19,860.4	19,860.4	-20.7
SOURCES TOTAL	71,853.0	73,387.7	65,496.9	68,214.4	-7.0
USES					
Personal Services and Employee Benefits	2,999.8	4,358.5	4,099.8	4,358.5	0.0
Contractual Services	65,802.3	67,187.6	59,473.6	61,932.4	-7.8
Other	2,756.3	1,841.6	1,923.5	1,923.5	4.4
TOTAL USES	71,558.4	73,387.7	65,496.9	68,214.4	-7.0
FTE					
Permanent	40.0	48.0	47.0	47.0	-2.1
Term	5.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	45.0	55.0	54.0	54.0	-1.8

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of youth on probation who were served by the behavioral health collaborative and medicaid programs	59.7%	67.4%	64%	62%	67%
Outcome	Percent of adults with mental illness or substance use disorders receiving services who report satisfaction with staff's assistance with their housing need	47.8%	N/A	57%	50%	70%
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days	37.3%	38.4%	N/A	50%	50%
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	53.5%	55.4%	70%	70%	70%
Outcome	Percent increase in number of health-home clients over the prior year	2%	10%		3.5%	3.5%
* 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	14.3%	20.6%	35%	18%	35%
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs	2	8			
Quality	Percent of people receiving behavioral health services who report satisfaction with those services	85.8%	N/A	86%	88%	88%
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	33.8%	36.4%	35%	35%	36%
Explanatory	Percent increase of people served through telehealth in urban, rural and frontier counties for behavioral health	5,537	633%			

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of emergency department visits, for medicaid managed care members age thirteen years 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	16.7%	18.7%	25%	19%	40%
Output	Percent of certified peer support workers providing services in at least two quarters of the measurement year	NEW	NEW	5%	5%	5%
Explanatory	Members who abuse or are dependent on opioids who initiated treatment within fourteen days of diagnosis	NEW	NEW			
* Outcome	Percent of medicaid members released from inpatient psychiatric hospitalizations stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	NEW	NEW	51%	51%	51%
Explanatory	Members who abuse or are dependent on alcohol who initiated treatment within fourteen days of diagnosis	NEW	NEW			
Explanatory	Members who abuse or are dependent on opioids who had two or more additional visits within thirty-four days	NEW	NEW			
Outcome	Number of people receiving telephone behavioral health services through medicaid and non-medicad programs	NEW	NEW	NEW	60,000	60,000
Explanatory	Members who abuse or are dependent on alcohol who had two or more additional visits within thirty-four 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	54.2%	N/A	50%	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)

			<u>FY22 - 2021-2022</u>		Percent Incr (Decr)	
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
	General Fund Transfers	7,927.1	8,161.3	7,702.4	8,091.2	-0.9
	Federal Revenues	22,229.7	21,330.9	20,440.1	20,440.1	-4.2
	Other Revenues	4,114.9	3,016.4	3,016.4	3,016.4	0.0
	SOURCES TOTAL	34,271.7	32,508.6	31,158.9	31,547.7	-3.0
USES						
	Personal Services and Employee Benefits	20,858.8	20,721.5	19,861.6	20,154.0	-2.7
	Contractual Services	6,479.2	6,816.5	6,533.0	6,629.4	-2.7
	Other	4,701.6	4,970.6	4,764.3	4,764.3	-4.2
	TOTAL USES	32,039.6	32,508.6	31,158.9	31,547.7	-3.0
FTE						
	Permanent	378.0	378.0	375.0	375.0	-0.8
	TOTAL FTE POSITIONS	378.0	378.0	375.0	375.0	-0.8

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Amount of child support collected, in millions	\$137.5	\$156	\$145	\$145	\$145
* Outcome	Percent of current support owed that is collected	57.7%	58.7%	60%	60%	60%
* Outcome	Percent of cases with support orders	79.5%	83.2%	85%	85%	85%
Output	Dollars collected in child support obligations for each dollar expended by the child support enforcement program	\$3.55	N/A	\$4.25	\$3.75	\$3.75
Explanatory	Average amount of child support collected, per child	NEW	NEW			
* Outcome	Percent of noncustodial parents paying support to total cases with support orders	NEW	NEW	58%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	16,364.0	17,872.7	17,740.9	17,740.9	-0.7
Federal Revenues	38,255.6	42,473.5	41,814.4	41,814.4	-1.6
Other Revenues	711.4	711.4	1,211.4	1,211.4	70.3
Fund Balance	179.0	0.0	0.0	0.0	
SOURCES TOTAL	55,510.0	61,057.6	60,766.7	60,766.7	-0.5
USES					
Personal Services and Employee Benefits	16,939.5	17,533.9	17,243.0	17,243.0	-1.7
Contractual Services	22,052.9	27,659.1	27,659.1	27,659.1	0.0
Other	16,517.6	15,864.6	15,864.6	15,864.6	0.0
TOTAL USES	55,510.0	61,057.6	60,766.7	60,766.7	-0.5
FTE					
Permanent	263.0	263.0	267.0	267.0	1.5
TOTAL FTE POSITIONS	263.0	263.0	267.0	267.0	1.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	0%	N/A			
Output	Percent of timely final decisions on administrative disqualification hearings within ninety days of hearing being scheduled	100%	100%	100%	100%	100%
Outcome	Administrative cost as a percent of total claims collected by the restitution services bureau	15%	15%	15%	15%	15%
Outcome	Administrative cost to total claims collected by the medicaid program integrity unit	\$10.15	\$12.32	\$8.00	\$7.00	\$7.00

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,116.2	9,879.4	9,385.4	9,385.4	-5.0
Other Transfers	4,764.1	5,982.4	5,982.4	5,982.4	0.0
Federal Revenues	55,982.6	71,393.0	70,564.6	70,564.6	-1.2
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	87,254.8	85,932.4	85,932.4	-1.5
USES					
Personal Services and Employee Benefits	27,468.2	29,328.4	29,328.3	29,328.3	0.0
Contractual Services	13,313.2	11,975.9	10,879.6	10,879.6	-9.2
Other	38,416.0	45,950.5	45,724.5	45,724.5	-0.5
TOTAL USES	79,197.4	87,254.8	85,932.4	85,932.4	-1.5
FTE					
Permanent	409.0	414.5	414.5	414.5	0.0
Term	83.0	84.5	84.5	84.5	0.0
TOTAL FTE POSITIONS	492.0	499.0	499.0	499.0	0.0

AT A GLANCE:

The Workforce Solutions Department (WSD), funded mostly with federal dollars, requested an FY22 budget of \$85.9 million, 1.5 percent lower than the FY21 operating budget of \$87.3 million. The request included a general fund decrease of \$494 thousand, or 5 percent, and a decrease in federal funds of \$628.4 thousand, less than 1 percent. Other revenues from the agency's employment security fund, the public works apprenticeship and training fund, and the labor enforcement fund, as well as the historic transfer of funds from the Workers' Compensation Administration, were held flat at FY21 levels.

In the 2020 first special legislative session, the department's FY21 operating budget was reduced by 4 percent overall, with a 4.8 percent reduction in general fund revenue. Nearly all of this reduction was taken in the personal services and employee benefits category. At the requested FY22 funding level, the department's projected funded vacancy rates are between 14 percent and 25 percent, depending on the division.

The committee recommendation supports the agency's request, including the continued use of the agency's fund balances to support operations and programs and the \$1 million transfer from the Workers' Compensation Administration fund.

BUDGET ISSUES:

Over 80 percent of the total FY22 reduction was taken from the contracts budget. In FY21, the department increased spending on contracts with technology partners by over \$1 million in order to manage the unprecedented number of unemployment claims resulting from the Covid-19 pandemic shutdowns, as well as system changes required to implement the federal pandemic unemployment programs. The reduction in funding for contracts in FY22 indicated these additional contractual services will no longer be needed. Other general fund reductions were taken across the agency in operating costs, and in some divisions, federal funds were used to replace general fund revenues. The one exception to reduced general fund spending was the Labor Relations Division. This division is nearly 100 percent funded through general fund revenues, and the agency's request held general fund spending in this division flat with the FY21 operating budget. Reductions in personnel spending in the Program Support division would be mitigated through the agency's indirect cost allocation process. The request also included the transfer

of the agency's federally funded apprenticeship program from the Labor Relations Division to the Employment Services Division, including \$373.7 thousand for 4 FTE and \$2 million for grants in other funds.

Regular unemployment benefits are funded by state unemployment taxes paid by employers for each of their employees. These tax receipts go into individual state accounts in the federal unemployment trust fund (UTF), maintained by the U.S. Treasury Department. Prior to the Covid-19 pandemic, New Mexico's UTF had a healthy balance of \$459.7 million, higher than the federally recommended minimum. Since the start of the pandemic, unemployment claims have spiked to record levels, and New Mexico's UTF was depleted. The fund reached insolvency on September 8, 2020.

New Mexico, like many other states, is now borrowing from the federal government to stand up the fund until it can be replenished. As of November 3, 2020, the state had borrowed approximately \$16.2 million. These loans normally must be repaid with interest, but a provision in the Families First Coronavirus Response Act made the loans interest free until December 31, 2020. Interest on these loans cannot be paid back through the UTF, so the state will have use other revenues to make the interest payments. The interest rate is set by the U.S. Treasury and fluctuates with the market. For November 2020 it is 2.4 percent. Barring further action by Congress, the loan will start accruing interest January 1, 2021. States can repay the loan until November 10 following the second consecutive January 1 on which the state has an outstanding balance. If the state has not repaid the loan in full at that time, the federal unemployment tax on employers is increased until the balance is paid off. To pay back the loan and replenish the UTF, the state can: (1) decrease benefits through a state law change; (2) increase the state tax rate, which will happen automatically per current state law; (3) use other borrowing to pay off the debt; or (4) let the federal unemployment tax on employers increase until the balance is paid off.

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 employment services 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.

WORKFORCE TRANSITION SERVICES

The purpose of the workforce transition (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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	254.4	1,333.4	1,183.4	1,183.4	-11.2
Other Transfers	1,312.7	968.7	968.7	968.7	0.0
Federal Revenues	6,464.2	8,065.0	7,776.7	7,776.7	-3.6
SOURCES TOTAL	8,031.3	10,367.1	9,928.8	9,928.8	-4.2
USES					
Personal Services and Employee Benefits	7,691.7	7,778.2	7,778.2	7,778.2	0.0
Contractual Services	278.0	546.0	355.0	355.0	-35.0
Other	1,410.9	2,042.9	1,795.6	1,795.6	-12.1
TOTAL USES	9,380.6	10,367.1	9,928.8	9,928.8	-4.2
FTE					
Permanent	132.0	132.0	132.0	132.0	0.0
Term	32.0	32.0	32.0	32.0	0.0
TOTAL FTE POSITIONS	164.0	164.0	164.0	164.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	93%	72.8%	89%	89%	90%
Output	Percent of first payments made within fourteen days after the waiting week	92.4%	83.5%	90%	90%	90%
Output	Accuracy rate of claimant separation determinations	70.4%	N/A	91%	91%	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	17	24	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	13	18	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>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,373.2	2,031.4	2,031.4	2,031.4	0.0
Other Transfers	2,104.9	2,464.1	399.5	399.5	-83.8
Federal Revenues	871.6	498.2	384.1	384.1	-22.9
Fund Balance	98.0	0.0	0.0	0.0	
SOURCES TOTAL	4,447.7	4,993.7	2,815.0	2,815.0	-43.6
USES					
Personal Services and Employee Benefits	2,313.9	2,684.7	2,310.9	2,310.9	-13.9
Contractual Services	41.0	41.7	76.7	76.7	83.9
Other	1,995.8	2,267.3	427.4	427.4	-81.1
TOTAL USES	4,350.7	4,993.7	2,815.0	2,815.0	-43.6
FTE					
Permanent	38.0	39.5	35.5	35.5	-10.1
Term	1.0	1.5	1.5	1.5	0.0
TOTAL FTE POSITIONS	39.0	41.0	37.0	37.0	-9.8

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of investigated wage claims that are issued an administrative determination within ninety days	43.8%	17%	85%	85%	85%
Outcome	Percent of legacy claims issued an administrative determination	NEW	NEW	90%	90%	90%
Output	Percent of public works projects inspected	NEW	NEW	80%	80%	80%
* Output	Percent of discrimination claims investigated and issued a determination within two hundred days	NEW	NEW	75%	75%	75%

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,838.3	5,511.8	5,361.8	5,361.8	-2.7
Other Transfers	765.4	2,237.5	2,237.5	2,237.5	0.0
Federal Revenues	5,928.3	10,186.8	9,186.8	9,186.8	-9.8
Fund Balance	429.5	0.0	0.0	0.0	
SOURCES TOTAL	13,961.5	17,936.1	16,786.1	16,786.1	-6.4
USES					
Personal Services and Employee Benefits	3,729.6	4,178.7	4,178.7	4,178.7	0.0
Contractual Services	7,749.5	9,003.4	7,853.4	7,853.4	-12.8
Other	5,137.5	4,754.0	4,754.0	4,754.0	0.0
TOTAL USES	16,616.6	17,936.1	16,786.1	16,786.1	-6.4
FTE					
Permanent	37.0	40.0	40.0	40.0	0.0
Term	7.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	44.0	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99%	99.37%	99%	99%	99%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services, in minutes	NEW	147	20	20	20

BUSINESS SERVICES

The purpose of the business services (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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	183.5	867.4	673.4	673.4	-22.4
Other Transfers	0.0	0.0	2,064.6	2,064.6	
Federal Revenues	11,521.0	13,603.9	14,150.7	14,150.7	4.0
SOURCES TOTAL	11,704.5	14,471.3	16,888.7	16,888.7	16.7
USES					
Personal Services and Employee Benefits	7,184.5	7,601.9	7,975.6	7,975.6	4.9
Contractual Services	833.6	1,306.2	1,567.4	1,567.4	20.0
Other	3,992.9	5,563.2	7,345.7	7,345.7	32.0
TOTAL USES	12,011.0	14,471.3	16,888.7	16,888.7	16.7
FTE					
Permanent	108.0	108.0	112.0	112.0	3.7
Term	37.0	37.0	37.0	37.0	0.0
TOTAL FTE POSITIONS	145.0	145.0	149.0	149.0	2.8

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of recently separated veterans entering employment	51.5%	49%	50%	50%	50%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a connections office	45%	43.9%	50%	50%	50%
Output	Number of individuals receiving employment services in a connections office	113,347	91,743	100,000	100,000	100,000
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	56%	67.2%	55%	60%	60%
Outcome	Percent of unemployed individuals who have received employment services in a connections office retaining employment after six months	79%	68.8%	79%	75%	75%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in a connections office	\$13,740	\$11,936	\$13,700	\$12,750	\$13,500
Outcome	Percent of recently separated veterans retaining employment after six months	75%	52%	71%	71%	71%
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$16,886	\$ 9,478	\$17,000	\$17,000	\$17,000
Outcome	Average change in six-month earnings of working individuals after receiving employment services in a connections office	NEW	NEW	\$1,000	\$1,500	\$1,500
* Output	Percent of audited apprenticeship programs deemed compliant	NEW	NEW	35%	75%	75%
Output	Number of individuals accessing the agency's online job seeker portal	NEW	NEW	125,000	125,000	125,000
Output	Number of apprentices registered and in training	1,651	1,785	1,500	1,500	1,500

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	466.8	135.4	135.4	135.4	0.0
Other Transfers	581.1	312.1	312.1	312.1	0.0
Federal Revenues	31,197.5	39,039.1	39,066.3	39,066.3	0.1
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	39,486.6	39,513.8	39,513.8	0.1
USES					
Personal Services and Employee Benefits	6,548.5	7,084.9	7,084.9	7,084.9	0.0
Contractual Services	4,411.1	1,078.6	1,027.1	1,027.1	-4.8
Other	25,878.9	31,323.1	31,401.8	31,401.8	0.3
TOTAL USES	36,838.5	39,486.6	39,513.8	39,513.8	0.1
FTE					
Permanent	94.0	95.0	95.0	95.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	100.0	101.0	101.0	101.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of Title I youth program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from a Workforce Innovation and Opportunity Act program.	NEW	NEW	NEW	62%	62%
Outcome	Percent of reemployment services and eligibility assessment program participants exhausting unemployment insurance benefits	NEW	NEW	NEW	47%	47%
Outcome	Percent of youth who are employed in the state	NEW	NEW	59%	59%	60%
Outcome	Percent of reemployment services and eligibility assessment program participants reemployed	NEW	NEW	NEW	54%	54%
Outcome	Number of enrolled participants in Title I Workforce Innovation and Opportunity Act training programs.	NEW	NEW	NEW	6800	6800
Outcome	Percent of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program	NEW	NEW	NEW	75%	75%
Outcome	Percent of Title I youth program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from a Workforce Innovation and Opportunity Act program.	NEW	NEW	NEW	65%	65%
Outcome	Percent of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act program	NEW	NEW	NEW	77%	77%
Outcome	Median-earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act program	NEW	NEW	NEW	\$7,467	\$7,467
Outcome	Percent of participants enrolled in an education or training program (excluding those in on-the-job training and customized training) who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from a Workforce Innovation and Opportunity Act program.	NEW	NEW	NEW	59%	59%
Output	Number of youth receiving services and registered in the online career solutions tool	NEW	NEW	3,000	3,000	3,000

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 Worker's 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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency</u>	<u>LFC</u>	<u>Incr</u>
SOURCES			<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
Other Revenues	12,520.5	12,476.7	11,833.9	11,933.9	-4.4
SOURCES TOTAL	12,520.5	12,476.7	11,833.9	11,933.9	-4.4
USES					
Personal Services and Employee Benefits	8,758.6	9,128.8	8,683.9	8,683.9	-4.9
Contractual Services	379.7	481.6	457.6	457.6	-5.0
Other	1,383.0	1,866.3	1,792.4	1,792.4	-4.0
Other Financing Uses	1,050.0	1,000.0	900.0	1,000.0	0.0
TOTAL USES	11,571.3	12,476.7	11,833.9	11,933.9	-4.4
FTE					
Permanent	122.0	122.0	122.0	122.0	0.0
TOTAL FTE POSITIONS	122.0	122.0	122.0	122.0	0.0

AT A GLANCE:

The agency's FY22 request of \$11.8 million was 5.2 percent lower than the FY21 operating budget. Reductions were taken uniformly across both of the agency's programs and included a 5 percent reduction in salaries and employee benefits, a 5 percent reduction in contracts, and a 4 percent reduction in operating expenses. In anticipation of lower revenues due to the increase in unemployment, the agency requested the transfer of funds to the Workforce Solutions Department (WSD) be reduced from the prior year amount of \$1 million to \$900 thousand.

The LFC recommendation supports the agency's request but maintains the transfer of funds to WSD at \$1 million.

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.

The uninsured employers' fund (UEF) was created in 2003 to provide workers compensation benefits to injured works whose employers did not have, as prescribed by law, workers' compensation coverage in place at the time of the worker's injury. Funding for the fund comes from earmarking 30 cents per employee per quarter from the employer's assessment fee. The law intends the fund be supplemented by the collection of reimbursement costs, penalties, and interest from the uninsured employers whose employees receive benefits paid by the fund.

Following the 2020 first special legislative session, the agency's FY21 operating budget was reduced by 2 percent, or \$268.1 thousand. The entire reduction was taken in the personal services and employee benefits category. With the additional cuts requested in FY22, the agency's budget in the personnel will be less than FY20 actual expenditures. The agency is using vacancy savings to lower personnel costs. The agency's employee requirements have decreased over the last 10 years, and the agency

plans to control personnel costs by reclassifying existing positions, rather than adding new FTE. The current number of FTE is 122, including four employees of the UEF.

The agency's overall request for contractual services was 20 percent over FY20 actuals. In the worker's compensation administration (WCA) program, \$357 thousand was requested for contracts to provide medical cost-containment services and temporary hearing officer. The Medical Cost-Containment Bureau provides oversight and cost-containment through nurse management and utilization reviews to recommend treatment plans for injured workers. Demand for these services is growing, and the agency is working to control costs through regular case review and revising eligibility criteria. In the UEF program, \$100 thousand was requested for third-party administrative services. The agency has increased the capacity of internal staff to provide court reporting activities, reducing reliance on contracted court monitors, but third-party contractors are required to process claims for injured workers whose employers did not carry the required worker's compensation insurance. Increases in the other category were largely the result of accounting changes.

The LFC recommendation supports the agency's request but maintains the transfer of funds to WSD at \$1 million. The agency ended FY20 with a balance of \$4.3 million in the WCA fund and \$6 million in the UEF and is projecting revenues of over \$11 million for FY21. For FY22, WCA projected a 4 percent decrease in fund revenues due to the high levels of unemployment related to the Covid-19 pandemic. While fund revenues may be lower in FY22, the current fund balances can safely support the agency's operating needs, as well as a transfer to WSD.

In addition to its base operating budget, the agency submitted a request for computer system enhancement funds to initiate, plan, and execute a much needed modernization project. New Mexico is one of only 12 states that has not adopted the generally accepted claims standards. Upgrading the agency's system will ensure compatible with claims data for other U.S. jurisdictions and improve the agency's efficiency.

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 \$1 million from the workers' compensation administration fund for the unemployment insurance 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)					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	FY22 - 2021-2022		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	11,374.1	11,554.8	10,951.1	11,051.1	-4.4
SOURCES TOTAL	11,374.1	11,554.8	10,951.1	11,051.1	-4.4
USES					
Personal Services and Employee Benefits	8,412.1	8,772.9	8,345.7	8,345.7	-4.9
Contractual Services	328.4	376.1	357.4	357.4	-5.0
Other	1,159.5	1,405.8	1,348.0	1,348.0	-4.1
Other Financing Uses	1,050.0	1,000.0	900.0	1,000.0	0.0
TOTAL USES	10,950.0	11,554.8	10,951.1	11,051.1	-4.4
FTE					
Permanent	118.0	118.0	118.0	118.0	0.0
TOTAL FTE POSITIONS	118.0	118.0	118.0	118.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of formal claims resolved without trial	96.3%	96.5%	≥95%	≥95%	≥95%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	0.5	.491	≤0.6	≤0.6	≤0.5
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98%	98.3%	≥95%	≥95%	≥98%
Outcome	Percent of employers in the risk reduction program who pass the follow up inspections	100%	100%	≥95%	≥95%	≥98%
Outcome	Percent of formal litigation complaints and applications resolved within six months of filing	83%	83.6%	≥75%	≥75%	≥83%

UNINSURED EMPLOYERS FUNDBUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES						
	Other Revenues	1,146.4	921.9	882.8	882.8	-4.2
	SOURCES TOTAL	1,146.4	921.9	882.8	882.8	-4.2
USES						
	Personal Services and Employee Benefits	346.5	355.9	338.2	338.2	-5.0
	Contractual Services	51.3	105.5	100.2	100.2	-5.0
	Other	223.5	460.5	444.4	444.4	-3.5
	TOTAL USES	621.3	921.9	882.8	882.8	-4.2
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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within 120 days of filing of formal litigation complaint	NEW	NEW	NEW	≥70%	≥70%
Output	Percent of reimbursements collected to claims expense paid out on a fiscal year basis	63.6%	32.3%	≥30%	≥33%	≥50%

STATUTORY AUTHORITY:

The Division of Vocational Rehabilitation (DVR), a division within the Public Education Department, is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. The statute requires DVR to provide guidance, counseling, and vocational education to disabled individuals, training for vocational education instructors, training material and equipment, and transportation.

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,148.6	6,407.6	6,373.8	6,281.4	-2.0
Other Transfers	198.2	198.6	198.6	198.6	0.0
Federal Revenues	32,511.3	43,490.7	43,750.6	43,750.6	0.6
Other Revenues	1.6	0.0	0.0	0.0	
Fund Balance	59.7	0.0	0.0	0.0	
SOURCES TOTAL	38,919.4	50,096.9	50,323.0	50,230.6	0.3
USES					
Personal Services and Employee Benefits	16,246.8	21,417.1	22,137.7	22,137.7	3.4
Contractual Services	5,467.8	8,607.2	7,812.5	7,812.5	-9.2
Other	14,240.7	19,809.1	20,109.3	20,016.9	1.0
Other Financing Uses	200.0	263.5	263.5	263.5	0.0
TOTAL USES	36,155.3	50,096.9	50,323.0	50,230.6	0.3
FTE					
Permanent	217.0	176.0	73.0	73.0	-58.5
Term	103.0	145.0	241.0	241.0	66.2
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	322.0	321.0	314.0	314.0	-2.2

AT A GLANCE:

The Division of Vocational Rehabilitation (DVR) requested a \$33.8 thousand, or 0.5 percent, decrease below FY21 in general fund revenue. In the Rehabilitation Services Program, the agency requested \$5.7 million from the general fund, flat with FY21, to continue addressing a federal order of service prioritization and to serve the 1,374 people on the waiting list. DVR requested a 5 percent reduction from FY21 in general fund revenue in the Independent Living Program. The agency requested to continue converting vacant positions from permanent to term status.

The FY22 LFC general fund total recommendation is \$126.2 thousand, or 2 percent, below the FY21 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 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 reported in its 2019 annual report it provided rehabilitative services to over 10 thousand New Mexicans. The agency is primarily funded through federal revenues leveraged 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 FY22, the agency requested \$50.3 million overall, with all revenue from the general fund, other transfers, and federal funds nearly flat with FY21 operating levels. 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 \$6.28 million represents a 2 percent decrease below the FY21 operating budget and an increase of 2 percent over FY20. The recommendation fully funds the division's request in the categories of personal services and employee benefits, contractual services, and other financing uses. Similar to previous years, the agency struggles to fill vacancies, with 41.5 funded, but vacant, FTE as of October 2020. The agency reports near 26 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 DVR add federally funded staff and increase the number of clients served.

Program Funding. The LFC budget recommendation of \$26.96 million for the Rehabilitation Services Program is 0.3 percent below FY21. The general fund recommendation of \$5.64 million represents a 1.6 percent decrease below the operating budget. LFC recommends the requested level of funding in all categories except other costs, where the recommendation is 3.8 percent over the FY21 operating budget and 47 percent over FY20. The 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 the requested \$642.2 thousand in general fund support, a decrease of 5 percent from FY21. The Independent Living Services Program's federal "social security ticket-to-work" program's 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 DVR must implement an order of selection procedure to ensure individuals with the most significant disabilities are served first if resources are insufficient to provide services to all persons with disabilities. DVR has three priority categories to determine who receives services, with the first category including those individuals with the most significant disabilities.

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 100 thousand New Mexicans are receiving over \$1 billion in annual disability benefits. The LFC recommendation supports the requested \$16.77 million in federal funds, a 1.6 percent increase over FY21.

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 \$720 thousand above FY21 operating levels; however, the agency is unlikely to 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 sponsored term status.

RECOMMENDED LANGUAGE:

The general fund appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes five hundred thousand dollars (\$500,000) 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 services 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 services 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 2022 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2023.

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)					
		<u>FY22 - 2021-2022</u>			
	<u>FY20</u> <u>2019-2020</u> <u>Actuals</u>	<u>FY21</u> <u>2020-2021</u> <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	5,498.6	5,731.6	5,731.6	5,639.2	-1.6
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	15,416.4	21,132.6	21,132.6	21,132.6	0.0
Other Revenues	1.6	0.0	0.0	0.0	
SOURCES TOTAL	21,108.1	27,055.7	27,055.7	26,963.3	-0.3
USES					
Personal Services and Employee Benefits	8,416.0	10,312.8	10,652.3	10,652.3	3.3
Contractual Services	3,531.5	4,195.5	3,300.0	3,300.0	-21.3
Other	8,690.0	12,347.4	12,903.4	12,811.0	3.8
Other Financing Uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	20,837.5	27,055.7	27,055.7	26,963.3	-0.3
FTE					
Permanent	115.0	105.0	41.0	41.0	-61.0
Term	51.0	61.0	122.0	122.0	100.0
Temporary	2.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	168.0	166.0	163.0	163.0	-1.8

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	789	475	830	700	800
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	42%	37%	45%	45%	45%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	97%	99%	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	100%	98%	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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	650.0	676.0	642.2	642.2	-5.0
Other Transfers	6.7	7.1	7.1	7.1	0.0
Federal Revenues	1,282.5	892.7	892.7	892.7	0.0
Fund Balance	59.7	0.0	0.0	0.0	
SOURCES TOTAL	1,998.9	1,575.8	1,542.0	1,542.0	-2.1
USES					
Contractual Services	32.3	51.5	51.5	51.5	0.0
Other	1,359.8	1,460.8	1,427.0	1,427.0	-2.3
Other Financing Uses	0.0	63.5	63.5	63.5	0.0
TOTAL USES	1,392.1	1,575.8	1,542.0	1,542.0	-2.1
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of independent living plans developed	666	1,004	650	750	800
* Output	Number of individuals served for independent living	700	1,781	700	765	800

DISABILITY DETERMINATION PROGRAM

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so they may receive benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	10,086.3	16,519.6	16,779.5	16,779.5	1.6
SOURCES TOTAL	10,086.3	16,519.6	16,779.5	16,779.5	1.6
USES					
Personal Services and Employee Benefits	4,711.6	7,637.9	7,731.7	7,731.7	1.2
Contractual Services	1,635.0	3,902.3	4,057.0	4,057.0	4.0
Other	3,484.0	4,979.4	4,990.8	4,990.8	0.2
TOTAL USES	9,830.6	16,519.6	16,779.5	16,779.5	1.6
FTE					
Permanent	72.0	44.0	22.0	22.0	-50.0
Term	38.0	66.0	84.0	84.0	27.3
TOTAL FTE POSITIONS	110.0	110.0	106.0	106.0	-3.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Efficiency	Average number of days for completing an initial disability claim	117.8	102.2	100	100	100
Quality	Percent of initial disability determinations completed accurately	100%	96%	97%	97%	97%

ADMINISTRATIVE SERVICES PROGRAM

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)

		<u>FY22 - 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	Federal Revenues	5,726.1	4,945.8	4,945.8	0.0
	SOURCES TOTAL	5,726.1	4,945.8	4,945.8	0.0
USES					
	Personal Services and Employee Benefits	3,119.2	3,466.4	3,753.7	8.3
	Contractual Services	269.0	457.9	404.0	-11.8
	Other	706.9	1,021.5	788.1	-22.8
	TOTAL USES	4,095.1	4,945.8	4,945.8	0.0
FTE					
	Permanent	30.0	27.0	10.0	-63.0
	Term	14.0	18.0	35.0	94.4
	TOTAL FTE POSITIONS	44.0	45.0	45.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	3	7	7	7	7
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 creates 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, Aging and Long-Term Services, and Children, Youth and Families 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)						
		FY22 – 2021-2022			Percent Incr (Decr)	
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>		
SOURCES						
General Fund Transfers	1,256.5	1,359.4	1,291.5	1,289.8	-5.1	
Federal Revenues	477.0	527.5	539.2	539.2	2.2	
Fund Balance	100.0	100.0	78.7	78.7	-21.3	
SOURCES TOTAL	1,833.5	1,986.9	1,909.4	1,907.7	-4.0	
USES						
Personal Services and Employee Benefits	961.8	1,115.3	1,026.5	1,024.8	-8.1	
Contractual Services	166.9	200.0	251.2	251.2	25.6	
Other	604.8	671.6	631.7	631.7	-5.9	
TOTAL USES	1,733.5	1,986.9	1,909.4	1,907.7	-4.0	
FTE						
Permanent	10.0	10.0	10.0	10.0	0.0	
Term	5.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	15.0	14.0	14.0	14.0	0.0	

AT A GLANCE:

The Governor's Commission on Disability's (GCD) request for general fund revenue was \$1.29 million, a 5 percent decrease below the FY21 operating budget. The commission requested \$11.7 thousand more federal revenue and maintained the use of \$78.7 thousand in fund balances. The agency requested fund balance to support the Residential Accessibility Modifications Program (RAMP). The commission requested a vacancy rate adjustment of almost \$90 thousand for FY22.

The committee recommends a 5.1 percent decrease in general fund revenue and funds the agency's request, including the use of \$78.7 thousand in fund balances to support the RAMP program. The recommendation supports the agency's request for personnel costs and contractual funding for the children's helmet safety program but reduces the employee liability premiums by \$1.7 thousand consistent 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 RAMP program has tripled in size over the past few years. The commission had no audit findings for FY19 but did not meet most of its performance targets. The percent of architectural plan reviews and site inspections completed in FY20 was 93 percent, compared with the target of 99 percent and down from 98.2 percent in FY19. The agency also did not meet the target of 600 loaned technology assistance devices and ended FY20 at 328 loaned devices. The commission conducted 80 out of the targeted 150 technology assistance program outreach presentations, trainings, and events.

GOVERNOR'S COMMISSION ON DISABILITY

The purpose of the governor's commission on disability program 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)				
		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	1,100.7	1,164.5	1,106.3	1,104.6	-5.1
	Federal Revenues	477.0	527.5	539.2	539.2	2.2
	Fund Balance	100.0	100.0	78.7	78.7	-21.3
	SOURCES TOTAL	1,677.7	1,792.0	1,724.2	1,722.5	-3.9
USES						
	Personal Services and Employee Benefits	887.9	1,041.3	952.5	950.8	-8.7
	Contractual Services	121.1	150.0	208.9	208.9	39.3
	Other	568.7	600.7	562.8	562.8	-6.3
	TOTAL USES	1,577.7	1,792.0	1,724.2	1,722.5	-3.9
FTE						
	Permanent	9.0	9.0	9.0	9.0	0.0
	Term	5.0	4.0	4.0	4.0	0.0
	TOTAL FTE POSITIONS	14.0	13.0	13.0	13.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of requested architectural plan reviews and site inspections completed	98.2%	93%	≥98%	98%	98%
Output	Number of technology assistance program devices loaned statewide	580	328	580	580	580
Output	Number of technology assistance program outreach presentations, trainings and events	354	80	200	175	175
Outcome	Percent of constituent inquiries addressed	99.4%	99.5%	≥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)				
		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	155.8	194.9	185.2	185.2	-5.0
	SOURCES TOTAL	155.8	194.9	185.2	185.2	-5.0
USES						
	Personal Services and Employee Benefits	73.9	74.0	74.0	74.0	0.0
	Contractual Services	45.8	50.0	42.3	42.3	-15.4
	Other	36.1	70.9	68.9	68.9	-2.8
	TOTAL USES	155.8	194.9	185.2	185.2	-5.0
FTE						
	Permanent	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	92%	95%	95%	95%	95%
Output	Number of individuals who received technical assistance regarding brain injury	3,560	1,862	3,300	3,300	3,300

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,144.5	5,233.8	4,972.1	5,483.8	4.8
Other Transfers	829.4	625.0	625.0	625.0	0.0
Federal Revenues	497.0	497.3	497.3	497.3	0.0
Fund Balance	556.2	500.4	0.0	0.0	-100.0
SOURCES TOTAL	7,027.1	6,856.5	6,094.4	6,606.1	-3.7
USES					
Personal Services and Employee Benefits	1,375.9	1,467.4	1,607.0	1,417.4	-3.4
Contractual Services	5,099.1	4,910.1	4,019.0	4,710.1	-4.1
Other	496.6	479.0	468.4	478.6	-0.1
TOTAL USES	6,971.6	6,856.5	6,094.4	6,606.1	-3.7
FTE					
Permanent	15.0	16.0	17.0	17.0	6.3
Term	3.0	3.0	2.0	2.0	-33.3
TOTAL FTE POSITIONS	18.0	19.0	19.0	19.0	0.0

AT A GLANCE:

The council's FY22 request from the general fund was \$4.9 million, 5 percent below the FY21 operating budget. The council also requested to reduce revenue from Office of Guardianship (OOG) fund balances because the fund is depleted and OOG received \$204 thousand in an emergency grant from the Board of Finance (BOF) in FY20 for guardianship services. Accounting for the depleted fund balance and need for emergency supplemental funding in FY20, the LFC recommendation increases the general fund \$250 thousand, or 4.8 percent, above the FY21 operating budget.

BUDGET ISSUES:

Guardianship Spending. If a court orders a professional guardian for a protected person in an OOG case, DDPC is legally obligated to provide guardianship services to the protected person. In FY20 the agency had a total of 982 professional guardianship cases, of which 129 were new professional guardianship cases, and a waiting list of 115 cases. As of October 2020, the agency has 984 open professional cases with a wait list of 205 cases. DDPC reports the waiting list has been growing since January 2020, and it expects the waiting list may grow further as a result of the pandemic, which created greater need for high-risk populations. The agency estimates each new guardianship case costs \$2,200 in legal services to process, and the flat monthly rate for professional guardianship services is \$325 per protected person. Historically, about two-thirds of requests for guardianship services result in assignment of a professional guardian, with the remaining one-third resulting in appointment of a family or nonprofessional guardian, who are not paid. Despite the growing need for guardianship, the FY22 general fund request would have reduced guardianship contracts by \$289.8 thousand, or 7.7 percent.

Revenue. In FY20 and FY21, over \$500 thousand per year was included in DDPC's operating budget from the Office of Guardianship (OOG) fund balance for guardianship services. The fund balance consisted of any general fund reversions of the OOG budget at the end of each fiscal year. In FY20, DDPC worked to reduce and eliminate the guardianship services waiting list, which has increased spending in contractual services by close to \$500 thousand. As a result, in FY22, the fund balance will be depleted. In addition, the council requested a 5 percent general fund reduction as instructed by the Department of Finance and Administration (DFA). The general fund decrease in combination with depleted fund balance would result in an overall operating budget reduction of \$762.5 thousand or 11 percent.

LFC estimates the council has a small funded personnel vacancy of \$61 thousand in FY21. The LFC recommendation reduces personnel spending by \$50 thousand and transfers this funding to the contractual services category for guardianship services, in addition to \$250 thousand in increased general fund revenue.

Following guardianship oversight failures, 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.

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)					
<u>FY22 - 2021-2022</u>					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr <u>(Decr)</u>
SOURCES					
General Fund Transfers	690.4	743.8	710.2	743.8	0.0
Other Transfers	75.0	75.0	75.0	75.0	0.0
Federal Revenues	497.0	497.3	497.3	497.3	0.0
SOURCES TOTAL	1,262.4	1,316.1	1,282.5	1,316.1	0.0
USES					
Personal Services and Employee Benefits	573.8	653.5	653.5	653.5	0.0
Contractual Services	282.7	309.1	286.1	309.1	0.0
Other	372.9	353.5	342.9	353.5	0.0
TOTAL USES	1,229.4	1,316.1	1,282.5	1,316.1	0.0
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	9,266	5,474	3,100	4,000	5,000
Output	Number of outreach and training activities conducted statewide focused on accessing community supports	386	151	200	150	175

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of contacts with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	7,876	54,412	9,900	10,000	10,000
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	268	103	90	90	100
Outcome	Percent of developmental-disabilities-planning-council-funded projects that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	88%	87%	100%	85%	90%
Output	Number of presentations, trainings and technical assistance provided statewide that promote individualized and inclusive educational opportunities within the school system for students with developmental disabilities	503	53	170	150	150

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship is to enter into, monitor and enforce guardianship contracts for income-eligible persons 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>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	4,454.1	4,490.0	4,261.9	4,740.0	5.6
Other Transfers	754.4	550.0	550.0	550.0	0.0
Fund Balance	556.2	500.4	0.0	0.0	-100.0
SOURCES TOTAL	5,764.7	5,540.4	4,811.9	5,290.0	-4.5
USES					
Personal Services and Employee Benefits	802.1	813.9	953.5	763.9	-6.1
Contractual Services	4,816.4	4,601.0	3,732.9	4,401.0	-4.3
Other	123.7	125.5	125.5	125.1	-0.3
TOTAL USES	5,742.2	5,540.4	4,811.9	5,290.0	-4.5
FTE					
Permanent	8.0	9.0	10.0	10.0	11.1
Term	2.0	2.0	1.0	1.0	-50.0
TOTAL FTE POSITIONS	10.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of comprehensive service reviews conducted	NEW	20	20	20	20
* Outcome	Average amount of time spent on waiting list	NEW	3.2 months	6 months	9 months	6 months
Output	Number of corporate guardianship contractor complaints received by the contractor	NEW	7	10	5	5
* Outcome	Number of guardianship investigations completed	0	1	20	10	20
Outcome	Average number of people on the waiting list, monthly	NEW	26	50	100	50

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 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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency</u>	<u>LFC</u>	<u>Incr</u>
SOURCES			<u>Request</u>	<u>Recommendation</u>	<u>(Decr)</u>
Other Transfers	8,544.5	6,600.0	8,800.0	7,500.0	13.6
Federal Revenues	10,700.0	9,520.0	12,050.0	12,050.0	26.6
Other Revenues	15,412.7	18,509.2	15,093.4	15,093.4	-18.5
SOURCES TOTAL	34,657.2	34,629.2	35,943.4	34,643.4	0.0
USES					
Personal Services and Employee Benefits	19,370.2	19,744.7	20,912.3	19,962.3	1.1
Contractual Services	7,428.2	7,604.9	7,956.1	7,706.1	1.3
Other	6,411.8	7,279.6	7,075.0	6,975.0	-4.2
TOTAL USES	33,210.2	34,629.2	35,943.4	34,643.4	0.0
FTE					
Permanent	235.0	235.0	235.0	235.0	0.0
Term	20.0	20.0	20.0	20.0	0.0
Temporary	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	258.0	258.0	258.0	258.0	0.0

AT A GLANCE:

The Miners' Hospital of New Mexico requested an increase of \$2.2 million in miners' trust fund revenue, or 33.3 percent, in additional funding over the FY21 operating budget to support the rising costs of healthcare personnel, medical supplies, pharmaceuticals, and services. LFC recommends \$7.5 million in revenue from the miners' trust fund, a 13.6 percent increase, based on economists' projections of the performance of the fund in this volatile economy.

In 2020, Miners' Hospital received over \$3 million from the provider relief fund included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March. The hospital also received over \$3 million from the Paycheck Protection Program Flexibility Act. The revenue helped the hospital maintain staffing and services as its patient census declined because of patients deferring healthcare during the Covid-19 pandemic.

BUDGET ISSUES:

Miners' Hospital of New Mexico, also known as Miners' Colfax Medical Center, is a 25-bed critical access acute care facility, long-term care facility, and primary care clinic. The hospital's services are similar to other rural and county hospitals where people from all over northern New Mexico, not just miners, receive services. The acute care hospital is state-owned and receives patient revenues from third-party insurance payers, Medicare, and Medicaid. The hospital requested a \$2.2 million increase in federal Medicare revenue and a decrease of \$3.4 million in other revenues from individual patients compared with the FY21 operating budget. The projections and receivables for these revenues vary widely annually.

The hospital requested an overall increase of \$1.3 million, or 3.8 percent, including a 5.9 percent increase in personal services and employee benefits to recruit individuals to fill vacant healthcare positions, and a 4.6 percent increase in contractual services to fund contract nursing services. The request for the personal services and employee benefits category included full implementation of the healthcare workforce reclassification study approved by the State Personnel Office in FY20.

The LFC recommendation maintains FY21 operating levels for the personal services and employee benefits category and adds 1 percent funding to attract and retain the workforce necessary to sustain the hospital. The hospital reports its most significant challenge continues to be recruiting and retaining licensed clinical staff. Rural public medical facilities face greater recruitment challenges than private medical facilities in urban areas. Private general medicine physician offices are also declining in rural areas.

The LFC recommendation includes funding to support the cost of full-time personnel. LFC also recommends an increase of \$228 thousand over FY20 actual expenditures to support \$7.4 million for contract nurses to maintain sufficient staffing levels. The hospital expended nearly \$7 million in FY18 and FY19 for contract nurses and requested almost \$7.7 million for FY22.

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 to generate income that helps support the Miners' Hospital. Royalty revenue is deposited in a land grant permanent fund for the hospital. Annually, a portion of the fund is deposited into the miners' trust income fund. For FY22, the hospital requested \$7.2 million from the income fund, \$900 thousand from land rental or lease income, and \$700 thousand from interest on investments, for a total of \$8.8 million. LFC projections indicate a total of only \$6.8 million available from income funds, along with the agency's projection of \$700 thousand from investments, for a total of \$7.5 million.

Performance. The hospital had no findings in its 2019 and 2018 audit, a significant improvement over the 10 findings highlighted in the 2017 audit.

The hospital met over half of its FY20 performance targets and did well on infection control, patient falls, vaccinations, medication errors, and patient readmissions. These measures are important because the Centers for Medicare and Medicaid Services can withhold federal Medicare funds for patient reimbursements if the hospital does not perform well on these measures. The hospital did not meet performance targets for number of outpatient and clinic visits, surgeries performed, average length of stay, and nursing home occupancy rates.

In 2020, the Miners' Hospital was named one of the top 20 critical care access hospitals in the nation by the National Rural Health Association. The award is based on analysis of quality, outcomes, local use, patient ratings, and financial efficiency.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include seven million five hundred thousand dollars (\$7,500,000) from the miners' trust fund.

MINERS' HOSPITAL OF NEW MEXICO

The purpose of the healthcare program is to provide quality acute care, long-term care and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of budgeted revenue collected	100%	100%	100%	100%	100%
Outcome	Annual percent of healthcare-associated infections	1%	0%	<1.5%	<1.5%	<1.5%
Outcome	Average patient length of stay, in days, for the acute care facility	4.6	4.2	3	4.5	4.5
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	0.5%	0.5%	<3%	<3%	<3%
Output	Number of outpatient visits	14,328	12,401	13,800	13,000	13,000
Output	Number of visits to the outreach clinic	198	159	200	150	175
Output	Number of surgeries performed	571	401	600	400	500
* Outcome	Percent of occupancy at nursing home based on licensed beds	68%	49%	80%	50%	60%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Number of days in accounts receivable	37	35	<50	<50	<50
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.4%	0.3%	<2%	<2%	<1%
Quality	Rate of medication errors per one thousand medications administered	0.04%	0.05%	<1%	<1%	<1%
Output	Number of emergency room visits	NEW	5,377	5,500	5,400	5,500
Output	Number of newborn births	NEW	80	100	80	80
Efficiency	Employee turnover rate	NEW	13%	≤18%	<18%	<18%
Output	Average daily census	NEW	1.3	8	6	6
Efficiency	Percent agency nursing staff to total nursing staff	NEW	21%	20%	25%	25%
Output	Number of rural health clinic visits	NEW	14,638	16,000	13,000	14,000
Efficiency	Number of days cash on hand	NEW	123	90	90	105

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 the developmentally disabled, 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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	316,930.2	302,271.3	293,203.1	313,098.1	3.6
Other Transfers	35,128.1	37,392.9	40,401.1	37,588.8	0.5
Federal Revenues	109,927.6	102,962.4	139,086.9	139,086.9	35.1
Other Revenues	113,250.1	123,089.1	129,181.4	129,181.4	4.9
Fund Balance	451.8	0.0	0.0	0.0	
SOURCES TOTAL	575,687.8	565,715.7	601,872.5	618,955.2	9.4
USES					
Personal Services and Employee Benefits	224,938.8	229,879.4	240,533.2	240,627.6	4.7
Contractual Services	75,771.0	81,192.0	98,306.7	101,392.4	24.9
Other	135,825.9	122,523.6	134,570.7	135,476.8	10.6
Other Financing Uses	130,431.0	132,120.7	128,461.9	141,458.4	1.7
TOTAL USES	566,966.7	565,715.7	601,872.5	618,955.2	8.1
FTE					
Permanent	2,723.5	2,716.5	2,647.5	2,647.5	-2.5
Term	1,031.0	1,021.0	1,036.0	1,036.0	1.5
Temporary	15.0	15.0	14.0	14.0	-6.7
TOTAL FTE POSITIONS	3,769.5	3,752.5	3,697.5	3,697.5	-1.5

AT A GLANCE:

The Department of Health's (DOH) \$293.2 million FY22 request for general fund revenue was a 3 percent decrease below the FY21 adjusted operating budget. The request assumed some increases in federal revenues in Public Health and Epidemiology and Response initiatives. Also, 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 to decrease general fund revenue was in the Developmental Disabilities Support Program (DDSD) and Public Health Program. Within DDSD, the department requested a general fund decrease of \$4.7 million, or 3 percent below the FY21 adjusted operating budget, primarily from the funding for the developmental disabilities waiver and care and support funding. General fund reduction in the Public Health Program requested by the department was \$3 million, or 6 percent, primarily from school-based health centers and contracts to rural primary health providers, cancer services, community health worker certification and registry, diabetes support, and administrative supports.

The LFC recommendation supports some reductions requested by the department in Epidemiology and Response, Laboratory Services, Facilities Management and Program Support programs but increases general fund revenues for the Public Health and DDSD programs, resulting in an overall general fund increase of \$10.8 million or 3.6 percent increase above the FY21 operating budget.

BUDGET ISSUES:

Much of the Department of Health's (DOH) activities during FY21 have centered on the state's response to Covid-19. In particular, the Epidemiology and Response and Public Health programs have been charged with testing, contact tracing, and related activities. Since March 2020, these activities have ranged from formulating state gating criteria to developing Covid-19-safe practices for New Mexico businesses. As of October 2020, DOH monitored processing of 950 thousand tests, confirming over 30 thousand positive cases of Covid-19. The Epidemiology and Response program, in collaboration with the Human Services Department (HSD), has been the central point of data and data analysis to inform response activities and communication with the public. Given a vaccine for Covid-19 may not be widely available until late FY21 and the department will remain the lead on vaccine coordination and distribution, much of DOH's resources will likely continue to be focused on the state's response to the global pandemic through the end of the fiscal year.

Direct Care Staff. 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 on DOH direct care staff. This plan resulted in a significant strain on personnel spending in FY20, and reduced the vacancy rate for some direct care staff. As of September 2020, DOH Facilities employed 294 nurses of the 361 FTE, for an 18 percent vacancy rate. The average salary was \$77.1 thousand, over the \$75 thousand average for a registered nurses according to the U.S. Department of Labor Bureau of Labor Statistics 2019 labor statistics.

Services for People with Developmental Disabilities. The request for decreased general fund revenue for the Developmental Disabilities Support Division was \$4.7 million, or 3 percent, below the FY21 operating budget. The request included a \$719 thousand reduction from care and support and nearly \$4 million from the transfer to the Human Services Department for the developmental disability (DD) and Mi Via Medicaid waivers. The LFC recommendation does not make the requested reduction for the waivers or care and support and increases general fund revenues an additional \$7 million to replace revenues swapped during the first special session of 2020 for increased federal revenues and an additional \$2.5 million to reduce the wait list by an estimated 100 clients.

Supports waiver. A 2019 LFC evaluation of the Developmental Disabilities (DD) and Mi Via Medicaid waivers prompted discussion of whether the state should begin reforming the two waivers for providing services to people with developmental disabilities. Key recommendations included 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. In FY21, the department was funded to begin implementation of these recommendations, which will take several years to execute fully. As of November 2020, over 4,699 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. Of those on the waiting list, 100 people began receiving services as of November 2020 from the supports waiver. The department hopes to ramp up to 2,000 by the end of the fiscal year.

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 assists clients' access to a broader service array.

Limited cost-containment capability – a result of litigation and other structural issues – is contributing to average annual cost growth in each of the state's two Medicaid waivers for people with developmental disabilities. As noted in a recent LFC evaluation of the Developmental Disabilities (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 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. Furthermore, 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.

Jackson Lawsuit. In April 2019, a preliminary settlement agreement was reached in the Jackson litigation. 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. As of November 2020, DOH reported six of the 10 obligations required in the settlement have been disengaged, and the individual quality review has been transferred to the Health, Certification, Licensing and Oversight Program of the Department of Health without requiring external oversight.

Facilities. The department's request for the Facilities Management Division decreased general fund revenue by \$305 thousand, mostly for IT equipment. However, the program also requested increases in all other nongeneral fund revenues, resulting in an overall increase of 4.9 percent. These revenues include government payments for Medicaid, Medicare, and similar programs. The LFC recommendation supports the department request.

As discussed in a LFC Health Notesreport, Medicaid has historically covered very few inpatient mental health services for adults, with coverage primarily limited to acute or emergency situations where hospitalization is medically necessary. The limitations extend to the setting of care as well and prohibit Medicaid for 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 federal 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 federal 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 abuse 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 additional pathways states can follow to add IMD coverage to their Medicaid programs.

First, states can 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 detox and ensure access to a wide array of evidence-based SUD services.

Second, CMS provided additional IMD options when the agency 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. 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), necessary work remains at the departmental level. When the Centennial Care 2.0 waiver for the Medicaid program was adopted, the department planned to have national accreditation be the primary requirement for RTCs, with no additional state-level regulation. In December 2018, however, the Centers for Medicare and Medicaid (CMS) directed HSD to take an active oversight role. HSD apparently spent several months assessing how to proceed and then turned to the Department of Health's Division of Health Improvement (DHI) for assistance. DHI is statutorily tasked with licensing of all health facilities in the state, and has an inspection process that includes a life safety inspection to ensure due diligence on the part of the state.

The first barrier the two departments encountered is that DHI's authorizing statute does not include a license type that fits an adult RTC, and DHI was unwilling to proceed without clear authorization. According to HSD, the two departments spent some time discussing the option of a memorandum of understanding (MOU), whereby HSD would "grant" the necessary authority to DHI. In September 2019, those discussions reached an impasse, because lawyers for DOH decided only a change to the statute would provide sufficient authority for the department to begin licensing RTCs. At the time of this report, discussions are reportedly underway between HSD, DOH, and the governor's office about how to proceed. If a change to the statute is necessary, followed by promulgation of new regulations, it will be March or April 2020, at the very earliest, before HSD is able to begin using Medicaid dollars to pay for this new service. Until then, the Behavioral Health Services Division will have to continue to reimburse RTCs using a mix of general fund and federal grant monies.

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 services and specializes in medical detoxification, social rehabilitation services, and intensive outpatient services. TLH also provides priority services for pregnant and other SUD patients with dependent children and women and men seeking to regain custody of their children. HSD also included coverage for both mental health and SUD provided by IMDs in waiver renewal, where it proposed to extend the length of service to 30 days and offer coverage to the fee-for-service Medicaid population.

Facility census and low collection of third-party billing has strained the facilities program's operating budget in recent years. Prior to the pandemic, the department was focusing on increasing staffed beds in state facilities and boosting collections for third-party revenues. However, many of the state facilities have seen declining occupancy at facilities during the pandemic. For example, from March to November 2020, Fort Bayard Medical Center dropped from an 86 percent capacity to 75 percent, New Mexico Behavioral Health Institute Adult Psychiatric Division dropped from 80 percent capacity to 67 percent, and New Mexico Behavioral Health Institute Long Term Care from 73 percent to 65 percent. If the facilities do not increase census and third-party billing revenue, there will continue to be significant operational funding strains or shortfalls.

Public Health. To meet the executive recommended general fund revenue reduction, the Public Health Program requested a decrease \$3 million, or 6 percent. Nearly \$2 million of this reduction came from school-based health centers, because the department hopes to increase federal revenues for this purpose. In addition, the Public Health program requested reductions for cancer and diabetes supports, rural primary health contracts, administrative support, and community health worker certification and registry. The LFC recommendation for general fund revenue increases does not make the requested reductions and increases general fund revenues for reduced tobacco settlement funds.

LFC and the Attorney General project \$12 million in total tobacco settlement revenue in FY22, down from \$34 million 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 the Department of Health. The LFC recommendation reduces tobacco settlement revenue but replaces a majority of the reduction with general fund revenues for 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 Response Program. The Epidemiology and Response Program requested a reduction of \$327 thousand in general fund revenue. A majority of the reduction increases the vacancy rate and other program expenditures, such as IT equipment and travel. The LFC recommendation supports the department request.

In May 2020, DOH received official notice of the award of a \$70 million federal grant notice for the Contact Tracing Project for Covid-19 testing and contact tracing efforts. As of November 2020, the state had just over 300 contract tracers out of a goal of 375. The Epidemiology and Response Program is the lead division to oversee the project and funding for this grant award. As of December 2020, DOH had spent or encumbered nearly \$24 million. The program also budgeted an additional \$20 million of this grant in FY22, resulting in the requested increase for personnel spending.

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. The program requested to reduce general fund revenues by \$178 thousand, or 3 percent, to increase the vacancy rate. Given the important function the program serves, LFC does not reduce personnel spending.

Medical Cannabis. The requested amount from licensing fees for the Medical Cannabis Program was a \$926.3 thousand increase over the FY21 operating budget. While the request was 28 percent above the FY21 operating budget, actual program expenditures in FY20 were \$4 million and only \$165 thousand below the FY22 request. The LFC recommendation supports the program's request. In September 2020, the number of active medical cannabis patients was more than 94 thousand a 21 percent increase from one year ago. Likewise, there were 8,500 active personal production licenses, a 5 percent increase from the prior year. By statute, unspent revenue to the program reverts to the general fund, \$319 thousand in FY20.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the public health program of the department of health includes three million seven hundred twenty-seven thousand three hundred dollars (\$3,727,300) from the tobacco settlement program fund for smoking cessation and prevention programs, four hundred ninety thousand six hundred dollars (\$490,600) from the tobacco settlement fund for diabetes prevention and control services, two hundred thousand nine hundred dollars (\$200,900) for human immunodeficiency virus/acquired immune deficiency syndrome prevention services and medicine and eighty-eight thousand one hundred dollars (\$88,100) 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>FY22 - 2021-2022</u>			
	FY20	FY21	Agency	LFC	Percent
	2019-2020	2020-2021	Request	Recommendation	Incr
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	50,463.4	51,639.4	48,554.2	54,092.7	4.8
Other Transfers	15,349.8	15,554.6	17,386.1	14,573.8	-6.3
Federal Revenues	59,557.3	61,416.8	69,878.8	69,878.8	13.8
Other Revenues	39,556.9	39,436.4	40,627.0	40,627.0	3.0
Fund Balance	40.0	0.0	0.0	0.0	
SOURCES TOTAL	164,967.4	168,047.2	176,446.1	179,172.3	6.6
USES					
Personal Services and Employee Benefits	50,832.9	53,852.6	53,564.7	53,659.1	-0.4
Contractual Services	37,785.0	44,270.2	45,178.0	48,263.7	9.0
Other	68,903.8	69,462.1	77,241.1	77,249.5	11.2
Other Financing Uses	462.3	462.3	462.3	0.0	-100.0
TOTAL USES	157,984.0	168,047.2	176,446.1	179,172.3	6.6
FTE					
Permanent	277.5	276.5	268.5	268.5	-2.9
Term	541.0	516.0	503.0	503.0	-2.5
TOTAL FTE POSITIONS	818.5	792.5	771.5	771.5	-2.6

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
*	Explanatory	Percent of adolescents who smoke	10.6%	NA		
	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	82%	85.8%	≥62.5%	≥62.5%
	Explanatory	Percent of third-grade children who are considered obese	21%	NA		
	Explanatory	Percent of adults who are considered obese	29%	NA		
	Explanatory	Percent of adults who smoke	16%			
	Explanatory	Numbers of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	TBD	TBD		
	Outcome	Percent of participants in the national diabetes prevention program who were referred by a healthcare provider through the agency-sponsored referral system	29%	27%	≥25%	35%
	Outcome	Number of successful overdose reversals per client enrolled in the New Mexico department of health harm reduction program	TBD	3,444	0.30	2,750
	Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	99%	97%	≥89%	≥89%
	Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	2.7%	2.6%	≥2.9%	≥2.6%
*	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	86%	50%	≥95%	≥95%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	73%	72%	≥75%	≥75%	≥75%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	64%	63%	≥65%	≥65%	≥65%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	512	502	≥232	≥232	≥450

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies and provide emergency medical and vital registration services to New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	10,040.7	10,924.7	10,596.9	10,596.9	-3.0
Other Transfers	480.1	514.2	488.2	488.2	-5.1
Federal Revenues	24,217.6	18,474.4	42,291.7	42,291.7	128.9
Other Revenues	721.3	480.9	527.5	527.5	9.7
Fund Balance	411.8	0.0	0.0	0.0	
SOURCES TOTAL	35,871.5	30,394.2	53,904.3	53,904.3	77.4
USES					
Personal Services and Employee Benefits	14,231.2	15,031.5	21,181.1	21,181.1	40.9
Contractual Services	11,623.1	8,471.8	22,786.7	22,786.7	169.0
Other	10,017.2	6,890.9	9,936.5	9,936.5	44.2
TOTAL USES	35,871.5	30,394.2	53,904.3	53,904.3	77.4
FTE					
Permanent	58.0	57.0	70.0	70.0	22.8
Term	146.0	150.0	182.0	182.0	21.3
TOTAL FTE POSITIONS	204.0	207.0	252.0	252.0	21.7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Quality	Percent of New Mexico hospitals certified for stroke care	16.2%	14%	24%	24%	24%
* Explanatory	Drug overdose death rate per one hundred thousand population	NA	NA			
* Explanatory	Alcohol-related death rate per one hundred thousand population	NA	NA			
Explanatory	Rate of fall-related deaths per 100 thousand adults, age sixty-five years or older	94	NA			
Explanatory	cardiovascular disease deaths per 100 thousand population	193	NA			
Explanatory	Percent of youth who were sexually assaulted in the last twelve months	25	NA			
Explanatory	Rate of avoidable hospitalizations	NEW	NEW			
Explanatory	Rate of heat-related illness hospitalizations	NA	NA			
Outcome	Number of community members trained in evidence-based suicide prevention practices	NEW	NEW	225	225	225
* Outcome	Percent of retail pharmacies that dispense naloxone	83%	93%	85%	85%	90%
Explanatory	Rate of suicide per 100 thousand population	24.8				

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within two days of onset of illness	NEW	NEW			
Explanatory	Rate of pneumonia and influenza deaths per 100 thousand	14.2				
Outcome	Percent of hospitals with emergency-department-based secondary prevention of older adult fractures due to falls programs	NEW	NEW	7%	7%	7%
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	NEW	NEW	7,000	7,000	7,000
Outcome	Percent of hospitals with emergency-department-based self-harm secondary prevention programs	NEW	NEW	7%	7%	7%
Outcome	Average time to provide birth certificate to customer	NEW	NEW	5 days	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	50%	64%	64%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	12%	11%	≤5%	≤5%	≤5%
Outcome	Percent of persons receiving alcohol screening and brief intervention services	NEW	NEW	≤5%	≤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	33%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	7,743.4	8,004.6	7,764.5	7,764.5	-3.0
Other Transfers	1,270.8	736.5	777.0	777.0	5.5
Federal Revenues	1,735.0	3,160.4	4,543.4	4,543.4	43.8
Other Revenues	2,204.7	1,804.0	1,675.0	1,675.0	-7.2
SOURCES TOTAL	12,953.9	13,705.5	14,759.9	14,759.9	7.7
USES					
Personal Services and Employee Benefits	8,058.8	8,485.6	9,122.9	9,122.9	7.5
Contractual Services	150.7	295.0	237.2	237.2	-19.6
Other	4,884.2	4,924.9	5,399.8	5,399.8	9.6
TOTAL USES	13,093.7	13,705.5	14,759.9	14,759.9	7.7
FTE					
Permanent	84.0	85.0	81.0	81.0	-4.7
Term	50.0	49.0	51.0	51.0	4.1
TOTAL FTE POSITIONS	134.0	134.0	132.0	132.0	-1.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	23%	91%	≥95%	≥95%	≥95%
Efficiency	Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97%	97%	≥90%	≥90%	≥95%
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within sixty business days	91%	91%	≥90%	≥90%	≥90%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral healthcare services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>Agency Request</u>	<u>FY22 - 2021-2022 LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	62,168.7	61,386.8	61,081.2	61,081.2	-0.5
Other Transfers	5,192.3	4,005.8	5,276.6	5,276.6	31.7
Federal Revenues	11,270.1	10,047.4	12,331.8	12,331.8	22.7
Other Revenues	63,085.5	75,837.2	80,010.2	80,010.2	5.5
SOURCES TOTAL	141,716.6	151,277.2	158,699.8	158,699.8	4.9
USES					
Personal Services and Employee Benefits	111,181.8	111,304.9	116,006.1	116,006.1	4.2
Contractual Services	11,720.8	12,809.8	14,422.1	14,422.1	12.6
Other	22,991.4	27,162.5	28,271.6	28,271.6	4.1
TOTAL USES	145,894.0	151,277.2	158,699.8	158,699.8	4.9
FTE					
Permanent	1,983.0	1,983.0	1,917.0	1,917.0	-3.3
Term	5.0	5.0	5.0	5.0	0.0
Temporary	15.0	15.0	14.0	14.0	-6.7
TOTAL FTE POSITIONS	2,003.0	2,003.0	1,936.0	1,936.0	-3.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	78%	81%	≥93%	≥93%	≥93%
* Quality	Percent of long-term care residents experiencing one or more major falls with injury	3.9%	5.3%	<4%	≤3.5%	≤3.5%
Quality	Percent of long-term care residents experiencing one or more major falls with injury	3.9%	5.3%	≤3%	≤3.5%	≤3.5%
Outcome	Percent of adolescent residents who successfully complete program	NEW	NEW	≥90%	≥90%	≥90%
Output	Number of overtime hours worked	NEW	NEW	387,000	387,000	387,000
* Quality	Number of significant medication errors per one hundred patients	2.4	.2	≤2	≤2.0	≤2.0
Outcome	Number of narcan kits distributed or prescribed	NEW	NEW	180	180	180
Outcome	Percent of medication-assisted treatment inductions conducted or conducted after referrals on alcohol use disorders	NEW	NEW	NEW	65%	65%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of medical detox occupancy at turquoise lodge hospital	NEW	NEW	≤75%	≤75%	≤75%
Efficiency	Percent of beds occupied	NEW	NEW	≥75%	≥75%	≥75%
Output	Number of direct-care contracted hours	NEW	NEW	BASELINE	218,000	218,000
Outcome	Percent of dementia-only residents on antipsychotics	NEW	NEW	16%	16%	16%
Quality	Percent of in-house-acquired pressure ulcers for long-term care residents, long stays	NEW	NEW	NEW	<2%	<2%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within two days	NEW	NEW	50%	50%	50%
Outcome	Percent of medication-assisted treatment inductions conducted or conducted after referrals on opiate use disorders	NEW	NEW	NEW	65%	65%
Outcome	Percent of patients educated on medication-assisted treatment options while receiving medical detox services	NEW	NEW	NEW	90%	90%
Quality	Percent of in-house-acquired pressure ulcers for long-term care residents, short stays	NEW	NEW	NEW	<2%	<2%

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and support to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	175,159.2	158,125.5	153,381.7	167,559.5	6.0
Other Transfers	7,885.5	9,549.9	9,549.9	9,549.9	0.0
Federal Revenues	2,758.3	0.0	0.0	0.0	
Other Revenues	1,785.1	205.0	205.0	205.0	0.0
SOURCES TOTAL	187,588.1	167,880.4	163,136.6	177,314.4	5.6
USES					
Personal Services and Employee Benefits	13,981.4	14,416.0	13,885.4	13,885.4	-3.7
Contractual Services	11,949.3	11,377.1	11,377.1	11,377.1	0.0
Other	25,616.9	10,428.9	9,874.5	10,593.5	1.6
Other Financing Uses	129,968.7	131,658.4	127,999.6	141,458.4	2.0
TOTAL USES	181,516.3	167,880.4	163,136.6	177,314.4	1.4
FTE					
Permanent	95.0	91.0	89.0	89.0	-2.2
Term	93.0	103.0	99.0	99.0	-3.9
TOTAL FTE POSITIONS	188.0	194.0	188.0	188.0	-3.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	87%	96%	≥95%	≥95%	≥95%
* Explanatory	Number of individuals receiving developmental disabilities waiver services	4,638	4,934			
* Explanatory	Number of individuals on the developmental disabilities waiver waiting list	5,064	4,743			
Outcome	Percent of developmental disabilities waiver providers in compliance with general events timely reporting requirements (two-day rule)	66%	84%	≤30%	≥86%	≥86%
Efficiency	Percent of adults ages twenty-two to sixty-four years, served on a developmental disabilities waiver who receive employment supports	29%	29%	≥34%	≥29%	≥29%
Outcome	Number of people on the waiting list who are formally assessed once allocated to the developmental disability waivers	NEW	NEW	100%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	5,391.3	5,956.2	5,777.5	5,956.2	0.0
Other Transfers	4,135.5	5,073.1	4,964.5	4,964.5	-2.1
Federal Revenues	2,690.5	2,417.9	2,595.7	2,595.7	7.4
Other Revenues	1,861.5	2,052.2	1,937.0	1,937.0	-5.6
SOURCES TOTAL	14,078.8	15,499.4	15,274.7	15,453.4	-0.3
USES					
Personal Services and Employee Benefits	12,666.8	12,909.7	12,864.4	12,864.4	-0.4
Contractual Services	590.9	1,083.1	998.5	998.5	-7.8
Other	1,377.8	1,506.6	1,411.8	1,590.5	5.6
TOTAL USES	14,635.5	15,499.4	15,274.7	15,453.4	-0.3
FTE					
Permanent	60.0	61.0	60.0	60.0	-1.6
Term	122.0	122.0	122.0	122.0	0.0
TOTAL FTE POSITIONS	182.0	183.0	182.0	182.0	-0.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	11%	13%			
* Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	7%	6%			
* Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	49%	82%	86%	86%	86%
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	86%	86%	86%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of assisted living facilities in compliance with caregiver criminal history screenings' requirements	NEW	NEW	85%	85%	85%
Output	Percent of health facility survey statement of deficiencies (Centers for Medicare and Medicaid Services form 2567/state form) distributed to the facility within ten days of survey exit	NEW	NEW	85%	85%	85%
Output	Percent of assigned investigations initiated within required timelines	NEW	NEW	86%	86%	86%
Output	Percent of assisted living health facility survey statement of deficiencies (Centers for Medicare and Medicaid Services form 2567/state form) distributed to the facility within ten days of survey exit	NEW	NEW	NEW	85%	85%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	NEW	NEW	≥85%	≥85%	≥85%
Output	Percent of caregiver criminal history screening appeal clearance recidivism/re-offense (conviction) after a successful appeal	NEW	NEW	≤12	≤12	≤12
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	90%	90%	90%

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)

		<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES				<u>Agency Request</u>	<u>LFC Recommendation</u>	
	Other Revenues	4,034.6	3,273.4	4,199.7	4,199.7	28.3
	SOURCES TOTAL	4,034.6	3,273.4	4,199.7	4,199.7	28.3
USES						
	Personal Services and Employee Benefits	2,059.6	1,947.2	2,147.2	2,147.2	10.3
	Contractual Services	889.6	780.7	1,207.0	1,207.0	54.6
	Other	766.1	545.5	845.5	845.5	55.0
	TOTAL USES	3,715.3	3,273.4	4,199.7	4,199.7	28.3
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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	99%	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)					
			<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	5,963.5	6,234.1	6,047.1	6,047.1	-3.0
Other Transfers	814.1	1,958.8	1,958.8	1,958.8	0.0
Federal Revenues	7,698.8	7,445.5	7,445.5	7,445.5	0.0
Other Revenues	0.5	0.0	0.0	0.0	
SOURCES TOTAL	14,476.9	15,638.4	15,451.4	15,451.4	-1.2
USES					
Personal Services and Employee Benefits	11,926.3	11,931.9	11,761.4	11,761.4	-1.4
Contractual Services	1,061.6	2,104.3	2,100.1	2,100.1	-0.2
Other	1,268.5	1,602.2	1,589.9	1,589.9	-0.8
TOTAL USES	14,256.4	15,638.4	15,451.4	15,451.4	-1.2
FTE					
Permanent	166.0	163.0	162.0	162.0	-0.6
Term	46.0	48.0	46.0	46.0	-4.2
TOTAL FTE POSITIONS	212.0	211.0	208.0	208.0	-1.4

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)					
FY22 – 2021-2022					
	FY20 2019-2020 Actuals	FY21 2020-2021 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,299.0	13,146.2	12,488.8	13,146.2	0.0
Other Transfers	28,455.5	36,111.8	35,274.4	35,274.4	-2.3
Federal Revenues	19,048.8	26,327.5	26,265.4	26,265.4	-0.2
Other Revenues	52,158.5	40,232.5	43,031.9	43,031.9	7.0
Fund Balance	5,249.3	9,756.3	7,379.5	7,379.5	-24.4
SOURCES TOTAL	117,211.1	125,574.3	124,440.0	125,097.4	-0.4
USES					
Personal Services and Employee Benefits	44,774.5	51,530.1	51,086.8	51,185.1	-0.7
Contractual Services	10,503.9	14,876.7	15,829.6	16,388.7	10.2
Other	17,608.9	24,248.7	22,952.1	22,952.1	-5.3
Other Financing Uses	28,386.8	34,918.8	34,571.5	34,571.5	-1.0
TOTAL USES	101,274.1	125,574.3	124,440.0	125,097.4	-0.4
FTE					
Permanent	286.5	292.3	282.5	282.5	-3.3
Term	348.0	371.0	363.0	363.0	-2.2
TOTAL FTE POSITIONS	634.5	663.3	645.5	645.5	-2.7

AT A GLANCE:

The Environment Department (NMED) requested a total budget of \$89.8 million, \$900 thousand below the FY21 operating budget. Due to generally accepted accounting principles (GAAP), the agency requested and LFC recommends special revenue funds of \$34.6 million twice in the budget. These funds are budgeted as sources both in the special revenue program (an accounting designation that captures agency-generated revenues) and in the programs that receive the funds. This double entry makes the budget request and recommendation appear larger than the agency's actual expenditures.

NMED's request included a general fund decrease of \$657.4 thousand, or 5 percent, from the FY21 operating budget. The agency requested a decrease of \$67.5 thousand in other revenues and fund balance, which includes revenue and fund balance from special revenue funds, as well as other sources. NMED also requested a slight decrease in federal funds, which make up about a third of the agency's budget. Due to declining state and federal revenue, the Water Protection Program will have the largest budget decrease from FY21. Meanwhile, increases in other revenue sources resulted in overall budget increases for the Environmental Protection and Resource Protection programs. LFC recommends general fund revenue flat with FY21 and supports the agency request in all other revenue sources, for a total budget of \$90.5 million, \$129.6 thousand less than the FY21 operating budget.

BUDGET ISSUES:

Revenue. In addition to federal revenue, NMED relies heavily on special revenue from various types of application, certification, and permitting fees. The agency requested and LFC recommends \$51.1 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 \$22.6 million to cover expenditures related to the corrective action program, as well as other programs. 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 corrective action program.

Including the expenditures budgeted in the FY22 recommendation, the CAF's projected FY22 ending fund balance is \$9 million, a significant decrease from the FY20 ending balance of \$16.2 million. Due to state budget constraints in FY20, \$2 million was swept from the CAF to the general fund. Additionally, in FY21, \$2 million will be transferred to the Energy, Minerals and Natural Resources Department for remediation of the Carlsbad brine well. 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. 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 purchased by producers.

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. Legislation adopted in 2020 created the environmental health fund as the depository for three revenue sources previously kept separate and each designated for a specific use. Combining these revenues in one fund with a broader purpose allows NMED greater flexibility in spending the funds where they are most needed.

Increases in NMED's fees and penalties are also necessary to keep pace with program costs. Some fee increases must be approved only by the Environmental Improvement Board (EIB), while others are set in statute. In FY20, EIB adopted new liquid waste regulations and permit fees that will generate an estimated \$750 thousand in additional revenue for the Environmental Protection Program. NMED will pursue legislation in 2021 to increase fees on operators of public water systems to fund services the agency provides to those systems, such as sampling and analysis of contaminants in drinking water. These fees have not been increased since their implementation in 1993, and NMED expects funds to be insufficient to continue covering the cost of sampling for several regulated contaminants in 2021.

Water Protection Program. In the Water Protection Program, state and federal revenues are projected to fall by a combined \$2.4 million. LFC recommends a general fund increase of \$407.3 thousand, budgeted in contractual services for chemical analysis, lead monitoring, and sampling of regulated and emerging contaminants in drinking water, priorities for the program that will not be fully implemented in FY21 due to budget reductions.

The Water Protection Program includes the Construction Programs Bureau, which in FY20 provided technical and financial oversight and assistance for 416 water infrastructure projects and disbursed more than \$31.1 million in loans and capital outlay funds.

The Ground Water Quality and Surface Water Quality bureaus began implementation of the Produced Water Act, which requires NMED to develop regulations for the treatment and use of produced water outside of the oil and natural gas industry. The agency partnered with New Mexico State University to launch the New Mexico Produced Water Research Consortium to fill science and technology gaps related to the treatment and reuse of produced water.

Resource Protection Program. For the Resource Protection Program, declining state revenues and increasing federal revenues are projected to net an increase of \$238.5 thousand. The LFC recommendation for general fund revenue is flat with FY21 to assist the program with filling vacancies partially or fully supported by the general fund, an issue prioritized in FY21 but scaled back due to budget reductions.

Staff in the Resource Protection Program are leading NMED's litigation against the Department of Defense for delineating and remediating the per- and polyfluoroalkyl substances (PFAS) contamination near the state's Air Force bases. The program is also responsible for inspections of infectious waste generators, including hospitals and clinics, and developed a revised protocol and provided technical assistance for proper management of Covid-19 related waste.

Environmental Protection Program. In the Environmental Protection Program, the recommended general fund reduction is offset by state and federal revenue increases, for a total increase of \$1.3 million over the FY21 operating budget. Environmental Protection staff, through the Food Program and Occupational Health and Safety Bureau (OHSB), have been heavily involved in managing the Covid-19 public health emergency. The Food Program is responsible for protecting employees, consumers, and the public from adverse health and safety conditions in food establishments and, thus, enforces statewide restrictions on indoor dining per public health orders and provides guidance to food establishments on safely operating during the pandemic. The program initiated outreach to more than 7,000 food establishments in the second half of FY20 to provide this information. OHSB is responsible for protecting employees of private industry and state, county, and city governments from workplace hazards. As a result, OHSB leads the majority of the state's rapid responses, which provide assistance and guidance to employers regarding proper safety precautions to prevent the transmission of Covid-19 within their workplaces.

Including the expenditures budgeted in the FY22 recommendation, the CAF's projected FY22 ending fund balance is \$9 million, a significant decrease from the FY20 ending balance of \$16.2 million. Due to state budget constraints in FY20, \$2 million was swept from the CAF to the general fund. Additionally, in FY21, \$2 million will be transferred to the Energy, Minerals and Natural Resources Department for remediation of the Carlsbad brine well. 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. 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 purchased by producers.

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. Legislation adopted in 2020 created the environmental health fund as the depository for three revenue sources previously kept separate and each designated for a specific use. Combining these revenues in one fund with a broader purpose allows NMED greater flexibility in spending the funds where they are most needed.

Increases in NMED's fees and penalties are also necessary to keep pace with program costs. Some fee increases must be approved only by the Environmental Improvement Board (EIB), while others are set in statute. In FY20, EIB adopted new liquid waste regulations and permit fees that will generate an estimated \$750 thousand in additional revenue for the Environmental Protection Program. NMED will pursue legislation in 2021 to increase fees on operators of public water systems to fund services the agency provides to those systems, such as sampling and analysis of contaminants in drinking water. These fees have not been increased since their implementation in 1993, and NMED expects funds to be insufficient to continue covering the cost of sampling for several regulated contaminants in 2021.

Water Protection Program. In the Water Protection Program, state and federal revenues are projected to fall by a combined \$2.4 million. LFC recommends a general fund increase of \$407.3 thousand, budgeted in contractual services for chemical analysis, lead monitoring, and sampling of regulated and emerging contaminants in drinking water, priorities for the program that will not be fully implemented in FY21 due to budget reductions.

The Water Protection Program includes the Construction Programs Bureau, which in FY20 provided technical and financial oversight and assistance for 416 water infrastructure projects and disbursed more than \$31.1 million in loans and capital outlay funds.

The Ground Water Quality and Surface Water Quality bureaus began implementation of the Produced Water Act, which requires NMED to develop regulations for the treatment and use of produced water outside of the oil and natural gas industry. The agency partnered with New Mexico State University to launch the New Mexico Produced Water Research Consortium to fill science and technology gaps related to the treatment and reuse of produced water.

Resource Protection Program. For the Resource Protection Program, declining state revenues and increasing federal revenues are projected to net an increase of \$238.5 thousand. The LFC recommendation for general fund revenue is flat with FY21 to assist the program with filling vacancies partially or fully supported by the general fund, an issue prioritized in FY21 but scaled back due to budget reductions.

Staff in the Resource Protection Program are leading NMED's litigation against the Department of Defense for delineating and remediating the per- and polyfluoroalkyl substances (PFAS) contamination near the state's Air Force bases. The program is also responsible for inspections of infectious waste generators, including hospitals and clinics, and developed a revised protocol and provided technical assistance for proper management of Covid-19 related waste.

Environmental Protection Program. In the Environmental Protection Program, the recommended general fund reduction is offset by state and federal revenue increases, for a total increase of \$1.3 million over the FY21 operating budget. Environmental Protection staff, through the Food Program and Occupational Health and Safety Bureau (OHSB), have been heavily involved in managing the Covid-19 public health emergency. The Food Program is responsible for protecting employees, consumers, and the public from adverse health and safety conditions in food establishments and, thus, enforces statewide restrictions on indoor dining per public health orders and provides guidance to food establishments on safely operating during the pandemic. The program initiated outreach to more than 7,000 food establishments in the second half of FY20 to provide this information. OHSB is responsible for protecting employees of private industry and state, county, and city governments from workplace hazards. As a result, OHSB leads the majority of the state's rapid responses, which provide assistance and guidance to employers regarding proper safety precautions to prevent the transmission of Covid-19 within their workplaces.

The Environmental Protection program also contains the Air Quality Bureau, which in FY20 purchased and installed air monitoring equipment that uses advanced technology for greater accuracy. The permitting section reviewed 1,534 permitting actions and issued 580 construction permits in FY20, both of which have been increasing over several years due to oil and gas activity in the Permian Basin. The bureau also recently streamlined the regulatory review process, allowing staff to more efficiently manage the high number of applications and permits.

Resource Management Program. In the Resource Management program, NMED requested decreases in general fund and other state revenues and increases in federal revenue and fund balance. The LFC recommendation supports the request, for a total decrease of \$183 thousand from the FY21 operating budget. The reduction was implemented primarily in contractual services and other costs expenditures.

WATER PROTECTION

The purpose of the water protection program is to protect and preserve the ground, surface and drinking water resources of the state for present and future generations. The program also helps New Mexico communities develop sustainable and secure water, wastewater and solid waste infrastructure through funding, technical assistance and project oversight.

BUDGET SUMMARY (dollars in thousands)

		<u>FY22 - 2021-2022</u>			
		<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>Percent</u>
		<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>		<u>(Decr)</u>
SOURCES					
	General Fund Transfers	2,240.4	3,036.7	2,884.9	13.4
	Other Transfers	7,297.7	9,058.1	8,158.0	-9.9
	Federal Revenues	9,876.5	15,517.0	13,968.4	-10.0
	Other Revenues	234.9	100.0	100.0	0.0
	SOURCES TOTAL	19,649.5	27,711.8	25,111.3	-7.4
USES					
	Personal Services and Employee Benefits	12,844.2	15,448.2	14,475.0	-6.3
	Contractual Services	4,577.8	6,714.6	6,487.4	4.9
	Other	2,133.9	5,549.0	4,148.9	-25.2
	TOTAL USES	19,555.9	27,711.8	25,111.3	-7.4
FTE					
	Permanent	72.0	74.0	69.0	-6.8
	Term	117.0	116.3	109.3	-6.0
	TOTAL FTE POSITIONS	189.0	190.3	178.3	-6.3

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	NEW	NEW	NEW	1:377	1:377
	Outcome	NEW	NEW	NEW	200 lbs	200 lbs
	Reduction in nonpoint source sediment loading attributed to implementation of watershed restoration and on-the-ground improvement projects					
Output	Percent of surface water permittees inspected	NEW	NEW	NEW	10%	30%
Output	Number of superfund sites cleaned up compared with the number of superfund sites remaining	NEW	NEW	NEW	0:15	1:15
Output	Number of new water infrastructure projects	NEW	NEW	NEW	75	75
Outcome	Percent of the population served safe and healthy drinking water	NEW	NEW	NEW	92%	92%
Outcome	Number of community water system violations returned to compliance as a result of department assistance.	NEW	NEW	NEW	500	500
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared with the total number of drinking water systems	NEW	NEW	NEW	260:564	260:564
Output	Percent of groundwater permittees inspected	NEW	NEW	NEW	65%	65%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of groundwater permittees in violation	NEW	NEW	NEW	15%	15%
Outcome	Percent of surface water permittees in violation	NEW	NEW	NEW	15%	15%
Outcome	Quantity of nutrient-based pollutants reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	NEW	NEW	NEW	650	650
Outcome	Percent of groundwater permittees in compliance	NEW	NEW	NEW	85%	85%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	NEW	NEW	NEW	150	150
Outcome	Percent of surface water permittees in compliance	NEW	NEW	NEW	85%	85%
Output	Investments in water infrastructure, in dollars	NEW	NEW	NEW	\$30m	\$30m

RESOURCE PROTECTION

The purpose of the resource protection program is to monitor and provide regulatory oversight of the generation, storage, transportation and disposal of wastes in New Mexico. The program also oversees the investigation and cleanup of environmental contamination covered by the Resource Conservation and Recovery Act.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	1,963.4	1,965.9	1,867.6	1,965.9	0.0
Other Transfers	6,102.6	8,793.2	8,355.7	8,355.7	-5.0
Federal Revenues	3,565.5	4,516.8	5,192.8	5,192.8	15.0
SOURCES TOTAL	11,631.5	15,275.9	15,416.1	15,514.4	1.6
USES					
Personal Services and Employee Benefits	9,128.5	11,326.5	11,034.9	11,133.2	-1.7
Contractual Services	1,002.7	1,954.4	2,317.8	2,317.8	18.6
Other	1,468.6	1,995.0	2,063.4	2,063.4	3.4
TOTAL USES	11,599.8	15,275.9	15,416.1	15,514.4	1.6
FTE					
Permanent	35.0	35.0	32.0	32.0	-8.6
Term	98.0	111.3	108.3	108.3	-2.7
TOTAL FTE POSITIONS	133.0	146.3	140.3	140.3	-4.1

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of hazardous waste facilities in compliance	NEW	NEW	NEW	85%	85%
Output	Percent of solid and infectious waste management facilities inspected	NEW	NEW	NEW	85%	85%
* Outcome	Percent of solid and infectious waste management facilities in compliance	NEW	NEW	NEW	85%	85%
Outcome	Percent of hazardous waste facilities in violation	NEW	NEW	NEW	15%	15%
Output	Percent of hazardous waste facilities inspected	NEW	NEW	NEW	2%	10%
Output	Number of underground storage tank sites cleaned up compared with the total number of leaking underground petroleum storage tank sites remaining	NEW	NEW	NEW	20:944	25:944
* Outcome	Percent of solid and infectious waste management facilities in violation	NEW	NEW	NEW	15%	15%
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	NEW	NEW	NEW	1,938	1,938

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to protect public health and the environment through specific programs that provide regulatory oversight of food service and food processing facilities, on-site treatment and disposal of liquid wastes, public swimming pools and baths and medical radiation and radiological technologists certification and to ensure every employee has safe and healthful working conditions.

BUDGET SUMMARY
(dollars in thousands)

			FY22 - 2021-2022		
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,326.3	5,374.6	5,105.9	5,105.9	-5.0
Other Transfers	12,516.7	14,940.4	15,696.5	15,696.5	5.1
Federal Revenues	2,977.0	3,995.0	4,694.0	4,694.0	17.5
Other Revenues	0.0	0.0	99.9	99.9	
SOURCES TOTAL	20,820.0	24,310.0	25,596.3	25,596.3	5.3
USES					
Personal Services and Employee Benefits	16,622.7	18,073.7	18,920.9	18,920.9	4.7
Contractual Services	948.5	1,500.0	1,639.6	1,639.6	9.3
Other	3,182.8	4,736.3	5,035.8	5,035.8	6.3
TOTAL USES	20,754.0	24,310.0	25,596.3	25,596.3	5.3
FTE					
Permanent	136.5	137.5	137.5	137.5	0.0
Term	102.0	112.3	113.3	113.3	0.9
TOTAL FTE POSITIONS	238.5	249.8	250.8	250.8	0.4

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of the population breathing air meeting federal health standards	NEW	NEW	NEW	95%	95%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	NEW	NEW	NEW	136,906	136,906
Output	Percent of air emitting sources inspected	NEW	NEW	NEW	50%	60%
Outcome	Percent of ionizing and nonionizing radiation sources in compliance	NEW	NEW	NEW	85%	85%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	NEW	NEW	NEW	7,000	7,000
Outcome	Percent of restaurants and food manufacturers in violation	NEW	NEW	NEW	15%	15%
Output	Percent of ionizing and nonionizing radiation sources inspected	NEW	NEW	NEW	85%	85%
Outcome	Percent of new or modified liquid waste systems in violation	NEW	NEW	NEW	15%	15%
Outcome	Percent of ionizing and nonionizing radiation sources in violation	NEW	NEW	NEW	15%	15%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	NEW	NEW	NEW	101,095	101,095
Outcome	Percent of new or modified liquid waste systems in compliance	NEW	NEW	NEW	85%	85%
Outcome	Percent of air emitting sources in compliance	NEW	NEW	NEW	85%	85%
Output	Percent of restaurants and food manufacturers inspected	NEW	NEW	NEW	80%	80%
Output	Percent of new or modified liquid waste systems inspected	NEW	NEW	NEW	85%	85%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	NEW	NEW	NEW	5,000	5,000
Outcome	Percent of air emitting sources in violation	NEW	NEW	NEW	15%	15%
* Outcome	Number of employers that did not meet occupational health and safety requirements for at least one standard compared with the total number of employers	NEW	NEW	NEW	55%	55%
Outcome	Percent of restaurants and food manufacturers in compliance	NEW	NEW	NEW	85%	85%

RESOURCE MANAGEMENT

The purpose of the resource management program is to provide overall leadership, administrative, legal and information management support to all programs within the department. This support allows the department to operate in the most responsible, efficient and effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY22 - 2021-2022</u>				
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <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	2,768.9	2,769.0	2,630.4	2,630.4	-5.0
Other Transfers	2,538.5	3,320.1	3,064.2	3,064.2	-7.7
Federal Revenues	2,629.8	2,298.7	2,410.2	2,410.2	4.9
Fund Balance	0.0	100.0	200.0	200.0	100.0
SOURCES TOTAL	7,937.2	8,487.8	8,304.8	8,304.8	-2.2
USES					
Personal Services and Employee Benefits	6,179.1	6,681.7	6,656.0	6,656.0	-0.4
Contractual Services	356.8	487.7	394.8	394.8	-19.0
Other	1,003.8	1,318.4	1,254.0	1,254.0	-4.9
TOTAL USES	7,539.7	8,487.8	8,304.8	8,304.8	-2.2
FTE					
Permanent	43.0	45.8	44.0	44.0	-3.8
Term	31.0	31.3	32.3	32.3	3.2
TOTAL FTE POSITIONS	74.0	77.0	76.3	76.3	-1.0

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Output	Total dollars collected and transferred to the general fund resulting from successful prosecutions or settlements stemming from noncompliance with laws, rules or permits administered by the department	NEW	NEW	NEW	\$500,000	\$500,000
Output	Percent of department financial transactions completed online by the public or regulated community	NEW	NEW	NEW	33%	33%

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	275.2	446.3	424.0	424.0	-5.0
Fund Balance	144.6	2,057.1	4,927.3	4,927.3	139.5
SOURCES TOTAL	419.8	2,503.4	5,351.3	5,351.3	113.8
USES					
Personal Services and Employee Benefits	303.4	469.8	473.6	473.6	0.8
Contractual Services	94.6	2,008.5	4,846.1	4,846.1	141.3
Other	21.8	25.1	31.6	31.6	25.9
TOTAL USES	419.8	2,503.4	5,351.3	5,351.3	113.8
FTE					
Permanent	3.8	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	3.8	4.0	4.0	4.0	0.0

AT A GLANCE:

The Office of the Natural Resources Trustee (ONRT) requested an FY22 budget of \$5.4 million, made up of \$424 thousand from the general fund and \$4.9 million from the balance of the natural resources trustee fund. The LFC recommendation fully funds the request.

BUDGET ISSUES:

ONRT completed five multi-year restoration projects and initiated six new projects in FY20. The completed projects were a sewer line extension in Silver City, Burro Cienega watershed restoration, Ancheta Springs stream restoration, Gila Riparian Preserve wildlife habitat enhancement, and City of Rocks State Park habitat restoration. ONRT now has eight ongoing projects in various stages of planning through field implementation. The projects include wastewater system improvements, municipal water supply, water quality improvement, and habitat restoration.

ONRT received an FY21 special appropriation of \$2 million to conduct damage assessments of natural resources that have been injured. Using these funds, ONRT restarted five damage assessments that had been previously paused due to funding limitations and started investigations into several new cases, including perfluoroalkyl and polyfluoroalkyl substances (PFAS) contamination at the state's Air Force bases.

The FY22 budget request reduces general fund revenue by \$22.3 thousand, or 5 percent, and increases use of fund balance by \$2.9 million to make use of funds resulting from case settlements. The projected FY21 ending balance of the natural resources trustee fund, excluding the FY21 special appropriation, is \$4.3 million.

NATURAL RESOURCE DAMAGE ASSESMENT 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Number of acres of habitat benefiting from restoration	13,820	12,845	12,500	12,000	12,500
Outcome	Number of acre-feet of water conserved, restored or protected	1,087	1,061	1,000	1,000	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)					
	FY20 2019-2020	FY21 2020-2021	FY22 – 2021-2022		Percent
	<u>Actuals</u>	<u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	4,978.7	5,227.0	4,965.6	5,165.6	-1.2
Federal Revenues	420.1	595.0	595.0	595.0	0.0
Other Revenues	205.7	150.0	150.0	200.0	33.3
SOURCES TOTAL	5,604.5	5,972.0	5,710.6	5,960.6	-0.2
USES					
Personal Services and Employee Benefits	3,569.8	4,620.1	4,347.4	4,597.4	-0.5
Contractual Services	348.6	391.9	396.6	396.6	1.2
Other	821.5	960.0	966.6	966.6	0.7
TOTAL USES	4,739.9	5,972.0	5,710.6	5,960.6	-0.2
FTE					
Permanent	56.0	63.0	63.0	63.0	0.0
Term	3.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	59.0	67.0	67.0	67.0	0.0

AT A GLANCE:

The Veterans' Services Department (VSD) base request for general fund revenue was \$261.4 thousand, or 5 percent below the FY21 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.

BUDGET ISSUES:

The agency request primarily reduced personnel spending, increasing the vacancy rate to nearly 10 percent. VSD reported the agency intends to keep two of the five additional veteran services officer (VSO) positions it received in FY21 vacant due to the increased vacancy rate. In total, the department has 22 VSOs and five were vacant as of September 2020. The FY21 operating budget has an estimated \$750 thousand for funded vacant positions. The agency request would reduce this funded vacancy by \$270 thousand. The LFC recommendation for personnel is higher than the agency request and should be sufficient to fund the vacant VSO positions.

LFC also recommends increasing other revenues from license plate fees by \$50 thousand above the FY21 operating budget to more closely align with FY20 actual revenues. The LFC recommendation supports the agency general fund request.

Veterans' Cemeteries. 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 opened in 2020. In addition, the department requested \$2.3 million in capital infrastructure improvement funding for the cemeteries for improvements that include surveillance systems, fire suppression, erosion, and flood control. The department is also in communication with the federal government to build an additional cemetery in Carlsbad. While the federal government funds most of the cemetery construction, the state must then operate and maintain the facility, resulting in long-term financial demands on the state. The department assumes staffing each of the cemeteries require 4 FTE per cemetery.

VETERANS' SERVICES DEPARTMENT

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,978.7	5,227.0	4,965.6	5,165.6	-1.2
Federal Revenues	420.1	595.0	595.0	595.0	0.0
Other Revenues	205.7	150.0	150.0	200.0	33.3
SOURCES TOTAL	5,604.5	5,972.0	5,710.6	5,960.6	-0.2
USES					
Personal Services and Employee Benefits	3,569.8	4,620.1	4,347.4	4,597.4	-0.5
Contractual Services	348.6	391.9	396.6	396.6	1.2
Other	821.5	960.0	966.6	966.6	0.7
TOTAL USES	4,739.9	5,972.0	5,710.6	5,960.6	-0.2
FTE					
Permanent	56.0	63.0	63.0	63.0	0.0
Term	3.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	59.0	67.0	67.0	67.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	95%	95%	95%	98%	98%
* Outcome	Percent of eligible deceased veterans and family members interred in a regional state veterans' cemetery	10%	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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	206,901.1	213,570.7	202,892.2	210,224.9	-1.6
Other Transfers	3,084.7	3,719.5	3,541.2	3,541.2	-4.8
Federal Revenues	74,808.0	80,674.5	82,762.1	82,762.1	2.6
Other Revenues	3,357.3	3,876.9	3,826.9	3,826.9	-1.3
Fund Balance	0.0	1,312.0	4,227.7	4,227.7	222.2
SOURCES TOTAL	288,151.1	303,153.6	297,250.1	304,582.8	0.5
USES					
Personal Services and Employee Benefits	139,463.0	141,773.9	141,812.3	143,503.0	1.2
Contractual Services	51,984.6	72,683.0	71,928.0	77,079.4	6.0
Other	81,899.3	88,696.7	83,509.8	84,000.4	-5.3
TOTAL USES	273,346.9	303,153.6	297,250.1	304,582.8	0.5
FTE					
Permanent	2,098.3	2,157.3	2,109.5	2,109.5	-2.2
Term	18.0	14.0	15.0	15.0	7.1
Temporary	0.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	2,116.3	2,173.3	2,124.5	2,124.5	-2.2

AT A GLANCE:

CYFD's total budget request for FY22 was \$297.3 million, 2 percent lower than the agency's FY21 operating budget. The general fund request of \$202.9 million was \$10.7 million, or 5 percent, lower than the FY21 operating budget. Reductions were made across the agency's programs, with nearly 87 percent taken from operating expenses, including reduced use of general funds for foster care and support. The request backfills general fund spending with federal revenues and fund balance, with an overall addition of \$2 million in federal funds and nearly \$3 million in use of the agency's fund balances.

The LFC recommends a general fund appropriation of \$210.2 million, 2 percent below the FY21 operating budget. For BHS, the recommendation includes a 4.5 percent increase over the program's FY21 operating budget. The expansion of community, and evidence-based behavioral health programs and services is essential to addressing the committee's priorities to expand access to evidence-based behavioral health services and maximize federal funding. For PS, LFC staff recommends general fund revenue totaling \$96.5 million, a 1 percent reduction from the program's FY21 operating budget. The recommendation moves savings from foster care and support into contracts to fund evidence-based prevention and family support services. The committee recommendation supports the agency's general fund request of \$64.5 million for JJS. The FY22 request eliminated 49 positions that had been vacant for over two years, resulting in a 16 percent vacancy rate. The request maintains FY21 funding levels through increased use of the program's fund balances. For Program Support, the committee recommends a general fund revenue appropriation of \$13.3 million, 2 percent below the FY21 operating budget and the agency's request. The recommendation includes an increase in personnel services and contracts for IT services and training. However, the budget increase is general fund neutral, as the program is projecting a rise in federal funding.

BUDGET ISSUES:

Recognizing the essential need to invest in better outcomes for New Mexico's children, the Legislature has continued to prioritize funding to CYFD year-over-year, with the agency's budget growing over 13 percent since FY18. In the first 2020 special legislative session, the department's FY21 operating budget was reduced by \$16.6 million, with a 4.5 percent reduction in general fund revenues, but still grew 5 percent over FY20 levels. While child maltreatment and repeat maltreatment rates have been trending down over the last 12 months, they remain among the highest in the nation and the state continues to lead the nation in child maltreatment victims with a caregiver who is abusing alcohol or drugs. Complex societal factors, such as poverty, substance abuse, domestic violence, and mental health problems, are persistent, contributing factors. Moreover, the effects of the Covid-19 pandemic on children's welfare remain unclear. The loss of key sources of reporting, coupled with additional strains on families facing the financial and emotional hardships of the pandemic, has raised concerns about underreported child abuse and neglect.

Nationally, child welfare systems are turning their focus to prevention, early intervention and preserving and strengthening families. The emphasis is shifting from creating permanency outcomes for children in foster care to keeping children and families out of the system all together. The federal Family First Prevention Services Act (FFPSA), passed in 2018, creates incentives for states to move money from the back-end of the system to the front-end to fund efforts in prevention and early intervention. The FFPSA allows states to use federal funds previously reserved for foster care and adoption support, to fund services aimed at working with families to prevent the need for family separation. While the FFPSA offers an opportunity for expanded federal funds, there are challenges to accessing these funds. The FFPSA's front-end services are limited to models of services deemed to be "promising practices" or "evidence-based" interventions by an established clearinghouse. In addition, the federal funds are designated as a "payer of last resort," meaning the state would be unable to claim reimbursement for services covered under Medicaid or through another funding source. To leverage the opportunities afforded under the FFPSA, the state will need to ensure that New Mexico's service providers are both Medicaid qualified and can deliver on evidenced-based programs and services included in the federally approved clearinghouse.

CYFD is currently developing the state plan for submission under the Family First Prevention Services Act and over the last two years has begun to realign resources to build prevention and early intervention services that directly support families, create a trauma-informed system, expand behavioral healthcare services, and increase community-based services and placements. The agency's strategic plan focuses on preventive services, expanding kinship care and community-based mental health services, and restructuring community-based partnerships.

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 has a team of community behavioral health clinicians serving CYFD-involved children and youth and supports the expansion of wraparound and other behavioral health services through training, licensing and certification, oversees efforts to reduce adolescent substance, and directs the state's infant mental health and domestic violence prevention and victim services. As the behavioral healthcare authority for all children in New Mexico, the program is also tasked with monitoring the service quality and standards compliance of providers, and oversees the expansion and sustainability of a comprehensive housing continuum for transition-age youth. BHS is also developing targeted trainings for CYFD staff and community stakeholders to support the development of a trauma-responsive system of care. 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's total FY22 budget request, including all revenue sources, was \$40.8 million, a decrease of \$2.2 million from the FY21 operating budget, including a general fund revenue reduction of \$1.8 million, or 5.3 percent. The request included a \$1 million reduction in staffing, with the program planning to fill fewer positions, and \$500 thousand in contracts, resulting in delayed investment in several behavioral health initiatives, including transitional living, residential treatment, and maternity home facilities. The request also includes \$266 thousand in operational cost savings from telework.

BHS's effort to expand community-based behavioral health services is central to the implementation of CYFD's strategic plan and the FFPSA. In FY21, the Legislature grew the program's budget by more than 100 percent, recognizing that keeping children safe and supported, so they can appropriately remain with families and in their communities, requires a continuum of community-based mental health services and an infrastructure to administer and foster access to these services. 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.

The LFC staff recommendation for a 4.5 percent increase for BHS in FY22 is based on a recognition that shifting to a community-based model will require a system-wide commitment, long-term investment, and funding for the initial start-up and operating costs of new programs until they have established Medicaid eligibility and are self-sustaining. The recommendation largely reverses solvency measures taken during the 2020 first special session and restores funding for both staffing and contractual services.

In FY20, BHS consistently met or nearly met its two performance targets: one addressing services provided through its infant mental health program and the second looking at services provided by community behavioral health clinicians to CYFD-involved children and youth. While still under the target of 75 percent, the program has increased the percentage of children and youth receiving services by more than 12 percent since FY19. Key initiatives, focused on expanding services and maintaining children and youth in least restrictive placements, will continue to be rolled out throughout FY21 and new performance measures will be put in place in FY22 to demonstrate impact, test program efficacy, and guide strategic growth and planning.

Protective Services. PS is responsible for intervening when a child has been abused or neglected, conducting investigations, assessing child safety and family needs, and connecting families with services, either provided directly by the agency or in the community, to prevent child maltreatment from occurring or recurring. When children cannot safely remain in their homes, PS provides foster care services for children and works with caregivers to facilitate reunification when possible. When reunification is not possible, CYFD strives to achieve permanency for children through adoption or permanent guardianship. PS is also tasked with ensuring the children and youth in CYFD's care receive appropriate medical and behavioral health services.

Funding for PS from the general fund rose from \$77.3 million in FY15 to \$97.5 million in FY21, a 26 percent increase, and significantly outpaced growth in overall state appropriations, which grew by 15 percent in the same time period. A majority of the increased spending focused on increasing personnel to reduce caseloads and staff turnover and providing additional funding for foster care and support. Spending in these two categories comprised approximately 78 percent of the program's FY21 operating budget.

PS's FY22 general fund request of \$92.3 million was 5.3 percent lower than the FY21 operating budget. The program's request held funding for personnel services flat with FY21 and included a reduction of \$3.7 million in foster care and support. The program projects lower general fund cost in this category as a result of an increase in the federal funds captured and lower caseloads.

The LFC recommends moving the \$3.7 million in foster care and support savings into the contractual services category to fund additional evidence-based preventive and family support services. 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. In FY21, PS received \$1 million to expand family reunification services and \$2 million to implement a differential response system, 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. The new program, named Family Resource Connections, will begin in FY22 in selected counties. Cases will be referred to providers in the community to complete an assessment and provide prevention services based on the needs of the family. However, gaps in service availability in many New Mexico communities mean that crucial prevention, intervention and reunification services for CYFD-involved families are not available. Additional funding to expand community based services will support the roll out of the new program. As PS expands the delivery of preventive services, it will need to work closely with community providers to ensure the programs are evidence-based and providers are supported, connected, and held accountable, and can leverage federal funding under the FFPSA.

PS's request also included \$1.5 million in projected rent savings from the consolidation of lease space. The committee recommendation recognizes \$1 million of the projected savings, but flags the agency's proposal to move field office operations and direct services into the PERA building does not align with the larger capital building area master plan to reserve the capital complex for constitutional and general offices.

In FY20, PS did not meet a majority of its performance targets, including key metrics regarding repeat maltreatment rates, reunification rates, and length of care. Over the last six years, repeat maltreatment rates have remained stubbornly higher than the national average. However, the program ended FY20 with repeat maltreatment rates at their lowest levels since 2013. The program's new safety assessment is one year into implementation and an improved service matrix to aid investigators in making the right decisions about family needs based on safety and risk assessments has been disseminated. In FY20, the program received a 19 percent budget increase to address persistently high caseloads and staff turnover. Progress in these outcomes has been slow, and both staff turnover and caseloads remain higher than targets and national benchmarks, but there are some signs of improvement, with the program's vacancy rate falling to 15 percent as of October 2020.

Juvenile Justice Services. JJS provides prevention, intervention, and aftercare services for delinquent youth in New Mexico. Following a nationwide trend of declining incarceration rates, over the last decade New Mexico has achieved a more than 40 percent drop in its youth incarceration rate. The decrease is largely the result of moving from a correctional and punitive system to a rehabilitative one that encompasses a continuum of services to address the needs of system-involved youth. Research has shown that reliance on juvenile incarceration is a failed strategy for combating youth crime, and home-based counseling, treatment, and supervision strategies produced equal or better outcomes at a fraction of the cost. In FY20, 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.

JJS's FY22 general fund request of \$64.5 million was 5.3 percent lower than the program's FY21 operating budget. The request included \$660 thousand in savings from the nonrenewal of a contract with the San Juan detention facility and held funding for personnel services flat with FY21 through the use of \$3.7 million from the program's fund balances to replace general fund revenue.

The LFC recommendation supports JJS's general fund request. The budget reflects the program's success in keeping clients out of secure facilities with reduced staffing requirements but allows the program to maintain the progress made in increasing program development to reduce recidivism rates and support clients in the least restrictive setting appropriate.

In FY20, JJS met or nearly met four of its nine targets. JJS missed its target for physical assault (by only two incidents), largely due to a significant jump in physical assaults in the fourth quarter – 40 percent of the 287 total assaults for the year occurred during this quarter. This could be attributed to high levels of anxiety resulting from the pandemic, especially among JJS clients who have experienced significant trauma and can be impulsive and highly aggressive. JJS struggled to meet its targets related to recidivism. The program has seen a significant drop in population in its secure facilities, and while the overall percentage of recidivism remains above targeted levels, the actual number of clients it represents remains almost flat. For FY20, in actual numbers, 15 clients out of 103 discharged from CYFD facilities entered an adult correctional facility. JJS exceeded its target related to the percentage of clients completing probation, ending the year with close to a 94 percent success rate. Since 2018, JJS has significantly improved its performance on this critical measure. CYFD's new fostering connections initiative will now allow older youth who have left field supervision to receive supports, such as housing, medical insurance, and other services that are critical factors in achieving long term success.

Program Support Services. Program Support is composed of three entities: the office of the secretary, the administrative services program, and the information technology program. Program Support's total FY22 budget request, including all revenue sources, was \$19.5 million, a \$2.1 million increase over the FY21 operating budget but still \$499 thousand less than FY20 actuals. The request held general fund revenue flat with FY21 levels with the increase entirely in federal funding.

The LFC recommendation largely supports the program's request but reduces the amount requested for IT contracts and training from \$979 thousand to \$705 thousand. The recommendation also supports the full \$2.1 million in increased federal funding because the projected \$5.8 million is in line with the actual federal funding received in FY20.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the protective services program of the children, youth and families department include nine hundred thousand dollars (\$900,000) from the temporary assistance for needy families block grant to New Mexico for supportive housing.

The general fund appropriation to protective services program in the contracts category includes an additional three million, seven-hundred and thirteen thousand and seven hundred dollars (\$3,713,700) for evidence-based child maltreatment prevention and early intervention services.

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)

		FY22 - 2021-2022				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	71,417.5	68,090.0	64,454.3	64,454.3	-5.3
	Other Transfers	304.9	423.9	423.9	423.9	0.0
	Federal Revenues	87.2	400.0	460.0	460.0	15.0
	Other Revenues	2,053.6	1,516.5	1,516.5	1,516.5	0.0
	Fund Balance	0.0	1,312.0	4,227.7	4,227.7	222.2
	SOURCES TOTAL	73,863.2	71,742.4	71,082.4	71,082.4	-0.9
USES						
	Personal Services and Employee Benefits	54,234.8	52,567.8	52,557.7	52,557.7	0.0
	Contractual Services	9,908.7	13,324.0	12,664.0	12,664.0	-5.0
	Other	5,777.2	5,850.6	5,860.7	5,860.7	0.2
	TOTAL USES	69,920.7	71,742.4	71,082.4	71,082.4	-0.9
FTE						
	Permanent	882.8	861.8	812.5	812.5	-5.7
	TOTAL FTE POSITIONS	882.8	861.8	812.5	812.5	-5.7

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Turnover rate for youth care specialists	18.4%	18.1%	19%	21%	19%
* Outcome	Percent of clients who successfully complete formal probation	85.8%	93.7%	86%	85%	85%
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	10.0%	11.1%	13%	5	5
Outcome	Percent of youth being formally supervised by field services currently in kinship care settings	New	New	30%	35%	35%
Output	Percent of eligible juvenile-justice-involved youth who are participating in fostering connections	New	New	New	60%	60%
Outcome	Percent of Indian Child Welfare Act youth formally supervised in the community who are in an appropriate placement	New	New	95%	90%	90%
* Outcome	Percent of youth discharged from active field supervision who did not recidivate in the following two-year time period	19.9%	20%	12%	80%	80%
* Outcome	Percent of youth discharged from a secure facility who did not recidivate in the following two year time period	44.5%	45.7%	40%	55%	45%
Outcome	Percent of youth confined for over six months whose reading skills increased between admission and discharge	58.0%	40.6%	60%	56%	56%
Outcome	Percent of youth confined for over six months whose math skills increased between admission and discharge	30.0%	67.6%	60%	56%	56%
* Output	Number of physical assaults in juvenile justice facilities	235	287	<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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	104,942.4	97,465.9	92,261.6	96,465.9	-1.0
Other Transfers	2,257.0	2,289.4	2,289.4	2,289.4	0.0
Federal Revenues	65,244.1	69,472.9	69,472.9	69,472.9	0.0
Other Revenues	1,273.3	1,810.4	1,810.4	1,810.4	0.0
SOURCES TOTAL	173,716.8	171,038.6	165,834.3	170,038.6	-0.6
USES					
Personal Services and Employee Benefits	68,085.2	68,300.6	68,300.6	68,300.6	0.0
Contractual Services	28,209.0	24,294.0	24,294.0	28,007.7	15.3
Other	70,374.6	78,444.0	73,239.7	73,730.3	-6.0
TOTAL USES	166,668.8	171,038.6	165,834.3	170,038.6	-0.6
FTE					
Permanent	972.0	1,012.0	1,023.5	1,023.5	1.1
Term	6.0	5.0	6.0	6.0	20.0
Temporary	0.0	2.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	978.0	1,019.0	1,029.5	1,029.5	1.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	89.8%	95.6%			
* Output	Turnover rate for protective service workers	39.7%	29.9%	20%	30%	25%
Output	Rate of placement moves per one thousand days of care for children who enter care during a twelve month period and stay for more than eight days.	7.7	5.84	<4	<4.12	<4.12
* Outcome	Percent of children in foster care for more than eight days who achieve permanency within twelve months of entry into foster care	32.3%	29.30%	40.5%	30%	35%
Outcome	Percent of maltreatment victimizations per one hundred thousand days in foster care	13.4%	12.57%	<8.5%	<8%	<8%
Output	Average statewide central intake call center wait time	New	New	<=3	<=3	<=3
Outcome	Percent of initial relative placements that transition to permanency or are still stable after twelve months	New	New	15%	25%	25%
* 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	36.6%	34%	32%	32%	34%
Outcome	Percent of foster care placements currently in kinship care settings	New	New	35%	35%	35%
* 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	36.5%	40%	44%	35%	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	17%	14%	<9.1%	<9.1%	<9.1%
Outcome	Percent of Indian Child Welfare Act foster-care youth who are in an appropriate placement	New	New	38%	35%	38%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of families with a completed investigation who participated in in-home services or family support services and did not have a subsequent substantiated abuse report within twelve months	New	6.4%	20%	20%	20%
Outcome	Percent of serious injuries with prior protective services involvement in the last year	New	New	New	26%	26%

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	17,499.2	34,430.2	32,591.7	35,994.1	4.5
Other Transfers	473.7	934.7	756.4	756.4	-19.1
Federal Revenues	2,527.9	7,033.1	6,943.9	6,943.9	-1.3
Other Revenues	30.4	550.0	500.0	500.0	-9.1
SOURCES TOTAL	20,531.2	42,948.0	40,792.0	44,194.4	2.9
USES					
Personal Services and Employee Benefits	5,454.5	8,727.0	7,637.4	9,328.1	6.9
Contractual Services	12,711.1	33,451.9	32,652.2	34,363.9	2.7
Other	499.0	769.1	502.4	502.4	-34.7
TOTAL USES	18,664.6	42,948.0	40,792.0	44,194.4	2.9
FTE					
Permanent	72.5	110.5	110.5	110.5	0.0
Term	8.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	80.5	115.5	115.5	115.5	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of infants served by infant mental health teams with a team recommendation for reunification who have not had additional substantiated referrals to protective services	100%	94%	95%	90%	95%
Outcome	Percent of program participants who agree or strongly agree that as a result of contact with the domestic violence program they have strategies for enhancing their safety	New	New	New	80%	80%
Output	Percent increase in therapeutic housing options for transition age youth (ages 16-21 years) from baseline SFY 20 levels	New	New	New	20%	20%
Outcome	Percent of children and youth in department custody who are placed in a community-based setting	New	New	70%	70%	70%
Outcome	Percent of program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	New	New	85%	80%	80%
Output	Number of community-based behavioral health services that support children and youth to remain in their communities.	New	New	New	15	15

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in mental health functioning	New	New	New	75%	75%
* Output	Percent of department-involved youth CYFD involved children, youth and families in the estimated target population who are receiving services from community behavioral health clinicians	51.8%	64%	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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	13,042.0	13,584.6	13,584.6	13,310.6	-2.0
Other Transfers	49.1	71.5	71.5	71.5	0.0
Federal Revenues	6,948.8	3,768.5	5,885.3	5,885.3	56.2
SOURCES TOTAL	20,039.9	17,424.6	19,541.4	19,267.4	10.6
USES					
Personal Services and Employee Benefits	11,688.5	12,178.5	13,316.6	13,316.6	9.3
Contractual Services	1,155.8	1,613.1	2,317.8	2,043.8	26.7
Other	5,248.5	3,633.0	3,907.0	3,907.0	7.5
TOTAL USES	18,092.8	17,424.6	19,541.4	19,267.4	10.6
FTE					
Permanent	171.0	173.0	163.0	163.0	-5.8
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	175.0	177.0	167.0	167.0	-5.6

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 Youth Challenge Academy.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	7,203.3	7,209.2	6,848.7	6,848.7	-5.0
Other Transfers	161.9	146.9	146.9	146.9	0.0
Federal Revenues	15,347.5	20,281.1	19,483.2	19,483.2	-3.9
Other Revenues	89.6	119.3	121.3	121.3	1.7
Fund Balance	91.4	0.0	0.0	0.0	
SOURCES TOTAL	22,893.7	27,756.5	26,600.1	26,600.1	-4.2
USES					
Personal Services and Employee Benefits	8,661.1	11,391.7	10,564.4	10,524.0	-7.6
Contractual Services	2,576.5	3,562.7	3,113.1	3,113.1	-12.6
Other	10,841.8	12,802.1	12,922.6	12,963.0	1.3
TOTAL USES	22,079.4	27,756.5	26,600.1	26,600.1	-4.2
FTE					
Permanent	33.0	33.0	33.0	33.0	0.0
Term	134.0	136.0	130.0	130.0	-4.4
TOTAL FTE POSITIONS	167.0	169.0	163.0	163.0	-3.6

AT A GLANCE:

The Department of Military Affairs requested a decrease of \$1.2 million, or 4.2 percent, in FY22 compared with its FY21 operating budget, composed primarily of a \$360.5 thousand, or 5 percent, decrease from the general fund and a \$797.9 thousand, or 4 percent, decrease in anticipated federal revenue. DMA expects an increase of \$2,000 in other revenues from leasing land for cell towers. The request included a 7 percent decrease in the personal services and employee benefits category, a 13 percent decrease in the contractual services category, and a 1 percent increase in the other category. The request was 20.4 percent greater than the agency's actual FY20 expenditures. Overall, the LFC recommendation supports the agency's request, but makes minor adjustments on the category level.

BUDGET ISSUES:

The Department of Military Affairs (DMA) had an average vacancy rate of 26 percent in FY20 and the first two months of FY21. The department's FY22 request removed six positions and increased its budgeted vacancy rate, decreasing personnel funding by \$827.3 thousand. The agency requested \$188.9 thousand less from the general fund for personnel, a 5 percent reduction, and anticipated an 8 percent decline in federal funds. Even with such a reduction, the department is likely to realize significant vacancy savings in FY22. The LFC recommendation includes a slightly larger general fund decrease, of \$229.3 thousand (or 6 percent). The committee does not support a requested increase of \$40.4 thousand for salaries for exempt personnel and instead recommends a correspondingly smaller decrease in the other category.

The department requested, and the recommendation supports, a \$449.6 thousand, or 13 percent, decrease in the contractual services category compared with FY21, including a decrease in general fund revenue of \$13.4 thousand, or 3.3 percent. These adjustments bring the budget in this category closer to FY20 actual expenditures.

The department's FY22 request in the other category exceeds its FY21 operating budget by \$120.5 thousand, or almost 1 percent, but the request from the general fund is \$158.2 thousand, or 5 percent, under FY21 operating levels. DMA achieved an overall increase in this category by reallocating federal and state funds for the Youth Challenge Academy from personnel to other. Funding from the general fund and federal funds for the department's tuition assistance program and employee training was decreased, and the department requested \$243.5 thousand less from the general fund to reimburse service members group life insurance (SGLI) premiums than was budgeted in FY21, although it intends to request a budget adjustment from fund balance if necessary; as of October 2020, the balance in the SGLI fund was \$1.2 million, including \$815.7 thousand in nonreverting fund balance carried over from FY20. The recommendation exceeds the request by \$40.4 thousand in general fund revenue to partially offset the proposed decrease for the tuition assistance program and employee training.

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. Generally, the academy sees two cycles of cadets complete the 22-week academy each year, but due to the impact of the Covid-19 pandemic, the academy was only able to complete one cycle in FY20. In FY20, 132 students registered and 105, or 80 percent, graduated. Of the FY20 graduates, 68 percent earned a high school equivalency certificate. Registration at the academy was 8 percent higher in the one cycle held in FY20 compared with the average of the two cycles in FY19, and the number of graduates increased 20 percent. However, a significantly lower percent of graduates earned a certificate, at 68 percent in FY20 compared with 83 percent in FY19. Low enrollment numbers in FY20 are an outlier due to the pandemic; on average, registration at the academy grew 1 percent each year from FY15 to FY19, with a 3 percent increase in graduates and a 6 percent increase in students earning a certificate. The 22-week academy costs \$17.5 thousand per participant, only 25 percent of which is funded from the general fund.

The New Mexico National Guard (NMNG) was at 99 percent of manpower in FY20. Approximately 500 personnel deployed around the world in FY20 to support U.S. Army and Air Force missions, including deployments to Poland and Djibouti; in FY21, national guard missions include deployments to Kuwait, Columbia, and across the United States as part of a large scale mission for Army Material Command.

At the height of its Covid-19 response, over 600 NMNG service members were deployed to support pandemic response. National guard personnel have executed over 778 Covid-19-related mission assignments and have supported state agencies (such as the Department of Health, the New Mexico Department of Transportation, and the Public Education Department), the Federal Emergency Management Agency, and 13 tribal entities (including the Navajo Nation). National guard members have conducted nearly 60 thousand Covid-19 tests; processed almost 77 thousand specimen samples with the state's Scientific Laboratories Division; delivered about 900 pallets of food and 650 thousand gallons of water to food banks, communities, and tribal entities; and distributed over 3 million pieces of personal protective equipment. NMNG's efforts to support the state's Covid-19 response continue in FY21.

Section 20-1-6 NMSA 1978 provides up to \$1 million annually from "any money available in the state treasury not otherwise appropriated" for NMNG to conduct state active duty assignments. For the past several years, the governor has issued executive orders each fiscal year allocating \$750 thousand of these funds for expenditures in that year and ordering the national guard into state active duty to respond to any instate civil emergencies, disasters, or search and rescue missions that might require the guard's assistance. Some portion of these funds are expended every year, but they are not usually fully expended. The agency has received repeat audit findings for several years for failing to revert these funds to the general fund in a timely manner. Efforts to reform the existing system of emergency funding should more precisely define the conditions under which emergency funds can be allocated and should not permit funds to be allocated for unrealized emergencies; however, if such reforms are enacted, additional appropriations should be made to ensure the New Mexico National Guard can continue to carry out state active duty assignments.

NATIONAL GUARD SUPPORT PROGRAM

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard in maintaining a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent strength of the New Mexico national guard	95%	99%	97%	98%	98%
Output	Cost of deferred maintenance requests	NEW	\$59,375,000	\$22,433,215	\$37,276,965	\$37,000,000
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	NEW	80%	100%	90%	90%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	NEW	68%	69%	69%	75%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	NEW	82%	94%	94%	94%
* Output	Number of federal active duty operations conducted	NEW	NEW	NEW	1	1
* Output	Number of state active duty operations conducted	NEW	NEW	NEW	4	4
Output	Amount spent on state active duty operations	NEW	NEW	NEW	\$1,307,644	\$1,300,000
* Output	Number of search and rescue operations conducted	NEW	NEW	NEW	8	8
Output	Amount of expenditures on search and rescue operations	NEW	NEW	NEW	\$84,392	\$84,000

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	527.6	593.2	563.5	563.5	-5.0
SOURCES TOTAL	527.6	593.2	563.5	563.5	-5.0
USES					
Personal Services and Employee Benefits	378.3	450.1	435.3	435.3	-3.3
Contractual Services	8.3	8.6	9.0	9.0	4.7
Other	133.1	134.5	119.2	119.2	-11.4
TOTAL USES	519.7	593.2	563.5	563.5	-5.0
FTE					
Permanent	6.0	6.0	6.0	6.0	0.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0

AT A GLANCE:

The Adult Parole Board's request from the general fund for FY22 represents a decrease of \$29.7 thousand, or 5 percent, compared with its FY21 operating budget. The bulk of these decreases were in the personal services and employee benefits category and the other category, while the board requested a minimal increase for contractual services. The recommendation supports the request.

BUDGET ISSUES:

In FY20, between 10 and 15 of the Adult Parole Board's 15 board member positions were filled, a dramatic increase over recent years. The board is staffed by six employees, including an appointed director, charged with ensuring parole hearings run efficiently.

The agency's FY22 budget request included a reduction of \$14.8 thousand in personnel costs compared with FY21, a decrease of 3.3 percent, reflecting savings from the expiration of a temporary salary increase. The board has struggled with vacancies in recent years but has been able to fill five of its six positions and is pursuing advertising its remaining open position. Excluding the director, the request for employee salaries is in line with FY21 operating levels but remains 20.4 percent above FY20 actual expenditures. The board requested a decrease of \$15.3 thousand, or 11.4 percent, in the other category compared with its FY21 operating budget, achieved by aligning the request for a variety of miscellaneous supply costs with FY20 actual expenditures. The request in the contractual services category includes an increase of \$400 for document shredding services.

In FY20, the Parole Board conducted 3,198 parole hearings, 165, or 5 percent, fewer hearings than in FY19. Of the total hearings held, 71 percent resulted with a parole certificate issued. The board scheduled 3,503 hearings in FY20, but 293, or 8 percent, were canceled, or "scratched." Canceled hearings lead inmates to be incarcerated longer, at significant cost to the state. Incomplete or inaccurate documentation remains an obstacle to holding parole hearings, leading to 55 percent of hearing cancellations this year. Other leading causes of hearing cancellations were an offender having already been heard before the board (16 percent of cancellations) and inmates being transferred without the board's knowledge (11 percent).

Private prison facilities were more likely to see parole hearings canceled than public facilities, with 13 percent of scheduled parole hearings at private prisons canceled compared with only 6 percent of those scheduled at public prisons. Lea County Correctional Facility had the highest cancellation rate of any of the private facilities, with 21 percent of hearings canceled, 48 percent of which were for incomplete or inaccurate documentation. Guadalupe County Correctional Facility and Northwestern New Mexico Correctional Center each had 10 percent of their hearings canceled. Notably, Northeast New Mexico Correctional Center had only one hearing canceled (a 2 percent cancellation rate) during the four months it was under private operation in FY20; during the eight months it was under public operation, that rate rose to 24 percent (21 hearings).

Parole revocation hearings are canceled at a lower rate than hearings to grant parole, but a larger share are canceled due to missing or incomplete documentation. In FY20, 5 percent of the 966 scheduled parole revocation hearings were canceled, compared with 10 percent of the 2,493 hearings scheduled to grant parole; however, 73 percent of parole revocation hearing cancellations were because of issues with paperwork, compared with 52 percent of cancellations of hearings to grant parole.

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 has cited numerous problems with this location, including plumbing, heating, cooling, and electrical issues, as well as space constraints and lack of storage for records.

PAROLE BOARD

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of informational meetings held with victims, victims' families or victim advocacy groups	125	153	60	60	100
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	69.3%	95%	90%	90%	98%
Explanatory	Number of hearings canceled due to insufficient information	392	293			
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	42%	18%	30%	30%	15%
Explanatory	Number of persons on medical or geriatric parole returned to the custody of the corrections department	NEW	NEW			
Outcome	Percent of parole hearings that result in a parole certificate being issued	NEW	NEW	NEW	60%	70%
Explanatory	Number of applications for medical or geriatric parole received	NEW	NEW			
Explanatory	Percent of applications for medical or geriatric parole granted	NEW	NEW			
Output	Number of parole hearings conducted in person	NEW	NEW	1,800	1,200	1,500
Output	Number of parole hearings conducted	NEW	NEW	3,500	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	8.3	8.0	7.6	7.6	-5.0
SOURCES TOTAL	8.3	8.0	7.6	7.6	-5.0
USES					
Other	4.5	8.0	7.6	7.6	-5.0
TOTAL USES	4.5	8.0	7.6	7.6	-5.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

AT A GLANCE:

The Juvenile Public Safety Advisory Board (JPSAB) FY22 budget request of \$7,600 is 5 percent lower than the FY21 operating budget. The board's budget was reduced by \$300, or 4 percent, in the 2020 first special legislative session. The budget covers board travel and per diem. JPSAB may have up to seven members at any time but currently only has three and has never had more than four.

The LFC supports the board's 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. The board conducts regular administrative reviews for juvenile offenders to review the offender's progress, or lack thereof, and reports on readiness for release from a juvenile justice facility. In FY20, 95 percent of clients were reviewed at 40 days after commitment and 57 percent successfully completed supervised release.

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.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of clients reviewed at 40 days	87.5%	95%	92%	92%	95%
Outcome	Percent of clients successfully completing term of supervised release	60.8%	56.5%	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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr <u>(Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	326,177.5	329,837.9	316,005.1	326,241.1	-1.1
Other Transfers	17,569.9	16,644.8	17,210.1	17,210.1	3.4
Federal Revenues	498.1	0.0	259.2	259.2	
Other Revenues	11,049.8	15,318.3	13,868.8	13,868.8	-9.5
Fund Balance	4,822.5	1,860.3	9,270.9	2,270.9	22.1
SOURCES TOTAL	360,117.8	363,661.3	356,614.1	359,850.1	-1.0
USES					
Personal Services and Employee Benefits	153,793.5	164,432.6	163,731.8	166,475.3	1.2
Contractual Services	73,901.1	74,696.0	75,663.6	74,977.4	0.4
Other	128,680.3	124,532.7	117,218.7	118,397.4	-4.9
TOTAL USES	356,374.9	363,661.3	356,614.1	359,850.1	-1.0
FTE					
Permanent	2,576.0	2,576.0	2,508.0	2,508.0	-2.6
Term	39.0	39.0	27.0	27.0	-30.8
TOTAL FTE POSITIONS	2,615.0	2,615.0	2,535.0	2,535.0	-3.1

AT A GLANCE:

The Corrections Department's total budget request for FY22 of \$356.6 million represented a 1.9 percent decrease compared with the agency's FY21 operating budget, including a \$13.8 million reduction in requested general fund revenue, 4.2 percent lower than FY21. The majority of the requested decreases were in the Inmate Management and Control Program, which the agency proposed achieving by replacing \$7 million in staffing costs with nonrecurring fund balance appropriated in the 2021 legislative session to fund hepatitis c treatment for inmates and by realizing an estimated \$5.2 million in savings due to prison population reductions and staffing penalties at privately operated facilities.

The LFC recommendation of \$359.9 million exceeds the request by \$3.2 million and represents a 1 percent decrease compared with FY21 and a 0.1 percent reduction compared with the department's FY20 actual expenditures. The committee does not support replacing recurring general fund revenue for personnel with nonrecurring fund balance revenue, anticipates higher cost savings due to vacancies and inmate population reductions that have already occurred, and recommends the agency realize additional savings by renegotiating an overpriced and underperforming contract for inmate healthcare. The recommendation reallocates these savings to fund long-term legislative priorities, including salary increases for correctional officers, private prison per diem rate increases, evidence-based programming aimed at reducing recidivism, and additional funding for recurring facility maintenance and repair needs.

BUDGET ISSUES:

Between FY16 and FY20, the Corrections Department's (NMCD) budget grew by over \$40 million, or 12.6 percent, but the population of inmates in its care decreased 7.6 percent over the same period. In November 2019, the agency entered into a new contract for inmate healthcare and took over operations of the privately operated Northeast New Mexico Correctional Facility (NENMCF) in Clayton, both of which significantly increased its anticipated costs. For FY20, NMCD submitted budget adjustment requests (BARs) to transfer \$11.4 million between categories and programs and received a \$2 million supplemental appropriation to cover these costs, and the agency's original FY21 operating budget included an additional \$12.7 million for these expenditures, comprising more than half of its total general fund revenue increase.

As a result of solvency measures enacted during the first 2020 special legislative session, NMCD's general fund revenue for its FY21 operating budget was reduced by \$16.6 million, which the agency implemented using an anticipated \$13.6 million in vacancy savings and a \$2.5 million reduction in funding for private prison contracts. Despite these reductions, the department's revised FY21 operating budget still represents a 2 percent increase over its actual FY20 expenditures and a 1.1 percent increase in general fund revenue.

Personnel costs, inmate healthcare, and population reductions continue to be central issues for NMCD's budget in FY22. NMCD received a \$22 million appropriation from nonrecurring penitentiary income fund balance to treat the 43 percent of the inmate population infected with hepatitis c, but has proposed swapping \$7 million of these funds to maintain funding for personnel in the Inmate Management and Control Program in FY22, an unsustainable swap. The agency also requested almost no additional funding for its inmate healthcare contract, despite anticipating its FY21 costs will be at least \$2.5 million higher than budgeted, which would likely leave the contract underfunded for FY22. Finally, NMCD anticipated \$5.2 million in cost savings on private prison contracts due to population reductions and staffing penalties, but the current population distribution should already be producing even more significant savings.

Rather than support unsustainable budget reductions, the committee recommends NMCD leverage savings of at least \$9.7 million from population reductions, reduce its funding for vacant positions by \$2 million, and renegotiate the inmate healthcare contract based on current populations and more reasonable per-inmate rates, which could result in at least \$3 million in savings compared with the FY21 operating budget. Such changes would protect the funds appropriated for hepatitis c treatment while providing sufficient savings to focus on other priority areas despite reduced revenues. The LFC recommendation includes increases of almost \$4 million to fund pay raises averaging 5 percent among correctional officers, \$1.9 million to fund per-diem rate increases for private prisons, \$1.3 million to increase funding for the Recidivism Reduction Division, \$2.6 million to expand evidence-based programming both within prisons and among the supervision population in the community, and \$3 million to enable more preventive facility maintenance and repair.

NMCD received about \$17.2 million in revenue from the land maintenance fund and the land grant permanent fund (collectively the "penitentiary income fund") in FY20, and LFC economists project the department will receive an additional \$17.4 million in these revenues in FY22. The agency's request proposed including \$16.4 million in recurring revenue from these funding sources in its operating budget along with \$1.1 million of penitentiary income fund balance, which the recommendation supports. Given projected FY21 and FY22 revenues, NMCD should have an unappropriated penitentiary income fund balance of \$2.7 million at the close of FY22.

Inmate Population Trends. In FY20, total prison population averaged 6,837 (6,157 men and 680 women), a decrease of 5.4 percent over FY19's average population. Since December 2018, each month's average prison population has represented a year-over-year decline, and overall prison population had dropped 6.9 percent by March 2020, even before the impacts of the Covid-19 pandemic on court adjudications and early releases. These changes have been driven by declines in prison admissions, which fell 15.1 percent between FY18 and FY19 and 15.6 percent between FY19 and FY20.

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 decreased by 7.6 percent, and the impact of the significant reductions in admissions between FY19 and FY20 will likely become apparent over the course of FY21.

With an average annual cost per inmate of \$40.4 thousand in FY19 (\$47.5 thousand in public facilities and \$33.7 thousand in private facilities), these population declines offer an opportunity for significant cost savings. While 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, private prisons receive per-diem compensation for the number of inmates incarcerated (or a minimum number of inmates as specified in the operator's contract). LFC evaluators estimate reducing the publicly incarcerated population would generate savings of only \$19.1 thousand per inmate, while reducing the privately incarcerated population would save \$33.7 thousand per inmate. For meaningful savings in public facilities, the inmate population would have to decrease at a rate that safely allows fewer officers on duty or closure of housing units or prisons.

NMCD's recent trends in distributing inmates among public and private facilities will likely maximize cost savings by focusing population declines among private facilities while keeping the population at public facilities relatively steady. Currently, public prisons hold about 56 percent of the state's inmates while private prisons hold about 44 percent. Between November 2019 and November 2020, the difference between the number of inmates housed at public versus private facilities increased from about 480 to 746. If the FY22 population at private facilities remains consistent with current levels, NMCD could anticipate about \$11 million in savings on these contracts; since the total population is still trending downward, these savings will likely be even larger. The LFC recommendation conservatively estimates the department will realize \$9.7 million in savings due to these population reductions and distributions.

Inmate Classification. A July 2020 report on inmate classification at NMCD by LFC's program evaluation unit found the current system is not consistent with best practices and has not been validated. The system has not been revised in almost two decades, and housing inmates at higher (and more expensive) custody levels than warranted may be driving up costs and hampering offender rehabilitation. While the majority of prisoners admitted to the correctional system initially received minimum security custody scores, more than half are housed in medium-security facilities. Inmates at higher-security facilities tend to have higher rates of misconduct and recidivism than inmates in lower-security prisons, so expanding access to minimum-security settings could help reduce recidivism and associated costs. The report estimated deviations from the initial custody score could be costing the state up to \$28 million annually. Because NMCD's scoring tool has not been validated, it is impossible to definitively say whether override decisions are appropriate or represent unnecessary overclassification; however, the potential costs of overclassifying even a small fraction of inmates are significant. NMCD is currently working with the University of New Mexico's Institute for Social Research to validate its custody scoring tool.

Recidivism. Over the past decade, the three-year recidivism rate of inmates released from NMCD's custody has increased 10 percentage points, from 44 percent in FY10 to 54 percent in FY19 and 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. The evaluation analyzed a random sample of parolee files and found 90 percent of violations were related to substance abuse or absconding. Legislation to decrease the impact of technical parole violations on reincarceration was vetoed after the 2019 session and was revisited but not passed during the 2020 regular session. Between FY19 and FY20, the share of parole revocations resulting from technical violations declined, suggesting the department may be making some improvements in this area. In FY20, technical violations accounted for 71.9 percent of parole revocations, compared with 93.9 percent in FY19, and comprised 22.6 percent of overall prison admissions, compared with 29.8 percent in FY19.

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. The LFC recommendation includes funding to support these goals, including \$1.3 million to increase funding for NMCD's Recidivism Reduction Division and \$700 thousand to expand evidence-based reentry and substance-abuse programming in facilities, as well as \$1.9 million to increase evidence-based community corrections programming, including substance abuse treatment.

Inmate Health. As of mid-November 2020, about 22 percent of New Mexico's prison population had been infected with Covid-19, with 13 percent of the population actively infected. Every one of the state's 11 prisons has had at least one case, six have had more than 10 percent of their population infected, and 11 inmates have died. Otero County Prison Facility (OCPF), which saw the system's first outbreak, currently has no active cases but almost 90 percent of the population was infected and four men died as a result. At Roswell Correctional Center, 94 percent of the population is currently infected and one man has died.

In November 2019, Wexford Health Services took over the contract to provide inmate healthcare services at a substantially higher rate than the previous vendor. Although NMCD submitted a supplemental appropriation request for \$2.5 million to cover the costs of its inmate healthcare contract in FY21, its FY22 budget request includes an increase of just \$66.3 thousand for this purpose. Even if the cost of the contract in FY22 is flat with the department's anticipated FY21 costs, the requested funding would be insufficient. The costs of this new contract are about 20 percent higher than the previous healthcare contract, in part because the department is paying per-inmate rates for a minimum number of inmates that is greater than the actual prison population, and the vendor has already demonstrated substantially poorer performance than the previous vendor.

The Wexford contract ties compensation to prison population and the average of Medicaid managed-care organization (MCO) per-member per-month (PMPM) 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, and these rates have increased significantly since the department entered into this contract. Additionally, the contract guarantees the vendor will receive compensation for a minimum of 5,500 men (excluding OCPF, which has separate healthcare services) and 720 women; the men's population has been lower than this minimum since the third quarter of FY20, and the women's population (for which NMCD pays a 20 percent higher rate) has been lower than the minimum since before the contract was executed. As of October 2020, NMCD was paying Wexford to care for about 574 nonexistent inmates.

In FY18 and FY19, the department's previous healthcare contractor met 100 percent and 92 percent of standard healthcare requirements, respectively. In FY20, which was split between the two providers, 87 percent of standard healthcare requirements were met, and in the first quarter of FY21 (the first period for which data covering solely the new vendor is available), only 73 percent were met. Overall, Wexford failed to meet six of its performance metrics in the first quarter of FY21, including three directly linked to respiratory health, especially troubling while prison facilities are overrun by a pandemic that targets the respiratory system.

Rather than continue to fund huge increases in healthcare costs for worse results and nonexistent inmates, the committee recommends the agency renegotiate this contract based on current populations and more reasonable rates, which the recommendation estimates would provide at least \$3 million in savings below the amount budgeted for FY21.

As of September 30, NMCD reports 2,670 inmates were infected with hepatitis c, about 43 percent of the total prison population. During the fourth quarter of FY20 and the first quarter of FY21, 65 inmates were treated for hepatitis c, and the department reports a cumulative treatment success rate of 69 percent. To date, NMCD has expended \$401 thousand of its \$22 million special appropriation for hepatitis c treatment on diagnostic equipment and on a memorandum of understanding with the Department of Health (DOH) to provide NMCD assistance setting up and implementing a program to leverage "340b" federal discount pricing for hepatitis c drugs. The department has also spent \$2.1 million from other funding sources for hepatitis c drugs and the cost of hepatitis-c-related laboratory testing. Since the initiation of this project, NMCD has successfully quantified the number of infected inmates using laboratory test results, developed and approved clinical guidelines for the elimination of hepatitis c in prisons, and worked with DOH to qualify 10 of its 11 prison facilities as covered entities under the discounted drug pricing program.

Staffing. In FY20, NMCD reported public correctional officer vacancy rates averaged 31 percent, while the vacancy rate of privately employed correctional officers averaged 46 percent. Chronically high vacancies among custody staff result in high overtime costs and a dangerous prison environment, including increased rates of violence. In FY20, 38 inmate-on-inmate and inmate-on-staff assaults required off-site medical treatment, a significant increase over the 28 such assaults in FY19.

Although the Inmate Management and Control Program has \$3.8 million in funded vacant positions in FY21, NMCD's FY22 budget request for this program kept funding for personnel almost flat (a decrease of 0.2 percent, or \$261.3 thousand) by swapping \$7 million of the nonrecurring funding for hepatitis c treatment for personnel costs. Because these funds are nonrecurring, such a swap would not be sustainable, and the prioritization of funding unfilled positions over inmate healthcare is concerning. The LFC recommendation does not support this swap. Instead, the recommendation reduces the budgeted vacancy rate and uses these and other savings to implement 5 percent pay raises for public correctional officers and 3 percent increases in private prison per-diem rates, which can be used to increase pay among those facilities' officers.

Vacancy rates among probation and parole officers increased from 23 percent in FY19 to 25 percent in FY20. However, caseloads among probation and parole officers averaged 91 during FY20, a significant decrease over the average of 110 in FY19, indicating that either the number of offenders on standard supervision is decreasing, vacancies are concentrated among officers who would handle specialized caseloads rather than standard caseloads, or both.

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, and NMCD requested \$43 million in 2021 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 to maintain existing units, and a 2019 progress report on this evaluation maintained that finding. Given the extent of the department's needs and the limited capital funding available, the LFC recommendation adds \$3 million to the agency's operating budget for ongoing repair and maintenance needs.

A new agreement between the state and plaintiffs in the *Duran* prison condition lawsuit requires NMCD to decrease the number of inmates living in dormitories or double-occupancy cells at four prisons, and NMCD is using a FY19 appropriation for facility master planning to plan for a new housing unit at Western New Mexico Correctional Facility, one of the two prisons that currently house women, which will add 25 new beds to that facility's capacity. NMCD requested \$5 million in capital outlay funds to construct this unit.

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 three million nine hundred sixty-one thousand three hundred dollars (\$3,961,300) 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 nine hundred thirteen thousand eight hundred dollars (\$1,913,800) to increase per diem rates for private prisons.

The general fund appropriation to the inmate management and control program of the corrections department includes an additional one million three hundred forty-nine thousand one hundred dollars (\$1,349,100) for the recidivism reduction division.

The general fund appropriation to the inmate management and control program of the corrections department includes an additional seven hundred thousand dollars (\$700,000) to implement highest-rated, evidence-based inmate programming.

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 under supervision.

The general fund appropriation to the community offender management program of the corrections department in the contractual services category includes seven million nine hundred ninety-three thousand six hundred dollars (\$7,993,600) for community corrections programming for offenders under supervision and three million one hundred fifty-seven thousand two hundred dollars (\$3,157,200) 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)					
	FY20	FY21	<u>FY22 - 2021-2022</u>		Percent
	2019-2020	2020-2021	Agency	LFC	
	<u>Actuals</u>	<u>Budgeted</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
SOURCES					<u>(Decr)</u>
General Fund Transfers	277,007.4	279,993.7	267,216.3	275,725.1	-1.5
Other Transfers	17,569.9	16,444.8	17,210.1	17,210.1	4.7
Federal Revenues	498.1	0.0	259.2	259.2	
Other Revenues	620.0	1,717.0	692.5	692.5	-59.7
Fund Balance	4,822.5	1,128.2	8,128.2	1,128.2	0.0
SOURCES TOTAL	300,517.9	299,283.7	293,506.3	295,015.1	-1.4
USES					
Personal Services and Employee Benefits	122,105.9	129,285.0	129,023.7	131,760.0	1.9
Contractual Services	63,663.1	63,572.5	63,872.5	61,270.1	-3.6
Other	113,603.9	106,426.2	100,610.1	101,985.0	-4.2
TOTAL USES	299,372.9	299,283.7	293,506.3	295,015.1	-1.4
FTE					
Permanent	2,012.0	2,012.0	1,968.0	1,968.0	-2.2
Term	32.0	32.0	27.0	27.0	-15.6
TOTAL FTE POSITIONS	2,044.0	2,044.0	1,995.0	1,995.0	-2.4

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Vacancy rate of correctional officers in public facilities	25%	31%	20%	20%	20%
* Outcome	Vacancy rate of correctional officers in private facilities	NEW	46%	20%	20%	20%
Explanatory	Percent turnover of correctional officers in public facilities	25%	2%			
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	25	31	15	15	15
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	3	7	0	0	0
* Output	Percent of eligible inmates who earn a high school equivalency credential	79%	74%	80%	10%	80%
* Explanatory	Percent of participating inmates who have completed adult basic education	77%	74%			
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	15%	12%	17%	17%	15%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	28%	21%			
Outcome	Percent of standard healthcare requirements met by medical contract vendor	92%	87%	100%	98%	100%
Explanatory	Percent of inmate grievances resolved informally	90%	86%			
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	1%	2%	15%	15%	2%
* Outcome	Percent of release-eligible female inmates still incarcerated past their scheduled release date	9.4%	7.7%	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	2.9%	2.5%			
* Outcome	Percent of release-eligible male inmates still incarcerated past their scheduled release date	9.3%	6.4%	6%	6%	6%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	13%	9%	20%	20%	20%
Outcome	Percent of inmates who have filled out an application for ongoing medicaid coverage at time of release	99%	98%	99%	99%	99%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	54%	54%	45%	45%	40%
Explanatory	Number of escapes	0	0			
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	76%	62%	68%	55%	70%
* Output	Number of inmates who earn a high school equivalency credential	139	134	150	150	150
Explanatory	Total number of inmates referred to evidence-based programming	NEW	NEW			
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads twelve weeks post-treatment	NEW	NEW	NEW	95%	95%
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	NEW	NEW	30%	30%	30%
Outcome	Percent of human-immunodeficiency-virus-positive inmates with undetectable viral loads	NEW	96%	95%	95%	95%
Explanatory	Percent of inmates referred to evidence-based programming who complete the 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 (dollars in thousands)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Other Revenues	8,162.8	10,906.5	10,906.5	10,906.5	0.0
Fund Balance	0.0	75.7	61.3	61.3	-19.0
SOURCES TOTAL	8,162.8	10,982.2	10,967.8	10,967.8	-0.1
USES					
Personal Services and Employee Benefits	1,345.0	2,196.2	2,191.0	2,191.0	-0.2
Contractual Services	7.7	51.4	51.4	51.4	0.0
Other	6,673.1	8,734.6	8,725.4	8,725.4	-0.1
TOTAL USES	8,025.8	10,982.2	10,967.8	10,967.8	-0.1
FTE					
Permanent	29.0	29.0	25.0	25.0	-13.8
Term	7.0	7.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	36.0	36.0	25.0	25.0	-30.6

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	25%	8%	23%	25%	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 (dollars in thousands)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
General Fund Transfers	36,008.2	36,813.8	36,205.7	38,095.7	3.5
Other Revenues	2,115.1	2,540.0	2,115.0	2,115.0	-16.7
Fund Balance	0.0	656.4	1,081.4	1,081.4	64.7
SOURCES TOTAL	38,123.3	40,010.2	39,402.1	41,292.1	3.2
USES					
Personal Services and Employee Benefits	20,787.7	22,304.4	22,245.1	22,245.1	-0.3
Contractual Services	9,989.8	10,512.5	11,531.5	13,339.7	26.9
Other	6,223.5	7,193.3	5,625.5	5,707.3	-20.7
TOTAL USES	37,001.0	40,010.2	39,402.1	41,292.1	3.2
FTE					
Permanent	380.0	380.0	378.0	378.0	-0.5
TOTAL FTE POSITIONS	380.0	380.0	378.0	378.0	-0.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	15%	13%	14%	20%	15%
Explanatory	Percent turnover of probation and parole officers	17%	27%			
* Outcome	Percent of contacts per month made with high-risk offenders in the community	98%	96%	97%	97%	97%
* Quality	Average standard caseload per probation and parole officer	110	91	103	103	95
Output	Percent of absconders apprehended	33%	31%	30%	30%	30%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	0	0			
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	27%	23%	23%	23%	20%
* Output	Percent of graduates from the women's recovery center who are reincarcerated within thirty-six months	19%	25%	19%	20%	20%
* Outcome	Vacancy rate of probation and parole officers	24%	25%	20%	20%	20%
Explanatory	Total number of offenders referred to evidence-based programming	NEW	NEW			
Explanatory	Percent of offenders referred to evidence-based programming who complete the 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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
SOURCES			<u>Agency Request</u>	<u>LFC Recommendation</u>	
General Fund Transfers	13,161.9	13,030.4	12,583.1	12,420.3	-4.7
Other Transfers	0.0	200.0	0.0	0.0	-100.0
Other Revenues	151.9	154.8	154.8	154.8	0.0
SOURCES TOTAL	13,313.8	13,385.2	12,737.9	12,575.1	-6.1
USES					
Personal Services and Employee Benefits	9,554.9	10,647.0	10,272.0	10,279.2	-3.5
Contractual Services	240.5	559.6	208.2	316.2	-43.5
Other	2,179.8	2,178.6	2,257.7	1,979.7	-9.1
TOTAL USES	11,975.2	13,385.2	12,737.9	12,575.1	-6.1
FTE					
Permanent	155.0	155.0	137.0	137.0	-11.6
TOTAL FTE POSITIONS	155.0	155.0	137.0	137.0	-11.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	60%	80%			
Explanatory	Percent of employee union grievances resolved prior to arbitration	100%	100%			
Quality	Percent of audit findings resolved from prior year	75%	50%	75%	75%	75%

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,218.0	6,657.5	6,419.9	6,411.2	-3.7
Federal Revenues	15,931.5	17,342.5	16,319.2	16,319.2	-5.9
Other Revenues	947.3	948.0	888.0	888.0	-6.3
Fund Balance	390.7	300.0	677.1	677.1	125.7
SOURCES TOTAL	23,487.5	25,248.0	24,304.2	24,295.5	-3.8
USES					
Personal Services and Employee Benefits	1,743.4	1,907.0	1,884.9	1,884.9	-1.2
Contractual Services	4,301.8	4,585.5	4,448.2	4,448.2	-3.0
Other	17,307.5	18,755.5	17,971.1	17,962.4	-4.2
TOTAL USES	23,352.7	25,248.0	24,304.2	24,295.5	-3.8
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
Term	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	29.0	29.0	29.0	29.0	0.0

AT A GLANCE:

The Crime Victims Reparation Commission requested an overall budget decrease of \$943.8 thousand, or 3.7 percent, for FY22 compared with its FY21 operating budget, including a reduction of \$237.6 thousand, or 3.6 percent, in general fund revenue. The committee recommends a slightly larger decrease in general fund revenue of \$246.3 thousand, or 3.7 percent, and supports the request for all other funding sources.

BUDGET ISSUES:

In 2019, New Mexico had the second highest violent crime rate in the country, and the total number of violent crimes in the state increased 40.1 percent between 2014 and 2019, according to the most recent FBI crime statistics. The sharp rise in violent crime in recent years has necessitated additional victim compensation. In FY20, the Crime Victims Reparation Commission (CVRC) received 3,933 reparation applications for hospital stays, funerals, lost wages, and rent and relocation, a decrease of 14.1 percent compared with FY19, but approved a significantly higher number of applications with a higher average payment amount. As a result, the agency approved \$2.7 million in payments in FY20, a 51.2 percent increase over FY19. The commission also approved \$19.1 million in grants to local organizations to provide shelter, counseling, and other assistance. The agency's FY21 operating budget includes \$2.5 million for direct payments to victims and \$20.1 million for grants for victim services, and the commission anticipates making \$2.7 million in victim payments and \$19.2 million in grant allocations in FY22.

The FY22 budget request represented a \$279.9 thousand, or 10.6 percent, decrease in funds for agency operations from all revenue sources compared with the FY21 operating budget, while funding for victims' compensation was up \$246.2 thousand (10 percent) and funding for victims' services (through grants and contracts) was down \$910.1 thousand (4.5 percent). This request decreased the percentage of total revenues used to fund agency operations from 10.5 percent in FY21 to 9.7 percent in FY22. The committee recommendation includes a slightly higher decrease in operational costs, of \$288.6 thousand (or 10.9 percent).

Victim Compensation. The request for the Victim Compensation Program reduced the amount of general fund revenue used for victims' compensation (in the other category) by \$96.5 thousand, or 17.9 percent, and anticipated revenues from crime victims reparation fees and inmate wages to decline by \$60 thousand, or 6.3 percent; however, the request offsets these reductions by increasing its use of crime victims reparation fund balance by \$377.1 thousand, or 125.7 percent. The request proposed decreasing funds for victim services providers (most of which are funded via contracts) by \$138.1 thousand in FY22, which it achieved by imposing 5 percent reductions on grants for services for victims of human trafficking and sexual assault totaling \$217.4 thousand while increasing funding for the homicide death review team and domestic violence legal resources by \$79.3 thousand to align with FY20 actual spending. The recommendation supports these adjustments.

In mid-FY20, CVRC transferred \$258.7 thousand in general fund revenue originally budgeted for victim payments to the contractual services category to pay for victim services but had to increase its budget with \$250 thousand from fund balance to cover a shortfall in funding for victim payments at the end of the year. The agency also transferred \$150 thousand of fund balance originally budgeted for victim payments to pay victim services providers, which may not be an allowable use of the fund. Increased use of fund balance and decreased revenue will put a strain on this funding source. At the end of FY22, the agency projects the fund will have a balance of \$592.2 thousand, less than 40 percent of its balance at the close of FY20. To ensure these limited resources are used for their intended purpose, the recommendation includes language earmarking funding for direct victim payments (care and support).

Grant Administration. The Federal Grant 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 94 projects statewide. The commission anticipates federal funding will decrease in FY22 by about \$1 million, or 5.9 percent. Because of the projected decrease in federal funds, the request anticipated grants from the Federal Grant Administration Program would decrease by \$772 thousand, or 5 percent, compared with the FY21 operating budget. Operational costs were also decreased by \$276.9 thousand, or 23.4 percent, in the request, but funding for victim payments was increased slightly, by \$25.6 thousand, or 3.8 percent.

RECOMMENDED LANGUAGE:

The general fund appropriation in the other category of the victim compensation program of the crime victims reparation commission includes four hundred forty-three thousand five hundred dollars (\$443,500) for care and support.

The other state funds appropriations in the other category of the victim compensation program of the crime victims reparation commission include one million five hundred sixty-five thousand one hundred dollars (\$1,565,100) for care and support.

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)

		<u>FY22 - 2021-2022</u>			
	<u>FY20</u> 2019-2020 <u>Actuals</u>	<u>FY21</u> 2020-2021 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES					
General Fund Transfers	6,218.0	6,657.5	6,419.9	6,411.2	-3.7
Other Revenues	947.3	948.0	888.0	888.0	-6.3
Fund Balance	390.7	300.0	677.1	677.1	125.7
SOURCES TOTAL	7,556.0	7,905.5	7,985.0	7,976.3	0.9
USES					
Personal Services and Employee Benefits	1,172.5	1,140.0	1,141.6	1,141.6	0.1
Contractual Services	4,241.0	4,531.7	4,401.3	4,401.3	-2.9
Other	2,007.7	2,233.8	2,442.1	2,433.4	8.9
TOTAL USES	7,421.2	7,905.5	7,985.0	7,976.3	0.9
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	19.0	19.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Request</u>	<u>FY22</u> <u>Recomm</u>
Explanatory	Number of crime victims compensation applications received	4,427	3,933			
Outcome	Reimbursement rate for victim services providers	65%	65%	65%	65%	65%
Efficiency	Percent of state-funded subgrantees receiving site visits	NEW	NEW	NEW	40%	40%
Efficiency	Percent of state-funded subgrantees receiving compliance monitoring via desk audit	NEW	NEW	NEW	90%	95%
Efficiency	Percent of sexual assault service provider programs that receive compliance monitoring via desk audit	NEW	100%	90%	90%	95%
Explanatory	Number of victims receiving services through state-funded victim services provider programs statewide	NEW	NEW			
* Explanatory	Number of sexual assault service provider programs receiving state funding statewide	NEW	21			
Explanatory	Number of sexual assault survivors receiving services through state-funded victim services provider programs statewide	NEW	NEW			
Explanatory	Number of intimate-partner violence survivors accessing the civil legal services hotline	NEW	NEW			
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	NEW	NEW			
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	NEW	NEW			
Efficiency	Average number of days to process application	77	66	90	80	60
Explanatory	Number of victims receiving direct advocacy	1,500	1,020			
Explanatory	Percent of victim compensation applications approved for state funding	NEW	NEW			
* Explanatory	Average compensation paid to individual victims using state funding	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)					
FY22 - 2021-2022					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent Incr (Decr)
SOURCES					
Federal Revenues	15,931.5	17,342.5	16,319.2	16,319.2	-5.9
SOURCES TOTAL	15,931.5	17,342.5	16,319.2	16,319.2	-5.9
USES					
Personal Services and Employee Benefits	570.9	767.0	743.3	743.3	-3.1
Contractual Services	60.8	53.8	46.9	46.9	-12.8
Other	15,299.8	16,521.7	15,529.0	15,529.0	-6.0
TOTAL USES	15,931.5	17,342.5	16,319.2	16,319.2	-5.9
FTE					
Term	10.0	10.0	10.0	10.0	0.0
TOTAL FTE POSITIONS	10.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
* Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100%	100%	95%	95%	100%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100%	100%	95%	95%	100%
* Efficiency	Percent of federally funded subgrantees receiving site visits	40%	20%	40%	40%	40%
Explanatory	Number of crime victim service provider programs receiving federal funding statewide	172	94			
Explanatory	Number of victims receiving services through federally funded victim services provider programs statewide	NEW	NEW			
Explanatory	Percent of victim compensation applications approved for federal funding	NEW	NEW			
* Explanatory	Average compensation paid to individual victims using federal funding	NEW	NEW			

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	127,370.7	128,750.5	122,313.0	128,750.5	0.0
Other Transfers	3,357.9	6,843.1	6,569.3	6,569.3	-4.0
Federal Revenues	9,069.2	13,718.1	15,138.6	15,138.6	10.4
Other Revenues	6,254.0	7,816.1	8,187.0	8,187.0	4.7
Fund Balance	749.2	1,040.0	570.0	570.0	-45.2
SOURCES TOTAL	146,801.0	158,167.8	152,777.9	159,215.4	0.7
USES					
Personal Services and Employee Benefits	107,745.8	115,201.9	111,757.5	114,487.4	-0.6
Contractual Services	3,300.5	5,398.1	5,041.6	5,580.8	3.4
Other	32,920.8	37,567.8	35,978.8	39,147.2	4.2
TOTAL USES	143,967.1	158,167.8	152,777.9	159,215.4	0.7
FTE					
Permanent	1,118.0	1,123.0	1,101.0	1,106.0	-1.5
Term	127.0	128.0	127.0	127.0	-0.8
Temporary	55.3	55.3	55.3	55.3	0.0
TOTAL FTE POSITIONS	1,300.3	1,306.3	1,283.3	1,288.3	-1.4

AT A GLANCE:

The Department of Public Safety requested a general fund decrease of \$6.4 million, or 5 percent, compared with its FY21 operating budget, largely due to a \$4.7 million reduction in funding for vacant positions in the Law Enforcement Program, as well as \$346.1 thousand in reduced funding for vacant positions between the agency's other two programs. The department also requested a 4 percent decrease in other transfers, a 5 percent increase in other revenues, and a 45 percent decrease in revenues from fund balances, netting a \$372.9 thousand decrease, and anticipated a \$1.4 million, or 10 percent, increase in federal funding in FY22.

The LFC recommendation for general fund revenue exceeds the department's request and is flat with the FY21 operating budget. While the recommendation supports a larger reduction in funded vacancies in the Law Enforcement Program (of \$5.5 million), it reallocates those vacancy savings among the agency's programs to maintain salary increases for state police officers, implement additional salary increases for key positions with high vacancy rates, hold a second state police recruit school, and improve training and accountability for both state police officers and other law enforcement officers statewide. The recommendation supports the request in all other funding sources and represents a 10.6 percent increase over the agency's FY20 expenditures.

BUDGET ISSUES:

In the 2020 legislative session, the Department of Public Safety (DPS) received a \$10.2 million general fund increase in its operating budget, but solvency measures enacted during the first special session reduced that increase to just \$1.4 million. Although DPS implemented most of this decrease by rolling back new FY21 initiatives – such as implementing a new pay plan – and reducing its funding for vacant positions, the department also eliminated one of its two planned FY21 state police recruit schools, which was not practical to conduct in light of the Covid-19 pandemic. An additional \$6.4 million decrease in the department's FY22 general fund budget request eliminated almost all funding for pay increases and significantly reduced its funded vacancy rate. The request also maintained the solvency reductions in the FY21 revised operating budget and funded just one state police recruit school in FY22.

DPS requested a general fund revenue level for the Law Enforcement Program (LEP) \$5.6 million lower than its revised FY21 operating budget and \$12.9 million lower than the original FY21 appropriation. As of September 2020, only 860 of the program's 1,004.2 authorized general fund positions were filled (including 668 state police officers), a 14 percent vacancy rate, resulting in about \$5.8 million in vacancy savings from the general fund; with state police officer force strength anticipated to decline in FY22, it is likely these savings will increase. The department took advantage of this high funded vacancy rate in its FY22 budget request, which reduced funding for vacant positions by \$4.7 million without impacting filled positions. Reductions in fixed rate costs, employee travel, vehicle maintenance costs, and supply expenditures comprise most of the remaining decrease in LEP; the program also requested an increase of \$1.5 million in overtime costs.

Although the department received a net increase in personnel funding in FY21 even after solvency measures, it initially did not implement state police officer pay increases – anticipated additional reductions in FY22 would make such increases unsustainable – but did use some funding to add 6 percent salary increases for dispatchers and transportation inspectors. However, with the revenue outlook somewhat improved, this fall DPS used its remaining personnel increases and vacancy savings to implement state police officer pay raises averaging 6 percent and retroactive to July 1, 2020, at a cost of about \$3.4 million. These police officer pay increases are not included in the department's FY22 request and would likely be unsustainable under the agency's proposed budget.

The LFC recommendation from the general fund for LEP is greater than the department's request to account for increases to state police officer salaries not included in the request; fund a second recruit school in FY22; provide additional 4 percent pay increases to dispatchers and transportation inspectors; increase recurring funding for vehicle replacement; and increase funding to train state police officers in best practices to combat violent crime (such as problem-oriented policing) as well as crisis intervention and de-escalation techniques. The recommendation includes a larger decrease to the program's funded vacancies (of \$5.5 million) and a lower increase in overtime funds more in line with the department's FY20 actual expenditures. The recommendation includes requested decreases in employee travel and vehicle maintenance costs but maintains FY21 funding levels for supplies.

The request from the general fund for the Statewide Law Enforcement Program was \$625.4 thousand less than its FY21 revised operating budget but \$1.9 million less than its original FY21 appropriation. Reductions in funded vacancies, fixed rate costs, telecom costs outside those of the Department of Information Technology, and supply expenditures make up the bulk of the requested decrease. The LFC recommendation exceeds the agency's request and includes funding to establish a dedicated budget and staff for the Law Enforcement Academy Board; increase Law Enforcement Academy training in policing best practices, crisis intervention, and de-escalation; and implement 3 percent pay increases for forensic scientists and technicians. The recommendation supports reductions in funded vacancies and telecom costs, but maintains supply expenditures consistent with FY21.

The department's general fund request for Program Support was \$211.4 thousand less than its revised FY21 operating budget and \$393.2 thousand lower than its original FY21 appropriation. The bulk of the requested decrease came from reducing funding for vacant positions. The recommendation supports the request, which represents a 44.7 percent increase over the agency's FY20 expenditures.

New Mexico State Police. In FY20, New Mexico State Police (NMSP) officers responded to 274.6 thousand calls for service, a 20.5 percent decrease from the 345.3 thousand responded to in FY19, likely as a result of pandemic closures. State police made 3,049 felony arrests, a decrease of 11.3 percent compared with FY19, and 5,555 misdemeanor arrests, a decrease of 35.8 percent compared with FY19.

Despite significant state investments in state police officer compensation, recruiting and retaining officers remains a top priority and challenge for DPS. Of the department's 732 officer positions, the agency averaged a force of 665 officers in FY20, a 9 percent overall vacancy rate and a 7 percent vacancy rate among positions supported by the general fund. DPS's most recent state police force strength projection anticipates an average of 671 commissioned officers will be employed in FY21; however, if only one recruit school is held in both FY21 and FY22, that average will drop to 630 in FY22, a 6 percent reduction in force strength. Holding an additional recruit school in FY22 will increase that average to 640, which still represents a 5 percent manpower reduction; the LFC recommendation includes funding for a second recruit school. Significantly, even if the state police were able to hold two recruit schools in FY21 and FY22, the force is still anticipated to fall by 1 percent in FY22 (661 officers) due to eliminating the practice of "lateral" hires from other law enforcement agencies in fall 2019. Between FY16 and FY20, the department made 48 lateral hires.

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 FY20, the department investigated 63 crime scenes for other police agencies, a decrease from the 83 processed in FY19 but equal to the number processed in FY18. DPS does not charge other agencies for these services or for bomb disarming teams, air missions, or other specialized services.

A pay study produced by DPS in fall 2019 showed that while starting salaries for patrolmen, detectives, sergeants, lieutenants, and captains are relatively competitive, state police recruit starting pay, at \$16 per hour, is the third lowest of the law enforcement agencies surveyed; comparatively, a new recruit at the Albuquerque Police Department is paid \$19.35 per hour and new recruits in Hobbs start at \$25.28 per hour. The study recommended increasing starting pay for recruits to \$22 per hour, with smaller increases for other ranks.

Police Uses of Force. NMSP investigates all of its officers' uses of force and reports 195 uses of force in FY20, on par with the 194 reported for FY19, and six officer-involved shootings compared with 10 in FY19. Suspect injuries were reported in 41 percent of these cases, with the most common injury types reported as abrasions and scratches. Officers were reported to have been injured in 13.8 percent of incidents, and 16.4 percent of the incidents resulted in a suspect being charged with battery on a peace officer.

New Mexico law enforcement agencies reported 40 officer-involved shootings, half of which resulted in fatalities, and one fatality not involving a gun to the FBI's national use-of-force database in FY20. NMSP investigated 38 of the officer-involved shootings (including all six shootings involving NMSP officers) and the one officer-involved fatality that did not involve shooting. The non-shooting fatality was the result of a neck restraint by a Las Cruces Police Department officer. Five of the six state-police-officer-involved shootings resulted in at least one fatality, with one incident leading to two deaths after an officer shot at a vehicle during a pursuit and the vehicle subsequently entered into oncoming traffic.

Dispatch and Commercial Vehicle Inspections. In November 2020, dispatcher vacancy rates were 28.1 percent, significantly 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. DPS's 2019 staffing study found dispatcher starting salaries at all levels are significantly below other law enforcement agencies and recommended in-band pay increases of 10 percent. The staffing study also recommended a 10 percent increase in transportation inspector salaries. The vacancy rate among transportation inspectors (both supervisory and nonsupervisory) in November 2020 was 36 percent, an increase compared with November 2019. The study also recommended working with the State Personnel Office to increase pay ranges for these positions.

The 2020 General Appropriation Act included \$406.9 thousand for DPS to implement a new pay plan for transportation inspectors and dispatchers, but following solvency measures enacted in the 2020 special legislative session, the department only provided these positions with 6 percent increases. The LFC recommendation includes funding to implement the originally recommended raises.

A 2013 LFC program evaluation of New Mexico's motor transportation police found staffing and operational issues hampered the ability of the former Motor Transportation Division (MTD) in enforcing commercial vehicle laws and collecting revenue. A reorganization in 2015 integrated MTD into the state police, and a 2017 agreement with the Department of Transportation (NMDOT) reassigned revenue collection duties and management of ports of entry to NMDOT. An October 2020 LFC progress report on the status of that evaluation's recommendations found most had been completed but recommended DPS track and report commercial vehicle enforcement (CVE) actions and violations by location to prioritize patrol deployments and mobile inspection sites and develop a plan to fill vacancies among CVE patrols, transportation inspectors, and compliance review investigators within six months.

The progress report noted that, as of October, DPS had filled 51 of its transportation inspector positions, more than a Sentencing Commission staffing study in 2014 had recommended, but the positions were unevenly distributed among ports of entry, resulting in an overall 50 percent vacancy rate across the Anthony, Santa Teresa, and Carlsbad ports. The report also found vacancies among CVE patrolmen accounted for 27 percent of all NMSP patrolman vacancies in October. While roadside inspections conducted at ports of entry have increased significantly since the 2013 evaluation and have remained steady since 2016, CVE inspections fell by 49 percent between 2016 and 2019, while crashes involving commercial vehicles grew 11 percent over the same period.

Law Enforcement Accountability and Oversight. The Law Enforcement Academy Board is tasked with developing the standards and training required of police officers in New Mexico and is responsible for granting, denying, suspending, or revoking a police officer's certification. Although the board is established as an independent entity, it does not have its own budget, and its staff are employees of the New Mexico Law Enforcement Academy, part of DPS; other board expenses also flow through DPS's budget. As a result, the agency responsible for police officer oversight is functionally dependent on an agency that also includes the state police, creating potential conflict-of-interest concerns. A 2005 survey conducted by the International Association of Directors of Law Enforcement Standards and Training found police officer standards and training boards operate as independent agencies in 19 states.

In FY20, the board adjudicated 47 officer misconduct cases, more than twice as many as it adjudicated in FY19; however, the board still had a backlog of 119 open cases as of September 2020. High vacancy rates among academy staff restrict the board's ability to successfully carry out its duties; as of November 2020, 10 of the 19 academy positions were vacant. The LFC recommendation directs \$350 thousand and 5 FTE for use by the board to ensure it has a dedicated funding stream and full-time staff and to provide greater independence from DPS.

Forensic Laboratory. Vacancy rates among forensic scientists and technicians in the Forensic Laboratory Bureau averaged 30.7 percent in FY20, never dropping below 27.7 percent (13 vacancies). In November 2019, 12 positions were unfilled, a vacancy rate of 26.1 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 FY20, the bureau missed its target for three of four reported case types and did not make any progress on backlogged cases (a completion rate of over 100 percent). Comparatively, in FY19, when vacancies averaged 23.9 percent, the bureau missed targets for two case types and made progress on backlogged cases for one type, and in FY18, when vacancy rates averaged 16.1 percent, it met its target for all case types and made progress on the backlogs for three.

DPS implemented an additional 3 percent increase for forensic scientists and technicians in FY21 and requested a special appropriation of \$50 thousand for FY22 to conduct a salary study for the Forensic Laboratory Bureau, including conducting a review of market competitiveness and developing a career progression plan and staffing model. The LFC recommendation includes funding for an additional 3 percent increase for these positions in FY22.

Since 2016, the Legislature has appropriated over \$40 million from severance tax bonds, general obligation bonds, and the general fund for the Santa Fe Crime Lab and Evidence Center. 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, DPS and GSD determined the evidence center and laboratory facilities should not be colocated, dividing the appropriation into two projects. As of October 2020, construction of the evidence center was in progress, and DPS and GSD were in the process of reviewing bids for construction for the laboratory. DPS and GSD anticipate bids for the laboratory will exceed the available budget, and DPS has requested an additional \$5 million in capital outlay funds for this project.

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.

The general fund appropriation to the statewide law enforcement support program of the department of public safety includes three hundred fifty thousand dollars (\$350,000) for costs related to the operation and activities of the law enforcement academy board.

LAW ENFORCEMENT PROGRAM

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>				
		FY20	FY21	Agency	LFC	Percent
		2019-2020	2020-2021	Request	Recommendation	Incr
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	110,014.1	112,013.8	106,413.1	112,055.6	0.0
	Other Transfers	2,904.7	6,041.2	5,902.3	5,902.3	-2.3
	Federal Revenues	6,772.9	7,890.9	9,375.2	9,375.2	18.8
	Other Revenues	1,539.9	2,460.0	2,535.0	2,535.0	3.0
	Fund Balance	0.0	350.0	0.0	0.0	-100.0
	SOURCES TOTAL	121,231.6	128,755.9	124,225.6	129,868.1	0.9
USES						
	Personal Services and Employee Benefits	93,330.7	99,037.0	96,090.0	98,416.0	-0.6
	Contractual Services	1,464.7	2,616.5	2,061.7	2,595.9	-0.8
	Other	25,457.7	27,102.4	26,073.9	28,856.2	6.5
	TOTAL USES	120,253.1	128,755.9	124,225.6	129,868.1	0.9
FTE						
	Permanent	963.0	969.0	949.0	949.0	-2.1
	Term	66.0	69.0	70.0	70.0	1.4
	Temporary	55.3	55.3	55.3	55.3	0.0
	TOTAL FTE POSITIONS	1,084.3	1,093.3	1,074.3	1,074.3	-1.7

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of enforcement operations for sales to intoxicated persons	892	1,157	850	800	900
Output	Number of licensed alcohol premises inspections conducted	2,880	2,703	3,200	3,500	3,500
Output	Number of driving-while-intoxicated saturation patrols conducted	3,416	1,933	3,350	2,000	3,350
Output	Number of driving-while-intoxicated checkpoints conducted	119	123	125	150	150
Output	Number of data-driven traffic-related enforcement projects held	3,308	2,851	3,500	3,000	3,200
* Output	Number of commercial motor vehicle safety inspections conducted	95,041	68,378	95,000	80,000	95,000
Output	Number of tobacco outlets visited during sales enforcement operations by special investigation unit agents	1,156	1,450	1,100	1,100	1,200
Explanatory	Number of New Mexico state police misdemeanor and felony arrests	NEW	NEW			
* Explanatory	Number of driving-while-intoxicated arrests	2,171	1,647			
Explanatory	Number of minor compliance and underage enforcement operations conducted annually	402	217			
Explanatory	Number of alcohol source investigations conducted statewide by special investigation unit agents	70	36			
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	1,030	887			
Explanatory	Number of drug-related investigations conducted by narcotics agents	1,079	676			
Explanatory	Number of New Mexico state police crime scenes investigated or processed	57	69			
Explanatory	Number of crime scenes investigated or processed statewide for other police agencies	83	63			
Explanatory	Number of commercial motor vehicle citations issued annually	17,524	13,644			

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Number of motor carrier safety trainings completed	45	103			
Explanatory	Percent of commercial motor vehicles out-of-service compared with the current national level	27.2%	40.6%			
* Explanatory	Number of governor-ordered special deployment operations conducted	NEW	NEW			
Explanatory	Number of man hours spent on governor-ordered special deployment operations	NEW	NEW			
* Explanatory	Vacancy rate of commissioned state police officers	NEW	8.9%			
* Explanatory	Turnover rate of commissioned state police officers	NEW	5.4%			
* Explanatory	Graduation rate of the New Mexico state police recruit school	68%	73.3%			
Explanatory	New Mexico state police dispatcher vacancy rate	NEW	NEW			
Explanatory	New Mexico state police transportation inspector vacancy rate	NEW	NEW			

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	13,093.5	12,509.0	11,883.6	12,678.6	1.4
Other Transfers	448.0	660.0	637.0	637.0	-3.5
Federal Revenues	1,159.6	2,273.0	2,235.4	2,235.4	-1.7
Other Revenues	4,714.0	5,356.1	5,652.0	5,652.0	5.5
Fund Balance	749.2	690.0	570.0	570.0	-17.4
SOURCES TOTAL	20,164.3	21,488.1	20,978.0	21,773.0	1.3
USES					
Personal Services and Employee Benefits	10,694.6	11,826.4	11,597.0	12,000.9	1.5
Contractual Services	1,719.1	2,629.3	2,685.0	2,690.0	2.3
Other	6,066.4	7,032.4	6,696.0	7,082.1	0.7
TOTAL USES	18,480.1	21,488.1	20,978.0	21,773.0	1.3
FTE					
Permanent	110.0	110.0	108.0	113.0	2.7
Term	52.0	51.0	49.0	49.0	-3.9
TOTAL FTE POSITIONS	162.0	161.0	157.0	162.0	0.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of forensic firearm and toolmark cases completed	66.9%	79.6%	90%	100%	100%
* Outcome	Percent of forensic latent fingerprint cases completed	118%	65.2%	100%	100%	100%
* Outcome	Percent of forensic chemistry cases completed	65%	92.9%	90%	100%	100%
* Outcome	Percent of forensic biology and DNA cases completed	87%	72.9%	95%	100%	100%
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	NEW	NEW	0	0	0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Vacancy rate of forensic scientists and forensic technicians	NEW	NEW			
Explanatory	Percent of complaint cases reviewed and adjudicated annually by the New Mexico law enforcement academy board	78.9%	19.5%			
Explanatory	Percent of non-state-police cadets who graduate the basic law enforcement academy	NEW	NEW			
Explanatory	Percent of non-state-police cadets who graduate the law enforcement academy through certification by waiver	NEW	NEW			
Explanatory	Percent of telecommunication students who graduate the law enforcement academy	NEW	NEW			
Explanatory	Number of arrests for violent crime reported in the criminal history repository by law enforcement agencies statewide	NEW	NEW			
Explanatory	Number of arrests for property crime reported in the criminal history repository by law enforcement agencies statewide	NEW	NEW			

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	4,263.1	4,227.7	4,016.3	4,016.3	-5.0
Other Transfers	5.2	141.9	30.0	30.0	-78.9
Federal Revenues	1,136.7	3,554.2	3,528.0	3,528.0	-0.7
Other Revenues	0.1	0.0	0.0	0.0	
SOURCES TOTAL	5,405.1	7,923.8	7,574.3	7,574.3	-4.4
USES					
Personal Services and Employee Benefits	3,720.5	4,338.5	4,070.5	4,070.5	-6.2
Contractual Services	116.7	152.3	294.9	294.9	93.6
Other	1,396.7	3,433.0	3,208.9	3,208.9	-6.5
TOTAL USES	5,233.9	7,923.8	7,574.3	7,574.3	-4.4
FTE					
Permanent	45.0	44.0	44.0	44.0	0.0
Term	9.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	54.0	52.0	52.0	52.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	90%	33.3%	95%	80%	90%
Output	Number of site visits made to subgrantees	6	42	10	30	30

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. Pursuant to Laws 2020, Chapter 9, the State Fire Marshal's Office will move from the Public Regulation Commission to the Homeland Security and Emergency Management Department effective July 1, 2021.

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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,153.9	3,348.2	3,115.6	3,115.6	-6.9
Other Transfers	594.2	78,674.9	195.9	195.9	-99.8
Federal Revenues	21,793.3	25,930.0	20,406.2	19,999.0	-22.9
Other Revenues	94,369.2	55.0	75,800.0	74,925.0	136,127.3
Fund Balance	1,582.0	0.0	0.0	0.0	
SOURCES TOTAL	121,492.6	108,008.1	99,517.7	98,235.5	-9.0
USES					
Personal Services and Employee Benefits	7,431.2	10,062.2	9,827.1	8,719.9	-13.3
Contractual Services	1,286.8	1,253.1	1,967.3	2,067.3	65.0
Other	73,285.4	96,692.8	87,723.3	87,448.3	-9.6
TOTAL USES	82,003.4	108,008.1	99,517.7	98,235.5	-9.0
FTE					
Permanent	48.0	69.0	75.0	69.0	0.0
Term	52.0	53.0	64.0	53.0	0.0
Temporary	11.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	111.0	122.0	139.0	122.0	0.0

AT A GLANCE:

Accounting for the transfer of the State Fire Marshal's Office to the Homeland Security and Emergency Management Department (DHSEM) in FY22, DHSEM's request for FY22 represented a decrease of \$8.5 million, or 7.9 percent, across the new State Fire Marshal's Office Program and the Homeland Security and Emergency Management Program compared with their FY21 operating budgets. The request included a general fund decrease of \$232.6 thousand, or 6.9 percent, and the request for the Fire Marshal's Office was entirely from the fire protection fund.

The LFC recommendation supports the overall request from the general fund but includes lower amounts of fire protection fund revenue, which should allow for additional reversions to the general fund. Both programs sought to add FTE despite requesting budget decreases and carrying high vacancy rates, which the recommendation does not support, and the committee recommends reduced federal funding because it does not support increases in federal funding for personnel. Overall, the recommendation represents a 9 percent decrease compared with the FY21 operating budget.

BUDGET ISSUES:

Homeland Security and Emergency Management. The Homeland Security and Emergency Management Program's FY22 request was \$4.9 million, or 17.1 percent, lower than its FY21 operating budget, with the bulk of the decrease (\$4.8 million) from anticipated reductions in federal funds and a reduction of \$164 thousand, or 5 percent, in general fund revenue.

The department has increasingly relied on professional services contracts to supplement staffing shortages, and in FY21, DHSEM received appropriations from the general fund for an additional 7 permanent FTE to address this issue. DHSEM's request for general fund revenue for personnel in this program was \$235 thousand, or 9.4 percent, lower than its FY21 operating budget, but the department requested increased federal funding and an additional 11 term FTE, also aimed at reducing the department's reliance on contract staffing, despite having 10 vacant term positions as of November 2020. The LFC recommendation supports the decrease in general fund revenue; however, leveraging additional federal funding for personnel requires detailed reporting the department might be unprepared to undertake. As a result, the recommendation does not support adding FTE or increasing federal funds for personnel. If the department realizes new federal revenue, it can adjust its budget.

DHSEM requested increases from both the general fund and federal funds in the contractual services category of \$136.5 thousand (222.5 percent) and \$451.3 thousand (55.6 percent), respectively. The majority of these increases were for engineering reviews for pre-disaster mitigation projects and updating the state hazard plan, which the request increased by \$163.8 thousand from the general fund and \$492.5 thousand in federal funds, while making smaller reductions and adjustments across other contracts. Despite transferring \$800 thousand from the other category to contractual services in FY20, the department requested just \$449 thousand for staffing contracts in FY22, a \$21.1 thousand reduction compared with its FY21 operating budget and about half of its FY20 actual expenditures. The request in the other category is \$5.7 million, or 25.6 percent, under the FY21 operating budget, primarily due to an expected \$5.4 million decline in federal funding for pass-through grants. The recommendation mostly supports the requests for contractual services and the other category but reallocates an additional \$100 thousand of general fund revenue from the other category to contractual services to align with historical experience.

Department leadership is focused on improving financial management and grant oversight, which have been significant areas of weakness for the department for several years. In FY20, the department processed \$19.9 million in federal disaster relief payments to New Mexico communities intended to aid in disaster preparation, prevention, mitigation, and recovery, including \$663 thousand from a new Covid-19 disaster recovery grant. The department struggles to manage these grants, and in FY21 the Legislature provided funding to add personnel to do so more effectively. The department also oversees funding from governors' executive orders related to disaster declarations. At the end of FY20, \$33.3 million in state funding related to 38 disaster declarations was outstanding; \$18 million was related to 14 declarations older than four years. During FY20, the department concluded action on five disaster declarations and reverted \$2.9 million to the general fund.

Sections 12-11-23 through 25 NMSA 1978 allow the governor to allocate funds via executive order to address emergencies. Generally, funds are allocated for specific disasters, but since FY17, DHSEM has received \$750 thousand each year to address future emergencies and disasters that may require immediate support to assure rapid response and unhindered deployment of necessary assets. Allocating funds for hypothetical emergencies that may not occur on a recurring basis raises concerns over whether these funds are truly needed; the department has not fully expended any of these allocations and received an additional \$750 thousand for FY21 despite carrying balances on the previous four years' orders totaling almost \$1.2 million as of October 2020. Efforts to reform the existing system of emergency funding should more precisely define the conditions under which emergency funds can be allocated and should not permit funds to be allocated for unrealized emergencies. If such reforms are enacted, however, additional appropriations should be made to ensure DHSEM is able to continue to carry out its mission without this executive order funding.

State Fire Marshal's Office. Laws 2020, Chapter 9, (House Bill 386), effective July 1, 2021, transfers the State Fire Marshal Division from the Public Regulation Commission (PRC) to DHSEM and makes the Fire Marshal an at-will position appointed by the DHSEM secretary. The division is composed of an administrative section and four bureaus: Fire Code Enforcement, Fire Investigation, Fire Services Support, and the State Firefighters Training Academy. While the division is part of the Public Safety Program at PRC, at DHSEM it will comprise the entirety of the new State Fire Marshal's Office Program.

Overall, the program's FY22 budget request represented a \$3.6 million, or 4.5 percent, decrease from its FY21 operating budget, primarily due to an anticipated \$2.7 million, or 3.5 percent, decline in requested revenue from the fire protection fund (FPF). Per Department of Finance and Administration direction, FPF revenue is budgeted as other revenues for FY20 and FY22 but as other transfers in the FY21 operating budget.

The Fire Marshal's Office currently has 47 FTE after adding 5 new FTE in its FY21 operating budget; however, 11 of these positions, including all five new positions, are vacant as of November 2020, giving the office \$1.5 million in funded vacancies in FY21. The FY22 request included a decrease of \$381.2 thousand, or 8.9 percent, in personnel, but also added 6 new FTE. The committee does not support adding new FTE and recommends a reduction of almost \$1.1 million (25.2 percent) to decrease the funded vacancy rate, which includes sufficient funding to fill the positions added in FY21 and other increased personnel costs.

The program requested, and the recommendation supports, an increase in contractual services of \$125.4 thousand, or 33 percent, in FY22, primarily due to an anticipated surge in life, fire, and safety needs, as well as decreased funding for professional services contracts and funds for IT contracts. The request in the other category was \$3.3 million, or 4.4 percent, lower than the operating budget, largely as a result of a \$3.8 million decrease in funding allocated for distribution or grants to fire departments. Fire departments receive set FPF distributions based on their insurance class ratings and station types, while grant funds vary based on revenue to the FPF and the amount of other distributions and appropriations made from the fund. The request also included an additional \$375 thousand to rent office space. The recommendation largely supports the request but only includes \$200 thousand for rent, which should be more than sufficient to procure office space for the program, especially because the State Firefighters Training Academy will not be sharing that space.

The FPF receives the 3 percent premium tax on auto and fire insurance collected by the Office of the Superintendent of Insurance. After FPF distributions to local governments and other appropriations from the fund, about 40 percent of the remaining balance flows to the fire protection grant fund, while about 60 percent reverts to the general fund at the end of the fiscal year. As a result, decreasing the other revenues appropriation to the State Fire Marshal's Office Program increases revenue to the general fund. A total of \$94.3 million was collected in fire protection fund revenue in FY20. Of that, \$55.8 million was distributed to local fire districts, \$5.6 million was distributed to the New Mexico Finance Authority on behalf of fire districts, \$11 million was distributed in grant funds, \$3.7 million was used for staff and administrative purposes within the office, \$1.3 million was used for staff and administrative purposes in other PRC programs, \$750 thousand was distributed to the Public Employees Retirement Association, \$2.4 million was expended on construction of a burn building, and \$13.9 million reverted to the general fund.

RECOMMENDED LANGUAGE:

Notwithstanding the provisions of Section 59A-53-5.2 NMSA 1978, or other substantive law, the other state funds appropriation to the state fire marshal's office program of the homeland security and emergency management department includes five million one hundred twenty-five thousand dollars (\$5,125,000) from the fire protection fund. Any unexpended balances in the state fire marshal's office program of the homeland security and emergency management department at the end of fiscal year 2022 shall revert back to the fire protection fund.

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.

BUDGET SUMMARY (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,153.9	3,279.6	3,115.6	3,115.6	-5.0
Other Transfers	594.2	170.0	195.9	195.9	15.2
Federal Revenues	21,793.3	25,180.0	20,406.2	19,999.0	-20.6
Other Revenues	52.3	55.0	50.0	50.0	-9.1
SOURCES TOTAL	25,593.7	28,684.6	23,767.7	23,360.5	-18.6
USES					
Personal Services and Employee Benefits	4,896.1	5,773.1	5,919.2	5,512.0	-4.5
Contractual Services	968.3	873.4	1,462.2	1,562.2	78.9
Other	10,629.5	22,038.1	16,386.3	16,286.3	-26.1
TOTAL USES	16,493.9	28,684.6	23,767.7	23,360.5	-18.6
FTE					
Permanent	6.0	22.0	22.0	22.0	0.0
Term	52.0	53.0	64.0	53.0	0.0
Temporary	11.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	69.0	75.0	86.0	75.0	0.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	60%	73%	70%	70%	75%
Outcome	Percent of monthly emergency operations center readiness tests passed	NEW	NEW	100%	100%	100%
Outcome	Percent of emergency equipment able to be deployed	NEW	NEW	80%	80%	80%
Outcome	Percent of local jurisdictions' emergency communication data submitted and entered into the federal communications asset database	70%	75%	80%	80%	80%
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	NEW	NEW	NEW	5	5
Outcome	Percent of prior-year audit findings resolved	NEW	NEW	85%	80%	85%
Output	Number of training courses delivered for identified needs of local and state entities	NEW	NEW	40	40	40
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	NEW	NEW	10	10	10
Explanatory	Average number of days from award of federal grant funding to receipt of funds by subgrantee	NEW	NEW			
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	NEW	NEW			
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	NEW	NEW			
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	NEW	NEW			
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that fully expend or revert their funding	NEW	NEW			

STATE FIRE MARSHAL'S OFFICE PROGRAM

The purpose of the state fire marshal's office program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire hazards.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY22 - 2021-2022</u>			
	<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
	<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
General Fund Transfers	0.0	68.6	0.0	0.0	-100.0
Other Transfers	0.0	78,504.9	0.0	0.0	-100.0
Federal Revenues	0.0	750.0	0.0	0.0	-100.0
Other Revenues	94,316.9	0.0	75,750.0	74,875.0	
Fund Balance	1,582.0	0.0	0.0	0.0	
SOURCES TOTAL	95,898.9	79,323.5	75,750.0	74,875.0	-5.6
USES					
Personal Services and Employee Benefits	2,535.1	4,289.1	3,907.9	3,207.9	-25.2
Contractual Services	318.5	379.7	505.1	505.1	33.0
Other	62,655.9	74,654.7	71,337.0	71,162.0	-4.7
TOTAL USES	65,509.5	79,323.5	75,750.0	74,875.0	-5.6
FTE					
Permanent	42.0	47.0	53.0	47.0	0.0
TOTAL FTE POSITIONS	42.0	47.0	53.0	47.0	0.0

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	NEW	NEW	NEW	90%	90%
* Outcome	Percent of requested annual inspections for state certifications completed	NEW	NEW	NEW	40%	80%
Outcome	Average statewide fire district insurance service office rating	NEW	NEW	NEW	8	4
Output	Number of fire investigations completed	NEW	NEW	NEW	175	175
Output	Number of inspections completed by the code enforcement bureau	NEW	NEW	NEW	575	575
Output	Percent of fire departments inspected by the fire service support bureau	NEW	NEW	NEW	50%	50%
Output	Number of firework (temporary location of fireworks transactions) inspections completed	NEW	NEW	454	454	454
Output	Percent of fire departments audited	NEW	NEW	NEW	75%	75%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	NEW	NEW	NEW	125,000	125,000
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	88.8%	81%	87.5%	87%	88%
Quality	Percent compliance with national fire incident reporting system	NEW	NEW	NEW	75%	75%

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)					
	FY22 – 2021-2022				
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent <u>Incr</u> <u>(Decr)</u>
SOURCES					
Other Transfers	3,519.4	6,371.9	6,371.9	6,371.9	0.0
Federal Revenues	450,205.5	404,145.4	404,145.4	404,145.4	0.0
Other Revenues	540,084.6	553,821.0	547,944.0	547,944.0	-1.1
Fund Balance	9,000.0	25,889.3	0.0	0.0	-100.0
SOURCES TOTAL	1,002,809.5	990,227.6	958,461.3	958,461.3	-3.2
USES					
Personal Services and Employee Benefits	160,383.5	170,936.8	171,049.7	169,681.9	-0.7
Contractual Services	178,880.2	498,811.7	421,674.8	421,674.8	-15.5
Other	432,900.9	320,479.1	365,736.8	367,104.6	14.5
TOTAL USES	772,164.6	990,227.6	958,461.3	958,461.3	-3.2
FTE					
Permanent	2,450.0	2,550.0	2,516.0	2,516.0	-1.3
Term	56.5	56.5	53.5	53.5	-5.3
TOTAL FTE POSITIONS	2,506.5	2,606.5	2,569.5	2,569.5	-1.4

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 FY22 request assumed a flat budget for federal revenue and a \$38.6 million, or 7.5 percent, decrease in state road fund (SRF) revenue. The decrease in recurring SRF revenue was exacerbated 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 a reduction of 37 FTE vacant for two years or longer.

The LFC recommendation fully funds the NMDOT request for revenue but does not increase personnel funding in the Transportation and Highway Operations Program, directing this funding instead to road maintenance activities.

BUDGET ISSUES:

NMDOT is responsible for construction and maintenance activities on the 30 thousand lane miles of the state road network, 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 while SRF revenue fell with the broader economy as Covid-19-related restrictions were implemented.

State Road Fund. NMDOT forecasts SRF revenue every January and July and budgets all of the anticipated revenue in the request. For FY22, NMDOT expects total road fund revenue of \$472.7 million, a 7.5 percent reduction from the FY21 operating budget of \$511.3 million. The largest sources of revenue to the SRF are fuel taxes, which generated 47 percent of total revenue; fees on commercial trucking, which account for 20 percent of revenue; and taxes on vehicle sales and registration fees, which account for 26 percent. While NMDOT anticipates reduced revenue from all sources for FY22 relative to the FY21 operating budget, the largest reduction was in gasoline tax revenue because Covid-19 restrictions led to decreased travel. While FY22 revenue is expected to be lower than the FY21 operating budget, it is an increase from the FY21 revenue forecast updated in July. The July update showed total FY21 SRF revenue of \$456.8 million, 3.3 percent less than the FY22 request.

The gasoline tax, the largest SRF revenue source and currently 17 cents per gallon, has not grown in over a decade; in FY07, the gas tax raised \$114.6 million, in FY22, the tax is expected to raise \$113.5 million. The stagnant revenue is attributable to a combination of low population growth, increased vehicle fuel efficiency, and an aging population that drives less. Additionally, hybrid and electric vehicles are expected to rapidly gain market share in coming years as major auto manufacturers race to manufacture vehicles reflecting changing consumer preferences and regulations.

Currently, 76.3 percent of gas tax revenue goes to the SRF with the remainder going to local governments. NMDOT forecasts FY22 gasoline tax revenue of \$113.5 million, \$5.6 million, or 4.7 percent, less than the FY21 operating budget. The impact of Covid-19 restrictions on fuel tax revenue is unknown, but any revenue reduction will likely reduce the amount of SRF balance available for use in the FY22 operating budget.

The tax on diesel fuel, the second largest contributor to the SRF, generally reflects the national economy. When consumer spending increases, more goods are purchased, translating into increased interstate trucking, the primary consumer of diesel fuel. For FY22, NMDOT estimates the tax on diesel fuel will generate \$110.1 million, a \$5.3 million, or 4.6 percent, reduction from the FY21 operating budget. Additionally, weight/distance tax revenue from commercial trucking is forecast to generate \$92 million, a 4.3 percent reduction.

The Legislature, through Laws 2019, Chapter 270, (House Bill 6), increased the motor vehicle excise tax rate from 3 percent to 4 percent and directed the additional revenue to NMDOT for road improvements in the southeastern portion of the state in FY20 and FY21; after FY21, it splits the revenue between the SRF and local governments. Also beginning in FY22, the distribution to the general fund will fall from 3 percent to 2.5 percent, and the distribution to the road fund will increase from 1 percent to 1.5 percent.

Fees on vehicle registration are anticipated to fall 3.9 percent for FY22 to a total of \$80.6 million.

Federal Revenue. Federal funds provided to the state require a match of between 8 percent and 20 percent, and SRF is used to provide these matching funds. Federal funding has stagnated over the past several years. In FY16, \$409 million was budgeted from federal sources; for FY22, \$404.1 million is anticipated. The request for federal funds was flat relative to the FY21 operating budget. 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 received \$59.3 million in federal redistribution awards in FY20.

Fund Balance. The total amount of fund balance available is determined during the January revenue forecasting process. During the legislative session, the House Transportation Committee follows a consensus process to budget available fund balances to meet the priorities of NMDOT, the Legislature, and the executive. At the close of FY20, the department had a fund balance of \$39 million.

Debt Service. The department currently has \$1.1 billion in outstanding debt obligations. In FY22, the department will spend \$158.5 million to service debt. This amount includes \$118.7 million from federal sources and \$39.7 million from the SRF. Debt service payments will increase through FY24, when the state will spend \$182.8 million. However, debt service cost will then fall dramatically so that, by FY28, debt service will be \$48.8 million; the state will have retired all debt by FY33.

Because revenue generation is likely to remain stagnant or decline for the foreseeable future while maintenance needs increase, the Legislature has been reluctant to increase department debt obligations that reduce recurring revenue available for maintenance and construction projects. New borrowing should be restricted to projects that would have a large economic impact on the state.

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 costlier 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 to maintain, 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 \$569 million, including \$316 million for routine maintenance and \$253 million for roadway reconstruction. The department also projects a funding shortfall of \$25.8 million for bridge maintenance, reconstruction, and replacement.

Nonrecurring Funding. The Legislature used nonrecurring funding for road projects for the past two years, instead of bonds. In FY20, \$400 million was appropriated, including \$250 million for large-scale construction projects, \$100 million for maintenance projects on the current state transportation improvement program, and \$50 million for local governments road projects. In FY21, \$180 million was appropriated for projects statewide. However, \$120 million from one-time appropriations were rescinded as part of solvency package advanced during the 2020 first special session. Of this amount, \$45 million came from projects authorized in the 2020 regular session and \$75 million was rescinded from the appropriation made in the 2019 regular session. The department was provided with bonding authority of up to \$75 million, available in FY23, to backfill the rescission of the 2020 funds.

State revenue projections for FY22 show growth in nonrecurring revenue and healthy reserve balances. This may leave the Legislature in a position to make additional appropriations to NMDOT for state and local road projects or to reverse all or a portion of the solvency reductions made during the 2020 first special session.

Personnel. The department requested a total increase of \$112.9 thousand, or 0.1 percent, for personnel. The request reduced personnel spending in all programs except for Transportation and Highway Operations, where the department requested a \$367.8 thousand, or 0.3 percent, increase. LFC staff estimate the department has a current personnel funding surplus of \$8.5 million. Nearly half of the surplus, \$4.1 million, is in the Transportation and Highway Operations Program, with an additional \$3.2 million in the Modal Program. The surplus in the Modal program is a result of the department receiving authorization to hire 50 FTE to staff port-of-entry facilities statewide. The LFC recommendation does not reduce funding for the Modal Program beyond the request as it is likely many positions may be filled because hiring restrictions are lifted. In light of high historic vacancy rates, the recommendation for the Transportation and Highway Operations Program reduces personnel funding by \$1 million and transfers this funding to the other category to pay for field supplies and equipment maintenance.

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 fund.

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 (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	420,041.3	366,133.0	366,133.0	366,133.0	0.0
Other Revenues	206,582.8	237,456.9	232,081.9	232,081.9	-2.3
Fund Balance	0.0	16,132.0	0.0	0.0	-100.0
SOURCES TOTAL	626,624.1	619,721.9	598,214.9	598,214.9	-3.5
USES					
Personal Services and Employee Benefits	24,526.0	26,536.8	26,404.8	26,404.8	-0.5
Contractual Services	110,794.4	402,324.2	333,799.5	333,799.5	-17.0
Other	326,232.4	190,860.9	238,010.6	238,010.6	24.7
TOTAL USES	461,552.8	619,721.9	598,214.9	598,214.9	-3.5
FTE					
Permanent	340.0	350.0	340.0	340.0	-2.9
Term	18.0	18.0	18.0	18.0	0.0
TOTAL FTE POSITIONS	358.0	368.0	358.0	358.0	-2.7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of projects in production let to bid as scheduled	49%	75%	>67%	>67%	>70%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	0.2%	1.0%	<3%	<3%	<3%
* Outcome	Percent of projects completed according to schedule	86%	92%	>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 (dollars in thousands)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 - 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	255,653.7	241,882.6	241,882.6	241,882.6	0.0
Fund Balance	0.0	6,632.2	0.0	0.0	-100.0
SOURCES TOTAL	258,653.7	251,514.8	244,882.6	244,882.6	-2.6
USES					
Personal Services and Employee Benefits	106,863.8	110,263.0	110,630.8	109,263.0	-0.9
Contractual Services	36,667.1	56,874.4	50,224.4	50,224.4	-11.7
Other	80,283.4	84,377.4	84,027.4	85,395.2	1.2
TOTAL USES	223,814.3	251,514.8	244,882.6	244,882.6	-2.6
FTE					
Permanent	1,813.0	1,843.0	1,824.0	1,824.0	-1.0
Term	16.7	16.7	16.7	16.7	0.0
TOTAL FTE POSITIONS	1,829.7	1,859.7	1,840.7	1,840.7	-1.0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of statewide pavement lane miles preserved	3,143	3,970	>3,000	>3,000	>3,000
Outcome	Percent of non-interstate lane miles rated fair or better	87%	86%	>75%	>75%	>85%
Outcome	Percent of interstate lane miles rated fair or better	95%	90%	>90%	91%	91%
* Outcome	Number of combined systemwide lane miles in poor condition	3,783	4,420	<6,925	<6,925	<5,000
Outcome	Percent of national highway system lane miles rated fair or better	97%	88%	>86%	>86%	>86%
Outcome	Percent of non-national highway system lane miles rated fair or better	84%	85%	>70%	65%	80%
Outcome	Number of interstate miles in poor condition	208	408	<425	<425	<425
Outcome	Number of non-interstate miles in poor condition	3,575	4,012	<6,250	<6,500	<4,575
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96%	96%	>90%	>90%	>95%

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	45,937.8	43,606.7	43,606.7	43,606.7	0.0
Fund Balance	9,000.0	1,093.1	0.0	0.0	-100.0
SOURCES TOTAL	54,937.8	44,699.8	43,606.7	43,606.7	-2.4
USES					
Personal Services and Employee Benefits	24,152.8	25,791.6	25,698.5	25,698.5	-0.4
Contractual Services	11,648.8	5,425.4	4,625.4	4,625.4	-14.7
Other	11,106.0	13,482.8	13,282.8	13,282.8	-1.5
TOTAL USES	46,907.6	44,699.8	43,606.7	43,606.7	-2.4
FTE					
Permanent	237.0	247.0	244.0	244.0	-1.2
Term	5.8	5.8	5.8	5.8	0.0
TOTAL FTE POSITIONS	242.8	252.8	249.8	249.8	-1.2

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Quality	Number of external audit findings	2	5	<5	<5	<5
Efficiency	Percent of invoices paid within thirty days	94%	93%	>90%	>90%	>90%
* Explanatory	Vacancy rate of all programs	19%	18%			
Output	Number of employee injuries	72	54	<90	<90	<90
Output	Number of employee injuries occurring in work zones	27	13	<35	<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>FY22 - 2021-2022</u>			
	<u>FY20</u>	<u>FY21</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
	<u>2019-2020</u>	<u>2020-2021</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES					
Other Transfers	3,519.4	6,371.9	6,371.9	6,371.9	0.0
Federal Revenues	27,164.2	35,012.4	35,012.4	35,012.4	0.0
Other Revenues	31,910.3	30,874.8	30,372.8	30,372.8	-1.6
Fund Balance	0.0	2,032.0	0.0	0.0	-100.0
SOURCES TOTAL	62,593.9	74,291.1	71,757.1	71,757.1	-3.4
USES					
Personal Services and Employee Benefits	4,840.9	8,345.4	8,315.6	8,315.6	-0.4
Contractual Services	19,769.9	34,187.7	33,025.5	33,025.5	-3.4
Other	15,279.1	31,758.0	30,416.0	30,416.0	-4.2
TOTAL USES	39,889.9	74,291.1	71,757.1	71,757.1	-3.4
FTE					
Permanent	60.0	110.0	108.0	108.0	-1.8
Term	16.0	16.0	13.0	13.0	-18.8
TOTAL FTE POSITIONS	76.0	126.0	121.0	121.0	-4.0

PERFORMANCE MEASURES

		<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY22</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Annual number of riders on park and ride	230,455	174,868	>240,000	>235,000	>235,000
Outcome	Percent of airport runways in satisfactory or better condition	60%	59%	>57%	57%	57%
Explanatory	Annual number of riders on the rail runner	761,429	516,018			
* Outcome	Number of traffic fatalities	407	418	<357	<357	<357
* Outcome	Number of alcohol-related traffic fatalities	126	142	<125	<125	<125
Outcome	Number of non-alcohol-related traffic fatalities	281	276	<220	<220	<220
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	137	153	<133	<133	<133
Outcome	Number of pedestrian fatalities	78	84	<72	<72	<72

STATUTORY AUTHORITY:

Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and 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)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	13,618.8	14,364.5	13,648.4	14,364.5	0.0
Other Transfers	21.0	45.0	45.0	45.0	0.0
Federal Revenues	22,057.5	30,679.9	30,679.9	30,679.9	0.0
Other Revenues	4,447.2	4,149.0	4,149.0	4,149.0	0.0
SOURCES TOTAL	40,144.5	49,238.4	48,522.3	49,238.4	0.0
USES					
Personal Services and Employee Benefits	19,956.6	22,347.6	22,347.6	22,347.6	0.0
Contractual Services	13,842.0	21,958.7	21,242.6	21,958.7	0.0
Other	3,150.0	4,932.1	4,932.1	4,932.1	0.0
TOTAL USES	36,948.6	49,238.4	48,522.3	49,238.4	0.0
FTE					
Permanent	154.2	157.2	157.2	157.2	0.0
Term	129.0	133.0	129.0	133.0	0.0
TOTAL FTE POSITIONS	283.2	290.2	286.2	290.2	0.0

AT A GLANCE:

The Public Education Department (PED) requested \$48.5 million for FY22, a \$716 thousand, or 1 percent decrease from the FY21 operating budget. The requested decrease was solely from general fund revenues, which dropped to \$13.6 million – a 5 percent decline. The request also included a reduction of 4 FTE, reducing the vacancy rate despite PED's need for additional staff to comply with state and federal requirements. PED continues to budget special program funds outside of the operating budget for personnel to comply with findings of the *Martinez-Yazzie* education sufficiency lawsuit, which masks the agency's true operational budget costs and diverts programmatic funding from direct services. LFC recommends keeping PED's operating budget flat with FY21 operating and staffing levels so the department can continue current efforts to address the coronavirus pandemic and respond to the *Martinez-Yazzie* lawsuit.

BUDGET ISSUES:

With the emergence of Covid-19, PED's operations shifted toward addressing health and safety measures, starting with school closures. Beginning in March 2020, the department released a number of resources, including guiding documents, rubrics, and webinars addressing remote learning and school reentry. For FY20 and FY21, the department received federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds and transferred \$108.6 million to local educational agencies to address the impacts of Covid-19. Of those \$108.6 million, PED withheld up to 10 percent, or \$10.9 million, for related emergencies.

In October 2020, Gallup-McKinley School District, along with a consortia of other school districts, filed a lawsuit in the 1st Judicial District Court against PED, challenging multiple orders from the department on local schools, such as requiring Covid-19 testing for teachers and limiting in-person learning to specific grade levels. Following a statewide spike in Covid-19 cases in November, PED once again provided guidance for school closures after having approved district re-opening plans and allowing a hybrid start to the school year.

PED's requested decrease of 4 FTE will reduce their vacancy rate from 15 percent in FY21 to 12 percent in FY22. In spite of the hiring freeze announced by the governor during the third quarter in FY20, PED has continued to fill positions, decreasing the number of agency vacancies by 27 percent from FY20 staffing levels. The department has prioritized hiring positions in the school support and accountability, licensure, reporting and data quality, student budget and financial analysis, Native American education, charter schools, and special education bureaus – prioritizing these positions in response to findings from the *Martinez-Yazzie* lawsuit.

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 \$989 thousand 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 incurs additional operational costs without a funding source to support oversight and administration of the program. In FY20, the K-5 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 had used K-5 Plus funds to cover agency personnel costs, the agency lost access to the funding but had to return staff to oversee the programs. Despite already facing this issue, the department continues to use special program appropriations to cover personnel costs, setting themselves up for a repeat of the same budget constraints.

For FY22, LFC recommends an operating budget of \$49.2 million and 290.2 FTE, keeping funding and staffing levels flat with FY21. The general fund recommendation is \$14.4 million – the same as in FY21. In September, after the submission of their budget request, PED also received a five-year, \$10 million federal grant to improve access to school-based mental health services.

Special Programs. The LFC recommendation for special program funds includes \$4.5 million for the department to continue its indigenous, multilingual, multicultural, and special education initiatives in response to *Martinez-Yazzie* findings. Additionally, the committee recommends a one-time, special appropriation of \$4 million for the tribal remedy framework to expand the department’s response efforts. The recommendation also supports the continuation of special programming funds for student nutrition, teen parent interventions, STEAM (science, technology, engineering, arts, and math) initiatives, and Advanced Placement test fee waivers and training. Due to significant reversions to the public education reform fund, the committee recommends appropriations from this fund for community schools initiatives and career technical education programming, which are statutorily eligible uses of the fund.

The department has developed four initiatives to address the 1st Judicial District Court’s finding in the *Martinez-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.” Beginning in FY20, PED required districts and charter schools to establish local equity councils, complete a *Martinez-Yazzie* readiness assessment, implement a culturally and linguistically responsive framework for every school, and submit 90-day plans through the New Mexico Data, Accountability, Sustainability and High Achievement tool (NMDASH), with specific focus on economically disadvantaged students, Native American students, English learners and students with disabilities. Despite the framework, the department has not leveraged its budget approval authority to ensure districts are spending funds on evidence-based programs.

Operations. Despite increased staffing levels, PED has failed to report the completion of formula and program compliant audits, making their previous progress in this area short-lived. Accurate data collection and reporting ensure equitable distribution of formula funds and other categorical grant funding and improve 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 FY22, PED requested \$1.9 million for information technology projects, including \$1.2 million to conclude a streamlined real-time data management system by adding comprehensive reporting capabilities. The department notes current data collection processes are labor intensive and prone to error. 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 include a high availability data infrastructure system to ensure 24-hour infrastructure availability, protect from downtime, maximize flexibility, simplify maintenance, and improve data availability.

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 needs. 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 state equalization guarantee (SEG) distribution to provide administrative services and support. While the growth of state-chartered charter schools has slowed in recent years, PED projects \$3 million of SEG will be withheld in FY22 – a \$600 thousand, or 26 percent, increase from FY21 budgeted levels. 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. In recent years, PEC has sought to be administratively detached from PED and insisted on managing its own budget.

Since FY10, annual audits have noted issues between PED and state-authorized charter schools regarding fiscal management, financial internal controls, and oversight. The FY19 audit for PED, state-authorized charter schools, and the Division of Vocational Rehabilitation contained 155 findings – one finding more than in the FY18 audit. 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.

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 focuses on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Average processing time for school district budget adjustment requests processed, in days	10.4	10.5	7	7	7
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	26.8	31	25	25	25
* Outcome	Number of local education agencies an charter schools audited for funding formula components and program compliance annually	28	12	30	30	30
Outcome	Percent of section four public education special funds reverting annually	1%	29.4%	<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	96.5%	98.7%	90%	90%	90%
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	76%	NR			
Explanatory	Percent of eligible children served in state-funded prekindergarten	38%	49%			
* Explanatory	Number of eligible children served in state-funded prekindergarten	9,757	10,885			
Explanatory	Percent of eligible children served in K-5 Plus	12.5%	10.9%			
* Explanatory	Number of eligible children served in K-5 plus	18,227	15,967			
* Outcome	Percent of students in K-5 plus meeting benchmark on early reading skills	57%	NR	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-chartered charter schools participating in the cooperative. At present, PED has authorized 10 RECs statewide.

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 FY22, the Regional Education Cooperative Association, which represents the 10 RECs, requested \$3 million – a \$1.9 million, or 189 percent, increase from FY21 funding levels. The request is the same proposal from the prior year, with each REC receiving \$300 thousand for operations. For FY22, the committee recommends \$1.04 million from the general fund, flat with the FY21 budget level, given the special appropriations to PED for REC maintenance and cash balances.

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 and business manager positions and contend the amount does not cover the costs for other staff and operational costs of the cooperatives.

REC 1, authorized by PED in 2019, represents six area school districts and the San Juan College in the Four Corners region. The REC-member partnership efforts include Navajo dual language development and a child care initiative. The addition of REC 1 did not increase the number of member districts served by the RECs, thus it reduced the scope of work by the RECs previously providing service in that area.

During the 2020 school closures, RECs adjusted professional development and training schedules to support online teaching platforms and provided technological support, such as installing equipment to expand districts' Wi-Fi network capabilities. RECs also helped districts find and purchase technology (such as Chromebooks and hotspots) for online learning, as well as update and maintain devices. Online learning has highlighted the need for student access to high-speed Internet. A 2019 LFC evaluation noted that expanding broadband access statewide would be more efficient through regional coordination. Given their role in supporting district technology acquisitions regionally, RECs can be a partner in aggregating demand for broadband by providing coordination, oversight, and accountability services for the districts they serve.

Chapter 200, Laws 2019, (House Bill 111) allowed RECs to jointly apply for funding from PED to provide culturally and linguistically responsive support and training. Although PED received a general fund appropriation of \$2.5 million for the appropriate support and training, RECs did not receive any of these funds. PED also received a \$1 million appropriation from the public education reform fund for accountability and regional supports not provided to the RECs. PED and RECs should work collaboratively on the use of available funds to avoid duplicating efforts and funding.

REC audits in recent years suggest cooperatives have relatively stable fund balances but volatile unrestricted cash balances. Uncertainty related to PED reimbursements and unrestricted cash balances may contribute to higher overhead costs. A 2016 LFC evaluation noted that, while REC procurements must follow the Procurement Code, their exemption from oversight by the General Services Department might create 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 causes rapid turnover of technical personnel, which may increase costs when RECs ramp up operations and rehire staff.

Substantial growth in state flow-through grants and outstanding reimbursements have created financial volatility for RECs. 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 but audited cash balances report a dramatic \$5.2 million decrease to \$1.1 million in FY19. OBMS reports that for FY20, RECs budgeted an estimated \$4.9 million in restricted cash. No report for unrestricted cash is available.

BUDGET SUMMARY
(dollars in thousands)

Regional Education Cooperative	<u>FY20 (2019-2020) Actuals</u>					<u>FY21 (2020-2021) Budgeted</u>				
	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	\$103.9	\$0.0	\$0.0	\$0.0	\$103.9	\$103.4	\$500.0	\$0.0	\$0.0	\$603.4
Northwest REC #2 (Gallina)	\$103.9	\$5,645.0	\$12.9	\$115.8	\$5,877.6	\$103.4	\$5,797.3	\$17.9	\$120.3	\$6,038.9
High Plains REC #3 (Raton)	\$103.9	\$6,556.8	\$0.0	\$150.2	\$6,810.9	\$103.4	\$7,293.7	\$0.0	\$376.2	\$7,773.3
Northeast REC #4 (Las Vegas)	\$103.9	\$409.5	\$0.0	\$717.6	\$1,231.0	\$103.4	\$432.4	\$0.0	\$831.8	\$1,367.6
Central REC #5 (Albuquerque)	\$103.9	\$7,426.5	\$33.5	\$676.0	\$8,239.9	\$103.4	\$9,191.2	\$33.5	\$1,220.0	\$10,548.1
REC #6 (Clovis)	\$103.9	\$626.9	\$0.0	\$2,917.0	\$3,647.8	\$103.4	\$2,300.0	\$0.0	\$0.0	\$2,403.4
Lea REC #7 (Hobbs)	\$103.9	\$1,325.2	\$383.9	\$4,840.6	\$6,653.6	\$103.4	\$4,237.2	\$100.0	\$1,577.9	\$6,018.5
Pecos Valley REC #8 (Artesia)	\$103.9	\$2,127.0	\$100.9	\$0.0	\$2,331.8	\$103.4	\$680.0	\$107.0	\$0.0	\$890.4
REC #9 (Ruidoso)	\$103.9	\$19,923.6	\$0.0	\$3,129.9	\$23,157.4	\$103.4	\$10,440.6	\$0.0	\$2,384.2	\$12,928.2
Southwest REC #10 (T or C)	\$103.9	\$805.0	\$38.0	\$677.0	\$1,623.9	\$103.4	\$6,500.0	\$38.0	\$525.0	\$7,166.4
TOTAL	\$1,039.0	\$44,845.5	\$569.2	\$13,224.1	\$59,677.8	\$1,034.0	\$29,599.5	\$1,543.4	\$11,367.0	\$55,738.2

Regional Education Cooperative	<u>FY22 (2021-2022) Agency Request</u>					<u>FY22 (2021-2022) LFC Recommendation</u>				
	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	\$300.0	\$0.0	\$0.0	\$0.0	\$300.0	\$103.4	\$0.0	\$0.0	\$0.0	\$103.4
Northwest REC #2 (Gallina)	\$300.0	\$5,196.0	\$17.9	\$284.0	\$5,797.9	\$103.4	\$5,196.0	\$17.9	\$284.0	\$5,601.3
High Plains REC #3 (Raton)	\$300.0	\$4,444.5	\$0.0	\$1,398.7	\$6,143.2	\$103.4	\$4,444.5	\$0.0	\$1,398.7	\$5,946.6
Northeast REC #4 (Las Vegas)	\$300.0	\$475.0	\$0.0	\$831.8	\$1,606.8	\$103.4	\$475.0	\$0.0	\$831.8	\$1,410.2
Central REC #5 (Albuquerque)	\$300.0	\$5,089.7	\$40.3	\$1,071.0	\$6,501.0	\$103.4	\$5,089.7	\$40.3	\$1,071.0	\$6,304.4
REC #6 (Clovis)	\$300.0	\$904.0	\$0.0	\$2,500.0	\$3,704.0	\$103.4	\$904.0	\$0.0	\$2,500.0	\$3,507.4
Lea REC #7 (Hobbs)	\$300.0	\$1,649.3	\$347.4	\$5,019.0	\$7,315.7	\$103.4	\$1,649.3	\$347.4	\$5,019.0	\$7,119.1
Pecos Valley REC #8 (Artesia)	\$300.0	\$2,780.9	\$107.5	\$0.0	\$3,188.4	\$103.4	\$2,780.9	\$107.5	\$0.0	\$2,991.8
REC #9 (Ruidoso)	\$300.0	\$5,441.1	\$0.0	\$2,219.0	\$7,960.1	\$103.4	\$5,441.1	\$0.0	\$2,219.0	\$7,763.5
Southwest REC #10 (T or C)	\$300.0	\$975.0	\$38.0	\$800.0	\$2,113.0	\$103.4	\$975.0	\$38.0	\$800.0	\$1,916.4
TOTAL	\$3,000.0	\$26,955.5	\$551.1	\$14,123.5	\$44,630.1	\$1,034.0	\$26,955.5	\$551.1	\$14,123.5	\$42,664.1

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)					
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	4,688.0	5,252.3	5,933.9	5,744.8	9.4
SOURCES TOTAL	4,688.0	5,252.3	5,933.9	5,744.8	9.4
USES					
Personal Services and Employee Benefits	3,737.6	4,315.9	4,505.0	4,315.9	0.0
Contractual Services	78.2	109.7	110.9	110.9	1.1
Other	569.6	826.7	1,318.0	1,318.0	59.4
TOTAL USES	4,385.4	5,252.3	5,933.9	5,744.8	9.4
FTE					
Permanent	49.0	49.0	49.0	49.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	50.0	50.0	50.0	50.0	0.0

AT A GLANCE:

PSFA's budget request for FY22 was \$5.9 million – a \$681.6 thousand, or 13 percent, increase over the adjusted FY21 operating budget. The agency's FY21 budget was adjusted downward by \$452.2 thousand due to statutory caps based on total PSCOC awards, which have declined in recent years. The agency's proposed increase was primarily driven by a \$546.7 thousand increase in the other category for software dues and a \$189 thousand, or 4.4 percent, increase in budgeted personnel costs. In FY20, PSFA had a vacancy savings rate of 9.2 percent, expending \$379.3 thousand less than budgeted.

For FY22, the committee recommendation for PSFA was \$5.7 million – a \$492.5 thousand, or 9.4 percent, increase – which supports the agency's request to include software dues in the operating budget but holds personnel and contractual costs flat with FY21 budgeted levels.

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.

Due to declining average annual grant assistance in recent years, PSFA has reduced its operating budget to statutory limits by using PSCOF to cover software dues. In FY20, PSFA's budget authority was limited to \$4.7 million, a \$659 thousand, or 12 percent, decrease from FY20 appropriated levels due to the statutory limitation and declining PSCOC award totals. Similarly, for FY21, PSFA's budget authority was limited to \$4.8 million, a \$948 thousand, or 17 percent, decrease from the FY21 appropriated level. To meet statutory budget limitations and maintain staffing capacity for a larger scope of projects, PSCOC transferred \$536 thousand in software costs for the construction and facility information management systems out of the operating budget and paid for these expenses through the PSCOF capital fund.

For FY22, a substantial increase in the annual grant assistance in FY21 will allow PSFA to budget \$6.1 million for core administrative functions. As such, PSFA's request transfers the software costs back into the operating budget. The back-and-forth transfer of software costs creates an inaccurate picture of year-over-year operating budget changes and highlights the conflict between the budget limitation in statute and actual agency operational needs. Given the potential for volatile budget limits, the Legislature should consider 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.

For FY22, PSFA requested \$4.5 million for personnel costs, a \$189 thousand, or 4.4 percent, increase from FY21 budgeted levels. According to PSFA, the \$4.5 million request reflects the cost to fill its 50 authorized FTE positions. In FY20, PSFA had 12.5 vacant FTE positions and only expended \$3.7 million – \$379.3 thousand, or 9.2 percent, less than the appropriation for personnel costs. The agency has historically reverted funds from the personal services and employee benefits category due to annual turnover as employees find competitive positions within school districts or private industries.

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Average number of months from substantial completion to financial closeout	17	None	18	18	18
Explanatory	Number of change orders in current fiscal year	68	75			
Explanatory	Average number of months between initial award to occupancy	48	36			
Explanatory	Average number of months from initial award to commencement of construction	34	18			
Explanatory	Average cost per square foot of new construction	\$277	\$277			
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	51.6%	52.4%			
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	71%	70.8%			
Explanatory	Average megabits per second per student	500	515			
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	\$641,857	>\$1.5M			
Explanatory	Average square foot per student of middle schools	281	273			
Explanatory	Average square foot per student of high schools	308	247			
Explanatory	Average square foot per student of new construction, high schools	None	143			
Explanatory	Average square foot per student of elementary schools	133	165			
Explanatory	Average square foot per student of new construction, elementary schools	None	134			
Explanatory	Average square foot per student of new construction, middle schools	None	142			

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, convenient, and tax-efficient means for families to save for college costs, including tuition, fees, room, books, and supplies.

BUDGET SUMMARY (Unrestricted and Restricted Funds)
(dollars in thousands)

	FY20 Actuals	FY21 OpBud	FY22 Request	FY22 Request \$ Inc./(Dec.) FY21OpBud	FY22 Request % Inc./(Dec.) FY21OpBud
SOURCES					
Fund Balance	2,798.3	3,101.7	3,286.8	185.1	6.0%
TOTAL SOURCES	2,798.3	3,101.7	3,286.8	185.1	6.0%
USES					
Personal Services and Employee					
Benefits	373.2	442.1	416.7	(25.4)	-5.7%
Contractual Services	2,240.5	2,387.1	2,598.2	211.1	8.8%
Other	184.6	272.5	271.9	(0.6)	-0.2%
TOTAL USES	2,798.3	3,101.7	3,286.8	185.1	6.0%
FTE	3.0	3.0	3.0	-	0.0%

AT A GLANCE:

ETB, self-supported through an administrative fee on its plans, requested a 6 percent increase in funding compared with FY21 operating budget. Two years ago, ETB restructured its team of legal and investment professionals, increasing its contractual services cost by almost 30 percent. The restructure has increased the level of marketing to New Mexico residents, resulting in recent participation agreements with major institutions in New Mexico, such as Sandia National Laboratories, the Albuquerque Bernalillo County Water Utility Authority, and Lovelace Hospitals.

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 \$10.1 million, according to the board's FY19 audit report, an increase of \$700 thousand over the prior year.

The Education Trust Board's focus is 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. As the 529 plans mature, the total value of the plans will begin to lose asset value unless participation, contributions, or market appreciation of the investments increase. In the plan design, participants devise their enrollment portfolio – 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. For FY19, the redemptions from the plans outpaced contributions by \$93.45 million. For the same period, New Mexico residents' account contributions exceeded redemptions by \$16 million.

PERFORMANCE ISSUES:

As of June 30, 2020, ETB manages approximately \$2.42 billion in gross assets in its two college savings plans, the Education Plan and Scholar's Edge.

The Education Plan, with assets of \$580 million, had 23,982 accounts as of June 30, 2020, 51.2 percent held by New Mexico residents. The New Mexico accounts grew by 7.8 percent and had an average portfolio balance of \$23,797. The much larger Scholar's Edge plan, with assets of \$1.84 billion, has 94,213 accounts with 11.9 percent of the accounts started by New Mexico residents. The average account balance for New Mexico accounts in Scholar's Edge was \$17,623. New Scholar's Edge accounts for New Mexico residents have grown 1.2 percent year-over-year. The median account balance for New Mexico accounts in The Education Plan is \$8,527, and for the Scholars Edge, the median New Mexico account balance is \$9,007.

The Education Plan is a direct-sold plan, offering 11 year of enrollment portfolios, four static passive asset allocation portfolios, four static active asset allocation portfolios, and five individual portfolios, providing participants with a flexible set of options depending on the participant risk profile. The Scholar's Edge is a broker-sold plan offering 11 year of enrollment portfolios, four blended asset allocation portfolios, and 16 individual portfolios. For FY22, ETB expects the enhancements to plan design, pricing, and marketing will provide an opportunity 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:

HED administers a coordinated public and postsecondary statewide education system. The governance is shared between the department and the governing boards of the colleges and universities.

BUDGET SUMMARY
(dollars in thousands)

	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	<u>FY22 – 2021-2022</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	43,088.7	40,049.7	36,740.5	38,112.7	-4.8
Other Transfers	39,914.8	44,565.7	51,565.7	51,565.7	15.7
Federal Revenues	5,395.1	9,521.3	10,800.0	10,800.0	13.4
Other Revenues	432.3	7,672.5	672.3	522.3	-93.2
SOURCES TOTAL	88,830.9	101,809.2	99,778.5	101,000.7	-0.8
USES					
Personal Services and Employee Benefits	3,711.1	4,687.9	4,471.4	4,717.4	0.6
Contractual Services	1,468.2	2,523.7	1,635.0	1,635.0	-35.2
Other	77,843.3	89,597.6	93,672.1	94,648.3	5.6
Other Financing Uses	0.0	5,000.0	0.0	0.0	-100.0
TOTAL USES	83,022.6	101,809.2	99,778.5	101,000.7	-0.8
FTE					
Permanent	35.0	35.0	32.0	38.0	8.6
Term	16.0	16.0	16.0	16.0	0.0
TOTAL FTE POSITIONS	51.0	51.0	48.0	54.0	5.9

AT A GLANCE:

Over the past year, leadership changes within the Higher Education Department (HED) magnified the impact of the Covid-19 challenges at colleges and universities throughout the state. In its role as a regulator of the higher education sector, a new acting secretary for the department has been instrumental in steering institutions to create safe environments for students, faculty, and staff to return to campus, evolving from guidance on a reopening plan to continual oversight of best practices for addressing Covid-19 risks. Following the LFC guidance, HED announced an initiative to complete the prior work on efforts to create commonality in the lower-level courses offered by every public institution in New Mexico, ensuring students can transfer earned credit among institutions while not losing momentum in their degree path. HED is also taking on enrollment declines at institutions throughout the state. A committee led by the secretary will develop a statewide strategy to identify constraints preventing institutions from enrolling more New Mexicans, addressing the misalignment in New Mexico between a growing number of high school graduates and college enrollment. Finally, the department has begun a process to use the data collected from institutions to ensure policymakers have access to reliable and timely performance information across all campuses. Importantly, the LFC recommendation supports additional funding to HED for these purposes.

BUDGET ISSUES:

The FY22 recommendation supports the HED request to transfer \$2 million from its FY21 operating budget for two specialized programs, New Mexico Mathematics, Engineering, and Science Achievement (NM MESA) and Engaging Latino Communities for Education (ENLACE), to NM Tech and the University of New Mexico, respectively. HED's adjusted FY21 \$96.3 million operating budget is composed of \$20.1 million for operations, adult basic education programs, high-skills workforce training, and adult literacy, \$71.2 million for student financial aid, and \$5 million for the Opportunity Scholarship Initiative. For FY22, HED requested a total revenue budget of \$99.8 million, a \$3.5 million, or 4 percent increase from the FY21 adjusted operating budget.

The total revenue budget request includes \$36.7 million from the general fund – \$12.2 million for its policy development and institution financial oversight program (P505) which is a reduction of \$1.3 million, or 10 percent, from its adjusted FY21 operating budget, \$19.5 million for student financial aid, and \$5 million for the opportunity scholarship – both flat with the adjusted FY21 operating budget. For FY22, LFC recommends a general fund decrease to the HED operations budget by \$1 million, or 8 percent, and a \$1.1 million, or 6 percent, increase to student financial aid programs.

Additionally, LFC recommends a \$30 million fund transfers to HED that include a \$5 million to the teacher loan repayment fund to eliminate up to \$5 thousand of debt for teachers, \$15 million for the teacher affordability scholarship that will fund the preparation of 3,750 or more teachers over the next three years, and \$15 million to the college affordability endowment fund to fund community college students.

Policy Development and Institutional Financial Oversight Program. With the emergence of Covid-19, HED's operations shifted toward addressing health and safety measures, starting with campus closures and the move of all higher education institutions to remote learning. Beginning in March 2020, HED released a number of resources, such as documents addressing remote learning and campus reopening. For FY20 and FY21, HED received federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds and transferred \$76.8 million to higher education institutions to address impacts of Covid-19. Up to 50 percent of the funds, or \$38.4 million, were intended to cover costs associated with significant changes to the delivery of instruction and no less than 50 percent of the funds were to provide emergency financial aid grants to students for expenses related to the disruption of campus operations.

HED did not complete implementation of the reform initiative it began in 2016 intended to simplify the transfer of lower-level courses among higher education institutions (HEIs). The three-pronged program, often called the trifecta reforms, developed (1) a common-course numbering system (CCNS), (2) a revised general education curriculum, and (3) meta-majors designed to assist students in maintaining progress toward degree completion even if students transferred to another institution. If the trifecta had achieved its stated purpose – to simplify transferability of common courses and learning outcomes – the entire general education curriculum would be aligned across all 24 public institutions. In October, HED announced a renewed focus on completing the trifecta reforms, particularly the CCNS and standardizing general education learning among institutions. HED should use the authority granted through Section 21-1B-1 NMSA 1978 to require compliance from higher education institutions.

Statutorily responsible for providing information on the performance of the system but with limited staff, HED relies on the colleges and universities to submit data routinely then aggregates the data to provide summative reports providing data on inputs: enrollment, awards, and finances. Higher education staff are occupied with complying with state and federal reporting requirements rather than evaluating or assessing student outcomes. The deluge of reporting – and the labyrinth of databases and processes created for compliance – has obscured its informational value. As a result, the Legislature invests in programs aimed at improving student outcomes but receives limited data or timely information to understand the worth of the programs. The Legislature, HED, and institutions need clear, comprehensive information on college performance and student outcomes; thus, the committee recommends the addition of 6 FTE to HED for use in data collection and evaluation and assessment of that data.

General fund appropriations to the policy development and institutional financial oversight program, which includes all HED staff, total \$13.5 million in the FY21 adjusted operating budget. HED's FY22 request reduced general fund revenues to \$12.2 million because the department removed \$575 thousand for adult basic education workforce and high skills and reduced adult basic education by \$900 thousand. With those adjustments, the HED request was a reduction of \$1 million compared with adjusted FY21 levels.

The LFC recommends \$12.5 million in general fund revenues for FY22, a decrease of \$1 million, or 8 percent, compared with adjusted FY21 levels. From the general fund revenues, the recommendation supports \$4.1 million for operations, \$1.8 million flow-through for various programs outside of HED, and \$6.5 million for adult education.

Adult Education. HED engages adults who cannot fully participate in work and community opportunities – whether due to lack of English language proficiency or having no high school diploma or equivalency – through its adult education division to help them improve basic literacy and earn a high school degree. In FY20, HED's adult education programs served 9,520 adults, of which 655 adult students received their high school equivalency credential and 1,463 enrolled in postsecondary education. 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 FY22, HED requested \$7 million for adult basic education and \$716 thousand for adult literacy, a flat budget for adult literacy and a \$900 thousand decrease for adult basic education from FY21 funding levels. The LFC recommendation includes \$6.5 million for adult basic education and \$680 thousand for adult literacy.

Existing Student Financial Aid Programs. General fund appropriations and lottery revenues support New Mexico students through 23 financial aid programs with combined annual funding of \$71.2 million in FY21. The largest portion comes from the lottery tuition fund, receiving 30 percent of gross 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 \$41.2 million appropriation generally to recent New Mexico high-school graduates. More than 80 percent of the funding is distributed to four-year universities. In FY21, LFC included an additional \$9.7 million special appropriation to the lottery tuition fund to pay a greater share of a student's tuition costs.

The LFC recommendation increases the FY22 recurring appropriation from \$24.5 million to \$25.6 million for the other 23 student financial aid programs (including the Opportunity Scholarship), a \$1.1 million, or 6 percent, increase. The increase is attributed to a \$1.1 million increase in student work study. The general fund appropriations target financial aid for low-income students or students pursuing high demand degrees: (1) \$7.8 million has been targeted to low-income students through the supplemental student incentive grant; (2) \$2.9 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 million for healthcare workforce development to increase primary care doctors and nurse practitioners, dentists, and allied health professions; and (4) \$6 million for student work study and veterans or public safety professionals.

Opportunity Scholarship. The New Mexico Opportunity Scholarship program is a financial aid program paying for college tuition and fees for students enrolled in a two-year academic program, who are adults or are eligible for a lottery tuition scholarship. Based on data provided to the LFC staff by colleges and universities, more than 4,800 students have been recipients of the opportunity scholarship, totaling almost \$3.7 million for the fall 2020 semester averaging \$769 per award per semester. Awards to independent community colleges represented 58 percent of the overall program and almost 64 percent of the funding. Independent community colleges suffered the largest enrollment declines when compared with last year, or 16 percent. Rather than increasing enrollment, the use of the opportunity scholarship appears to have replaced independent community colleges' use of bridge scholarships for the first semester of attendance before eligibility for the lottery scholarship. Additionally, it appears the scholarship is being awarded to students in 12 credit-hour certificate programs who statutorily do not meet the eligibility requirement of being enrolled in a two-year program. For FY22, HED requested a flat amount of \$5 million to continue the opportunity scholarship program. LFC recommends expanding current eligibility to include individuals who have dropped out of college but are one year away from earning a two-year or four-year degree.

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. For FY20, the teacher preparation affordability fund totaled \$2.1 million for 1,444 students. The LFC recommendation, in the other transfers revenue category, includes an appropriation of \$5 million from the teacher preparation affordability fund and \$2 million from the teacher loan repayment fund for use in FY22.

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 2022 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 2022 shall not revert to the general fund.

For the Higher Education Subsection. On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations up to three percent to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

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 six million five hundred thousand dollars (\$6,500,000) to provide adults with education services and materials and access to high school equivalency tests, one hundred twenty-six thousand one hundred dollars (\$126,100) 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, eighty-four thousand five hundred dollars (\$84,500) for English-learner teacher preparation and two hundred forty thousand seven hundred dollars (\$240,700) 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 six hundred eighty thousand four hundred dollars (\$680,400) 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 2022 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.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program up to twenty-five percent of the approved operating budget if the institution enrollment has declined by more than fifty percent within the past five academic years and until the institution has published a plan to improve enrollment, collaborate or merge with other institutions, and reduce expenditures accordingly.

The general fund appropriation to the opportunity scholarship program of the higher education department in the other financing uses category includes five million dollars (\$5,000,000) for an opportunity scholarship program in fiscal year 2022 for students attending a public postsecondary educational institution or tribal college. The scholarship may be used by eligible students to pay tuition or general student fees and shall not be used to pay differential tuition or individual course-specific fees. The opportunity scholarship program shall prioritize financial aid based on need to undergraduate, degree-seeking students who have left higher education but have earned seventy-five percent of credits toward an associates or bachelor's degree, who have completed the free application for financial student aid or another form of income verification, who are adults or eligible for a lottery tuition scholarship, and who are enrolled full time. The higher education department shall provide a written report summarizing the opportunity scholarship's finances, student participation and sustainability to the department of finance and administration and the legislative finance committee by November 1, 2021. Any unexpended balances remaining at the end of fiscal year 2022 from appropriations made from the general fund shall revert to the general 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)						
FY22 - 2021-2022						
	FY20 2019-2020 <u>Actuals</u>	FY21 2020-2021 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	Percent <u>Incr</u> <u>(Decr)</u>	
SOURCES						
General Fund Transfers	17,406.1	15,520.2	12,211.0	12,483.2	-19.6	
Other Transfers	43.3	335.7	335.7	335.7	0.0	
Federal Revenues	5,138.1	9,221.3	10,500.0	10,500.0	13.9	
Other Revenues	404.5	522.5	522.3	522.3	0.0	
SOURCES TOTAL	22,992.0	25,599.7	23,569.0	23,841.2	-6.9	
USES						
Personal Services and Employee Benefits	3,711.1	4,687.9	4,471.4	4,717.4	0.6	
Contractual Services	1,453.9	2,523.7	1,615.0	1,615.0	-36.0	
Other	15,151.9	18,388.1	17,842.6	17,508.8	-4.8	
TOTAL USES	20,316.9	25,599.7	23,569.0	23,841.2	-6.9	
FTE						
Permanent	35.0	35.0	32.0	38.0	8.6	
Term	16.0	16.0	16.0	16.0	0.0	
TOTAL FTE POSITIONS	51.0	51.0	48.0	54.0	5.9	

PERFORMANCE MEASURES

		FY19 <u>Actual</u>	FY20 <u>Actual</u>	FY21 <u>Budget</u>	FY22 <u>Request</u>	FY22 <u>Recomm</u>
Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	41%	35%	40%	37%	37%
Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	62%	78.3%	80%	81%	81%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100%	100%	100%	100%	100%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	99%	99%	100%	100%	100%
Outcome	Percent of high-school-equivalency graduates entering postsecondary degree or certificate programs	39.1%	40.2%	45%	44%	44%
Explanatory	Percent of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded universities who graduate within four-years of their initial enrollment	21.7%	20.8%			
Explanatory	Percent of first-time, full-time, degree-seeking students, from the most recently available cohort, at state-funded community colleges who graduate within two-years of their initial enrollment	21.5%	20.2%			
Output	Number of certificates issued for new and existing private postsecondary schools by type of state authorization		74	70	70	70

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of current state authorized and exempted private postsecondary schools by school type		102	100	100	100
Explanatory	Average number of credit hours for students who start as a first-time freshman accrued in the attainment of a bachelor's degree by students graduating from state-funded higher education institutions.					
Explanatory	Average number of credit hours for students who start as a first-time freshman accrued in the attainment of an associate's degree by students graduating from state-funded higher education institutions.					

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)

	<u>FY20 2019-2020 Actuals</u>	<u>FY21 2020-2021 Budgeted</u>	<u>FY22 - 2021-2022 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	25,682.6	19,529.5	19,529.5	20,629.5	5.6
Other Transfers	39,871.5	44,230.0	51,230.0	51,230.0	15.8
Federal Revenues	257.0	300.0	300.0	300.0	0.0
Other Revenues	27.8	7,150.0	150.0	0.0	-100.0
SOURCES TOTAL	65,838.9	71,209.5	71,209.5	72,159.5	1.3
USES					
Contractual Services	14.3	0.0	20.0	20.0	
Other	62,691.4	71,209.5	71,189.5	72,139.5	1.3
TOTAL USES	62,705.7	71,209.5	71,209.5	72,159.5	1.3
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Explanatory	Percent of eligible state loan-for-service applicants receiving funds	52%	50%			
Explanatory	Percent of eligible state loan repayment applicants receiving funds	20%	75%			

Student Financial Aid Program Detail (Dollars in Thousands)	FY20 Actual	FY21 OPBUD	FY22 Request	FY22 LFC Rec	FY22 LFC Rec over/(under) Percent
Student Access and Achievement					
Lottery Scholarship*					
Other Transfer	38,685.6	41,230.0	41,230.0	41,230.0	0.0%
Other Revenues	-	-	-	-	
Fund Balance	-	-	-	-	
Total Lottery Scholarship	38,685.6	41,230.0	41,230.0	41,230.0	0.0%
Student Incentive Grant					
General Fund	11,000.0	7,783.7	7,783.7	7,783.7	0.0%
College Affordability Endowed Scholarships					
Other Transfer	-	3,000.0	3,000.0	3,000.0	0.0%
Work-Study					
General Fund	4,142.2	4,552.5	4,552.5	5,652.5	24.2%
Vietnam Veterans Scholarship					
General Fund	65.0	48.0	48.0	48.0	0.0%
NM Scholars					
General Fund	250.0	144.0	144.0	144.0	0.0%
Peace Officer and Fire Fighter Fund					
General Fund	25.0	57.6	57.6	57.6	0.0%
Merit-based Scholarships					
General Fund	-	-	-	-	
Wartime Veterans Scholarship					
General Fund	180.0	288.0	288.0	288.0	0.0%
Total Student Access and Achievement	15,662.2	15,873.8	15,873.8	16,973.8	6.9%
Healthcare Workforce Development					
Nursing Student Loan for Service					
General Fund	450.0	432.0	432.0	432.0	0.0%
Nurse Educator Loan For Service					
General Fund	65.0	62.4	62.4	62.4	0.0%
Medical Student Loan Prog.					
General Fund	350.0	432.0	432.0	432.0	0.0%
Primary Care Physician Tuition Waiver					
General Fund	150.0	-	-	-	
Allied Health					
General Fund	100.0	115.2	115.2	115.2	0.0%
Health Professional Loan Repayment					
General Fund	1,061.9	1,248.0	1,248.0	1,248.0	0.0%
Dentistry Loan for Service					
General Fund	21.6	31.1	31.1	31.1	0.0%
Dental Residency Program					
General Fund	750.0	864.0	864.0	864.0	0.0%
Total Healthcare Workforce Development Programs	2,948.5	3,184.7	3,184.7	3,184.7	0.0%

Student Financial Aid Program Detail (Dollars in Thousands)	FY20 Actual	FY21 OPBUD	FY22 Request	FY22 LFC Rec	FY22 LFC Rec over/(under) Percent
Statewide Priority Professional Development					
Teacher Loan-for-Service					
General Fund	20.0	4.8	4.8	4.8	0.0%
Teacher Loan Repayment					
General Fund	60.0	-	-	-	
Graduate Scholarship					
General Fund	619.0	488.3	488.3	488.3	0.0%
Minority Doctoral Assistance					
General Fund	75.0	19.2	19.2	19.2	0.0%
WICHE Loan-for-Service					
General Fund	2,167.5	2,256.0	2,256.0	2,256.0	0.0%
Public Service Law Loan Repayment					
General Fund	170.0	144.0	144.0	144.0	0.0%
Social Worker Loan for Service					
General Fund	450.0	432.0	432.0	432.0	0.0%
John R. Justice Loan Repayment					
Federal Funds	-	-	-	-	
Total Statewide Priority Professional Development	3,561.5	3,344.3	3,344.3	3,344.3	0.0%
Financial Aid Administration					
General Fund	21.0	30.7	30.7	30.7	0.0%
GENERAL FUND TOTAL	22,193.2	19,433.5	19,433.5	20,533.5	5.7%
GRAND TOTAL	60,878.8	63,663.5	63,663.5	64,763.5	1.7%

*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.

FY22 GENERAL FUND APPROPRIATIONS
(in thousands)

	FY20 Actuals	FY21 OPBUD	FY22 HED Rec	FY22 LFC Rec
INSTRUCTION and GENERAL INSTITUTIONAL I&G FUNDING				
Total Percent of I&G Formula Based on Outcomes	5.3%	6.1%	0.0%	0.0%
Percent of "New Money"	3.3%	2.1%	-2.0%	0.5%
Amount of "New Money" over FY21 Formula Funding	\$19,396.1	\$13,126.4	-\$12,291.0	\$3,072.8
FY22 I&G Base Year				
FY22 Base I&G (Line 34 - Lines 31,32 minus \$20 million)			594,550.5	594,550.5
Restore Federal Funds SWAP - \$20 million			20,000.0	20,000.0
FY22 Adjusted Base Year I&G	584,220.7	623,365.5	614,550.5	614,550.5
Base Adjustment Rate - Reflect Enrollment Reduction	2.0%	4.0%	0.0	2.0%
Base Adjustment Amount	(11,684.4)	0.0	(12,291.0)	(12,291.0)
FY22 Core Funding Level	572,536.3	623,365.5	602,259.5	602,259.5
Outcomes Funding				
Workload Outcomes (Course Completion)	6,444.1	2,260.5	0.0	2,304.6
Statewide Outcomes Measures				
Total Formula Certificates and Degrees	9,224.2	4,743.7	0.0	5,070.0
Total Workforce Certificates and Degrees	4,273.0	1,922.1	0.0	2,074.1
Total At-Risk Certificates and Degrees	4,895.2	2,581.0	0.0	2,842.3
Subtotal Statewide Outcomes Measures	18,392.4	9,246.8	0.0	9,986.4
Mission-Differentiated Measures				
Research Universities	3,836.6	1,451.4	0.0	1,698.8
Comprehensive Institutions	1,207.3	259.8	0.0	647.5
Community Colleges	3,677.5	914.1	0.0	726.0
Subtotal Mission-Differentiated Measures	8,721.4	2,625.3	0.0	3,072.3
Total Outcomes Funding	33,557.9	14,132.6	0.0	15,363.3
I&G Base Adjustments - equity formula adjustments	17,271.3	960.0	0.0	0.0
I&G Base Adjustments - Dual Credit and hold harmless	0.0	1,880.0	0.0	0.0
I&G Base Adjustments - Special Session Scheduling 4 percent	0.0	(22,961.0)	0.0	0.0
Total Formula Funding	623,365.5	617,377.1	602,259.5	617,622.8
Medical School I&G FUNDING	62,207.2	40,000.0	59,409.7	61,826.7
UNM Health Sciences Center Formula I&G Funding	0.0	20,622.1	0.0	0.0
I&G Base Adjustments - Special Session Scheduling 4 percent		(2,525.9)	0.0	0.0
HIGHER EDUCATION Institution and UNM HSC I&G TOTAL	685,572.7	675,473.3	661,669.2	679,449.5
Dollar Change from Prior Year Operating Budget	43,091.2	(10,099.4)	(13,804.1)	3,976.2
Percent Change from Prior Year Operating Budget	6.7%	-1.5%	-2.0%	0.6%
Federal Funds SWAP		(20,000.0)	0.0	0.0
I&G		655,473.3	661,669.2	679,449.4
OTHER CATEGORICAL				
Special Schools (I&G only)	6,411.0	6,333.9	6,207.2	6,333.9
Athletics	16,580.4	16,196.6	15,548.8	15,710.7
Public Television	3,312.2	3,113.5	2,989.0	3,020.1
Healthcare Workforce (incl. medical residencies, undergraduate & graduate nursing education, dental programs)	13,873.2	15,286.2	14,674.9	15,114.7
Other Research and Public Service Projects	101,604.9	104,224.8	102,087.7	104,520.8
Misc Adds or deductions	0.0	0.0	0.0	0.0
Total RPSP (Excl. Special Schools I&G)	135,370.7	138,821.1	135,300.4	138,366.3
OTHER CATEGORICAL SUBTOTAL	141,781.7	145,155.0	141,507.6	144,700.1
Dollar Change from Prior Year Operating Budget	13,316.4	3,373.3	(3,647.4)	(454.9)
Percent Change from Prior Year Operating Budget	10.4%	2.4%	-2.5%	-0.3%
TOTAL GAA SECTION 4 INSTITUTIONS	827,354.4	800,628.3	803,176.8	824,149.5
HIGHER EDUCATION DEPARTMENT	FTE: 52	FTE: 46.0	FTE: 46.0	FTE: 46.0
Operating Budget and Flow-Through Programming	17,496.0	15,505.0	12,211.0	12,483.2
Student Financial Aid	22,193.2	19,529.5	19,529.5	20,629.5
NM Opportunity Scholarship	0.0	5,000.0	5,000.0	5,000.0
HIGHER EDUCATION DEPARTMENT TOTAL	39,689.2	40,034.5	36,740.5	38,112.7
Dollar Change from Prior Year Operating Budget	1,150.6	345.3	(3,294.0)	(1,921.8)
Percent Change from Prior Year Operating Budget	3.0%	0.9%	-8.2%	-4.8%
TOTAL HIGHER EDUCATION	867,043.6	840,662.8	839,917.3	862,262.2
Dollar Change from Prior Year Operating Budget	57,558.2	(26,380.8)	(745.5)	21,599.4
Percent Change from Prior Year Operating Budget	7.1%	-3.0%	-0.1%	2.6%
Adjusted TOTAL HIGHER EDUCATION		860,662.8	839,917.3	862,262.2
Adjusted Percent Change from Prior Year Operating Budget			-2.4%	0.2%

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 Actuals	FY21 OPBUD Special Session	FY22 HED Rec	FY22 LFC Recommend
UNIVERSITY OF NEW MEXICO				
Instruction and general purposes	194,435.8	191,410.3	187,582.1	192,283.7
Federal CARES Stimulus SWAP (includes Branch Campuses)	-	(5,777.9)		
Athletics	3,793.0	3,776.9	3,625.8	3,663.6
Educational television and public radio	1,113.8	1,047.0	1,005.1	1,015.6
Gallup Branch - I&G	8,884.7	8,643.1	8,470.2	8,586.5
Los Alamos Branch - I&G	1,887.6	1,875.0	1,837.5	1,878.5
Valencia Branch - I&G	5,729.9	5,711.0	5,596.8	5,699.4
Taos Branch - I&G	3,764.7	3,768.9	3,693.5	3,763.5
<i>Research & Public Service Projects:</i>				
Veterans Student Services	250.0	235.0	225.6	228.0
Judicial Education Center	400.0	376.0	361.0	364.7
Judicial selection	22.1	49.0	47.0	47.5
Ibero-American education	85.5	80.4	77.2	78.0
Manufacturing engineering program	537.0	504.8	484.6	489.6
Wildlife law education	93.0	87.4	83.9	84.8
Native American Studies	-	188.0	180.5	182.4
Chicano Studies - undergraduate and graduate student internships	-	94.0	90.2	91.2
African American student services	-	47.0	45.1	45.6
Africana Studies	-	282.0	270.7	273.5
Career soft skills and technical education student services	-	470.0	451.2	455.9
Morrissey hall programs	104.2	182.5	175.2	177.1
Disabled student services	176.1	165.5	158.9	160.6
Minority student services	706.6	664.2	637.6	644.3
Community-based education	545.4	512.7	492.2	497.3
Corrine Wolf children's law center	165.0	155.1	148.9	150.4
Student mentoring program	280.5	263.7	253.2	255.8
Southwest research center	1,087.4	752.0	721.9	729.4
Substance abuse program	71.7	67.4	64.7	65.4
Resource geographic information system	64.2	60.3	57.9	58.5
Southwest Indian law clinic	200.5	188.5	181.0	182.8
Geospatial and population studies/bureau of business and economic research	374.3	351.8	337.7	341.3
New Mexico historical review	45.5	42.8	41.1	41.5
Utton transboundary resources center	330.8	405.0	388.8	392.8
Land grant studies	124.9	117.4	112.7	113.9
UNM Press	150.0	141.0	135.4	136.8
UNM Mock Trial	-	117.5	112.8	114.0
Grow Your Own Teachers Network	-	376.0	361.0	0.0
Gallup - workforce development programs	200.0	188.0	180.5	182.4
Gallup - nurse expansion	192.1	180.6	173.4	180.6
Valencia - nurse expansion	155.8	146.5	140.6	146.5
Taos - nurse expansion	223.8	210.4	202.0	210.4
Total UNM RPSPs	31,760.1	32,524.3	31,623.4	31,729.8
Total UNM	226,195.9	218,156.7	219,205.5	224,013.5
UNM HEALTH SCIENCES CENTER				
Instruction and general purposes	62,207.2	60,622.1	59,409.7	61,826.7
Federal CARES Stimulus SWAP	-	(1,204.6)		
<i>Research & Public Service Projects:</i>				
ENLACE - Move from HED to UNM HSC	-		812.2	812.2
Comprehensive Movement Disorders	-	282.0	270.7	273.5
Free Medical School Tuition	-	188.0	180.5	182.4
Bioscience Authority	63.0	294.2	282.4	285.4
NMNEC	500.0	235.0	225.6	235.0
OMI Grief Services	220.0	206.8	198.5	200.6
Physician Assistant Program & Nurse Practitioners	-	351.4	337.3	340.8
Child abuse evaluation services (Para Los Ninos)	150.0	141.0	135.4	136.8
Undergraduate Nurse expansion	1,012.3	951.6	913.5	951.6
Graduate nurse education	1,514.7	1,653.1	1,587.0	1,653.1
Native American health center	261.3	245.6	235.8	238.3
Native American suicide prevention (Honoring Native Life)	95.4	89.7	86.1	87.0
Office of medical investigator	5,539.3	5,206.9	4,998.6	5,456.9
Children's psychiatric hospital	7,891.6	7,418.1	7,121.4	7,195.6
Carrie Tingley hospital	5,880.1	5,527.3	5,306.2	5,527.3
Minority student services at HSC (with Language)	182.9	171.9	165.0	166.8
Newborn intensive care	3,270.7	3,074.5	2,951.5	2,982.2
Pediatric oncology	1,272.3	1,196.0	1,148.2	1,160.1
Poison and drug information center	1,572.0	1,477.7	1,418.6	1,477.7
Cancer center	3,453.2	5,596.0	5,372.2	5,846.0
Hepatitis community health outcomes	2,256.0	2,590.6	2,487.0	2,512.9
Graduate medical education/residencies	1,761.9	2,032.2	1,950.9	1,971.2
Total UNM/HSC	99,103.9	98,347.0	97,594.3	101,520.0
Total UNM and UNM/HSC	325,299.8	316,503.7	316,799.8	325,533.4

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 Actuals	FY21 OPBUD Special Session	FY22 HED Rec	FY22 LFC Recommend
NEW MEXICO STATE UNIVERSITY				
Instruction and general purposes	120,020.6	117,421.3	115,072.9	118,015.3
Federal CARES Stimulus SWAP (includes Branch Campuses)	-	(4,710.4)		
Athletics	3,724.1	3,712.2	3,563.7	3,600.8
Educational television and public radio	1,054.3	991.0	951.4	961.3
Alamogordo Branch - Instruction and general purposes	7,323.8	7,112.4	6,970.2	7,032.3
Carlsbad Branch - Instruction and general purposes	4,271.2	4,247.4	4,162.5	4,240.8
Dona Ana Branch - Instruction and general purposes	23,658.3	23,332.2	22,865.6	23,343.9
Grants Branch - Instruction and general purposes	3,526.1	3,473.3	3,403.8	3,443.8
Department of Agriculture	12,019.2	11,996.4	11,396.6	11,816.4
NMDA - Veterinarians Externships		96.0	91.2	94.6
Agricultural Experiment Station (AES) (Language)	14,948.6	14,542.7	13,961.0	14,324.5
Cooperative Extension Service (CES)	13,635.3	13,185.9	12,658.5	12,988.1
Research & Public Service Projects:				
Veterans Services	50.0	47.0	45.1	45.6
Sustainable Ag Center of Excellence	-	240.0	230.4	232.8
STEM alliance for minority participation	318.0	298.9	286.9	290.0
Anna Age Eight Institute	474.0	821.6	788.7	796.9
Mental health nurse practitioner	643.9	940.0	902.4	940.0
Indian resources development	277.9	261.2	250.8	253.4
Manufacturing sector development program	674.6	634.1	608.7	615.1
Arrowhead center for business development	343.9	323.3	310.4	313.6
Nurse expansion	700.2	846.2	812.4	846.2
Alliance teaching & learning advancement	155.9	146.5	140.6	142.1
Water resource research institute	931.9	1,064.0	1,021.4	1,032.1
College assistance migrant program	205.8	193.5	185.8	187.6
Autism Program	614.0	577.2	554.1	559.8
Sunspot Solar Observatory Consortium	100.0	256.6	246.3	248.9
Carlsbad - manufacturing sector development program	232.9	218.9	210.1	212.4
Carlsbad - nurse expansion	108.9	102.4	98.3	102.4
Dona Ana - dental hygiene program	206.0	287.6	276.1	279.0
Dona Ana - nurse expansion	193.5	275.9	264.9	275.9
Total NMSU RPSPs	51,612.9	52,059.0	49,855.8	51,159.4
Total NMSU	210,412.9	202,935.2	202,330.8	207,235.5
NEW MEXICO HIGHLANDS UNIVERSITY				
Instruction and general purposes	28,669.1	28,168.7	27,605.2	28,423.6
Federal CARES Stimulus SWAP	-	(568.9)		
Athletics	2,376.9	2,234.3	2,144.9	2,167.3
Research & Public Service Projects:				
Doctor of Nurse Practitioner	-	159.8	153.4	155.0
Center for Professional Development & Career Readiness	-	164.5	157.9	159.6
Acequia and Land Grant Education	-	47.0	45.1	45.6
Native american social work institute	175.0	164.5	157.9	159.6
Advanced placement	216.9	203.9	195.7	197.8
Minority student services	530.6	498.8	478.8	483.8
Forest and watershed institute	304.6	286.3	274.8	277.7
Nurse expansion	212.5	199.8	191.8	199.8
Total NMHU RPSPs	3,816.5	3,958.8	3,800.3	3,846.0
Total NMHU	32,485.6	31,558.6	31,405.5	32,269.6
WESTERN NEW MEXICO UNIVERSITY				
Instruction and general purposes	18,151.1	18,330.6	17,964.0	18,558.3
Federal CARES Stimulus SWAP	-	(519.1)		
Athletics	2,113.9	2,175.1	2,088.1	2,109.8
Research & Public Service Projects:				
Nursing expansion (T or C)	300.0	282.0	270.7	282.0
Instructional television	72.4	68.1	65.4	66.0
Pharmacy and phlebotomy programs	57.2	94.0	90.2	91.2
Web-based teacher licensure	129.2	121.4	116.5	117.8
Child development center	205.2	286.9	275.4	278.3
Nurse expansion	857.8	900.3	864.3	900.3
Total WNMU RPSPs	3,735.7	3,927.8	3,770.6	3,845.4
Total WNMU	21,886.8	21,739.3	21,734.6	22,403.7

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 Actuals	FY21 OPBUD Special Session	FY22 HED Rec	FY22 LFC Recommend
EASTERN NEW MEXICO UNIVERSITY				
Instruction and general purposes	28,730.9	29,138.0	28,555.3	29,584.6
Federal CARES Stimulus SWAP (includes Branch Campuses)	-	(975.2)		
Athletics	2,352.1	2,211.0	2,122.6	2,144.6
Educational television and public radio	1,071.7	1,007.4	967.1	977.2
Roswell Branch - Instruction and general purposes	11,899.8	11,743.7	11,508.8	11,696.6
Ruidoso Branch - Instruction and general purposes	2,106.4	2,077.6	2,036.0	2,065.1
Research & Public Service Projects:	-			
Blackwater draw site and museum	92.9	87.3	83.8	84.7
Student success programs	417.0	392.0	376.3	380.2
Nurse expansion	328.0	308.3	296.0	308.3
At-risk student tutoring	224.6	211.1	202.7	204.8
Allied health	142.4	133.9	128.5	129.8
ENMU Portales - Teacher Ed Free Tuition	200.0	188.0	180.5	182.4
ENMU Portales - Greyhound Promise - Free Tuition	100.0	94.0	90.2	91.2
Roswell branch - nurse expansion	100.0	253.8	243.6	253.8
Roswell branch - airframe mechanics	75.1	70.6	67.8	68.5
Special services program	118.6	111.5	107.0	108.1
Youth Challenge	100.0	94.0	90.2	91.2
ENMU Ruidoso - Nursing Program	-	178.6	171.5	178.6
Total EWNMU RPSPs	5,322.4	5,341.5	5,127.8	5,203.4
Total ENMU	48,059.5	47,325.6	47,227.9	48,549.7
NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY				
Instruction and general purposes	28,308.7	27,735.8	27,180.9	28,048.8
Federal CARES Stimulus SWAP	-	(452.8)		
Bureau of mine safety	321.1	301.8	289.7	292.8
Bureau of geology and mineral resources	4,337.7	4,171.4	4,004.5	4,046.3
Petroleum recovery and research center	1,912.0	1,797.3	1,725.4	1,743.4
Geophysical research center	1,125.0	1,057.5	1,015.2	1,025.8
Research & Public Service Projects:				
NM MESA (move from HED)	-	-	1,052.2	1,052.2
Cybersecurity Education & Research Center	150.0	141.0	135.4	136.8
Cybersecurity Center of Excellence	-	235.0	225.6	228.0
Rural Economic Development	25.0	23.5	22.6	22.8
Chemical Engineering Student Assistanceships	87.0	81.8	78.5	79.3
Science and engineering fair	207.5	195.1	187.3	189.2
Energetic materials research center	811.5	762.8	732.3	739.9
Institute for complex additive systems analysis	845.8	940.0	902.4	911.8
Cave and karst research	365.7	343.8	330.0	333.4
Homeland security center	531.4	499.5	479.5	484.5
Total NMIMT	39,028.4	37,833.5	38,361.5	39,335.0
NORTHERN NEW MEXICO COLLEGE				
Instruction and general purposes	10,403.2	10,156.9	9,953.8	10,146.4
Federal CARES Stimulus SWAP	-	(351.9)		
Athletics	570.7	536.5	515.0	520.4
Research & Public Service Projects:				
Academic Program Evaluation	50.0	47.0	45.1	45.6
Nurse expansion	233.0	376.0	361.0	376.0
STEM	137.3	129.1	123.9	125.2
Veterans center	127.5	119.9	115.1	116.3
Total NNNMC	11,521.7	11,013.4	11,113.9	11,329.8
SANTA FE COMMUNITY COLLEGE				
Instruction and general purposes	10,421.9	10,314.4	10,108.1	10,366.7
Federal CARES Stimulus SWAP	-	(407.9)		
Research & Public Service Projects:				
Teacher Education Expansion	-	141.0	135.4	136.8
EMS Mental Health Resiliency Pilot	-	94.0	90.2	91.2
First born, home visiting training & technical assistance	150.0	141.0	135.4	136.8
Nurse expansion	253.9	332.7	319.4	332.7
Small business development centers	4,161.3	3,911.6	3,755.1	3,794.3
Total SFCC	14,987.1	14,526.8	14,543.6	14,858.4
CENTRAL NM COMMUNITY COLLEGE				
Instruction and general purposes	59,961.4	59,503.9	58,313.8	60,116.1
Federal CARES Stimulus SWAP	-	(3,113.9)		
Research & Public Service Projects:				
Nurse expansion	179.6	168.8	162.0	168.8
Total CNM	60,141.0	56,558.8	58,475.8	60,284.9

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 Actuals	FY21 OPBUD Special Session	FY22 HED Rec	FY22 LFC Recommend
LUNA COMMUNITY COLLEGE				
Instruction and general purposes	7,012.9	6,801.3	6,665.3	6,715.0
Federal CARES Stimulus SWAP	-	(133.7)		
Athletics	497.0	467.2	448.5	453.2
<i>Research & Public Service Projects:</i>				
Nurse expansion	267.0	251.0	241.0	251.0
Student retention and completion	530.6	498.8	478.8	483.8
Total LCC	8,307.5	7,884.5	7,833.6	7,902.9
MESALANDS COMMUNITY COLLEGE				
Instruction and general purposes	4,081.0	4,100.3	4,018.3	4,087.7
Federal CARES Stimulus SWAP	-	(66.6)		
Athletics	229.8	216.0	207.4	209.5
<i>Research & Public Service Projects:</i>				
Wind training center	113.4	106.6	102.3	103.4
Total MCC	4,424.2	4,356.3	4,328.0	4,400.6
NEW MEXICO JUNIOR COLLEGE				
Instruction and general purposes	5,713.1	5,651.9	5,538.9	5,667.1
Federal CARES Stimulus SWAP	-	(375.1)		
Athletics	569.7	535.5	514.1	519.5
<i>Research & Public Service Projects:</i>				
Oil & gas management program	171.3	161.0	154.6	156.2
Nurse expansion	299.9	281.9	270.6	281.9
Lea county distance education consortium	29.2	27.4	26.3	26.6
Total NMJC	6,783.2	6,282.7	6,504.5	6,651.3
SAN JUAN COLLEGE				
Instruction and general purposes	24,573.0	24,129.6	23,647.0	24,138.7
Federal CARES Stimulus SWAP	-	(915.9)		
<i>Research & Public Service Projects:</i>				
NEW- Center for Excellence - Renewable Energy	-	235.0	225.6	228.0
Dental hygiene program	175.0	164.5	157.9	159.6
Nurse expansion	250.0	235.0	225.6	235.0
Total SJC	24,998.0	23,848.2	24,256.1	24,761.2
CLOVIS COMMUNITY COLLEGE				
Instruction and general purposes	9,837.3	9,702.9	9,508.8	9,720.2
Federal CARES Stimulus SWAP	-	(287.0)		
<i>Research & Public Service Projects:</i>				
Nurse expansion	272.9	256.5	246.2	256.5
Total CCC	10,110.2	9,672.4	9,755.0	9,976.7
NEW MEXICO MILITARY INSTITUTE				
Instruction and general purposes	1,373.6	1,318.7	1,292.3	1,318.7
Federal CARES Stimulus SWAP	-	(139.1)		
Athletics	353.2	332.0	318.7	322.0
Knowles legislative scholarship program	1,284.7	1,395.6	1,339.8	1,353.7
Total NMMI	3,011.5	2,907.2	2,950.8	2,994.5
NM SCHOOL FOR BLIND & VISUALLY IMPAIRED				
Instruction and general purposes	1,046.2	1,029.5	1,008.9	1,029.5
<i>Research & Public Service Projects:</i>				
Early childhood center	361.9	340.2	326.6	330.0
Low vision clinic programs	111.1	104.4	100.2	101.3
Total NMSBVI	1,519.2	1,474.1	1,435.7	1,460.8
NM SCHOOL FOR THE DEAF				
Instruction and general purposes	3,991.2	3,985.7	3,906.0	3,985.7
<i>Research & Public Service Projects:</i>				
Statewide outreach services	236.6	222.4	213.5	215.7
Total NMSD	4,227.8	4,208.1	4,119.5	4,201.4
TOTAL GENERAL FUND	866,893.6	840,662.8	839,917.1	862,262.2

INSTITUTIONAL GENERAL FUND DETAIL
(in thousands)

Institution / Program (detail listed primarily in HB2 order, in thousands)	FY20 Actuals	FY21 OPBUD Special Session	FY22 HED Rec	FY22 LFC Recommend
SUMMARY BY INSTITUTION (DFA Code)				
New Mexico Institute of Mining & Technology (962)	39,028.4	37,833.5	38,361.5	39,335.0
New Mexico State University (954)	210,412.9	202,935.2	202,330.8	207,235.5
UNM Total (952)	325,299.8	316,503.7	316,799.8	325,533.4
University of New Mexico (952)	226,195.9	218,156.7	219,205.5	224,013.5
UNM Health Sciences Center (952)	99,103.9	98,347.0	97,594.3	101,520.0
Eastern New Mexico University (960)	48,059.5	47,325.6	47,227.9	48,549.7
New Mexico Highlands University (956)	32,485.6	31,558.6	31,405.5	32,269.6
Northern New Mexico College (964)	11,521.7	11,013.4	11,113.9	11,329.8
Western New Mexico University (958)	21,886.8	21,739.3	21,734.6	22,403.7
Central NM Community College (968)	60,141.0	56,558.8	58,475.8	60,284.9
Clovis Community College (977)	10,110.2	9,672.4	9,755.0	9,976.7
Luna Community College (970)	8,307.5	7,884.5	7,833.6	7,902.9
Mesalands Community College (972)	4,424.2	4,356.3	4,328.0	4,400.6
New Mexico Junior College (974)	6,783.2	6,282.7	6,504.5	6,651.3
San Juan College (976)	24,998.0	23,848.2	24,256.1	24,761.2
Santa Fe Community College (966)	14,987.1	14,526.8	14,543.6	14,858.4
Subtotal - Universities and Community Colleges	818,445.9	792,038.9	794,670.6	815,492.9
New Mexico Military Institute (978)	3,011.5	2,907.2	2,950.8	2,994.5
New Mexico School for the Deaf (980)	4,227.8	4,208.1	4,119.5	4,201.4
NM School for the Blind & Visually Impaired (979)	1,519.2	1,474.1	1,435.7	1,460.8
Subtotal - Special Schools	8,758.5	8,589.4	8,506.0	8,656.7
Grand Total Universities and Special Schools	827,204.4	800,628.3	803,176.6	824,149.5
New Mexico Higher Education Department (950)	39,689.2	40,034.5	36,740.5	38,112.7
TOTAL GENERAL FUND	866,893.6	840,662.8	839,917.1	862,262.2
SUMMARY BY MAJOR FUNCTION				
University I&G	428,719.4	422,361.6	413,914.2	425,060.7
Community College I&G	194,653.1	192,188.9	188,345.1	192,561.9
UNM/HSC I&G	62,207.2	60,622.1	59,409.7	61,826.7
Federal CARES Stimulus SWAP		(20,000.0)		
Special schools I&G	6,411.0	6,333.9	6,207.2	6,333.9
Medical residencies	1,761.9	2,032.2	1,950.9	1,971.2
Nursing programs	8,799.8	10,077.4	9,674.5	10,062.2
Other Healthcare programs	2,779.4	3,176.6	3,049.5	3,081.3
Athletics	16,580.4	16,196.6	15,548.8	15,710.7
Educational Television	3,312.2	3,113.5	2,989.0	3,020.1
NMHED - Policy Dev. & Institutional Fin. Oversight	17,496.0	15,505.0	12,211.0	12,483.2
NMHED - Student Financial Aid	22,193.2	24,529.5	24,529.5	25,629.5
Other programs	101,506.0	104,525.6	102,087.7	104,520.8
TOTAL GENERAL FUND	866,419.6	840,662.8	839,917.1	862,262.2
HIGHER EDUCATION DEPARTMENT:				
Policy Development and Institutional Financial Oversight (P505)				
Personal Service and Employee Benefits (200)	3,867.5	3,712.8	3,882.8	4,128.8
Contractual Services (300)	1,189.3	1,141.8	0.0	0.0
Other (400)	12,439.2	10,650.4	8,328.2	8,354.4
P505 Subtotal	17,496.0	15,505.0	12,211.0	12,483.2
Student Financial Aid (P506)	22,193.2	19,529.5	19,529.5	20,629.5
Opportunity Scholarship		5,000.0	5,000.0	5,000.0
P506 Subtotal	22,193.2	24,529.5	24,529.5	25,629.5
HED total	39,689.2	40,034.5	36,740.5	38,112.7

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:

The LFC recommendation continues to maintain strong support for higher education and capitalizes on declining faculty workload to rightsize and reimagine higher education. Building off the committee's direction, institutions and HED are examining enrollment constraints, reassessing the use of data and analytics, and eliminating administrative friction in the higher education system.

BUDGET ISSUES:

Beginning in March 2020, Covid-19 upended colleges and universities across the state, most of which shepherded students off-campus immediately and shifted instruction from in-person to online to finish the spring semester. Working with HED, institutions diligently crafted protocols to ensure students, faculty, and staff remained safe while engaging in classes. Institutions were able to support students during this time financially because of federal funding directed to college and universities, totaling more than \$56 million in New Mexico. More than 50 percent of the funding was directed to reimburse students for loss of services, such as housing, meal plans, and other costs. The federal CARES Act funding, a portion of which was used by the Legislature to support instruction and general operations I&G funding, helped institutions and students transition under the constraints of the governor's public health orders.

Enrollment suffered, but enrollment was shrinking before the pandemic. In the five-year period preceding the coronavirus pandemic, statewide enrollment declined by 13 percent, or 16.4 thousand students. The loss of students has impacted four-year universities evenly with two-year community colleges. Covid-19 accelerated enrollment declines, deepening losses by an additional 9.2 percent, or 9,423 students. However, two-year colleges suffered the majority, or 87 percent, of student enrollment losses from the pandemic. By chance, Covid-19 impacted two-year colleges for the inaugural year for the governor's opportunity scholarship initiative, which offered free college tuition and fees to students enrolled in two-year academic programs.

Prior to Covid-19, higher education was slated to receive its highest level of state support over the past decade. During the special legislative session, however, the Legislature reduced state support for FY21 by reducing I&G funding by 4 percent, reducing research and public service projects (RPSP) funding by 6 percent, and reducing the opportunity scholarship from \$12 million to \$5 million. With the reductions and a \$20 million boost from federal CARES Act funds to support I&G costs, the FY21 operating budget settled at \$840.6 million, a 3 percent reduction from FY20 actual expenditures.

For FY22, the LFC recommendation restores the \$20 million in general fund swapped with federal funds and reprioritizes spending to increase I&G to higher education institutions by 0.5 percent. It increases the University of New Mexico (UNM) Health Sciences Center (HSC) I&G by 2 percent. The overall recommendation increases expenditures by 0.2 percent to \$862.2 million.

State Support for Higher Education. According to the National Center for Higher Education Management Systems, New Mexico provides the sixth highest level of support to its higher education system nationwide. Last year, the state appropriation to higher education represented 12 percent of the total general fund budget. At one time, state general fund support for higher education reached 16.9 percent of the total budget. Recurring appropriations to higher education institutions include three components: (1) annual appropriations to the I&G funding formula, representing 80 percent of the funding; (2) direct appropriations to RPSPs at colleges and universities; and (3) compensation increases for faculty and staff.

State general fund appropriations to higher education institutions for instruction are the largest share of total funding for colleges and universities. On average, state funding accounts for 51 percent of total unrestricted revenues at colleges and universities, making state taxpayers the largest investor in higher education. Across different institutions, state funding as a share of total instructional revenue ranged from a high of 80 percent at Mesalands Community College to a low of 13 percent at New Mexico Junior College in FY21. Two-year colleges, in particular, are highly reliant on state funding. Ten of the 17 institutions receive the majority of their funding from the state, despite being created by local communities. The uneven support from local communities creates inequities in the system for students and local employers.

FY22 I&G Recommendation. During the special legislative session in June 2020, the Legislature took credit for \$20 million from federal CARES Act funding to offset state appropriations to higher education. The LFC recommendation restores the recurring state appropriation in FY22. Based on the adjusted FY21 operating budget, the recommendation for FY22 increases I&G appropriations by 0.5 percent from \$614 million to \$617 million.

UNM Health Science Center – which receives I&G funding for the medical school and colleges of pharmacy, nursing, and global health – was heavily impacted and continues to be impacted by Covid-19 with increased workload. LFC recommends a 2 percent increase in I&G funding, from \$60.6 million to \$61.8 million.

UNM HSC also receives nearly \$2 million from the tobacco settlement program fund for I&G and research and clinical purposes. Clinical operations have been a significant beneficiary of Medicaid expansion in recent years, and UNM HSC continues to aid the state's efforts to draw federal Medicaid-match dollars through intergovernmental transfers and other cooperative efforts.

Performance-Based Funding Formula Recommendation. For almost a decade, HED has used a performance-based funding formula to advance policy recommendation by allocating “extra” funding to each of the state's 24 colleges and universities. The formula rewards performance by paying for success, measured through a series of performance metrics. For example, institutions that graduate more students earn more performance funds. The metrics – total number of degrees or certificates awarded; total number of science, technology engineering, mathematics, or healthcare (STEMH) certificates or degrees awarded; total number of 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. Several metrics are weighted based on a three-year rolling average, allowing funding continuity to colleges and universities.

The Legislature sets the amount of performance funding each year. For FY22, the LFC recommends 2.5 percent of the appropriation be used for performance funding, which includes a base redistribution equal to 2 percent of the FY21 appropriation, or \$12.3 million, and 0.5 percent of new FY21 funding, or \$3.1 million. Taken together, total performance funding for FY22 is \$15.4 million.

Enrollment Decline and Tuition Revenue. The second largest revenue source for colleges and universities is generated from tuition and fees (\$391 million), which make up 28 percent of total I&G revenue. However, tuition and fees revenue has suffered from declining enrollment. Unlike surrounding states, public colleges and universities in New Mexico are losing students. New Mexico high school graduation has increased by 10.3 percent, while college enrollment has declined by 13 percent over the past five years. In Texas, for example, enrollment at public colleges and universities has increased by 6.7 percent during the same period.

Governing boards at colleges and universities – legally authorized to increase tuition and fees – increased tuition on average by 5.5 percent at four-year universities and 1.8 percent at two-year colleges. Yet, tuition and fees revenue declined by 3.5 percent. On the other hand, state I&G funding increased by 2.3 percent over the past five years. Because fewer students are attending college in New Mexico, tuition revenue has declined from a high of \$331.2 million in 2016 to \$319.4 million in FY20. Fees revenue has grown only marginally. To gauge the level of growth in costs of tuition and fees, current tuition and fees applied to FY12 enrollment would generate \$419 million.

Research universities represent 6 percent of the lost tuition and fee revenue, driving the majority of the reductions in revenue throughout the higher education sector. UNM's enrollment has declined by 18.7 percent over the past five years, and its tuition revenue has declined by 11 percent. To offset the enrollment decline, UNM regents increased tuition by 21 percent this year, after reducing by half, the tuition discount for full-time enrollment. Similarly, comprehensive universities lost 13 percent enrollment, when tuition revenue rose by 5.6 percent because governing bodies increased tuition and fees. The two-year colleges have been less impacted by the steep enrollment declines on their campuses, down 25 percent, because of the stability of property taxes, which have increased by 33 percent over the past five years.

The rising cost of college exacerbates a widening postsecondary attainment gap that research shows contributes to growing economic inequality. The same studies illustrate household income's outsized influence on student success; top performing low- and middle-income students earn bachelor's degrees at the same rate as low-performing high-income students. In addition, low- and middle-income students are less likely to attend college.

College Affordability and State-Funded Student Financial Support. New Mexico offers broad support to students to ensure a postsecondary education is accessible and affordable for every college-bound New Mexican. Each year, college students receive \$600 million in financial aid support – 51 percent from grants, 12 percent from scholarships, 35 percent from loans, and 2 percent from work-study – with students from the lowest incomes accruing 71 percent of the support. Despite this, fewer New Mexico college-bound students – recent high school graduates or returning adult learners – are choosing to attend New Mexico's colleges and universities, according to college enrollment data collected by HED.

Several state-funded financial aid programs offer support to full-time, degree-seeking students, such as the legislative lottery scholarship fund, state-funded work-study, the college affordability endowment fund for nontraditional students returning to college, or a needs-based student incentive grant. In 2020, the governor won approval for a \$10 million New Mexico opportunity scholarship program, a middle-dollar financial aid program designed to augment existing state-funded scholarships to pay for tuition and fees, freeing up federal financial aid for costs of housing, food and instructional materials. Other states that have implemented similar programs have experienced 20 percent growth in enrollment in the first year. But enrollment in New Mexico colleges and universities declined precipitously this fall semester and, notably, declined by 16 percent in the two-year college sector, the focus of the opportunity scholarship. The Covid-19 pandemic, by chance, impacted enrollment.

The opportunity scholarship was awarded to 4,819 students in the fall 2020 semester, totaling almost \$3.7 million. Student awards averaged \$769 per semester. Two-year independent community colleges represented 58 percent of the student awards and 64 percent of the funding of the overall program. Rather than increasing enrollment, the use of the opportunity scholarship appears to have replaced use of institution-funded scholarships.

Research and Public Service Projects. Funding for RPSPs has increased at a greater rate than funding for the core I&G budgets at institutions. Over the past five years, state appropriations for research and public service projects (RPSPs) increased by 18 percent, or \$20.7 million, from \$118.1 million in FY17 to \$138.8 million in FY21. Importantly, the number of RPSPs has increased from 125 in FY17 to 153 in FY21. The growth both in programs and appropriations has been targeted to nursing and healthcare initiatives, intercollegiate athletics, FFA, 4-H and other high-school student engagement programs, and student support programs.

For FY22, LFC recommends targeted support for select research and public service projects, aimed primarily at high-demand behavioral health and medical professions. For healthcare initiatives, the LFC recommendation maintains funding for nurse programs statewide and for healthcare programs impacted by Covid-19, such as the Comprehensive Cancer Center and the Office of the Medical Investigator. Otherwise, the recommendation reduces RPSPs by 3 percent from FY21 operating budget levels. The independent community colleges coordinated a request to develop a shared-services information technology model, which would pay for an enterprise resource planning business computing system at each of the institutions. The LFC recommendation includes partial funding for this purpose from the computer systems enhancement fund.

Permanent Fund Revenue. Ten institutions are beneficiaries of income from the land maintenance fund and land grant permanent funds. The revenue, derived from activity on state trust lands and highly dependent on oil and gas production, has increased both from the recent increase in production and from growing investment returns. Over the past five years, from FY16 to FY20, permanent fund revenues have increased by 7.7 percent, or \$5.1 million. The five-year average annual revenue increased from \$65.9 million to \$70.9 million. The FY21 operating budget increased marginally to \$71.3 million. Fiscal year 2022 permanent fund revenue is estimated to increase by \$3 million to \$74.3 million, or a 4.2 percent increase. The special schools – New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired – represent the largest beneficiaries of these revenues. NMML alone receives \$24.1 million for its FY21 operating budget. Special schools are projected to receive higher allocations, approximately 4 percent, in FY22.

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. With similar missions, the I&G appropriations to the schools for the hearing and visually impaired are imbalanced; the School for the Deaf, located in Santa Fe, receives three times the level of state support than the School for the Blind and Visually Impaired based in Alamogordo.

Graduation Rates. Enrollment, retention, and graduation rates are proxies for institutional performance and effectiveness. New Mexico colleges and universities lag surrounding states in these measures. According to U.S. Census Bureau data, New Mexico had lower degree attainment than Texas, Arizona, Colorado, and the U.S. average. These data suggest that New Mexico's comparatively high per-capita access to higher education is not resulting in higher educational attainment than other states with lower per-capita access to higher education.

Over the past five years, several trends stand out. Thirteen percent fewer students have enrolled and institutions report a 15 percent reduction in workload, meaning students are completing fewer courses. Only 43 out of 100 students complete a degree at a four-year university, and only 25 out of 100 complete a degree at a two-year college. Total awards declined this year by 3.4 percent overall. Over the past five years, bachelor's degrees have dropped by 6 percent, compared with 42 percent growth in sub-baccalaureate certificates. Employment on campuses fell by almost 3,000 positions, mainly among part-time or noninstructional staff. The past 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 -- a trend that has not changed with the recent decline in STEM awards.

This year, persistent enrollment declines have begun to dampen the production of degrees, the key outcome of the higher education funding formula. Since 2011, total awards have increased on average by 2.7 percent, year-over-year, except last year when awards declined by 3.5 percent. Similarly, STEM degrees have increased on average by 3.7 percent year-over-year since 2011, but declined by 8.5 percent last year, and awards conferred to financially at-risk student increased by only 1.8 percent year-over-year but declined by 3.8 percent last year. Public colleges and universities in New Mexico awarded close to 24 thousand certificates or degrees last year, in line with its average over the past five years. Meanwhile, workload declined by 15 percent during the same time, indicating total awards will continue to decline in future years, unless institutions solve the enrollment dilemma.

Student Retention. Retention rates track students who do not return to college after the first year, a tremendous cost without results for the state and for the students. The importance of understanding why students leave institutions cannot be overstated, and gathering the data directly from those students could be critical to improving retention rates. Similar to enrollment, keeping students on campus earning degrees improves the financial position of colleges. In New Mexico, third-semester student retention matches surrounding states but drastically drops after that point.

At four-year universities, on average, 35 percent of first-time university students leave after the first year. Universities do not maintain data on 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.

A persistent challenge for higher education is a lack of data on students, those who graduate from high school but do not enroll in college or those who enroll in college but drop out prior to completion.

RECOMMENDED LANGUAGE:

For the Higher Education Subsection. On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations up to three percent to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

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.

The secretary of higher education shall work with institutions, whose enrollment has declined by more than fifty percent within the past five academic years, on a plan to improve enrollment, collaborate or merge with other institutions, and reduce expenditures accordingly and submit an annual report to the legislative finance committee.

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 three hundred ninety-eight thousand seven hundred dollars (\$398,700) 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 one million five hundred sixty-one thousand eight hundred dollars (\$1,561,800) 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			30,000	26,000	26,000
Output	Number of degree-seeking undergraduate students enrolled, by headcount			18,500	18,000	22,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			2,600	2,700	3,500
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school by headcount			200	2,200	3,000
Output	Number of transfers enrolled, by headcount			2,200	2,300	2,300
Output	Number of dual-credit students enrolled, by headcount			350	575	575
Output	Number of at-risk students enrolled, by headcount				9,100	9,100
Output	Number of graduate students enrolled, by headcount			7,500	5,780	5,780
Explanatory	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount				63%	63%
Output	Number of credit hours delivered			594,708	543,000	543,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			231,493	222,300	222,300
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			212,000	214,000	214,000
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			99,667	95,000	95,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			2,681	2,600	2,600
Output	Number of unduplicated degree awards in the most recent academic year	5,630	5,432	5,700	5,400	5,400
Output	Number of unduplicated associate's degrees awarded				0	0
Output	Number of unduplicated baccalaureate degrees awarded			3,971	3,600	3,600
Output	Number of unduplicated master's degrees awarded			1,158	1,110	1,110
Output	Number of unduplicated doctoral or professional degrees awarded			500	520	520
Output	Number of unduplicated post-baccalaureate certificates awarded			47	75	75
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			498	570	570
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0	0	0
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	105	105
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			301	400	400
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses			35	45	45

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators			12	20	20
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			4,000	2,600	2,600
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			2,800	1,770	1,770
Output	Number of unduplicated master's degrees awarded to financially at-risk students			801	480	480
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students			330	290	290
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			7	20	20
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.9	4.7	4.8	4.7	4.7
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			150	147	147
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)				1,140	1,140
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients				48	48
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	54%	56.1%	54%	56%	64%
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%	35%	40%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	77%	76.9%	80%	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 expenditure in the most recent fiscal year per full-time-equivalent student			\$20,322	\$39,818	\$39,818
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$20,322	\$224,337	\$224,337
Output	Six-year athlete graduation rate	49.9%	62%	50%	60%	60%
Output	Total public television local broadcast production hours	17,240	17,240	17,240	17,240	17,240
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$95	\$91.5	\$95	\$95	\$95
Output	Number of degrees awarded per one hundred full-time-equivalent students	27.8	29			

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of unduplicated awards conferred in the most recent academic year			5,736		
Output	Number of graduate students enrolled, by headcount			7,952		

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			2,890	2,793	2,793
Output	Number of degree-seeking undergraduate students enrolled, by headcount			1,745	1,350	1,750
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			201	183	400
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			325	150	325
Output	Number of transfers enrolled, by headcount			212	134	134
Output	Number of dual-credit students enrolled, by headcount			1,040	692	692
Output	Number of at-risk students enrolled, by headcount			1,492	1,093	1,093
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			4.5%	4.8%	4.8%
Output	Number of credit hours delivered			41,023	35,542	35,542
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			31,407	24,921	24,921
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			9,518	9,998	9,998
Output	Number of unduplicated awards conferred in the most recent academic year			340	217	217
Output	Number of unduplicated certificates under one year in length awarded			30	12	12
Output	Number of unduplicated certificates one year or more in length awarded			90	72	72
Output	Number of unduplicated associate's degrees awarded			230	155	155
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			35	35	35
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	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			15	12	12
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	16	16
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			225	166	166

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			55	66	66
Output	Number of unduplicated certificates one year in length awarded to financially at-risk students				8	8
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			150	114	114
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4	4.4	4	5	5
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree				101	101
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%	45%
Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking freshmen who complete an associate's program within one hundred percent of standard graduation time				3%	30%
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%	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 percent of standard graduation time.				4.5%	30%
Outcome	Percent of a cohort of first-time, part-time, degree-seeking freshmen who complete an associate's degree within three hundred percent of standard graduation time			8.5%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				7%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester		51.4%	65.5%	42.8%	42.8%
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			\$13,037,529	\$10,598	\$10,598
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$56,684	\$86,692	\$86,692
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	\$1.07	\$0.96	\$2.0	\$1.0	\$1.0
Output	Number of nursing degrees awarded	14	28			
Output	Number of certificates and associate's degrees awarded within the most recent academic year	337	261			

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of degrees awarded per one hundred full-time-equivalent students		10.5	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		18.2%	Delete	Delete	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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			930	1,000	1,000
Output	Number of degree-seeking undergraduate students enrolled, by headcount			500	480	550
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			130	105	205
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			100	165	165
Output	Number of transfers enrolled, by headcount			23	175	175
Output	Number of dual-credit students enrolled reported, by headcount and full-time equivalency			380	460	460
Output	Number of at-risk students enrolled, by headcount			120	125	125
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			21%	56%	56%
Output	Number of credit hours delivered			14,500	12,850	12,850
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			14,500	10,350	10,350
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			1,600	2,380	2,380
Output	Number of unduplicated awards conferred in the most recent academic year			110	100	100
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			1	10	10
Output	Number of unduplicated certificates one year or more in length awarded			15	5	5
Output	Number of unduplicated associate's degrees awarded			58	45	45
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			15	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	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0	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			0	0	0

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			18	15	15
Output	Number of unduplicated certificates under one year in length awarded			46	60	60
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			2	2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			16	10	10
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3	3.9	3	3.8	3.8
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			85	80	80
Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time		19%	11%	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.				15%	45%
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 percent of standard graduation time.				5%	30%
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%	Delete	
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				1%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester		58%	57.5%	58%	58%
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			\$2,888	\$2,500	\$2,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$51,758	\$60,000	\$60,000
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	\$2.9	\$4.9	\$3.2	\$3.3	\$3.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of certificates and associate's degrees awarded within the most recent academic year	118	101			
Output	Number of degrees awarded per one hundred full-time-equivalent students		11			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			3,750	3,251	3,251
Output	Number of degree-seeking undergraduate students enrolled, by headcount			1,600	1,990	1,990
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			290	256	400
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			256	231	350
Output	Number of transfers enrolled, by headcount			24	94	94
Output	Number of dual-credit students enrolled, by headcount			1,522	1,138	1,138
Output	Number of at-risk students enrolled, by headcount			1,267	895	895
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			4%	5%	5%
Output	Number of credit hours delivered			27,856	24,089	24,089
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			19,920	16,683	16,683
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			7,964	6,022	6,022
Output	Number of unduplicated awards conferred in the most recent academic year				189	189
Output	Number of unduplicated certificates under one year in length awarded			65	72	72
Output	Number of unduplicated certificates one year or more in length awarded			6	4	4
Output	Number of unduplicated associate's degrees awarded			120	113	113
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			16	10	10
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	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			4	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			12	7	7
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			90	90	90

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			6	27	27
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			35	2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			65	61	61
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.7	3.5	3.7	3.4	3.4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			85	82	82
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	20.1%	14.2%	18%	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.				20%	45%
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%	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 percent of standard graduation time.				10.5%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				5.5%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	63.2%	54.6%	65%	60%	60%
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			\$9,075	\$12,660	\$12,660
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$86,000	\$100,780	\$100,780
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	\$2.89	\$1	\$3	\$3
Output	Number of certificates and associate's degrees awarded within the most recent academic year	226	197	225		

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of degrees awarded per one hundred full-time-equivalent students	11.3	19	12		
Outcome	Number of nursing degrees awarded	12	7			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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		20%	15%		
* Output	Number of students enrolled, by headcount			1,200	1,811	1,811
Output	Number of degree-seeking undergraduate students enrolled, by headcount			500	793	1,100
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			65	70	200
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount				58	200
Output	Number of transfers enrolled, by headcount			56	126	126
Output	Number of at-risk students enrolled, by headcount			720	419	419
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			5%	12%	12%
* Output	Number of credit hours delivered			12,591	14,992	14,992
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			5,328	9,605	9,605
* Output	Number of unduplicated awards conferred in the most recent academic year			135	138	138
Output	Number of unduplicated certificates under one year in length awarded			10	28	28
Output	Number of unduplicated certificates one year or more in length awarded			40	26	26
Output	Number of unduplicated associate's degrees awarded			90	86	86
Output	Total number of awards conferred to students in high-demand fields in the most recent academic year				17	17
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	0	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			4	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	13	13
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			81	76	76

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			6	41	41
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			54	8	8
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.6		4	4	4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			115	76	76
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.				25%	45%
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%	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 percent of standard graduation time.				10%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				5%	55%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester		46%	50%	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			\$6,336	\$30,073	\$30,073
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$79,560	\$190,344	\$190,344
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	\$3.98	\$3.64	\$3	\$3.7	\$3.7
Output	Number of certificates and associate's degrees awarded within the most recent academic year	153	137	135		
Output	Number of degrees awarded per one hundred full-time-equivalent students	14	28			
Output	Number of nursing degrees awarded	3	12			

UNM HEALTH SCIENCES CENTER

The purpose of the institution and general program of the university of New Mexico health sciences center is to provide educational, clinical and research support for the advancement of the health of all New Mexicans.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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		14.5%	14%	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					
Outcome	External revenue for research from federal or non-governmental sources, in millions	\$90	\$88	\$90	\$88	\$88
Output	Pass rate of medical school students on United States medical licensing examination, step two clinical skills exam, on first attempt	94%	99%	96%		
Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	94.78%	93.16%	80%	80%	80%
Output	Turnaround time for autopsy reports at the office of the medical investigator	53 days	59 days	<60 days	<60 days	<60 days
Explanatory	Number of children's psychiatric hospital outpatient and community-based visits					
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	10.3 days	10.23 days	14 days	25 days	25 days
Output	Percent of eligible patients entered on national cancer Institute-approved therapeutic clinical trials in pediatric oncology	95%	0%	95%	95%	95%
Explanatory	Number of New Mexico clinicians and staff attending extension for community healthcare outcomes educational events					
Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	25%	38%	39%	39%	39%
Output	Number of university of New Mexico cancer center clinical trials	239	206	299	225	225
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	91.05%	94%		90%	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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of students enrolled, by headcount			15,000	16,250	16,250
Output	Number of degree-seeking undergraduate students enrolled, by headcount			11,500	11,725	13,725
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			2,500	2,500	2,900
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			1,600	1,600	2,200
Output	Number of transfers enrolled, by headcount			900	900	900
Output	Number of dual-credit students enrolled, by headcount			300	325	325
Output	Number of at-risk students enrolled, by headcount			6,300	7,250	7,250
Output	Number of graduate students enrolled, by headcount			2,650	2,827	2,827
Explanatory	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			70%	60%	60%
Output	Number of credit hours delivered			167,000	350,000	350,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			70,500	148,000	148,000
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			19,000	40,000	40,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			1,000	2,000	2,000
Output	Number of unduplicated degree awards in the most recent academic year	3,331	3,064	3,300	3,300	3,300
Output	Number of unduplicated associate's degrees awarded			15	15	15
Output	Number of unduplicated baccalaureate degrees awarded			2,500	2,500	2,500
Output	Number of unduplicated master's degrees awarded			750	750	750
Output	Number of unduplicated doctoral or professional degrees awarded			150	150	150
Output	Number of unduplicated post-baccalaureate certificates awarded			70	70	70
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			315	352	352
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 baccalaureate degrees with classification and instructional program code 44.07 for social workers			50	50	50
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	60	60
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			120	145	145
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses			5	7	7

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers			55	55	55
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators			35	35	35
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			1,770	1,945	1,945
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			1,400	1,550	1,550
Output	Number of unduplicated master's degrees awarded to financially at-risk students			300	325	325
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students			40	40	40
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			30	30	30
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	5.2	4.4	4.8	4.2	4.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			150	145	145
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	500	500
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients			24	75	75
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	48.2%	51.1%	49%	51.5%	64%
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				32%	40%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	74%	75.5%	76%	76%	76%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				\$9,500	\$9,500
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				60%	60%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student			\$40,000		
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$210,000		
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	\$297.1	\$91	\$300	\$91	\$91
Outcome	Six-year athlete graduation rate	81%	84%	82%	85%	85%
Output	Total public television local broadcast production hours	215	223	215	230	230

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Total dollars of grants and contracts leveraged by agricultural experiment station faculty and researchers, in millions	\$15.5	\$18.9	\$18	\$19.5	\$19.5
Output	Number of clientele contacts with the public by the cooperative extension service	81,638,683	25,581,103	650,000	550,000	550,000
Output	Number of inspections completed by the standards and consumer services division of the New Mexico department of agriculture	139,417	88,314	170,000	100,000	100,000
Output	Degrees awarded per one hundred full-time-equivalent students	27	27.4			
Output	Number of nursing degrees awarded	179	158			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of students enrolled reported, by headcount			3,115	2,000	2,000
Output	Number of degree-seeking undergraduate students enrolled, by headcount			850	800	1,200
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			185	100	250
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			150	90	200
Output	Number of transfers enrolled reported, by headcount			110	110	110
Output	Number of dual-credit students enrolled, by headcount			350	220	220
Output	Number of at-risk students enrolled, by headcount			515	300	300
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			3%	4%	4%
* Output	Number of credit hours delivered			24,000	14,300	14,300
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			8,200	9,600	9,600
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			1,150	650	650
Output	Number of unduplicated awards conferred in the most recent academic year				110	110
* Output	Number of certificates and associate degrees awarded within the most recent academic year	91	207	150	115	115
Output	Number of unduplicated certificates under one year in length awarded			25	20	20
Output	Number of unduplicated certificates one year or more in length awarded			5	3	3
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			2	3	3
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	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			2	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	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			70	70	70
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			25	20	20
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			5	5	5
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			60	55	55

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4.5	3.5	4	3.5	3.5
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			100	95	95
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	12%	11%	14%	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.				12%	45%
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%	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 percent of standard graduation time				6%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.			4%	15%	55%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	52%	51%	55%	55%	55%
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			\$12,000	\$18,000	\$18,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$100,000	\$75,000	\$75,000
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	\$0.46	\$0.2	\$0.4	\$0.6	\$0.6
Output	Degrees awarded per one hundred full-time-equivalent students	11	7			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of students enrolled, by headcount			3,150	3,272	3,272
Output	Number of degree-seeking undergraduate students enrolled, by headcount			850	768	1,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			157	163	350
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			150	179	300
Output	Number of transfers enrolled, by headcount			217	127	127
Output	Number of dual-credit students enrolled, by headcount			897	1,277	1,277
Output	Number of at-risk students enrolled, by headcount			1,150	916	916
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			3%	2%	2%
* Output	Number of credit hours delivered			27,050	26,332	26,332
* Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			27,050	24,867	24,867
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			8,600	9,252	9,252
* Output	Number of awards conferred within the most recent academic year		123	180	135	135
Output	Number of unduplicated certificates under one year in length awarded			20	0	0
Output	Number of unduplicated certificates one year or more in length awarded			50	5	5
Output	Number of unduplicated associate's degrees awarded			150	118	118
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			21	18	18
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators				1	1
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	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			100	135	135
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			10	0	0
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			10	2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			150	42	42
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4	3.27	4	4	4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			90	99	99

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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%	14%	18%	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.			18%	18%	45%
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%	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 percent of standard graduation time.			18%	18%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.			10%	10%	55%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	49.7%	54%	53.1%	55%	55%
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			\$15,761	\$15,761	\$15,761
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$8,500	\$8,500	\$8,500
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	\$7		\$8		
Output	Degrees awarded per one hundred full-time-equivalent students	18	15			
Output	Number of nursing degrees awarded	20	18			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			10,550	9,600	9,600
Output	Number of degree-seeking undergraduate students enrolled, by headcount			6,720	6,400	8,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			1,540	1,400	2,000
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			1,350	1,450	1,750
Output	Number of transfers enrolled, by headcount			670	450	450
Output	Number of dual-credit students enrolled, by headcount			1,070	1,100	1,100
Output	Number of at-risk students enrolled, by headcount			5,750	5,400	5,400
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			5%	5%	5%
Output	Number of credit hours delivered			140,000	130,000	130,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			137,750	120,000	120,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			8,200	12,000	12,000
Output	Number of unduplicated awards conferred in the most recent academic year			1,200	1,160	1,160
Output	Number of unduplicated certificates under one year in length awarded			70	70	70
Output	Number of unduplicated certificates one year or more in length awarded			280	280	280
Output	Number of unduplicated associate's degrees awarded			900	900	900
Output	Number of awards conferred to students in high-demand fields in the most recent academic year				45	45
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	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			25	25	25
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	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			575	575	575
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			35	35	35
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students			135	135	135
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			475	475	475
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4	3.89	4	4	4

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			90	90	90
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%	14%	15%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time.				9%	45%
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%	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 percent of standard graduation time.				2.5%	30%
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			7%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				10%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	59.1%	61%	62%	62%	62%
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				\$13,000	\$13,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient.				\$65,000	\$65,000
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	\$1.3	\$1.2	\$1.3	\$1.5	\$1.5
Output	Degrees awarded per one hundred full-time-equivalent students	19.3	19			
Output	Number of nursing degrees awarded	29	27			
Output	Number of certificates and associate's degrees awarded within the most recent academic year	1,331	1,509			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			1,625	1,159	1,159
Output	Number of degree-seeking undergraduate students enrolled, by headcount			330	319	650
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			80	80	200
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			70	100	150
Output	Number of transfers enrolled, by headcount			60	37	37
Output	Number of dual-credit students enrolled, by headcount			500	290	290
Output	Number of at-risk students enrolled, by headcount			630	517	517
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			2%	2%	2%
Output	Number of credit hours delivered			1,648	8,390	8,390
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			1,648	7,525	7,525
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			555	1,460	1,460
Output	Number of unduplicated awards conferred in the most recent academic year			75	60	60
Output	Number of certificates and associate's degrees awarded within the most recent academic year	89	80	85	68	68
Output	Number of unduplicated certificates under one year in length awarded				2	2
Output	Number of unduplicated certificates one year or more in length awarded			20	25	25
Output	Number of unduplicated associate's degrees awarded			40	40	40
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			3	3	3
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	0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			2	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			0	0	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			50	27	27
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			1	0	0
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			15	10	10
Output	Number of unduplicated associate's degrees awarded to financially at-risk students.			35	20	20

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4.2	3.8	3.2	3.2	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			85	85	85
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	13.7%	18%	20%	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.				18%	45%
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%	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 percent of standard graduation time.				14%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				15%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	52.5%	54%	53%	53%	53%
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			\$9,075	\$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	\$42,253
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	\$0.7	\$0.6	\$1	\$0.5	\$0.5
Output	Degrees awarded per one hundred full-time-equivalent students	12.8	12			

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			4,100	4,100	4,100
Output	Number of degree-seeking undergraduate students enrolled, by headcount			3,600	3,600	3,600
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			300	300	400
Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount			230	230	360
Output	Number of transfers enrolled, by headcount			450	425	425
Output	Number of dual credit students enrolled, by headcount			110	110	110
Output	Number of at-risk students enrolled, by headcount			950	1,000	1,000
Output	Number of graduate students enrolled, by headcount			3,000	3,000	3,000
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount			42%	42%	42%
Output	Number of credit hours delivered			60,000	60,000	60,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			15,000	15,000	15,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			22,500	22,500	22,500
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			20,000	20,000	20,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students			900	750	750
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	935	803	825	800	800
Output	Number of unduplicated associate's degrees awarded			5	5	5
Output	Number of unduplicated baccalaureate degrees awarded			450	450	450
Output	Number of unduplicated master's degrees awarded			430	430	430
Output	Number of unduplicated doctoral or professional degrees awarded					
Output	Number of unduplicated post-baccalaureate certificates awarded			50	50	50
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			370	300	300
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0		
Output	Number of baccalaureate degrees with classification and instructional program code 51.1503 for social workers			110	110	110
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	25	25

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			60	60	60
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses			0	0	0
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers			150	150	150
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators			20	20	20
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			310	275	275
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.6	4.6	4.5	4.5	4.5
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			140	140	140
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	240
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients			42	42	42
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	22.01%	28.7%	22%	22%	45%
Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete an baccalaureate program within one hundred percent of standard graduation time			13%	13%	25%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	55.4%	53%	53%	55%	55%
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			\$8,500	\$8,500	\$8,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$40,000	\$40,000	\$40,000
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	\$13.7	\$11	\$13.8	\$14.8	\$14.8
Outcome	Six-year athlete graduation rate	36%	31%	28%	29%	29%
Output	Degrees awarded per one hundred full-time equivalent students	19	18			
Output	Number of nursing degrees awarded	68	49			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			5,000	4,000	4,000
Output	Number of degree-seeking undergraduate students enrolled, by headcount			2,700	2,500	2,800
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			200	200	400
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			200	200	300
Output	Number of transfers enrolled, by headcount			300	300	300
Output	Number of dual-credit students enrolled, by headcount			100	100	100
Output	Number of at-risk students enrolled, by headcount			1,200	1,200	1,200
Output	Number of graduate students enrolled, by headcount			1,500	1,500	1,500
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount			35%	32%	32%
Output	Number of credit hours delivered			45,500	43,000	43,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			15,000	13,500	13,500
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			15,000	13,500	13,500
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			5,000	5,000	5,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			1,000	1,000	1,000
Output	Number of certificates and associate degree awarded within the most recent academic year	169	158	209	175	175
Output	Number of unduplicated baccalaureate degrees awarded			240	240	240
Output	Number of unduplicated degree awards in the most recent academic year	614	767	550	600	600
Output	Number of unduplicated master's degrees awarded			200	250	250
Output	Number of unduplicated post-baccalaureate certificates awarded			50	55	55
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			234	230	230
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			20	20	20
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers			23	28	28
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	30	30
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			36	30	30

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses			0	6	6
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers			100	120	120
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators			15	15	15
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			350	350	350
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			200	200	200
Output	Number of unduplicated master's degrees awarded to financially at-risk students				30	30
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			0	20	20
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.5	6.1	5	5.5	5.5
Output	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients			35	35	35
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	150
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			130	130	130
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	26%	20.5%	30%	25%	45%
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%	30%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	61%	60.4%	59%	58%	58%
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			\$9,506	\$9,506	\$9,506
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$9,900	\$9,900	\$9,900
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	\$3.5	\$3.0	\$2.1	\$2.1	\$2.1
Outcome	Six-year athlete graduation rate	43.3%	50%	35%	55%	55%
Output	Degrees awarded per one hundred full-time-equivalent students	14.9	34.6			
Output	Total number of nursing degrees awarded	28	24			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			5,637	7,200	7,200
Output	Number of degree-seeking undergraduate students enrolled, by headcount			3,230	3,600	4,500
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			550	400	475
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			390	350	390
Output	Number of transfers enrolled, by headcount			498	700	700
Output	Number of dual-credit students enrolled, by headcount			950	1,100	1,100
Output	Number of at-risk students enrolled, by headcount			1,425	2,100	2,100
Output	Number of graduate students enrolled, by headcount			1,084	1,600	1,600
Explanatory	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount					
Output	Number of credit hours delivered			105,500	102,000	102,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			43,088	45,900	45,900
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			37,880	39,780	39,780
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			16,300	16,320	16,320
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			3,700	5,000	5,000
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees		1,012	1,050	1,050	1,050
Output	Number of unduplicated associate's degrees awarded			230	230	230
Output	Number of unduplicated baccalaureate degrees awarded			690	690	690
Output	Number of unduplicated master's degrees awarded			289	289	289
Output	Number of unduplicated post-baccalaureate certificates awarded			5	5	5
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			220	175	175
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0	0	0
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers			35	35	35
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	25/5
Output	number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			37	25	25

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses			14	14	14
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators			90	30	30
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			590	590	590
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			385	385	385
Output	Number of unduplicated master's degrees awarded to financially at-risk students			45	45	45
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			3	3	3
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.71	4.03	4.75	4.75	4.75
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			93	93	93
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)			230	230	230
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
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		29.3%	34%	34%	45%
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%	30%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	63.1%	61.1%	64%	64%	64%
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			0	0	0
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$38,000	\$80,000	\$80,000
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	\$4.35	\$5.1	\$5	\$5	\$5
Outcome	Six-year athlete graduation rate	37.1%	29.6%	37%	37%	37%
Output	Number of broadcast production hours for public television	345	837	340	340	340
Output	Total number of nursing degrees awarded	59	41			
Output	Degrees awarded per one hundred full-time equivalent students	34.1	33.4			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			3,000	2,250	2,250
Output	Number of degree-seeking undergraduate students enrolled, by headcount			1,950	1,750	2,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			250	250	400
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			225	225	350
Output	Number of transfers enrolled, by headcount			65	65	65
Output	Number of dual-credit students enrolled, by headcount			1,100	1,000	1,000
Output	Number of at-risk students enrolled, by headcount			771	700	700
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			15%	15%	15%
Output	Number of credit hours delivered			47,000	32,000	32,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			32,000	27,000	27,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			12,000	9,000	9,000
Output	Total number of unduplicated awards conferred in the most recent academic year	752	473	650	500	500
Output	Number of unduplicated certificates under one year in length awarded			400	186	186
Output	Number of unduplicated certificates one year or more in length awarded			100	100	100
Output	Number of unduplicated associate's degrees awarded			150	100	100
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			20	11	11
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0	9	9
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			400	350	350
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			225	100	100
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			150	100	100
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			90	80	80
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.77	3.35	3.6	3.6	3.6
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			70	70	70
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.				27%	45%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	41%	31%	30%	Delete	
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%	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 percent of standard graduation time.				27%	30%
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	Delete	
Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				30%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	49%	55%	55%	49.5%	49.5%
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			\$15,709	\$13,250	\$13,250
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$15,696	\$92,740	\$92,740
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	\$7.1	\$3.5	\$5	\$5
Output	Degrees awarded per one hundred full-time-equivalent students	11	13			
Output	Number of nursing degrees awarded	12	20			

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			901	901	901
Output	Number of degree-seeking undergraduate students enrolled, reported by headcount			550	550	550
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			95	95	150
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			75	75	150
Output	Number of transfers enrolled, by headcount			83	83	83
Output	Number of dual-credit students enrolled, by headcount			305	305	305
Output	Number of at-risk students enrolled, by headcount			270	270	270
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			5%	5%	5%
Output	Number of credit hours delivered			8,361	8,361	8,361
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			6,206	6,206	6,206
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			2,965	2,965	2,965
Output	Number of certificates and associate degrees awarded within the most recent academic year	79	53	126	75	75
Output	Number of unduplicated certificates under one year in length awarded			23	23	23
Output	Number of unduplicated certificates one year or more in length awarded			5	5	5
Output	Number of unduplicated associate's degrees awarded			41	41	41
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			1	1	1
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			0	0	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			75	28	28
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			7	7	7
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			2	2	2
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			18	18	18
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.2	3.1	3	3	3
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			90	90	90
Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	20.5%		26%	Delete	

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u> 20%	<u>FY22 Recomm</u> 45%
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.					
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%	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 percent of standard graduation time.				20%	30%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				30%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	32.7%	39%	41%	41%	41%
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	\$14,984
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$49,525	\$49,525	\$49,525
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	\$1.5	\$1.4	\$1.8	\$1.8	\$1.8
Output	Degrees awarded per one hundred full-time-equivalent students	14	17			

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 workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			1,900	1,900	1,900
Output	Number of degree-seeking undergraduate students enrolled, by headcount			1,300	1,300	1,500
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			350	350	425
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			300	300	350
Output	Number of transfers enrolled, by headcount			90	90	90
Output	Number of dual-credit students enrolled, by headcount			10	10	10
Output	Number of at-risk students enrolled, by headcount				550	550
Output	Number of graduate students enrolled, by headcount			480	480	480
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			55%	55%	55%
Output	Number of credit hours delivered			45,000	45,000	45,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			22,000	22,000	22,000
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			17,500	17,500	17,500
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students			6,350	6,350	6,350
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit student			77	77	77
Output	Number of unduplicated awards conferred in the most recent academic year			335	335	335
Output	Number of unduplicated associate's degrees awarded			3	3	3
Output	Number of unduplicated baccalaureate degrees awarded			220	220	220
Output	Number of unduplicated master's degrees awarded			110	110	110
Output	Number of unduplicated doctoral or professional degrees awarded			11	11	11
Output	Number of unduplicated post-baccalaureate certificates awarded			1	1	1
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			130	130	130
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			114	114	114
Output	Number of unduplicated master's degrees awarded to financially at-risk students			14	14	14
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students			2	2	2
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			0	0	0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.4	4.8	5	5	5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			150	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			24	24	24
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
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	50.5%	54.4%	50%	50%	64%
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%	40%
Outcome	Percent of first-time, full-time freshmen retained to the third semester			77%	80%	80%
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	\$25,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$160,000	\$160,000	\$160,000
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	\$97.2	\$41.7	\$90	\$90	\$90
Output	Return on investment for state funding received for the petroleum research recovery center			3:1	3:1	3:1
Outcome	Number of active research projects for the most recent fiscal year for the bureau of geology and mineral resources			65	65	65
Outcome	Geophysical research center: external research funding from non-state government sources, in millions	\$7.2M	\$7.1M	\$7.5M	\$7.5M	\$7.5M
Outcome	Retention of first-time, full-time freshmen to the third semester	76.7%	80.8%	80%		
Output	Degrees awarded per one hundred full-time-equivalent students	25.3	24.63			
Outcome	Six-year athlete graduation rate	50.5%	54.40%			
Output	Number of active hydrogeological assessment projects at the bureau of geology and mineral resources	11	75			
Outcome	Public to private petroleum recovery research center cost sharing ratio	1:1	2:0			
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	398	386			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			1,400	1,400	1,400
Output	Number of degree-seeking undergraduate students enrolled, by headcount			1,130	1,130	1,250
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			220	220	400
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			210	210	350
Output	Number of transfers enrolled, by headcount			135	135	135
Output	Number of dual-credit students enrolled, by headcount			275	275	275
Output	Number of at-risk students enrolled, by headcount			650	650	650
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			460	460	460
Output	Number of credit hours delivered			23,700	23,700	23,700
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			17,000	18,500	18,500
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students			4,500	5,000	5,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			21,500	2,700	2,700
Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	70	62	80	80	80
Output	Number of unduplicated associate's degrees awarded			110	110	110
Output	Number of unduplicated baccalaureate degrees awarded			80	80	80
Output	Number of unduplicated post-baccalaureate certificates awarded			0	0	0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			60	60	60
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			8	8	8
Output	Total number of baccalaureate degrees with CIP code 13.12 for elementary and secondary school educators and certificates with CIP code 13.12 for completers of alternative teacher licensure programs.			8/5	25	25
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses			45	20	20
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			130	30	30
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students			60	5	5
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students			15	15	15
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.1	4.84	6	6	6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree			120	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	15
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients					
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	21.6%	22%	25%	30%	45%
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%	20%	30%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	53.8%	48%	66.5%	55%	55%
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			\$8,740	\$8,700	\$8,700
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient			\$81,153	\$100,000	\$100,000
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	\$6.5	\$8.2	\$5.5	\$8	\$8
Outcome	Six-year athlete graduation rate	50%	30%	30%	30%	30%
Output	Degrees awarded per one hundred full-time-equivalent students	28.5	26			
Output	Number of nursing degrees awarded	28	30			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			7,240	5,381	5,381
Output	Number of degree-seeking undergraduate students enrolled, by headcount				2,959	2,959
Output	Number of first-time degree-seeking freshmen enrolled, by headcount				205	350
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount				169	250
Output	Number of transfers enrolled, by headcount				504	504
Output	Number of dual-credit students enrolled, by headcount				765	765
Output	Number of at-risk students enrolled, by headcount				628	628
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			4.8%	4.8%	4.8%
Output	Number of credit hours delivered			59,900	46,985	46,985
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			51,712	40,717	40,717
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			7,188	6,268	6,268
Output	Total number of certificates and associate degrees awarded within the most recent academic year	908	677	750	574	574
Output	Number of unduplicated certificates under one year in length awarded			126	125	125
Output	Number of unduplicated certificates one year or more in length awarded			361	240	240
Output	Number of unduplicated associate's degrees awarded			263	208	208
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			184	134	134
Output	Total number of certificates with CIP code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program.			76	49	49
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			10	7	7
Outcome	Total number of associate's degrees with CIP code 51.38 for nurses, conferred to those students concurrently receiving a bachelor's degree of science in nursing.				24	24
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			220	164	164
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			32	19	19
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			72	43	43
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			116	101	101
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.8	4.4	4.5	5	5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			95	95	95
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	22%	25%	10%	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.				19%	45%
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%	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 percent of standard graduation time.				10%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				15%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	65%	68%	60%	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			\$16,603	\$20,152	\$20,152
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$124,638	\$187,195	\$187,195
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	\$7.5	\$4.5	\$4	\$4	\$4
Output	Cost per job created or saved at small business development centers	\$2,841	\$1,827	<\$5,000	<\$5,000	<\$5,000
Output	Number of nursing degrees awarded	53	53			
Output	Degrees awarded per one hundred full-time-equivalent students	15.2	12.6			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of students enrolled, by headcount			32,500	32,500	32,500
Output	Number of degree-seeking undergraduate students enrolled, by headcount			25,825	25,825	25,825
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			5,595	2,400	3,000
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			4,720	2,075	2,600
Output	Number of transfers enrolled, by headcount			2,150	2,150	2,150
Output	Number of dual-credit students enrolled, by headcount			4,850	4,850	4,850
Output	Number of at-risk students enrolled, by headcount			12,395	12,395	12,395
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			6%	6%	6%
* Output	Number of credit hours delivered			355,215	355,215	355,215
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			355,215	326,725	326,725
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			33,000	33,000	33,000
* Output	Number of certificates and associate's degrees awarded within the most recent academic year	6,158	6,765	8,000	8,000	8,000
Output	Number of unduplicated certificates under one year in length awarded			1,200	1,200	1,200
Output	Number of unduplicated certificates one year or more in length awarded			3,200	3,200	3,200
Output	Number of unduplicated associate's degrees awarded			3,800	3,800	3,800
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			410	410	410
Output	Total number of certificates with CIP code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program.			75	75	75
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			90	90	90
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	45
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			3,200	2,450	2,450
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			500	500	500
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			1,590	1,590	1,590
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			1,990	1,990	1,990
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.5	3.3	3.4	3.3	3.3

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			78	70	70
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	27.4%	29.3%	28%	29%	45%
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%	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 percent of standard graduation time.				16.4%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				15.3%	55%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	63.1%	65.1%	63.5%	65%	65%
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	\$9,385
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$34,900	\$34,900	\$34,900
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	\$4.1	\$3.99	\$4.25	\$4.25	\$4.25
Output	Number of nursing degrees awarded	241	278			
Output	Degrees awarded per one hundred full-time-equivalent students	27	28			

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Output	Number of students enrolled, by headcount			1,807	1,536	1,536
Output	Number of degree-seeking undergraduate students enrolled, by headcount			593	500	500
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			136	150	150
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			118	150	150
Output	Number of transfers enrolled, by headcount			21	25	25
Output	Number of dual-credit students enrolled, by headcount			178	200	200
Output	Number of at-risk students enrolled, by headcount			222	222	222
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			7%	10%	10%
* Output	Number of credit hours delivered			18,122	18,122	18,122
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			525	525	525
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			7,396	2,343	2,343
* Output	Number of certificates and associate's degrees awarded within the most recent academic year	128	72	154	154	154
Output	Number of unduplicated certificates under one year in length awarded			5	10	10
Output	Number of unduplicated certificates one year or more in length awarded			67	67	67
Output	Number of unduplicated associate's degrees awarded			85	85	85
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			33	33	33
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			7	11	11
Output	Total number of certificates with CIP code 13.12 for elementary and secondary school educators conferred to students that completed an alternative teacher licensure program.					
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	0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			90	90	90
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			2	2	2
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			50	50	50
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			38	38	38
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	3.03	4	3	3.5	3.5

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			81	70	70
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.				20%	45%
Outcome	Percent of a cohort of first-time, full-time, degree-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time.	30%	20%	37%	Delete	
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%	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 percent of standard graduation time.				20%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				65%	65%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	41%	41%	50%	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			18,196	32,202	32,202
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			138,374	165,209	165,209
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	\$1.78	\$0.53	\$1.3	\$1	\$1
Output	Three-year athlete graduation rate	26%	25%	28%	25%	25%
Output	Number of nursing degrees awarded	21	12			
Output	Degrees awarded per one hundred full-time equivalent students	14	16			

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			1,525	1,000	1,000
Output	Number of degree-seeking undergraduate students enrolled, by headcount			525	300	525
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			45	35	125
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			10	10	100
Output	Number of transfers enrolled, by headcount			125	75	75
Output	Number of dual-credit students enrolled, by headcount			325	250	250
Output	Number of at-risk students enrolled, by headcount			125	75	75
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			9%	8%	8%
Output	Number of credit hours delivered			6,500	6,500	6,500
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			35	30	30
Outcome	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			20	15	15
Output	Number of certificates and associate degrees awarded within the most recent academic year	346	268	300	150	150
Output	Number of unduplicated certificates under one year in length awarded			200	175	175
Output	Number of unduplicated certificates one year or more in length awarded			5	5	5
Output	Number of unduplicated associate's degrees awarded			45	30	30
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			200	150	150
Output	Total number of certificates with CIP code 13.12 for elementary and secondary school educators conferred to students that completed an alternative teacher licensure program.				30	30
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			3	3	3
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			50	30	30
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			20	10	10
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students			10	5	5
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			20	10	10
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.2	2.5	4	4	4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			75	75	75

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	43%	48%	41%	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.				25%	40%
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%	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 percent of standard graduation time.				20%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				45%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	72.2%	46.3%	65%	60%	60%
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			\$13,000	\$13,000	\$13,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			\$150,000	\$150,000	\$150,000
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	\$0.07	\$0.2	\$0.1	\$0.1
Outcome	Three-year athlete graduation rate	15%	50%	50%	50%	50%
Output	Degrees awarded per one hundred full-time-equivalent students		14.5			

NEW MEXICO JUNIOR COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			3,500	3,250	3,250
Output	Number of degree-seeking undergraduate students enrolled, by headcount			2,050	2,000	2,000
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			700	525	625
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			500	400	500
Output	Number of transfers enrolled, by headcount			250	200	200
Output	Number of dual-credit students enrolled, by headcount			575	575	575
Output	Number of at-risk students enrolled, by headcount			725	725	725
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			20%	20%	20%
Output	Number of credit hours delivered			50,000	45,000	45,000
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			45,000	43,000	43,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			6,596	7000	7000
Output	Number of certificates and associate's degrees awarded within the most recent academic year	496	406	350	350	350
Output	Number of unduplicated certificates under one year in length awarded			40	40	40
Output	Number of unduplicated certificates one year or more in length awarded			75	75	75
Output	Number of unduplicated associate's degrees awarded			325	325	325
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			70	70	70
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	15
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			15	15	15
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			175	175	175
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			15	15	15
Output	Number of unduplicated certificates one year or more in length awarded to financially at-risk students			30	30	30
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			130	130	130
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	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			79	75	75

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	33%	33%	36%	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.				35%	45%
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%	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 percent of standard graduation time.				20%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				50%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	60.3%	59%	60%	60%	60%
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	11,125	11,125
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			64,415	51,000	51,000
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	\$1.2	\$1	\$1	\$1	\$1
Output	Three-year athlete graduation rate	81%	81%	75%	75%	75%
Output	Number of nursing degrees awarded	41	29			
Output	Degrees awarded per one hundred full-time-equivalent students	23	25			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			10,500	8,100	8,100
Output	Number of degree-seeking undergraduate students enrolled, by headcount			6,550	5,030	5,030
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			990	542	750
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			730	392	700
Output	Number of transfers enrolled, by headcount			800	580	580
Output	Number of dual-credit students enrolled, by headcount			1,900	1,562	1,562
Output	Number of at-risk students enrolled, by headcount			3,200	2,914	2,914
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			9%	10%	10%
Output	Number of credit hours delivered			130,000	103,800	103,800
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			120,000	95,700	95,700
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			15,000	6,172	6,172
Output	Number of certificates and associate's degrees awarded within the most recent academic year	1,578	1,212	1,475	970	970
Output	Number of unduplicated certificates under one year in length awarded			150	104	104
Output	Number of unduplicated certificates one year or more in length awarded			450	475	475
Output	Number of unduplicated associate's degrees awarded			730	517	517
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			130	94	94
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	31	31
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			11	8	8
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	2.7
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			524	528	528
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			30	44	44
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students			152	233	233
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			342	294	294
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.65	3.71	3.6	3.6	3.6

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			92	90	90
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	28%	17.1%	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.				24%	45%
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%	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 percent of standard graduation time.				14%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				18%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	59%	59%	61%	61%	61%
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	14,713	14,713
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			64,708	96,953	96,953
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	\$3.97	\$4.5	\$4	\$4
Output	Degrees awarded per one hundred full-time-equivalent students	17.6	15			
Output	Number of nursing degrees awarded	47	48			

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

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of students enrolled, by headcount			5,200	4,200	4,200
Output	Number of degree-seeking undergraduate students enrolled, by headcount			2,700	2,300	2,500
Output	Number of first-time degree-seeking freshmen enrolled, by headcount			500	440	500
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount			260	230	325
Output	Number of transfers enrolled, by headcount			800	660	660
Output	Number of dual-credit students enrolled, by headcount			950	795	795
Output	Number of at-risk students enrolled, by headcount			1,470	980	980
Output	Percent of undergraduate students enrolled in at least fifteen credit hours, by headcount			5%	3%	3%
Output	Number of credit hours delivered			48,000	39,460	39,460
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students			44,000	28,000	28,000
Output	Number of unrestricted, end-of-course student credit hours completed by dual-credit students			6,000	6,780	6,780
Output	Number of certificates and associate's degrees awarded within the most recent academic year	506	529	550	475	475
Output	Number of unduplicated certificates under one year in length awarded			240	250	250
Output	Number of unduplicated certificates one year or more in length awarded			110	110	110
Output	Number of unduplicated associate's degrees awarded			240	218	218
Output	Number of awards conferred to students in high-demand fields in the most recent academic year			95	102	102
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators			15	3	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			N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year			290	270	270
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students			110	135	135
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students			80	63	63
Output	Number of unduplicated associate's degrees awarded to financially at-risk students			130	135	135
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	5.02	3.64	<4.5	4.5	4.5
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree			80	85	85

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	53%	29%	35%	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.				45%	45%
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%	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 percent of standard graduation time.				38%	40%
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%	Delete	
Outcome	Percent of a cohort of first-time, part-time, degree- or certificate-seeking community college students who complete an academic program within three hundred percent of standard graduation time.				10%	55%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	65%	64%	63%	63%	63%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February				6,000	6,000
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				47%	47%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student			<\$14,000	<\$16,500	<\$16,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient			<\$75,000	<\$110,000	<\$110,000
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	\$2.5	%2.6	\$2.5	\$2.6	\$2.6
Output	Degrees awarded per one hundred full-time-equivalent students	17	17			
Output	Number of nursing degrees awarded	55	73			

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Percent of full-time-equivalent capacity enrolled each fall term	94.5%	90.98%	95%	95%	95%
Outcome	Average American college testing composite score for graduating high school seniors	21.7	0	22	22	22
Outcome	Proficiency profile reading scores for graduating college sophomores	113.76	0	115	115	115
Outcome	Proficiency profile mathematics scores for graduating college sophomores	111.4	0	111	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	46.7%	38.43%	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	77.8%	77.8%	75%	75%	75%
Output	Junior college three-year athlete graduation rate	61%	51.39%	55%	51%	51%

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	10	6	12	12	12
Outcome	Rate of graduate transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment	100%	0%	100%	100%	100%
Outcome	Percent of students in kindergarten through twelfth grade demonstrating academic improvement across curriculum domains and/ or meeting 90% of Individualized Education Program goals.				80%	80%
Outcome	Number of joint powers agreements between NMSBVI and school districts and/or agreements with districts that call for providing NMSBVI with student information through state and national databases.				50	50
Outcome	Percent of NMSBVI programs that have met 90% of their student achievement related goals.				80%	80%

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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 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	77%	77%	100%	100%	100%
Outcome	Percent of local education agency staff satisfied with educational services from the center for educational consultation and training (statewide outreach)	95%	97%	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	99%	100%	90%	90%	90%
Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	100%	N/A	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	94%	98%	90%	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)	100%	100%	95%	95%	95%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY22
(dollars in thousands)

	FY21 Opbud	FY22 Agency Request	FY22 LFC Recommendation
PROGRAM COST			
Prior Year Program Cost OpBud	3,137,303.4	3,069,463.4	3,069,463.4
Remove Impact Aid Credit	(67,000.0)		
Impact Aid Hold Harmless	31,000.0	35,000.0	35,000.0
Half Mill Levy and Federal Forest Reserve Hold Harmless			16,667.5
UNIT CHANGES			
At-Risk Index Factor Increase (FY20: 0.25, FY21: 0.30)	50,152.1		
Other Projected Net Unit Changes	(10,287.0)		(112,260.3)
Enrollment Hold Harmless			97,396.2
Enrollment Growth Units		23,242.8	
Extended Learning Time Programs ¹	8,896.6	(71,394.1)	8,773.9
K-5 Plus Programs ¹	(40,000.0)	(79,895.9)	
Martinez-Yazzie Consolidated Remediation Programs ¹		151,290.0	
UNIT VALUE CHANGES			
Instructional Materials			5,000.0
Insurance	11,567.6	20,846.8	13,755.4
Fixed Costs	4,764.9	4,681.5	4,681.5
Minimum Wage Increase (FY20: \$9.00, FY21: \$10.50, FY22: \$11.50)	1,100.0		1,999.6
Mentorship and Professional Development	11,000.0		
Early Literacy	8,000.0		
SEG Sanding (HB1: 1%)	(32,373.2)		
Nonrecurring Education Stimulus Swap (HB1: 41% Credit)	(44,661.0)	44,661.0	44,661.0
Subtotal Current Year Program Cost Base	3,069,463.4	3,197,895.5	3,185,138.2
\$ Change from OpBud	(67,840.0)	128,432.1	115,674.8
% Change from OpBud	-2.2%	4.2%	3.8%
STATE EQUALIZATION GUARANTEE (SEG)			
Less: Projected Credits	(16,000.0)	(16,667.5)	(16,667.5)
Less: Other State Funds	(7,000.0)	(7,000.0)	(7,000.0)
Subtotal Current Year SEG Base	3,046,463.4	3,174,228.0	3,161,470.7
\$ Change from OpBud	(22,340.0)	127,764.6	115,007.3
% Change from OpBud	-0.7%	4.2%	3.8%
CATEGORICAL APPROPRIATIONS			
TRANSPORTATION DISTRIBUTION			
Maintenance and Operations	83,624.6	83,624.6	83,624.6
Fuel	12,648.9	11,191.0	11,191.0
Rental Fees	6,869.9	8,327.9	8,327.9
Transportation for Extended Learning Time ¹	3,577.3	3,577.2	2,409.7
Transportation for K-5 Plus ¹	3,684.9	3,684.9	899.2
Compensation Increase for Personnel (FY20: 6%)	-	-	-
Subtotal Current Year Transportation Base	110,405.6	110,405.6	106,452.4
OUT-OF-STATE TUITION	285.0	315.0	315.0
EMERGENCY SUPPLEMENTAL	1,000.0	1,000.0	3,000.0
STANDARDS-BASED ASSESSMENTS	7,236.0	7,236.0	7,236.0
INDIAN EDUCATION FUND	5,250.0	5,250.0	5,250.0
Subtotal Current Year Categorical Appropriations	124,176.6	124,206.6	122,253.4
SUBTOTAL PUBLIC SCHOOL SUPPORT	3,170,640.0	3,298,434.6	3,283,724.1
\$ Change from OpBud	(1,091.9)	127,794.6	113,084.1
% Change from OpBud	0.0%	4.0%	3.6%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY22
(dollars in thousands)

	FY21 Opbud	FY22 Agency Request	FY22 LFC Recommendation
RELATED REQUESTS: RECURRING			
Regional Education Cooperatives	1,034.0	1,034.0	1,034.0
Accountability and Regional Supports		1,000.0	
Indigenous, Multilingual, Multicultural, and Special Education Initiatives	4,567.8	4,567.8	4,567.8
Culturally and Linguistically Relevant Curriculum and Instruction		2,000.0	
Early Literacy and Reading Support	1,661.0	1,661.0	1,661.0
Principal Professional Development	2,491.5	2,491.5	2,491.5
Teacher Recruitment, Mentorship, Professional Development, Evaluation, and Retention	2,869.5	2,869.5	2,869.5
Professional Development Programs			
Community School Initiatives ¹	3,322.0	3,322.0	
Breakfast for Elementary Students	1,328.8	1,328.8	
New Mexico Grown Fruits and Vegetables	332.2	332.2	
School Lunch Copayments	539.8	539.8	
Student Nutrition and Wellness			1,650.0
GRADS – Teen Parent Interventions ^{1,2}	415.3	415.3	415.3
Feminine Hygiene Products	141.2	141.2	
STEAM (Science, Technology, Engineering, Arts, and Math) Initiatives	4,152.6	2,152.6	3,525.9
Advanced Placement Test Fee Waivers and Training	1,245.8	1,245.8	1,000.0
Career Technical Education ¹	2,491.5	2,491.5	
College and Career Readiness	83.1	83.1	
Teaching Pathways Coordinator	41.5	41.5	
Computer Science Professional Development	166.1	166.1	
Mathematics, Engineering, Science Achievement (MESA) Program	62.4	62.4	-
Subtotal Current Year Base	26,946.1	27,946.1	19,215.0
\$ Change from OpBud	105.1	1,000.0	(7,731.1)
% Change from OpBud	0.4%	3.7%	-28.7%
PUBLIC EDUCATION DEPARTMENT			
Prior Year OpBud	13,618.8	14,364.5	14,364.5
Base Changes	745.7	(716.2)	-
Subtotal Current Year Base	14,364.5	13,648.3	14,364.5
% Change from OpBud	5.5%	-5.0%	0.0%
Total			
Prior Year OpBud	3,212,191.7	3,211,950.6	3,211,950.6
Base Changes	(241.1)	128,078.4	105,353.0
Total	3,211,950.6	3,340,029.0	3,317,303.6
% Change from OpBud	0.0%	4.0%	3.3%

Footnotes

1. Includes appropriations from the public education reform fund for Section 4 appropriations. The agency request combines K-5 Plus and ELTP and expands uses for CTE and community schools.
2. Includes appropriations from the Temporary Assistance for Needy Families (TANF) grant.

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:

PED's FY22 general fund request for public schools totaled \$3.34 billion, a \$128 million, or 4 percent, increase from FY21 appropriations, virtually all for the formula-based state equalization guarantee (SEG) distribution to school districts and charter schools. The committee's general fund recommendation for public schools totals \$3.32 billion, an overall increase of \$105 million, or 3.3 percent from FY21 funding levels. The recommendation increases the SEG distribution by \$115 million, or 3.8 percent; decreases categorical programs by \$2 million, or 1.5 percent; and decreases special program funding by \$7.7 million, or 28.7 percent.

PED's request combined the Extended Learning Time Program (ELTP) and K-5 Plus extended school year appropriations within the SEG distribution into a single appropriation that could also be used for other initiatives, such as career and technical education programs or community schools. The committee's recommendation keeps the programs separate and supplements each appropriation with balances from the public education reform fund (PERF) to allow for a statewide extension of the school year. The agency request included funding to mitigate distributional impacts from a potential elimination of federal Impact Aid credits in the funding formula. The committee recommendation includes funding for a potential elimination of Impact Aid, the local half-mill property tax levy, and federal forest fund credits contingent on enactment of legislation to eliminate credits.

BUDGET ISSUES:

In FY19, the 1st Judicial District Court found New Mexico failed to provide a sufficient education to at-risk children and ordered the state to immediately provide an education system that would ensure all students had the same opportunity to be college, career, and civics ready. The court order specified very few remedies, noting the legislative and executive branches held the primary responsibility of developing a funding and accountability framework to meet constitutional requirements. In FY20, the court acknowledged the state took some steps toward addressing the findings but rejected a motion by the state to dismiss the case and motion by plaintiffs to mandate a statewide remedy plan. Instead, the court ordered parties to begin the process of evaluating the state's progress in providing a sufficient education.

The emergence of Covid-19 in FY20 resulted in statewide school closures in the spring and hybrid school reopening in FY21. Two LFC evaluation reports indicated significant declines in student engagement, disparate access to educational services, and substantial learning loss, particularly for at-risk students, as a result of distance learning. Although the state currently lacks an accurate and timely measure of student performance (having waived spring testing requirements), research on summer learning loss and poorly implemented online instruction suggests the academic losses will have long-lasting impacts for an entire generation of school-aged children, absent any interventions to recover lost instructional time this year.

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 local revenue sources: a local half-mill levy, federal forest funds, and the operational portion of Impact Aid funds (federal payments intended to offset the loss of local tax revenue from federal lands and operations), 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 FY22, PED requested \$3.17 billion for the SEG distribution, a \$127.8 million, or 4.2 percent increase. The LFC recommendation for SEG totaled \$3.16 billion, a \$115 million or 3.8 percent increase. PED's request and the committee recommendation both include \$44.7 million to restore a nonrecurring SEG credit for federal CARES Act funding and \$35 million to offset costs from redistributing SEG in the event that federal Impact Aid credits are eliminated. The LFC recommendation further includes \$16.7 million to offset redistribution costs if the local half-mill levy and federal forest fund credits are eliminated.

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.

Because FY22 formula funding is based on prior-year enrollment, schools will receive SEG distributions based on enrollment during the 2020-2021 school year, which has dropped precipitously due to school closures and remote learning. Preliminary FY21 data suggests overall enrollment will decrease by over 12 thousand students, or nearly 4 percent, with the largest decreases happening in younger grade levels. With the anticipated rollout of a Covid-19 vaccine to the general public by summer 2021, schools may potentially be able to resume in-person instruction in FY22, which would likely increase enrollment above the membership counts used for FY22 formula funding. However, enrollment trends in recent years suggest that overall FY22 enrollment would still be about 1 percent lower than FY21 enrollment, regardless of Covid-19-related impacts.

PED's request included \$23.2 million for enrollment growth units at school districts and charter schools experiencing a student population increase greater than 1 percent. Given the substantial membership losses from Covid-19 and recent enrollment trends, most enrollment growth units generated in FY22 will likely be due to recalibrations of student counts in the formula as schools return to in-person instruction rather than an actual growth in the total student population statewide. The committee recommendation includes a net decrease of \$14.9 million to account for the estimated overall decline in student membership statewide – equivalent to a loss of 1,640 students, or 0.5 percent. (See "Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions," Volume III.) Additionally, the committee recommendation includes language authorizing the department, in consultation with stakeholder groups, to budget additional program units that will reduce school budget volatility resulting from Covid-19-related enrollment changes.

K-5 Plus and ELTP. The court acknowledged high-quality extended school year programs, like K-5 Plus and ELTP, could help close the achievement gap. Despite appropriating funding to serve over 87 thousand students in FY20, only 16 thousand students participated in K-5 Plus, generating a total allocation of \$22 million from the \$119.9 million appropriation. In FY21, K-5 Plus participation remained flat; however, the Legislature reduced the appropriation by \$40 million, decreasing the reversion to the public education reform fund (PERF), which holds unspent K-5 Plus and ELTP appropriations. In contrast, ELTP participation reached over 83 thousand students in FY20 and 134 thousand students in FY21, with more than half of all districts and charters participating in the program. For FY21, schools will use \$69 million of the \$71 million appropriation for ELTP. PED estimates PERF balances will reach \$171 million by the end of FY21.

PED's FY22 request combined the K-5 Plus and ELTP appropriations in the SEG into a \$151 million consolidated remediation program to use for K-5 Plus, ELTP, career and technical education (CTE) programs, and community school initiatives all programs emphasized in the Martinez-Yazzie education sufficiency lawsuit ruling. While this approach could improve cohesion and alignment of multiple initiatives and increase expenditure of the appropriation, the changes would require statutory amendments because there are no formula components for CTE or community school initiatives. The committee recommendation increases the general fund appropriation for ELTP by \$8.8 million and appropriates \$135 million from PERF to provide ELTP for all schools, provide K-5 Plus for all high-poverty elementary schools, and pilot K-12 Plus programs, which extend the school year by 25 days in secondary grade levels. Effectively, the committee recommendation allows all school districts and charter schools to participate in ELTP for FY22 to recover lost instructional time.

Unit Value Changes. 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. PED's request and the committee recommendation to remove Impact Aid credits in the funding formula will reduce uncertainties with unit value estimates, improve budgeting for SEG in the spring, and potentially reduce SEG reversions and school cash balance growth.

The Public School Insurance Authority (NMPSIA) request for an increase in the employer share of insurance premiums from public school funding totaled approximately \$19.3 million for FY22 – \$13.8 million for healthcare benefits and \$5.5 million for the risk program. (See "NMPSIA: Agency 342.") NMPSIA provides self-insured group insurance coverage for all school districts, except for Albuquerque Public Schools, and all charter schools, including those in Albuquerque. PED's FY22 request for insurance totaled \$20.8 million, which includes a 9.3 percent increase in healthcare premiums and 7.9 percent increase in risk premiums. The committee recommendation for insurance is \$13.8 million, which covers a 7 percent increase in healthcare premiums but does not include increases for the risk program. Growth in NMPSIA's fund balances suggest current rates are sufficient to cover operations of the risk program without an additional increase.

PED's request and the committee recommendation include \$4.7 million for fixed costs, which includes costs for utilities, audits, textbooks, and maintenance, adjusted by the 2020 consumer price index of 2.3 percent for urban consumer items. Approximately \$2.2 million of the appropriation is attributable to increased energy, water, and communication costs.

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.

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 instructional 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.

For FY21, PED reports schools budgeted \$38.6 million for instructional materials from SEG distributions, likely due to increased demand for online textbooks and digital platforms. However, 33 of the 89 districts and 34 of the 96 charters did not fully budget SEG instructional materials, and five districts and four charters did not submit any information on instructional materials. Schools noted budget constraints, such as additional staffing needs, and budget uncertainties surrounding the June 2020 first special legislative sessions as reasons for not fully budgeting SEG instructional materials funding. For FY22, the committee recommendation increases the SEG appropriation for instructional materials to \$35 million. Additionally, the LFC recommendation includes language to continue monitoring and reporting on instructional material purchases.

Projected Credits. 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 inequitable because they could not raise sufficient local revenue to build above the statewide adequacy standards, unlike school districts with higher property valuations. Rather than changing the capital outlay system, the Zuni plaintiff districts, which also receive significant Impact Aid payments, sought to remove the Impact Aid credit in the operational funding formula to meet their capital needs. Eliminating the credit would shift a greater share of SEG allocations to school districts with a larger federal presence (e.g. tribal lands, federal installations), which has impacted local tax revenue bases and contributed to the deficiencies in available capital outlay revenues claimed in the Zuni lawsuit.

In FY20, the U.S. Department of Education (USDE) determined New Mexico could not credit federal Impact Aid payments in its funding formula for FY20. PED appealed USDE's ruling and continued crediting FY20 payments – creating a \$60 million potential outstanding liability for the state. In FY21, PED requested authorization from USDE to credit Impact Aid payments using a new methodology. USDE preliminarily approved PED's request to credit Impact Aid in FY21, noting the department's new methodology could be used to meet requirements for the state's FY20 Impact Aid determination. In FY21, PED dropped the appeal of USDE's FY20 determination, effectively prohibiting the state from crediting Impact Aid payments. In response, the Legislature appropriated \$31 million to the SEG distribution during the 2020 first special legislative session in June to partially offset the anticipated loss of Impact Aid credits for FY21.

PED's request assumed \$16.7 million in local half-mill levy and federal forest reserve credits and \$7 million from drivers' license fees and included \$35 million from the general fund to cover a potential elimination of the Impact Aid credit in FY22. Accounting for the \$31 million appropriated for this purpose in FY21, total Impact Aid credits would be \$66 million. The committee recommendation includes the same assumptions for local and federal credits but provides \$51.7 million to offset the elimination of Impact Aid, local half-mill levy, and federal forest reserve credits in the formula. Eliminating formula credits would require statutory changes and redistribute up to \$82.7 million from the SEG to districts and charters with significant federal presence and property valuations.

Despite being a departure from the original intent of equalizing operational dollars for all public school students in 1974, eliminating Impact Aid credits would provide schools serving a significant number of federally connected children, such as students living on tribal land, with 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 indirectly targeting more SEG allocations to this specific student demographic. Additionally, a 2020 LFC evaluation report found a significant number of students lacking computers or Internet connectivity during school closures live in Impact Aid districts, highlighting the need to target additional resources to these areas. The committee recommendation makes elimination of the Impact Aid credit contingent on a bill that would allocate the uncredited amount toward meeting school needs for capital outlay, capital improvements, information technology, and programs to support implementation of the Indian Education Act and Community Schools Act.

Categorical Public School Support. Categorical expenditures, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Indian education, and standards-based assessments. PED's FY22 categorical request totaled \$124 million, effectively flat with FY21 funding levels. The committee recommendation totaled \$122 million – a decrease of \$1.9 million, or 1.5 percent.

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. For FY22, PED's request for transportation totaled \$110.4 million, flat with FY21 operating levels. The committee's recommendation reduces overall transportation funding to \$106.5 million, a \$4 million decrease, or 3.6 percent. The reduction brings earmarked transportation funding for schools participating in ELTP or K-5 Plus programs to actual FY21 participation rates. Similar to the use of PERF to supplement SEG appropriations for K-5 Plus and ELTP, the committee recommendation appropriates \$5.3 million from PERF to adequately supplement transportation distributions for schools participating in K-5 Plus and ELTP.

School closures in FY20 and FY21 ended student ridership on school buses, a variable used to determine transportation distribution allocations. PED projects FY20 and FY21 transportation expenditures will be lower than prior years, given the reduced need for transportation services. As such, the PED request included and committee recommendation includes language reverting all unexpended transportation allocations to the transportation emergency fund. Although statute restricts transportation distribution funding to only transporting students to and from school (except in the event of a transportation emergency as determined by the Public Regulation Commission), PED instructed schools to continue using transportation funds for the delivery of educational services and meals to students during school closures. Given the state's inability to accurately use FY21 data for transportation formula allocations, the committee recommendation includes language authorizing PED to use FY20 data for FY22 transportation allocations.

Indian Education Fund. 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 high school graduation rates 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 is unclear. In FY21, PED distributed \$5 million of noncompetitive grants from the Indian education fund to schools, tribes, and pueblos based on each entity's population of Native American students. Another \$1 million was used for indigenous language curriculum development and support. Although PED's annual tribal education state report notes Indian education funds were used for activities relating to language and culture programs, tutoring and interventions, educator pipelines, and community engagement, the report did not evaluate whether changes in student outcomes were related to these activities.

For FY22, PED's request included and the committee recommendation includes \$5.3 million for the Indian education fund, flat with FY21 funding levels and additional appropriations for PED special program funding relating to indigenous education.

Emergency Supplemental Appropriation. For FY22, PED requested \$1 million for recurring emergency supplemental funding to support school district operational shortfalls and \$3 million in nonrecurring emergency supplemental appropriations. The department provided \$1.9 million for emergency supplemental funding for nine school districts in FY20 and budgeted \$844.6 thousand for eight districts in FY21. 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. PED should work with school districts with recurring emergency supplemental appropriations to address chronic shortfalls and consider organizational restructuring to achieve administrative efficiencies. Given significant uncertainties with enrollment impacts to formula funding for FY22, the committee recommends \$3 million for recurring emergency supplemental funding.

Standards-Based Assessments Appropriation. In FY20, PED transitioned away from the PARCC standards-based test and 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 10th grade and 11th grade, respectively. According to PED, NM-MSSA will cost \$38.92 per student (about \$6 million statewide) and the SAT will cost about \$1.2 million.

Due to school closures in FY20, PED requested and was approved to waive standardized testing for FY20 by USDE. And although PED provided interim formative tests for schools to assess students at the beginning of FY21, a 2020 LFC evaluation report noted the tests were optional and data was questionable given low at-risk student participation rates and no independent monitoring for remote assessments. For FY22, PED requested and the committee recommended \$7.2 million for standards-based assessments, flat with FY21 funding levels.

The preliminary court ruling used 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. Without data to measure achievement gaps and academic outcomes, the state has little or no ability to demonstrate the effectiveness of educational reforms and interventions or show progress on improving student outcomes. As such, the state must focus investments on programs with existing evidence of improving outcomes rather than starting new initiatives without data to measure effectiveness.

Department Special Program Appropriations. The court found 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 impact and were subject to volatile budget adjustments each year, 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 could be scaled statewide over time, like K-5 Plus (formerly K-3 Plus).

PED's FY22 request for special programs totaled \$27.9 million, an increase of \$1 million, or 3.7 percent, from FY21 general fund levels. Most individual PED special program funding levels remained flat except for a \$2 million decrease in science, technology, engineering, arts, and mathematics initiative funding and \$3 million increase for accountability and regional supports and culturally and linguistically relevant curriculum and instruction program. The committee recommendation for special programs is \$19.2 million, a decrease of \$7.7 million, or 28.7 percent, from FY21 general fund levels. The recommendation appropriates \$5 million from PERF for community school and CTE initiatives and consolidates student nutrition and wellness appropriations. Consistent with the court's findings, the recommendation eliminates limited impact appropriations to help PED focus agency capacity on high impact programs and initiatives intended to address findings in the *Martinez-Yazzie* lawsuit.

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 FY22, PED requested and committee recommendation includes authority to budget \$486.3 million of federal flow-through grants, flat with FY21 budgeted levels.

RECOMMENDED LANGUAGE:

State Equalization Guarantee Distribution. Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2022.

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 2021-2022 school year and then, on verification of the number of units statewide for fiscal year 2022 but no later than January 15, 2022, 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.

For fiscal year 2022, the public education department, in consultation with the department of finance and administration, the legislative finance committee and the legislative education study committee, shall issue budget instructions for school districts and charter schools on budgeting enrollment growth program units in preliminary budgets no later than April 15, 2021. The budget instructions shall allow school districts to budget enrollment growth program units based on students expected to enroll in the 2021-2022 school year and consider changes in enrollment from prior years.

The secretary of public education shall ensure that during fiscal year 2022 no full-time level one teacher receives a base salary less than forty-one thousand dollars (\$41,000).

The state equalization guarantee distribution includes eighty million one hundred sixty-eight thousand dollars (\$80,168,000) from the general fund and eighty million fifty-two thousand five hundred dollars (\$80,052,500) from the public education reform fund for in-person 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 eighty million one hundred sixty-eight thousand dollar (\$80,168,000) general fund appropriation that is not distributed through the extended learning time program factor, calculated by multiplying the final program unit value set for the 2021-2022 school year by the total extended learning time program units and subtracting that product from eighty million one hundred sixty-eight thousand dollars (\$80,168,000), shall be transferred to the public education reform fund.

The state equalization guarantee distribution includes seventy-nine million eight hundred ninety-five thousand nine hundred dollars (\$79,895,900) from the general fund and forty million dollars (\$40,000,000) from the public education reform fund for in-person 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 seventy-nine million eight hundred ninety-five thousand nine hundred dollar (\$79,895,900) general fund appropriation that is not distributed through the K-5 plus program factor, calculated by multiplying the final program unit value set for the 2021-2022 school year by the total K-5 plus program units and subtracting that product from seventy-nine million eight hundred ninety-five thousand nine hundred dollars (\$79,895,900), shall be transferred to the public education reform fund.

A school district or charter school that provides a department-approved K-5 plus program as defined in Section 22-13D-2 NMSA 1978 to all elementary school students in the school district or charter school in fiscal year 2022 shall be eligible to generate K-5 plus program units using the greater of the average of the number of students enrolled in each approved elementary school on the second and third reporting dates of the 2020-2021 school year or the number of students enrolled in each approved elementary school on the first reporting date of the 2021-2022 school year.

Notwithstanding the provisions of Section 22-13D-2 NMSA 1978, for the 2021-2022 school year, a school district or charter school that provides a department-approved K-5 plus program as defined in Section 22-13D-2 NMSA 1978 to all elementary school students in the school district or charter school in fiscal year 2022 may add the required additional instructional days prior to the start of the regular school year or at any time during the regular school year and may transfer students into another classroom, provided the transfer is in the best interest of the student.

A school district or charter school that provides all enrolled students ten additional instructional days beyond the number of regular instructional days provided in the 2020-2021 school year, a five-day school week and one hundred ninety instructional days during the 2021-2022 school year, or a four-day school week and one hundred sixty instructional days during the 2021-2022 school year is eligible to generate additional program units using the cost differential factor of eleven-hundredths as established in Section 22-8-23.10 NMSA 1978 multiplied by the greater of the average number of students enrolled in the school district or charter school on the second and third reporting date of the 2020-2021 school year or the number of students enrolled in the school district or charter school on the first reporting date of the 2021-2022 school year.

A school district or charter school that chooses not to participate in a K-5 plus program or extended learning time program during the 2021-2022 school year shall provide written notification to the public education department, the legislative education study committee and the legislative finance committee of its intent not to participate and additional documentation detailing how the school district or charter school will recover instructional time that was lost to students due to the public health emergency in its educational plan pursuant to Section 22-8-6 NMSA 1978.

For fiscal year 2022, 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 and state equalization guarantee distribution appropriation in an amount sufficient to cover the projected shortfall and distribute that amount to school districts and charter schools in proportion to each school district's and charter school's share of the total statewide program cost to meet the level of support required by Part B of the federal Individuals with Disabilities Education Act for fiscal year 2022. The public education department shall reset the final unit value and recalculate each school district's and charter school's program cost for fiscal year 2022.

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 2022 in excess of the total average number of elementary school students enrolled on the second and third reporting date of the 2020-2021 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 2022 and report its findings and recommendations to the governor, legislative education study committee and legislative finance committee on or before November 1, 2021.

The general fund appropriation to the state equalization guarantee distribution includes thirty-five million dollars (\$35,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students, including dual-credit instructional materials. A school district or charter school that does not use the full proportional 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, 2021.

The general fund appropriation to the state equalization guarantee distribution includes eleven million dollars (\$11,000,000) 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, 2021.

The general fund appropriation to the state equalization guarantee distribution includes eight million dollars (\$8,000,000) 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, 2021.

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 2021-2022 school year that did not provide a four-day school week during the 2020-2021 school year.

The public education department shall monitor and review the operating budgets of school districts and charter schools to ensure the school district or charter schools is prioritizing available funds to those functions most likely to improve student outcomes. If a school district or charter school submits a fiscal year 2022 operating budget that, in the opinion of the secretary of public education, fails to prioritize funds as described in this paragraph, the secretary of public education shall, prior to approving the school district's or charter school's fiscal year 2022 budget, direct the school district or charter school to revise its submitted budget or shall make such revisions as required to meet the requirements of this paragraph.

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 includes eighty-two million six hundred sixty-seven thousand five hundred dollars (\$82,667,500) contingent on enactment of a bill in the first session of the fifty-fifth legislature amending the Public School Finance Act to remove local and federal revenue credits from the public school funding formula and allocate an amount equal to the removed revenue credits for public school capital outlay, capital improvements, information technology and programs necessary to meet requirements of the Indian Education Act and Community Schools Act.

The other state funds appropriation to the state equalization guarantee distribution includes seven million dollars (\$7,000,000) from balances received by the public education department pursuant to Section 66-5-44 NMSA 1978.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2022 from appropriations made from the general fund shall revert to the general fund.

Categorical Distributions. The transportation distribution includes two million four hundred nine thousand seven hundred dollars (\$2,409,700) from the general fund and two million two hundred sixty-five thousand nine hundred dollars (\$2,265,900) from the public education reform fund 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 two million four hundred nine thousand seven hundred dollar (\$2,409,700) general fund appropriation to the transportation distribution for extended learning time programs shall be transferred to the public education reform fund.

The transportation distribution includes eight hundred ninety-nine thousand two hundred dollars (\$899,200) from the general fund and three million thirty-four thousand seven hundred dollars (\$3,034,700) from the public education reform fund 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 eight hundred ninety-nine thousand two hundred dollar (\$899,200) general fund appropriation to the transportation distribution for K-5 plus programs shall be transferred to the public education reform fund.

Notwithstanding the provisions of Section 22-8-29 NMSA 1978 and Section 22-8-29.1 NMSA 1978, for fiscal year 2022, the allocations from the transportation distribution shall be based on the transportation distribution formula established in the Public School Code calculated and distributed for the entire school year using an average of the amounts reported on the second reporting date and third reporting date of the 2019-2020 school year and annual variables from the two years prior to the 2020-2021 school year.

Notwithstanding the provisions of Section 22-8-26 NMSA 1978, a state-chartered charter school that receives a transportation allocation that exceeds the amount required to provide to-and-from transportation, three- and four-year-old developmentally disabled transportation and vocational education transportation during fiscal year 2022 shall deposit one hundred percent of the remaining balance in the transportation emergency fund at the end of fiscal year 2022.

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 2022 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 2022 from appropriations made from the general fund shall revert to the general fund.

Public Education Department Special Appropriations. The public education department shall prioritize special appropriation awards to school districts or charter schools that implement K-5 plus programs or extended learning time programs to all eligible students.

A school district or charter school may submit an application to the public education department for an allocation from the teacher professional development 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 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.

Any unexpended balances in the special appropriations to the public education department remaining at the end of fiscal year 2022 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>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	31%	No Report	34%	No Request	34%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	28%	No Report	34%	No Request	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	31%	No Report	34%	No Request	34%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	13%	No Report	34%	No Request	34%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in reading	28%	No Report	32%	No Request	34%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in mathematics	32%	No Report	32%	No Request	34%
Quality	Current five-year cohort graduation rate using shared accountability	78.7%	No Report	80%	No Request	80%
* Quality	Current four-year cohort graduation rate using shared accountability	74.9%	No Report	75%	No Request	75%
* Explanatory	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	62%	No Report	65%		
* Explanatory	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	73%	No Report	75%		
* Explanatory	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	67%	No Report	68%		
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	14%	No Report	34%	No Request	34%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	24%	No Report	34%	No Request	34%

PERFORMANCE MEASURES

		<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Budget</u>	<u>FY22 Request</u>	<u>FY22 Recomm</u>
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	25%	No Report	34%	No Request	34%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	21%	No Report	34%	No Request	34%
Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	33.5%	No Report	<30%	No Request	<30%
Outcome	Change in percent of students on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	10%	No Report	20%	No Request	30%
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	15%	No Report	45%	No Request	45%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	69.6%	No Report	75%	No Request	75%
Explanatory	Number of certified teacher vacancies	644	572			
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	NEW	75.4%			
Outcome	Math achievement gap for third grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
Outcome	Percentage of elementary school students exiting english language learner status	NEW	No Report	10%	No Request	10%
Explanatory	Average state funded per pupil expenditures	NEW	No Report			
Outcome	Reading achievement gap for third grade economically disadvantaged students	NEW	No Report	15%	No Request	10%
Explanatory	Average federally funded per pupil expenditures	NEW	No Report			
Outcome	Percentage of middle school students exiting english language learner status	NEW	No Report	10%	No Request	10%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	NEW	No Report	5%	No Request	5%
Outcome	Percent of New Mexico high school graduates who enroll in and complete a post-secondary pathway	NEW	No Report	50%	No Request	50%
Outcome	Math achievement gap for eighth grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
Outcome	Percentage of high school students exiting english language learner status	NEW	No Report	10%	No Request	10%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	NEW	No Report	55	No Request	55
Explanatory	Average locally funded per pupil expenditures	NEW	No Report			
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
* Outcome	Chronic absenteeism rate among students in middle school	NEW	No Report	<10%	No Request	<10%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on reading assessments	NEW	NEW	NEW	No Request	30%
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	NEW	No Report	15%	No Request	15%
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on math assessments	NEW	NEW	NEW	No Request	30%
* Outcome	Chronic absenteeism rate among students in high school	NEW	No Report	<10%	No Request	<10%
* Outcome	Chronic absenteeism rate among students in elementary school	NEW	No Report	<10%	No Request	<10%

NEW MEXICO FINANCE AUTHORITY

STATUTORY AUTHORITY:

The New Mexico Finance Authority Act, Chapter 6, Article 21, NMSA 1978, authorizes 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 assets consisting principally of invested cash and loans receivable. It also manages over \$37.5 million in funds for the Governor Richardson's Investment Partnership Program, or GRIP, for the Department of Transportation. Total assets increased by \$99.8 million between FY19 and FY20. 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 FY21 is approximately \$146.3 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, grants to others, total \$116.0 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 FY21 totals nearly \$11.7 million, an 18.2 percent increase from the FY20 operating budget due primarily to the start-up and operation of the short-term small business recovery loan fund. Actual expenditures in FY20 totaled \$9.36 million, or 6 percent less than the approved FY20 operating budget. Budgeted positions increased to 44, of which one is 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 42 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 2 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 -- \$33.75 million in FY20, of which 35% is allocated to other programs by the State legislature. 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 allowing the PPRF to 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. NMFA has experienced a demand increase for the PPRF, closing 119 loans from February to November totaling \$233.6 million, more PPRF loans than in any prior fiscal year. As of June 30, 2020, PPRF bonds outstanding totaled \$1.2 billion in the senior lien and \$419.1 million in the subordinate lien. As of August 21, 2020, S&P Global Ratings assigned the PPRF senior lien bonds outstanding as AAA/stable and subordinate lien bonds outstanding as AAA/stable. As of August 26, 2020, Moody's Investor Services rated senior lien bonds outstanding Aa1/stable and subordinate lien bonds outstanding Aa2/stable.

The Small Business Recovery Loan Fund created during the First Special Session of 2020 is anticipated to utilize approximately \$40 million of the \$400 million Severance Tax Permanent Funds directed to the NMFA for unsecured loans to businesses with less than \$5 million in revenues that experienced significant revenue declines in April and May of 2020. This program is set to expire on December 31, 2020.

NEW MEXICO FINANCE AUTHORITY

As part of the second Special Session, DFA was appropriated \$100 million in federal CARES funding to contract with NMFA to operate a small business grant program. The Policies and Procedures for the Small Business CARES Relief Grants were adopted December 1 and the application is open from December 7 through December 18. The NMFA anticipates the entire \$100 million in funds will be granted to eligible small businesses within the December 28, 2020 deadline provided by House Bill 1, as amended.

New Mexico Finance Authority Budget for Fiscal Years 2019 thru 2021								
	FY2019		FY 2020		FY 2021		Amended to	Amended to
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Amended</u>	<u>FY 2020 Actual</u>	<u>FY 2020 Budget</u>	
Revenues								
Interest income from loans	\$ 50,625,953	\$ 51,600,000	\$ 52,179,889	\$ 50,253,021	\$ 50,253,021	-4%		-3%
Appropriation revenue	42,953,352	38,900,000	31,382,357	35,000,000	35,000,000	12%		-10%
Grant Revenue	31,452,200	44,600,000	50,326,048	50,088,899	50,088,899	0%		12%
Interest income from investments	7,919,934	2,850,000	5,983,503	4,600,000	4,620,057	-23%		62%
Administrative fees revenue	6,403,922	3,500,000	2,621,383	2,083,671	6,174,176	136%		76%
Reimbursement to/from Programs	-	-	7,691,220	166,483	166,483	-98%		N/A
Total Revenues	\$ 139,355,361	\$ 141,450,000	\$ 150,184,400	\$ 142,192,074	\$ 146,302,636	-3%		3%
Transfers								
Transfers (to)/from Other Agencies			(313,372)	\$ (7,320,000)	\$ (7,320,000)	2236%		N/A
Total Transfers			\$ (313,372)	\$ (7,320,000)	\$ (7,320,000)	2236%		N/A
Operating Expenses								
Salaries and benefits	4,647,382	5,338,536	5,190,702	5,696,342	5,788,159	12%		8%
Professional services	2,800,189	3,556,750	3,266,079	3,877,840	3,877,840	19%		9%
Other operating costs	870,936	1,068,699	902,283	1,064,414	1,064,414	18%		0%
Total Operating Expenses	\$ 8,318,507	\$ 9,963,985	\$ 9,359,064	\$ 10,638,596	\$ 10,730,413	15%		8%
Non-operating Expenses								
Bond interest expense	57,138,658	47,000,000	57,953,540	59,301,541	59,301,541	2%		26%
Bond issuance costs	1,640,333	2,000,000	1,243,666	2,800,000	2,800,000	125%		40%
Loan financing pass-through	12,943,547	7,000,000	10,640,130	15,000,000	15,000,000	41%		114%
Grants to others	34,104,721	37,910,000	31,480,701	38,789,300	38,789,300	23%		2%
Provision for loan losses	(840,297)	-	-	-	-			N/A
Other Expense (Contract for Service)	77,933	180,000	74,568	75,000	75,000	1%		-58%
Capital Expenditures	420,759	276,000	454,963	56,000	56,000	-88%		-80%
Interest expense	266,620	150,000	-	-	-			-100%
Total Non-operating Expenses	\$ 105,752,274	\$ 94,516,000	\$ 101,847,568	\$ 116,021,841	\$ 116,021,841	14%		23%
Total Expenses	\$ 114,070,781	\$ 104,479,985	\$ 110,893,260	\$ 119,340,437	\$ 119,432,254	8%		14%
Revenue Over Expenses	\$ 25,284,580	\$ 36,970,015	\$ 39,291,140	\$ 22,851,637	\$ 26,870,382	-32%		-27%

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 persons and families of low or moderate income within the state.

MFA is governed by a seven-member board, including the lieutenant governor, state treasurer, and state attorney general. 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 are 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 \$5 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 U.S. 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 5 percent of the authority's program resources are funded by state nonrecurring special appropriations, grant awards, and state capital outlay allocations, state tax credits issued to qualified contributors for affordable housing through vouchers from the state Taxation and Revenue Department.

MFA operates on the federal fiscal year with FY21 ending September 30, 2021. MFA's operating budget for FY21 estimates revenue at \$28.4 million, an increase of \$2.6 million, or 10 percent over projected FY20 actuals and an increase of \$4.2 million, or 17 percent over the prior-year budget. The expense budget is projected at \$19.8 million, an increase of \$1.7 million, or 10 percent over FY20 projected actuals with no increase over the prior-year budget. The FY21 budgeted excess revenue over expenses before is \$8.6 million and will be used for MFA's internal revolving loan fund, implementation of its strategic plan and to meet authority reserve requirements. The increase in excess revenues in comparison with FY20 projected actuals is primarily related to the estimated increase in administrative fee income associated with secondary market mortgage loan sales, which provide upfront transaction fees and loan servicing income due to portfolio growth. The capital budget is projected at \$4.7 million, a decrease of \$600 thousand, or 10 percent, under FY20 projected actuals and a decrease of \$1.4 million, or 23 percent, under the prior-year budget due to anticipated decrease in mortgage servicing rights associated with projected decline in Single Family Mortgage Program production.

MFA requested \$12 million through the Infrastructure Capital Improvements Plan (ICIP) process for the New Mexico Housing Trust Fund.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

OPERATING BUDGET FY20, FY21 and FY22 Projected (dollars in thousands)

	FY20 2019-2020 Budget	FY20 2019-2020 Projected Actuals (Unaudited)	FY21 2020-2021 Budget (Board Approved September 2020)	FY22 2021-2022 Projected Budget
SOURCES:				
Interest on Loans	\$ 6,777,286	\$ 6,655,484	\$ 7,366,516	\$ 8,062,000
Housing Program Income	1,084,053	849,877	1,104,920	1,084,000
Administrative Fee Income	8,784,423	11,464,178	11,556,874	10,101,000
Interest on Cash/Investments	1,882,217	1,708,551	1,827,920	1,189,000
Loan Servicing Income	5,913,525	5,656,843	6,870,105	7,959,000
Other Operating Income	80,931	132,852	95,658	131,000
TOTAL OPERATING REVENUE	24,522,435	26,467,785	28,821,993	28,526,000
TOTAL NON-OPERATING REVENUE	(378,590)	(718,506)	(460,340)	(443,000)
TOTAL REVENUE	\$ 24,143,845	\$ 25,749,279	\$ 28,361,653	\$ 28,083,000
USES:				
Compensation (Salaries & Benefits)	\$ 8,457,690	\$ 7,701,961	\$ 9,290,181	\$ 9,615,000
Travel & Public Information	592,504	308,342	595,841	617,000
Office Expenses	1,275,601	1,241,744	1,327,153	1,374,000
Other Operating Expenses	5,150,370	5,301,346	5,666,619	5,865,000
Interest Expense	1,045,643	661,696	353,809	366,000
TOTAL OPERATING EXPENSES	16,521,808	15,215,089	17,233,603	17,837,000
TOTAL NON-OPERATING EXPENSES	693,515	671,420	307,402	318,000
(T&TA, Program Development, Capacity Building)				
TOTAL NON-CASH EXPENSES	2,384,900	1,934,492	2,127,607	2,202,000
EXPENSED ASSETS	177,670	250,829	126,150	131,000
TOTAL EXPENSES	19,777,893	18,071,830	19,794,762	20,488,000
EXCESS REVENUE OVER EXPENSES	\$ 4,365,952	\$ 7,677,449	\$ 8,566,891	\$ 7,595,000
CAPITAL OUTLAY BUDGET	\$ 6,082,919	\$ 5,350,988	\$ 4,700,620	\$ 3,762,000
TOTAL FTE POSITIONS	83.6	83.6	93.3	93.3

PERFORMANCE MEASURES (dollars in millions)

	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Projected	FY21 Budget
Average financial assets	\$938,573,000	\$ 1,017,743,000	\$1,235,608,000	\$ 1,420,547,000	\$ 1,508,710,000
Average assets under management	\$2,876,475,000	\$ 3,352,458,000	\$4,051,627,000	\$ 4,951,301,000	\$ 5,414,464,000
Funds disbursed through:					
Federal and state programs	\$43,095,000	\$ 44,686,000	\$48,481,000	\$ 50,481,000	\$ 74,481,000
MFA programs	\$13,014,000	\$ 16,721,000	\$15,779,000	\$ 18,014,000	\$ 14,833,000
General fund non-operating	\$793,000	\$ 701,000	\$179,000	\$ 671,000	\$ 307,000
Single-family first mortgage Loans:					
Number of units purchased	2,426	2,846	2,828	2,869	2,148
Dollar of loans purchased	\$ 348,015,000	\$ 419,845,000	\$ 432,383,000	\$ 467,567,000	\$ 350,000,000
Multi-family loans and bonds closed and tax credits allocated:					
Number of units	1,594	588	1,153	1,043	1,200
Dollar of loans and subsidies	\$41,092,000	\$ 11,746,000	\$34,765,000	\$ 25,136,000	\$ 29,453,000
Housing programs:					
Homeless persons served	8,820	8,680	7,826	4,478	6,757
Single family homeowner rehab (units)	954	782	725	642	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:

Revenues generated by the Lottery Authority decreased by 11.5 percent in FY20, a decrease of \$16.5 million over the FY19 actuals, to \$127.1 million. The revenue to the legislative lottery scholarship fund declined by almost \$5 million, from \$43.1 million to \$38.2 million. Covid-19 had a dampening impact on revenues, particularly during the early months from March to May 2020. Looking forward, NMLA projects a revenue decline of \$8.6 million, to \$118.5 million for FY21, based on depressed activity for national draw games, such as Mega Millions and Powerball; the Lottery Authority has revised its estimate for that sales category from \$27 million to \$16.8 million. In FY20, Mega Millions' largest jackpot was \$414 million and Powerball's largest jackpot was \$396.9 million, yet despite these jackpots, sales for the two games were \$21.2 million lower than in FY19.

NMLA mitigates revenue volatility – brought on from national draw games – with creative promotions for its instant ticket sales, 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 new enhanced Pick 3 and Pick 4 games in FY2021. The instant ticket sales category represents more than 50 percent of revenues and NMLA may need to develop new revenue opportunities in this area. In the past, the Lottery Authority has sought legislative approval to offer new instant ticket games, such as a sports game instant ticket, which it estimates could increase distributions to the legislative lottery scholarship fund by up to \$10 million annually.

Game expenses – which include prize payouts – will decrease in the FY21 budget with the decrease in sales but remain close to FY20 levels at 66.5 percent of gross revenues. The Lottery Act defines operating expenses as everything except prize expense. Operating expense, 16.3 percent in FY20, is budgeted at 17.1 percent of gross revenues in FY21. 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 3.5 percent of gross revenues in FY21, nearly the same as the prior year.

PERFORMANCE ISSUES:

In FY20, the Lottery Authority distributed \$38.1 million to the legislative lottery scholarship fund, the second lowest distribution in the last 13 years under the 30 percent return. Without the increase of \$4.4 million in instant sales in FY20, it would have been the lowest return during that period. NMLA has distributed more than \$867 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 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

	2020 Consolidated Original Annual Budget	2020 Consolidated Income Statement **	2021 Consolidated Original Annual Budget
OPERATING REVENUES			
Instant ticket sales	\$ 76,103,500	\$ 79,313,453	\$ 70,903,500
Powerball sales	27,849,500	16,779,341	17,899,500
Mega Millions sales	11,999,500	11,490,443	10,499,500
Roadrunner Cash sales	7,499,500	8,133,868	7,999,500
Lotto America sales	3,899,500	3,663,450	3,799,500
Pick 3 sales	5,199,500	5,089,107	4,999,500
Pick 4 Sales	2,299,500	1,654,766	1,599,500
Fast Play (Quickster) sales	799,500	928,733	799,500
Net ticket sales	135,650,000	127,053,161	118,500,000
Retailer fees	8,000	10,000	8,000
Bad debts	(24,000)	-	(24,000)
Total operating revenues	135,634,000	127,063,161	118,484,000
NON-OPERATING REVENUES			
Interest income	14,000	21,154	16,000
Other income	-	66,103	-
Total non-operating revenues	14,000	87,257	16,000
GROSS REVENUES	135,648,000	127,150,418	118,500,000
GAME EXPENSES			
Prize expense	72,282,000	68,288,867	62,660,000
Retailer commissions	9,021,000	8,278,747	7,860,000
On-line vendor fees	4,961,000	4,659,727	4,350,000
Advertising	2,100,000	2,010,807	1,900,000
Ticket vendor fees	1,370,000	1,344,824	1,265,000
Promotions	185,000	75,010	114,000
Retailer equipment	204,000	48,922	148,000
Shipping and postage	352,000	294,173	381,000
Responsible gaming	75,000	71,250	73,000
Game membership	80,000	11,399	60,000
Total game expenses	90,630,000	85,083,726	78,811,000
OPERATING EXPENSES			
Salaries, wages and benefits	3,106,000	2,846,186	3,089,000
Leases and insurance	121,000	111,327	122,000
Utilities and maintenance	319,000	254,140	287,000
Depreciation and amortization	267,000	221,521	246,000
Professional fees	191,000	108,430	183,000
Other	156,000	60,595	124,000
Materials and supplies	84,000	35,539	46,000
Travel	72,000	15,811	42,000
Operational reserve fund	-	264,000	-
Total operating expenses	4,316,000	3,917,549	4,139,000
OPERATING INCOME	40,688,000	38,061,886	35,534,000
NON-OPERATING EXPENSE			
Interest expense	7,000	5,008	-
Total non-operating expenses	7,000	5,008	-
NET INCOME	40,695,000	38,144,135	35,550,000
Operational Reserve Fund Transfer	-	2,800	-
Total Transfer to Lottery Tuition fund	\$ 40,695,000	\$ 38,146,935	\$ 35,550,000
	30.00%	30.00%	30.00%

Source: NMLA

** - FY 2020 Financial Audit not Final

9/15/2020

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. In FY21, RETA received \$250 thousand in a special appropriation for operations. RETA requested a \$350 thousand special appropriation for FY22 to cover operational expenses including personal services and employee benefits, board travel, operational expenses, legal, accounting, consultants, and other expenses related to daily operations.

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. 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. The Western Spirit project is under construction and is expected to be in commercial operation at the end of 2021 or during the first half of 2022.

Subsequent to the Western Spirit project fully operating, RETA expects to receive an annual developer contribution fee to help fund part of its operations. Due to the complexities of constructing an approximately 155 mile transmission line, it is difficult to forecast an exact date for commercial operation. RETA will not have sufficient funding to continue operations until such time as the Western Spirit project is in commercial operation.

SunZia is likely the most well-known renewable transmission project proposed in New Mexico, and its developers executed a memorandum of understanding in 2017 and subsequently executed an agreement regarding financing for parts of the project in 2018, which was extended on December 31, 2019. The Federal Energy Regulatory Commission granted SunZia the authority to select Pattern Energy as the preferred anchor customer for up to 100 percent of the capacity for phase 1 of the project. SunZia continues to collaborate with White Sands Missile Range by evaluating alternative routes that would place SunZia's lines outside the northern extension area. 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 Public Regulation Commission 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 \$514.7 million for 134 capital projects. The LFC staff framework for proposed funding for projects was developed based on reviewing five-year infrastructure improvement plans, attending monthly meetings with major agencies, and testimony presented during interim meetings. The projects were assessed to determine the health and safety of occupants of the facilities, the long-term investment and preservation of state assets, and the impact to operating costs or savings.

The following summaries highlight certain projects within the framework listed in Volume III:

Aging and Long-Term Services Department. The Aging and Long Term Service Department (ALTSD) received 68 capital outlay requests totaling \$12.2 million from senior programs statewide. ALTSD and area agencies on aging rated and recommended \$3.8 million to address code compliance, renovations, new construction, specialized vehicles, and other equipment for senior centers statewide. *The LFC framework supports the recommended \$3.8 million.* The recommended projects, by category and county, are listed in Volume III.

Higher Education Department and Special Schools. HED held virtual hearings attended by the Department of Finance and Administration and LFC staff. Secondary institutions, special schools, and tribal institutions requested \$201 million for 76 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 public. Other criteria considered include 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 \$29.7 million for 24 projects; the LFC framework supports \$47.1 million for 36 projects.*

University of New Mexico Health Sciences Center. The Health Sciences Center (HSC) requested \$22 million to plan, design, construct, renovate, and equip existing facilities and an expansion of the radiation oncology suites and Good Manufacturing Process laboratories at the University of New Mexico Comprehensive Cancer Center. The current radiation equipment is being decommissioned and requires full replacement. *The LFC framework supports the request with \$3 million from severance tax bond capacity. HSC will seek the additional funds through the New Mexico Finance Authority financing mechanism using cigarette tax revenues for debt service.*

Public Education Department. The department requested \$7.2 million to purchase and equip district-owned school buses and school bus cameras. 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 \$3.5 million authorized from the public school capital outlay fund and \$3.5 million from the Volkswagen settlement trust fund to purchase and equip buses, as well as \$180 thousand from severance tax bond capacity for school bus cameras.*

Public School Facilities Authority. *The LFC framework supports \$4 million from the public school capital outlay fund to plan, design, construct, renovate, and equip infrastructure improvements for pre-kindergarten facilities statewide.*

Corrections Department. The department requested \$38.5 million for a new residential unit, heating, ventilation, and air conditioning systems and for security, maintenance, repairs, and equipment at facilities statewide. The department operates seven public prison campuses totaling over 2.5 million square feet, ranging in age from 33 to more than 70 years old, and housing over 6,200 inmates. *The LFC framework supports \$12 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 \$6 million for health, life, and safety upgrades as well as the preservation and maintenance of museums and monuments statewide. The department is responsible for over 190 buildings with over 1.4 million square feet housing irreplaceable art and artifacts. *The LFC framework supports \$4 million to address priority infrastructure needs identified by the department at museums and monuments statewide.*

Department of Health. The department requested \$19 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 with the Joint Commission for healthcare organizations, 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 requested \$10 million to complete the crime lab in Santa Fe County and for the renovation and maintenance of DPS facilities statewide. *The LFC framework proposes \$5 million for the crime lab and \$2.3 million for district office upgrades statewide.*

CAPITAL OUTLAY

General Services Department. The General Services Department requested \$28 million to implement the Santa Fe master plan, and to address major renovations and repairs, unforeseen emergencies, demolition and decommissioning of unused structures, and a backlog of maintenance needs at state-owned facilities statewide. The Facilities Management Division of GSD 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 \$6 million to address the most critical needs to preserve and restore state-owned facilities statewide as well as \$4 million to implement the Santa Fe master plan.*

